UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For The Fiscal Year Ended December 31, 2005

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number 000-21771

West Corporation

(Exact name of registrant as specified in its charter)

DELAWARE	**47-0777362**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*
11808 Miracle Hills Drive, Omaha, Nebraska	**68154**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: (402) 963-1200
Securities registered pursuant to Section 12(b) of the Act: None.
Securities registered pursuant to Section 12(g) of the Act:

Common Stock
(Title of class)

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

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

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

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

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

Large accelerated filer ☑ Accelerated filer o Non-accelerated filer o

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

The aggregate market value of the voting common equity held by non-affiliates (computed by reference to the average bid and asked price of such common equity) as of June 30, 2005, the last business day of the registrant's most recently completed second fiscal quarter, was approximately $881.6 million. As of February 17, 2006, 70,024,681 shares of common stock, $0.01 par value, of the registrant were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's proxy statement for the 2006 annual meeting of stockholders are incorporated into Part III.

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FORWARD LOOKING STATEMENTS

This report contains forward-looking statements. These forward-looking statements include estimates regarding:

- revenue from our purchased portfolio receivables;
- the adequacy of our available capital for future capital requirements;
- our future contractual obligations;
- our purchases of portfolio receivables;
- our capital expenditures;
- the impact of foreign currency fluctuations;
- the impact of pending litigation;
- the impact of changes in interest rates; and
- the impact of changes in government regulation and related litigation.

Forward-looking statements can be identified by the use of words such as “may,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “intends,” “continue,” or the negative of such terms, or other comparable terminology. Forward-looking statements also include the assumptions underlying or relating to any of the foregoing statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks discussed in Item 1A “Risk Factors” and elsewhere in this report.

All forward-looking statements included in this report are based on information available to us on the date hereof. We assume no obligation to update any forward-looking statements.

PART I.

Item 1. *Business*

Overview

West Corporation provides business process outsourcing services focused on helping our clients communicate more effectively with their customers. We help our clients maximize the value of their customer relationships and derive greater value from each transaction that we process. We deliver our services through three segments:

- communication services, including dedicated agent, shared agent, automated and business-to-business (“B-to-B”) services;
- conferencing services, including reservationless, operator-assisted, web and video conferencing; and
- receivables management, including debt purchasing collections, contingent/third-party collections, government collections, first-party collections and commercial collections.

Each of these services builds upon our core competencies of managing technology, telephony and human capital. Many of the nation’s leading enterprises trust us to manage their customer contacts and communications. These enterprises choose us based on our service quality and our ability to efficiently and cost-effectively process high volume, complex voice transactions.

Our Communication Services segment provides our clients with a broad portfolio of voice services through the following offerings: dedicated agent, shared agent, business services and automated services. These services provide clients with a comprehensive portfolio of services largely driven by customer initiated (inbound) transactions. These transactions are primarily consumer applications. We also support B-to-B applications. Our B-to-B services include sales, lead generation, full account management and other services. Our Communication Services segment operates a network of customer contact centers and automated voice and data processing centers

throughout the United States and in Canada, India, Jamaica and the Philippines. Our home agent service is performed by contractors throughout the United States.

Our Conferencing Services segment provides our clients with an integrated, global suite of audio, web and video conferencing options. This segment offers four primary services: reservationless, operator-assisted, web conferencing and video conferencing. Our Conferencing Services segment has operations in the United States, the United Kingdom, Canada, Ireland, France, Germany, Singapore, Australia, Hong Kong, New Zealand, Japan and India.

Our Receivables Management segment assists our clients in collecting and managing their receivables. This segment offers debt purchasing collections, contingent/third-party collections, government collections, first-party collections and commercial collections. Our Receivables Management segment operates out of facilities in the United States, Jamaica and Mexico.

West Corporation, a Delaware corporation, ("West") was founded in 1986 and is headquartered in Omaha, Nebraska. Our principal executive offices are located at 11808 Miracle Hills Drive, Omaha, Nebraska 68154. Our telephone number is (402) 963-1200. Our website address is www.west.com where our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports are available, without charge, as soon as reasonably practicable following the time they are filed with or furnished to the SEC.

None of the information on our website or any other website identified herein is part of this report. All website addresses in this report are intended to be inactive textual references only.

Competitive Strengths

We believe that we have a number of competitive strengths, including:

Reputation for Outstanding Service Quality

We believe that our reputation is one of our strongest competitive advantages and that the quality of our services is a primary factor in our success in retaining our clients. For example, our top ten clients have been using our services for an average of nearly nine years. Also, Frost & Sullivan recently honored us with their "2005 Audio Conferencing Service of the Year Award."

The Scale of Our Business

We believe that the overall scale of our business allows us to provide unique combinations of services to our clients. Our scale and capacity allow us to quickly take on large projects as demanded by the market and our clients.

Examples of the scale of our business and the resulting benefits we have derived from this scale, include the following:

- as of December 31, 2005, we had approximately 18,200 workstations, approximately 23,000 total agents and approximately 10,000 home agents; and
- in 2005, we processed approximately 16.6 billion minutes of voice transactions across all three of our business segments.

Our Technology Platform

We have made significant investments in our technology platform and currently employ more than 1,100 professionals to develop, modify and maintain our operating systems and technology infrastructure and to design client-specific programs. We are able to allocate our resources efficiently, respond to new client programs rapidly and design cost-effective combinations of services that are tailored to each client's unique needs. Our systems are capable of handling large call volumes and our redundant network architecture increases reliability.

Examples of our technology include the following:

- our centralized, 24 hours a day, seven days a week Network Operations Center;
- our voice, data and Internet protocol ("IP") network;
- our proprietary scheduling and staffing system, known as Spectrum®; and
- our approximately 125,000 port proprietary interactive voice response ("IVR") platform.

Our Ability to Deploy Assets and Resources Across Business Segments and Services

All of our business segments benefit from using shared assets and resources. This ability to share support functions and infrastructure and amortize investments across our segments improves our profitability. We are also able to achieve cost savings through economies of scale and increased purchasing power. Our ability to share our technology and systems infrastructure across multiple platforms has contributed to the reduction of our capital expenditures as a percentage of revenue from 12.4% in 1998 to 5.0% in 2005.

Examples of this shared use of assets and resources include:

- processing conferencing transactions on our IVR platform at reduced capital costs;
- redeploying consumer outbound services contact centers for use in receivables management, B-to-B and consumer inbound transactions, each of which produces higher margins;
- sharing research and development for new technologies, such as voice-over-internet-protocol ("VoIP") across all three of our business segments; and
- sharing administrative costs, such as finance, accounting, human resources and facilities management, across all three of our business segments.

Experienced and Proven Management Team

Our financial performance is a result of our management team's long-term success in understanding our clients' outsourcing needs and expectations and developing and executing our business strategies. Our management team has produced steady, profitable growth through strong and weak economic climates, redeployed under-utilized assets and resources and integrated multiple accretive acquisitions. Our CEO and COO have each been an employee of West for more than fourteen years, and our operating managers have an average tenure of nine years with West.

Growth Strategy

We intend to grow our business by pursuing organic growth, identifying new opportunities and uses for our technology and infrastructure and pursuing strategic acquisitions. In pursuing these strategies, we intend to seek new opportunities to build upon our core competencies of managing technology, telephony and human capital.

Pursue Organic Growth

Focus on Large and Growing Markets. We intend to focus our resources on markets that we believe will offer profitable growth in the foreseeable future. Our ability to reallocate capital and resources in response to changing market dynamics has been a key factor in achieving profitable growth. Market size, growth and competitive dynamics are primary factors in our decision to enter new markets.

Sell Additional Services to Existing Clients. We believe that we have significant opportunities to sell additional services to our existing clients. Our ability to cross-sell and offer integrated services is critical to retaining and expanding our client relationships. Integration of our services strengthens our client relationships, while increasing the effectiveness of our agents and infrastructure. For the year ended December 31, 2005, we derived approximately 47% of our revenues from clients that use more than one of our services (whether within the same segment or from among our segments) to meet their overall outsourcing needs.

Expand Our Client Base. The markets in which our three business segments operate are large and provide attractive opportunities to expand our client base. In our Communication Services and Receivables Management segments, we intend to pursue growth-oriented client opportunities and clients with large volume programs. In our Conferencing Services segment, we strive to increase our brand awareness, expand our international presence and gain market share.

Identify New Opportunities and Uses for Our Technology and Infrastructure

Identifying new opportunities and uses for our technology and infrastructure allows us to grow and diversify our revenue. Many of our advances in technology and new uses for our infrastructure have been achieved in close partnership with our clients. We will seek to identify similar opportunities and uses in the future.

Pursue Strategic Acquisitions

Strategic acquisitions have been an important contributor to our growth and they facilitated our entry into the conferencing and receivables management markets. We intend to continue to acquire businesses to expand our presence within our existing segments. We also intend to acquire businesses that provide opportunities to enter new large and growing markets that will allow us to build upon our core competencies. Through strategic acquisitions, we also intend to enhance our existing service offerings and expand our client base. Since 2002, we have completed eight strategic acquisitions involving aggregate consideration of approximately $1 billion.

Subsequent to December 31, 2005, we announced that we had entered into definitive agreements to acquire two publicly traded companies, Intrado Inc. (“Intrado”) (ticker symbol TRDO) and Raindance Communications, Inc. (“Raindance”) (ticker symbol RNDC). Both acquisitions are subject to customary closing conditions and regulatory approvals and are expected to close in the second quarter of 2006. The total purchase price of these two acquisitions before transaction costs and net of option proceeds and cash on hand will be approximately $575 million. We will fund these acquisitions with cash on hand, our existing bank credit facility and additional debt.

Businesses

Communication Services

Customer Relationship Management Service Industry. Our Communication Services segment operates in the customer relationship management (“CRM”) service industry. We participate principally in the portion of the CRM service industry that relates to consumer and B-to-B oriented voice transactions.

The CRM service industry is large and growing. According to a report published by IDC in March 2005, the market for outsourced U.S. customer interaction services, which is the primary market in which our Communication Services segment operates, represented revenues of approximately $20.4 billion in 2004, and is projected to grow through 2009 at a compound annual growth rate of 13.7%.

Companies have traditionally relied on in-house personnel and infrastructure to perform sales, direct marketing and customer service functions; however, there is an industry trend toward outsourcing these activities for a number of reasons. Outsourcing allows companies to:

- focus on their core competencies;
- achieve lower overall costs due to economies of scale, and allows them to acquire new technology on a variable cost basis;
- obtain services on demand on a large scale; and
- gain access to new or the latest technology on a variable cost basis and without the accompanying capital expenditure or maintenance costs.

Service Offering. The Communication Services segment represented 57% of our consolidated revenue in 2005. This segment consists of four primary service offerings:

Dedicated Agent Services provide clients with customized services processed by agents who are knowledgeable about a single client and its products and services. Examples of dedicated agent services include traditional customer care and sales. We generally are paid for these services on a per agent hour or minute basis.

Shared Agent Services combine multiple contact centers and a virtual pool of agents to handle large volumes of transactions for multiple clients. Our shared agents are trained on our proprietary call handling system, and multiple client-specific applications that are generally less complicated than dedicated agent applications. These agents are highly efficient because they are shared across many different client programs. Examples of these services include order processing, lead generation and credit card application processing. We generally are paid for these services on a per minute basis.

Automated Services utilize a proprietary platform of approximately 125,000 IVR ports. The IVR ports, which are equivalent to phone lines, allow for the processing of telephone calls without the involvement of a live agent. These services are highly customized and frequently combined with other service offerings. Examples of these services include front-end customer service applications, prepaid calling card services, credit card activation, automated product information requests, answers to frequently asked questions, utility power outage reporting, call routing and call transfer services. We generally are paid for these services on a per minute basis.

Business-to-Business Services provide dedicated marketing services for clients that target small and medium-sized businesses. These services help clients that cannot cost-effectively serve a diverse and small customer base in-house with the appropriate level of attention. Examples of these services include sales, sales support, order management and technical support. We generally are paid for these services on a per agent hour basis or a commission basis.

We offer our agent-based services through our network of customer contact centers and through our proprietary home agent service, a call handling model that uses independent contractors working out of their homes or other remote offices. Our home agent service also offers a number of other advantages, including:

- a higher quality of service resulting from our ability to attract a highly educated contractor base;
- an extremely efficient labor model which results in lower variable labor costs;
- significantly lower capital requirements; and
- a midpoint price option between domestic and agent service and offshore solutions.

Call Management Systems. We specialize in processing large and recurring transaction volumes. We work closely with our clients to accurately project future transaction volumes. We use the following practices to manage our transaction volumes efficiently:

- *Historical Trend Analyses.* We track weekly, daily and hourly trends for individual client programs. We believe that the key to a cost-efficient CRM program begins with the effective planning of future volumes to determine the optimal number of sites, employees, workstations and IVR ports that need to be deployed each hour. We have years of data that we use to determine the transaction patterns of different applications such as order capture, lead generation and customer service.
- *Forecasting Call Volumes and Establishing Production Plans.* We forecast volumes for inbound calls to agents for each one-half hour increment for each day. We then use historical data regarding average handle time, average wait time, average speed of answer and service level targets to determine the actual number of transactions that may be processed by a workstation or IVR port during a specific one-half hour increment. This process enables us to effectively determine the number of workstations and IVR ports needed for a given client program.

- *Staffing and Scheduling Plans.* Based upon the total number of workstations required to be staffed, we create a detailed staffing schedule. These schedules are typically forecasted six to eight weeks in advance to assist the personnel and training departments in hiring and training the desired number of personnel. Agents are given regular work schedules that are designed to coincide with anticipated transaction patterns and trends. We have developed a proprietary scheduling system, known as Spectrum®, that efficiently identifies variances between staff scheduling and staff needs. The system accommodates real-time adjustments for personnel schedules as volume projections fluctuate. Agent personnel directly interact with the system through kiosks located in our contact centers or the Internet to schedule additional hours or excused time.

Sales and Marketing. We target growth-oriented clients with large volume programs and selectively pursue those clients with whom and services with which we have the greatest opportunity for success. We maintain approximately 50 sales and marketing personnel dedicated to our Communication Services segment. Their goal is to both maximize our current client relationships and to expand our existing client base. To accomplish these goals, we attempt to sell additional services to existing clients and to develop new long-term client relationships. We formulate detailed annual sales and marketing plans for our Communication Services segment. We generally pay commissions to sales professionals on both new sales and incremental revenues generated from new and existing clients.

Competition. In the Communication Services segment, our competitors range from very small firms catering to specialized programs and short-term projects to large, publicly traded companies. Many clients retain multiple communication services providers, which expose us to continuous competition in order to remain a preferred vendor. We also compete with the in-house operations of many of our existing clients and potential clients. The principal competitive factors in our Communication Services segment include:

- quality of service;
- range of service offerings;
- flexibility and speed of implementing customized solutions to meet clients' needs;
- capacity;
- industry-specific experience;
- technological expertise; and
- price.

We discuss the risks associated with the competition in our Communication Services segment in Item 1A "Risk Factors."

Quality Assurance. We believe we differentiate the quality of our services through our ability to understand our clients' needs and expectations and our ability to meet or exceed them. We continuously monitor, test and evaluate the performance of all call handling programs to ensure that we meet or exceed both our own and our clients' quality standards. We encourage our clients to participate in all aspects of the quality assessment. We have direct contact with our clients' customers. Given the importance of this role, we believe that our ability to provide premium quality service is critical. We and our clients monitor and evaluate the performance of agents to confirm that our clients' programs are properly implemented using client-approved scripts and that the agents meet our clients' customer service standards. We and our clients regularly measure the quality of our services by reviewing variables that include:

- average handle time;
- call volume;
- average speed of answer;
- sales per hour;
- rate of abandonment;

- quota attainment; and
- order conversion percentages.

We provide clients with real-time reports on the status of ongoing campaigns and transmit summary data and captured information to clients.

We maintain quality assurance functions throughout our various agent-based and automated service offering organizations. These quality assurance groups are responsible for the overall quality of the services being provided. We use statistical summaries of the performance appraisal information for our training and operations departments to provide feedback and to identify agents who may need additional training.

Conferencing Services

Conferencing Industry. The conferencing services market consists of audio, web and video conferencing services that are marketed to businesses and individuals worldwide. Web services include web-casting, and the delivery of commercial, online training and education applications.

We entered the conferencing services market through our acquisition of InterCall Inc. ("InterCall") in May 2003 and expanded our presence in this market with the acquisitions of ConferenceCall.com, Inc. ("ConferenceCall.com") in November 2003, ECI Conference Call Services LLC ("ECI") in December 2004 and the assets of the conferencing business of Sprint Corporation ("Sprint") in June 2005. We were attracted to the conferencing services business because it gives us the ability to use our existing technology and assets to manage additional transactions for a large and growing market. According to a report published by Wainhouse Research in January 2006, we have the largest conferencing services market share in North America.

According to a report published by Wainhouse Research in November 2005, the worldwide market for conferencing services represented revenues of approximately $3.5 billion in 2005, and is projected to grow to $4.5 billion in 2009, producing a compound annual growth rate of 7%.

Over the last several years, the market for conferencing services has experienced significant increased demand and pricing degradation. From a demand perspective, efforts by businesses, private organizations and state governments to reduce costs have led to business travel reductions, resulting in increased demand for conferencing services. From a pricing perspective, increased competition and financial instability among some of the larger audio conferencing providers have led providers, including us, to reduce prices. In addition, as long distance telephone rates have fallen, competition between carriers and service providers has caused additional reductions in conferencing prices.

Service Offerings. The Conferencing Services segment represented 29% of our consolidated revenue in 2005. This segment consists of four primary services:

Reservationless Services are on-demand automated conferencing services that allow clients to initiate an audio conference 24 hours a day, seven days a week, without the need to make a reservation or rely on an operator. We are generally paid for these services on a per participant minute basis.

Operator-Assisted Services are available for complex audio conferences and large events. Attended, or operator-assisted, services are tailored to a client's needs and provide a wide range of scalable features and enhancements, including the ability to record, broadcast, schedule and administer meetings. We are generally paid for these services on a per participant minute basis.

Web Conferencing Services allow clients to make presentations and share applications and documents over the Internet. These services are offered through our proprietary product, Mshow®, as well as through the resale of WebEx Communications, Inc. and Microsoft Corporation products. Web conferencing services are customized to each client's individual needs and offer the ability to reach a wide audience. We are generally paid for these services on a per participant minute or per seat license basis.

Video Conferencing Services allow clients to experience real time video presentations and conferences. These services are offered through our proprietary product, InView®. Video conferencing services can be used

for a wide variety of events, including training seminars, sales presentations, product launches and financial reporting calls. We are generally paid for these services on a per participant minute basis.

Sales and Marketing. We maintain a sales force of approximately 500 personnel that is focused exclusively on understanding our clients' needs and delivering conferencing solutions. We generally pay commissions to sales professionals on both new sales and incremental revenues generated from new and existing clients.

Our Conferencing Services segment manages sales and marketing through five dedicated channels:

- *National Accounts:* Our national accounts meeting consultants sell our services to Fortune 500 companies.
- *Direct Sales:* Our direct sales meeting consultants sell our services to accounts other than Fortune 500 companies.
- *International Sales:* Our international meeting consultants sell our services internationally.
- *Internet:* We sell our conferencing services on the Internet through our ConferenceCall.com subsidiary. ConferenceCall.com acquires clients using Internet-based search engines to identify potential purchasers of conferencing services through placement of paid advertisements on search pages of major Internet search engine sites. The strength of ConferenceCall.com's marketing program lies in its ability to automatically monitor ad placement on all of the major search engines and ensure optimal positioning on each of these search sites.
- *Wholesale Sales:* We have relationships with traditional resellers, local exchange carriers, inter-exchange carriers and systems integrators to sell our conferencing services.

In connection with the acquisition of the assets of the conferencing business of Sprint, we entered into a sales and marketing agreement whereby we are the exclusive provider of conferencing services for Sprint and its customers. Under this agreement, we have agreed to jointly market and sell conferencing services with Sprint.

We train our meeting consultants to assist clients in using conference calls as a replacement for face-to-face meetings. We believe this service-intensive effort differentiates our conferencing services business from that of our competitors.

Competition. The conferencing services market is highly competitive. Our competitors in this industry range from large, long distance carriers, such as AT&T Inc., MCI, Inc. and Global Crossing Ltd., to independent providers, such as Premiere Global Services, Inc. and Genesys Conferencing.

The principal competitive factors in the conferencing services industry include:

- range of service offerings;
- global offerings;
- price; and
- quality of service.

We believe that we have been able to increase our market share in recent years due to our large, geographically dispersed sales force and through strategic acquisitions. We are able to focus on meeting specific conferencing services needs, which we believe enhances our competitive advantage.

We discuss the risks associated with the competition in the conferencing services industry in Item 1A "Risk Factors."

Receivables Management

Receivables Management Industry. Although debt collection companies have existed since the emergence of consumer credit, the sale of distressed debt to recovery specialists arose in the 1980s. As the distressed debt market developed regular buyers of debt emerged and banks began selling not only distressed commercial and industrial loans, but also charged-off debt.

We entered the receivables management market through our acquisition of Attention, LLC ("Attention") in August 2002 and expanded our presence in this market with our acquisition of Worldwide Asset Management, LLC and its related entities ("Worldwide") in August 2004. We were attracted to the receivables management business because of our ability to use our existing infrastructure to address the needs of a large and growing market and to sell these services to our existing clients.

According to a report published by Kaulkin Ginsberg in April 2005, the market for accounts receivables management in the United States represented revenues of approximately $15.0 billion in 2004 and consisted of approximately 6,500 companies, 95% of which generated revenues of less than $8 million.

Service Offerings. The Receivables Management segment represented 14% of our consolidated revenue in 2005. The Receivables Management segment consists of the following services:

Debt Purchasing Collections involves the purchase of portfolios of receivables from credit originators. We use proprietary analytical tools to identify and evaluate portfolios of receivables and develop custom recovery strategies for each portfolio. We have established relationships with Cargill Financial Services Corp. ("Cargill") and SLM Corporation ("Sallie Mae"), to evaluate and finance the purchase of receivables. We have also entered into forward-flow contracts that commit a third party to sell to us regularly, and commit us to purchase regularly, charged-off receivable portfolios for a fixed percentage of the face amount.

Contingent/Third-Party Collections involve collecting charged-off debt. We are focused on specific industries, such as healthcare, credit card, telecommunications and vehicle financing. Our recovery strategy is determined by the age of receivables and the extent of previous collection efforts. We generally are paid for these services based on a percentage of the amounts that we recover.

Government Collections involve collecting student loans on behalf of the United States Department of Education. We also offer a student loan default prevention program used at approximately 133 campus locations. We generally are paid for these services based on a percentage of the amounts that we recover.

First-Party Collections involve assisting our clients in collecting pre-charged-off consumer debt. These services involve a highly structured process with a pre-approved script and generally require a customer-service oriented agent. We generally are paid for these services on a per agent hour basis.

Commercial Collections involve collecting commercial debt and provide a full suite of business services designed to maximize return on receivables. We generally are paid for these services based on a percentage of the amounts that we recover.

Competition. The receivables management industry is highly competitive and fragmented. We compete with a large number of providers, including large national companies as well as regional and local firms. Many clients retain multiple receivables management providers, which expose us to continuous competition in order to remain a preferred vendor. We believe that the primary competitive factor in obtaining and retaining clients is the percentage of the receivables that are collected and returned to the client.

Debt purchasing is subject to additional competitive factors, including bidding competition in the purchase of receivable portfolios. We discuss the risks associated with the competition in the receivables management industry in Item 1A "Risk Factors."

Financing of Portfolio Purchases. We work with two portfolio lenders, Cargill Financial Services Corp. and Sallie Mae, to finance the purchase of portfolios. The lender advances 80% to 85% of the purchase price of each portfolio and we fund the remaining 15% to 20%. The debt from the lender accrues interest at a variable rate, with the lender also sharing in the profits of the portfolio after collection expenses and the repayment of principal and interest. The debt from the lender is non-recourse and is collateralized by all receivable portfolios within a loan series. We discuss these facilities in Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources."

The remainder of this section applies to our entire consolidated enterprise.

Our Clients

Our clients operate in a wide range of industries, including telecommunications, banking, retail, financial services, technology and health care. Revenue in our three segments is not significantly seasonal.

We derive a significant portion of our revenue from relatively few clients. During the year ended December 31, 2005, our 100 largest clients represented approximately 63% of our revenues with one client, Cingular Wireless LLC ("Cingular") accounting for 12% of our total revenue. We expect revenue from Cingular to be less than 10% of total revenue for the 2006 fiscal year. We discuss the risks associated with the concentration of our client base in Item 1A "Risk Factors."

Our Personnel and Training

At December 31, 2005, we had approximately 28,100 total employees, of which approximately:

- 24,000 were employed in the Communication Services segment;
- 2,200 were employed in the Conferencing Services segment; and
- 1,900 were employed in the Receivables Management segment.

Of these employees, approximately 5,600 were employed in management, staff and administrative positions.

We believe that the quality of our employees is a key component of our success. As a large scale service provider, we continually refine our approach to recruiting, training and managing our employees. We have established procedures for the efficient weekly hiring, scheduling and training of hundreds of qualified personnel. These procedures enable us to provide flexible scheduling and staffing solutions to meet client needs.

We offer extensive classroom and on-the-job training programs for personnel, including instruction regarding call-processing procedures, direct sales techniques, customer service guidelines, telephone etiquette and proper use of voice inflections. Operators receive professional training lasting from four to 35 days, depending on the client program and the services being provided. In addition to training designed to enhance job performance, employees are also informed about our organizational structure, standard operating procedures and business philosophies.

We consider our relations with our employees to be good. None of our employees is represented by a labor union.

Our Technology and Systems Development

Our software and hardware systems, as well as our network infrastructure, are designed to offer high-quality and integrated solutions. We have made significant investments in reliable hardware systems and integrate commercially available software when appropriate. Because our technology is client focused, we often rely on proprietary software systems developed in-house to customize our services.

Our Facilities and Service Reliability

We recognize the importance of providing uninterrupted service for our clients. We have invested significant resources to develop, install and maintain facilities and systems that are designed to be highly reliable. Our facilities and systems are designed to maximize system in-service time and minimize the possibility of a telecommunications outage, a commercial power loss or an equipment failure.

Our Network Operations Center

Our Network Operations Center, based in Omaha, Nebraska, operates 24 hours a day, seven days a week and uses both internal and external systems to effectively operate our remote agent based and automated sites. We interface directly with long distance carriers and have the ability to immediately allocate call volumes. The Network Operations Center monitors the status of all elements of our network on a minute-by-minute basis. When unexpected events such as weather related situations or high volume calling occur, we can immediately react

and, whenever possible, redirect transactions to an unaffected site to satisfy the business needs of our clients. The Network Operations Center allows us to identify the optimal solution from a range of service alternatives, including automated, domestic, offshore, home agent offerings or a combination of those services. A back-up facility is available, if needed, and is capable of sustaining all the critical functionality of the primary Network Operations Center. Personnel are regularly scheduled to work from the back-up facility to ensure the viability of the Network Operations Centers business Continuity plan.

Our Proprietary Rights and Licenses

We rely on a combination of copyright, patent, trademark and trade secret laws, as well as on confidentiality procedures and non-compete agreements, to establish and protect our proprietary rights in each of our segments. We currently own ten registered patents, including two that we obtained as part of our acquisition of InterCall, and one that we obtained as part of our acquisition of the assets of the conferencing business of Sprint. We have 62 pending patent applications pertaining to technology relating to intelligent upselling, transaction processing, call center and agent management, data collection, reporting and verification, conferencing and credit card processing.

Our Foreign Operations

As of December 31, 2005, our total revenue and assets outside the United States were less than 10% of our consolidated revenue and assets.

Our Communication Services segment operates facilities in Canada, Philippines, and Jamaica. Our Communication Services segment also contracts for workstation capacity in India. Currently, this contract is denominated in U.S. dollars. This call center receives or initiates calls only from or to customers in North America. Under this arrangement, we do not own the assets or employ any personnel directly.

Our Conferencing Services segment has international sales offices in Canada, Australia, Hong Kong, Ireland, the United Kingdom, Singapore, Germany, Japan, France, New Zealand and India. Our Conferencing Services segment operates out of facilities in the United States, the United Kingdom, Canada, Singapore, Australia, Hong Kong, New Zealand and India.

Our Receivables Management segment operates internationally in Jamaica and Mexico.

Government Regulation

Teleservices sales practices are regulated at both the federal and state level. The Telephone Consumer Protection Act (“TCPA”), enacted in 1991, authorized and directed the Federal Communications Commission (“FCC”) to enact rules to regulate the telemarketing industry. In December 1992, the FCC enacted rules that place restrictions on the methods and timing of telemarketing sales calls.

On July 3, 2003, the FCC issued a Report and Order setting forth amended rules and regulations implementing the TCPA. The rules, with a few exceptions, became effective August 25, 2003. These rules included:

- restrictions on calls made by automatic dialing and announcing devices;
- limitations on the use of predictive dialers for outbound calls;
- institution of a national “do-not-call” registry in conjunction with the Federal Trade Commission (“FTC”);
- guidelines on maintaining an internal “do-not-call” list and honoring “do-not-call” requests; and
- requirements for transmitting caller identification information.

The “do-not-call” restrictions took effect October 1, 2003. The caller identification requirements became effective January 29, 2004. The FCC also included rules further restricting facsimile advertisements. However, Congress passed, and the President signed, the Junk Fax Prevention Act of 2005, which became effective July 9, 2005 and essentially requires the FCC, within 270 days of the date of the Act, to return the restrictions on facsimile advertisements to how they were written prior to the 2003 amendments, with some added requirements for providing the recipient a method to opt out of further unsolicited fax advertisements.

The Federal Telemarketing Consumer Fraud and Abuse Act of 1994 authorizes the FTC to issue regulations designed to prevent deceptive and abusive telemarketing acts and practices. The FTC issued its Telemarketing Sales Rule ("TSR"), which went into effect in January 1996. The TSR applies to most outbound telemarketing calls and certain inbound telemarketing calls and generally prohibits a variety of deceptive, unfair or abusive practices in telemarketing sales.

The FTC amended the TSR in January 2003. The majority of the amendments became effective March 31, 2003. The changes that were adopted that continue to have the potential to adversely affect us, our clients and/or our industry include:

- subjecting a portion of our inbound calls to additional disclosure requirements from which these calls were previously exempt;
- prohibiting the disclosure or receipt, for consideration, of unencrypted consumer account numbers for use in telemarketing;
- application of the TSR to charitable solicitations;
- additional disclosure statements relating to certain products and services;
- additional authorization requirements for payment methods that do not have consumer protections comparable to those available under the Electronic Funds Transfer Act or the Truth in Lending Act, or for telemarketing transactions involving pre-acquired account information and free-to-pay conversion offers;
- institution of a national "do-not-call" registry;
- limitations on the use of predictive dialers for outbound calls; and
- additional disclosure requirements relating to marketing additional products and services to our clients' customers, especially to the extent involving negative option features.

Since the "do-not-call" restrictions became effective, the FTC has raised the fees for the National Do-Not-Call Registry twice. The most recent increase in fees became effective September 1, 2005.

In addition to the federal legislation and regulations, there are numerous state statutes and regulations governing telemarketing activities that do or may apply to us. For example, some states also place restrictions on the methods and timing of telemarketing calls and require that certain mandatory disclosures be made during the course of a telemarketing call. Some states also require that telemarketers register in the state before conducting telemarketing business in the state. Many of these statutes have an exemption for publicly traded companies.

Our employees who are involved in certain types of sales activity, such as activity regarding insurance or mortgage loans, are required to be licensed by various state commissions or regulatory bodies and to comply with regulations enacted by those entities.

We specifically train our marketing representatives to handle calls in an approved manner and believe we are in compliance in all material respects with all federal and state telemarketing regulations.

The accounts receivable management business is regulated both at the federal and state level. The federal Fair Debt Collection Practices Act ("FDCPA") regulates any person who regularly collects or attempts to collect, directly or indirectly, consumer debts owed or asserted to be owed to another person. The FDCPA establishes specific guidelines and procedures that debt collectors must follow in communicating with consumer debtors, including the time, place and manner of these communications. Further, it prohibits harassment or abuse by debt collectors, including the threat of violence or criminal prosecution, obscene language or repeated telephone calls made with the intent to abuse or harass. The FDCPA also places restrictions on communications with individuals other than consumer debtors in connection with the collection of any consumer debt and sets forth specific procedures to be followed when communicating with third parties for purposes of obtaining location information about the consumer debtor. Additionally, the FDCPA contains various notice and disclosure requirements and prohibits unfair or misleading representations by debt collectors. The accounts receivable management and collection business is also subject to the Fair Credit Reporting Act ("FCRA"), that regulates the consumer credit reporting industry and that may impose liability on furnishers of data to credit reporting agencies, such as debt

collectors, to the extent that the adverse credit information reported on a consumer to a credit reporting agency is false or inaccurate. The FTC has the authority to investigate consumer complaints against debt collectors and to recommend enforcement actions and seek monetary penalties. The accounts receivable management business is also subject to state regulation. Some states require that debt collectors be licensed or registered, hold a certificate of authority and/or be bonded. Failure to comply may subject the debt collector to penalties and/or fines. In addition, state licensing authorities, as well as state consumer protection agencies, in many cases, have the authority to investigate debtor complaints against debt collectors and to recommend enforcement actions and seek monetary penalties against debt collectors for violations of state or federal laws.

The Receivables Management and Communication Services segments provide services to healthcare clients that, as providers of healthcare services are considered "covered entities" under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"). As covered entities, our clients must comply with standards for privacy, transaction and code sets, and data security. Under HIPAA, we are a "business associate," which requires that we protect the security and privacy of "protected health information" provided to us by our clients for the collection of payments for healthcare services. We have implemented HIPAA compliance training and awareness programs for our healthcare service employees. We also have undertaken an ongoing process to test data security at all relevant levels. In addition, we have reviewed physical security at all healthcare operation centers and have implemented systems to control access to all work areas.

Many states have enacted privacy legislation requiring notification to consumers in the event of a security breach in or at our systems if the consumers' personal information may have been compromised as a result of the breach. We have implemented processes and procedures to reduce the risk of security breaches, but we believe we are ready to comply with these notification rules should a breach occur.

The industries that we serve are also subject to varying degrees of government regulation, including laws and regulations relating to contracting with the government and data security. We are subject to some of the laws and regulations associated with government contracting as a result of our contracts with our clients and also as a result of contracting directly with the United States government and its agencies. With respect to marketing scripts, we rely on our clients and their advisors to develop the scripts to be used by us in making consumer solicitations on behalf of our clients. We generally require our clients to indemnify us against claims and expenses arising with respect to the scripts and products provided by our clients.

We discuss the risks associated with governmental regulation in Item 1A "Risk Factors."

Item 1A. ***Risk Factors***

An investment in our common stock involves risks. You should carefully consider the following risks before making an investment decision. If any of the circumstances described in these risk factors occur, our business, financial condition and results of operations could be seriously harmed, in which case the price of our common stock could decline and you could lose all or part of your investment.

If we are unable to integrate or achieve the objectives of our recent and future acquisitions, our overall business may suffer.

Our business strategy depends on successfully integrating the recent acquisitions of the assets of the conferencing business of Sprint, which we acquired in June 2005; ECI, which we acquired in December 2004; Worldwide, which we acquired in August, 2004; Raindance and Intrado, which we expect to close in the second quarter of 2006 and any additional businesses we may acquire in the future. Acquiring additional businesses involves integration risks, including:

- the diversion of management's time and attention away from operating our business to acquisition and integration challenges;
- the unanticipated loss of key employees of the acquired businesses;
- the potential need to implement or remediate controls, procedures and policies appropriate for a larger public company at businesses that prior to the acquisition lacked these controls, procedures and policies;

- the need to integrate each business' accounting, information management, human resources, contract and intellectual property management and other administrative systems to permit effective management; and
- our entry into markets or geographic areas where we may have limited or no experience.

We may be unable to effectively integrate businesses we have acquired or may acquire in the future without encountering the difficulties described above. Failure to integrate these businesses effectively could adversely affect our business, results of operations and financial condition.

In addition to this integration risk, our business, results of operations and financial condition could be adversely affected if we are unable to achieve the planned objectives of an acquisition. The inability to achieve our planned objectives could result from:

- the financial underperformance of these acquisitions;
- the loss of key clients of the acquired business; and
- the occurrence of unanticipated liabilities or contingencies.

If we are unable to complete future acquisitions, our business strategy and stock price may be negatively affected.

Our ability to identify and take advantage of attractive acquisition or other business development opportunities is an important component in implementing our overall business strategy. We may be unable to identify, finance or complete acquisitions or to do so at attractive valuations. To the extent that the trading price of our common stock reflects the market's expectation that we will continue to complete strategic acquisitions, the price of our common stock may drop if we are unable to complete these acquisitions.

We may not be able to compete successfully in our highly competitive industries.

We face significant competition in the markets in which we do business and expect that this competition will intensify. The principal competitive factors in our three business segments are technological expertise, service quality, capacity, industry-specific experience, range of service offerings, the ability to develop and implement customized products and services and the cost of services. In addition, we believe there has been an industry trend to move agent-based operations towards offshore sites. We believe this trend will continue. This movement could result in excess capacity in the United States, where most of our current capacity exists. The trend towards international expansion by foreign and domestic competitors and continuous technological changes may bring new and different competitors into our markets and may erode profits because of reduced prices. Our competitors' products and services and pricing practices, as well as the timing and circumstances of the entry of additional competitors into our markets, could adversely affect our business, results of operations and financial condition.

Our Communication Services segment's business and growth depends in large part on the industry trend toward outsourcing. This trend may not continue, or may continue at a slower pace, as organizations may elect to perform these services themselves.

Our Conferencing Services segment faces technological advances and consolidation which have contributed to pricing pressures. Competition in the web and video conferencing services arenas continues to develop as new vendors enter the marketplace and offer a broader range of conferencing solutions.

Our Receivables Management segment competes with a wide range of purchasers of charged-off consumer receivables, third-party collection agencies, other financial service companies and credit originators and other owners of debt that fully manage their own charged-off consumer receivables. Some of these companies have substantially greater personnel and financial resources than we do. In addition, companies with greater financial resources than we have may elect in the future to enter the consumer debt collection business. Competitive pressures affect the availability and pricing of receivables portfolios as well as the availability and cost of qualified debt collectors.

There are services in each of our business segments that are experiencing pricing declines. If we are unable to offset pricing declines through increased transaction volume and greater efficiency, our business, results of operations and financial condition could be adversely affected.

We are subject to extensive regulation that could limit or restrict our activities and impose financial requirements or limitations on the conduct of our business.

The United States Congress, the FCC, various states and other foreign jurisdictions have promulgated and enacted rules and laws that govern the methods and processes of making and completing telephone solicitations and sales and collecting of consumer debt. As a result, we may be subject to proceedings alleging violation of these rules and laws in the future. Additional rules and laws may require us to modify our operations or service offerings in order to meet our clients' service requirements effectively, and these regulations may limit our activities or significantly increase the cost of regulatory compliance.

We currently are not a provider of "telecommunications" under the Communications Act of 1934, as amended, which we refer to as the Communications Act. Therefore, we are not subject to common carrier regulation under Title II of the Communications Act and are not required to pay the various fees and charges, including payments into the universal service fund, to which providers of telecommunications are subject. If the FCC or other relevant governmental body determines that the services we provide are telecommunications, or Congress passes new legislation affecting our regulatory obligations, we might be subject to greater regulatory oversight and required to incur additional fees and charges with respect to our services.

In addition, regulatory restrictions could adversely affect our business, results of operations and financial condition, including reducing the volume of business that our clients outsource. Regulations regarding the use of technology, such as restrictions on automated dialers or the required transmittal of caller-identification information may further reduce the efficiency or effectiveness of our operations. We cannot predict the impact that federal, state and foreign regulations may have on our business, results of operations or financial condition.

Our clients are also subject to varying degrees of government regulation, particularly in the telecommunications, insurance and financial services industries. We also may be subject to a variety of enforcement or private actions for our clients' non-compliance with these regulations. Increased interest in data privacy protections and information security obligations could impose additional regulatory pressure on our clients' businesses and, indirectly, on our operations. These pressures could adversely affect our business, results of operations and financial condition if they reduce the demand for our services or expose us to potential liability.

Our ability to recover on our charged-off consumer receivables may be limited under federal and state laws.

Federal and state consumer protection, privacy and related laws and regulations extensively regulate the relationship between debt collectors and debtors. Federal and state laws may limit our ability to recover on our charged-off consumer receivables regardless of any act or omission on our part. Some laws and regulations applicable to credit card issuers may preclude us from collecting on charged-off consumer receivables we purchase if the credit card issuer previously failed to comply with applicable laws in generating or servicing those receivables. Additional consumer protection and privacy protection laws may be enacted that would impose additional or more stringent requirements on the enforcement of and collection on consumer receivables.

Any new laws, rules or regulations as well as existing consumer protection and privacy protection laws may adversely affect our ability to collect on our charged-off consumer receivable portfolios and adversely affect our business, results of operations and financial condition. In addition, federal and state governments are considering, and may consider in the future, other legislative proposals that would further regulate the collection of consumer receivables. Any failure to comply with any current or future laws applicable to us could limit our ability to collect on our charged-off consumer receivable portfolios, which could adversely affect our business, results of operations and financial condition.

Our business, results of operations and financial condition could be adversely affected if we are unable to maximize the use of our contact centers.

Our profitability depends largely on how effectively we manage the use of our contact centers, which we refer to as capacity utilization. To the extent that we are not able to effectively utilize our contact centers, our business, results of operations and financial condition could be adversely affected.

We also consider opening new contact centers in order to create the additional capacity necessary to accommodate new or expanded outsourcing projects. However, additional centers may result in idle capacity until any new or expanded program is fully implemented.

In addition, if we lose significant clients, if clients' call volumes decline or if significant contracts are not implemented as anticipated, our operating results are likely to be harmed to the extent that we are not able to manage our call center capacity utilization by reducing expenses proportionally or successfully negotiating contracts with new clients to generate additional revenues at comparable levels. As a result, we may not be able to achieve or maintain optimal contact center capacity in the future.

Increases in the cost of voice and data services or significant interruptions in these services could adversely affect our business, results of operations and financial condition.

We depend on voice and data services provided by various telecommunications providers. Because of this dependence, any change to the telecommunications market that would disrupt these services or limit our ability to obtain services at favorable rates could adversely affect our business, results of operations and financial condition. We have taken steps to mitigate our exposure to the risks associated with rate fluctuations and service disruption by entering into long-term contracts. There is no obligation, however, for these vendors to renew their contracts with us or to offer the same or lower rates in the future, and these contracts are subject to termination or modification for various reasons outside of our control. An adverse change in the pricing of voice and data services that we are unable to recover through the price of our services, or any significant interruption in voice or data services, could adversely affect our business, results of operations and financial condition.

We depend on key personnel.

Our success depends on the experience and continuing efforts and abilities of our management team and on the management teams of our operating subsidiaries. The loss of the services of one or more of these key employees could adversely affect our business, results of operations and financial condition.

Our inability to continue to attract and retain a sufficient number of qualified employees could adversely affect our business, results of operations and financial condition.

A large portion of our operations require specially trained employees. From time to time, we must recruit and train qualified personnel at an accelerated rate in order to keep pace with our clients' demands and our resulting need for specially trained employees. If we are unable to continue to hire, train and retain a sufficient labor force of qualified employees, our business, results of operations and financial condition could be adversely affected.

Increases in labor costs and turnover rates could adversely affect our business, results of operations and financial condition.

Our Communication Services and Receivables Management segments are very labor intensive and experience high personnel turnover. Significant increases in the employee turnover rate could increase recruiting and training costs and decrease operating effectiveness and productivity. Moreover, many of our employees are hired on a part-time basis, and a significant portion of our costs consists of wages to hourly workers. As a result, increases in labor costs, costs of employee benefits or employment taxes could adversely affect our business, results of operations and financial condition.

Because we have operations in countries outside of the United States, we may be subject to political, economic and other conditions affecting these countries that could result in increased operating expenses and regulation.

We operate or rely upon businesses in numerous countries outside the United States. We may expand into additional countries and regions. There are risks inherent in conducting business internationally, including: political and economic conditions, exposure to currency fluctuations, greater difficulties in accounts receivable collection, difficulties in staffing and managing foreign operations and potential adverse tax consequences.

If we cannot manage our international operations successfully, our business, results of operations and financial condition could be adversely affected.

A large portion of our revenues are generated from a limited number of clients, and the loss of one or more key clients would result in the loss of net revenues.

Our 100 largest clients represented 63% of our total revenue for the year ended December 31, 2005 with one client, Cingular, accounting for 12% of our total revenue. Subject to advance notice requirements and a specified wind down of purchases, Cingular may terminate its contract with us with or without cause at any time. If we fail to retain a significant amount of business from Cingular or any of our other significant clients, our business, results of operations and financial condition could be adversely affected.

We serve clients and industries that have experienced a significant level of consolidation in recent years. Additional consolidation could occur in which our clients could be acquired by companies that do not use our services. The loss of any significant client would result in a decrease in our revenues and could adversely affect our business, results of operations and financial condition.

The financial results of our Receivables Management segment depend on our ability to purchase charged-off receivable portfolios on acceptable terms and in sufficient amounts. If we are unable to do so, our business, results of operations and financial condition could be adversely affected.

If we are unable to purchase charged-off consumer receivables from credit originators and other debt sellers on acceptable terms and in sufficient amounts, our business, results of operations and financial condition could be adversely affected. The availability of portfolios that generate an appropriate return on our investment depends on a number of factors both within and beyond our control, including:

- competition from other buyers of consumer receivable portfolios;
- continued sales of charged-off consumer receivable portfolios by credit originators;
- continued growth in the number of industries selling charged-off consumer receivable portfolios; and
- our ability to collect upon a sufficient percentage of accounts to satisfy our contractual obligations.

Because of the length of time involved in collecting charged-off consumer receivables on acquired portfolios and the volatility in the timing of our collections, we may not be able to identify trends and make changes in our purchasing strategies in a timely manner.

In our Receivables Management segment, we entered into a number of forward-flow contracts during 2005. These contracts commit a third party to sell to us regularly, and commit us to purchase regularly, charged-off receivable portfolios for a fixed percentage of their face amount. Consequently, our business, results of operations and financial condition could be adversely affected if the fixed percentage price is higher than the market price we would have paid absent the forward flow commitment. We plan to enter into similar contracts in the future, depending on market conditions. To the extent new or existing competitors enter into similar forward-flow arrangements, the pool of portfolios available for purchase may be diminished.

Our contracts are generally not exclusive and generally do not provide revenue commitments.

We seek to sign multi-year contracts with our clients. However, our contracts generally enable the clients to unilaterally terminate the contract or reduce transaction volumes upon written notice and without penalty. The terms of these contracts are often also subject to renegotiation at any time. In addition, most of our contracts are not exclusive and do not ensure that we will generate a minimum level of revenue. Many of our clients also retain multiple service providers with whom we must compete. As a result, the profitability of each client program may fluctuate, sometimes significantly, throughout the various stages of a program.

Our data and contact centers are exposed to emergency interruption.

Our outsourcing operations depend on our ability to protect our data and contact centers against damage that may be caused by fire, natural disasters, power failure, telecommunications failures, computer viruses, failures of our software, acts of sabotage or terror and other emergencies. In the past, natural disasters such as hurricanes have provided significant employee dislocation and turnover in the areas impacted. If we experience temporary or permanent employee dislocation or interruption at one or more of our data or contact centers through casualty, operating malfunction or other acts, we may be unable to provide the services we are contractually obligated to deliver. As a result, we may experience a reduction in revenue or be required to pay contractual damages to some clients or allow some clients to terminate or renegotiate their contracts. Any interruptions of this type could result in a prolonged interruption in our ability to provide our services to our clients, and our business interruption and property insurance may not adequately compensate us for any losses we may incur. These interruptions could adversely affect our business, financial condition and results of operations.

Acts of terrorism or war could adversely affect our business, results of operations and financial condition.

Acts of terrorism or war could disrupt our operations. For example, our agent-based business may experience significant reductions in call volume during and following any significant terrorist event. These disruptions could also cause service interruptions or reduce the quality level of the services we provide, resulting in a reduction in our revenues. In addition, an economic downturn as a result of these activities could negatively impact the financial condition of our clients, which may cause our clients to delay or defer decisions to use our services or decide to use fewer of our services. As a result, war and terrorist attacks and any resulting economic downturn could adversely affect our business, results of operations and financial condition.

Security and privacy breaches of the systems we use to protect personal data could adversely affect our business, results of operations and financial condition.

Our databases contain personal data of our clients' customers, including credit card and healthcare information. Any security or privacy breach of these databases could expose us to liability, increase our expenses relating to the resolution of these breaches and deter our clients from selecting our services. Our data security procedures may not effectively counter evolving security risks or address the security and privacy concerns of existing or potential clients. Any failures in our security and privacy measures could adversely affect our business, financial condition and results of operations.

We may not be able to adequately protect our proprietary information or technology.

Our success is dependent upon our proprietary information and technology. We rely on a combination of copyright, trade secret and contract protection to establish and protect our proprietary rights in our information and technology. Third parties may infringe or misappropriate our patents, trademarks, trade names, trade secrets or other intellectual property rights, which could adversely affect our business, results of operations and financial condition, and litigation may be necessary to enforce our intellectual property rights, protect our trade secrets or determine the validity and scope of the proprietary rights of others. The steps we have taken to deter misappropriation of our proprietary information and technology or client data may be insufficient to protect us, and we may be unable to prevent infringement of our intellectual property rights or misappropriation of our proprietary information. Any infringement or misappropriation could harm any competitive advantage we currently derive or

may derive from our proprietary rights. In addition, because we operate in many foreign jurisdictions, we may not be able to protect our intellectual property in the foreign jurisdictions in which we operate or others.

Our technology and services may infringe upon the intellectual property rights of others.

Third parties have asserted in the past and may, in the future, assert claims against us alleging that we are violating or infringing upon their intellectual property rights. Any claims and any resulting litigation could subject us to significant liability for damages. An adverse determination in any litigation of this type could require us to design around a third party's patent, license alternative technology from another party or reduce or modify our product and service offerings. In addition, litigation is time-consuming and expensive to defend and could result in the diversion of our time and resources. Any claims from third parties may also result in limitations on our ability to use the intellectual property subject to these claims.

Our business depends on our ability to keep pace with our clients' needs for rapid technological change and systems availability.

Technology is a critical component of our business. We have invested in sophisticated and specialized computer and telephone technology and we anticipate that it will be necessary for us to continue to select, invest in and develop new and enhanced technology on a timely basis in the future in order to remain competitive. Our future success depends in part on our ability to continue to develop technology solutions that keep pace with evolving industry standards and changing client demands.

Gary L. West and Mary E. West have substantial control over us and will maintain the ability to control substantially all matters submitted to stockholders for approval.

As of December 31, 2005, Gary L. West, our Chairman, and Mary E. West, the Vice Chair of our Board of Directors and Secretary, beneficially owned approximately 58% of our outstanding common stock. As a result, Mr. and Mrs. West have the ability to exert substantial influence or actual control over our management and affairs and over substantially all matters requiring action by our stockholders, including amendments to our restated certificate of incorporation and by-laws, the election and removal of directors, any proposed merger, consolidation or sale of all or substantially all of our assets and other corporate transactions. In addition, our restated certificate of incorporation and by-laws provide that our stockholders can act by means of a written consent without a meeting and without prior notice. Therefore, any stockholder or stockholders (including Mr. and Mrs. West) holding the requisite number of shares that would be necessary to take action at a stockholders' meeting can take action without prior notice to the other stockholders and without a vote at a stockholders' meeting. The interests of Mr. and Mrs. West may not coincide with the interests of our other stockholders. For instance, this concentration of ownership may have the effect of delaying or preventing a change in control otherwise favored by our other stockholders and could depress our stock price. Additionally, as a result of Mr. and Mrs. West's significant ownership of our outstanding common stock, we have relied on the "controlled company" exemption from certain corporate governance requirements of the Nasdaq National Market Corporate Governance Rules, and therefore, our Board of Directors is not comprised of a majority of independent directors and we do not have a nominating committee. Accordingly, so long as we rely on that exemption, you will not have the same protections afforded to stockholders of companies that are subject to all of the Nasdaq National Market Corporate Governance Rules.

Pending and future litigation may divert management's time and attention and result in substantial costs of defense damages or settlement, which could adversely affect our business, results of operations and financial condition.

We face uncertainties relating to the pending litigation described in Item 3 "Legal Proceedings" and we may not ultimately prevail or otherwise be able to satisfactorily resolve this litigation. In addition, other material suits by individuals or certified classes, claims, or investigations relating to the same or similar matters as those described in Item 3 "Legal Proceedings" or other aspects of our business, including our obligations to market additional products to our clients' customers, which we refer to as upselling, may arise in the future. Regardless of the outcome of any of these lawsuits or any future actions, claims or investigations relating to the same or any other subject matter, we may incur substantial defense costs and these actions may cause a diversion of management's time and attention. Also,

we may be required to alter our business practices or pay substantial damages or settlement costs as a result of these proceedings, which could adversely affect our business, results of operations and financial condition.

Future sales of our common stock in the public market could lower our stock price.

Sales of a substantial number of shares of our common stock in the public market or the perception that substantial sales may occur, could cause the market price of our common stock to decrease significantly or make it difficult for us to raise additional capital by selling stock. As of December 31, 2005, we had 69,718,875 shares of common stock outstanding. Gary L. West and Mary E. West have 5,000,000 shares registered but not sold pursuant to a registration statement filed. In addition, Gary L. West and Mary E. West have the right to require us to effect three additional registrations of their shares of common stock and they have "piggyback" registration rights whenever we propose to register our common stock under the Securities Act. In addition, we may issue additional shares of common stock in the future. Sales of substantial amounts of our common stock, or the perception that these sales could occur, may adversely affect the market price for our common stock, regardless of our operating performance.

The trading of our common stock is characterized by low trading volume.

The market price of our common stock has fluctuated significantly during the past several years and may continue to do so in the future. The volatility of our stock price is exacerbated by relatively low trading volumes. The market price of our common stock could be subject to significant fluctuations in response to various factors or events, including among other things:

- the depth and liquidity of the trading market of the common stock;
- quarterly variations in actual and anticipated operating results;
- changes in estimates by analysts;
- market conditions in the industries in which we compete;
- announcements by competitors;
- the loss of a significant client or a significant change in our relationships with a significant client;
- regulatory and litigation developments; and
- general economic conditions.

These factors may adversely affect the trading price of our common stock, regardless of our actual operating performance, and could prevent you from selling your common stock at or above the price you purchased it at. In addition, the stock markets, from time to time, experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of companies. These broad fluctuations may adversely affect the market price of our common stock, regardless of our operating performance.

We do not intend to pay dividends on our common stock for the foreseeable future.

Since we have been a publicly traded company, we have never declared or paid any cash dividend on our common stock. In addition, the payment of cash dividends is restricted by the covenants in our credit facility and our synthetic lease. We currently intend to retain any future earnings and do not expect to pay any dividends in the foreseeable future. As a result, capital appreciation, if any, will be your sole source of gain on your investment for the foreseeable future.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

Our corporate headquarters is located in Omaha, Nebraska. Our owned headquarters facility encompasses approximately 134,000 square feet of office space. We also own a facility in Omaha, Nebraska totaling approximately 14,500 square feet, which is used for administrative activities. Through a synthetic lease agreement, we lease one location in Omaha, Nebraska encompassing approximately 147,000 square feet.

In our Communication Services segment, we own seven contact centers located in San Antonio, Texas, El Paso, Texas, Carbondale, Illinois and Pensacola, Florida, totaling approximately 226,000 square feet. The contact center located in Carbondale, Illinois is no longer in service and we are exploring divesting this property.

In our Communication Services segment, we lease or contract for the use of contact centers and automated voice and data processing centers totaling approximately 1,300,000 square feet in 15 states and four foreign countries: Mumbai, India; Saanichton, Victoria, British Columbia, Canada; Mandaluyong City and Makati City, Philippines; and Kingston, Jamaica.

In our Conferencing Services segment, we own two operator-assisted conferencing centers totaling approximately 42,000 square feet and lease three others totaling approximately 91,000 square feet in the United States. Our Conferencing Services segment leases three operator-assisted conferencing centers in the United Kingdom, Australia and Singapore totaling approximately 16,000 square feet, as well as approximately 164,000 square feet of office space for sales and administrative offices in 18 states and seven foreign countries. Our Conferencing Services segment also owns two facilities in West Point, Georgia and Valley, Alabama totaling approximately 75,000 square feet used for administrative activities.

In our Receivables Management segment, we lease 17 contact centers totaling approximately 316,000 square feet in the United States, a contact center in Jamaica totaling approximately 25,000 square feet and a contact center in Jalisco, Mexico totaling approximately 4,000 square feet. In our Receivables Management segment, we also lease approximately 40,000 square feet of office space for administrative activities.

We believe that our facilities are adequate for our current requirements and that additional space will be available as required. See Note 5 of Notes to Consolidated Financial Statements included elsewhere in this report for information regarding our lease obligations.

Item 3. ***Legal Proceedings***

From time to time, West and certain of our subsidiaries are subject to lawsuits and claims which arise out of our operations in the normal course of our business, some of which involve claims for damages that are substantial in amount. We believe, except for the items discussed below for which we are currently unable to predict the outcome, the disposition of claims currently pending will not have a material adverse effect on our financial position, results of operations or cash flows.

Sanford v. West Corporation et al., No. GIC 805541, was filed February 13, 2003 in the San Diego County, California Superior Court. The original complaint alleged violations of the California Consumer Legal Remedies Act, Cal. Civ. Code §§ 1750 et seq., unlawful, fraudulent and unfair business practices in violation of Cal. Bus. & Prof. Code §§17200 et seq., untrue or misleading advertising in violation of Cal. Bus. & Prof. Code §§ 17500 et seq., and common law claims for conversion, unjust enrichment, fraud and deceit, and negligent misrepresentation, and sought monetary damages, including punitive damages, as well as restitution, injunctive relief and attorneys fees and costs. The complaint was brought on behalf of a purported class of persons in California who were sent a Memberworks, Inc. ("MWI") membership kit in the mail, were charged for an MWI membership program, and were allegedly either customers of what the complaint contended was a joint venture between MWI and West or West Telemarketing Corporation ("WTC") or wholesale customers of West or WTC. WTC and West filed a demurrer in the trial court on July 7, 2004. The court sustained the demurrer as to all causes of action in plaintiff's complaint, with leave to amend. WTC and West received an amended complaint and filed a renewed demurrer. On January 24, 2005, the Court entered an order sustaining West's and WTC's demurrer with respect to five of the seven causes of action, including all causes of action that allow punitive damages. On February 14, 2005, WTC and West filed a motion for judgment on the pleadings seeking a judgment as to the remaining claims. On April 26, 2005 the Court granted the motion without leave to amend. The Court also denied a motion to intervene filed on behalf of

Lisa Blankenship and Vicky Berryman. The Court entered judgment in West's and WTC's favor on May 5, 2005. The plaintiff has appealed the judgment and the order denying intervention. The matter is now before the Fourth Appellate District Court of Appeals.

The plaintiff in the litigation described above had previously filed a complaint in the United States District Court for the Southern District of California, No. 02-cv-0601-H, against WTC and West and MWI alleging, among other things, claims under 39 U.S.C. § 3009. The federal court dismissed the federal claims against WTC and West and declined to exercise supplemental jurisdiction over the remaining state law claims. Plaintiff proceeded to arbitrate her claims with MWI and refiled her claims as to WTC and West in the Superior Court of San Diego County, California described above. Plaintiff has contended in her pleadings in the state action that the order of dismissal in federal court was not a final order and that the federal case is still pending against West and WTC. The District Court on December 30, 2004 confirmed the arbitration award in the arbitration between plaintiff and MWI. Plaintiff filed a Notice of Appeal on January 28, 2005. Preston Smith and Rita Smith, whose motion to intervene was denied by the District Court, have also sought to appeal. WTC and West moved to dismiss the appeal and have joined in a motion to dismiss the appeal filed by MWI. The motions to dismiss have been referred to the merits panel, and the case has been fully briefed in the Court of Appeals. WTC and West are currently unable to predict the outcome or reasonably estimate the possible loss, if any, or range of losses associated with the claims in the state and federal actions described above.

Brandy L. Ritt, et al. v. Billy Blanks Enterprises, et al. was filed in January 2001 in the Court of Common Pleas in Cuyahoga County, Ohio, against two of our clients. The suit, a purported class action, was amended for the third time in July 2001 and West was added as a defendant at that time. The suit, which seeks statutory, compensatory, and punitive damages as well as injunctive and other relief, alleges violations of various provisions of Ohio's consumer protection laws, negligent misrepresentation, fraud, breach of contract, unjust enrichment and civil conspiracy in connection with the marketing of certain membership programs offered by our clients. On February 6, 2002, the court denied the plaintiffs' motion for class certification. On July 21, 2003, the Ohio Court of Appeals reversed and remanded the case to the trial court for further proceedings. The plaintiffs filed a Fourth Amended Complaint naming WTC as an additional defendant and a renewed motion for class certification. One of the defendants, NCP Marketing Group ("NCP"), filed for bankruptcy and on July 12, 2004 removed the case to federal court. Plaintiffs filed a motion to remand the case back to state court. On August 30, 2005, the U.S. Bankruptcy Court for the District of Nevada remanded the case back to the state court in Cuyahoga County, Ohio. The Bankruptcy Court also approved a settlement between the named plaintiffs and NCP and two other defendants, Shape The Future International LLP and Integrity Global Marketing LLC. West and WTC have filed motions for judgment on the pleadings and a motion for summary judgment. It is uncertain when the motion for class certification and the motions for judgment on the pleadings and for summary judgment will be ruled on. A jury trial has been scheduled for April 26, 2006, but it is uncertain whether the case will be tried on that date. West and WTC are currently unable to predict the outcome or reasonably estimate the possible loss, if any, or range of losses associated with this claim.

Item 4. ***Submission of Matters to a Vote of Security Holders***

No matter was submitted to a vote of security holders in the fourth quarter of the fiscal year covered by this report.

EXECUTIVE OFFICERS OF THE REGISTRANT

Our executive officers are as follows:

Name	Age	Position
Gary L. West	60	Chairman of the Board and Director
Mary E. West	60	Vice Chair of the Board, Secretary and Director
Thomas B. Barker	51	Chief Executive Officer and Director
Nancee R. Berger	45	President and Chief Operating Officer
J. Scott Etzler	53	President — InterCall, Inc.
Jon R. Hanson	39	Executive Vice President — Administrative Services and Chief Administrative Officer
Mark V. Lavin	47	President — West Telemarketing, LP
Michael E. Mazour	46	President — West Business Services, LP
Paul M. Mendlik	52	Executive Vice President — Finance, Chief Financial Officer and Treasurer
James F. Richards	53	President — West Asset Management, Inc.
Steven M. Stangl	47	President — Communication Services
Todd B. Strubbe	42	President — West Direct, Inc. and West Interactive Corporation
Michael M. Sturgeon	44	Executive Vice President — Sales and Marketing

Gary L. West co-founded WATS Marketing of America ("WATS") in 1978 and remained with that company until 1985. Mr. West joined us in July 1987 after the expiration of a noncompetition agreement with WATS. Mr. West has served as Chairman of the Board since joining us. Mr. West and Mary E. West are husband and wife.

Mary E. West co-founded WATS and remained with that company until 1985. In January 1986, she founded West. Mrs. West has served as our Vice Chair since 1987. Mrs. West and Mr. West are wife and husband.

Thomas B. Barker joined us in 1991 as Executive Vice President of West Interactive Corporation. Mr. Barker was promoted to President and Chief Operating Officer in March 1995. Mr. Barker was promoted to President and Chief Executive Officer in September 1998.

Nancee R. Berger joined West Interactive Corporation in 1989 as Manager of Client Services. Ms. Berger was promoted to Vice President of West Interactive Corporation in May 1994. She was promoted to Executive Vice President of West Interactive Corporation in March 1995, and to President of West Interactive Corporation in October 1996. She was promoted to Chief Operating Officer in September 1998 and to President and Chief Operating Officer in January 2004.

J. Scott Etzler joined InterCall in June 1998 as President and Chief Operating Officer and was Chief Executive Officer from March 1999 until InterCall was acquired by us in May, 2003. Mr. Etzler has served as President of InterCall since the acquisition in May 2003.

Jon R. (Skip) Hanson joined us in 1991 as a Business Analyst. In October 1999, he was promoted to Chief Administrative Officer and Executive Vice President of Corporate Services.

Mark V. Lavin joined us in 1996 as Executive Vice President — West Telemarketing Corporation, was promoted to President in September 1998. From 1991 until 1996, he served in several key management roles within the hotel industry organizations, including Vice President of Carlson Hospitality Worldwide Reservation Center and General Manager of the Hyatt Reservation Center.

Michael E. Mazour joined West Telemarketing Corporation in 1987 as Director — Data Processing Operations. Mr. Mazour was promoted to Vice President, Information Services of West Telemarketing Corporation Outbound in 1990, to Senior Vice President, Client Operations in 1995, to Executive Vice President in 1997 and to President in January 2004. He was named President of West Business Services, LP in November 2004.

Paul M. Mendlik joined us in 2002 as Executive Vice President, Chief Financial Officer & Treasurer. Prior to joining us, he was a partner in the accounting firm of Deloitte & Touche LLP from 1984 to 2002.

James F. Richards serves as President of West Asset Management, Inc. Previously, Mr. Richards co-founded and served as President of Attention LLC, which was acquired by us in August 2002. Mr. Richards has over 30 years of industry experience.

Steven M. Stangl joined West Interactive Corporation in 1993 as Controller. In 1998, Mr. Stangl was promoted to President of West Interactive Corporation. In January 2004, Mr. Stangl was promoted to President, Communication Services.

Todd B. Strubbe joined West Direct, Inc. in July 2001, as President and was appointed President of West Interactive Corporation in January 2004. Previously, he was President and Chief Operating Officer of CompuBank, N.A. He was with First Data Corporation from 1995 to 2000 as Managing Director, Systems Architecture and Product Development and Vice President of Corporate Planning and Development. Prior to joining First Data, Mr. Strubbe was with McKinsey & Company, Inc.

Michael M. Sturgeon joined us in 1991 as a National Account Manager for West Interactive Corporation. In September 1994, Mr. Sturgeon was promoted to Vice President of Sales and Marketing. In March 1997, Mr. Sturgeon was promoted to Executive Vice President, Sales and Marketing for the Company.

PART II

Item 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities*

Our common stock is traded on the Nasdaq National Market under the symbol "WSTC." The following table sets forth, for the periods indicated, the high and low sales prices of our common stock as reported on the Nasdaq National Market.

	High	Low
2004		
First Quarter	$ 26.15	$ 22.15
Second Quarter	$ 27.40	$ 24.03
Third Quarter	$ 29.95	$ 23.34
Fourth Quarter	$ 36.29	$ 28.12
2005		
First Quarter	$ 35.65	$ 31.18
Second Quarter	$ 38.81	$ 30.05
Third Quarter	$ 41.98	$ 36.80
Fourth Quarter	$ 42.49	$ 34.80

As of February 17, 2006, there were 63 holders of record of our common stock. As of the same date, we had 70,024,681 shares of common stock issued and outstanding. No dividends have been declared with respect to our common stock since our initial public offering. In addition, the payment of cash dividends is restricted by the covenants in our credit facility and synthetic lease. We currently intend to use earnings to finance the growth and development of our business and do not anticipate paying cash dividends on our common stock in the foreseeable future.

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	6,271,165*	$ 21.22	290,778
Equity compensation plans not approved by security holders	—	—	—
Total	6,271,165	$ 21.22	290,778

* Does not include securities that may be issued under our 2002 Employees Stock Purchase Plan or the Executive Deferred Compensation Plan. The Employees Stock Purchase Plan provides employees an opportunity to purchase our common stock through annual offerings. Each employee participating in any offering is granted an option to purchase as many full common shares as the participating employee may elect so long as the purchase price for such common stock does not exceed 10% of the compensation received by such employee from us during the annual offering period or 1,000 shares. The purchase price is to be paid through payroll deductions. The purchase price for each share is equal to 100% of the fair market value of the common stock on the date of the grant, determined by the average of the high and low market price on such date. On the last day of the offering period, the option to purchase common stock becomes exercisable. If at the end of the offering, the fair market value of the common stock is less than 100% of the fair market value at the date of grant, then the options lapse and the payroll deductions made with respect to the options will be applied to the next offering unless the employee elects to have the payroll deductions withdrawn from the Plan. 56,669 shares were issued under the Employee Stock Purchase Plan in 2005. The maximum number of shares of common stock available for sale under the 2002 Employees Stock Purchase Plan was 1,880,693. At December 31, 2005 accumulated payroll deduction equated to 18,362 shares contingently issuable under the Employees Stock Purchase Plan.

Pursuant to the terms of the Restated Nonqualified Deferred Compensation Plan, eligible management, non-employee directors or highly compensated employees may elect to defer a portion of their compensation and have such deferred compensation invested in the same investments made available to participants of the 401(k) plan or notionally in our common stock. We match 50% of any amounts notionally invested in our common stock, where matched amounts are subject to a five-year vesting schedule with 20% vesting each year the individual is in the Plan. The maximum number of shares of common stock available under the Restated Nonqualified Deferred Compensation Plan was 1,000,000. At December 31, 2005 the notionally granted shares under the Restated Nonqualified Deferred Compensation Plan was 229,250.

There were no stock repurchases by the Company in the fourth quarter.

Item 6. ***Selected Financial Data***

The following table sets forth, for the periods presented and at the dates indicated, our selected historical consolidated financial data. The selected consolidated historical income statement and balance sheet data has been derived from our audited historical consolidated financial statements. Our consolidated financial statements as of December 31, 2005 and 2004, and for the years ended December 31, 2005, 2004 and 2003, which have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, are included elsewhere in this Annual Report. The information is qualified in its entirety by the detailed information included elsewhere in this Annual Report and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and the "Consolidated Financial Statements and Notes" thereto included elsewhere in this Annual Report.

	Year Ended December 31,				
	2005	2004	2003	2002	2001
	(Dollars in thousands, except for per share and selected operating data)				
Income Statement Data:					
Revenue	$ 1,523,923	$ 1,217,383	$ 988,341	$ 820,665	$ 780,159
Cost of services	687,381	541,979	440,260	399,276	398,892
Selling, general and administrative expenses	569,865	487,513	404,972	314,886	260,426
Operating income	266,677	187,891	143,109	106,503	120,841
Other income (expense)	(13,181)	(6,368)	(3,289)	2,145	81
Income before income tax expense and minority interest	253,496	181,523	139,820	108,648	120,922
Income tax expense	87,736	65,762	51,779	39,706	44,633
Income before minority interest	165,760	115,761	88,041	68,942	76,289
Minority interest in net income	15,411	2,590	165	300	503
Net income	$ 150,349	$ 113,171	$ 87,876	$ 68,642	$ 75,786
Earnings per share:					
Basic	$ 2.18	$ 1.67	$ 1.32	$ 1.04	$ 1.17
Diluted	$ 2.11	$ 1.63	$ 1.28	$ 1.01	$ 1.11
Weighted average number of common shares outstanding:					
Basic	68,945	67,643	66,495	65,823	64,895
Diluted	71,310	69,469	68,617	68,129	68,130
Selected Operating Data:					
Net cash flows from operating activities	$ 279,249	$ 225,210	$ 199,725	$ 121,218	$ 101,784
Net cash flows from investing activities	$ (300,089)	$ (268,577)	$ (479,881)	$ (122,685)	$ (39,461)
Net cash flows from financing activities	$ 23,197	$ 48,267	$ 166,744	$ (12,126)	$ (18,916)
Adjusted EBITDA(1)	$ 377,374	$ 288,978	$ 231,068	$ 170,022	$ 169,596
Adjusted EBITDA margin(2)	24.8%	23.7%	23.4%	20.7%	21.7%
Operating margin(3)	17.5%	15.4%	14.5%	13.0%	15.5%
Net income margin(4)	9.9%	9.3%	8.9%	8.4%	9.7%
Number of workstations (at end of period)	18,225	15,776	13,231	14,230	11,675
Number of IVR ports (at end of period)	124,993	137,176	143,148	151,759	78,287

	As of December 31,				
	2005	2004	2003	2002	2001
Balance Sheet Data:					
Working capital	$ 110,047	$ 124,766	$ 80,793	$ 223,263	$ 235,180
Property and equipment, net	234,871	223,110	234,650	213,641	202,671
Total assets	1,498,662	1,271,206	1,015,863	670,822	591,435
Total debt	260,520	258,498	192,000	29,647	30,271
Stockholders' equity	$ 971,868	$ 789,455	$ 656,238	$ 549,592	$ 468,159

(1) The common definition of EBITDA is "Earnings Before Interest Expense, Taxes, Depreciation and Amortization." In evaluating financial performance, we use earnings before interest, taxes, depreciation and amortization and minority interest or Adjusted EBITDA. EBITDA and Adjusted EBITDA are not measures of financial performance or liquidity under generally accepted accounting principles ("GAAP"). EBITDA and Adjusted EBITDA should not be considered in isolation or as a substitution for net income, cash flow from operations or other income or cash flow data prepared in accordance with GAAP. Adjusted EBITDA, as presented, may not be comparable to similarly titled measures of other companies. Adjusted EBITDA is presented as we understand certain investors use it as one measure of our historical ability to service debt. Adjusted EBITDA is also used in our debt covenants. Set forth below is a reconciliation of EBITDA and Adjusted EBITDA to cash flow from operations. We use EBITDA and adjusted EBITDA for debt covenant compliance as these are viewed as measures of liquidity.

	2005	2004	2003	2002	2001
Cash flows from operating activities	$ 279,249	$ 225,210	$ 199,725	$ 121,218	$ 101,784
Income tax expense	87,736	65,762	51,779	39,706	44,633
Deferred income tax (expense) benefit	2,645	(6,177)	2,492	(6,502)	486
Interest expense	15,358	9,381	5,503	2,419	3,015
Minority interest in earnings, net of distributions	(1,721)	(1,406)	(165)	(300)	(503)
Provision for bad debts	(2,803)	(5,706)	(9,979)	(24,487)	(1,857)
Other	(1,557)	(1,264)	(815)	(385)	(3,305)
Changes in operating assets and liabilities, net of business acquisitions	(15,445)	1,483	(16,916)	40,881	29,534
EBITDA	363,462	287,283	231,624	172,550	173,787
Minority interest	15,411	2,590	165	300	503
Interest income	(1,499)	(895)	(721)	(2,828)	(4,694)
Adjusted EBITDA	$ 377,374	$ 288,978	$ 231,068	$ 170,022	$ 169,596

(2) Adjusted EBITDA margin represents adjusted EBITDA as a percentage of revenue. Adjusted EBITDA margin is not a measure of financial performance or liquidity under GAAP and should not be considered in isolation or as a substitution for other GAAP measures.

(3) Operating margin represents operating income as a percentage of revenue.

(4) Net income margin represents net income as a percentage of revenue.

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Business Overview

We provide business process outsourcing services focused on helping our clients communicate more effectively with their customers. We help our clients maximize the value of their customer relationships and derive greater value from each transaction that we process. We deliver our services through three segments:

- communication services, including dedicated agent, shared agent, automated and B-to-B services;
- conferencing services, including reservationless, operator-assisted, web and video conferencing; and
- receivables management, including contingent/third-party, government, first-party and commercial collections, and the purchase of portfolios of receivables for collection.

Each of these services builds upon our core competencies of managing technology, telephony and human capital. Many of the nation's leading enterprises trust us to manage their customer contacts and communications. These enterprises choose us based on our service quality and our ability to efficiently and cost-effectively process high volume, complex voice transactions.

Overview of 2005 Results

The following overview highlights the areas we believe are important in understanding our results of operations for the year ended December 31, 2005. This summary is not intended as a substitute for the detail provided elsewhere in this annual report, our consolidated financial statements or our condensed consolidated financial statements and notes thereto included elsewhere in this annual report.

- On June 3, 2005, we acquired the assets of the conferencing business of Sprint. We purchased these assets for a purchase price of $207 million in cash. We funded the acquisition with cash on hand and our existing bank credit facility. In connection with the closing of the acquisition, we and Sprint entered into, among other arrangements, (i) a strategic alliance to jointly market and sell conferencing services and (ii) a telecommunications agreement through which we will purchase telecommunications services from Sprint. The results of operations from this acquisition of the assets of the conferencing business of Sprint have been consolidated with our operating results since the acquisition date on June 3, 2005.
- Consolidated revenues increased 25.2% in 2005 as compared to the prior year. This increase was derived from the acquisitions of Worldwide, ECI and Sprint as well as organic growth.
- Operating income increased 41.9% in 2005 compared to the prior year. This increase was attributable to increases in operating income relating to the Worldwide, ECI and Sprint acquisitions as well as organic growth.
- As compared to the prior year, we increased our domestic and foreign contact center workstations by 15% and 21%, respectively.

Outlook

On December 15, 2005, we announced our 2006 financial outlook. In that announcement, we stated that revenue expectations for our Communication Services segment are between $915 million and $940 million with expected operating margins between 12% and 13%. Revenue expectations for our Conferencing Services segment are between $490 million and $515 million with operating margins between 21.5% and 22.5%. Revenue expectations for the Receivables Management segment are between $235 million and $250 million with operating margins between 17.5% and 18.5%.

The following table sets forth our Consolidated Statement of Operations Data as a percentage of revenue for the periods indicated:

	Year Ended December 31,		
	2005	2004	2003
Revenue	100.0%	100.0%	100.0%
Cost of services	45.1	44.6	44.5
Selling, general and administrative expenses	37.4	40.0	41.0
Operating income	17.5	15.4	14.5
Other income (expense)	(0.9)	(0.5)	(0.4)
Income before income tax expense and minority interest	16.6	14.9	14.1
Income tax expense	5.7	5.4	5.2
Minority interest	1.0	0.2	—
Net Income	9.9%	9.3%	8.9%

Years Ended December 31, 2005 and 2004

Revenue: Revenue increased $306.6 million, or 25.2%, to $1,523.9 million in 2005 from $1,217.3 million in 2004. $195.5 million of this increase was derived from the acquisitions of Worldwide, ECI and Sprint conferencing which closed on August 1, 2004, December 1, 2004 and June 3, 2005, respectively. During 2005 and 2004, revenue from our largest 100 customers, included $37.5 million and $28.5 million, respectively, of revenue derived from new clients.

During the year ended December 31, 2005, our largest 100 clients represented 63% of revenues compared to 69% for the year ended December 31, 2004. This reduced concentration is due to our strategic acquisitions in 2005 and 2004 and organic growth. In 2005 and 2004, we had one customer, Cingular, which accounted for 12% and 9%, respectively, of total revenue.

Revenue by business segment:

	For the Year Ended,					
	2005	% of Total Revenue	2004	% of Total Revenue	Change	% Change
Revenue in thousands:						
Communication Services	$ 873,975	57.4%	$ 817,718	67.2%	$ 56,257	6.9%
Conferencing Services	438,613	28.8%	302,469	24.8%	136,144	45.0%
Receivables Management	216,191	14.2%	99,411	8.2%	116,780	117.5%
Intersegment eliminations	(4,856)	(0.3)%	(2,215)	(0.2)%	(2,641)	119.2%
Total	$ 1,523,923	100.0%	$ 1,217,383	100.0%	$ 306,540	25.2%

Communication Services revenue increased $56.3 million, or 6.9%, to $874.0 million in 2005. This revenue increase was offset by a decline in outbound consumer revenue of $18.9 million due to a planned reduction in outbound consumer calling. The increase in revenue is primarily due to growth in our dedicated and shared agent business and a short term customer engagement of $17.0 million in outbound consumer revenue.

Conferencing Services revenue increased $136.1 million, or 45.0%, to $438.6 million in 2005. The increase in revenue included $98.3 million from the acquisition of Sprint conferencing on June 3, 2005 and the full year impact of the ECI acquisition, which occurred on December 1, 2004. Since we entered the conferencing services business, the average rate per minute that we charge has declined while total minutes sold has increased. This is consistent with the industry trend which is expected to continue for the foreseeable future.

Receivables Management revenue increased $116.8 million to $216.2 million in 2005. The increase in revenue includes $97.2 million from the full year impact of Worldwide, which we acquired on August 1, 2004. Sales of portfolio receivables during the year ended December 31, 2005 and the five months ended December 31, 2004 resulted in revenue of $12.9 million and $2.4 million, respectively.

Cost of Services: Cost of services represents direct labor, variable telephone expense, commissions and other costs directly related to providing services to clients. Cost of services increased $145.4 million, or 26.8%, to $687.4 million in 2005, from $542.0 million for the comparable period of 2004. As a percentage of revenue, cost of services increased to 45.1% for 2005, compared to 44.6% in 2004.

Cost of Services by business segment:

	For the Year Ended,					
	2005	% of Revenue	2004	% of Revenue	Change	% Change
Cost of services in thousands:						
Communication Services	$ 430,170	49.2%	$ 396,979	48.5%	$ 33,191	8.4%
Conferencing Services	151,282	34.5%	96,100	31.8%	55,182	57.4%
Receivables Management	110,104	50.9%	50,649	50.9%	59,455	117.4%
Intersegment eliminations	(4,175)		(1,749)		(2,426)	138.7%
Total	$ 687,381	45.1%	$ 541,979	44.6%	$ 145,402	26.8%

Communication Services cost of services increased $33.2 million, or 8.4%, in 2005 to $430.2 million. The increase is primarily due to higher labor costs associated with the increase in revenue. As a percentage of this segment's revenue, Communication Services cost of services increased to 49.2% in 2005, compared to 48.5% in 2004. This increase is partially attributed to the growth in our inbound dedicated agent business, which has a higher cost of services as a percentage of revenues as compared to our other Communication Service offerings.

Conferencing Services cost of services increased $55.2 million, or 57.4%, in 2005 to $151.3 million. The increase in cost of services included $33.8 million in costs associated with services offered resulting from the acquisitions of ECI and Sprint's conferencing assets, which we acquired on December 1, 2004 and June 3, 2005, respectively. As a percentage of this segment's revenue, Conferencing Services cost of services increased to 34.5% in 2005, compared to 31.8%, for the comparable period in 2004.

Receivables Management cost of services increased $59.5 million, or 117.4%, in 2005 to $110.1 million. The cost of services includes costs attributable to Worldwide since our acquisition of the business on August 1, 2004. As a percentage of this segment's revenue, Receivables Management cost of services remained at 50.9% in 2005, compared to 50.9%, for the comparable period in 2004.

Selling, General and Administrative Expenses: SG&A expenses increased $82.4 million, or 16.9%, to $569.9 million in 2005 from $487.5 million for the comparable period of 2004. The acquisitions of Worldwide, ECI and Sprint increased SG&A expense by $62.8 million. As a percentage of revenue, SG&A expenses decreased to 37.4% in 2005, compared to 40.0% in 2004.

Selling, general and administrative expenses by business segment:

	For the Year Ended,					
	2005	% of Revenue	2004	% of Revenue	Change	% Change
Selling, general and administrative expenses in thousands						
Communication Services	$ 321,729	36.8%	$ 315,101	38.5%	$ 6,628	2.1%
Conferencing Services	181,538	41.4%	139,105	46.0%	42,433	30.5%
Receivables Management	67,279	31.1%	33,773	34.0%	33,506	99.2%
Intersegment eliminations	(681)		(466)		(215)	1065.0%
Total	$ 569,865	37.4%	$ 487,513	40.0%	$ 82,352	16.9%

Communication Services SG&A expenses increased $6.6 million, or 2.1%, to $321.7 million in 2005. During 2005, site expansion activities took place in four domestic contact centers and two international contact centers and we opened a new domestic contact center which contributed to increases in SG&A and capital expenditures. As a percentage of this segment's revenue, Communication Services SG&A expenses decreased to 36.8% in 2005 compared to 38.5% in 2004. Our ability to support increased revenues with a relatively low corresponding increase in SG&A expenses and a reduction in depreciation expense of $3.3 million were the primary reasons for the lower SG&A as a percentage of revenue.

Conferencing Services SG&A expenses increased $42.4 million, or 30.5%, to $181.5 million in 2005. The increase in SG&A included $35.9 million from the acquisition of ECI and Sprint's conferencing assets on December 1, 2004 and June 3, 2005, respectively. As a percentage of this segment's revenue, Conferencing Services SG&A expenses decreased to 41.4% in 2005 compared to 46.0% in 2004. The decline in SG&A as a percentage of revenue is partially due to synergies achieved with the acquisitions of ECI and Sprint's conferencing assets as well as the spreading of fixed costs over a larger revenue base. For example, depreciation expense increased to $23.1 million in 2005 from $18.3 million in 2004, as a percent of revenue depreciation declined to 5.3% from 6.1%.

Receivables Management SG&A expenses increased $33.5 million, or 99.2%, to $67.3 million in 2005. The increase in SG&A included $26.9 million for the full year affect of the acquisition of Worldwide, which we acquired on August 1, 2004. As a percentage of this segment's revenue, Receivables Management SG&A decreased to 31.1% in 2005, compared to 34.0% in 2004. This decline is due to a business mix change related to the addition of debt purchasing as a result of the Worldwide acquisition.

Operating Income: Operating income in 2005 increased by $78.8 million, or 41.9%, to $266.7 million from $187.9 million in 2004. As a percentage of revenue, operating income increased to 17.5% in 2005 compared to 15.4% in 2004 due to the factors discussed above for revenue, cost of services and SG&A expenses.

Operating income by business segment:

	For the Year Ended,					
	2005	% of Revenue	2004	% of Revenue	Change	% Change
Operating income in thousands Communication Services	$ 122,076	14.0%	$ 105,638	12.9%	$ 16,438	15.6%
Conferencing Services	105,793	24.1%	67,264	22.2%	38,529	57.3%
Receivables Management	38,808	18.0%	14,989	15.1%	23,819	158.9%
Total	$ 266,677	17.5%	$ 187,891	15.4%	$ 78,786	41.9%

Communication Services operating income in 2005 increased by $16.4 million, or 15.6%, to $122.1 million. As a percentage of this segment's revenue, Communication Services operating income increased to 14.0% in 2005 compared to 12.9% in 2004. The improved operating income as a percentage of this segment's revenue resulted from increased revenue, a reduction in SG&A expense as a percentage of revenue, additional operating income of approximately $4.0 million in the second quarter related to settlement of a contractual relationship and the impact of the short term customer engagement mentioned in the revenue section previously.

Conferencing Services operating income in 2005 increased by $38.5 million, or 57.3%, to $105.8 million. The increase in operating income included $28.6 million from the acquisitions of ECI and Sprint's conferencing assets. As a percentage of this segment's revenue, Conferencing Services operating income increased to 24.1% in 2005, compared to 22.2% in 2004.

Receivables Management operating income in 2005 increased by $23.8 million, or 158.9% to $38.8 million. The increase in operating income included $22.1 million from the acquisition of Worldwide on August 1, 2004. As a percentage of this segment's revenue, Receivables Management operating income increased to 18.0% in 2005, compared to 15.1% in 2004.

Other Income (Expense): Other income (expense) includes sub-lease rental income, interest income from short-term investments and interest expense from short-term and long-term borrowings under credit facilities and portfolio notes payable. Other expense in 2005 was $13.2 million compared to $6.4 million in 2004. The change in other expense in 2005 is primarily due to interest expense on increased outstanding debt incurred for acquisitions, interest expense on portfolio notes payable and rising interest rates.

Minority Interest: Effective September 30, 2004, one of our portfolio receivable lenders, CFSC Capital Corp. XXXIV, exchanged its rights to share profits in certain portfolio receivables for a minority interest of approximately 30% in one of our subsidiaries, Worldwide Asset Purchasing, LLC. We became a party to the CFSC Capital Corp. relationship as a result of the Worldwide acquisition. The minority interest in the earnings of Worldwide Asset Purchasing, LLC for 2005 was $16.1 million compared to $2.6 million for 2004.

Net Income: Net income increased $37.1 million, or 32.9%, to $150.3 million in 2005 compared to $113.2 million in 2004. Diluted earnings per share were $2.11 in 2005 compared to $1.63 in 2004. The increase in net income and diluted earnings per share were due to the factors discussed above for revenues, cost of services and SG&A expense.

Net income includes a provision for income tax expense at an effective rate of approximately 36.9% for 2005 compared to 36.8% in 2004.

Years Ended December 31, 2004 and 2003

Revenue: Revenue increased $229.0 million, or 23.2%, to $1,217.3 million in 2004 from $988.3 million in 2003, $165.3 million of this increase was derived from the acquisitions of InterCall, ConferenceCall.com, Worldwide and ECI, which closed on May 9, 2003, November 1, 2003, August 1, 2004 and December 1, 2004, respectively. Revenue from our largest 100 customers, included $28.5 million and $10.4 million of revenue derived from new clients for 2004 and 2003, respectively.

During the year ended December 31, 2004, our largest 100 clients represented 69% of revenues compared to 77% for the year ended December 31, 2003. This reduced concentration is due to the acquisitions made in 2004 and 2003, organic growth and reduced revenue from AT&T. AT&T accounted for 9% of total revenue for the year ended December 31, 2004 compared to 15% for the year ended December 31, 2003.

Revenue by business segment:

	For the Year Ended,					
	2004	% of Total Revenue	2003	% of Total Revenue	Change	% Change
Revenue in thousands:						
Communication Services	$ 817,718	67.2%	$ 794,043	80.3%	$ 23,675	3.0%
Conferencing Services	302,469	24.8%	160,796	16.3%	141,673	88.1%
Receivables Management	99,411	8.2%	34,134	3.5%	65,277	191.2%
Intersegment eliminations	(2,215)	(0.2)%	(632)	(0.1)%	(1,583)	250.5%
Total	$ 1,217,383	100.0%	$ 988,341	100.0%	$ 229,042	23.2%

Communication Services revenue increased $23.7 million, or 3.0%, to $817.7 million in 2004. This revenue increase was offset by a decline in outbound consumer revenue of $46.1 million due to a planned reduction in outbound consumer calling and a decrease of $35.1 million in automated services largely due to a reduction in volume of prepaid calling services. The primary impact of our planned reduction in outbound consumer calling has been realized; however, we are considering further reductions depending on market conditions. The net increase in revenues is primarily due to growth in our inbound dedicated agent business.

Conferencing Services revenue increased $141.7 million, or 88.1%, to $302.5 million. The increase in revenue included $106.3 million from the full year impact of the 2003 acquisitions of InterCall and ConferenceCall.com, which were acquired on May 9, 2003 and November 1, 2003, respectively, and the acquisition of ECI which occurred on December 1, 2004. Since we entered the conferencing services business, the average rate per minute that we charge has declined while total minutes sold has increased. This is consistent with the industry trend which is expected to continue for the foreseeable future.

Receivables Management revenue increased $65.3 million to $99.4 million. The 2004 increase in revenue included $56.4 million from the acquisition of Worldwide, acquired on August 1, 2004. Sales of portfolio receivables during the five months ended December 31, 2004 resulted in revenue of $2.4 million.

Cost of Services: Cost of services consists of direct labor, sales commissions, telephone expense and other costs directly related to providing services to clients. Cost of services in 2004 increased $101.7 million, or 23.1%, to $542.0 million, from $440.3 million in 2003. The acquisitions of InterCall, ConferenceCall.com, Worldwide and ECI resulted in a $55.2 million increase in cost of services. As a percentage of revenue, cost of services increased to 44.6% for 2004, compared to 44.5% in 2003.

Cost of Services by business segment:

	For the Year Ended,					
	2004	% of Revenue	2003	% of Revenue	Change	% Change
Cost of services in thousands:						
Communication Services	$ 396,979	48.5%	$ 372,332	46.9%	$ 24,647	6.6%
Conferencing Services	96,100	31.8%	48,825	30.4%	47,275	96.8%
Receivables Management	50,649	50.9%	19,695	57.7%	30,954	157.2%
Intersegment eliminations	(1,749)		(592)		(1,157)	195.4%
Total	$ 541,979	44.6%	$ 440,260	44.5%	$ 101,719	23.1%

Communication Services cost of services in 2004 increased $24.6 million, or 6.6%, to $397.0 million. The increase was primarily due to higher labor costs associated with the increase in revenue. As a percentage of this

segment's revenue, Communication Services cost of services increased to 48.5% in 2004, compared to 46.9% in 2003. This increase was due in part to the costs incurred in connection with the opening of two new contact centers in Niles, Ohio and Makati City, Philippines and to transition costs incurred in connection with the conversion of two outbound contact centers and approximately 800 workstations to the inbound dedicated agent business.

Conferencing Services cost of services in 2004 increased $47.3 million, or 96.8%, to $96.1 million. The cost of services in 2003 represents a partial year only as InterCall and ConferenceCall.com were acquired on May 9, 2003 and November 1, 2003, respectively. As a percentage of this segment's revenue, Conferencing Services cost of services increased to 31.8% in 2004, compared to 30.4% for the comparable period in 2003.

Receivables Management cost of services in 2004 increased $31.0 million, or 157.2%, to $50.6 million. The cost of services in 2004 includes Worldwide since our acquisition of the business on August 1, 2004. As a percentage of this segment's revenue, cost of services decreased to 50.9% in 2004, compared to 57.7% for the comparable period in 2003. This reduction as a percentage of revenue is due to the acquisition of Worldwide, which had a lower percentage of cost of services to revenue than did Attention during this period.

Selling, General and Administrative Expenses: SG&A expenses increased $82.5 million, or 20.4%, to $487.5 million in 2004 from $405.0 million in 2003. The acquisitions of InterCall, ConferenceCall.com, Worldwide and ECI resulted in a $62.1 million increase in SG&A expense. As a percentage of revenue, SG&A expenses decreased to 40.0% in 2004, compared to 41.0% in 2003. This decrease is partially attributed to the acquisition of Worldwide, which had a lower percentage of SG&A to revenue than our previously consolidated entities. This decrease as a percentage of revenue was accomplished despite an increase in depreciation and amortization of $6.4 million and $7.3 million, respectively.

Selling, general and administrative expenses by business segment:

	For the Year Ended,					
	2004	% of Revenue	2003	% of Revenue	Change	% Change
Selling, general and administrative expenses in thousands						
Communication Services	$ 315,101	38.5%	$ 311,730	39.3%	$ 3,371	1.1%
Conferencing Services	139,105	46.0%	78,791	49.0%	60,314	76.5%
Receivables Management	33,773	34.0%	14,491	42.5%	19,282	133.1%
Intersegment eliminations	(466)		(40)		(426)	1065.0%
Total	$ 487,513	40.0%	$ 404,972	41.0%	$ 82,541	20.4%

Communication Services SG&A expenses increased $3.4 million, or 1.1%, to $315.1 million in 2004. The increase in SG&A expenses as a percent of revenue was due to the conversion of approximately 800 workstations from outbound to inbound agent business, as discussed previously under cost of services. Also, during 2004, site expansion activities took place in seven domestic contact centers and three international contact centers which contributed to the increase in SG&A and capital expenditures. As a percentage of this segment's revenue, Communication Services SG&A expenses decreased to 38.5% in 2004 compared to 39.3% in 2003. This reduction was partially due to lower bad debt expense, which decreased to $3.2 million in 2004 compared to $8.8 million in 2003.

Conferencing Services SG&A expenses increased $60.3 million, or 76.5%, to $139.1 million in 2004. The 2003 SG&A represents a partial year as InterCall and ConferenceCall.com were acquired on May 9, 2003 and November 1, 2003, respectively. As a percentage of this segment's revenue, Conferencing Services SG&A expenses decreased to 46.0% in 2004 compared to 49.0% in 2003. The decline in SG&A as a percentage of revenue is partially due to synergies achieved from the acquisition of ConferenceCall.com.

Receivables Management SG&A expenses increased $19.3 million, or 133.1%, to $33.8 million in 2004. The SG&A represents a partial year as Worldwide was acquired on August 1, 2004. As a percentage of revenue, Receivables Management SG&A decreased to 34.0% in 2004, compared to 42.5% in 2003. This reduction as a percentage of revenue is due to the acquisition of Worldwide, which had a lower percentage of SG&A to revenue than did Attention as well as the ability to spread these expenses over a larger revenue base.

Operating Income: Operating income in 2004 increased by $44.8 million, or 31.3%, to $187.9 million from $143.1 million in 2003. As a percentage of revenue, operating income increased to 15.4% in 2004 compared to 14.5% in 2003 due to the factors discussed above for revenue, cost of services and SG&A expenses.

Operating income by business segment:

	For the Year Ended,					
	2004	% of Revenue	2003	% of Revenue	Change	% Change
Operating income in thousands Communication Services	$ 105,638	12.9%	$ 109,981	13.9%	$ (4,343)	(3.9)%
Conferencing Services	67,264	22.2%	33,180	20.6%	34,084	102.7%
Receivables Management	14,989	15.1%	(52)	(0.2)%	15,041	
Total	$ 187,891	15.4%	$ 143,109	14.5%	$ 44,782	31.3%

Communication Services operating income in 2004 decreased by $4.3 million, or 3.9%, to $105.6 million. As a percentage of this segment's revenue, Communication Services operating income decreased to 12.9% in 2004 compared to 13.9% in 2003.

Conferencing Services operating income in 2004 increased by $34.1 million, or 102.7%, to $67.3 million. Operating income in 2003 represents a partial year as InterCall and ConferenceCall.com were acquired on May 9, 2003 and November 1, 2003, respectively. As a percentage of this segment's revenue, Conferencing Services operating income increased to 22.2% in 2004 compared to 20.6% in 2003.

Receivables Management operating income in 2004 increased by $15.0 million. The 2004 Receivables Management operating income includes Worldwide since its acquisition on August 1, 2004. As a percentage of this segment's revenue, Receivables Management operating income increased to 15.1% in 2004, compared to an operating loss representing 0.2% in 2003.

Other Income (Expense): Other income (expense) includes sub-lease rental income, interest income from short-term investments and interest expense from short-term and long-term borrowings under credit facilities and portfolio notes payable. Other expense in 2004 was $6.4 million compared to $3.3 million in 2003. The change in other expense in 2004 was primarily due to interest expense on increased outstanding debt incurred for acquisitions and interest expense on the Worldwide portfolio notes payable which we assumed with the acquisition on August 1, 2004.

Minority Interest: Effective September 30, 2004, one of our portfolio receivable lenders, CFSC Capital Corp. XXXIV, exchanged its rights to share profits in certain portfolio receivables for a minority interest of approximately 30% in one of our subsidiaries, Worldwide Asset Purchasing, LLC. We became a party to the CFSC Capital Corp. relationship as a result of the Worldwide acquisition. The minority interest in the earnings of Worldwide Asset Purchasing, LLC for 2004 was $2.6 million.

Net Income: Net income increased $25.3 million, or 28.8%, to $113.2 million in 2004 compared to $87.9 million in 2003. Diluted earnings per share were $1.63 in 2004 compared to $1.28 in 2003. The increase in net income and diluted earnings per share were due to the factors discussed above for revenues, cost of services and SG&A expense.

Net income includes a provision for income tax expense at an effective rate of approximately 36.8% for 2004 compared to 37.0% in 2003.

Liquidity and Capital Resources

We have historically financed our operations and capital expenditures primarily through cash flows from operations, supplemented by borrowings under our bank credit facilities and specialized credit facilities established for the purchase of receivable portfolios.

Our current and anticipated uses of our cash, cash equivalents and marketable securities are to fund operating expenses, acquisitions, tax payments, capital expenditures, purchase of portfolio receivables, interest payments and the repayment of principal on debt. In addition, we have recently announced the acquisitions of two companies, Intrado and Raindance. Both of these acquisitions are expected to close in the second quarter of 2006. The total purchase price of these two acquisitions, before transaction costs and net of option proceeds and cash on hand will be approximately $575 million. We will fund these acquisitions with cash on hand, our existing bank credit facility and additional debt. We believe that the funds held in cash, cash equivalents and marketable securities, and funds available under our credit facilities, will be sufficient to fund our working capital and cash requirements for the foreseeable future.

The following table summarizes our cash flows by category for the periods presented (in thousands):

	For the Years Ended December 31,			
	2005	2004	Change	% Change
Net cash provided by operating activities	$ 279,249	$ 225,210	$ 54,039	24.0%
Net cash used in investing activities	$ (300,089)	$ (268,577)	$ (31,512)	11.7%
Net cash flows from financing activities	$ 23,197	$ 48,267	$ (25,070)	(51.9)%

Net cash flow from operating activities in 2005 increased $54.0 million, or 24.0%, to $279.2 million, compared to net cash flows from operating activities of $225.2 million in 2004. The increase in net cash flows from operating activities is primarily due to an increase in net income, accrued expenses and income tax payable. Non-cash items including depreciation and amortization expense also contributed to the increase in operating cash flows. This increase in operating cash flow was partially offset by an increase in accounts receivable and other assets. Days sales outstanding, a key performance indicator we utilize to monitor the accounts receivable average collection period and assess overall collection risks was 49 days at December 31, 2005, and ranged from 48 to 49 days during the year. At December 31, 2004, the days sales outstanding was 50 days and ranged from 48 to 50 days during the year.

Net cash used in investing activities in 2005 increased $31.5 million, or 11.7%, to $300.1 million, compared to net cash used in investing activities of $268.6 million in 2004. The increase in cash used in investing activities was due to acquisition costs incurred in 2005 for the acquisition of the conferencing assets of Sprint compared to the acquisition costs incurred in 2004 for the acquisitions of Worldwide and ECI. We invested $76.9 million in capital expenditures during 2005 compared to $59.9 million invested in 2004. Investing activities in 2005 also included the purchase of receivable portfolios for $75.3 million and cash proceeds applied to amortization of receivable portfolios of $64.4 million compared to $28.7 million and $19.7 million, respectively, in 2004.

Net cash from financing activities in 2005 decreased $25.1 million, or 51.9%, to $23.2 million, compared to net cash flow from financing activities of $48.3 million for 2004. The primary source of financing in 2005 was borrowings from our revolving credit facility, which we used for the acquisition of the conferencing assets of Sprint. We funded the acquisition of the conferencing assets of Sprint and related acquisition costs with approximately $19.6 million of cash on hand and approximately $190.0 million of borrowings from our revolving credit facility. As a result of strong cash flow from operations we were able to absorb these acquisitions costs and reduce our outstanding balance on our revolving credit facility by $10.0 million during 2005. Also, during 2005, net cash from financing activities was partially offset by payments on portfolio notes payable of $54.7 million compared to $28.5 million in 2004. Proceeds from issuance of portfolio notes payable in 2005 were $66.8 million compared to $25.3 million in 2004. Proceeds from our stock-based employee benefit programs were $21.2 million in 2005 compared to $14.6 million in 2004.

We have a $400 million revolving bank credit facility for general cash requirements. At December 31, 2005 there was $180.0 million available borrowings on this facility. We also have two specialized credit facilities for the purchase of receivable portfolios.

Credit Facility. We maintain a bank revolving credit facility which matures November 15, 2009. The facility bears interest at a variable rate over a selected LIBOR based on our leverage. At December 31, 2005, $220.0 million was outstanding on the revolving credit facility compared to $230.0 million outstanding at December 31, 2004. To finance the acquisition of the assets of the conferencing business of Sprint, we borrowed an additional $190.0 million on the credit facility. The highest balance outstanding on the credit facility during 2005 was $365.0 million. The average daily outstanding balance of the revolving credit facility during 2005 was $257.9 million. The effective annual interest rate, inclusive of debt amortization costs, on the revolving credit facility for the year ended December 31, 2005 was 4.53% compared to 3.42% in 2004. The commitment fee on the unused revolving credit facility at December 31, 2005, was 0.175%. The amended and restated facility bears interest at a minimum of 75 basis points over the selected LIBOR and a maximum of 125 basis points over the selected LIBOR. All our obligations under the facility are unconditionally guaranteed by substantially all of our domestic subsidiaries. The facility contains various financial covenants, which include a consolidated leverage ratio of funded debt to earnings before interest, stock based compensation, minority interest up to $15.0 million, taxes, depreciation and amortization ("adjusted EBITDA") and a consolidated fixed charge coverage ratio of adjusted EBITDA to the sum of consolidated interest expense, scheduled funded debt payments, scheduled payments on acquisition earn-out obligations and income taxes paid. Both ratios are measured on a rolling four-quarter basis. We were in compliance with the financial covenants at December 31, 2005.

Cargill Facility. We maintain, through a majority-owned subsidiary, Worldwide Asset Purchasing, LLC ("WAP"), a revolving financing facility with a third-party specialty lender, CFSC Capital Corp. XXXIV. The lender is also a minority interest holder in WAP. Pursuant to this arrangement, we will borrow 80% to 85% of the purchase price of each portfolio purchase from CFSC Capital Corp. XXXIV and we will fund the remainder. Interest accrues on the outstanding debt at a variable rate of 2% over prime. The debt is non-recourse and is collateralized by all receivable portfolios within a loan series. Each loan series contains a group of portfolio asset pools that have an aggregate original principal amount of approximately $20 million. Payments are due monthly for two years from the date of origination. At December 31, 2005, we had $40.5 million of non-recourse portfolio notes payable outstanding under this facility compared to $28.5 million outstanding at December 31, 2004.

Sallie Mae Facility. We maintain, through our wholly owned subsidiary, West Asset Management Inc. ("WAM"), formerly Attention, a $20 million revolving financing facility with a third-party specialty lender. In connection with this facility in December 2003, we capitalized a consolidated special purpose entity ("SPE"), for the sole purpose of purchasing defaulted accounts receivable portfolios. These assets are purchased by us, transferred to the SPE and sold to a non-consolidated qualified special purpose entity ("QSPE"). As of December 31, 2005 we have committed to purchase $5.3 million in receivable portfolios by July 31, 2006 and an additional $35.0 million of receivable portfolio purchases by July 31, 2007. Pursuant to this credit facility, we will be required to fund a minimum of 20% ($8.1 million at December 31, 2005) of the purchases with the third party lender financing the remainder of the purchases on a non-recourse basis. In certain circumstances, we may extend the purchasing period to July 31, 2008. Interest accrues on the debt at a variable rate equal to the greater of (i) prime plus 2% or (ii) 50 basis points above the lenders actual cost of funds. These assets will be purchased by us, transferred to the SPE and sold to a non-consolidated QSPE.

We will perform collection services on the purchased receivable portfolios for a fee, recognized when cash is received. The SPE and the third party lender will also be entitled to a portion of the profits of the non-consolidated QSPE to the extent cash flows from collections are greater than amounts owed by the QSPE after repayment of all servicing fees, loan expenses and the return of capital. On December 31, 2005 and 2004, the SPE had a note receivable from the non-consolidated QSPE for $2.3 million and $0.3 million, respectively. Also, on December 31, 2005, $7.2 million of the $20.0 million revolving financing facility had been utilized.

Contractual Obligations

As described in "Financial Statements and Supplementary Data," we have contractual obligations that may affect our financial condition. However, based on management's assessment of the underlying provisions and circumstances of our material contractual obligations, there is no known trend, demand, commitment, event or uncertainty that is reasonably likely to occur which would have a material effect on our financial condition or results of operations.

The following table summarizes our contractual obligations at December 31, 2005 (dollars in thousands):

Contractual Obligations	Payment Due by Period				
	Total	Less Than 1 Year	1 - 3 Years	4 - 5 Years	After 5 Years
			(Amounts in thousands)		
Revolving credit facility	$ 220,000	$ —	$ 220,000	$ —	$ —
Operating leases	105,131	25,629	38,512	23,211	17,779
Contractual minimums under telephony agreements*	268,021	71,346	169,975	26,700	—
Purchase obligations**	28,927	28,927	—	—	—
Acquisition earn out commitments***	14,650	8,900	5,750	—	—
Portfolio notes payable	40,520	27,275	13,245	—	—
Commitments under forward flow agreements****	61,714	61,714	—	—	—
Total contractual cash obligations	$ 738,963	$ 223,791	$ 447,482	$ 49,911	$ 17,779

* Based on projected telephony minutes through 2010. The contractual minimum is usage based and could vary based on actual usage.

** Represents future obligations for capital and expense projects that are in progress or are committed.

*** Represents the minimum amounts payable. If the earnout conditions are fully satisfied an additional $5.1 million would be payable in 2007.

**** Up to 85% of this obligation could be funded by non-recourse financing.

The table above excludes variable interest expense under our credit facility, amounts paid for taxes and long term obligations under our Nonqualified Executive Retirement Savings Plan and Nonqualified Executive Deferred Compensation Plan.

The acquisition earn out commitment, noted above, represent a commitment incurred for the 2002 acquisition of Attention. Additional consideration is payable in 2006 and 2007, and will range from $14.65 million to $19.75 million, based on satisfying certain earnings objectives. During 2005, $5.3 million was paid under this commitment. At December 31, 2005, $8.9 million was accrued in expenses and $5.75 million in other long term liabilities.

Capital Expenditures

Our operations continue to require significant capital expenditures for technology, capacity expansion and upgrades. Capital expenditures were $76.9 million for the year ended December 31, 2005, which were funded through cash from operations and the use of our bank credit facility. Capital expenditures were $59.9 million for the year ended December 31, 2004. Capital expenditures for the year ended December 31, 2005 consisted primarily of equipment purchases, the cost of new call centers in North Carolina and Texas as well as upgrades at existing facilities. We currently project our capital expenditures for 2006 to be approximately $75.0 million to $85.0 million primarily for capacity expansion and upgrades at existing facilities.

Our bank credit facility, discussed above, includes covenants which allow us the flexibility to issue additional indebtedness that is pari passu with or subordinated to our debt under our existing credit facilities in an aggregate principal amount not to exceed $400.0 million, incur capital lease indebtedness in an aggregate principal amount not to exceed $25.0 million and incur accounts receivable securitization indebtedness in an aggregate principal amount not to exceed $100.0 million and non-recourse indebtedness in an aggregate principal amount not to exceed $150.0 million without requesting a waiver from the lender. We, or any of our affiliates, may be required to guarantee any existing or additional credit facilities.

Off-Balance Sheet Arrangements

We are a party to a synthetic building lease with a lessor. The lessor is not a variable interest entity as defined by Financial Accounting Standards Board ("FASB") Interpretation No. 46R, *Consolidation of Variable Interest Entities (an interpretation of ARB No. 51)* ("FIN 46R"). The initial lease term expires in 2008. There are three renewal options of five years each subject to mutual agreement of the parties. The lease facility bears interest at a variable rate over a selected LIBOR, which resulted in an annual effective interest rate of 4.54%, 2.80% and 2.42% for 2005, 2004 and 2003, respectively. The aggregate synthetic lease expense for the three years ended December 31, 2005, 2004 and 2003 were $1.4 million, $1.1 million and $1.0 million, respectively. Based on our variable-rate obligation at December 31, 2005, each 50 basis point rate increase would increase annual interest expense by approximately $153,000. We may, at any time, elect to exercise a purchase option of approximately $30.5 million for the building. If we elect not to purchase the building or renew the lease, the building would be returned to the lessor for remarketing. We have guaranteed a residual value of 85% to the lessor upon the sale of the building. At December 31, 2005 and 2004, the fair value of the guaranteed residual value for the building was approximately $0.8 million and $1.1 million, respectively, and is included in other long term assets and other long term liabilities.

We maintain, through our wholly owned subsidiary, WAM, a $20.0 million revolving financing facility with a third-party specialty lender, Sallie Mae. In connection with this facility, in 2003 we capitalized a consolidated SPE for the sole purpose of purchasing defaulted accounts receivable portfolios. For further information about this facility, see the discussion above under "— Liquidity and Capital Resources — Sallie Mae Facility."

Inflation

We do not believe that inflation has had a material effect on our results of operations. However, there can be no assurance that our business will not be affected by inflation in the future.

Critical Accounting Policies

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires the use of estimates and assumptions on the part of management. The estimates and assumptions used by management are based on our historical experiences combined with management's understanding of current facts and circumstances. Certain of our accounting policies are considered critical as they are both important to the portrayal of our financial condition and results of operations and require significant or complex judgment on the part of management. We believe the following represent our critical accounting policies as contemplated by the Securities and Exchange Commission Financial Reporting Release No. 60, *"Cautionary Advice Regarding Disclosure About Critical Accounting Policies."*

Revenue Recognition. The Communication Services segment recognizes revenue for agent based services including order processing, customer acquisition, customer retention and customer care in the month that calls are answered by an agent based on the number of calls and/or minutes received and processed on behalf of clients or on a success rate or commission basis. Automated services revenue is recognized in the month that the calls are received or sent by automated voice response units and is billed based on call duration.

The Conferencing Services segment recognizes revenue when services are provided and generally consists of per-minute charges. Revenues are reported net of any volume or special discounts.

The Receivables Management segment recognizes contingency fee revenue in the month collection payments are received based upon a percentage of cash collected or other agreed upon contractual parameters. First party collection services on pre-charged off receivables are recognized on an hourly basis. We believe that the amounts and timing of cash collections for our purchased receivables can be reasonably estimated and therefore, we utilize the effective interest method of accounting for our purchased receivables. We adopted American Institute of Certified Public Accountants Statement of Position 03-3, "Accounting for Loans or Certain Securities Acquired in a Transfer," ("SOP 03-3"), on January 1, 2005. SOP 03-3 states that if the collection estimates established when acquiring a portfolio are subsequently lowered, an allowance for impairment and a corresponding expense are established in the current period for the amount required to maintain the original internal rate of return, ("IRR"), expectations. If collection estimates are raised, increases in the estimates are first used to recover any previously

recorded allowances and the remainder is recognized prospectively through an increase in the IRR. This updated IRR must be used for subsequent impairment testing. Portfolios acquired prior to December 31, 2004 will continue to be governed by Accounting Standards Executive Committee Practice Bulletin 6, as amended by SOP 03-3, which sets the IRR at December 31, 2004 as the IRR to be used for impairment testing in the future. Because any reductions in expectations are recognized as an expense in the current period and any increase in expectations are recognized over the remaining life of the portfolio, SOP 03-3 increases the probability that we will incur impairments in the future, and these impairments could be material. During 2005, no impairments were incurred with respect to our purchased receivables. Periodically, the Receivables Management segment will sell all or a portion of a receivables pool to third parties. Proceeds of these sales are also recognized in revenue under the effective interest method.

Allowance for Doubtful Accounts and Notes Receivable. Our allowance for doubtful accounts and notes receivable represents reserves for receivables which reduce accounts receivables and notes receivable to amounts expected to be collected. Management uses significant judgment in estimating uncollectible amounts. In estimating uncollectible amounts, management considers factors such as overall economic conditions, industry-specific economic conditions, historical customer performance and anticipated customer performance. While management believes our processes effectively address our exposure to doubtful accounts, changes in the economy, industry or specific customer conditions may require adjustments to the allowance for doubtful accounts recorded.

Goodwill and Other Intangible Assets. As a result of acquisitions made from 2002 through 2005, our recorded goodwill as of December 31, 2005 was $717.6 million and the recorded value of other intangible assets as of December 31, 2005 was $140.3 million. Management is required to exercise significant judgment in valuing the acquisitions in connection with the initial purchase price allocation and the ongoing evaluation of goodwill and other intangible assets for impairment. In connection with these acquisitions, a third-party valuation was performed to assist management in determining purchase price allocation between goodwill and other intangible assets. The purchase price allocation process requires estimates and judgments as to certain expectations and business strategies. If the actual results differ from the assumptions and judgments made, the amounts recorded in the consolidated financial statements could result in a possible impairment of the intangible assets and goodwill or require acceleration in amortization expense. In addition, SFAS No. 142 *Goodwill and Other Intangible Assets*, requires that goodwill be tested annually using a two-step process. The first step is to identify any potential impairment of the goodwill or intangible assets. The second step measures the amount of impairment loss, if any. Any changes in key assumptions about the businesses and their prospects, or changes in market conditions or other externalities, could result in an impairment charge and such a charge could have a material adverse effect on our financial condition and results of operations.

Stock Options. Our employees are periodically granted stock options by the Compensation Committee of the Board of Directors. As allowed under accounting principles generally accepted in the United States of America ("GAAP"), we do not record any compensation expense on the income statement with respect to options granted to employees. Alternatively, under GAAP, we could have recorded a compensation expense based on the fair value of employee stock options. As described in Note 1 in the Consolidated Financial Statements, had we recorded a fair value-based compensation expense for stock options, diluted earnings per share would have been $0.15, $0.17 and $0.20 less than what we reported for 2005, 2004 and 2003, respectively.

Income Taxes. We account for income taxes in accordance with SFAS No. 109, *"Accounting for Income Taxes."* We recognize current tax liabilities and assets based on an estimate of taxes payable or refundable in the current year for each of the jurisdictions in which we transact business. As part of the determination of our current tax liability, we exercise considerable judgment in evaluating positions we have taken in our tax returns. We have established reserves for probable tax exposures. These reserves, included in current tax liabilities, represent our estimate of amounts expected to be paid, which we adjust over time as more information becomes available. We also recognize deferred tax assets and liabilities for the estimated future tax effects attributable to temporary differences (e.g., book depreciation versus tax depreciation). The calculation of current and deferred tax assets and liabilities requires management to apply significant judgment relating to the application of complex tax laws, changes in tax laws or related interpretations, uncertainties related to the outcomes of tax audits and changes in our operations or other facts and circumstances. Further, we must continually monitor changes in these factors. Changes in such

factors may result in changes to management estimates and could require us to adjust our tax assets and liabilities and record additional income tax expense or benefits.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123R, "Share-Based Payment" ("SFAS 123R"), which requires companies to measure and recognize compensation expense for all stock-based payments at fair value. SFAS 123R will become effective for all registrants as of the first fiscal year beginning after June 15, 2005. Therefore, our required effective date is January 1, 2006. Our current estimate of the annual net income effect of adopting SFAS 123R in January 2006 is approximately $10.0 million.

In October 2005, the FASB issued FASB Staff Position FAS 123(R)-2, "Practical Accommodation to the Application of Grant Date as Defined in FAS 123(R)" ("FSP 123(R)-2"). FSP 123(R)-2 provides guidance on the application of grant date as defined in SFAS No. 123(R). In accordance with this standard a grant date of an award exists if a) the award is a unilateral grant and b) the key terms and conditions of the award are expected to be communicated to an individual recipient within a relatively short time period from the date of approval. We will adopt this standard when we adopt SFAS No. 123(R), and do not anticipate that the implementation of this statement will have a significant impact on our results of operations.

In November 2005, the FASB issued FASB Staff Position FAS 123(R)-3, "Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards" ("FSP 123(R)-3"). FSP 123(R)-3 provides an elective alternative method that establishes a computational component to arrive at the beginning balance of the accumulated paid-in capital pool related to employee compensation and a simplified method to determine the subsequent impact on the accumulated paid-in capital pool of employee awards that are fully vested and outstanding upon the adoption of SFAS No. 123(R). We are currently evaluating this transition method.

In May 2005, the FASB issued SFAS Statement No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"). SFAS 154 is a replacement of Accounting Principles Board Opinion No. 20 ("APB 20") and FASB Statement No. 3. SFAS 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes retrospective application, or the latest practicable date, as the required method for reporting a change in accounting principle and the reporting of a correction of an error. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005 and we will adopt this standard on January 1, 2006. We do not expect that the adoption of SFAS 154 will have a material impact on our consolidated results of operations, financial condition and cash flows.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Market Risk Management

Market risk is the potential loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and changes in the market value of investments.

Interest Rate Risk

As of December 31, 2005, we had $220.0 million outstanding under our revolving bank credit facility and $30.5 million of a synthetic lease obligation.

We maintain a bank revolving credit facility which matures November 15, 2009. The facility bears interest at a variable rate over a selected LIBOR based on our leverage. At December 31, 2005, $220.0 million was outstanding on the revolving credit facility. We began the year with $230.0 million outstanding on the revolving credit facility. To finance the acquisition of the assets of the conferencing business of Sprint, we borrowed an additional $190.0 million on the credit facility. The highest balance outstanding on the credit facility during 2005 was $365.0 million. The average daily outstanding balance of the revolving credit facility during 2005 was $257.9 million. The effective annual interest rate, inclusive of debt amortization costs, on the revolving credit facility for the year ended December 31, 2005 was 4.53%. Based on our obligation under this facility at December 31, 2005, a 50 basis point change would increase or decrease annual interest expense by approximately $1.1 million. The commitment fee on the unused revolving credit facility at December 31, 2005, was 0.175%. The amended and

restated facility bears interest at a minimum of 75 basis points over the selected LIBOR and a maximum of 125 basis points over the selected LIBOR. All our obligations under the facility are unconditionally guaranteed by substantially all of our domestic subsidiaries. The facility contains various financial covenants, which include a consolidated leverage ratio of funded debt to adjusted earnings before interest, stock based compensation, minority interest up to $15.0 million, taxes, depreciation and amortization ("EBITDA") and a consolidated fixed charge coverage ratio of adjusted EBITDA to the sum of consolidated interest expense, scheduled funded debt payments, scheduled payments on acquisition earn-out obligations and income taxes paid. Both ratios are measured on a rolling four-quarter basis. We were in compliance with the financial covenants at December 31, 2005.

We are party to a synthetic lease agreement that had an outstanding balance of $30.5 million at December 31, 2005. The synthetic lease has interest terms similar to that of the revolving credit facility and bears interest at a variable rate over a selected LIBOR based on our leverage, which adjusts quarterly in 12.5 or 25 basis point increments. The weighted average annual interest rate at December 31, 2005 was 5.26%. The lease bears interest at a minimum of 75 basis points over the selected LIBOR and a maximum of 125 basis points over the selected LIBOR. Based on our obligation under this synthetic lease at December 31, 2005, a 50 basis point change would increase or decrease annual interest expense by approximately $153,000.

We do not believe that changes in future interest rates on these variable rate obligations would have a material effect on our financial position, results of operations, or cash flows. We have not hedged our exposure to interest rate fluctuations.

Foreign Currency Risk

On December 31, 2005, the Communication Services segment had no material revenue or assets outside the United States. The Communication Services segment has a contract for workstation capacity in India, which is denominated in U.S. dollars. This contact center receives or initiates calls only from or to customers in North America. Under this arrangement, we do not own the assets or employ any personnel directly. The facilities in Canada, Jamaica and the Philippines operate under revenue contracts denominated in U.S. dollars. These contact centers receive calls only from customers in North America under contracts denominated in U.S. dollars.

In addition to the United States, the Conferencing Services segment operates facilities in the United Kingdom, Canada, Singapore, Australia, Hong Kong, Japan and New Zealand. Revenues and expenses from these foreign operations are typically denominated in local currency, thereby creating exposure to changes in exchange rates. Changes in exchange rates may positively or negatively affect our revenues and net income attributed to these subsidiaries.

Our Receivables Management segment operates facilities in the United States, Jamaica and Mexico. Some of the revenues and expenses from the Mexican operation are denominated in local currency, thereby creating exposure to changes in exchange rates.

For the year ended December 31, 2005, revenues and assets from non-U.S. countries were less than 10% of consolidated revenues and assets. We do not believe that changes in future exchange rates would have a material effect on our financial position, results of operations, or cash flows. We have not entered into forward exchange or option contracts for transactions denominated in foreign currency to hedge against foreign currency risk.

Investment Risk

We do not use derivative financial or commodity instruments. Our financial instruments include cash and cash equivalents, accounts and notes receivable, accounts payable and long-term obligations. Our cash and cash equivalents, accounts receivable and accounts payable balances are short-term in nature and, consequently, do not expose us to material investment risk.

Item 8. ***Financial Statements and Supplementary Data***

The information called for by this Item 8 is incorporated from our Consolidated Financial Statements and Notes thereto set forth on pages F-1 through F-27.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

The company's principal executive officer and principal financial officer have evaluated the company's disclosure controls and procedures as of December 31, 2005, and have concluded that these controls and procedures are effective to ensure that information required to be disclosed by the company in the reports that it files or submits under the Securities Exchange Act of 1934 (15 USC § 78a et seq) is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the company in the reports that it files or submits is accumulated and communicated to management, including the principal executive officer and the principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no significant changes to our internal control over financial reporting during the last quarter that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control — Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of December 31, 2005.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2005 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report which is included herein.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
West Corporation
Omaha, Nebraska

We have audited management's assessment, included in the accompanying Management's Report on Internal Control Over Financial Reporting, that West Corporation and subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2005 of the Company and our report dated February 22, 2006 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Omaha, Nebraska
February 22, 2006

Item 9B. ***Other Information***

None.

PART III

Item 10. ***Directors and Executive Officers of the Registrant***

Except for the information required by this item with respect to our executive officers and the information provided below, the information required by this Item 10 is incorporated herein by reference to our definitive proxy statement for the 2006 annual meeting of stockholders. Pursuant to Item 401(b) of Regulation S-K, the information required by this item with respect to our executive officers is set forth in Part I of this Report under the caption "Executive Officers."

We have adopted a code of ethical conduct for directors and all employees of West. Our Code of Ethical Business Conduct is located in the "Investor" section of our website at www.west.com . To the extent permitted, we intend to post on our web site any amendments to, or waivers from our Code of Ethical Business Conduct.

Item 11. ***Executive Compensation***

The information required by this Item 11 is incorporated herein by reference to our definitive proxy statement for the 2006 annual meeting of stockholders.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by this Item 12 is incorporated herein by reference to our definitive proxy statement for the 2006 annual meeting of stockholders.

Item 13. ***Certain Relationships and Related Transactions***

The information required by this Item 13 is incorporated herein by reference to our definitive proxy statement for the 2006 annual meeting of stockholders.

Item 14. ***Principal Accountant Fees and Services***

The information required by this Item 14 is incorporated herein by reference to our definitive proxy statement for the 2006 annual meeting of stockholders.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) Documents filed as a part of the report:

(1) Financial Statements:

(2) Financial Statement Schedules:

(3) Exhibits

Exhibits identified in parentheses below, on file with the SEC, are incorporated by reference into this report.

Exhibit Number	Description
2.01	Purchase Agreement, dated as of July 23, 2002, by and among the Company, Attention, LLC, the sellers and the sellers' representative named therein (incorporated by reference to Exhibit 2.1 to Form 8-K dated August 2, 2002)
2.02	Agreement and Plan of Merger, dated as of March 27, 2003, by and among West Corporation, Dialing Acquisition Corp., ITC Holding Company, Inc. and, for purposes of Sections 3.6, 4.1 and 8.13 and Articles 11 and 12 only, the Stockholder Representative (incorporated by reference to Exhibit 2.1 to Form 8-K dated April 1, 2003)
2.03	Purchase Agreement, dated as of July 22, 2004, by and among Worldwide Asset Management, LLC; National Asset Management Enterprises, Inc.; Worldwide Asset Collections, LLC; Worldwide Asset Purchasing, LLC; BuyDebtCo LLC; The Debt Depot, LLC; Worldwide Assets, Inc., Frank J. Hanna Jr., Darrell T. Hanna, West Corporation and West Receivable Services, Inc. (incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K filed on August 9, 2004)
2.04	Purchase Agreement, dated as of July 22, 2004, by and among Asset Direct Mortgage, LLC, Frank J. Hanna, Jr., Darrell T. Hanna and West Corporation. (incorporated by reference to Exhibit 2.2 to Current Report on Form 8-K filed on August 9, 2004)
2.05	Asset Purchase Agreement, dated as of May 9, 2005, among InterCall, Inc., Sprint Communications Company L.P. and Sprint Corporation, solely with respect to certain sections thereof (incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K filed on June 9, 2005)
2.06	Agreement and Plan of Merger, dated January 29, 2006, by and among West Corporation, West International Corp. and Intrado Inc.
2.07	Agreement and Plan of Merger, dated February 6, 2006, by and among Raindance Communications, Inc., West Corporation and Rockies Acquisition Corporation.
3.01	Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 99.II to Form 8-K dated December 29, 2000)
3.02	Amended and Restated By-Laws of the Company (incorporated by reference to Exhibit 3.01 to Form 8-K dated February 16, 2005)
10.01	Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.01 to Registration Statement under Form S-1 (Amendment No. 1) dated November 12, 1996, File No. 333-13991)

Exhibit Number	Description
10.02	Amended and Restated West Corporation 1996 Stock Incentive Plan (incorporated by reference to Annex 2 Schedule 14A filed May 10, 2005)(1)
10.03	Employment Agreement between the Company and Thomas B. Barker dated January 1, 1999, as amended February 11, 2005 (incorporated by reference to Exhibit 10.03 to Form 10-K filed February 25, 2005)(1)
10.04	Employment Agreement between the Company and Paul M. Mendlik dated November 4, 2002, as amended February 11, 2005 (incorporated by reference to Exhibit 10.04 to Form 10-K filed February 25, 2005)(1)
10.05	Stock Redemption Agreement, dated April 9, 1996, by and among Gary L. West and Mary E. West (incorporated by reference to Exhibit 10.11 to Registration Statement under Form S-1 (Amendment No. 1) dated November 12, 1996, File No. 333-13991)
10.06	Assignment and Assumption Agreement, dated as of November 12, 1996, by and among Gary L. West, Mary E. West, and West TeleServices Corporation (incorporated by reference to Exhibit 10.12 to Registration Statement under Form S-1 (Amendment No. 2) dated November 21, 1996, File No. 333-13991)
10.07	Lease, dated September 1, 1994, by and between West Telemarketing Corporation and 99-Maple Partnership (Amendment No. 1) dated December 10, 2003
10.08	Employment Agreement between the Company and Nancee R. Berger, dated January 1, 1999, as amended February 11, 2005 (incorporated by reference to Exhibit 10.08 to Form 10-K filed February 25, 2005)(1)
10.09	Employees Stock Purchase Plan (incorporated by reference to Annex A to Schedule 14A filed April 10, 2003)(1)
10.10	Employment Agreement between the Company and Mark V. Lavin dated July 1, 1999, as amended February 11, 2005 (incorporated by reference to Exhibit 10.10 to Form 10-K filed February 25, 2005)(1)
10.11	Employment Agreement between the Company and Steven M. Stangl dated January 1, 1999, as amended February 11, 2005 (incorporated by reference to Exhibit 10.11 to Form 10-K filed February 25, 2005)(1)
10.12	Employment Agreement between the Company and Michael M. Sturgeon, dated January 1, 1999, as amended February 11, 2005 (incorporated by reference to Exhibit 10.12 to Form 10-K filed February 25, 2005)(1)
10.13	Employment Agreement between the Company and Jon R. (Skip) Hanson, dated October 4, 1999, as amended February 11, 2005 (incorporated by reference to Exhibit 10.13 to Form 10-K filed February 25, 2005)(1)
10.14	Employment Agreement between West Direct, Inc. and Todd B. Strubbe, dated July 30, 2001, as amended February 11, 2005 (incorporated by reference to Exhibit 10.14 to Form 10-K filed February 25, 2005)(1)
10.15	Employment Agreement between the Company and Michael E. Mazour, dated January 9, 2004 as amended February 11, 2005 (incorporated by reference to Exhibit 10.15 to Form 10-K filed February 25, 2005)(1)
10.16	Executive Restricted Stock Agreement by and between the Company and Paul M. Mendlik dated September 12, 2002 (incorporated by reference to Exhibit 10.02 to Form 10-Q dated November 4, 2002)(1)
10.17	West Corporation Nonqualified Deferred Compensation Plan (incorporated by reference to Annex B to Schedule 14A filed April 10, 2003)(1)
10.18	Employment Agreement between the Company and Joseph Scott Etzler, dated May 7, 2003, as amended February 11, 2005 (incorporated by reference to Exhibit 10.18 to Form 10-K filed February 25, 2005)(1)
10.19	Amended and Restated Credit Agreement, dated November 15, 2004, among the Company and Wachovia Bank National Association as Administrative Agent and the banks named therein (incorporated by reference to Exhibit 10.19 to Form 10-K filed February 25, 2005)
10.20	Employment Agreement between the Company and Jim Richards, dated May 7, 2003, as amended February 11, 2005 (incorporated by reference to Exhibit 10.20 to Form 10-K filed February 25, 2005)(1)

Exhibit Number	Description
10.21	Participation Agreement, dated May 9, 2003, among West Facilities Corporation, the Company, Wachovia Development Corporation and Wachovia Bank, National Association as Agent for the Financing Parties and Secured Parties and the banks named therein (incorporated by reference to Exhibit 10.22 to Form 10-K filed on March 8, 2004)
10.22	First amendment to the Participation Agreement, dated October 31, 2003, among West Facilities Corporation, the Company, Wachovia Development Corporation and Wachovia Bank, National Association as Agent for the Financing Parties and Secured Parties and the banks named therein (incorporated by reference to Exhibit 10.23 to Form 10-K filed on March 8, 2004)
10.23	Second amendment to the Participation Agreement, dated January 22, 2004, among West Facilities Corporation, the Company, Wachovia Development Corporation and Wachovia Bank, National Association as Agent for the Financing Parties and Secured Parties and the banks named therein (incorporated by reference to Exhibit 10.24 to Form 10-K filed on March 8, 2004)
10.24	Third amendment to the Participation Agreement, dated August 9, 2004, among West Facilities Corporation, the Company, Wachovia Development Corporation and Wachovia Bank, National Association as Agent for the Financing Parties and Secured Parties and the banks named therein. (incorporated by reference to Exhibit 10.24 to Form 10-K filed February 25, 2005)
10.25	Fourth amendment to the Participation Agreement, dated November 15, 2004, among West Facilities Corporation, the Company, Wachovia Development Corporation and Wachovia Bank, National Association as Agent for the Financing Parties and Secured Parties and the banks named therein (incorporated by reference to Exhibit 10.25 to Form 10-K filed February 25, 2005)
21.01	Subsidiaries
23.01	Consent of Deloitte & Touche LLP
31.01	Certification pursuant to 18 U.S.C. section 7241 as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
31.02	Certification pursuant to 18 U.S.C. section 7241 as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002
32.01	Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
32.02	Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

(1) Indicates management contract or compensation plan or arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

WEST CORPORATION

By: /s/ THOMAS B. BARKER
Thomas B. Barker
Chief Executive Officer
(Principal Executive Officer)

February 24, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signatures	Title	Date
/s/ GARY L. WEST Gary L. West	Chairman of the Board and Director	February 24, 2006
/s/ MARY E. WEST Mary E. West	Vice Chair of the Board and Director	February 24, 2006
/s/ THOMAS B. BARKER Thomas B. Barker	Chief Executive Officer and Director (Principal Executive Officer)	February 24, 2006
/s/ PAUL M. MENDLIK Paul M. Mendlik	Executive Vice President — Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)	February 24, 2006
/s/ WILLIAM E. FISHER William E. Fisher	Director	February 24, 2006
/s/ GEORGE H. KRAUSS George H. Krauss	Director	February 24, 2006
/s/ GREG T. SLOMA Greg T. Sloma	Director	February 24, 2006

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
West Corporation
Omaha, Nebraska

We have audited the accompanying consolidated balance sheets of West Corporation and subsidiaries (the "Company") as of December 31, 2005 and 2004, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2005. Our audits also included the financial statement schedule listed in Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the West Corporation and subsidiaries as of December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2005, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 22, 2006 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Omaha, Nebraska
February 22, 2006

WEST CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	2005	2004	2003
	(Amounts in thousands except per share amounts)		
REVENUE	$ 1,523,923	$ 1,217,383	$ 988,341
COST OF SERVICES	687,381	541,979	440,260
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	569,865	487,513	404,972
OPERATING INCOME	266,677	187,891	143,109
OTHER INCOME (EXPENSE):			
Interest Income	1,499	895	721
Interest Expense	(15,358)	(9,381)	(5,503)
Other, net	678	2,118	1,493
Other income (expense)	(13,181)	(6,368)	(3,289)
INCOME BEFORE INCOME TAX EXPENSE AND MINORITY INTEREST	253,496	181,523	139,820
INCOME TAX EXPENSE	87,736	65,762	51,779
INCOME BEFORE MINORITY INTEREST	165,760	115,761	88,041
MINORITY INTEREST IN NET INCOME	15,411	2,590	165
NET INCOME	$ 150,349	$ 113,171	$ 87,876
EARNINGS PER COMMON SHARE:			
Basic	$ 2.18	$ 1.67	$ 1.32
Diluted	$ 2.11	$ 1.63	$ 1.28
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:			
Basic common shares	68,945	67,643	66,495
Dilutive impact of potential common shares from stock options	2,365	1,826	2,122
Diluted common shares	71,310	69,469	68,617

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

WEST CORPORATION

CONSOLIDATED BALANCE SHEETS

	December 31, 2005	December 31, 2004
	(Amounts in thousands)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 30,835	$ 28,330
Trust cash	3,727	4,242
Accounts and notes receivable, net	217,806	195,598
Portfolio receivables, current portion	35,407	26,646
Other current assets	28,567	27,244
Total current assets	316,342	282,060
PROPERTY AND EQUIPMENT:		
Property and equipment	600,939	552,073
Accumulated depreciation and amortization	(366,068)	(328,963)
Property and equipment, net	234,871	223,110
PORTFOLIO RECEIVABLES, NET OF CURRENT PORTION	59,043	56,897
GOODWILL	717,624	573,885
INTANGIBLES, net	140,347	99,028
NOTES RECEIVABLE AND OTHER ASSETS	30,435	36,226
TOTAL ASSETS	$ 1,498,662	$ 1,271,206
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 37,370	$ 39,420
Accrued expenses	132,182	94,436
Current maturities of portfolio notes payable	27,275	20,144
Income tax payable	9,468	3,294
Total current liabilities	206,295	157,294
PORTFOLIO NOTES PAYABLE , less current maturities	13,245	8,354
LONG-TERM OBLIGATIONS, less current maturities	220,000	230,000
DEFERRED INCOME TAXES	40,173	42,733
OTHER LONG TERM LIABILITIES	31,772	31,230
MINORITY INTEREST	15,309	12,140
COMMITMENTS AND CONTINGENCIES (Notes 5, 8 and 12)		
STOCKHOLDERS' EQUITY		
Preferred stock $0.01 par value, 10,000 shares authorized, no shares issued and outstanding	—	—
Common stock $0.01 par value, 200,000 shares authorized, 69,718 shares issued and outstanding and 68,452 shares issued and 68,380 outstanding	697	685
Additional paid-in capital	272,941	244,747
Retained earnings	699,765	549,416
Accumulated other comprehensive income (loss)	(405)	(193)
Treasury stock at cost (0 and 72 shares)	—	(2,697)
Unearned restricted stock (79 and 157 shares)	(1,130)	(2,503)
Total stockholders' equity	971,868	789,455
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,498,662	$ 1,271,206

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

WEST CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2005	2004	2003
	(Amounts in thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 150,349	$ 113,171	$ 87,876
Adjustments to reconcile net income to net cash flows from operating activities:			
Depreciation	83,805	81,317	74,882
Amortization	27,072	18,868	11,584
Provision for bad debts	2,803	5,706	9,979
Other	699	48	815
Deferred income tax expense (benefit)	(2,645)	6,177	(2,492)
Minority interest in earnings, net of distributions of $13,690, $1,184 and $0	1,721	1,406	165
Changes in operating assets and liabilities, net of business acquisitions:			
Accounts and notes receivable	(25,011)	(29,469)	(827)
Other assets	(10,910)	(8,696)	4,796
Accounts payable	(2,049)	13,513	(8,525)
Accrued expenses and other liabilities	53,415	23,169	21,472
Net cash flows from operating activities	279,249	225,210	199,725
CASH FLOWS FROM INVESTING ACTIVITIES:			
Business acquisitions, net of cash acquired of $0, $11,256 and $16,878	(209,645)	(193,885)	(424,553)
Purchase of property and equipment	(76,855)	(59,886)	(46,252)
Proceeds from disposal of property and equipment	253	1,998	513
Purchase of portfolio receivables, net	(75,302)	(28,683)	—
Collections applied to principal of portfolio receivables	64,395	19,713	—
Issuance of notes receivable	(3,450)	(5,200)	—
Trust cash (increase) decrease	515	(2,634)	(889)
Purchase of licensing agreement	—	—	(8,700)
Net cash flows from investing activities	(300,089)	(268,577)	(479,881)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of debt	—	—	200,000
Net change in revolving credit facility	(10,000)	230,000	32,000
Payments of long-term obligations	—	(192,000)	(69,647)
Payments of portfolio notes payable	(54,743)	(28,534)	—
Proceeds from issuance of portfolio notes payable	66,765	25,316	—
Debt issuance costs	—	(1,068)	(4,506)
Proceeds from stock options exercised	21,175	14,553	8,897
Net cash flows from financing activities	23,197	48,267	166,744
EFFECT OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	148	(525)	159
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,505	4,375	(113,253)
CASH AND CASH EQUIVALENTS, Beginning of period	28,330	23,955	137,208
CASH AND CASH EQUIVALENTS, End of period	$ 30,835	$ 28,330	$ 23,955

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

WEST CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Unearned Restricted Stock	Comprehensive Income (Loss)	Total Stockholders' Equity
				(Amounts in thousands)			
BALANCE, January 1, 2003	$ 662	$ 204,335	$ 348,369	$ (2,697)	$ (1,077)	$ —	$ 549,592
Comprehensive income:							
Net income			87,876				87,876
Foreign currency translation adjustment, net of tax of $618						1,031	1,031
Total comprehensive income							88,907
Stock options exercised including related tax benefits (830 shares) and ESPP shares granted (28 shares)	9	13,153					13,162
Issuance of common and restricted stock (240 shares)	2	6,590			(2,418)		4,174
Amortization of restricted stock		(272)			675		403
BALANCE, December 31, 2003	673	223,806	436,245	(2,697)	(2,820)	1,031	656,238
Comprehensive income:							
Net income			113,171				113,171
Foreign currency translation adjustment, net of tax of ($411)						(1,224)	(1,224)
Total comprehensive income							111,947
Stock options exercised including related tax benefits (1,086 shares)	11	20,777					20,788
Issuance of common and restricted stock (40 shares)	1	999			(1,000)		—
Amortization of restricted stock		(835)			1,317		482
BALANCE, December 31, 2004	685	244,747	549,416	(2,697)	(2,503)	(193)	789,455
Comprehensive income:							
Net income			150,349				150,349
Foreign currency translation adjustment, net of tax of ($104)						(212)	(212)
Total comprehensive income							150,137
Stock options exercised including related tax benefits (1,157 shares) and ESPP shares granted (57 shares)	12	31,726					31,738
Issuance of shares from treasury		(2,697)		2,697			—
Amortization of restricted stock		(835)			1,373		538
BALANCE, December 31, 2005	$ 697	$ 272,941	$ 699,765	$ —	$ (1,130)	$ (405)	$ 971,868

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

WEST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003
(Dollars in Thousands Except Per Share Amounts)

1. Summary of Significant Accounting Policies

Business Description — West Corporation provides business process outsourcing services focused on helping our clients communicate more effectively with their customers. We help our clients maximize the value of their customer relationships and derive greater value from each transaction that we process. We deliver our services through three segments:

- communication services, including dedicated agent, shared agent, automated and business-to-business services;
- conferencing services, including reservationless, operator-assisted, web and video conferencing services; and
- receivables management, including debt purchasing collections, contingent/third-party collections, government collections, first-party collections and commercial collections.

Each of these services builds upon our core competencies of managing technology, telephony and human capital. Many of the nation's leading enterprises trust us to manage their customer contacts and communications. These enterprises choose us based on our service quality and our ability to efficiently and cost-effectively process high volume, complex voice transactions.

Our Communication Services segment provides our clients with a broad portfolio of voice services through the following offerings: dedicated agent, shared agent, business services and automated services. These services provide clients with a comprehensive portfolio of services largely driven by customer initiated (inbound) transactions. These transactions are primarily consumer applications. We also support business-to-business ("B-to-B") applications. Our B-to-B services include sales, lead generation, full account management and other services. Our Communication Services segment operates a network of customer contact centers and automated voice and data processing centers throughout the United States and in Canada, India, Jamaica and the Philippines. Our home agent service is performed by agents throughout the United States.

Our Conferencing Services segment provides our clients with an integrated, global suite of audio, web and video conferencing options. This segment offers four primary services: reservationless, operator-assisted, web and video conferencing. Our Conferencing Services segment operates out of facilities in the United States, the United Kingdom, Canada, Singapore, Australia, Hong Kong, New Zealand and India.

Our Receivables Management segment assists our clients in collecting and managing their receivables. This segment offers debt purchasing collections, contingent/third-party collections, government collections, first-party collections and commercial collections. Our Receivables Management segment operates out of facilities in the United States, Jamaica and Mexico.

Basis of Consolidation — The consolidated financial statements include our accounts and the accounts of our wholly owned and majority owned subsidiaries. All intercompany transactions and balances have been eliminated in the consolidated financial statements.

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

Revenue recognition — The Communication Services segment recognizes revenue for agent-based services including order processing, customer acquisition, customer retention and customer care in the month that calls are

processed by an agent, based on the number of calls and/or time processed on behalf of clients or on a success rate or commission basis.

Automated services revenue is recognized in the month that calls are received or sent by automated voice response units and is billed based on call duration or per call.

The Conferencing Services segment recognizes revenue when services are provided and generally consists of per-minute charges. Revenues are reported net of any volume or special discounts.

The Receivables Management segment recognizes revenue for contingent/third party collection services and government collection services in the month collection payments are received based upon a percentage of cash collected or other agreed upon contractual parameters. First party collection services on pre-charged off receivables are recognized on an hourly rate basis. We believe that the amounts and timing of cash collections for our purchased receivables can be reasonably estimated; therefore, we utilize the level-yield method of accounting for our purchased receivables.

We adopted American Institute of Certified Public Accountants Statement of Position 03-3, "Accounting for Loans or Certain Securities Acquired in a Transfer," ("SOP 03-3") on January 1, 2005. SOP 03-3 states that if the collection estimates established when acquiring a portfolio are subsequently lowered, an allowance for impairment and a corresponding expense are established in the current period for the amount required to maintain the internal rate of return, or "IRR", expectations. If collection estimates are raised, increases are first used to recover any previously recorded allowances and the remainder is recognized prospectively through an increase in the IRR. This updated IRR must be used for subsequent impairment testing. Portfolios acquired prior to December 31, 2004 will continue to be governed by Accounting Standards Executive Committee Practice Bulletin 6, as amended by SOP 03-3, which set the IRR at December 31, 2004 as the IRR to be used for impairment testing in the future. Because any reductions in expectations are recognized as an expense in the current period and any increases in expectations are recognized over the remaining life of the portfolio, SOP 03-3 increases the probability that we will incur impairments in the future, and these impairments could be material. During 2005, no impairment allowances were required. Periodically the Receivables Management segment will sell all or a portion of a pool to third parties. Proceeds of these sales are also recognized in revenue under the effective interest method.

The agreements to purchase receivables typically include customary representations and warranties from the sellers covering account status, which permit us to return non-conforming accounts to the seller. Purchases are pooled based on similar risk characteristics and the time period when the pools are purchased, typically quarterly. The receivables portfolios are purchased at a substantial discount from their face amounts and are initially recorded at our cost to acquire the portfolio. Returns are applied against the carrying value of the pool.

Cost of Services — Cost of services includes labor, sales commissions, telephone and other expenses directly related to service activities.

Selling, General and Administrative Expenses — Selling, general and administrative expenses consist of expenses that support the ongoing operation of our business. These expenses include costs related to division management, facilities costs, equipment depreciation and maintenance, amortization of finite lived intangible assets, sales and marketing activities, client support services, bad debt expense and corporate management costs.

Other income (expense) — Other income (expense) includes interest income from short-term investments, interest expense from short-term and long-term obligations and rental income.

Cash and Cash Equivalents — We consider short-term investments with original maturities of three months or less at acquisition to be cash equivalents.

Trust Cash — Trust cash represents cash collected on behalf of our Receivables Management clients that has not yet been remitted to them. A related liability is recorded in accounts payable until settlement with the respective clients.

Financial Instruments — Cash and cash equivalents, accounts receivable and accounts payable are short-term in nature and the net values at which they are recorded are considered to be reasonable estimates of their fair values. The carrying values of notes receivable, notes payable and long-term obligations are deemed to be reasonable estimates of their fair values. Interest rates that are currently available to us for the reissuance of notes with similar terms and remaining maturities are used to estimate fair values of the notes receivable, notes payable and long-term obligations.

Accounts and Notes Receivable — Short-term accounts and notes receivable from customers are presented net of an allowance for doubtful accounts of $10,489 in 2005 and $10,022 in 2004.

Property and Equipment — Property and equipment are recorded at cost. Depreciation expense is based on the estimated useful lives of the assets or remaining lease terms, whichever is shorter, and is calculated on the straight-line method. Our owned buildings have estimated useful lives ranging from 20 to 39 years and the majority of the other assets have estimated useful lives of three to five years. We review property, plant and equipment for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Recoverability of an asset "held-for-use" is determined by comparing the carrying amount of the asset to the undiscounted net cash flows expected to be generated from the use of the asset. If the carrying amount is greater than the undiscounted net cash flows expected to be generated by the asset, the asset's carrying amount is reduced to its fair value. An asset "held-for-sale" is reported at the lower of the carrying amount or fair value less cost to sell.

Goodwill and other Intangible Assets — Goodwill and other intangible assets with indefinite lives are not amortized, but are tested for impairment on an annual basis. We have determined that goodwill and other intangible assets with indefinite lives are not impaired and therefore no write-off is necessary. Finite lived intangible assets are reviewed for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable.

Notes Receivable and Other Assets — At December 31, 2005 and 2004, long-term notes receivable from customers of $0 and $5,406, respectively, are presented net of an allowance for doubtful accounts of $0. The $5,406 change during 2005 is due to collections and reclassification to current notes receivable included in accounts and notes receivable, net. Other assets primarily include assets held in non-qualified deferred compensation plans and the unamortized balance of a licensing agreement and debt acquisition costs.

Income Taxes — We file a consolidated United States income tax return. We use an asset and liability approach for the financial reporting of income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. Deferred income taxes arise from temporary differences between financial and tax reporting. Income tax expense has been provided on the portion of foreign source income that we have determined will be repatriated to the United States.

Earnings Per Common Share — Basic earnings per share is computed by dividing income available to common stockholders by the weighted-average number of common shares outstanding for the period. Diluted earnings per share is computed using the weighted-average number of common shares and dilutive potential common shares outstanding during the period. Dilutive potential common shares result from the assumed exercise of outstanding stock options, by application of the treasury stock method, that have a dilutive effect on earnings per share. At December 31, 2005, 2004 and 2003, respectively, 0; 0; and 1,387,765 stock options were outstanding with an exercise price exceeding the average market value of common stock that were therefore excluded from the computation of shares contingently issuable upon exercise of the options.

WEST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003
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Comprehensive Income — Results of operations for foreign subsidiaries are translated using the average exchange rates during the period. Assets and liabilities are translated at the exchange rates in effect on the balance sheet dates. Currency translation adjustment is our only component of other comprehensive income.

Stock Based Compensation — We account for our stock-based compensation plans under the provisions of Accounting Principles Board Opinion 25, *Accounting for Stock Issued to Employees*, which utilizes the intrinsic value method. As a result of the exercise price being equal to the market price at the date of grant, we did not recognize compensation expense for the years ended December 31, 2005, 2004 and 2003. For purposes of the following disclosures, the estimated fair value of the options is amortized over the options' vesting period. Had our stock option and stock purchase plan been accounted for under Statement of Financial Accounting Standards ("SFAS") No. 123, *Accounting for Stock-Based Compensation*; 2005, 2004 and 2003 net income and earnings per share would have been reduced to the following amounts:

	Year Ended December 31,		
	2005	2004	2003
Net Income:			
As reported	$ 150,349	$ 113,171	$ 87,876
Pro forma	$ 140,016	$ 101,603	$ 74,227
Earnings per common share:			
Basic as reported	$ 2.18	$ 1.67	$ 1.32
Diluted as reported	$ 2.11	$ 1.63	$ 1.28
Pro forma basic	$ 2.03	$ 1.50	$ 1.12
Pro forma diluted	$ 1.96	$ 1.46	$ 1.08

The weighted average fair value per share of options granted in 2005, 2004 and 2003 was $8.76, $8.32 and $16.57, respectively. The fair value for options granted under the above described plans was estimated at the date of grant using the Black Scholes pricing model with the following weighted average assumptions:

	2005	2004	2003
Risk-free interest rate	3.7%	2.5%	2.2%
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	24.9%	32.5%	105.0%
Expected life (years)	3.7	4.7	4.4

Minority Interest — Effective September 30, 2004, one of our portfolio receivable lenders, CFSC Capital Corp. XXXIV, exchanged its rights to share profits in certain portfolio receivables for a 30% minority interest in one of our subsidiaries, Worldwide Asset Purchasing, LLC. We became a party to the CFSC Capital Corp. relationship as a result of the Worldwide acquisition. As a result of this exchange our $10,734 loan participation obligation to CFSC Capital Corp. XXXIV, which had previously been included as a liability, to lender was converted to minority interest.

Restricted Stock — Restricted stock totaled 79,389 and 157,116 shares at December 31, 2005 and 2004, respectively. At December 31, 2005, there were 51,913 restricted shares related to compensation agreements with two senior executive officers. These shares carry voting rights; however, sale or transfer of the shares is restricted until the shares vest. The fair value of these restricted shares on the respective grant dates were $25.04 and $16.825 per share or $2,346. These restricted shares vest through July, 2008 and will be recognized as compensation expense over that time period. During 2005, 2004 and 2003, $538, $482 and $403 was recognized as compensation expense, respectively.

As a result of the acquisition of the minority interest of West Direct in 2003, each share of common stock of West Direct (other than those held by us) was automatically converted into the right to receive 1.9625 shares of our Common Stock. The four minority stockholders of West Direct, who are each our executive officers or executive officers of West Direct, received an aggregate of 240,411 shares of our Common Stock in the transaction, of which 139,340 shares were subject to vesting. At December 31, 2005, there were 27,476 shares subject to vesting.

Preferred Stock — Our Board of Directors has the authority, without any further vote or action by the stockholders, to provide for the issuance of up to ten million shares of preferred stock from time to time in one or more series with such designations, rights, preferences and limitations as the Board of Directors may determine, including the consideration received therefore. The Board also has the authority to determine the number of shares comprising each series, dividend rates, redemption provisions, liquidation preferences, sinking fund provisions, conversion rights and voting rights without approval by the holders of common stock.

Recent Accounting Pronouncements — In December 2004, the Financial Accounting Standards Board issued SFAS No. 123R, "Share-Based Payment" ("SFAS 123R"), which requires companies to measure and recognize compensation expense for all stock-based payments at fair value. SFAS 123R will become effective for all registrants as of the first fiscal year beginning after June 15, 2005. Therefore, our required effective date is January 1, 2006. Our current estimate of the annual net income effect in 2006 of adopting SFAS 123R in January 2006 is approximately $10,000.

In October 2005, the FASB issued FASB Staff Position FAS 123(R)-2, "Practical Accommodation to the Application of Grant Date as Defined in FAS 123(R)" ("FSP 123(R)-2"). FSP 123(R)-2 provides guidance on the application of grant date as defined in SFAS No. 123(R). In accordance with this standard a grant date of an award exists if a) the award is a unilateral grant and b) the key terms and conditions of the award are expected to be communicated to an individual recipient within a relatively short time period from the date of approval. We will adopt this standard when we adopt SFAS No. 123(R), and do not anticipate that the implementation of this statement will have a significant impact on our results of operations.

In November 2005, the FASB issued FASB Staff Position FAS 123(R)-3, "Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards" ("FSP 123(R)-3"). FSP 123(R)-3 provides an elective alternative method that establishes a computational component to arrive at the beginning balance of the accumulated paid-in capital pool related to employee compensation and a simplified method to determine the subsequent impact on the accumulated paid-in capital pool of employee awards that are fully vested and outstanding upon the adoption of SFAS No. 123(R). We are currently evaluating this transition method.

In May 2005, the FASB issued SFAS Statement No. 154, "Accounting Changes and Error Corrections" ("SFAS 154"). SFAS 154 is a replacement of Accounting Principles Board Opinion No. 20 ("APB 20") and FASB Statement No. 3. SFAS 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes retrospective application, or the latest practicable date, as the required method for reporting a change in accounting principle and the reporting of a correction of an error. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005 and we will adopt this standard on January 1, 2006. We do not expect that the adoption of SFAS 154 will have a material impact on our consolidated results of operations, financial condition and cash flows.

Reclassifications — Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. Such reclassifications were not material, either individually or in the aggregate.

2. Acquisitions

Sprint Conferencing Assets

On June 3, 2005, we acquired the conferencing-related assets of Sprint Corporation ("Sprint") for a purchase price of $207,000 in cash plus related acquisition costs (the "Acquisition"). We funded the acquisition with cash on hand and borrowings under our existing bank credit facility.

The conferencing services assets acquired from Sprint provide audio, video and web-based conferencing products and services. Premise-based equipment was included in the purchase of the assets. In connection with the closing of the Acquisition, West and Sprint entered into, among other arrangements, (i) a strategic alliance to jointly market and sell conferencing services and (ii) a telecommunications agreement through which we will purchase telecommunications services from Sprint. We will also make additional future payments to Sprint based on customer revenues. These payments will affect future operations. The results of operations of the Sprint conferencing assets have been consolidated with our operating results since the acquisition date, June 3, 2005.

The following table summarizes the preliminary estimated fair values of the assets acquired in the Acquisition in thousands.

Property and equipment	$ 13,823
Intangible assets — customer lists (5 year amortization period)	67,926
Goodwill	127,220
Total assets acquired	$ 208,969

We are in the process of obtaining a third-party valuation of certain intangible assets. Thus, the allocation of the purchase price is subject to refinement.

ECI

On December 1, 2004, we acquired 100% of the equity interests in ECI Conference Call Services LLC ("ECI") for cash of $53,207, net of cash received of $617, assumed debt and other liabilities. The acquisition was funded with a combination of cash on hand and borrowings under our existing bank credit facility. ECI is a provider of conferencing services, particularly operator-assisted calls. ECI was acquired from an investment group. ECI is being integrated into our conferencing segment, but will maintain its separate brand and market presence. The results of operations of ECI have been consolidated with our operating results since the acquisition date, December 1, 2004.

During 2005, we completed the purchase price allocation for the ECI acquisition in connection with the completion of the third-party valuation of certain intangible assets without any material adjustment of the previously reported purchase price allocation.

Worldwide

On August 1, 2004, we acquired 100% of the equity interests of Worldwide Asset Management, LLC and related entities ("Worldwide") for cash of $133,443, net of cash received of $10,639, assumed debt and other liabilities. The acquisition was funded with a combination of cash on hand and borrowings under our existing bank credit facility. Worldwide is a leading purchaser and collector of delinquent accounts receivable portfolios from consumer credit originators. Its primary areas of operations include, purchasing and collecting charged-off consumer debt, government collections and contingent/third-party collections. The results of operations of Worldwide have been consolidated with our operating results since the acquisition date, August 1, 2004.

WEST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
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The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at August 1, 2004. During 2005, we completed the purchase price allocation for the Worldwide acquisition in connection with the completion of the third-party valuation of certain intangible assets without any material adjustment of the previously reported purchase price allocation.

	August 1, 2004 (Amounts in thousands)
Current assets	$ 22,306
Portfolio receivables	74,573
Property and equipment	3,345
Other assets	111
Intangible assets	15,640
Goodwill	77,113
Total assets acquired	193,088
Current liabilities	6,237
Portfolio notes payable	31,769
Other liabilities	1,130
Liability to lender from loan participation feature	9,870
Total liabilities assumed	49,006
Net assets acquired	$ 144,082

Assuming the acquisitions referred to above occurred as of the beginning of the periods presented, our unaudited pro forma results of operations for the years ended December 31, 2005 and 2004 would have been:

	2005	2004
Revenue	$ 1,573,544	$ 1,447,501
Net Income	$ 152,112	$ 127,170
Earnings per common share-basic	$ 2.21	$ 1.88
Earnings per common share-diluted	$ 2.13	$ 1.83

The pro forma results above are not necessarily indicative of the operating results that would have actually occurred if the acquisitions had been in effect on the dates indicated, nor are they necessarily indicative of future results of the combined companies.

(Dollars in Thousands Except Per Share Amounts)

3. Goodwill and Other Intangible Assets

The following table presents the activity in goodwill by reporting segment for the years ended December 31, 2005 and 2004:

	Communication Services	Conferencing Services	Receivables Management	Combined
Balance at January 1, 2004	$ 76,120	$ 326,489	$ 50,239	$ 452,848
Acquisitions	—	37,229	76,658	113,887
Finalization of purchase price allocation	—	3,481	—	3,481
Tel Mark Sales, Inc. earn out adjustment	3,669	—	—	3,669
Balance at December 31, 2004	79,789	367,199	126,897	573,885
Finalization of purchase price allocation	—	3,801	475	4,276
Attention earn out adjustment	—	—	3,400	3,400
Acquisitions	8,843	127,220	—	136,063
Balance at December 31, 2005	$ 88,632	$ 498,220	$ 130,772	$ 717,624

We allocated the excess of the Sprint conferencing asset purchase cost over the fair value of the assets acquired and other finite-lived intangible assets to goodwill based on preliminary estimates. We are in the process of obtaining a third-party appraisal. The process of obtaining a third-party appraisal involves numerous time consuming steps for information gathering, verification and review. We do not expect to finalize the Sprint appraisal until the second quarter of 2006. Goodwill recognized in this transaction is currently estimated at $127,220 and is deductible for tax purposes.

We have allocated the excess of the Worldwide acquisition cost over the fair value of the assets acquired, liabilities assumed and other finite-lived intangible assets to goodwill based on an independent third-party appraisal. Goodwill recognized in this transaction is $77,113 and is deductible for tax purposes.

We allocated the excess of the ECI acquisition cost over the fair value of the assets acquired, liabilities assumed and other finite-lived intangible assets to goodwill based on an independent third-party appraisal. Goodwill recognized in this transaction is $41,509 and is deductible for tax purposes.

Two acquisitions made in 2002, Tel Mark Sales and Attention included earn out provisions. The final payment of the Tel Mark Sales earnout was made during 2005. During 2005, based upon results of operations, we accrued an additional $3,400 in goodwill for an earn out obligation in connection with our acquisition of Attention. Under the Attention agreement, additional consideration is payable over the two year period between 2006 and 2007, which will range from a minimum of $14,650 to a maximum of $19,750, based on Attention satisfying certain earnings objectives during 2006. At December 31, 2005, $8,900 was accrued in accrued expenses and $5,750 in other long term liabilities.

Factors contributing to the recognition of goodwill

Factors that contributed to a purchase price resulting in goodwill for the purchase of Sprint's conferencing assets included process and system synergies within our Conferencing Services segment.

Factors that contributed to the Worldwide purchase price resulting in goodwill included synergies with other parts of our business, such as, Worldwide's experience with purchased receivable portfolios, the relationship Worldwide has with sellers of portfolios, the relationship Worldwide has with experienced portfolio lenders,

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Worldwide's historical cash flow, Worldwide's executive experience (not tied to non-competition agreements) and the value of the workforce in place.

Factors that contributed to the ECI purchase price resulting in goodwill included: synergies with other parts of our business and strengthening our position in managing operator assisted calls.

Other intangible assets

Below is a summary of the major intangible assets and weighted average amortization periods for each identifiable intangible asset:

	As of December 31, 2005			
Intangible Assets	Acquired Cost	Accumulated Amortization	Net Intangible Assets	Weighted Average Amortization Period
Customer lists	$ 146,650	$ (43,964)	$ 102,686	5.8
Trade names	23,910	—	23,910	Indefinite
Patents	14,963	(4,988)	9,975	17.0
Trade names	1,751	(1,525)	226	3.1
Other intangible assets	6,261	(2,711)	3,550	6.6
Total	$ 193,535	$ (53,188)	$ 140,347	

	As of December 31, 2004			
Intangible Assets	Acquired Cost	Accumulated Amortization	Net Intangible Assets	Weighted Average Amortization Period
Customer lists	$ 77,181	$ (22,243)	$ 54,938	6.4
Trade names	29,243	—	29,243	Indefinite
Patents	14,753	(4,050)	10,703	17.0
Trade names	1,511	(1,468)	43	2.8
Other intangible assets	5,705	(1,604)	4,101	5.4
Total	$ 128,393	$ (29,365)	$ 99,028	

Amortization expense for finite lived intangible assets was $23,823, $14,630 and $9,865 for the years ended December 31, 2005, 2004 and 2003, respectively. Estimated amortization expense for the intangible assets acquired in all acquisitions for the next five years is as follows:

2006	$ 28,661
2007	$ 28,634
2008	$ 21,868
2009	$ 18,341
2010	$ 8,615

The amount of other finite-lived intangible assets recognized in the Sprint Conferencing acquisition is currently estimated to be $67,926 and is comprised of customer lists. These finite lived intangible assets are being amortized over five years based on the estimated lives of the intangible assets. Amortization expense for the Sprint Conferencing finite lived intangible assets was $7,925 for the seven months ended December 31, 2005.

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The amount of other finite-lived intangible assets recognized in the Worldwide acquisition is $15,640 and is comprised of $13,300 for customer lists, $1,500 for covenants not to compete, $640 for an attorney network relationship and $200 for forward flow backlog arrangements. These finite lived intangible assets are being amortized over ten months to ten years based on the estimated lives of the intangible assets. Amortization expense for the Worldwide finite lived intangible assets was $2,296 and $914 for 2005 and 2004, respectively.

The amount of other finite and indefinite lived intangible assets recognized in the ECI acquisition are currently estimated to be $6,837 and is comprised of $6,597 for customer lists, and $240 for a trade name. The customer lists and trade name are being amortized over five years. Amortization expense for the ECI finite lived intangible assets was $1,230 and $251 for 2005 and 2004, respectively.

The intangible asset trade names for two acquisition in 2003, InterCall and ConferenceCall.com, were determined to have an indefinite life based on management's current intentions. We periodically review the underlying factors relative to these intangible assets. If factors were to change, which would indicate the need to assign a definite life to these assets, we will do so and commence amortization.

Below is a summary of other intangible assets, at acquired cost, by reporting segment as of December 31, 2005 and 2004:

	Communication Services	Conferencing Services	Receivables Management	Corporate	Combined
As of December 31, 2005					
Customer lists	$ 5,677	$ 118,663	$ 22,310	$ —	$ 146,650
Trade names	831	24,195	635	—	25,661
Patents	14,753	—	—	210	14,963
Other intangible assets	1,996	1,475	2,790	—	6,261
Total	$ 23,257	$ 144,333	$ 25,735	$ 210	$ 193,535
As of December 31, 2004					
Customer lists	$ 5,677	$ 48,494	$ 23,010	$ —	$ 77,181
Trade names	831	29,288	635	—	30,754
Patents	14,753	—	—	—	14,753
Other intangible assets	1,996	1,159	2,550	—	5,705
Total	$ 23,257	$ 78,941	$ 26,195	$ —	$ 128,393

(Dollars in Thousands Except Per Share Amounts)

4. Portfolio Receivables

Changes in purchased receivable portfolios since the acquisition of Worldwide on August 1, 2004 through December 31, 2005, were as follows:

Amounts acquired through Worldwide acquisition on August 1, 2004	$ 74,573
Cash purchases	4,350
Non recourse borrowing purchases	25,209
Recoveries	(50,984)
Proceeds from portfolio sales, net of putbacks	(5,332)
Revenue recognized	36,603
Purchase putbacks	(876)
Balance at December 31, 2004	83,543
Less: current portion	26,646
Portfolio receivables, net of current portion	$ 56,897
Balance at January 1, 2005	$ 83,543
Cash purchases	11,403
Non recourse borrowing purchases	66,786
Recoveries	(154,558)
Proceeds from portfolio sales, net of putbacks	(25,292)
Revenue recognized	115,401
Purchase putbacks	(2,833)
Balance at December 31, 2005	94,450
Less: current portion	35,407
Portfolio receivables, net of current portion	$ 59,043

5. Property and Equipment

Property and equipment, at cost consisted of the following:

	December 31, 2005	December 31, 2004
Land and improvements	$ 7,404	$ 7,400
Buildings	60,022	58,947
Telephone and computer equipment	396,696	358,697
Office furniture and equipment	53,057	57,652
Leasehold improvements	68,962	64,501
Construction in progress	14,798	4,876
	$ 600,939	$ 552,073

We lease certain land, buildings and equipment under operating leases which expire at varying dates through July 2024. Rent expense on operating leases was $26,319, $21,234 and $17,175 for the years ended December 31, 2005, 2004 and 2003, respectively, exclusive of related-party lease expense. We lease certain office space owned by

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a partnership whose partners are our majority stockholders. The lease was renewed on December 10, 2003 and expires in 2014. Related party lease expense was $667, $939 and $1,035 for the years ended December 31, 2005, 2004 and 2003, respectively. On all real estate leases, we pay real estate taxes, insurance and maintenance associated with the leased sites. Certain of the leases offer extension options ranging from month-to-month to five years.

Future minimum payments under non-cancelable operating leases with initial or remaining terms of one year or more are as follows:

	Non-Related Party Operating Leases	Related-Party Operating Lease	Total Operating Leases
Year Ending December 31,			
2006	$ 23,053	$ 667	$ 23,720
2007	20,476	667	21,143
2008	16,702	667	17,369
2009	12,582	688	13,270
2010	9,210	731	9,941
2011 and thereafter	15,099	2,680	17,779
Total minimum obligations	$ 97,122	$ 6,100	$ 103,222

We are a party to a synthetic building lease with a lessor. The lessor is not a variable interest entity as defined by Financial Accounting Standards Board (“FASB”) Interpretation No. 46R, *Consolidation of Variable Interest Entities (an interpretation of ARB No. 51)* (“FIN 46R”). The initial lease term expires in 2008. There are three renewal options of five years each subject to mutual agreement of the parties. The lease facility bears interest at a variable rate over a selected LIBOR, which resulted in an annual effective interest rate of 4.54%, 2.80% and 2.42% for 2005, 2004 and 2003, respectively. The aggregate synthetic lease expense for the three years ended December 31, 2005, 2004 and 2003 were $1,385, $1,130 and $973, respectively. Based on our variable-rate obligation at December 31, 2005, each 50 basis point rate increase would increase annual interest expense by approximately $153. We may, at any time, elect to exercise a purchase option of approximately $30,535 for the building. If we elect not to purchase the building or renew the lease, the building would be returned to the lessor for remarketing. We have guaranteed a residual value of 85% to the lessor upon the sale of the building. At December 31, 2005 and 2004, the fair value of the guaranteed residual value for the building was approximately $804 and $1,149, respectively and is included in other long term assets and other long term liabilities.

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6. Accrued Expenses

Accrued expenses consisted of the following as of:

	December 31, 2005	December 31, 2004
Accrued wages	$ 46,848	$ 40,789
Accrued phone	23,061	9,734
Accrued employee benefit costs	9,907	6,640
Acquisition earnout commitments	8,900	8,919
Accrued other taxes (non-income related)	8,849	6,132
Deferred revenue	5,930	3,917
Customer deposits	3,481	3,359
Other current liabilities	25,206	14,946
	$ 132,182	$ 94,436

7. Portfolio Notes Payable

Our portfolio notes payable consisted of the following as of:

	December 31,	
	2005	2004
Non-recourse portfolio notes payable	$ 40,520	$ 28,498
Less current maturities	27,275	20,144
Portfolio notes payable	$ 13,245	$ 8,354

As of September 30, 2004, through a majority — owned subsidiary, Worldwide Asset Purchasing, LLC (“WAP”), we amended WAP’s revolving financing facility with a third party specialty lender, CFSC Capital Corp. XXXIV. The lender is also a minority interest holder in WAP. Pursuant to this arrangement, we can borrow from CFSC Capital Corp. XXXIV 80% to 85% of the purchase price of each portfolio purchase made and we will fund the remainder. Interest accrues on the debt at a variable rate of 2% over prime. The debt is non-recourse and is collateralized by all portfolio receivables within a loan series. Each loan series contains a group of portfolio asset pools that have an aggregate original principal amount of approximately $20,000. Payments are due monthly over two years from the date of origination.

8. Long-Term Obligations and Credit Arrangements

We maintain a bank revolving credit facility of $400,000 which matures November 15, 2009. The facility bears interest at a variable rate over a selected LIBOR based on our leverage. At December 31, 2005, $220,000 was outstanding on the revolving credit facility. We began 2005 with $230,000 outstanding on the revolving credit facility. The highest balance outstanding on the credit facility during 2005 was $365,000 compared to $230,000 in 2004. The average daily outstanding balance of the revolving credit facility during 2005 was $257,948 compared to $57,822 in 2004. The effective annual interest rate, inclusive of debt amortization costs, on the revolving credit facility for the year ended December 31, 2005 and 2004 was 4.53% and 3.42%, respectively. The commitment fee on the unused revolving credit facility at December 31, 2005 and 2004, was 0.175%. The amended and restated facility bears interest at a minimum of 75 basis points over the selected LIBOR and a maximum of 125 basis points over the selected LIBOR. All our obligations under the facility are unconditionally guaranteed by substantially all of our domestic subsidiaries. The facility contains various financial covenants, which include a consolidated

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leverage ratio of funded debt to adjusted earnings before interest, stock-based compensation, minority interest up to $15,000 a year, taxes, depreciation and amortization ("adjusted EBITDA") which may not exceed 2.5 to 1.0 and a consolidated fixed charge coverage ratio of adjusted EBITDA to the sum of consolidated interest expense, scheduled funded debt payments, scheduled payments on acquisition earn-out obligations and income taxes paid, which must exceed 1.2 to 1.0. Both ratios are measured on a rolling four-quarter basis. We were in compliance with the financial covenants at December 31, 2005.

9. Income Taxes

Components of income tax expense were as follows:

	Year Ended December 31,		
	2005	2004	2003
Current income tax expense:			
Federal	$ 77,977	$ 51,486	$ 49,868
State	5,198	2,819	2,337
Foreign	7,206	5,280	2,066
	90,381	59,585	54,271
Deferred income tax expense (benefit):			
Federal	(2,424)	5,895	(2,326)
State	(221)	282	(166)
	(2,645)	6,177	(2,492)
	$ 87,736	$ 65,762	$ 51,779

A reconciliation of income tax expense computed at statutory tax rates compared to effective income tax rates was as follows:

	2005	2004	2003
Statutory rate	35.0%	35.0%	35.0%
State income tax effect	1.4%	1.0%	1.1%
Other	0.5%	0.8%	0.9%
	36.9%	36.8%	37.0%

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Significant temporary differences between reported financial and taxable earnings that give rise to deferred tax assets and liabilities were as follows:

	December 31, 2005	December 31, 2004
Deferred tax assets:		
Allowance for doubtful accounts	$ 3,784	$ 3,217
Benefit plans	2,674	1,643
Accrued expenses	2,048	1,419
Total deferred tax assets	8,506	6,279
Deferred tax liabilities:		
Depreciation and amortization	$ 35,846	$ 38,775
Purchased Portfolios	6,995	3,458
Prepaid expenses	2,432	3,048
International earnings	1,776	—
Foreign currency translation	(738)	213
Total deferred tax liabilities	46,311	45,494
Net deferred tax liability	$ 37,805	$ 39,215

Deferred tax assets/liabilities included in the balance sheet as of:

	Year Ended December 31, 2005	Year Ended December 31, 2004
Other current assets	$ 2,368	$ 3,518
Long term deferred income tax liability	40,173	42,733
Net deferred income taxes	$ 37,805	$ 39,215

In 2005, 2004, and 2003, income tax benefits attributable to employee stock option transactions of $8,363, $6,221 and $4,244, respectively were allocated to shareholders' equity.

In preparing our tax returns, we are required to interpret complex tax laws and regulations. On an ongoing basis, we are subject to examinations by federal and state tax authorities that may give rise to different interpretations of these complex laws and regulations. Due to the nature of the examination process, it generally takes years before these examinations are completed and matters are resolved. At year-end, we believe the aggregate amount of any additional tax liabilities that may result from these examinations, if any, will not have a material adverse effect on our financial condition, results of operations or cash flows.

10. Off-Balance Sheet Arrangements

In addition to the synthetic lease agreement discussed in Note 5, we maintain, through our wholly owned subsidiary West Asset Management, Inc., a $20,000 revolving financing facility *(Sallie Mae Facility)* with a third-party specialty lender and capitalized a consolidated special purpose entity ("SPE") for the sole purpose of purchasing defaulted accounts receivable portfolios. These assets are purchased by us, transferred to the SPE and sold to a non-consolidated qualified special purpose entity ("QSPE"). As of December 31, 2005 we have remaining commitments to purchase receivable portfolios as follows: $5,300 of cumulative purchases by July 31, 2006 and an

additional $35,000 of receivable portfolio purchases by July 31, 2007. Pursuant to this credit facility, we are required to fund a minimum of 20% ($8,100 at December 31, 2005) of the purchases and the third party lender will finance the remainder of the purchases on a non-recourse basis. In certain circumstances, we may extend the three year period to four years. Interest accrues on the debt at a variable rate equal to the greater of (i) prime plus 2% or (ii) 50 basis points above the lender's actual cost of funds. These assets will be purchased by us, transferred to the SPE and sold to a non-consolidated QSPE.

We will perform collection services on the receivable portfolios for a fee, recognized when cash is received. The SPE and the third party lender will also be entitled to a portion of the profits of the QSPE to the extent cash flows from collections are greater than amounts owed by the QSPE, after repayment of all servicing fees, loan expense and return of capital. At December 31, 2005 and December 31, 2004, the SPE had a note receivable from the QSPE for $2,300 and $300, respectively. Also, at December 31, 2005, $7,200 of the $20,000 revolving financing facility had been utilized.

11. Employee Benefits and Incentive Plans

We have a multiple employer 401(k) plan, which covers substantially all employees twenty-one years of age or older who will also complete a minimum of 1,000 hours of service in each calendar year. Under the plan, we match 50% of employees' contributions up to 14% of their gross salary if the employee satisfies the 1,000 hours of service requirement during the calendar year. Our matching contributions vest 25% per year beginning after the second service anniversary date. The matching contributions are 100% vested after the employee has attained five years of service. Total employer contributions under the plan were $3,155, $2,484 and $2,741 for the years ended December 31, 2005, 2004 and 2003, respectively. The 401(k) plans of Tel Mark Sales, Inc., Attention, LLC and InterCall, Inc. were merged into our 401(k) plan in 2003.

We maintain a grantor trust under the West Corporation Executive Retirement Savings Plan ("Trust"). The principal of the Trust, and any earnings thereon shall be held separate and apart from our other funds and shall be used exclusively for the uses and purposes of plan participants and general creditors. Participation in the Trust is voluntary and is restricted to highly compensated individuals as defined by the Internal Revenue Service. We will match 50% of employee contributions, limited to the same maximums and vesting terms as those of the 401(k) plan. Our total contributions under the plan were $883, $644 and $599 for the years ended December 31, 2005, 2004 and 2003, respectively. Assets under the Trust at December 31, 2005 and 2004 were $8,507 and $6,533, respectively.

Effective January 2003, we established our Nonqualified Deferred Compensation Plan (the "Deferred Compensation Plan"). Pursuant to the terms of the Deferred Compensation Plan, eligible management, non-employee directors or highly compensated employees may elect to defer a portion of their compensation and have such deferred compensation invested in the same investments made available to participants of the 401(k) plan or notionally in our Common Stock ("Common Shares"). We match 50% of any amounts notionally invested in Common Shares, where matched amounts are subject to 20% vesting each year. All matching contributions are 100% vested five years after the employee has initiated participation in the matching feature of the Deferred Compensation Plan. The Deferred Compensation Plan and any earnings thereon shall be held separate and apart from our other funds and shall be used exclusively for the uses and purposes of plan participants and general creditors. Our total contributions under the plan were $973, $655 and $478 for the years ended December 31, 2005, 2004 and 2003, respectively. Assets under the Deferred Compensation Plan at December 31, 2005 and 2004 were $12,738 and $6,744, respectively.

In June 2002, we amended our 1996 Stock Incentive Plan (the "Plan"), which authorizes the grant to our employees, consultants and non-employee directors of options to purchase Common Shares, as well as other incentive awards based on the Common Shares. Awards covering a maximum of 12,499,500 Common Shares may be granted under the Plan. The expiration date of the Plan, after which no awards may be granted, is September 24,

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2006. However, the administration of the Plan shall continue in effect until all matters relating to the payment of options previously granted have been settled.

The following table presents the activity of the stock options for each of the fiscal years ended December 31, 2005, 2004 and 2003 and the stock options outstanding at the end of the respective fiscal years:

	Stock Option Shares	Weighted Average Exercise Price
Outstanding at January 1, 2003	4,380,456	$ 12.7981
Granted	2,797,973	19.9348
Canceled	(119,331)	15.7876
Exercised	(830,116)	9.9879
Outstanding at December 31, 2003	6,228,982	16.3210
Granted	1,764,001	25.6800
Canceled	(135,141)	22.7600
Exercised	(1,085,984)	13.4200
Outstanding at December 31, 2004	6,771,858	19.1000
Granted	873,789	35.3300
Canceled	(217,159)	26.7700
Exercised	(1,157,323)	18.8700
Outstanding at December 31, 2005	6,271,165	$ 21.2200
Shares available for future grants at December 31, 2005	290,778	

The following table summarizes information about our employee stock options outstanding at December 31, 2005:

Range of Exercise Prices	Stock Option Shares Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Stock Option Shares Exercisable	Weighted Average Exercise Price
$8.00 - $11.4135	1,562,035	2.97	$ 9.71	1,562,035	$ 9.71
$11.4136 - $15.218	87,805	7.02	$ 14.10	51,298	$ 14.07
$15.2181 - $19.0225	1,276,967	7.16	$ 17.84	438,720	$ 18.22
$19.0226 - $22.827	139,232	5.82	$ 21.19	124,677	$ 21.08
$22.828 - $26.6315	1,623,298	7.93	$ 24.83	440,050	$ 24.79
$26.6316 - $30.436	727,419	8.01	$ 28.31	257,255	$ 27.90
$30.4361 - $34.2405	476,284	8.83	$ 33.27	31,191	$ 31.62
$34.2406 - $38.045	378,125	9.61	$ 37.57	—	$ 0.00
$8.00 - $38.045	6,271,165	6.66	$ 21.22	2,905,226	$ 15.69

We maintain an Employees Stock Purchase Plan (the “Stock Purchase Plan”). The Stock Purchase Plan provides employees an opportunity to purchase Common Shares through annual offerings. Each employee participating in any offering is granted an option to purchase as many full Common Shares as the participating employee may elect so long as the purchase price for such Common Shares does not exceed 10% of the compensation received by such employee from us during the annual offering period or 1,000 Common Shares.

The purchase price is to be paid through payroll deductions. The purchase price for each Common Share is equal to 100% of the fair market value of the Common Share on the date of the grant, determined by the average of the high and low NASDAQ National Market quoted market price ($38.045 at July 1, 2005). On the last day of the offering period, the option to purchase Common Shares becomes exercisable. If at the end of the offering, the fair market value of the Common Shares is less than 100% of the fair market value at the date of grant, then the options will not be deemed exercised and the payroll deductions made with respect to the options will be applied to the next offering unless the employee elects to have the payroll deductions withdrawn from the Stock Purchase Plan. 56,669 shares were issued under the plan in 2005. After this distribution the maximum number of Common Shares available for sale under the Stock Purchase Plan was 1,880,693 Common Shares.

12. Commitments and Contingencies

From time to time, we are subject to lawsuits and claims which arise out of our operations in the normal course of our business. West Corporation and certain of our subsidiaries are defendants in various litigation matters in the ordinary course of business, some of which involve claims for damages that are substantial in amount. We believe, except for the items discussed below for which we are currently unable to predict the outcome, the disposition of claims currently pending will not have a material adverse effect on our financial position, results of operations or cash flows.

Sanford v. West Corporation et al., No. GIC 805541, was filed February 13, 2003 in the San Diego County, California Superior Court. The original complaint alleged violations of the California Consumer Legal Remedies Act, Cal. Civ. Code §§ 1750 et seq., unlawful, fraudulent and unfair business practices in violation of Cal. Bus. & Prof. Code §§ 17200 et seq., untrue or misleading advertising in violation of Cal. Bus. & Prof. Code §§ 17500 et seq., and common law claims for conversion, unjust enrichment, fraud and deceit, and negligent misrepresentation, and sought monetary damages, including punitive damages, as well as restitution, injunctive relief and attorneys fees and costs. The complaint was brought on behalf of a purported class of persons in California who were sent a Memberworks, Inc. ("MWI") membership kit in the mail, were charged for an MWI membership program, and were allegedly either customers of what the complaint contended was a joint venture between MWI and West Corporation or West Telemarketing Corporation ("WTC") or wholesale customers of West Corporation or WTC. WTC and West Corporation filed a demurrer in the trial court on July 7, 2004. The court sustained the demurrer as to all causes of action in plaintiff's complaint, with leave to amend. WTC and West Corporation received an amended complaint and filed a renewed demurrer. On January 24, 2005, the Court entered an order sustaining West Corporation and WTC's demurrer with respect to five of the seven causes of action, including all causes of action that allow punitive damages. On February 14, 2005, WTC and West Corporation filed a motion for judgment on the pleadings seeking a judgment as to the remaining claims. On April 26, 2005 the Court granted the motion without leave to amend. The Court also denied a motion to intervene filed on behalf of Lisa Blankenship and Vicky Berryman. The Court entered judgment in West Corporation's and WTC's favor on May 5, 2005. The plaintiff has appealed the judgment and the order denying intervention. The matter is now before the Fourth Appellate District Court of Appeals.

The plaintiff in the litigation described above had previously filed a complaint in the United States District Court for the Southern District of California, No. 02-cv-0601-H, against WTC and West Corporation and MWI alleging, among other things, claims under 39 U.S.C. § 3009. The federal court dismissed the federal claims against WTC and West Corporation and declined to exercise supplemental jurisdiction over the remaining state law claims. Plaintiff proceeded to arbitrate her claims with MWI and refiled her claims as to WTC and West Corporation in the Superior Court of San Diego County, California described above. Plaintiff has contended in her pleadings in the state action that the order of dismissal in federal court was not a final order and that the federal case is still pending against West Corporation and WTC. The District Court on December 30, 2004 confirmed the arbitration award in the arbitration between plaintiff and MWI. Plaintiff filed a Notice of Appeal on January 28, 2005. Preston Smith and

Rita Smith, whose motion to intervene was denied by the District Court, have also sought to appeal. WTC and West Corporation moved to dismiss the appeal and have joined in a motion to dismiss the appeal filed by MWI. The motions to dismiss have been referred to the merits panel, and the case has been fully briefed in the Court of Appeals. WTC and West Corporation are currently unable to predict the outcome or reasonably estimate the possible loss, if any, or range of losses associated with the claims in the state and federal actions described above.

Brandy L. Ritt, et al. v. Billy Blanks Enterprises, et al. was filed in January 2001 in the Court of Common Pleas in Cuyahoga County, Ohio, against two of our clients. The suit, a purported class action, was amended for the third time in July 2001 and West Corporation was added as a defendant at that time. The suit, which seeks statutory, compensatory, and punitive damages as well as injunctive and other relief, alleges violations of various provisions of Ohio's consumer protection laws, negligent misrepresentation, fraud, breach of contract, unjust enrichment and civil conspiracy in connection with the marketing of certain membership programs offered by our clients. On February 6, 2002, the court denied the plaintiffs' motion for class certification. On July 21, 2003, the Ohio Court of Appeals reversed and remanded the case to the trial court for further proceedings. The plaintiffs filed a Fourth Amended Complaint naming West Telemarketing Corporation as an additional defendant and a renewed motion for class certification. One of the defendants, NCP Marketing Group ("NCP"), filed for bankruptcy and on July 12, 2004 removed the case to federal court. Plaintiffs filed a motion to remand the case back to state court. On August 30, 2005, the U.S. Bankruptcy Court for the District of Nevada remanded the case back to the state court in Cuyahoga County, Ohio. The Bankruptcy Court also approved a settlement between the named plaintiffs and NCP and two other defendants, Shape The Future International LLP and Integrity Global Marketing LLC. West Corporation and West Telemarketing Corporation have filed motions for judgment on the pleadings and a motion for summary judgment. It is uncertain when the motion for class certification and the motions for judgment on the pleadings and for summary judgment will be ruled on. A jury trial has been scheduled for April 26, 2006, but it is uncertain whether the case will be tried on that date. West Corporation and West Telemarketing Corporation are currently unable to predict the outcome or reasonably estimate the possible loss, if any, or range of losses associated with this claim.

13. Business Segments

We operate in three segments: Communication Services, Conferencing Services and Receivables Management. These segments are consistent with our management of the business and operating focus. Prior to the third quarter of 2004, the financial results of Attention were included in the Communication Services segment. With the acquisition of Worldwide in August 2004, the financial results of Attention are included with Worldwide in the Receivables Management segment. Prior period segment disclosures have been reclassified to reflect this change.

Communication Services is dedicated agent, shared agent, automated and business-to-business services. Conferencing Services is composed of audio, web and video conferencing services. Receivables Management is composed of debt purchasing collections, contingent/third party collections, government collections, first-party collections and commercial collections. The following year-to-date results for 2005 and 2004 include Sprint's

WEST CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)
YEARS ENDED DECEMBER 31, 2005, 2004 AND 2003
(Dollars in Thousands Except Per Share Amounts)

conferencing related assets, Worldwide and ECI from their respective acquisition dates: June 3, 2005, August 1, 2004 and December 1, 2004, respectively.

	For the Year Ended December 31,		
	2005	2004	2003
Revenue:			
Communication Services	$ 873,975	$ 817,718	$ 794,043
Conferencing Services	438,613	302,469	160,796
Receivables Management	216,191	99,411	34,134
Intersegment eliminations	(4,856)	(2,215)	(632)
Total	$ 1,523,923	$ 1,217,383	$ 988,341
Operating Income:			
Communication Services	$ 122,076	$ 105,638	$ 109,981
Conferencing Services	105,793	67,264	33,180
Receivables Management	38,808	14,989	(52)
Total	$ 266,677	$ 187,891	$ 143,109
Depreciation and Amortization (Included in Operating Income):			
Communication Services	$ 59,805	$ 64,426	$ 65,210
Conferencing Services	42,171	29,593	18,576
Receivables Management	8,901	6,166	2,680
Total	$ 110,877	$ 100,185	$ 86,466
Capital Expenditures:			
Communication Services	$ 43,881	$ 41,871	$ 31,007
Conferencing Services	17,640	13,440	5,710
Receivables Management	8,274	2,396	1,157
Corporate	7,060	2,179	8,378
Total	$ 76,855	$ 59,886	$ 46,252

	As of December 31, 2005	As of December 31, 2004	As of December 31, 2003
Assets:			
Communication Services	$ 360,150	$ 370,527	$ 380,821
Conferencing Services	749,168	549,540	501,826
Receivables Management	301,155	271,977	69,903
Corporate	88,189	79,162	63,313
Total	$ 1,498,662	$ 1,271,206	$ 1,015,863

Revenues and assets outside the United States are less than 10% of consolidated revenues and assets.

(Dollars in Thousands Except Per Share Amounts)

For 2005, 2004 and 2003, our largest 100 clients represented 63%, 69% and 77% of total revenue. For 2005 and 2004, we had one customer, Cingular Wireless LLC ("Cingular"), which accounted for 12% and 9% of our total revenue, respectively. We had one customer, AT&T, who accounted for 5% of total revenue for 2005 and 9% and 15% of total revenue for 2004 and 2003, respectively

14. Concentration of Credit Risk

Our accounts receivable subject us to the potential for credit risk with our customers. At December 31, 2005, three customers accounted for $34,582 or 15.9% of gross accounts receivable, compared to $38,792, or 18.9% of gross receivables at December 31, 2004. We perform ongoing credit evaluations of our customers' financial condition. We maintain an allowance for doubtful accounts for potential credit losses based upon historical trends, specific collection problems, historical write-offs, account aging and other analysis of all accounts and notes receivable. As of February 10, 2006, $30,841 of the $34,582 of the December 31, 2005 gross accounts receivable, noted above had been collected.

15. Supplemental Cash Flow Information

The following table summarizes supplemental information about our cash flows for the years ended December 31, 2005, 2004 and 2003:

	Years Ended December 31,		
	2005	2004	2003
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for interest	$ 13,595	$ 8,680	$ 4,744
Cash paid during the period for income taxes	$ 71,836	$ 48,778	$ 42,749
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING ACTIVITIES:			
Future obligation related to acquisitions	$ 3,400	$ 3,669	$ 2,170
Acquisition of minority interest in subsidiary	$ —	$ —	$ 3,129
Restricted stock issued in the purchase of minority interest in a subsidiary	$ —	$ —	$ 2,418
Conversion of note payable to an equity interest in a majority owned subsidiary	$ 10,291	$ —	$ —
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING ACTIVITIES:			
Issuance of restricted stock	$ —	$ 1,000	$ —
Issuance of stock from treasury reserves	$ 2,697	$ —	$ —

(Dollars in Thousands Except Per Share Amounts)

16. Quarterly Results of Operations (Unaudited)

The following is the summary of the unaudited quarterly results of operations for the two years ended December 31, 2005 and 2004.

	Three Months Ended			
	March 31, 2005	June 30, 2005	September 30, 2005	December 31, 2005
Revenue	$ 359,557	$ 369,788	$ 389,814	$ 404,764
Cost of services	165,937	165,297	174,239	181,908
Gross Profit	193,620	204,491	215,575	222,856
Net income	$ 33,540	$ 37,458	$ 37,825	$ 41,526
Earnings per common share:				
Basic	$ 0.49	$ 0.55	$ 0.55	$ 0.60
Diluted	$ 0.47	$ 0.53	$ 0.53	$ 0.58

	Three Months Ended			
	March 31, 2004	June 30, 2004	September 30, 2004	December 31, 2004
Revenue	$ 289,368	$ 283,684	$ 307,613	$ 336,718
Cost of services	125,934	123,550	137,858	154,637
Gross Profit	163,434	160,134	169,755	182,081
Net income	$ 27,427	$ 26,755	$ 28,511	$ 30,478
Earnings per common share:				
Basic	$ 0.41	$ 0.40	$ 0.42	$ 0.45
Diluted	$ 0.40	$ 0.39	$ 0.41	$ 0.43

17. Subsequent Events

Subsequent to December 31, 2005, we announced that we had entered into definitive agreements to acquire two publicly traded companies, Intrado Inc. and Raindance Communications Inc. Both acquisitions are subject to customary closing conditions and regulatory approvals and are expected to close in the second quarter of 2006. The total purchase price of these two acquisitions, before transaction costs and net of option proceeds and cash on hand will be approximately $575,000. We will fund these acquisitions with cash on hand, our existing bank credit facility and additional debt.

Schedule II

WEST CORPORATION AND SUBSIDIARIES

CONSOLIDATED VALUATION ACCOUNTS
THREE YEARS ENDED DECEMBER 31, 2005

Description	Balance Beginning of Year	Reserves Obtained with Acquisitions	Additions — Charged to Cost and Expenses	Deductions — Amounts Charged-Off	Balance End of Year
			(Amounts in thousands)		
December 31, 2005 — Allowance for doubtful accounts — Accounts and notes receivable	$ 10,022	$ —	$ 2,803	$ 2,336	$ 10,489
December 31, 2004 — Allowance for doubtful accounts — Accounts and notes receivable	$ 11,208	$ 1,107	$ 5,706	$ 7,999	$ 10,022
December 31, 2003 — Allowance for doubtful accounts — Accounts and notes receivable	$ 6,139	$ 2,007	$ 9,979	$ 6,917	$ 11,208

The year end balance in the allowance for doubtful accounts — accounts and notes receivable (current) for the years ended 2005, 2004 and 2003 was $10,489, $10,022 and $9,131 respectively. The year end balance in the allowance for doubtful accounts — long-term notes receivable for the years ended 2005, 2004 and 2003 was $0, $0 and $2,077, respectively.

EXHIBIT INDEX

Exhibits identified in parentheses below, on file with the SEC are incorporated by reference into this report.

Exhibit Number	Description	Sequential Page Number
2.01	Purchase Agreement, dated as of July 23, 2002, by and among the Company, Attention, LLC, the sellers and the sellers' representative named therein (incorporated by reference to Exhibit 2.1 to Form 8-K dated August 2, 2002)	*
2.02	Agreement and Plan of Merger, dated as of March 27, 2003, by and among West Corporation, Dialing Acquisition Corp., ITC Holding Company, Inc. and, for purposes of Sections 3.6, 4.1 and 8.13 and Articles 11 and 12 only, the Stockholder Representative (incorporated by reference to Exhibit 2.1 to Form 8-K dated April 1, 2003)	*
2.03	Purchase Agreement, dated as of July 22, 2004, by and among Worldwide Asset Management, LLC; National Asset Management Enterprises, Inc.; Worldwide Asset Collections, LLC; Worldwide Asset Purchasing, LLC; BuyDebtCo LLC; The Debt Depot, LLC; Worldwide Assets, Inc., Frank J. Hanna Jr., Darrell T. Hanna, West Corporation and West Receivable Services, Inc. (incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K filed on August 9, 2004)	*
2.04	Purchase Agreement, dated as of July 22, 2004, by and among Asset Direct Mortgage, LLC, Frank J. Hanna, Jr., Darrell T. Hanna and West Corporation. (incorporated by reference to Exhibit 2.2 to Current Report on Form 8-K filed on August 9, 2004)	*
2.05	Asset Purchase Agreement, dated as of May 9, 2005, among InterCall, Inc., Sprint Communications Company L.P. and Sprint Corporation, solely with respect to certain sections thereof (incorporated by reference to Exhibit 2.1 to Current Report on Form 8-K filed on June 9, 2005)	*
2.06	Agreement and Plan of Merger, dated January 29, 2006, by and among West Corporation, West International Corp. and Intrado Inc.	**
2.07	Agreement and Plan to Merger, dated February 6, 2006, by and among Raindance Communications, Inc, West Corporation and Rockies Acquisition Corporation	**
3.01	Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 99.II to Form 8-K dated December 29, 2000)	*
3.02	Amended and Restated By-Laws of the Company (incorporated by reference to Exhibit 3.01 to Form 8-K dated February 16, 2005)	*
10.01	Form of Registration Rights Agreement (incorporated by reference to Exhibit 10.01 to Registration Statement under Form S-1 (Amendment No. 1) dated November 12, 1996, File No. 333-13991)	*
10.02	Amended and Restated West Corporation 1996 Stock Incentive Plan (incorporated by reference to Annex 2 to Schedule 14A filed May 10, 2005)(1)	*
10.03	Employment Agreement between the Company and Thomas B. Barker dated January 1, 1999, as amended February 11, 2005 (incorporated by reference to Exhibit 10.03 to Form 10-K filed February 25, 2005)(1)	*
10.04	Employment Agreement between the Company and Paul M. Mendlik dated November 4, 2002, as amended February 11, 2005 (incorporated by reference to Exhibit 10.04 to Form 10-K filed February 25, 2005)(1)	*
10.05	Stock Redemption Agreement, dated April 9, 1996, by and among Gary L. West and Mary E. West (incorporated by reference to Exhibit 10.11 to Registration Statement under Form S-1 (Amendment No. 1) dated November 12, 1996, File No. 333-13991)(1)	*
10.06	Assignment and Assumption Agreement, dated as of November 12, 1996, by and among Gary L. West, Mary E. West and West TeleServices Corporation (Exhibit 10.12 to Registration Statement under Form S-1 (Amendment No. 2) dated November 21, 1996, File No. 333-13991)	*
10.07	Lease, dated September 1, 1994, by and between West Telemarketing Corporation and 99-Maple Partnership (Amendment No. 1) dated December 10, 2003	**

Exhibit Number	Description	Sequential Page Number
10.08	Employment Agreement between the Company and Nancee R. Berger, dated January 1, 1999, as amended February 11, 2005 (incorporated by reference to Exhibit 10.08 to Form 10-K filed February 25, 2005)(1)	*
10.09	Employees Stock Purchase Plan (incorporated by reference to Annex A to Schedule 14A filed April 10, 2003)(1)	*
10.10	Employment Agreement between the Company and Mark V. Lavin dated July 1, 1999, as amended February 11, 2005 (incorporated by reference to Exhibit 10.10 to Form 10-K filed February 25, 2005)(1)	*
10.11	Employment Agreement between the Company and Steven M. Stangl dated January 1, 1999, as amended February 11, 2005 (incorporated by reference to Exhibit 10.11 to Form 10-K filed February 25, 2005)(1)	*
10.12	Employment Agreement between the Company and Michael M. Sturgeon, dated January 1, 1999, as amended February 11, 2005 (incorporated by reference to Exhibit 10.12 to Form 10-K filed February 25, 2005)(1)	*
10.13	Employment Agreement between the Company and Jon R. (Skip) Hanson, dated October 4, 1999, as amended February 11, 2005 (incorporated by reference to Exhibit 10.13 to Form 10-K filed February 25, 2005)(1)	*
10.14	Employment Agreement between West Direct, Inc. and Todd B. Strubbe, dated July 30, 2001, as amended February 11, 2005 (incorporated by reference to Exhibit 10.14 to Form 10-K filed February 25, 2005)(1)	*
10.15	Employment Agreement between the Company and Michael E. Mazour, dated January 9, 2004 as amended February 11, 2005 (incorporated by reference to Exhibit 10.15 to Form 10-K filed February 25, 2005)(1)	*
10.16	Executive Restricted Stock Agreement by and between the Company and Paul M. Mendlik dated September 12, 2002 (incorporated by reference to Exhibit 10.02 to Form 10-Q dated November 4, 2002)(1)	*
10.17	West Corporation Nonqualified Deferred Compensation Plan (incorporated by reference to Annex B to Schedule 14A filed April 10, 2003)(1)	*
10.18	Employment Agreement between the Company and Joseph Scott Etzler, dated May 7, 2003, as amended February 11, 2005 (incorporated by reference to Exhibit 10.18 to Form 10-K filed February 25, 2005) (1)	*
10.19	Amended and Restated Credit Agreement, dated November 15, 2004, among the Company and Wachovia Bank, National Association as Administrative Agent and the banks named therein. (incorporated by reference to Exhibit 10.19 to Form 10-K filed February 25, 2005)	*
10.20	Employment Agreement between the Company and Jim Richards, dated May 7, 2003, as amended February 11, 2005 (incorporated by reference to Exhibit 10.20 to Form 10-K filed February 25, 2005)(1)	*
10.21	Participation Agreement, dated May 9, 2003, among West Facilities Corporation, the Company, Wachovia Development Corporation and Wachovia Bank, National Association as Agent for the Financing Parties and Secured Parties and the banks named therein (incorporated by reference to Exhibit 10.23 to Form 10-K filed on March 8, 2004)	*
10.22	First amendment to the Participation Agreement, dated October 31, 2003, among West Facilities Corporation, the Company, Wachovia Development Corporation and Wachovia Bank, National Association as Agent for the Financing Parties and Secured Parties and the banks named therein (incorporated by reference to Exhibit 10.24 to Form 10-K filed on March 8, 2004)	*
10.23	Second amendment to the Participation Agreement, dated January 22, 2004, among West Facilities Corporation, the Company, Wachovia Development Corporation and Wachovia Bank, National Association as Agent for the Financing Parties and Secured Parties and the banks named therein (incorporated by reference to Exhibit 10.22 to Form 10-K filed on March 8, 2004)	*

Exhibit Number	Description	Sequential Page Number
10.24	Third amendment to the Participation Agreement, dated August 9, 2004, among West Facilities Corporation, the Company, Wachovia Development Corporation and Wachovia Bank, National Association as Agent for the Financing Parties and Secured Parties and the banks named therein. (incorporated by reference to Exhibit 10.24 to Form 10-K filed February 25, 2005)	*
10.25	Fourth amendment to the Participation Agreement, dated November 15, 2004, among West Facilities Corporation, the Company, Wachovia Development Corporation and Wachovia Bank, National Association as Agent for the Financing Parties and Secured Parties and the banks named therein. (incorporated by reference to Exhibit 10.25 to Form 10-K filed February 25, 2005)	*
21.01	Subsidiaries	**
23.01	Consent of Deloitte & Touche LLP	**
31.01	Certification pursuant to 15 U.S.C. section 7241 as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002	**
31.02	Certification pursuant to 15 U.S.C. section 7241 as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002	**
32.01	Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002	**
32.02	Certification pursuant to 18 U.S.C. section 1350 as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002	**

* Indicates that the page number for such item is not applicable.

** Filed herewith

(1) Indicates management contract or compensation plan or arrangement.

Exhibit 2.06

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AGREEMENT AND PLAN OF MERGER

by and among

WEST CORPORATION,

a Delaware corporation,

WEST INTERNATIONAL CORP.,

a Delaware corporation,

and

INTRADO INC.,

a Delaware corporation

Dated as of January 29, 2006

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TABLE OF CONTENTS

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is entered into as of January 29, 2006, by and among West Corporation, a Delaware corporation ("Parent"), West International Corp., a Delaware corporation and wholly-owned subsidiary of Parent ("Acquisition Sub"), and Intrado Inc., a Delaware corporation (the "Company").

RECITALS

A. The respective boards of directors of Parent, Acquisition Sub and the Company have each determined that it is advisable and in the best interests of their respective stockholders for Parent to acquire the Company upon the terms and provisions of and subject to the conditions set forth in this Agreement.

B. In furtherance of the acquisition of the Company by Parent, the respective boards of directors of Parent, Acquisition Sub and the Company have each approved a merger (the "Merger") of Acquisition Sub with and into the Company, with the Company as the surviving corporation (the "Surviving Corporation"), upon the terms and provisions of and subject to the conditions set forth in this Agreement.

C. By resolutions duly adopted, the board of directors of the Company has, in light of and subject to the terms and conditions hereof, (i) determined that this Agreement and the transactions contemplated hereby, including the Merger, are fair to and in the best interests of the Company and its stockholders; and (ii) resolved to recommend that the stockholders of the Company approve and adopt this Agreement.

AGREEMENT

In consideration of the covenants and agreements contained herein and the other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Parent, Acquisition Sub and the Company agree as follows:

SECTION 1. DEFINED TERMS.

1.1 DEFINITIONS. For purposes of this Agreement (including the Disclosure Schedule), the following terms shall have the meanings ascribed to them in this Section 1.1:

"ACQUISITION PROPOSAL" shall mean, other than the Contemplated Transactions, any inquiry, proposal, offer, or any indication of interest in making a proposal or offer, from a Third Party involving (a) any acquisition of record or beneficial ownership (as defined under Rule 13(d) of the Exchange Act), directly or indirectly, of 25% or more of the outstanding capital stock or outstanding voting power of the Company; (b) any tender offer or exchange offer that if consummated would result in any Third Party beneficially owning 25% or more of the total outstanding capital stock or outstanding voting power of the Company; (c) any merger, consolidation, business combination or similar transaction involving the Company or any of its Subsidiaries pursuant to which the stockholders of the Company immediately preceding such transaction hold less than 50% of the equity interests in the surviving or resulting or parent entity

of such transaction; (d) any acquisition of record or beneficial ownership (as defined under Rule 13(d) of the Exchange Act), directly or indirectly, of 50% or more of the consolidated assets of the Consolidated Company pursuant to a merger, consolidation or other business combination, sale of shares of capital stock, sale of assets, tender offer, exchange offer or other transaction, including any single step or multi-step transaction or series of related transactions, with respect to the Consolidated Company; or (e) any liquidation, dissolution, recapitalization, or other significant corporate reorganization of the Company.

"ACQUISITION SUB" shall have the meaning specified above in the introductory paragraph to this Agreement.

"AFFILIATE" shall mean, with respect to any party, any Person who is an "affiliate" of that Party within the meaning of Rule 405 promulgated under the Securities Act.

"AGREEMENT" shall have the meaning specified above in the introductory paragraph hereto.

"BUSINESS DAY" shall mean any day other than a Saturday, a Sunday or a day in which banks in New York are not open for business.

"CERTIFICATES" shall have the meaning specified in Section 2.10(b).

"CERTIFICATE OF MERGER" shall mean the certificate of merger relating to the Merger to be filed with, and recorded by, the Secretary of State of the State of Delaware, all as contemplated hereby and in accordance with the applicable provisions of the DGCL.

"CLOSING" shall have the meaning specified in Section 4.1.

"CLOSING DATE" shall have the meaning specified in Section 4.1.

"CODE" shall mean the Internal Revenue Code of 1986, as amended.

"COMMON STOCK" shall have the meaning specified in Section 5.2(a).

"COMPANY" shall have the meaning specified above in the introductory paragraph to this Agreement.

"COMPANY EMPLOYEE PLAN" shall have the meaning specified in Section 5.20.

"COMPANY INTELLECTUAL PROPERTY" shall have the meaning specified in Section 5.8(b).

"COMPANY MATERIAL ADVERSE EFFECT" shall mean any event, change, development or occurrence that, either individually or in the aggregate with all other such events, changes, developments or occurrences, has had or is likely to have a material adverse effect on (a) the ability of the Company to consummate the Merger prior to the End Date or (b) the financial condition, business, or results of operations of the Consolidated Company, taken as a whole; provided, however, that, in the case of clause (b), none of the following, in and of itself, shall constitute, or shall be considered in determining whether there has occurred, a Company

Material Adverse Effect: (i) changes in the economy or financial markets in general (unless with respect to any such change the Consolidated Company is disproportionately affected by such change as compared to other comparable participants in the Company's industry), (ii) a declaration of war or acts of terrorism (unless with respect to any such declaration or act the Consolidated Company is disproportionately affected by such declaration or act as compared to other comparable participants in the Company's industry), (iii) changes in general in the industries or markets in which the Company operates (unless with respect to any such change the Consolidated Company is disproportionately affected by such change as compared to other comparable participants in the Company's industry), (iv) changes in applicable Law (unless with respect to any such change the Consolidated Company is disproportionately affected by such change as compared to other comparable participants in the Company's industry) or in GAAP after the date hereof, (v) the announcement or pendency of this Agreement or the Contemplated Transactions, including actions of competitors or any delays or cancellations of orders for products or services or losses of employees resulting from such announcement, (vi) the taking of any actions contemplated by this Agreement or at the request of Parent; (vii) any fees or expenses incurred in connection with the Contemplated Transactions; (viii) any failure by the Company to meet analysts' revenue or earning projections or decline in the price of the Common Stock; or (ix) any stockholder litigation arising from or relating to the Merger.

"COMPANY MATERIAL CONTRACT" shall have the meaning specified in Section 5.9(a).

"COMPANY OPTIONS" shall have the meaning specified in Section 2.12.

"COMPANY STOCKHOLDERS MEETING" shall have the meaning specified in Section 7.7(a).

"CONSENT" shall mean any consent, approval, waiver or other authorization of any Person that is necessary in order to take a specified action or actions in a specified manner and/or to achieve a specified result.

"CONSOLIDATED COMPANY" shall mean the Company and all of its Subsidiaries, either individually or collectively.

"CONTEMPLATED TRANSACTIONS" shall mean the Closing of the Merger and any other transactions contemplated by this Agreement.

"CONTINUING EMPLOYEE" shall have the meaning specified in Section 7.11.

"CONTRACT" shall mean any written contract, agreement, instrument, order, arrangement, commitment or understanding of any nature.

"DGCL" shall mean the Delaware General Corporation Law, as amended to the date of this Agreement.

"DISCLOSURE SCHEDULE" shall mean that certain Disclosure Schedule of the Company attached to this Agreement.

"DISSENTING SHARES" shall have the meaning specified in Section 2.14.

"EFFECTIVE TIME" shall have the meaning specified in Section 2.2.

"EMPLOYEE BENEFIT PLAN" shall have the meaning specified in Section 5.20.

"ENCUMBRANCE" shall mean any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, equity, trust, equitable interest, claim, preference, right of possession, lease, tenancy, license, encroachment, covenant, infringement, interference, Order, proxy, option, right of first refusal, preemptive right, community property interest, legend, defect, impediment, exception, reservation, limitation, impairment, imperfection of title, condition or restriction of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).

"END DATE" shall mean June 30, 2006.

"ENTITY" shall mean any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, cooperative, foundation, society, political party, union, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization or entity.

"ENVIRONMENTAL LAWS" shall have the meaning specified in Section 5.16.

"ERISA" shall have the meaning specified in section 5.20.

"ERISA AFFILIATE" shall have the meaning specified in Section 5.20.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"GAAP" shall mean accounting principles as generally accepted in the United States, applied on a basis consistent with past practice.

"GOVERNMENTAL BODY" shall mean any nation, principality, state, commonwealth, province, territory, county, municipality, district or other jurisdiction of any nature; any federal, state, local, municipal, foreign or other government; any governmental or quasi-governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or Entity and any court or other tribunal); any multi-national organization or body; or any individual, Entity or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature.

"HSR ACT" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"INTELLECTUAL PROPERTY" shall have the meaning specified in Section 5.8(a).

"KNOWLEDGE OF THE COMPANY" shall mean only the actual knowledge of the Specified Individuals.

"KNOWLEDGE OF THE PARENT" shall mean the actual knowledge of Thomas Barker, Chief Executive Officer; Paul Mendlik, Executive Vice President and Chief Financial Officer and David Mussman, Executive Vice President and General Counsel.

"LAW" shall mean any laws, statutes, ordinances, regulations, rules and orders of any Governmental Body.

"LEASED PROPERTY" shall have the meaning specified in Section 5.17.

"LETTER OF TRANSMITTAL" shall have the meaning specified in Section 2.10(b).

"LIABILITY" shall mean any obligation or liability of any nature (including any known, unknown, undisclosed, unaccrued, unasserted, contingent, indirect, conditional, implied, vicarious, derivative, joint, several or secondary liability), due or to become due, regardless of whether such obligation, duty or liability would be required to be disclosed on a balance sheet prepared in accordance with generally accepted accounting principles and regardless of whether such debt, obligation, duty or liability is immediately due and payable.

"LISTED TRANSACTION" shall mean any transaction that is the same as or substantially similar to one of the types of transactions that the Internal Revenue Service has identified (by notice, regulation, other form of published guidance or otherwise) as a "listed transaction" pursuant to Treasury Regulation Section 1.6011-4(b)(2).

"LTIP PLAN" shall mean the Company's long-term incentive plan, pursuant to which participants may receive Share Rights Awards that may entitle them to shares of Common Stock.

"MATTER" shall mean any claim, demand, dispute, action, suit, examination, audit, proceeding, investigation, inquiry or other similar matter.

"MERGER" shall have the meaning specified in Recital B to this Agreement.

"NON-DISCLOSURE AGREEMENT" shall mean the confidentiality and non-disclosure agreement between the Company and Parent dated as of December 12, 2005.

"NON-QUALIFIED DEFERRED COMPENSATION PLAN" shall mean the Company's unfunded, non tax-qualified deferred compensation plan, as amended and restated effective January 1, 2005.

"OPTION CONSIDERATION" shall have the meaning specified in Section 2.12(b) of this Agreement.

"ORDER" shall mean any order, judgment, injunction, edict, decree, ruling, pronouncement, determination, decision, opinion, verdict, sentence, subpoena, writ or award that is, has been or may in the future be issued, made, entered, rendered or otherwise put into effect by or under the authority of any court, administrative agency or other Governmental Body or any

arbitrator or arbitration panel; or any contract with any Governmental Body that is, has been or may in the future be entered into in connection with any Proceeding.

"ORDINARY COURSE OF BUSINESS" shall mean the ordinary course of business of the Consolidated Company, consistent in all material respects with past practice.

"PARENT" shall have the meaning specified above in the introductory paragraph to this Agreement.

"PARENT MATERIAL ADVERSE EFFECT" shall mean any material adverse effect on the ability of Parent or Acquisition Sub to consummate the Merger prior to the End Date.

"PAYING AGENT" shall mean the paying agent under the Paying Agent Agreement.

"PAYING AGENT AGREEMENT" shall mean a paying agent agreement to be entered into among Parent, Acquisition Sub, the Company and the Paying Agent, which shall have terms and provisions contemplated hereby and otherwise shall be in a form prepared by the Company and reasonably acceptable to the other parties thereto.

"PAYMENT FUND" shall have the meaning specified in Section 2.10(a).

"PER COMMON SHARE AMOUNT" shall have the meaning specified in Section 2.9(a).

"PERSON" shall mean any natural person, Entity or Governmental Body.

"PROCEEDING" shall mean any action, suit, litigation, arbitration, proceeding (including any civil, criminal, administrative, investigative or appellate proceeding and any informal proceeding), prosecution, contest, hearing, inquiry, inquest, audit, examination or investigation that is, has been or may in the future be commenced, brought, conducted or heard by or before, or that otherwise has involved or may involve, any Governmental Body or any arbitrator or arbitration panel.

"PROXY STATEMENT" shall have the meaning specified in Section 5.12.

"SEC" means the Securities and Exchange Commission.

"SEC REPORTS" shall have the meaning specified in Section 5.10.

"SHARE RIGHTS AWARD" shall mean an award under the LTIP Plan or the Stock Option Plan that grants an individual the right to receive Shares upon attainment of various vesting milestones.

"SHARES" shall mean shares of Common Stock.

"SPECIFIED INDIVIDUALS" shall mean the following officers of the Company (whether or not they hold the offices next to their respective names): George Heinrichs, Chairman of the Board, President and Chief Executive Officer; Lawrence P. Jennings, Chief Operating Officer; Michael D. Dingman, Jr., Chief Financial Officer; Craig W. Donaldson, Senior Vice President,

General Counsel and Company Secretary, Stephen M. Meer, Chief Technology Officer and Teri L. DePuy, Senior Vice President of Organizational Development.

"STOCK OPTIONS" shall mean all options to purchase Shares under the Stock Option Plan.

"STOCK OPTION PLAN" shall mean the Company's 1998 Stock Incentive Plan, as amended.

"STOCKHOLDERS" shall mean the holders of the Common Stock.

"STOCKHOLDER APPROVAL" shall have the meaning specified in Section 5.22.

"SUBSIDIARY" shall mean, with respect to any party, any corporation, partnership, trust, limited liability company or other non-corporate business enterprise in which such party (or another Subsidiary of such party) holds stock or other ownership interests representing (A) more that 50% of the voting power of all outstanding stock or ownership interests of such entity or (B) the right to receive more than 50% of the net assets of such entity available for distribution to the holders of outstanding stock or ownership interests upon a liquidation or dissolution of such entity

"SUPERIOR PROPOSAL" shall mean any unsolicited written offer described in clause (a), (b), (c), (d) or (e) of the definition of Acquisition Proposal (for purposes of this definition references to 25 % and 75 % in the definition of the "Acquisition Proposal" shall be to 50 %) that is determined by the Company's board of directors in its good faith judgment, after consultation with its financial advisor (a) to contemplate a transaction that if consummated would be more favorable to the stockholders of the Company than the Contemplated Transactions from a financial point of view, taking into account all of the terms and conditions of such proposal and of this Agreement and any amendments proposed by Parent to this Agreement pursuant to Section 7.8(e) and (b) to be reasonably capable of being consummated on the terms so proposed.

"SURVIVING CORPORATION" shall have the meaning specified in Recital B to this Agreement.

"TAX" shall mean (a) any federal, state, local or foreign net income, gross income, gross receipts, windfall profit, severance, property, production, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add-on minimum, ad valorem, value-added, transfer, stamp, or environmental (including taxes under Code Section 59A) 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, addition to tax or additional amount imposed by any Governmental Body; and (b) any liability for the payment of amounts with respect to payments of a type described in clause (a) as a result of being a member or an affiliated, consolidated, combined or unitary group, as a result of any obligation under any Tax sharing arrangement or Tax indemnity arrangement, or as transferee, successor or otherwise.

"TAX RETURN" shall mean any return (including any information return), report, statement, declaration, estimate, schedule, notice, notification, form, election, certificate or other document or information (including any amendments thereto) that is, has been or may in the future be filed with or submitted to, or required to be filed with or submitted to, any

Governmental Body in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Law relating to any Tax.

"THIRD PARTY" shall mean any Person or group other than Parent, Acquisition Sub and their Affiliates.

"THIRD-PARTY INTELLECTUAL PROPERTY" shall have the meaning specified in Section 5.8(b).

"TRANSACTION AGREEMENTS" shall mean this Agreement, the Non-Disclosure Agreement and, upon its execution, the Paying Agent Agreement.

"TREASURY REGULATIONS" shall mean the regulations promulgated by the U.S. Treasury Department pursuant to the Code.

"TREASURY SHARES" shall mean any Shares held by the Company as treasury stock.

"WARRANT" shall mean that certain Common Stock Purchase Warrant, dated August 23, 2001, issued by the Company with respect to 720 shares of Common Stock.

"WARRANT SHARES" shall mean the Shares purchasable pursuant to the Warrant.

SECTION 2. TERMS OF THE MERGER.

2.1 THE MERGER. At the Effective Time and upon the terms and subject to the conditions of this Agreement and in accordance with the DGCL, Acquisition Sub shall be merged with and into the Company, the separate corporate existence of Acquisition Sub shall cease and the Company shall continue as the Surviving Corporation.

2.2 EFFECTIVE TIME. Subject to the terms and conditions set forth in this Agreement, the parties hereto shall cause the Certificate of Merger be filed with the Secretary of State of the State of Delaware on the Closing Date in such form as is required by, and executed in accordance with, the relevant provisions of the DGCL. The Merger shall be effective at such time as the Certificate of Merger is duly filed with the Secretary of State of the State of Delaware in accordance with the DGCL or at such later time as Parent and the Company may agree upon and set forth in the Certificate of Merger (the "Effective Time").

2.3 CLOSING OF THE MERGER. Unless this Agreement shall have been terminated and the Merger shall have been abandoned pursuant to Section 10, the closing of the Merger will take place at a time and on a date as specified in Section 4.

2.4 EFFECTS OF THE MERGER. The Merger shall have the effects set forth in the DGCL. Without limiting the generality of the foregoing and subject thereto, at the Effective Time all the properties, rights, privileges, powers and franchises of the Company and Acquisition Sub shall vest in the Surviving Corporation and all debts, liabilities, obligations and duties of the Company and Acquisition Sub shall become the debts, liabilities, obligations and duties of the Surviving Corporation.

2.5 CERTIFICATE OF INCORPORATION AND BYLAWS. At the Effective Time, the certificate of incorporation of the Company shall be amended so that the authorized capital stock provided for by such certificate of incorporation consists solely of 10,000 shares of common stock, $0.01 par value per share, and, as so amended, shall be the certificate of incorporation of the Surviving Corporation until thereafter amended in accordance with applicable Law and such certificate of incorporation. The bylaws of Acquisition Sub in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation until thereafter amended in accordance with applicable Law, the certificate of incorporation of the Surviving Corporation and such bylaws.

2.6 BOARD OF DIRECTORS OF THE SURVIVING CORPORATION. The directors of Acquisition Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation until their successors have been duly elected or appointed and qualified, or until their earlier death, resignation or removal in accordance with the certificate of incorporation and bylaws of the Surviving Corporation.

2.7 OFFICERS OF THE SURVIVING CORPORATION. The officers of Acquisition Sub immediately prior to the Effective Time shall be the officers of the Surviving Corporation until their successors have been duly elected or appointed and qualified, or until their earlier death, resignation or removal in accordance with the certificate of incorporation and bylaws of the Surviving Corporation.

2.8 SUBSEQUENT ACTIONS. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any certificates, deeds, bills of sale, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm of record or otherwise in the Surviving Corporation its right, title or interest in, to or under any of the rights, properties or assets of either of the Company or Acquisition Sub acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger or otherwise to carry out this Agreement, the officers and directors of the Surviving Corporation shall be authorized to execute and deliver, in the name and on behalf of either the Company or Acquisition Sub, all such certificates, deeds, bills of sale, assignments and assurances and to take and do, in the name and on behalf of each of such corporations or otherwise, all such other actions and things as may be necessary or desirable to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in the Surviving Corporation or otherwise to carry out this Agreement.

2.9 CONVERSION OF CAPITAL STOCK. Subject to the terms and conditions of this Agreement, the following shall occur as of the Effective Time, by virtue of the Merger and without any action on the part of Acquisition Sub, the Company or the holder of any of the following securities:

(a) Common Stock. Each Share (other than any Share owned by Parent, Acquisition Sub or any Subsidiary of Parent or Acquisition Sub, Treasury Shares and Dissenting Shares) issued and outstanding immediately prior to the Effective Time shall be converted into and represent the right to receive $26.00 (the "Per Common Share Amount") in cash and without interest thereon (subject to any applicable withholding tax), upon surrender of the corresponding Certificate in accordance with Section 2.10.

(b) Capital Stock of Acquisition Sub. Each share of common stock, par value $0.01 per share, of Acquisition Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one fully paid and nonassessable share of common stock, par value $0.01 per share, of the Surviving Corporation with the same rights, power and privileges as the shares so converted.

(c) Cancellation of Treasury Shares and Parent and Acquisition Sub-Owned Stock. Each Treasury Share and each Share held by Parent, Acquisition Sub or any Subsidiary of Parent or Acquisition Sub immediately prior to the Effective Time shall automatically be canceled and retired and shall cease to exist and no consideration shall be delivered or deliverable in exchange therefor.

(d) Cancellation and Retirement of Shares. All Shares (other than Dissenting Shares) issued and outstanding immediately prior to the Effective Time shall no longer be outstanding, shall be canceled and retired, and shall cease to exist, and each holder of a Certificate representing any such Shares shall, to the extent such Certificate represents such Shares, cease to have any rights with respect thereto, except, in all cases other than Shares to be canceled in accordance with Section 2.9(a), the right to receive the Per Common Share Amount upon surrender of such Certificate in accordance with Section 2.10.

(e) Warrant. The Warrant (if issued and outstanding immediately prior to the Effective Time) shall be converted into and represent the right to receive, with respect to each Warrant Share, the Per Common Share Amount minus the purchase price per Warrant Share.

2.10 SURRENDER OF CERTIFICATES.

(a) Paying Agent. Prior to the Effective Time, Parent shall and the Company shall execute the Paying Agent Agreement with the Paying Agent. The Paying Agent shall receive the funds necessary to make the payments contemplated by Section 2.9, and Parent shall, at or prior to the Effective Time, deposit or cause to be deposited with the Paying Agent, for the benefit of the holders of Shares for exchange in accordance with this Section 2, cash in an amount sufficient to make payments of the Per Common Share Amount upon surrender of Certificates (such cash consideration being deposited hereinafter referred to as the "Payment Fund"). The Paying Agent shall, pursuant to the terms of the Paying Agent Agreement, make payments out of the Payment Fund as provided for in this Section 2 and the Payment Fund shall not be used for any other purpose. All expenses of the Paying Agent shall be paid by Parent or the Surviving Corporation.

(b) Exchange Procedures for Company Common Stock. As soon as reasonably practicable (and in any event within five Business Days) after the Effective Time, Parent shall mail, or shall cause the Paying Agent to mail, to each holder of record of a certificate or certificates (collectively, the "Certificates") which immediately prior to the Effective Time represented Shares (other than Shares held by Parent, Acquisition Sub or any Subsidiary of Parent or Acquisition Sub immediately prior to the Effective Time,

Treasury Shares and Dissenting Shares) (i) a letter of transmittal (a "Letter of Transmittal") (which shall specify that delivery shall be effected, and risk or loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Paying Agent and shall be in such form and have such other provisions as Parent may reasonably specify), and (ii) instructions for use in effecting the surrender of the Certificates in exchange for payment of the Per Common Share Amount. Upon surrender to the Paying Agent of a Certificate for cancellation, together with such Letter of Transmittal duly executed, and such other customary documents as may reasonably be required by the Paying Agent, the holder of such Certificate shall be entitled to receive in exchange therefor by check an amount in cash, without interest, equal to the Per Common Share Amount for each Share formerly represented by such Certificate. Such payment of the Per Common Share Amount shall be sent to such holder by the Paying Agent promptly after receipt by the Paying Agent of such Certificate, together with such Letter of Transmittal duly executed, and such other customary documents as may reasonably be required by the Paying Agent, and such Certificate so surrendered shall forthwith be canceled. The right of any stockholder to receive the Per Common Share Amount, shall be subject to and reduced by any applicable withholding obligation as set forth in Section 2.17. No interest will be paid or will accrue on any cash payable upon the surrender of a Certificate.

(c) No Further Ownership Rights in Common Stock. Until surrendered as contemplated by this Section 2.10, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive upon such surrender the Per Common Share Amount, without interest, in respect of the Shares formerly represented by such Certificate as contemplated by this Section 2.10. All cash paid upon the surrender for exchange of Certificates in accordance with the terms of this Section 2 shall be deemed to have been paid in full satisfaction of all rights pertaining to the Shares represented by such Certificates. After the Effective Time, there shall be no further registration of transfers of Shares on the records of the Company, and if Certificates are presented to the Surviving Corporation, they shall be canceled and exchanged as provided for, and in accordance with the procedures set forth, in this Section 2.

(d) Unregistered Transfer of Common Stock. If payment of the Per Common Share Amount is to be made to a Person other than the Person in whose name the surrendered Certificate is registered, it shall be a condition of such payment that the Certificate so surrendered shall be properly endorsed or shall be otherwise in proper form for transfer and that the Person requesting such payment shall have paid any transfer and any other Taxes required by reason of the payment to a Person other than the registered holder of the Certificate surrendered or shall have established to the satisfaction of the Surviving Corporation that such Tax either has been paid or is not applicable.

(e) Lost Certificates. In the event that any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation, the posting by such Person of a bond in such reasonable amount as the Surviving Corporation may require as indemnity against any claim that may be made against it with respect to such Certificate, the Paying Agent will issue, in exchange for

such lost, stolen or destroyed Certificate, the Per Common Share Amount payable pursuant to this Section 2.

(f) Investment of Payment Fund. The Paying Agent shall invest the cash included in the Payment Fund as directed by Parent. Any interest and other income resulting from such investments shall be paid as directed by Parent. To the extent that there are losses with respect to such investments, Parent shall promptly replace or restore the portion of the Payment Fund lost through investments so as to ensure that the Payment Fund is maintained at a level sufficient to make such payments.

(g) Termination of Payment Fund. Any portion of the Payment Fund that remains unclaimed by the former holders of Company Common Stock one year after the Effective Time shall be delivered to Parent upon demand. Any such holders who have not complied with this Section 2 prior to that time shall thereafter look only to Parent, and Parent shall thereafter be liable, for payment of the Per Common Share Amount (subject to abandoned property, escheat and similar Laws). Any such portion of the Payment Fund remaining unclaimed by holders of Shares immediately prior to such time as such amounts would otherwise escheat to or become property of any Governmental Body shall, to the extent permitted by applicable Law, become the property of Parent free and clear of all claims or interest of any Persons previously entitled thereto.

(h) No Liability. None of Parent, Acquisition Sub, the Company or the Paying Agent, or any employee, officer, director, agent or Affiliate thereof, shall be liable to any Person in respect of any cash from the Payment Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

2.11 TRANSFER TAXES. Any transfer taxes, stamp duties, filing fees, registration fees, recordation expenses, or other similar taxes, fees, charges or expenses incurred by the Stockholders, the Company or any other party in connection with the Merger or in connection with any of the other Contemplated Transactions shall be borne and paid exclusively by Parent.

2.12 COMPANY OPTIONS.

(a) The Company shall take such action as shall be required:

(i) to effectuate the cancellation, as of the Effective Time, of all outstanding stock options and Share Rights Awards ("Company Options") granted under the Stock Option Plan (without regard to the exercise price of such Company Options); and

(ii) to cause, pursuant to the Stock Option Plan, each outstanding Company Option to represent as of the Effective Time solely the right to receive, in accordance with this Section 2.12, a lump sum cash payment in the amount of the Option Consideration (as defined below), if any, with respect to such Company Option and to no longer represent the right to purchase Common Stock or any other equity security of the Company, Parent, Acquisition Sub or any other Person or any other consideration.

(b) Each holder of a Company Option shall receive from Parent, in respect and in consideration of each Company Option so cancelled, as soon as practicable following the Effective Time (but in any event not later than five Business Days), an amount (subject to any applicable withholding tax) equal to the product of (i) the excess, if any, of (A) the Per Common Share Amount over (B) the exercise price per share of Common Stock subject to such Company Option, multiplied by (ii) the total number of shares of Common Stock subject to such Company Option (whether or not then vested or exercisable), without any interest thereon (the "Option Consideration"). In the event that the exercise price of any Company Option is equal to or greater than the Per Common Share Amount, such Company Option shall be cancelled and have no further force or effect without the payment of any amount by the Company.

(c) As soon as practicable following the execution of this Agreement, the Company shall mail to each person who is a holder of Company Options a letter, approved by Parent prior to such mailing (which approval shall not be unreasonably withheld or delayed by Parent) describing the treatment of and payment for such Company Options pursuant to this Section 2.12 and providing instructions for use in obtaining payment for such Company Options. Parent shall at all times from and after the Effective Time maintain sufficient liquid funds to satisfy its obligations to holders of Company Options pursuant to this Section 2.12.

(d) The Company shall take such action as shall be required to cause the Company's employee stock purchase plan and all rights thereunder to terminate at or prior to the Effective Time.

2.13 LTIP IMPLEMENTATION. In accordance with the terms of the Company's LTIP Plan, all Share Rights Awards under the LTIP Plan shall become fully vested and payable immediately prior to the Effective Time. Except as provided below, the shares of Common Stock payable to LTIP Plan participants upon vesting shall be paid to such participants immediately prior to the Effective Time and shall be treated in the same manner as all other shares of Common Stock outstanding as of the Effective Time under this Section 2. Notwithstanding the foregoing, to the extent an LTIP Plan participant has elected to defer payment of a Share Rights Award under the Company's Non-Qualified Deferred Compensation Plan, no Common Stock shall be issued to the participant upon vesting of the Share Rights Award, but the participant's account in the Non-Qualified Deferred Compensation Plan shall be credited with the cash value of the Common Stock otherwise payable pursuant to such Share Rights Award.

2.14 APPRAISAL RIGHTS. Notwithstanding anything in this Agreement to the contrary, Shares that are issued and outstanding immediately prior to the Effective Time and that are held by a holder who has not voted in favor of the Merger or consented thereto in writing and who shall have properly demanded and perfected appraisal rights under Section 262 of the DGCL (the "Dissenting Shares") shall not be converted into or represent the right to receive the applicable Per Common Share Amount but instead shall be entitled to receive such payment from the Surviving Corporation with respect to such Dissenting Shares as shall be determined pursuant to Section 262 of the DGCL; provided, however, that if such holder shall have failed to perfect or shall have effectively withdrawn or otherwise lost such holder's right to appraisal and payment

under the DGCL, each such Share held by such holder shall thereupon be deemed to have been cancelled and converted into and to have become, as of the Effective Time, the right to receive, without any interest thereon, the Per Common Share Amount in accordance with Section 2.9(a), and such Share shall no longer be a Dissenting Share. The Company shall give prompt notice to Parent of any written demands received by the Company for appraisals of any Shares and attempted withdrawals of such demands and any other instruments served pursuant to Section 262 of the DGCL and received by the Company relating to rights to be paid the "fair value" of Dissenting Shares, as provided in Section 262 of the DGCL, and Parent shall have the right to direct all negotiations and proceedings with respect to such demands. The Company shall not, except with the prior written consent of Parent, voluntarily make or agree to make any payment with respect to any demands for appraisals of Shares, offer to settle or settle any demands or approve any withdrawal of any such demands.

2.15 ADJUSTMENTS. Notwithstanding anything in this Agreement to the contrary, if, between the date of this Agreement and the Effective Time, the outstanding Shares shall be changed into a different number, class or series of shares by reason of any stock dividend, subdivision, reclassification, recapitalization, stock split, combination or exchange of shares, then the Per Common Share Amount payable with respect thereto and any other amounts payable pursuant to this Agreement shall be appropriately adjusted.

2.16 WITHHOLDING TAXES. Parent and the Surviving Corporation shall be entitled to deduct and withhold from any consideration otherwise payable under this Agreement any amounts as are required to be deducted and withheld under the Code, the rules and regulations promulgated thereunder, or any provision of state, local or foreign tax Law. 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 Person in respect of which such deduction and withholding was made.

SECTION 3. OTHER TRANSACTIONS AND AGREEMENTS.

3.1 PAYING AGENT AGREEMENT. At or prior to the Closing, Parent, Acquisition Sub and the Company will enter into the Paying Agent Agreement.

SECTION 4. CLOSING.

4.1 CLOSING. The closing of the Merger (the "Closing") shall take place at 10:00 a.m., Colorado time, on a date to be specified by Parent and the Company (the "Closing Date"), which shall be no later than the second Business Day after satisfaction or waiver of the conditions set forth in Sections 8 and 9 (other than delivery of items to be delivered at the Closing and other than satisfaction of 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), at the offices of Holme Roberts & Owen LLP in Denver, Colorado, unless another date, place or time is agreed to in writing by Parent and the Company.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF COMPANY.

Subject to the limitations set forth in this Agreement, the Company represents and warrants to Parent and Acquisition Sub as follows, except as disclosed in the SEC Reports or disclosed or otherwise referred to in the Disclosure Schedule as referenced by the applicable section number below or any other section of this Agreement as long as the applicability of such disclosure to the subject matter of such other section is reasonably apparent on its face.

5.1 ORGANIZATION. The Company is validly existing and in good standing as a corporation under the laws of the State of Delaware. The Company has all requisite corporate power and authority to own and operate its property and its assets (other than the property and assets it leases), to lease the property it operates as lessee and to conduct the business in which it is currently, and as it is currently proposed to be, engaged and has the power and authority to execute, deliver and perform its obligations under this Agreement and the other Transaction Agreements. Each Subsidiary of the Company is duly organized, validly existing and in good standing (where such concept is recognized under the laws of the applicable jurisdiction) under the laws of its jurisdiction of incorporation and has all requisite corporate power and authority to own and operate its property and assets, to lease the property it operates as lessee and to conduct the business in which it is currently, and as it currently is proposed to be engaged. The Company and each of its Subsidiaries is duly qualified to transact business and is in good standing (where such concept is recognized under the laws of the applicable jurisdiction) in each jurisdiction in which the nature of its activities and its properties (both owned and leased) makes such qualification necessary, except for those jurisdictions in which the failure to so qualify would not result in a Company Material Adverse Effect.

5.2 CAPITALIZATION AND VOTING RIGHTS.

(a) The authorized capital stock of the Company consists of (i) Fifty Million (50,000,000) shares of common stock, par value $0.001 ("Common Stock"), of which 18,033,296 shares were issued and outstanding as of the close of business on January 26, 2006 and (ii) Fifteen Million (15,000,000) shares of Preferred Stock, par value $0.001, of which no shares were issued or outstanding or reserved for issuance as of the close of business on January 26, 2006.

(b) The outstanding shares of Common Stock are all duly and validly authorized and issued, fully paid and nonassessable, free and clear of preemptive rights, with no personal liability attached to the ownership thereof, and were issued in compliance with all applicable state and federal Laws concerning the issuance of securities.

(c) The Company has reserved 3,338,470 Shares for issuance under the Stock Option Plan as of the close of business on January 26, 2006. As of the close of business on January 26, 2006, there were outstanding Company Options with respect to 3,317,702 Shares. Section 5.2(c) of the Disclosure Schedule sets forth a complete, correct and accurate list of each outstanding Company Option, the number of Shares subject thereto and the exercise price thereof each as of the close of business on January 26, 2006. The Company has reserved 720 Shares for issuance under the Warrant. The Company has delivered to Parent prior to the date hereof a complete, correct and accurate copy of the Warrant.

(d) Except as set forth in this Section 5.2 or Section 5.2 of the Disclosure Schedule, there are (i) no outstanding shares of capital stock of, or other equity or voting interest in, the Company, (ii) no outstanding securities of the Company or any of its Subsidiaries convertible into or exchangeable for or exercisable for shares of capital stock of, or other equity or voting interest in, the Company, (iii) no outstanding options, warrants, rights or other commitments or agreements to acquire from the Company, or that obligates the Company or any of its Subsidiaries to issue, sell or grant, any capital stock of, or other equity or voting interest in, or any securities convertible into or exchangeable for or exercisable for shares of capital stock of, or other equity or voting interest in, the Company, (iv) no obligations of the Company or any of its Subsidiaries to grant, extend or enter into any subscription, warrant, right, convertible or exchangeable security or other similar agreement or commitment relating to any capital stock of, or other equity or voting interest in, the Company, (v) no other obligations by the Company or any of its Subsidiaries to make any payments based on the price or value of the Shares, and (vi) no outstanding bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exchangeable for or exercisable for securities having the right to vote) with the stockholders of the Company or any of its Subsidiaries on any matter ("Voting Debt"). There are no outstanding agreements of any kind that obligate the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any capital stock of the Company or any securities described in clause (i), (ii), (iii), (iv) or (vi) of the preceding sentence.

(e) Neither the Company nor any of its Subsidiaries is a party to any agreement restricting the transfer of, relating to the voting of, requiring registration of, or granting any preemptive rights, antidilutive rights or rights of first refusal or similar rights with respect to any securities of the Company.

5.3 SUBSIDIARIES/OTHER OWNERSHIP INTEREST.

(a) All of the Subsidiaries of the Company are listed in Section 5.3 of the Disclosure Schedule, and otherwise each of the Company and each of its Subsidiaries does not presently own or control, directly or indirectly, any interest in any Entity. Each of the Company and each of its Subsidiaries does not control directly or indirectly or have any direct or indirect equity participation or similar interest in any Person, other than securities in a publicly traded company or mutual fund held for investment by the Company or any of its Subsidiaries and consisting of less than five percent of the outstanding capital stock and voting power of such company.

(b) All of the outstanding shares of capital stock of, or other equity or voting interest in, each Subsidiary of the Company (i) have been duly authorized, validly issued and are fully paid and nonassessable and free and clear of preemptive rights and (ii) are owned, directly or indirectly, by the Company, free and clear of all Encumbrances and free of any other restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other equity or voting interest) that would prevent the operation by the Surviving Corporation of such Subsidiary's business as presently conducted.

(c) There are no outstanding (i) securities of the Company or any of its Subsidiaries convertible into or exchangeable for or exercisable for shares of capital stock of, or other equity or voting interest in, any Subsidiary of the Company, (ii) options, warrants, rights or other commitments or agreements to acquire from the Company or any of its Subsidiaries, or that obligate the Company or any of its Subsidiaries to issue, any capital stock of, or other equity or voting interest in, or any securities convertible into or exchangeable for shares of capital stock of, or other equity or voting interest in, any Subsidiary of the Company, (iii) obligations of the Company to grant, extend or enter into any subscription, warrant, right, convertible or exchangeable security or other similar agreement or commitment relating to any capital stock of, or other equity or voting interest (including voting debt) in, any Subsidiary of the Company or (iv) other obligations by the Company or any of its Subsidiaries to make any payments based on the price or value of any shares of any Subsidiary of the Company. There are no outstanding agreements of any kind which obligate the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire any outstanding capital stock of any of the Subsidiaries or any securities described in clause (i), (ii) or (iii) of the preceding sentence.

5.4 AUTHORIZATION. On or prior to the date of this Agreement, the board of directors of the Company has declared this Agreement and the Merger advisable and fair to and in the best interest of the Company and its stockholders, approved and adopted this Agreement in accordance with the DGCL, resolved to recommend the approval and adoption of this Agreement by the Company's stockholders and directed that this Agreement be submitted to the Company's stockholders for approval and adoption. The Company has all requisite corporate power and authority to enter into this Agreement and, subject to approval and adoption of this Agreement by the stockholders of the Company, to consummate the Merger and the other transactions contemplated hereby. The execution and delivery of this Agreement, and subject to obtaining the Stockholder Approval, the performance of this Agreement, on behalf of the Company have been duly authorized by all necessary action on the part of the Company and its board of directors, and no other action on the part of the Company is necessary to authorize the execution and delivery of this Agreement, and subject to obtaining the Stockholder Approval, the performance of the Transaction Agreements and the consummation of the transactions contemplated thereby other than obtaining Stockholder Approval. This Agreement has been duly and validly executed and delivered by the Company and constitutes, and upon the execution and delivery by the Company of the Transaction Agreements, the Transaction Agreements shall constitute, legal, valid and binding obligations of the Company enforceable against it in accordance with their terms, (a) except as enforceability may be limited by bankruptcy, insolvency, reorganizations, moratorium or other laws affecting creditors' rights generally and (b) subject to application of principles of equity. The filing of the Proxy Statement with the SEC has been duly authorized by the Company's board of directors. The Company has made available to Parent complete and correct copies of the restated certificate of incorporation of the Company and the amended and restated bylaws of the Company and the certificate of incorporation and bylaws (or comparable organizational documents) of each of its Subsidiaries.

5.5 NO CONFLICTS. The execution and delivery by the Company of the Transaction Agreements, the performance of its obligations under the Transaction Agreements and the consummation of the transactions contemplated by the Transaction Agreements do not and shall not:

(a) Conflict with or result in a violation or breach of any of the terms, conditions or provisions of the Company's restated certificate of incorporation or amended and restated bylaws;

(b) Conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to the Consolidated Company, except such conflict, violation or breach which is not reasonably likely to result in a Company Material Adverse Effect; or

(c) Conflict with or result in a violation or breach of, constitute a default (with or without notice of lapse of time or both) under, give to others a right of termination or cancellation or accelerate or give to any person the right to accelerate any obligation of the Company or any of its Subsidiaries or result in the loss of any benefit under, or result in the creation of any Encumbrance upon any of the assets or properties of the Company or any of its Subsidiaries under any provision of any Contract or Permit to which the Company or any of its Subsidiaries is a party or by which any of the assets or properties of the Company or any of its Subsidiaries is bound, except such conflicts, violations, defaults and other items which would not result in a Company Material Adverse Effect.

5.6 CONSENTS. Other than compliance with the HSR Act, any required foreign competition filings and applicable SEC regulations, no consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any Governmental Body or any Person on the part of the Consolidated Company is required in connection with the consummation of the Contemplated Transactions which have not been obtained prior to the date of this Agreement, except as would not be reasonably likely to result in a Company Material Adverse Effect.

5.7 LITIGATION. Except as set forth in the SEC Reports, there is no action, suit, proceeding or investigation pending, or to the Knowledge of the Company currently threatened, orally or in writing, against the Consolidated Company that questions the validity of this Agreement or the other Transaction Agreements or the right of the Consolidated Company to enter into any of the foregoing or to consummate the transactions contemplated hereby or thereby, or that would have a Company Material Adverse Effect. The Consolidated Company is not a party and none of their respective assets or properties are subject to the provisions of any material Order, writ, injunction, judgment or decree of any court or government agency or instrumentality.

5.8 INTELLECTUAL PROPERTY.

(a) The Consolidated Company owns, licenses, sublicenses or otherwise possesses legally enforceable rights to use all Intellectual Property necessary for the Consolidated Company to conduct its business as currently conducted within the United States and, to the Knowledge of the Company outside of the United States (in each case excluding generally commercially available, off-the-shelf software programs), the absence of which would have a Company Material Adverse Effect. For purposes of this Agreement, the term "Intellectual Property" means (i) patents, trademarks, service marks, trade names, domain names, copyrights, designs and trade secrets, (ii) applications for

and registrations of such patents, trademarks, service marks, trade names, domain names, copyrights and designs, (iii) processes, formulae, methods, schematics, technology, know-how, computer software programs and applications, and (iv) other tangible or intangible proprietary or confidential information and materials.

(b) Except as set forth on Section 5.8(b) of the Disclosure Schedule, the execution and delivery of this Agreement by the Company and the consummation by the Company of the Merger will not result in the breach of, or create on behalf of any Third Party the right to terminate or modify, (i) any license, sublicense or other agreement relating to any Intellectual Property owned by the Consolidated Company that is material to the business of the Consolidated Company as currently conducted, taken as a whole (the "Company Intellectual Property"), or (ii) any license, sublicense and other agreement to which the Consolidated Company is a party and pursuant to which the Consolidated Company is authorized to use any Intellectual Property not owned by the Consolidated Company that is material to the business of the Consolidated Company as currently conducted, taken as a whole, excluding generally commercially available, off-the-shelf software programs (the "Third-Party Intellectual Property").

(c) Section 5.8(c) of the Disclosure Schedule sets forth a complete and accurate list of all: (i) patents and patent applications, trademark registrations and pending applications to register trademarks, copyright registrations and pending applications to register copyrights (including any copyrights in software), in each case owned by the Consolidated Company; and (ii) any license, sublicense and other agreement under which the Company has obtained rights to any Third-Party Intellectual Property.

(d) All patents and all registrations for trademarks, service marks and copyrights that are owned by the Consolidated Company, taken as a whole, and that are material to the business of the Consolidated Company as currently conducted, taken as a whole, are subsisting and have not expired or been cancelled or abandoned (other than as deemed commercially reasonable by the Company), and all pending patent applications and applications to register any unregistered copyrights or trademarks so identified, that are material to the business of the Consolidated Company as currently conducted, taken as a whole, are in good standing. There are no pending or, to the Knowledge of the Company, threatened interferences, re-examinations, oppositions or cancellation proceedings involving the patents and registrations for trademarks, service marks and copyrights that are owned by the Consolidated Company. The Company has the sole and exclusive right to bring actions for infringement or unauthorized use of the Company Intellectual Property, and to the Knowledge of the Company, no Third Party is infringing, violating or misappropriating any of the Company Intellectual Property, except for infringements, violations or misappropriations that would not reasonably be expected to have a Company Material Adverse Effect.

(e) The Consolidated Company has taken reasonable measures to protect the proprietary nature of the Company Intellectual Property.

(f) Except as set forth in Section 5.8(f) of the Disclosure Schedule, to the Knowledge of the Company, the conduct of the business of the Consolidated Company as currently conducted, taken as a whole, does not infringe, violate or constitute a misappropriation of any Intellectual Property of any Third Party, except for such infringements, violations and misappropriations that could not reasonably be expected to have a Company Material Adverse Effect. Except as set forth in Section 5.8(f) of the Disclosure Schedule, there is no pending, or to the Knowledge of the Company threatened, litigation, claim or proceeding asserting that the Consolidated Company has infringed, violated or misappropriated any Intellectual Property of any Third Party, and since January 1, 2003, the Consolidated Company has not received any written claim or notice alleging any such infringement, violation or misappropriation.

5.9 MATERIAL CONTRACTS; CUSTOMERS.

(a) For purposes of this Agreement, "Company Material Contract" shall mean:

(i) any "material contract" (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC) with respect to the Company and its Subsidiaries;

(ii) any employment Contract with any executive officer or other employee of the Company earning an annual base salary in excess of $150,000 or any consulting Contract with any member of the Company's board of directors, other than any such employment or consulting Contract that is terminable by the Consolidated Company on no more than thirty (30) days notice without liability or financial obligation to the Consolidated Company;

(iii) any Contract or plan, including any stock option plan, stock appreciation right plan or stock purchase plan, any of the benefits of which will be increased as a result of, or the vesting or payment of benefits of which will be accelerated, by the occurrence of any of the Contemplated Transactions, or the value of any of the benefits of which will be calculated on the basis of any of the Contemplated Transactions;

(iv) any agreement of indemnification or any guaranty (in each case, under which the Company or any of its Subsidiaries has continuing obligations as of the date hereof), other than any guaranty by the Company of any of its wholly-owned Subsidiaries' obligations or any agreement of indemnification entered into in connection with the distribution, sale or license of services or hardware or software products in the Ordinary Course of Business, which indemnification does not materially differ from the provisions embedded in Company's standard forms of software license or service agreements as provided or made available to Parent;

(v) any Contract containing any covenant or provision (A) limiting the right of the Company or any of its Affiliates (including Parent and its Subsidiaries after the Merger) to engage in any line of business or conduct

business in any geographic area or to compete with any Entity, (B) granting any Person exclusive rights to make, sell or distribute the products of the Company or any of its Affiliates (including Parent and its Subsidiaries after the Merger), (C) otherwise prohibiting or limiting the right of the Company or any of its Affiliates (including Parent and its Subsidiaries after the Merger) to make, sell or distribute any products or services, (D) that requires any payment by the Company or any of its Subsidiaries of amounts in excess of $1,000,000 in any year and which is not terminable within 90 days without penalty, (E) that requires the Company or any of its Affiliates (including Parent and its Subsidiaries after the Merger) to extend most favored nation pricing to any Person, (F) limiting the right of the Company or any of its Affiliates (including Parent and its Subsidiaries after the Merger) to solicit customers or potential customers or suppliers or potential suppliers or (G) requiring the Company or any of its Affiliates (including Parent and its Subsidiaries after the Merger) to obtain a specified amount or percentage of the product or services it uses from any Person;

(vi) any Contract relating to the disposition or acquisition by the Consolidated Company after the date of this Agreement of a material amount of assets not in the Ordinary Course of Business or pursuant to which the Consolidated Company has any material ownership interest in any other person or other business enterprise other than the Company's Subsidiaries;

(vii) any Contract requiring the Company to provide to a Third Party source code for any product or technology that is material to the business of the Consolidated Company as currently conducted, taken as a whole, and constitutes Company Intellectual Property;

(viii) any Contract to license any Third Party to manufacture or reproduce any of the Consolidated Company's products, services or technology or any Contract to sell or distribute any of the Consolidated Company's products, services or technology, except (A) agreements with distributors, sales representatives or other resellers in the Ordinary Course of Business, and (B) agreements allowing internal backup copies made or to be made by end-user customers in the Ordinary Course of Business;

(ix) any mortgage, indenture, guarantee, loan or credit agreement, security agreement or other contract relating to the borrowing of money or extension of credit, other than accounts receivables and payables in the Ordinary Course of Business;

(x) any settlement agreement entered into within three (3) years prior to the date of this Agreement requiring the Consolidated Company to make a payment in cash or otherwise to deliver consideration to a Third Party, other than (A) any settlement agreement that provides for consideration immaterial in nature or amount and that was entered into with a former employee or independent contractor of the Consolidated Company in the Ordinary Course of Business in connection with the routine cessation of such employee's employment or

independent contractor's relationship with the Consolidated Company or (B) any settlement agreement that provides for consideration consisting solely of $250,000 or less in cash, which amount was paid in full prior to the date of this Agreement;

(xi) any Contract under which the Consolidated Company has licensed its Intellectual Property to a Third Party, other than to customers, distributors and other resellers in the Ordinary Course of Business;

(xii) any Contract under which the Company or any of its Subsidiaries has received a license to any Third-Party Intellectual Property that is material to the business of the Consolidated Company as currently conducted, taken as a whole;

(xiii) any standstill Contract with any Person that could relate to an Acquisition Proposal;

(xiv) any material Contract with any of the Key Customers;

(xv) any material Contract with respect to any Leased Property; and

(xvi) any Contract, or group of Contracts with a Person (or group of affiliated Persons), the termination or breach of which would be reasonably expected to have a material adverse effect on any material product or service offerings of the Company or otherwise have a Company Material Adverse Effect and that is not disclosed pursuant to clauses (i) through (xv) above.

(b) Section 5.9 of the Disclosure Schedule sets forth a list of all Company Material Contracts to which the Company or any of its Subsidiaries is a party or by which any of them are bound as of the date hereof.

(c) All Company Material Contracts are valid and in full force and effect except to the extent they have previously expired in accordance with their terms or if the failure to be in full force and effect could not reasonably be expected to have a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries and to the Knowledge of the Company no other party to any Company Material Contract, has violated any provision of, or committed or failed to perform any act that, with or without notice, lapse of time or both, would constitute a default under the provisions of any Company Material Contract, except in each case for those violations and defaults that could not reasonably be expected to have a Company Material Adverse Effect. The Company has made available to Parent a copy of each Company Material Contract entered into prior to the date hereof.

(d)

(i) Section 5.9(d) of the Disclosure Schedule sets forth a list for the twelve months ended December 31, 2005 of the top twenty customers of the Consolidated Company (collectively, the "Key Customers"), ranked by and

specifying the amount of revenue from such Key Customers for the twelve months ended December 31, 2005. Since January 1, 2005 there has been no actual or, to the Knowledge of the Company, threatened termination, cancellation or limitation of, or any modification or change in, the business relationship of the Company or any of its Subsidiaries with any one or more of the Key Customers, other than as could not reasonably be expected to result in a Company Material Adverse Effect.

(ii) Neither the execution, delivery or performance of this Agreement by the Company nor the consummation by the Company of the Contemplated Transactions will 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, amendment, cancellation or acceleration) under, any of the terms, conditions or provisions of any Company Material Contract with any Key Customer.

5.10 SEC REPORTS. The Company has filed all forms, reports and documents with the SEC that have from and after December 31, 2003 been required to be filed by it (such forms, reports and documents, the "SEC Reports"). Each SEC Report complied, as of its filing date, in all material respects with the applicable requirements of the Securities Act of 1933, as amended (the "Securities Act"), or the Exchange Act, as the case may be, each as in effect on the date such SEC Report was filed, except as disclosed in any such SEC Report. True and correct copies of all Company SEC Reports filed prior to the date hereof, whether or not required under applicable Laws, have been furnished to Parent or are publicly available in the Electronic Data Gathering, Analysis and Retrieval (EDGAR) database of the SEC. As of its filing date (or, if amended or superseded by a filing prior to the date of this Agreement, on the date of such amended or superseding filing), each SEC Report did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. None of the Company's Subsidiaries is required to file any forms, reports or other documents with the SEC.

5.11 FINANCIAL STATEMENTS.

(a) The consolidated financial statements of the Consolidated Company included in the SEC Reports have been prepared in accordance with GAAP consistently applied during the periods and at the dates involved (except as may be indicated in the notes thereto) except, in the case of unaudited interim financial statements, as may be permitted by the Exchange Act, and fairly present in all material respects the consolidated financial position of the Consolidated Company, taken as a whole, as of the dates thereof and the consolidated results of operations and cash flows for the periods then ended, provided that the unaudited interim financial statements may not contain footnotes and are subject to normal year-end adjustments, in each case as permitted by GAAP and the applicable rules and regulations promulgated by the SEC.

(b) The records, systems, controls, data and information of the Consolidated Company, taken as a whole, are recorded, stored, maintained and operated under means (including any electronic, mechanical or photographic process, whether computerized or

not) that are under the exclusive ownership and direct control of the Company or its Subsidiaries or accountants (including all means of access thereto and therefrom), except for any non-exclusive ownership and non-direct control that would not reasonably be expected to result in a Company Material Adverse Effect in the Company's system of internal accounting controls.

(c) The Company has (i) designed disclosure controls and procedures to ensure that material information relating to the Company, including its consolidated Subsidiaries, is made known to the management of the Company by others within those entities; (ii) designed such internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP; and (iii) to the extent required by applicable Laws, disclosed, based on its most recent evaluation, to the Company's auditors and the audit committee of the Company's board of directors (A) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information, (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting and (C) any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company has made available to Parent a summary of any such disclosure made by management to the Company's auditors and audit committee since January 1, 2003. The Company, and, to the Knowledge of the Company, its directors and officers are in compliance in all material respects with the Sarbanes-Oxley Act of 2002 (including the related rules and regulations promulgated thereunder) and the applicable listing and other rules and regulations of The Nasdaq National Market.

(d) The Consolidated Company is not a party to, and does not have any commitment to become a party to, any joint venture, partnership agreement or any similar Contract (including any Contract relating to any transaction, arrangement or relationship between or among the Consolidated Company, on the one hand, any unconsolidated affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand (such as any arrangement described in Section 303(a)(4) of Regulation S-K of the SEC)) where the purpose or effect of such arrangement is to avoid disclosure of any material transaction involving the Consolidated Company, taken as a whole, in the Consolidated Company's consolidated financial statements.

(e) Neither the Consolidated Company nor, to the Knowledge of the Company, any director, officer, employee, auditor, accountant, consultant or representative of the Company, has received or otherwise had or obtained knowledge of any substantive complaint, allegation, assertion or claim, whether written or oral, that the Consolidated Company has, on or after December 31, 2003 engaged in questionable accounting or auditing practices. Since December 31, 2003, no current or former attorney representing the Consolidated Company has reported evidence of a material violation of securities Laws, breach of fiduciary duty or similar violation by the

Consolidated Company or any of its officers, directors, employees or agents to the Company's board of directors or any committee thereof or to any director or executive officer of the Company.

(f) To the Knowledge of the Company, no employee of the Consolidated Company has provided or is providing information to any law enforcement agency regarding the commission or possible commission of any crime or the violation or possible violation of any applicable Law of the type described in Section 806 of the Sarbanes-Oxley Act of 2002 by the Consolidated Company on or after December 31, 2004. Neither the Consolidated Company nor, to the Knowledge of the Company, any director, officer, employee, contractor, subcontractor or agent of the Consolidated Company, has discharged, demoted, suspended, threatened, harassed or in any other manner discriminated against an employee of the Consolidated Company in the terms and conditions of employment because of any lawful act of such employee described in Section 806 of the Sarbanes-Oxley Act of 2002.

(g) Neither the Company nor any of its Subsidiaries has any Liabilities required by GAAP to be set forth on a consolidated balance sheet of the Company and its Subsidiaries or in the notes thereto, other than liabilities and obligations (i) set forth in the consolidated balance sheet (including in any related notes thereto) as of September 30, 2005 included in the Company's Quarterly Report on Form 10-Q for the quarter then ended, (ii) incurred in the Ordinary Course of Business since September 30, 2005, (iii) incurred in connection with the Merger or any other transaction or agreement contemplated by this Agreement or (iv) that would not reasonably be expected to have a Company Material Adverse Effect.

5.12 PROXY STATEMENT. The letter to Stockholders, notice of meeting, proxy statement and form of proxy that will be provided to Stockholders in connection with the solicitation of proxies from Stockholders at the Company Stockholders Meeting (collectively, the "Proxy Statement") will not, at the time the Proxy Statement is first mailed to Stockholders, at the time of the Company Stockholders Meeting or at the Effective Time, (a) contain any statement that, at such time and in light of the circumstances under which it shall be made, is false or misleading with respect to any material fact, (b) omit to state any material fact necessary in order to make the statements made in the Proxy Statement not false or misleading in light of the circumstances under which they were or shall be made, or (c) omit to state any material fact necessary to correct any statement in any earlier communication with respect to the solicitation of proxies for the Company Stockholders Meeting that has become false or misleading. Notwithstanding any of the foregoing, the Company does not make any representations or warranties with respect to information supplied by Parent, Acquisition Sub or any of their officers, directors, representatives, agents or employees for inclusion or incorporation by reference in the Proxy Statement. If at any time prior to the Company Stockholders Meeting any fact or event relating to the Company or any of its Affiliates that should be set forth in a supplement to the Proxy Statement should be discovered by the Company or should occur, the Company shall, promptly after becoming aware thereof, inform Parent of such fact or event.

5.13 ABSENCE OF CERTAIN CHANGES OR EVENTS. Since September 30, 2005, (a) the Consolidated Company has conducted its business only in the Ordinary Course of Business and

(b) there has not been (i) a Company Material Adverse Effect or (ii) any other action or event that would have required the consent of Parent under Section 7.1 (other than paragraphs (b), (e), (f), (k) and (j) of Section 7.1) had such action or event occurred after the date of this Agreement.

5.14 TAXES. The Company and each Subsidiary have filed all Tax Returns required to be filed and have paid all Taxes shown to be due on such Tax Returns, except where failures to file such Tax Returns or failures to pay such Taxes could not reasonably be expected to result in a Company Material Adverse Effect. All Tax Returns filed by the Company and each Subsidiary were complete and accurate in all material respects when filed, and disclose all material Taxes required to be paid by the Company and each Subsidiary for the periods covered thereby. None of the Company or any Subsidiary has waived any statute of limitations in respect of income Taxes. Neither the Company nor any Subsidiary has received any written notice of any material action, suit, investigation, audit, claim or assessment pending or proposed or threatened with respect to Taxes of the Company or any Subsidiary. All material deficiencies asserted in writing to the Company or any Subsidiary or assessments made as a result of any examination of the Tax Returns referred to in the first sentence of this Section 5.14 either are being contested in good faith or have been paid in full. There are no liens for Taxes upon the assets of the Company or any Subsidiary except liens relating to current Taxes not yet due. All Taxes which the Company or any Subsidiary are required by law to withhold or to collect for payment have been duly withheld and collected, and have been paid or accrued, reserved against and entered on the books of the Company, except where failures to do so could not result in a Company Material Adverse Effect. None of the Company or any Subsidiary has been a member, with respect to periods for which the statute of limitations has not expired, of any group of corporations filing Tax Returns on a consolidated, combined, unitary or similar basis other than each such group of which it is currently a member or of which the Company or any predecessor was the common parent. Neither the Company nor or any Subsidiary has been a party to any Listed Transaction. As a direct result of the transactions contemplated by this Agreement and except as set forth in Section 5.14 of the Disclosure Schedule, no payment or other benefit, and no acceleration of the vesting of any options, payments or other benefits, (i) will be (or under Section 280G of the Code and the Treasury Regulations thereunder be presumed to be) a "parachute payment" to a "disqualified individual" as those terms are defined in Section 280G of the Code and the Treasury Regulations thereunder, without regard to whether such payment or acceleration is reasonable compensation for personal services performed or to be performed in the future, or (ii) will constitute compensation in excess of the limitations set forth in Section 162(m) of the Code. No transaction contemplated by this Agreement is subject to withholding under Section 1445 of the Code (relating to "FIRPTA").

5.15 PERMITS; COMPLIANCE WITH LAWS.

(a) The Consolidated Company (i) has the governmental or other regulatory approvals, licenses, certificates, consents, permits and other authorizations (collectively "Permits") in accordance with applicable Laws which are necessary for it to conduct its business, each of which is in full force and effect, is final and not subject to review on appeal and is not the subject of any pending or, to the Knowledge of the Company, threatened attack by direct or collateral proceedings, and (ii) is in compliance with each such Permit, except where the failure to so obtain or comply would not be reasonably likely to result in a Company Material Adverse Effect.

(b) Since its date of organization, the Consolidated Company has not, to the Knowledge of the Company, been the subject of any investigation conducted by any grand jury, administrative agency or other Governmental Body. The Consolidated Company has not and, to the Knowledge of the Company, its officers, directors and employees have not, directly or indirectly, made, authorized or received any payment, contribution or gift of money, property, or services, in violation of applicable law, (i) as a kickback or bribe to any Person or (ii) to any political organization or the holder of, or any aspirant to, any elective or appointive office of any Governmental Body. The Consolidated Company has not and, to the Knowledge of the Company, its officers, directors and employees have not, directly or indirectly, made, authorized or received any payment, contribution or gift of money, property, or services, in violation of applicable law, (x) as a kickback or bribe to any Person or (y) to any political organization or the holder of, or any aspirant to, any elective or appointive office of any Governmental Body.

(c) Neither the Company nor any of its Subsidiaries is in violation of (i) its charter, bylaws or other organizational documents; (ii) any applicable Law; or (iii) any Order of any Governmental Body having jurisdiction over the Consolidated Company, except, in the case of clauses (ii) and (iii), for any violations that would not be reasonably likely to have a Company Material Adverse Effect. No written notice of any such violation or non-compliance has been received by the Company or any of its Subsidiaries since December 31, 2003.

5.16 ENVIRONMENTAL LAWS. The Consolidated Company, taken as a whole, conducts its business and operations in compliance with all applicable environmental laws, ordinances and regulations ("Environmental Laws"), except where the failure to comply with Environmental Laws would not result in a Company Material Adverse Effect. The Consolidated Company has not received notice of any material claim, action, suit, proceeding, hearing or investigation against the Consolidated Company based on or related to the manufacture, processing, distribution, use, treatment, storage, disposal or transport of hazardous material or waste. To the Knowledge of the Company, the Consolidated Company is not in violation of any applicable Environmental Law. The Consolidated Company has not received any official or formal notification of any current, pending or outstanding violation of Environmental Laws by any previous occupants of the premises currently leased by the Consolidated Company.

5.17 TITLE TO PROPERTY AND ASSETS. The Consolidated Company does not own any real property. Section 5.17 of the Disclosure Schedule sets forth a complete and accurate list of all real property and improvements leased by the Consolidated Company (collectively "Leased Property"). Subject to the interests of the Company's lenders, the Consolidated Company has valid and subsisting leasehold rights in the Leased Property identified in Section 5.17 of the Disclosure Schedule, free and clear of Encumbrances. The Company and each of its Subsidiaries has good and valid title to all of their personal properties and assets reflected as being owned by the Company or a Subsidiary of the Company on the consolidated balance sheet (including in any related notes thereto) as of September 30, 2005 included in the Company's Quarterly Report on Form 10-Q for the quarter then ended or acquired after September 30, 2005 (other than assets disposed of since September 30, 2005 in the Ordinary Course of Business), in each case free and clear of all Encumbrances and title defects except for such Encumbrances and defects that are not material in the aggregate.

5.18 LABOR AGREEMENTS AND ACTIONS. The Consolidated Company is not bound by or subject to (and none of its assets or properties is bound by or subject to) any written or oral, express or implied, contract, commitment or arrangement with any labor union, and no labor union has requested, or to the Knowledge of the Company, has sought to represent any of the employees, representatives or agents of the Consolidated Company. Except as set forth in Section 5.18 of the Disclosure Schedule, the Consolidated Company is not a party to or bound by any currently effective employment contract, deferred compensation agreement, bonus plan, incentive plan, profit sharing plan, retirement agreement or other employee compensation agreement. The Consolidated Company, taken as a whole, has complied in all material respects with all applicable state and federal equal employment opportunity and other laws related to employment. The Consolidated Company has withheld all amounts required by law or agreement to be withheld by it from the wages, salaries and other payments to its employees and is not liable for any arrears of wages or any taxes or penalties for failure to comply with any of the foregoing, except for any such failure that has not had or could not reasonably be expected to result in a Company Material Adverse Effect. There is no pending, or, to the Knowledge of the Company, threatened or anticipated, employment discrimination charges or complaints against or involving the Consolidated Company before any federal, state, or local board, department, commission or agency, except for any such charge or complaint that has not had or could not reasonably be expected to result in a Company Material Adverse Effect.

5.19 INSURANCE. The Consolidated Company maintains insurance policies as set forth in Section 5.19 of the Disclosure Schedule. Such policies are in full force and effect and have been underwritten by unaffiliated insurers and will be in full force and effect immediately after the Closing. The Consolidated Company has paid all premiums on such policies due and payable prior to the date of this Agreement. To the Knowledge of the Company, the Consolidated Company has not done anything by way of action or inaction that invalidates any of such policies in whole or in part.

5.20 EMPLOYEE BENEFITS. Section 5.20 of the Disclosure Schedule sets forth a complete and accurate list as of the date of this Agreement of all material Employee Benefit Plans maintained, or contributed to, by the Consolidated Company or any of its ERISA Affiliates or under which the Consolidated Company could reasonably be expected to have any material liability or obligation (together, the "Company Employee Plans"). For purposes of this Agreement, the following terms shall have the following meanings: (i) "Employee Benefit Plan" means any "employee pension benefit plan" (as defined in Section 3(2) of ERISA), any "employee welfare benefit plan" (as defined in Section 3(1) of ERISA), and any other written or oral plan, agreement or arrangement involving direct or indirect compensation or employee benefits, including insurance coverage, severance benefits, disability benefits, deferred compensation, bonuses, stock options, stock purchase, phantom stock, stock appreciation or other forms of incentive compensation or post-retirement compensation and all unexpired severance agreements, for the benefit of, or relating to, any current or former employee of the Consolidated Company or any of its ERISA Affiliates; (ii) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended; and (iii) "ERISA Affiliate" means any entity that is a member of (A) a controlled group of corporations (as defined in section 414(b) of the Code), (B) a group of trades or businesses under common control (as defined in section 414(c) of the Code), or (C) an affiliated service group (as defined under section 414(m)

of the Code or the regulations under section 414(o) of the Code), any of which includes or included the Consolidated Company.

(a) With respect to each Company Employee Plan, the Company has made available to Parent a complete and accurate copy of (i) such Company Employee Plan or a written summary of each unwritten plan, (ii) the most recent annual report (Form 5500), if any, filed with the Internal Revenue Service, (iii) each trust agreement, group annuity contract and summary plan description, if any, relating to such Company Employee Plan and (iv) all correspondence with any Governmental Body relating to any currently outstanding audit.

(b) Each Company Employee Plan has been since December 31, 2003 administered in all material respects in accordance with ERISA, the Code and all other applicable laws and the regulations thereunder and in accordance with its terms.

(c) With respect to the Company Employee Plans, there are no benefit obligations for which contributions have not been made or properly accrued to the extent required by GAAP. The assets of each Company Employee Plan that is funded are reported at their fair market value on the books and records of such Employee Benefit Plan.

(d) All Company Employee Plans that are intended to be qualified under section 401(a) of the Code are based on master or prototype documents that have received favorable opinion letters from the Internal Revenue Service to the effect that the forms of such master or prototype documents are acceptable under section 401(a) of the Code; no such opinion letters have been revoked and revocation has not been threatened; no such Employee Benefit Plan has been adopted or amended in any manner that would cause such plan to be considered an individually designed plan; and no act or omission has occurred that would adversely affect its qualification or materially increase its cost.

(e) Neither the Consolidated Company, nor any of its ERISA Affiliates has (i) ever maintained, contributed to or had any material liability or obligation under a Company Employee Plan that was ever subject to section 412 of the Code or Title IV or Section 302 of ERISA or (ii) ever been obligated to contribute to or had any material liability under a "multiemployer plan" (as defined in section 4001(a)(3) of ERISA).

(f) Except as set forth in Section 5.20(f) of the Disclosure Schedule, the Consolidated Company is not a party to any oral or written (i) agreement with any stockholder, director, executive officer or other key employee of the Consolidated Company (A) the benefits of which are contingent, or the terms of which are materially altered, upon the occurrence of a transaction of the nature of any of the Contemplated Transactions, (B) providing any term of employment or compensation guarantee or (C) providing severance benefits or other benefits after the termination of employment of such director, executive officer or key employee; or (ii) agreement or plan binding the Consolidated Company, including any stock option plan, stock appreciation right plan, restricted stock plan, stock purchase plan or severance benefit plan, any of the benefits of which shall be increased, or the vesting of the benefits of which shall be accelerated, by

the occurrence of any of the Contemplated Transactions, or the value of any of the benefits of which shall be calculated on the basis of any of the Contemplated Transactions.

5.21 BROKERS. The Consolidated Company has not retained any broker or finder in connection with any of the Contemplated Transactions other than J.P. Morgan Securities, Inc. ("JPM") and St. Charles Capital, LLC ("St. Charles") and the Consolidated Company has not incurred or agreed to pay, other than JPM and St. Charles, or taken any other action that would entitle any Person to receive, any brokerage fee, finder's fee or other similar fee or commission with respect to any of the Contemplated Transactions.

5.22 VOTING REQUIRED. Assuming that the representations of Parent and Acquisition Sub contained in Section 6.11 are correct, the affirmative vote of the holders of a majority of the outstanding Shares (the "Stockholder Approval") is the only vote of the holders of any class or series of the Company's capital stock necessary (under applicable Law or any Contract) to adopt this Agreement and approve the Merger. Assuming that the representations of Parent and Acquisition Sub contained in Section 6.11 are correct, the board of directors of the Company has taken all necessary actions so that the restrictions on business combinations set forth in Section 203 of the DGCL are not applicable to this Agreement and the Contemplated Transactions, including the Merger. To the Knowledge of the Company, no other state takeover statutes or charter or bylaw provisions are applicable to the Merger, this Agreement or the transactions contemplated hereby.

5.23 OPINION OF FINANCIAL ADVISORS. The Company has received the oral opinions (to be confirmed in writing) of JPM and St. Charles to the effect that, as of the date of such opinion, the consideration to be received by the holders of Common Stock pursuant to this Agreement, is fair from a financial point of view to such holders, and, as of the date of this Agreement, such opinion has not been withdrawn, revoked or modified.

SECTION 6. REPRESENTATIONS AND WARRANTIES OF PARENT AND ACQUISITION SUB.

Each of Parent and Acquisition Sub, jointly and severally, represents and warrants as follows:

6.1 GOOD STANDING AND CORPORATE POWER. Each of Parent and Acquisition Sub is validly existing and in good standing as a corporation under the laws of the jurisdiction of its incorporation, and has all necessary corporate power to execute and deliver this Agreement and to perform its obligations under the Transaction Agreements and to consummate the transactions contemplated thereby.

6.2 AUTHORIZATION. The execution, delivery and performance of this Agreement on behalf of each of Parent and Acquisition Sub have been duly authorized by all necessary action on the part of each of Parent and Acquisition Sub and their respective boards of directors, and no other action on the part of either Parent or Acquisition Sub is necessary to authorize the execution, delivery and performance of the Transaction Agreements and the consummation of the transactions contemplated thereby. This Agreement has been duly and validly executed and delivered by each of Parent and Acquisition Sub and constitutes, and upon the execution and

delivery by each of Parent and Acquisition Sub of the Transaction Agreements, the Transaction Agreements shall constitute, legal, valid and binding obligations of each of Parent and Acquisition Sub enforceable against each of Parent and Acquisition Sub in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganizations, moratorium or other laws affecting creditors' rights generally.

6.3 NO CONFLICTS. The execution and delivery by each of Parent and Acquisition Sub of the Transaction Agreements, the performance of their respective obligations under the Transaction Agreements and the consummation of the transactions contemplated by the Transaction Agreements do not and shall not:

(a) Conflict with or result in a violation or breach of any of the terms, conditions or provisions of Parent's or Acquisition Sub's certificate of incorporation or bylaws;

(b) Conflict with or result in a violation or breach of any term or provision of any Law, except for such conflicts, violations or breaches that would not reasonably be expected to have a Parent Material Adverse Effect; or

(c) Conflict with or result in a violation or breach of, or constitute a default under, or require Parent or Acquisition Sub to obtain any consent or approval under the terms of, any material Contract to which Parent or Acquisition Sub is a party or by which any of Parent's or Acquisition Sub's assets and properties is bound.

6.4 GOVERNMENTAL APPROVALS AND FILINGS. Other than compliance with the HSR Act, any required foreign competition filings and applicable SEC regulations, no consent, approval or action of, filing with or notice to any Governmental Body on the part of Parent or Acquisition Sub is required in connection with the execution, delivery and performance of the Transaction Agreements or the consummation of the transactions contemplated hereby or thereby.

6.5 BROKERS. Neither Parent nor Acquisition Sub has retained any broker or finder in connection with any of the Contemplated Transactions other than William Blair & Company L.L.C. ("William Blair"), and neither Parent nor Acquisition Sub has incurred or agreed to pay, other than William Blair, to any Person or taken any other action that would entitle any Person to receive, any brokerage fee, finder's fee or other similar fee or commission with respect to any of the Contemplated Transactions.

6.6 FINANCIAL CAPACITY. As of the Effective Time, Parent will have adequate funds on hand to make the payments required by Sections 2.9, 2.10 and 2.12 and otherwise to consummate the Contemplated Transactions.

6.7 ACQUISITION OF CAPITAL STOCK. Parent is acquiring the Common Stock for its own account and for investment, and not with a view to, or for sale in connection with, any distribution of any of such Common Stock.

6.8 INFORMATION SUPPLIED. None of the information supplied by Parent, Acquisition Sub or their officers, directors, representatives, agents or employees expressly for

inclusion in the Proxy Statement will, on the date the Proxy Statement is first sent to the Company's stockholders or at the time of the Company Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading.

6.9 LITIGATION. There are no Proceedings pending or, to the Knowledge of the Parent, threatened against or affecting Parent or Acquisition Sub or any of their respective properties except for Proceedings that would not have a Parent Material Adverse Effect. Neither Parent nor Acquisition Sub is subject to any outstanding Order, except for Orders that would not have a Parent Material Adverse Effect.

6.10 OWNERSHIP OF COMPANY CAPITAL STOCK. Neither Parent nor Acquisition Sub is, nor at any time during the last three years has it been, an "interested stockholder" of the Company as defined in Section 203 of the DGCL (other than as contemplated by this Agreement).

6.11 ACQUISITION SUB. Acquisition Sub has not engaged in any business activities or conducted any operations other than in connection with the Contemplated Transactions, including the Merger. As of the Effective Time, Acquisition Sub will be a wholly-owned subsidiary of Parent.

SECTION 7. COVENANTS.

The Company agrees that, between the date of this Agreement and the Closing Date:

7.1 CONDUCT OF BUSINESS. Except as (i) contemplated by this Agreement, (ii) disclosed in the Disclosure Schedule or (iii) necessary to carry out the Contemplated Transactions, the Company shall use commercially reasonable efforts to and to cause its Subsidiaries to conduct their operations in the Ordinary Course of Business. Except as set forth in clauses (i), (ii) and (iii) of the preceding sentence, the Company shall use its commercially reasonable efforts to (i) keep available to the business the services of the key employees of the Business (except for retirements in the ordinary course), (ii) conduct its business in compliance, in all material respects, with all applicable Laws, (iii) maintain its properties and assets in a state of repair and condition that is consistent with the normal conduct of its business and (iv) maintain its relations and good will with its principal suppliers, customers and others having business relationships with it. Without limiting the generality of the foregoing, the Company agrees that, without Parent's prior written consent (which consent shall not be unreasonably withheld or delayed by Parent):

(a) the Consolidated Company shall not declare, accrue, set aside or pay any dividend or make any other distribution in respect of any shares of capital stock, and shall not repurchase, redeem or otherwise reacquire any shares of capital stock or other securities, except for repurchases of shares from former employees whose employment has been terminated and except for cash dividends paid to the Company by any wholly owned Subsidiary of the Company;

(b) except for the issuance of Common Stock upon the exercise of Company Options or other awards, in each case in accordance with their current terms issued pursuant to the Stock Option Plan and outstanding on the date hereof, or the Warrant, neither the Company nor any of its Subsidiaries shall issue, deliver, sell, pledge, dispose of or otherwise encumber, or authorize or propose the issuance, delivery, sale, pledge, disposition or encumbrance of, any shares of their respective capital stock of any class, any Voting Debt or any securities convertible into or exercisable or exchangeable for, or any rights, warrants, calls or options to acquire, any such shares or Voting Debt, or enter into any commitment, arrangement, undertaking or agreement with respect to any of the foregoing;

(c) neither the Company nor any of its Subsidiaries shall split, combine, reclassify or similarly reorganize their respective capital stock;

(d) the Company shall not amend its certificate of incorporation or bylaws, and neither the Company nor any of its Subsidiaries shall effect or become a party to any acquisition transaction, recapitalization, reclassification of shares, stock split, reverse stock split or similar transaction;

(e) the Consolidated Company shall not form any Subsidiary or acquire any equity interest or other interest (debt or equity) in any other Entity;

(f) neither the Company nor any of its Subsidiaries shall make any capital expenditures or other expenditures with respect to property, plant or equipment, except (i) as set forth in the Company's budget for capital expenditures previously made available to Parent, (ii) any other such capital expenditures or expenditures that do not exceed $300,000 individually or $750,000 in the aggregate for the Consolidated Company, or (iii) emergency capital expenditures necessary to replace equipment to restore service to then-current operational levels not to exceed $100,000, net of insurance coverage;

(g) neither the Company nor any of its Subsidiaries shall (i) incur any indebtedness for borrowed money or guarantee any indebtedness of another Person, other than (A) in connection with the financing of trade receivables in the Ordinary Course of Business, (B) letters of credit or similar arrangements issued to or for the benefit of suppliers and manufacturers in the Ordinary Course of Business and (C) pursuant to existing credit facilities in the Ordinary Course of Business, (ii) except in connection with any one or more of the activities described in the preceding clauses (A), (B) and (C), issue, sell or amend any debt securities or warrants or other rights to acquire any debt securities of the Company or any of its Subsidiaries, guarantee, endorse or otherwise become liable or responsible for any debt or other obligations of another Person, enter into any "keep well" or other agreement to maintain any financial statement condition of another person or enter into any arrangement having the economic effect of any of the foregoing, (iii) make any loans, advances (other than routine advances to employees of the Consolidated Company in the Ordinary Course of Business and extensions of credit to customers and distributors of the Consolidated Company in the Ordinary Course of Business) or capital contributions to, or investment in, any other Person, other than the Company or any of its direct or indirect wholly owned Subsidiaries; provided, however,

that the Company may, in the Ordinary Course of Business, continue to invest in debt securities in accordance with the Company's cash investment policy attached to Section 7.1(g) of the Disclosure Schedule, or (iv) enter into any hedging agreement or other financial agreement or arrangement designed to protect the Consolidated Company against fluctuations in commodities prices or exchange rates;

(h) neither the Company nor any of its Subsidiaries shall establish, adopt, terminate, or amend (other than in accordance with applicable Law) any Employee Benefit Plan, and, except for (A) payments made in accordance with the Company's existing bonus plan and (B) rolling over of the 2005 senior management bonus plan to 2006 (with target bonus amounts not greater than their 2005 amounts with 2006 performance targets to be determined in the Ordinary Course of Business), shall not pay any bonus or make any profit-sharing or similar payment to, or, except in accordance with the Company's commission policy which is currently in effect, increase the amount or accelerate the payment of the wages, salary, commissions, fringe benefits or other compensation or remuneration payable to, any of their respective directors, officers or employees except for non-executive or non-officer employee raises in the Ordinary Course of Business not to exceed the budgeted amount (3.5%) in the aggregate;

(i) the Consolidated Company shall not change any of its methods of accounting or accounting practices in any respect, except as necessary to comply with GAAP;

(j) except as necessary to comply with applicable Law, neither the Company nor any of its Subsidiaries shall prepare or file any Tax Return inconsistent with past practice or, on any such Tax Return, take any position, make any election, or adopt any method that is inconsistent with positions taken, elections made or methods used in preparing or filing similar Tax Returns in prior periods;

(k) neither the Company nor any of its Subsidiaries shall initiate, compromise or settle any material Proceeding (other than in connection with the enforcement of the Company's rights under this Agreement);

(l) neither the Company nor any of its Subsidiaries shall enter into any transaction or take any other action that might reasonably be expected to cause or constitute a breach of any representation or warranty made by the Company in this Agreement;

(m) neither the Company nor any of its Subsidiaries shall terminate, amend, or modify in any material respect, any material permit, Consent of a Governmental Body or other similar right, other than (i) as required by any applicable Governmental Body; (ii) in connection with the transactions contemplated hereby; or (iii) in the Ordinary Course of Business;

(n) neither the Company nor any of its Subsidiaries shall grant any Encumbrance on any material asset (other than Encumbrances for Taxes not yet due and

payable or incurred in the Ordinary Course of Business and not of a material nature), except as may be required by the Company's agreements with lenders;

(o) neither the Company nor any of its Subsidiaries shall sell, license, assign, transfer, lease, or otherwise dispose of any of the material assets of the Consolidated Company, taken as a whole, other than in the Ordinary Course of Business;

(p) neither the Company nor any of its Subsidiaries shall enter into or terminate any Company Material Contract or amend or modify in any material respect or waive any material rights under any Company Material Contract; and

(q) neither the Company nor any of its Subsidiaries shall agree or commit to take any of the actions described in this Section 7.1.

7.2 GOVERNMENTAL FILINGS. Each of Parent and the Company agrees to use its commercially reasonable efforts to (a) make any filings required or in Parent's reasonable opinion advisable pursuant to the HSR Act and any applicable foreign antitrust, competition or merger control Laws with respect to the transactions contemplated hereby as promptly as practicable, (b) supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and/or any such applicable foreign Law and (c) take all other actions necessary to cause the expiration or termination of the applicable waiting periods or to obtain any consents under the HSR Act and/or such foreign Law, as soon as practicable.

7.3 APPROVALS AND CONSENTS.

(a) The parties shall cooperate with each other and use their commercially reasonable efforts to obtain all necessary Consents, including (a) all necessary Consents of any Governmental Body including those described in Section 7.2 and (b) all Consents described in Section 5.6 of the Disclosure Schedule, in connection with the consummation of the Contemplated Transactions. Subject to the terms and conditions of this Agreement, in taking such actions or making any such filings, the parties hereto shall furnish information required in connection therewith and seek timely to obtain any such Consents.

(b) Notwithstanding anything to the contrary contained in this Agreement, (i) neither Parent nor any of its Affiliates shall be required to divest or hold separate or otherwise take or commit to take any action that limits its freedom of action with respect to, or its ability to retain, the Company or any of the businesses, product lines or assets of Parent, the Company or any of their respective Subsidiaries or Affiliates and (ii) the Company shall not, without Parent's prior written consent, take or agree to take any such action.

7.4 ACCESS. Subject to the provisions of the Non-Disclosure Agreement and Section 7.6, the Company shall and shall cause each of its Subsidiaries to, after receiving reasonable advance notice from Parent, give Parent reasonable access (during normal business hours and in a manner that does not disrupt or interfere with business operations) to the properties, personnel, books, records and contracts of the Consolidated Company for the purpose of enabling Parent to further investigate and inspect, at Parent's sole expense, the business, operations and legal affairs of the Consolidated Company.

7.5 NOTICE OF DEVELOPMENTS. The Company shall give prompt written notice to Parent, and Parent and Acquisition Sub shall give prompt written notice to the Company, of (a) the discovery by any of them of any event, condition, fact or circumstance that occurred or existed on or prior to the date of this Agreement and that caused or constitutes a material inaccuracy in any representation or warranty made by such party in this Agreement; (b) the discovery by any of them of any event, condition, fact or circumstance that occurs, arises or exists after the date of this Agreement and that would cause or constitute a material inaccuracy in any representation or warranty made by such party in this Agreement if such representation or warranty had been made as of the time of the occurrence, existence or discovery of such event, condition, fact or circumstance; (c) the failure by any of them 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; and (d) the discovery of any event, condition, fact or circumstance that occurs, arises or exists after the date of this Agreement and that would result in a Company Material Adverse Effect, in the case of the Company, or a Parent Material Adverse Effect, in the case of Parent; provided, however, that in each case, such notice shall not constitute waiver of any defense that may be validly asserted.

7.6 CONFIDENTIALITY. Each of the parties shall comply in all respects with the provisions of the Non-Disclosure Agreement.

7.7 COMPANY STOCKHOLDERS MEETING; PROXY STATEMENT.

(a) The Company shall call a meeting of its stockholders (the "Company Stockholders Meeting") to be held as soon as reasonably practicable after the date hereof for the purpose of obtaining the Stockholder Approval, and shall use its commercially reasonable efforts to cause such meeting to occur as soon as reasonably practicable after the Proxy Statement is cleared by the SEC. Subject to Section 7.8, the Company shall use its commercially reasonable efforts to obtain the Stockholder Approval. Notwithstanding anything to the contrary in this Agreement, but subject to the Company's right to terminate pursuant to Section 10.1(f), the Company agrees to submit this Agreement to its stockholders for approval and adoption whether or not the board of directors of the Company determines at any time subsequent to the date hereof that this Agreement is no longer advisable and recommends that the stockholders of the Company reject it. In connection with such Company Stockholders Meeting, the Company shall promptly prepare and file with the SEC and mail to its stockholders as promptly as practicable the Proxy Statement and any amendments or supplements thereto. The Company shall use its commercially reasonable efforts to have the Proxy Statement cleared by the SEC as promptly as reasonably practicable.

(b) Parent and Acquisition Sub shall reasonably cooperate with the Company in connection with the preparation of the Proxy Statement including furnishing to the Company all information regarding Parent and its Affiliates as may be required to be disclosed therein, as determined by the Company in consultation with its outside counsel. Each of the Company, Parent and Acquisition Sub shall promptly correct any information in the Proxy Statement provided by it for use in the Proxy Statement and notify the other parties hereto if and to the extent that it shall have become false or misleading in any material respect or omit to state a material fact necessary to make the statements therein not false or misleading prior to the Company Stockholders Meeting. The Company shall cause, and Parent and Acquisition Sub

shall reasonably cooperate with the Company in connection with causing, the Proxy Statement, as so corrected, to be filed with the SEC and to be disseminated to the holders of Common Stock, in each case, and to the extent required by applicable federal securities Laws. Parent, Acquisition Sub and their counsel shall be given a reasonable opportunity to review and comment on the Proxy Statement before it is filed with the SEC. In addition, the Company shall provide Parent, Acquisition Sub and their counsel with any comments the Company or its counsel may receive from the SEC or its staff with respect to the Proxy Statement promptly after receipt of such comments and shall consult with Parent, Acquisition Sub and their counsel prior to responding to such comments. Subject to Section 7.8 and applicable Law, the Company shall cause the Proxy Statement to contain the recommendation of the Company's board of directors that the Company's stockholders approve this Agreement and the Merger.

7.8 NO SOLICITATION. Except as set forth in this Section 7.8:

(a) From and after the date of this Agreement until the termination of this Agreement pursuant to Section 10, the Consolidated Company shall not, and it shall cause its officers, directors, employees, investment bankers, agents and representatives of the Consolidated Company not to, directly or indirectly, (i) solicit, initiate or knowingly encourage or knowingly facilitate the making, submission or announcement of any Acquisition Proposal or (ii) engage in any discussions or negotiations with, or furnish any nonpublic information relating to the Consolidated Company or afford any access to the properties, books or records of the Consolidated Company, otherwise knowingly assist, participate in, facilitate or encourage any effort by, any Third Party that has made or, to the Knowledge of the Company, is seeking to make, an Acquisition Proposal. Notwithstanding the foregoing, the Company or its board of directors, directly or indirectly through advisors, agents or other intermediaries, may furnish information concerning the businesses, properties or assets of the Consolidated Company to any Person or group, including furnishing nonpublic information pursuant to an executed non-disclosure agreement, the terms of which are comparable to the terms contained in the Non-Disclosure Agreement, and may engage in discussions and negotiations with such Person or group concerning an acquisition only if: (A) such Person or group has submitted an unsolicited bona fide Acquisition Proposal which the board of directors of the Company determines in good faith is, or is reasonably likely to result in, a Superior Proposal and (B) the board of directors of the Company determines in good faith, after consultation with outside counsel, that the failure to take such action would be inconsistent with its fiduciary duties under applicable law.

(b) The Company shall promptly (and in any event within 24 hours) notify Parent of any Acquisition Proposal, any material modifications thereto or any request for non-public information relating to the Consolidated Company or for access to the properties, books or records of the Consolidated Company by any Third Party that, to the Knowledge of the Company, is considering making, or has made, an Acquisition Proposal or request. The Company shall provide such notice orally and in writing and shall identify the Third Party making, and the material terms and conditions of, any such Acquisition Proposal or request. The Company shall keep Parent informed on a current basis of the status and details of any such Acquisition Proposal or request, and shall promptly (and in any event within 24 hours) provide to Parent a copy of all written materials subsequently provided to or by the Company in connection with such Acquisition Proposal or request.

(c) The Consolidated Company shall, and shall cause the officers, directors, employees, investment bankers, agents and representatives of the Consolidated Company to, immediately cease and cause to be terminated all existing discussions or negotiations, if any, with any Third Party conducted prior to the date hereof with respect to any Acquisition Proposal, and shall terminate any access of any such Third Party to any nonpublic information, and shall immediately direct any Third Parties to return or destroy any nonpublic information provided to them.

(d) Except as set forth in this Section 7.8(d), the board of directors of the Company shall not (i) withdraw or modify, or propose to withdraw or modify, in a manner adverse to Parent or Acquisition Sub, the approval or recommendation by the board of directors of the Company of this Agreement or the transactions contemplated hereby, including the Merger, (ii) approve or recommend, or propose to approve or recommend, any Acquisition Proposal, or (iii) enter into any letter of intent, agreement in principle, acquisition agreement or other agreement with respect to any Acquisition Proposal. Notwithstanding the foregoing, the board of directors of the Company shall be permitted to take the actions described in this Section 7.8(d) if (A) the Company has complied with Section 7.8(e), and (B) the board of directors of the Company determines in good faith, after consultation with outside counsel, that the failure to take such action would be inconsistent with its fiduciary duties to the Company's stockholders under applicable law.

(e) The Company shall give Parent forty-eight (48) hours notice that the Company's board of directors is considering, or is prepared to (i) withdraw or modify its approval or recommendation of the Merger and this Agreement or (ii) accept a Superior Proposal, in order to allow Parent the opportunity to make an offer to the Company; provided that the Company may not definitively accept a Superior Proposal unless the Company concurrently therewith terminates this Agreement pursuant to Section 10.1(f) and makes any payment required by Section 10.3(d)(i).

(f) Nothing in this Section 7.8 shall prohibit the Company or its board of directors, directly or indirectly through advisors, agents or other intermediaries, from taking and disclosing to the Company's Stockholders a position with respect to a tender or exchange offer by a Third Party pursuant to the requirements of Rules 14d-9 and 14e-2 promulgated under the Exchange Act or making any disclosure or recommendation to the Company's Stockholders if, after consultation with outside counsel, the board of directors determines in good faith that failure to take such action would be inconsistent with fiduciary duties to the Company's Stockholders under applicable law.

(g) During the period from the date of this Agreement through the Effective Time, the Company (i) shall not terminate, amend, modify or waive any provision of any confidentiality agreement relating to an Acquisition Proposal or standstill agreement to which the Company or any of its Subsidiaries is a party (other than any involving Parent) and (ii) agrees to use commercially reasonable efforts to enforce the provisions of any such agreements, provided, however, that the Company shall only be required to take any legal action at Parent's request and expense, including obtaining injunctions to prevent any breaches of such agreements and to enforce specifically the terms and provisions thereof in any court of the United States or any state thereof having jurisdiction.

7.9 PUBLIC ANNOUNCEMENTS. The Company, Acquisition Sub and Parent shall consult with each other before issuing any press releases or otherwise making any public statements with respect to this Agreement or the transactions contemplated hereby, and none of the parties shall issue any press release or make any public statement prior to obtaining the other parties' written consent, which consent shall not be unreasonably withheld or delayed, except that no such consent shall be necessary to the extent disclosure may be required by Law, Order or applicable stock exchange or NASDAQ rule or any listing agreement of any party hereto.

7.10 INVESTIGATION. In conducting its investigation of the business, operations and legal affairs of the Company, each of Parent and Acquisition Sub shall use its commercially reasonable efforts to not interfere in any manner with the business or operations of the Company or with the performance of any of the Company's employees.

7.11 EMPLOYEE MATTERS. With respect to the employees of the Parent, the Surviving Corporation or their respective Subsidiaries who shall have been employees of the Company or any of its Subsidiaries immediately prior to the Effective Time (each, a "Continuing Employee"), for a twelve-month period following the Effective Time, Parent will maintain and shall cause the Surviving Corporation and their respective Subsidiaries to maintain in effect the severance policy of the Company (as described in Section 7.11 of the Disclosure Schedule) and Parent will provide, and shall cause the Surviving Corporation and their respective Subsidiaries to provide, the benefits of such severance policy to each Continuing Employee who is terminated other than for cause or who resigns for good reason during such twelve-month period. Nothing in this Agreement shall be interpreted as limiting the power of Parent and its Subsidiaries, including the Surviving Corporation, to amend or terminate any Employee Benefit Plan or any other employee plan, program or arrangement or as requiring Parent or its Subsidiaries to offer to continue any employment agreement (other than as required by its terms) or to continue the employment of any Continuing Employee. The Company shall terminate the Company's 401(k) plan at least one business day prior to the Effective Time. Upon termination, the Company shall make no further contributions to the 401(k) Plan (other than contributions which relate to compensation paid for services rendered on or prior to the date of the termination of the 401(k) Plan), all participants in the 401(k) Plan shall vest 100% in their respective account balances, and the plan administrator of the 401(k) Plan shall be authorized, but not directed, to apply for a favorable determination letter from the Internal Revenue Service with respect to the termination of the 401(k) Plan.

7.12 DIRECTORS' AND OFFICERS' INDEMNIFICATION.

(a) From and after the Closing Date, Parent agrees that it will (or, as applicable, will cause the Surviving Corporation to) (i) indemnify and hold harmless, against any costs or expenses (including attorney's fees), judgments, fines, losses, claims, damages or liabilities incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, and provide advancement of expenses to, all past and present directors, officers, employees and agents of the Company and its Subsidiaries (in all of their capacities) (A) to the same extent such persons are indemnified or have the right to advancement of expenses as of the date of this Agreement by the Company pursuant to the Company's amended and restated certificate of incorporation, bylaws and indemnification agreements in existence on the date of this Agreement with any directors, officers and employees

of the Company and its Subsidiaries and (B) without limitation to clause (A), to the fullest extent permitted by law, in each case for acts or omissions at or prior to the Closing Date (including acts or omissions occurring in connection with the approval of this Agreement and the consummation of the transactions contemplated hereby), (ii) include and cause to be maintained in effect in the Company's (or any successor's) certificate of incorporation and bylaws for a period of six years after the Closing Date, the current provisions regarding elimination of liability of directors, indemnification of officers, directors and employees and advancement of expenses contained in the amended and restated certificate of incorporation and bylaws of the Company and (iii) cause to be maintained for a period of six years after the Closing Date the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by the Company or replacement policies providing substantially similar coverage provided, however, that neither Parent nor the Surviving Corporation shall be required to pay a premium to maintain such policies in excess of $800,000 in the aggregate.

(b) If Parent or any of its successors or assigns (i) shall consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving company or entity of such consolidation or merger or (ii) shall transfer all or substantially all of its properties and assets to any individual, corporation or other Entity, then, and in each case, proper provisions shall be made so that the successors and assigns of Parent shall assume all of the obligations set forth in this Section 7.12.

(c) The obligations of Parent under this Section 7.12 shall not be terminated or modified in such a manner as to adversely affect any indemnitee to whom this Section 7.12 applies without the consent of such affected indemnitee (it being expressly agreed that the indemnitees to whom this Section 7.12 applies shall be third party beneficiaries of this Section 7.12).

7.13 OBLIGATIONS OF ACQUISITION SUB; VOTING OF COMMON STOCK. Parent shall take all action necessary to cause Acquisition Sub to perform its obligations under this Agreement and to consummate the Merger on the terms and conditions set forth in this Agreement. Parent shall vote any Shares beneficially owned by it or any of its subsidiaries in favor of adoption of this Agreement at the Company Stockholders Meeting.

7.14 STOCKHOLDER LITIGATION. The parties to this Agreement shall cooperate and consult with one another in connection with any stockholder litigation against any of them or any of their respective directors or officers with respect to the transactions contemplated by this Agreement. In furtherance of and without in any way limiting the foregoing, each of the parties shall use its respective commercially reasonable efforts to prevail in such litigation so as to permit the consummation of the transactions contemplated by this Agreement in the manner contemplated by the Agreement.

7.15 STATE TAKEOVER LAWS. If any "fair price," "business combination" or "control share acquisition" statute or other similar statute or regulation shall become applicable to the transactions contemplated hereby, the Company and its boards of directors shall use their reasonable best efforts to grant such approvals and take such actions as are necessary so that the Contemplated Transactions may be consummated as promptly as practicable on the terms contemplated hereby.

SECTION 8. CONDITIONS TO OBLIGATION OF PARENT AND ACQUISITION SUB TO CLOSE.

The obligation of Parent and Acquisition Sub to consummate the transactions that are to be consummated at the Closing is subject to the satisfaction, as of the Closing Date, of the following conditions (any of which may be waived by Parent and Acquisition Sub in whole or in part):

8.1 HSR ACT.

(a) The waiting period (and any extension thereof) under the HSR Act applicable to the Contemplated Transactions shall have been terminated or shall have expired and any investigation opened by means of a second request for information or otherwise shall have been terminated or closed.

(b) All other authorizations, consents, orders, declarations or approvals of or filings with, or terminations or expirations of waiting periods imposed by, any Governmental Body, which the failure to obtain, make or occur would have a Company Material Adverse Effect or a material adverse effect on Parent and its Subsidiaries, taken as a whole, shall have been obtained, shall have been made or shall have occurred

8.2 REPRESENTATIONS AND WARRANTIES; PERFORMANCE OF OBLIGATIONS. (a) Each of the representations and warranties of the Company contained in Section 5.1 (Organization), Section 5.2 (Capitalization and Voting Rights), Section 5.3 (Subsidiaries/Other Ownership Interest), Section 5.4 (Authorization), Section 5.12 (Proxy Statement), Section 5.22 (Voting Required) and Section 5.23 (Opinion of Financial Advisors) shall be true and correct in all material respects as of the date of this Agreement and on and as of the Closing Date as if made on and as of such date (other than, in each case, representations and warranties which address matters only as of a certain date which shall be true and correct in all material respects as of such certain date); (b) (i) the Company shall have performed in all material respects each of its agreements contained in this Agreement required to be performed on or prior to the Closing Date; and (ii) each of the representations and warranties of the Company contained in this Agreement (other than those contained in subsection 8.2(a)), when read without any exception or qualification as to materiality, Company Material Adverse Effect or Knowledge, shall be true and correct as of the date of this Agreement and on and as of the Closing Date as if made on and as of such date (other than, in each case, representations and warranties which address matters only as of a certain date which shall be true and correct as of such certain date); except where the failure of the representations and warranties referred to in subsection 8.2(b)(ii) to be so true and correct has not had nor is it reasonably likely to have a Company Material Adverse Effect, and Parent shall have received a certificate signed on behalf of the Company by its Chief Executive Officer and its Chief Financial Officer to such effect.

8.3 NO ORDER; NO LITIGATION. There shall not be in effect any Order (whether temporary, preliminary or permanent) of any Governmental Body of competent jurisdiction having the effect of prohibiting or making illegal the consummation of the Contemplated Transactions and no Governmental Body shall have instituted any Proceeding that is pending seeking such an Order and no other Person shall have instituted any Proceeding that is pending

and that could reasonably be expected to result in a Company Material Adverse Effect or a material adverse effect on Parent and its Subsidiaries, taken as a whole.

8.4 ABSENCE OF NEW LEGAL REQUIREMENTS. No Law shall have been enacted, promulgated, enforced or entered having the effect of prohibiting or making illegal the consummation of the Contemplated Transactions.

8.5 STOCKHOLDER APPROVAL. The Stockholder Approval shall have been duly obtained.

8.6 NO COMPANY MATERIAL ADVERSE EFFECT. There shall have been no Company Material Adverse Effect since the date of this Agreement.

8.7 CONSENTS. The Company shall have obtained (a) each of the consents or approvals listed on Section 5.6 of the Disclosure Schedule and (b) the consent or approval of each Person that is not a Governmental Body whose consent or approval shall be required in connection with the transactions contemplated hereby under any material Contract by which the Company or any of its Subsidiaries is bound, except in the case of clause (b), where the failure to obtain such consents and approvals would not reasonably be expected to have a Company Material Adverse Effect.

SECTION 9. CONDITIONS TO OBLIGATION OF THE COMPANY TO CLOSE.

The obligation of the Company to consummate the transactions that are to be consummated at the Closing is subject to the satisfaction, as of the Closing Date, of the following conditions (any of which may be waived by the Company in whole or in part):

9.1 HSR ACT. The waiting period (and any extension thereof) under the HSR Act applicable to the Contemplated Transactions shall have been terminated or shall have expired and any investigation opened by means of a second request for information or otherwise shall have been terminated or closed.

9.2 REPRESENTATION AND WARRANTIES; PERFORMANCE OF OBLIGATIONS. (a) Parent and Acquisition Sub shall have performed in all material respects each of its agreements contained in this Agreement required to be performed on or prior to the Closing Date; and (b) each of the representations and warranties of Parent and Acquisition Sub contained in this Agreement, when read without any exception or qualification as to materiality, Parent Material Adverse Effect or Knowledge of the Parent, shall be true and correct as of the date of this Agreement and on and as of the Closing Date as if made on and as of such date (other than, in each case, representations and warranties which address matters only as of a certain date which shall be true and correct as of such certain date), except where the failure to be so true and correct has not had nor is it likely to have a Parent Material Adverse Effect, except in the case of each of clause (b) for such failures to be so true and correct are solely the result of an action taken by Parent that is expressly permitted by this Agreement, and the Company shall have received a certificate signed on behalf of the Company by its Chief Executive Officer and its Chief Financial Officer to such effect.

9.3 NO ORDER; NO LITIGATION. There shall not be in effect any Order (whether temporary, preliminary or permanent) of any Governmental Body of competent jurisdiction having the effect of prohibiting or making illegal the consummation of the Contemplated Transactions and no Governmental Body shall have instituted any Proceeding that is pending seeking such an Order and no other Person shall have instituted any Proceeding that is pending and that could reasonably be expected to result in a Company Material Adverse Effect or a material adverse effect on Parent and its Subsidiaries, taken as a whole.

9.4 ABSENCE OF NEW LEGAL REQUIREMENTS. No Law shall have been enacted, promulgated, enforced or entered having the effect of prohibiting or making illegal the consummation of the Contemplated Transactions.

9.5 STOCKHOLDER APPROVAL. The Stockholder Approval shall have been duly obtained.

SECTION 10. TERMINATION OF AGREEMENT.

10.1 RIGHT TO TERMINATE AGREEMENT. This Agreement may be terminated prior to the Closing:

(a) by Parent if there is a misrepresentation or breach of any of the covenants or agreements of the Company that results in a Company Material Adverse Effect, and which such breach has not been cured within thirty (30) days following written notice thereof (provided that neither Parent nor Acquisition Sub is in breach of any of its representations, warranties, covenants or agreements in this Agreement such that a Parent Material Adverse Effect has occurred);

(b) by the Company if there is a misrepresentation or breach of any of the covenants or agreements of Parent or Acquisition Sub that results in a Parent Material Adverse Effect, and which such breach or misrepresentation has not been cured within thirty (30) days following written notice thereof (provided that the Company is not in breach of any of its representations, warranties, covenants or agreements in this Agreement such that a Company Material Adverse Effect has occurred);

(c) by Parent at or after the End Date if any condition set forth in Section 8 has not been satisfied by that date (other than principally as a result of any failure on the part of Parent or Acquisition Sub to comply with or perform its or their covenants and obligations under this Agreement);

(d) by the Company at or after the End Date if any condition set forth in Section 9 has not been satisfied by that date (other than principally as a result of the failure on the part of the Company to comply with or perform its covenants or obligations under this Agreement);

(e) by either the Company or Parent, if the Stockholder Approval shall not have been obtained at the Company Stockholders Meeting or at any adjournment or postponement thereof at which a vote on such approval was taken;

(f) by the Company if prior to obtaining the Stockholder Approval, the board of directors of the Company shall have determined to accept a Superior Proposal pursuant to and in compliance with Sections 7.8(d) and (e);

(g) by Parent if the board of directors of the Company shall have (i) withdrawn, modified or changed, in a manner adverse to Parent or Acquisition Sub, the approval or recommendation by the board of directors of the Company of this Agreement or the Contemplated Transactions, including the Merger, (ii) approved or recommended any Acquisition Proposal by a Third Party, (iii) entered into any letter of intent, agreement in principle, acquisition agreement or other agreement with respect to any Acquisition Proposal by a Third Party; or (iv) a tender offer or exchange offer for outstanding Shares shall have been commenced (other than by Parent or an Affiliate of Parent) and the board of directors of the Company recommends that the stockholders of the Company tender their shares in such tender or exchange offer or, within ten Business Days after the commencement of such tender or exchange offer, the board of directors of the Company fails to recommend against acceptance of such offer;

(h) by the mutual written consent of Parent, Acquisition Sub and the Company; or

(i) by either Parent or the Company if a Governmental Body of competent jurisdiction shall have issued a nonappealable final order, decree or ruling or taken any other nonappealable final action, in each case having the effect of permanently restraining, enjoining or otherwise prohibiting the Merger.

10.2 TERMINATION PROCEDURES.

(a) If Parent determines it may exercise its right to terminate this Agreement pursuant to Section 10.1(a) it shall deliver to the Company a written notice specifying the detailed basis therefore and providing the Company a reasonable period, but not less than thirty (30) days, to cure the deficiency. If the Company determines it may exercise its right to terminate this Agreement pursuant to Section 10.1(b) it shall deliver to Parent a written notice specifying the detailed basis therefore and providing Parent a reasonable period, but not less than thirty (30) days, to cure the deficiency.

(b) If Parent wishes to terminate this Agreement pursuant to Section 10.1(c) or (g), Parent shall deliver to the Company a written notice stating that Parent is terminating this Agreement and setting forth a detailed description of the basis on which Parent is terminating this Agreement. If the Company wishes to terminate this Agreement pursuant to Section 10.1(d) or (f), the Company shall deliver to Parent a written notice stating that the Company is terminating this Agreement and setting forth a detailed description of the basis on which the Company is terminating this Agreement.

10.3 EFFECT OF TERMINATION. If this Agreement is terminated pursuant to Section 10.1, all further obligations of the parties under this Agreement shall terminate; provided, however, that:

(a) No party shall be relieved of any obligation or other Liability arising from any breach by such party of any provision of this Agreement.

(b) The parties shall, in all events, remain bound by and continue to be subject to the provisions of this Section 10.3, Section 7.6 and all of Section 11, including the expense provisions of Section 11.1.

(c) Parent, Acquisition Sub and the Company shall, in all events, remain bound by and continue to be subject to the Non-Disclosure Agreement for the term thereof.

(d) The Company shall pay, or cause to be paid, to Parent an amount equal to Fifteen Million Dollars ($15,000,000) (the "Termination Fee") by wire transfer of immediately available funds:

(i) if this Agreement is terminated by the Company pursuant to Section 10.1(f), concurrently with such termination; or

(ii) if this Agreement is terminated by Parent pursuant to Sections 10.1(g), concurrently with such termination.

(e) The Company shall pay Parent up to $1,000,000 as reimbursement for expenses of Parent actually incurred relating to the Contemplated Transactions prior to termination (including reasonable fees and expenses of Parent's counsel, accountants and financial advisors, but excluding any discretionary fees paid to such financial advisors), in the event of the termination of this Agreement by Parent pursuant to Section 10.1(e). The expense reimbursement payable pursuant to this Section 10.3(e) shall be paid by wire transfer of same-day funds within ten Business Days after demand therefor, accompanied by expense documentation reasonably acceptable to the Company, following the occurrence of the event or events giving rise to the payment obligation described in this Section 10.3(e).

(f) Parent shall pay the Company up to $1,000,000 as reimbursement for expenses of the Company actually incurred relating to the Contemplated Transactions prior to termination (including reasonable fees and expenses of the Company's counsel, accountants and financial advisors, but excluding any discretionary fees paid to such financial advisors), in the event of the termination of this Agreement by the Company or Parent pursuant to Section 10.1(d) and if failure to satisfy the conditions set forth in Section 9.2 by the End Date shall have resulted in the Closing not occurring. The expense reimbursement payable pursuant to this Section 10.3(f) shall be paid by wire transfer of same-day funds within ten Business Days after demand therefor, accompanied by expense documentation reasonably acceptable to Parent, following the occurrence of the termination event giving rise to the payment obligation described in this Section 10.3(f).

(g) The parties acknowledge that the agreements contained in this Section 10 are an integral part of the Contemplated Transactions and that, without these agreements, the parties would not enter into this Agreement. Payment of the fees and expenses

described in this Section 10 shall not be in lieu of damages incurred in the event of a willful breach of this Agreement but shall otherwise constitute the sole and exclusive remedy of the parties in connection with any termination of this Agreement.

SECTION 11. MISCELLANEOUS PROVISIONS.

11.1 EXPENSES. Other than as specifically provided in this Agreement, each party hereto shall pay all of its own costs and expenses incurred or to be incurred in negotiating and preparing this Agreement and in closing and carrying out the Contemplated Transactions. Notwithstanding the foregoing, Parent shall be responsible for: (a) all filing fees for filings required and made by Parent and the Company under the HSR Act; (b) one half (1/2) of all fees and expenses, other than accountants' and attorneys' fees, incurred with respect to the printing, filing and mailing of the Proxy Statement (including any related preliminary materials) and any amendments or supplements thereto.

11.2 NONSURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations, warranties and agreements made herein and in any document delivered pursuant hereto shall not survive beyond the Effective Time or any termination of this Agreement; provided, however, that this Section 11.2 shall not limit any covenant or agreement of the parties hereto which by its terms requires performance after the Effective Time, including that the agreements in Sections 2.9 through 2.16, Section 7.11, Section 7.12 and this Section 11 shall survive in accordance with their respective terms.

11.3 GOVERNING LAW. This Agreement shall be construed in accordance with, and governed in all respects by, the internal laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of laws of any jurisdictions other than those of the State of Delaware.

11.4 VENUE, JURISDICTION AND FORUM. Any legal action or other legal proceeding relating to this Agreement or the enforcement of any provision of this Agreement may be brought or otherwise commenced only in a state or federal court located in Wilmington, Delaware. Each party to this Agreement:

(a) expressly and irrevocably consents and submits to the personal jurisdiction of each state and federal court located in Wilmington, Delaware (and each appellate court located in Wilmington, Delaware), in connection with any such legal proceeding;

(b) agrees that each state and federal court located in Wilmington, Delaware shall be deemed to be a convenient forum; and

(c) agrees not to assert (by way of motion, as a defense or otherwise), in any such legal proceeding commenced in any state or federal court located in Wilmington, Delaware, any claim that such party is not subject personally to the jurisdiction of such court, that such legal proceeding has been brought in an inconvenient forum, that the venue of such proceeding is improper or that this Agreement or the subject matter of this Agreement may not be enforced in or by such court.

11.5 TIME OF THE ESSENCE. Time is of the essence for this Agreement.

11.6 NOTICES. All notices and other communications under this Agreement shall be in writing and shall be deemed to have been duly received (a) if given by facsimile, when transmitted and the appropriate facsimile confirmation received if transmitted on a Business Day and during normal business hours of the recipient, and otherwise on the next Business Day following transmission, (b) if given by certified or registered mail, return receipt requested, postage prepaid, upon receipt, and (c) if given by courier or other means, when received or personally delivered, and addressed as follows (or at such other address as the intended recipient shall have specified in a written notice given to the other party hereto):

if to Parent or Acquisition Sub:

West Corporation
11808 Miracle Hills Drive
Omaha, Nebraska 68154
Attention: Thomas Barker
David Mussman
Fax: (402) 963-1600

with a copy to:

Sidley Austin LLP
One South Dearborn
Chicago, Illinois 60603
Attention: Frederick Lowinger, Esq.
Paul Choi, Esq.
Fax: (312) 853-7036

if to the Company:

Intrado Inc.
1601 Dry Creek Drive
Longmont, Colorado 80503
Attention: George Heinrichs
Fax: (720) 864-7501

with a copy to (which shall not constitute notice):

Richard Plumridge, Esq.
Holme Roberts & Owen, LLP
1700 Lincoln, Suite 4100
Denver, CO 80203
Fax: (303) 866-0200

11.7 REMEDIES. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to seek an injunction or injunctions to prevent breaches of this Agreement and to seek specific performance of the terms and provisions of this Agreement, this being in addition to any other remedy to which they are entitled at law or in equity.

11.8 TABLE OF CONTENTS AND HEADINGS. The table of contents of this Agreement and the underlined headings contained in this Agreement are for convenience of reference only, shall not be deemed to be a part of this Agreement and shall not be referred to in connection with the construction or interpretation of this Agreement.

11.9 ASSIGNMENT. No party hereto may assign any of its rights or delegate any of its obligations under this Agreement to any other Person without the prior written consent of the other parties hereto; provided, however, that Parent shall have the right, without the consent of any other party, to assign all or a portion of its rights, interests and obligations hereunder to one or more direct or indirect subsidiaries, to the extent that such assignment does not relieve Parent of any of its obligations hereunder.

11.10 PERSONAL LIABILITY. This Agreement shall not create or be deemed to create or permit any personal Liability or obligation on the part of any direct or indirect stockholder of the Company, Parent or Acquisition Sub or any officer, director, employee, agent, representative or investor of any party hereto.

11.11 NO THIRD PARTY BENEFICIARIES. Except as provided in Section 7.12 (with respect to which the indemnified parties thereunder shall be third party beneficiaries), this Agreement is not intended, and shall not be deemed, to confer any rights or remedies upon any person other than the parties hereto and their respective successors and permitted assigns, to create any agreement of employment with any person or to otherwise create any third party beneficiary hereto.

11.12 SEVERABILITY. In the event that any provision of this Agreement, or the application of such provision to any Person or set of circumstances, shall be determined by any court of competent jurisdiction to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to Persons or circumstances other than those as to which it is determined to be invalid, unlawful, void or unenforceable, shall not be affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

11.13 ENTIRE AGREEMENT. This Agreement, and the other Transaction Agreements set forth the entire understanding of Parent, Acquisition Sub and the Company and supersede all other agreements and understandings between those parties relating to the subject matter hereof and thereof.

11.14 WAIVER. No failure on the part of any party hereto to exercise any power, right, privilege or remedy under this Agreement, and no delay on the part of any party hereto in exercising any power, right, privilege or remedy under this Agreement, shall operate as a waiver thereof; 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.

11.15 AMENDMENTS. This Agreement may not be amended, modified, altered or supplemented except by means of a written instrument executed on behalf of Parent, Acquisition Sub and the Company.

11.16 WAIVER OF JURY TRIAL. EACH OF PARENT, ACQUISITION SUB AND THE COMPANY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THE ACTIONS OF PARENT, ACQUISITION SUB OR THE COMPANY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

11.17 INTERPRETATION OF AGREEMENT.

(a) Each party hereto acknowledges that it has participated in the drafting of this Agreement, and any applicable rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be applied in connection with the construction or interpretation of this Agreement.

(b) Whenever required by the context hereof, the singular number shall include the plural, and vice versa; the masculine gender shall include the feminine and neuter genders; and the neuter gender shall include the masculine and feminine genders.

(c) As used in this Agreement, the words "include" and "including," and variations thereof, shall not be deemed to be terms of limitation, and shall be deemed to be followed by the words "without limitation."

(d) References herein to "Sections" are intended to refer to Sections of this Agreement, unless otherwise indicated.

11.18 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original hereof, and it shall not be necessary in making proof of this Agreement to produce or account for more than one counterpart hereof. Signatures delivered by facsimile shall be deemed to be originals for all purposes.

[Remainder of page intentionally left blank]

This Agreement has been duly executed and delivered by Parent, Acquisition Sub and the Company as of the date set forth above.

PARENT:

WEST CORPORATION

By: /s/ Thomas B. Barker

Name: Thomas B. Barker
Title: Chief Executive Officer

ACQUISITION SUB:

WEST INTERNATIONAL CORP.

By: /s/ Thomas B. Barker

Name: Thomas B. Barker
Title: Chief Executive Officer

COMPANY:

INTRADO INC.

By: /s/ George K. Heinrichs

Name: George K. Heinrichs
Title: Chairman, Chief Executive Officer and President

EXHIBIT 2.07

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

RAINDANCE COMMUNICATIONS, INC.,

WEST CORPORATION

AND

ROCKIES ACQUISITION CORPORATION

DATED AS OF FEBRUARY 6, 2006

TABLE OF CONTENTS

LIST OF EXHIBITS

EXHIBIT NUMBER	DESCRIPTION
A	Organizational Documents of Surviving Corporation
B	Officers of Surviving Corporation

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "Agreement") is made and entered into as of February 6, 2006, by and among Raindance Communications, Inc., a Delaware corporation ("Raindance"), West Corporation, a Delaware corporation ("West"), and Rockies Acquisition Corporation, a Delaware corporation and a wholly owned subsidiary of West ("Merger Sub").

PREAMBLE

The Boards of Directors of Raindance, Merger Sub and West have approved this Agreement and the transactions described herein. This Agreement provides for the acquisition of Raindance by West pursuant to the merger of Merger Sub with and into Raindance.

Certain terms used and not otherwise defined in this Agreement are defined in Section 7.1.

NOW, THEREFORE, in consideration of the above and the mutual warranties, representations, covenants, and agreements set forth herein, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE 1
TRANSACTIONS AND TERMS OF MERGER

1.1 MERGER. Subject to the terms and conditions of this Agreement, at the Effective Time, Merger Sub shall be merged with and into Raindance in accordance with the provisions of Section 251 of the DGCL and with the effect provided in Section 259 of the DGCL (the "Merger"). Raindance shall be the surviving corporation (the "Surviving Corporation") resulting from the Merger, shall continue to be governed by the Laws of the State of Delaware, shall become a wholly owned subsidiary of West, and the separate corporate existence of Raindance with all of its rights, privileges, immunities, powers and franchises shall continue unaffected by Merger.

1.2 TIME AND PLACE OF CLOSING. The closing of the Merger (the "Closing") shall take place at such time and place as West and Raindance shall agree, on the date when the Effective Time is to occur (the "Closing Date"), which shall be no later than the second business day after satisfaction or waiver of the conditions set forth in Article 5 (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions), unless another time or date, or both, are agreed to in writing by the Parties hereto.

1.3 EFFECTIVE TIME. Subject to the terms and conditions of this Agreement, on the Closing Date, the Parties will cause a certificate of merger to be filed with the Secretary of State of the State of Delaware as provided in Section 251 of the DGCL (the "Certificate of Merger"). The Merger shall take effect when the Certificate of Merger becomes effective (the "Effective Time").

1.4 EFFECT ON RAINDANCE COMMON STOCK.

(a) At the Effective Time, in each case subject to Section 1.4(d), by virtue of the Merger and without any action on the part of the Parties or the holder thereof, each share of Raindance Common Stock that is issued and outstanding immediately prior to the Effective Time (other than shares

of Raindance Common Stock held by any Party or any Subsidiary of a Party (in each case other than shares of Raindance Common Stock held on behalf of third parties) or shares of the Common Stock (the "Dissenting Shares") that are owned by stockholders properly exercising their appraisal rights pursuant to Section 262 of the DGCL) shall be converted into the right to receive $2.70 (the "Per Share Purchase Price") in cash, less any applicable withholding Taxes (the "Merger Consideration").

(b) At the Effective Time, all shares of Raindance Common Stock shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist as of the Effective Time, and each certificate or electronic book-entry previously representing any such shares of Raindance Common Stock (the "Certificates") shall thereafter represent only the right to the Merger Consideration and any Dissenting Shares shall thereafter represent only the right to receive applicable payments as set forth in Section 2.3.

(c) If, prior to the Effective Time, the outstanding shares of Raindance Common Stock shall have been increased, decreased, changed into or exchanged for a different number or kind of shares or securities as a result of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar change in capitalization, then an appropriate and proportionate adjustment shall be made to the Per Share Purchase Price.

(d) Each share of Raindance Common Stock issued and outstanding immediately prior to the Effective Time and owned by any of the Parties or their respective Subsidiaries (in each case other than shares of Raindance Common Stock held on behalf of third parties) shall, by virtue of the Merger and without any action on the part of the holder thereof, cease to be outstanding, shall be cancelled and retired without payment of any consideration therefore and shall cease to exist (together with the Dissenting Shares, the "Excluded Shares").

1.5 WEST COMMON STOCK AND MERGER SUB COMMON STOCK.

(a) At and after the Effective Time, each share of West Common Stock issued and outstanding immediately prior to the Effective Time shall remain an issued and outstanding share of West Common Stock and shall not be affected by the Merger.

(b) At the Effective Time, each share of Merger Sub Common Stock issued and outstanding immediately prior to the Effective Time shall be converted into one share of common stock of the Surviving Corporation.

1.6 RAINDANCE OPTIONS AND OTHER INCENTIVE AWARDS.

(a) As of the Effective Time, each Raindance Option then outstanding shall, subject to Section 1.6(a) of Raindance's Disclosure Letter, become fully vested and exercisable. Each holder of a Raindance Option shall be given the opportunity to exercise such Raindance Option, effective as of the Effective Time and contingent upon the Closing, and thereby to become a stockholder of Raindance entitled to receive the Merger Consideration in accordance with the provisions hereof. Each Raindance Option outstanding as of the Effective Time that is not exercised as provided in this Section 1.6(a) shall be cancelled and the holder thereof shall be entitled, as of the Effective Time, to receive from the Surviving Corporation an amount of cash (without interest) equal to the product of (x) the total number of shares of Raindance Common Stock subject to such Raindance Option multiplied by (y) the excess, if any, of the amount of the Per Share Purchase Price over the exercise price per share of Raindance Common Stock under such Raindance Option (with the aggregate amount of such payment rounded down to the nearest cent) less applicable Taxes, if any, required to be withheld with respect to such payment.

As soon as practicable after the Effective Time, West shall pay, or shall cause the Surviving Corporation to pay, the amounts owed pursuant to the cancellation of unexercised Raindance Options pursuant to this Section 1.6(a).

(b) As of the Effective Time, each outstanding restricted stock award (including restricted stock awards subject to Raindance's performance-based incentive compensation program) shall, subject to Section 1.6(b) of Raindance's Disclosure Letter, become fully vested and shall entitle the holder thereof to receive, as soon as practicable after the Effective Time and in accordance with Section 2.1, an amount in cash (without interest) equal to the product of the total number of shares of Raindance Common Stock subject to such restricted stock award, multiplied by the Per Share Purchase Price, less applicable Taxes, if any, required to be withheld with respect to such payment.

(c) As full satisfaction of any and all cash bonus arrangements under Raindance's performance-based incentive compensation program, each individual participant in such program shall receive from the Surviving Corporation, contingent upon, and as promptly as practicable after, the Effective Time, an amount (without interest) determined prior to the Effective Time by the Compensation Committee of the Board of Directors of Raindance, which amount shall not exceed the amount set forth opposite the participant's respective name in Section 1.6(c) of Raindance's Disclosure Letter, less applicable Taxes, if any, required to be withheld with respect to such payment. Raindance shall take all actions necessary to provide that Raindance's performance-based incentive compensation program shall be terminated, without further obligation of West or the Surviving Corporation, effective as of the Effective Time. As soon as practicable after the Effective Time, West shall, or shall cause the Surviving Corporation, to pay the amounts owed pursuant to this Section 1.6(c).

(d) The compensation committee of the Board of Directors of Raindance shall make such adjustments and amendments to or make such determinations with respect to the Raindance Options, restricted stock units and performance-based incentive awards to implement the foregoing provisions of this Section 1.6.

(e) Raindance shall take all actions with respect to the Raindance Employee Stock Purchase Plan (the "ESPP") necessary (a) to provide that the current exercise period scheduled to end on February 15, 2006 (the "Final Exercise Period") shall end on the earlier of (i) February 15, 2006, or (ii) a date prior to the Effective Time, as provided in the ESPP, (b) to terminate the ESPP as of the Effective Time, and (c) to provide that no new exercise periods shall be commenced under the ESPP following the termination of the Final Exercise Period.

(f) Raindance shall take such steps as may be reasonably requested by any Party hereto to cause dispositions of Raindance equity securities (including derivative securities) pursuant to the transactions contemplated by this Agreement by each individual who is a director or officer of Raindance to be exempt under Rule 16b-3 promulgated under the 1934 Act in accordance with that certain No-Action Letter dated January 12, 1999 issued by the SEC regarding such matters.

1.7 WARRANTS. West shall pay each holder (each a "Warrantholder") of a warrant to purchase shares of Raindance Common Stock (each, a "Raindance Warrant"), upon surrender of such Warrant, an amount in cash (without interest) equal to the product obtained by multiplying (x) the total number of shares of Raindance Common Stock issuable upon the exercise in full of each Raindance Warrant held by such Warrantholder by (y) the excess, if any, of the amount of the Per Share Purchase Price over the exercise price per share of Raindance Common Stock under such Raindance Warrant (with the aggregate amount of such payment rounded down to the nearest cent) less applicable Taxes, if any,

required to be withheld with respect to such payment. No consideration shall be paid for any Raindance Warrant the exercise price per share of Raindance Common Stock under which exceeds the Per Share Purchase Price. Any Raindance Warrant not surrendered for cancellation as provided above shall survive the Merger and shall become a warrant to receive, upon payment of the exercise price provided for therein, an amount of cash based on the Per Share Purchase Price in accordance with the merger adjustment provisions of each such Raindance Warrant.

1.8 ORGANIZATIONAL DOCUMENTS OF SURVIVING CORPORATION; DIRECTORS AND OFFICERS.

(a) As of the Effective Time, the Organizational Documents of Raindance shall be amended to read as set forth in Exhibit A hereto and, as so amended, shall be the Organizational Documents of the Surviving Corporation until thereafter amended as provided therein or by applicable Law.

(b) The directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation as of the Effective Time, until the earlier of their resignation or removal or otherwise ceasing to be a director or until their respective successors are duly elected and qualified, as the case may be.

(c) The persons set forth on Exhibit B shall be the officers of the Surviving Corporation as of the Effective Time, until the earlier of their resignation or removal or otherwise ceasing to be an officer.

ARTICLE 2
PAYMENT

2.1 PAYMENT PROCEDURES.

(a) At or prior to the Effective Time, West shall deposit, or shall cause to be deposited, with a paying agent (the "Paying Agent") appointed by West (with the approval of Raindance), for the benefit of the holders of the Certificates, for exchange in accordance with Article 1 and this Article 2, cash sufficient to pay the aggregate Merger Consideration in exchange (the "Exchange Fund") for outstanding shares of Raindance Common Stock immediately prior to the Effective Time (other than Excluded Shares).

(b) As promptly as practicable after the Effective Time, West shall send or cause to be sent to each former holder of record of shares of Raindance Common Stock immediately prior to the Effective Time transmittal materials for use in exchanging such holder's Certificates for the Merger Consideration (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon proper delivery of such Certificates to the Paying Agent). Upon the surrender of a Certificate (or effective affidavit of loss in lieu thereof as provided in Section 2.1(d)) to the Paying Agent in accordance with the terms of such letter of transmittal, duly executed, the holder of such Certificate shall be entitled to receive in exchange therefore a check in the amount (after giving effect to any required Tax withholdings) of (x) the number of shares of Raindance Common Stock represented by such Certificate (or effective affidavit of loss in lieu thereof) multiplied by (y) the Per Share Purchase Price, and the Certificate so surrendered shall forthwith be cancelled. No interest will be paid or accrued on any amount payable upon due surrender of the Certificates. In the event of a transfer of ownership of shares of Raindance Common Stock that is not registered in the transfer records of

Raindance, a check for any cash to be paid upon due surrender of the Certificate may be paid to such a transferee if the Certificate formerly representing such shares of Raindance Common Stock is presented to the Paying Agent, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable stock transfer taxes have been paid or are not applicable.

(c) Notwithstanding the foregoing, neither the Paying Agent nor any Party shall be liable to any former holder of Raindance Common Stock for any amount properly delivered to a public official pursuant to applicable abandoned property, escheat or similar Laws.

(d) If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Paying Agent, the posting by such Person of a bond in such reasonable amount as the Paying Agent may direct as indemnity against any claim that may be made against it with respect to such Certificate, West or the Paying Agent shall, in exchange for the shares of Raindance Common Stock represented by such lost, stolen or destroyed Certificate, pay or cause to be paid the amounts, if any, deliverable in respect to the shares of Raindance Common Stock formerly represented by such Certificate pursuant to this Agreement.

(e) Any portion of the Exchange Fund that remains unclaimed by the holders of Raindance Common Stock for 12 months after the Effective Time shall be returned to West. Any holders of Raindance Common Stock who have not theretofore complied with this Article 2 shall thereafter look only to West for payment of the consideration deliverable in respect of each share of Raindance Common Stock such holder holds as determined pursuant to this Agreement, in each case, without any interest thereon.

2.2 RIGHTS OF FORMER RAINDANCE STOCKHOLDERS. At the Effective Time, the stock transfer books of Raindance shall be closed as to holders of Raindance Common Stock and no transfer of Raindance Common Stock by any such holder shall thereafter be made or recognized. Until surrendered for exchange in accordance with the provisions of Section 2.1, each Certificate (other than Certificates representing Excluded Shares) shall from and after the Effective Time represent for all purposes only the right to receive the Merger Consideration in exchange therefor.

2.3 DISSENTERS' RIGHTS. Any Person who otherwise would be deemed a Dissenting Stockholder shall not be entitled to receive the applicable Merger Consideration with respect to the shares of Raindance Common Stock owned by such Person unless and until such Person shall have failed to perfect or shall have effectively withdrawn or lost such holder's right to dissent from the Merger under the DGCL. Each Dissenting Stockholder shall be entitled to receive only the payment provided by Section 262 of the DGCL with respect to shares of Raindance Common Stock owned by such Dissenting Stockholder. Raindance shall give West (i) prompt notice of any written demands for appraisal, attempted withdrawals of such demands, and any other instruments served pursuant to applicable Law received by Raindance relating to stockholders' rights of appraisal and (ii) the opportunity to direct all negotiations and proceedings with respect to demand for appraisal under the DGCL. Raindance shall not, except with the prior written consent of West, voluntarily make any payment with respect to any demands for appraisals of Dissenting Shares, offer to settle or settle any such demands or approve any withdrawal of any such demands.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

3.1 DISCLOSURE LETTERS. Prior to the execution and delivery of this Agreement, each Party has delivered to the other Party a letter (as it relates to a Party, its "Disclosure Letter") setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more of such Party's representations or warranties contained in this Article 3 or to one or more of its covenants contained in Article 4; provided, that (a) no such item is required to be set forth in a Party's Disclosure Letter as an exception to any representation or warranty of such Party if its absence would not result in the related representation or warranty being deemed untrue or incorrect under the standard established by Section 3.2, and (b) the mere inclusion of an item in a Party's Disclosure Letter as an exception to a representation or warranty shall not be deemed an admission by such Party that such item represents a material exception or fact, event or circumstance or that such item is reasonably likely to result in a Material Adverse Effect with respect to such Party. Any disclosures made with respect to a subsection of Section 3.3 or 3.4, as applicable, shall be deemed to qualify (a) any subsections of Section 3.3 or 3.4, as applicable, specifically referenced or cross-referenced and (b) other subsections of Section 3.3 or 3.4, as applicable, to the extent it is clear (notwithstanding the absence of a specific cross reference) from a reading of the disclosure that such disclosure (i) applies to such other subsections and (ii) contains sufficient detail to enable a reasonable Person to recognize the relevance of such disclosure to such other subsections.

3.2 STANDARDS. The term "Material Adverse Effect," as used with respect to a Party, means an effect which (i) in the case of Raindance only, is materially adverse, or is reasonably likely to be materially adverse, to the business, financial condition or results of operations of Raindance and its Subsidiaries taken as a whole or (ii) materially impairs, or is reasonably likely to materially impair, the ability of such Party to consummate the Merger; provided, that in determining whether a Material Adverse Effect has occurred or is reasonably likely to occur there shall be excluded any effect to the extent attributable to or resulting from (A) any changes in Laws or regulations generally affecting the businesses of such Party, (B) any change in GAAP generally affecting the businesses of such Party, (C) events, conditions or trends in economic, business or financial conditions generally affecting the businesses of such Party, (D) changes in national or international political or social conditions, including the engagement by the United States in hostilities, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon or within the United States, or any of its territories, possessions or diplomatic or consular offices or upon any military installation, equipment or personnel of the United States, (E) the effects of the actions contemplated, permitted or required by this Agreement or that are taken with the prior informed consent of the other Party in contemplation of the transactions contemplated hereby or that are not taken because such actions are prohibited by Section 4.2 and West withheld its Consent to such actions, (F) the announcement or pendency of this Agreement or any of the transactions contemplated hereby, (G) the failure to meet internal or analyst's expectations or projections between the date of this Agreement and the Closing Date (it being understood, however, that the underlying circumstances giving rise to such failure may be taken into account unless otherwise excluded pursuant to this paragraph), and (H) any event, condition, claim, Liability, or potential loss or contingency disclosed on the Disclosure Schedule; provided further, that in the case of any event, condition or trend described in clauses (A) through (D) above, the effect thereof on such Party is not materially different than the effect thereof on comparable companies.

3.3 REPRESENTATIONS AND WARRANTIES OF RAINDANCE. Subject to and giving effect to Sections 3.1 and 3.2 and except as set forth in its Disclosure Letter, Raindance hereby represents and warrants to each of West and Merger Sub:

(a) Organization, Standing, and Power. It and each of its Subsidiaries is duly organized, validly existing, and (as to corporations) in good standing under the Laws of the jurisdiction of its formation. It and each of its Subsidiaries has the requisite corporate power and authority to own, lease, and operate its properties and assets and to carry on its business as now conducted. It and each of its Subsidiaries is duly qualified or licensed to do business and in good standing in the States of the United States and foreign jurisdictions where the character of its assets or the nature or conduct of its business requires it to be so qualified or licensed.

(b) Authority; No Breach of Agreement.

(i) It has the corporate power and authority necessary to execute, deliver, and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery, and performance of this Agreement, and the consummation of the transactions contemplated hereby, have been duly and validly authorized by all necessary corporate action (including valid authorization and adoption of this Agreement by its duly constituted Board of Directors), subject only to the Raindance Stockholder Approval. Subject to the Raindance Stockholder Approval and assuming due authorization, execution, and delivery of this Agreement by each of West and Merger Sub, this Agreement represents a legal, valid, and binding obligation of Raindance enforceable against it in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought).

(ii) As of the date hereof, its Board of Directors has (A) by the affirmative vote of all directors voting, duly approved and declared advisable this Agreement and the Merger and the other transactions contemplated hereby; (B) received the opinion of its financial advisor, Citigroup Global Markets, to the effect that the Merger Consideration to be received by the holders of Common Stock pursuant to the Merger is fair from a financial point of view to the holders of the Common Stock; (C) determined that this Agreement and the transactions contemplated hereby are advisable and in the best interests of the holders of Raindance Common Stock; (D) resolved to recommend adoption of this Agreement, the Merger and the other transactions contemplated hereby to the holders of shares of Raindance Common Stock (such recommendations being the "Directors' Recommendation"); and (E) directed that this Agreement be submitted to the holders of shares of Raindance Common Stock for their adoption.

(iii) Neither the execution and delivery of this Agreement by it, nor the consummation by it of the transactions contemplated hereby, nor compliance by it with any of the provisions hereof, will (A) conflict with or result in a breach of any provision of its Organizational Documents, or (B) constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any material assets of it or its Subsidiaries under, any Contract or Permit of it or its Subsidiaries that is filed as an exhibit to its SEC Reports or that is listed in Section 3.3(l) of its Disclosure Letter or that is otherwise material to its, and its Subsidiaries' business, taken as a whole, or (C) subject to receipt of the Required Consents and

the expiration of any waiting period required by Law, violate any Law or Order applicable to it or its Subsidiaries or any of their respective material assets.

(iv) Other than in connection or compliance with the

provisions of the Securities Laws, and other than (A) the expiration or termination of the required waiting period under the HSR Act, (B) notices to or filings with the Internal Revenue Service or the Pension Benefit Guaranty Corporation or both with respect to any Benefit Plans, and (C) as set forth in Section 3.3(b)(iv)(C) of its Disclosure Letter, no notice to, filing with, or Consent of, any Governmental Authority is necessary in connection with the execution, delivery or performance of this Agreement and the consummation by it of the Merger and the other transactions contemplated by this Agreement.

(c) Capital Stock. Its authorized capital stock consists of (i) 130,000,000 shares of Raindance Common Stock, of which, as of the date of this Agreement, 55,278,749 shares were issued and outstanding, and no shares were held by Raindance in its treasury, and (ii) 10,000,000 shares of preferred stock, par value $.0015 per share, none of which are issued or outstanding. Except as set forth in this Section 3.3(c), as of the date of this Agreement, there are no shares of Raindance Common Stock or other equity securities of Raindance outstanding and no outstanding Rights relating to the Raindance Common Stock, and no Person has any Contract or any right or privilege (whether pre-emptive or contractual) capable of becoming a Contract or Right for the purchase, subscription or issuance of any securities of Raindance. All of the outstanding shares of Raindance Common Stock are duly and validly issued and outstanding and are fully paid and nonassessable. None of the outstanding shares of Raindance Common Stock has been issued in violation of any preemptive or contractual rights of the current or past shareholders of Raindance. Section 3.3(c) of the Disclosure Letter sets forth the name and jurisdiction of organization of any and all Persons (other than the Subsidiaries) of which Raindance directly or indirectly owns an equity interest (including the number and type of equity interests or securities), or an interest convertible into or exchangeable or exercisable for an equity interest; all such interests are owned beneficially and of record by Raindance, free and clear of all Liens. Raindance has no Subsidiaries.

(d) SEC Filings; Financial Statements.

(i) It has filed and made available to each of West and Merger Sub all SEC Reports required to be filed by it with the SEC since December 31, 2000 (collectively, its "SEC Reports"). With respect to SEC Reports filed prior to the date of this Agreement, such SEC Reports (A) at the time filed, complied in all material respects with the applicable requirements of the Securities Laws, and (B) did not at the time they were filed (or if amended or superseded by another SEC Report filed prior to the date of this Agreement, then on the date of such filing) contain any untrue statement of a material fact or omit to state a material fact required to be stated in such SEC Reports or necessary in order to make the statements in such SEC Reports, in light of the circumstances under which they were made, not misleading. With respect to SEC Reports filed after the date of this Agreement, such SEC Reports (A) will at the time filed comply in all material respects with the applicable requirements of the Securities Laws, and (B) will not, at the time they were filed (or if amended or superseded by another SEC Report filed after the date of this Agreement, then on the date of such filing), contain any untrue statement of a material fact or omit to state a material fact required to be stated in such SEC Reports or necessary in order to make the statements in such SEC Reports, in light of the circumstances under which they were made, not misleading.

(ii) Each of its Financial Statements (including the notes and schedules thereto) contained in its SEC Reports (including any SEC Reports filed after the date of this Agreement) complied (or will comply) as to form in all material respects with the applicable requirements of the Securities Laws with respect thereto, fairly presented (or will fairly present) the consolidated financial position of it and its subsidiaries as at the respective dates and the consolidated results of its operations and its cash flows for the periods indicated, in each case in accordance with GAAP consistently applied during the periods indicated, except in each case as may be noted therein, and subject to normal year-end audit adjustments and as permitted by Form 10-Q in the case of unaudited Financial Statements.

(iii) Raindance has made available to West a complete and correct copy of any material amendments or modifications that are required to be, but have not yet been as of the date of this Agreement, filed with the SEC to (i) agreements that previously have been filed by Raindance and (ii) the SEC Reports. Raindance has responded to all comment letters of the SEC Staff received as of the date hereof relating to the SEC Reports, and prior to the date hereof the SEC Staff has not advised Raindance that any final responses are inadequate, insufficient or otherwise non-responsive. Raindance has made available to West correct and complete copies of all correspondence between the SEC and Raindance (or any Raindance Subsidiary) between December 31, 2002 and the date of this Agreement and will, promptly following the receipt thereof, provide to West any such correspondence sent or received after the date hereof. To the Knowledge of Raindance, no SEC Report filed before the date hereof is, as of the date hereof, the subject of ongoing SEC review or outstanding SEC comment.

(iv) Raindance has been and is in compliance in all material respects with (i) the applicable listing and corporate governance rules and regulations of Nasdaq and (ii) the applicable provisions of the Sarbanes-Oxley Act of 2002 and related rules and regulations promulgated thereunder (the "Sarbanes-Oxley Act") since the enactment of the Sarbanes-Oxley Act. Raindance maintains internal accounting controls that comply with Section 13(b)(2)(B) of the 1934 Act. Raindance maintains disclosure controls and procedures that comply with Rule 13a-15(e) of the 1934 Act.

(v) Based on its most recent evaluation of its internal controls processes prior to the date of this Agreement, (A) Raindance has not identified any significant deficiencies or material weaknesses (each as defined in the Public Company Accounting Oversight Board's Auditing Standard No. 2) in the design or operation of its internal control over financial reporting which are reasonably likely to adversely affect Raindance's ability to record, process, summarize and report financial information, and (B) with respect to Raindance, there has been no fraud, whether or not material, that involves management or other employees who have a significant role in its internal control over financial reporting. Raindance has not received prior to the date hereof any complaint, allegation, assertion or claim regarding its internal accounting controls or auditing matters that have been reported pursuant to the "whistleblower" policy adopted by Raindance's Audit Committee. Raindance has no reason to believe that its auditors and its chief executive officer and chief financial officer will not be able to give the certifications and attestations required pursuant to Section 404 of the Sarbanes-Oxley Act.

(vi) There are no outstanding loans made by Raindance or any of its Subsidiaries in violation of the Sarbanes-Oxley Act.

(e) Liabilities. As of date this Agreement, neither Raindance nor any of its Subsidiaries has any liabilities or obligations of a nature and magnitude required to be reflected on a

consolidated balance of Raindance prepared in accordance with GAAP (or the notes to such balance sheet), other than liabilities and obligations (a) set forth in Raindance's consolidated balance sheet as of September 30, 2005 included in the SEC Reports (or in the notes thereto), (b) incurred in the ordinary course of business since September 30, 2005, or (c) incurred in connection with the Merger.

(f) Absence of Certain Changes or Events. Between December 31, 2004 and the date hereof, except as disclosed in its SEC Reports filed after that date and prior to the date of this Agreement, (i) it and each of its Subsidiaries has conducted its business in all material respects in the ordinary course of business consistent with past practice, (ii) neither it nor any of its Subsidiaries has taken action which, if taken after September 30, 2005 and prior to the date hereof without the Consent of West, would constitute a breach of Section 4.1 or 4.2 of this Agreement, (iii) there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on it, and (iv) there has been no material damage, destruction or loss (whether or not covered by insurance) to any material assets of Raindance or any of its Subsidiaries other than in the ordinary course of business.

(g) Tax Matters.

(i) All Taxes of it and each of its Subsidiaries that are or were due or payable (whether or not shown on any Tax Return) have been fully and timely paid. It and each of its Subsidiaries has timely filed all Tax Returns in all jurisdictions in which Tax Returns are required to have been filed by it or on its behalf, and each such Tax Return is complete and accurate in all material respects. Neither it nor any of its Subsidiaries is the beneficiary of any extension of time within which to file any Tax Return. There have been no examinations or audits of any Tax Return by any Taxing Authority. It and each of its Subsidiaries has made available to West true and correct copies of the United States federal and state income Tax Returns filed by it for each of the three most recent fiscal years ended on or before December 31, 2004. No claim has ever been made by a Taxing Authority in a jurisdiction where it or any of its Subsidiaries does not file a Tax Return that it or any of its Subsidiaries may be subject to Taxes by that jurisdiction.

(ii) Neither it nor any of its Subsidiaries has received any notice of assessment or proposed assessment in connection with any Tax, and there is no threatened or pending dispute, action, suit, proceeding, claim, investigation, audit, examination, or other Litigation regarding any Tax of it, any of its Subsidiaries or the assets of it or any of its Subsidiaries. There are no agreements, waivers or other arrangements providing for an extension of time with respect to the assessment of any Tax or deficiency against it or any of its Subsidiaries, and neither it nor any of its Subsidiaries has waived or extended the applicable statute of limitations for the assessment or collection of any Tax or agreed to a Tax assessment or deficiency.

(iii) Neither it nor any of its Subsidiaries is a party to a Tax allocation, sharing, indemnification or similar agreement or any agreement pursuant to which it has any obligation to any Person with respect to Taxes, and neither it nor any of its Subsidiaries has been a member of an affiliated group filing a consolidated federal or state income Tax Return or any combined, affiliated or unitary group for any Tax purpose (other than the group of which it is currently a member), and neither it nor any of its Subsidiaries has any Tax liability under Treasury Regulation Section 1.1502-6 or any similar provision of state, local or foreign law, or as a transferee or successor, by contract or otherwise.

(iv) The proper and accurate amounts of Tax have been withheld by it and each of its Subsidiaries and timely paid to the appropriate Taxing Authority for all periods through the Effective Time in compliance with all Tax withholding provisions of all applicable federal, state, local and foreign Laws, rules and regulations, including Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee or independent contractor, and Taxes required to be withheld and paid pursuant to Sections 1441 and 1442 of the Internal Revenue Code or similar provisions under state or foreign Law.

(v) Neither it nor any of its Subsidiaries has been a party to any distribution occurring during the five-year period ending on the date hereof in which the parties to such distribution treated the distribution as one to which Section 355 of the Internal Revenue Code applied. No Liens for Taxes exist with respect to any assets of it or any of its Subsidiaries, except for statutory Liens for Taxes not yet due and payable.

(vi) Neither it nor any of its Subsidiaries is a controlled foreign corporation within the meaning of the Internal Revenue Code. It and each of its Subsidiaries has complied with all of the income inclusion and Tax reporting provisions of the U.S. anti-deferral Tax regimes, including the controlled foreign corporation, passive foreign investment company and foreign personal holding company regimes.

(vii) Neither it nor any of its Subsidiaries has made any payments, is obligated to make any payments, or is a party to any contract that could obligate it to make any payments that could be disallowed as a deduction under Section 280G or 162(m) of the Internal Revenue Code or any comparable provision of state Tax Law.

(viii) Neither it nor any of its Subsidiaries is or has ever been a United States real property holding corporation within the meaning of Internal Revenue Code Section 897(c)(1)(A)(ii) or any comparable provision of state Tax Law. Neither it nor any of its Subsidiaries has been or will be required to include any adjustment in taxable income for any Tax period (or portion thereof) pursuant to Section 481 of the Internal Revenue Code or any comparable provision under state or foreign Tax Laws as a result of transactions or events occurring prior to the Effective Time.

(ix) The amount of the accumulated net operating loss carryovers, unused general business credits, unused investment credits, unused foreign credits and other Tax credits and other Tax losses of it and each of its Subsidiaries, calculated as of December 31, 2004, for state and federal income tax purposes, is stated in Section 3.3(g)(ix) of its Disclosure Letter and none of such net operating losses are capital losses or, except as disclosed in Section 3.3(g)(ix) of its Disclosure Letter, subject to any limitation on their use under the provisions of Sections 382 or 269 of the Internal Revenue Code or analogous provisions of state Law, or any other provisions of the Internal Revenue Code or the Treasury Regulations or analogous provisions of state Law, other than any such limitations as may arise as a result of the consummation of the transactions contemplated by this Agreement.

(x) It and each of its Subsidiaries has disclosed on its federal income Tax Returns any position taken for which substantial authority (within the meaning of Internal Revenue Code Section 6662(d)(2)(B)(i) or comparable provision of state Tax Law) did not exist at the time the return was filed. Neither it nor any of its Subsidiaries has participated in any reportable transaction, as defined in Treasury Regulation Section 1.6011-4(b)(1) or any comparable provision of state Tax Law, or a transaction substantially similar to a reportable

transaction. Neither it nor any of its Subsidiaries is a party to any joint venture, partnership, or other arrangement or contract which could be treated as a partnership for federal income Tax purposes.

(h) Environmental Matters. To its Knowledge: (i) no methylene chloride or asbestos is contained in or has been used at or released from its Facilities; (ii) all Hazardous Materials used by it or stored on its Properties have been disposed of in accordance with all Environmental Laws; (iii) neither it nor any of its Subsidiaries is liable as a responsible party under the federal Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), or state analog statute, arising out of events occurring prior to the Effective Time; (iv) there have not been in the past, and are not now, any Hazardous Materials on, under or migrating to or from the Facilities or any Property; (v) there have not been in the past, and are not now, any underground tanks or underground improvements at, on or under any Property including treatment or storage tanks, sumps, or water, gas or oil wells; (vi) there are no polychlorinated biphenyls ("PCBs") deposited, stored, disposed of or located on any Property or Facilities or any equipment on any Property containing PCBs at levels in excess of 50 parts per million; (vii) there is no formaldehyde on any Property or in the Facilities, nor any insulating material containing urea formaldehyde in the Facilities; and (viii) the Facilities and its and its Subsidiaries' uses and activities therein have at all times since it or any of its Subsidiaries commenced use of the Facilities complied with all Environmental Laws. Neither it nor any of its Subsidiaries has received any notice (written or, to its Knowledge, verbal) of any noncompliance of the Facilities or any Property or their past or present operations with Environmental Laws. No notices, administrative actions or suits are pending or, to its Knowledge, threatened relating to any actual or potential violation by it or any of its Subsidiaries of any Environmental Laws.

(i) Compliance with Permits, Laws and Orders.

(i) It and each of its Subsidiaries has in effect all Permits and has made all filings, applications, and registrations with Governmental Authorities that are required for it to own, lease, or operate its assets and to carry on its business as now conducted and Raindance and its Subsidiaries are not in Default under any Permit applicable to their respective businesses or employees conducting their respective businesses.

(ii) Neither it nor any of its Subsidiaries is in Default under any Laws or Orders applicable to its business or employees conducting its business.

(iii) Neither it nor any of its Subsidiaries has received any notification or communication from any Governmental Authority since January 1, 2005 (or prior to such date, where the matters described in such notification or communication remain unresolved), (A) asserting that it or any of its Subsidiaries is in Default under any of the Permits, Laws or Orders which such Governmental Authority enforces, (B) threatening to revoke any Permits, or (C) requiring it or any of its Subsidiaries (x) to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment, or memorandum of understanding, or (y) to adopt any resolution of its Board of Directors or similar undertaking, which restricts materially the conduct of its business, or in any material manner relates to its management in their capacity as management of Raindance.

(iv) There (A) is no unresolved violation or exception by any Governmental Authority with respect to any report or statement in its possession relating to any examinations or inspections of it or any of its Subsidiaries, (B) have been no formal or informal inquiries by, or disagreements or disputes with, any Governmental Authority with respect to its or any of its

Subsidiaries' business, operations, policies or procedures since January 1, 2005 (or after January 1, 2001 and prior to January 1, 2005, where such inquiry, disagreement or dispute remains unresolved), and (C) is not any pending or, to its Knowledge, threatened adverse investigation or review by any Governmental Authority of it or any of its Subsidiaries.

(v) Neither it nor any of its directors, officers, employees or Representatives acting on its behalf has offered, paid, or agreed to pay any Person, including any Government Authority, directly or indirectly, any thing of value for the purpose of, or with the intent of obtaining or retaining any business in violation of applicable Laws, including (1) using any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity, (2) making any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds, (3) violating any provision of the Foreign Corrupt Practices Act of 1977, as amended, or (4) making any bribe, rebate, payoff, influence payment, kickback or other unlawful payment.

(j) Labor Relations. Neither it nor any of its Subsidiaries is the subject of any Litigation asserting that it or any of its Subsidiaries has committed an unfair labor practice (within the meaning of the National Labor Relations Act or comparable state Law) or seeking to compel it or any of its Subsidiaries to bargain with any labor organization as to wages or conditions of employment, nor is it or any of its Subsidiaries a party to or bound by any collective bargaining agreement, Contract, or other agreement or understanding with a labor union or labor organization, nor is there any strike or other labor dispute involving it pending or, to its Knowledge, threatened, nor, to its Knowledge, is there any activity involving its or any of its Subsidiaries' employees seeking to certify a collective bargaining unit or engaging in any other organization activity. Except as would not reasonably be expected to have a Material Adverse Effect on Raindance, to the Knowledge of Raindance, Raindance and its Subsidiaries have no direct or indirect liability with respect to any misclassification of any person as an independent contractor rather than as an employee, or with respect to any employee leased from another employer.

(k) Employee Benefit Plans.

(i) It has disclosed in Section 3.3(k)(i) of its Disclosure Letter, and has delivered or made available to West prior to the date of this Agreement correct and complete copies of, all of its Benefit Plans that are in effect as of the date of this Agreement. Neither it nor any of its Subsidiaries has any "obligation to contribute" (as defined in ERISA Section 4212) to a "multiemployer plan" (as defined in ERISA Sections 4001(a)(3) and 3(37)(A)). Each "employee pension benefit plan," as defined in Section 3(2) of ERISA, that was ever maintained by it or any of its Subsidiaries and that was intended to qualify under Section 401(a) of the Internal Revenue Code, is disclosed as such in Section 3.3(k)(i) of its Disclosure Letter.

(ii) It has delivered or made available to West prior to the date of this Agreement correct and complete copies of the following documents: (A) all trust agreements or other funding arrangements for its Benefit Plans that are currently in effect (including insurance Contracts), and all amendments thereto, (B) with respect to any such Benefit Plans or amendments, the most recent determination letters, and all material rulings, material opinion letters, material information letters, or material advisory opinions issued by the Internal Revenue Service, the United States Department of Labor, or the Pension Benefit Guaranty Corporation after December 31, 1994, (C) annual reports or returns, audited or unaudited financial statements, actuarial valuations and reports, and summary annual reports prepared for any Benefit Plans with respect to the most recent plan year, and (D) the most recent summary plan descriptions and any material modifications thereto.

(iii) All of its Benefit Plans are in compliance with the applicable terms of ERISA, the Internal Revenue Code, and any other applicable Laws. Each of its ERISA Plans which is intended to be qualified under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the Internal Revenue Service and, to its Knowledge, there are no circumstances likely to result in revocation of any such favorable determination letter. Each trust created under any of its ERISA Plans has been determined to be exempt from Tax under Section 501(a) of the Internal Revenue Code and it is not aware of any circumstance which will or could reasonably result in revocation of such exemption. With respect to each of its Benefit Plans, to its Knowledge, no event has occurred which will or could reasonably give rise to a loss of any intended Tax consequences under the Internal Revenue Code or to any Tax under Section 511 of the Internal Revenue Code that is reasonably likely, individually or in the aggregate, to have a Material Adverse Effect on it. There is no pending or, to its Knowledge, threatened Litigation relating to any of its ERISA Plans.

(iv) Neither it nor any of its Subsidiaries has engaged in a transaction with respect to any of its Benefit Plans that, assuming the Taxable Period of such transaction expired as of the date of this Agreement or the Effective Time, would subject it or any of its Subsidiaries to a Tax or penalty imposed by either Section 4975 of the Internal Revenue Code or Section 502(i) of ERISA. Neither it nor, to its Knowledge, any administrator or fiduciary of any of its Benefit Plans (or any agent of any of the foregoing), has engaged in any transaction, or acted or failed to act in any manner with respect to any of its Benefit Plans which could subject it to any direct or indirect Liability (by indemnity or otherwise) for breach of any fiduciary, co-fiduciary, or other duty under ERISA. No oral or written representation or communication with respect to any aspect of its Benefit Plans has been made to employees of it or any of its Subsidiaries which is not in conformity with the written or otherwise preexisting terms and provisions of such plans.

(v) Each of its Pension Plans had, as of the date of its most recent actuarial valuation, assets measured at fair market value at least equal to its "current liability," as that term is defined in Section 302(d)(7) of ERISA. Since the date of the most recent actuarial valuation, no event has occurred which would be reasonably expected to adversely change any such funded status in a way that is reasonably likely to have, individually or in the aggregate, a Material Adverse Effect on it. None of its Pension Plans nor any "single-employer plan," within the meaning of Section 4001(a)(15) of ERISA, currently maintained by it or any of its Subsidiaries, or the single-employer plan of any ERISA Affiliate has an "accumulated funding deficiency" within the meaning of Section 412 of the Internal Revenue Code or Section 302 of ERISA. All required contributions with respect to any of its Pension Plans or any single-employer plan of any of its ERISA Affiliates have been timely made and there is no lien, nor is there expected to be a lien, under Internal Revenue Code Section 412(n) or ERISA Section 302(f) or Tax under Internal Revenue Code Section 4971. Neither it nor any of its Subsidiaries has provided, or is required to provide, security to any of its Pension Plans or to any single-employer plan of any of its ERISA Affiliates pursuant to Section 401(a)(29) of the Internal Revenue Code. All premiums required to be paid under ERISA Section 4006 have been timely paid by it and its Subsidiaries.

(vi) No Liability under Title IV of ERISA has been or is expected to be incurred by it or any of its Subsidiaries with respect to any defined benefit plan currently or formerly maintained by any of them or by any of its ERISA Affiliates that has not been satisfied in full (other than Liability for Pension Benefit Guaranty Corporation premiums, which have been paid when due).

(vii) Neither it nor any of its Subsidiaries has any obligations for retiree health and retiree life benefits under any of its Benefit Plans other than with respect to benefit coverage mandated by applicable Law.

(viii) Except as set forth in Section 1.6 or in Section 4.2(h) of its Disclosure Letter, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will, (A) result in any payment (including severance, golden parachute, or otherwise) becoming due to any of its or its Subsidiaries' directors or employees from it or any of its Subsidiaries under any of its Benefit Plans or otherwise, other than by operation of Law, (B) increase any benefits otherwise payable under any of its Benefit Plans, or (C) result in any acceleration of the time of payment or vesting of any such benefit.

(l) Material Contracts.

(i) As of the date of this Agreement, neither it nor any of its Subsidiaries, nor any of their respective assets, businesses, or operations is a party to, or is bound or affected by, or receives benefits under, (i) any employment, severance, change-in-control, termination, consulting, or retirement Contract providing for future aggregate payments to any Person in any calendar year in excess of $150,000, (ii) any Contract relating to the borrowing of money by it or any of its Subsidiaries or the guarantee by it or any of its Subsidiaries of any such obligation (other than Contracts pertaining to trade payables incurred in the ordinary course of business), (iii) other than pursuant to Raindance Options, Raindance Warrants, the ESPP and this Agreement, any Contract for the sale of any of its capital stock or equity interests; (iv) other than pursuant to Raindance Options, Raindance Warrants, the ESPP and this Agreement, any Contract that contains a put, call, right of first refusal or similar right pursuant to which Raindance or any of its Subsidiaries would be required to purchase or sell, as applicable, any ownership interests of any Person (v) any Contract containing covenants that limit the ability of it or any of its Affiliates to compete in any line of business or with any Person, or that involve any restriction of the geographic area in which, or method by which, it or any of its Subsidiaries or Affiliates may carry on its business (other than as may be required by Law or any Governmental Authority), (vi) any Contract or series of related Contracts for the purchase of materials, supplies, goods, services, equipment or other assets (other than any Contract (A) that is terminable without any payment or penalty on not more than 90 days notice by it or any of its Subsidiaries or (B) that is otherwise terminable by it or any of its Subsidiaries without payment or penalty on or prior to March 31, 2006 (and thereafter, if not so terminated, is terminable as specified in clause (A) (either of the foregoing, a "Terminable Contract")) that provides for or is reasonably likely to require either (x) annual payments by it or any of its Subsidiaries of $250,000 or more or (y) aggregate payments by it or any of its Subsidiaries of $1,000,000 or more (or with respect to Contracts with wholesale telecommunications service providers, aggregate payments by Raindance or any of its Subsidiaries of $500,000 or more) or (vii) any other Contract or amendment thereto that would be required to be filed as an exhibit to any SEC Report (as described in Items 601(b)(4) and 601(b)(10)) that has not been filed as an exhibit to its SEC Reports filed prior to the date of this Agreement. With respect to each of its Contracts that (i) are filed as an exhibit to any SEC Report, (ii) would be required under Items 601(b)(4) and 601(b)(10) of Regulation S-K to be filed as an exhibit to any of its SEC Reports, or (iii) is disclosed in its Disclosure Letter: (u) the Contract is in full force and effect as of the date hereof; (v) neither it nor any of its Subsidiaries is in Default thereunder; (w) it has not repudiated or waived any material provision of any such Contract; (x) no other party to any such Contract is, to its Knowledge, in Default in any material respect; and (y) to the Knowledge of Raindance, no event has occurred that, with or without notice or lapse of time or both, would result in a Default

in any material respect under any such Contract. All indebtedness for money borrowed of it and its Subsidiaries is prepayable without penalty or premium.

(ii) Section 3.3(l)(ii) of its Disclosure Schedule sets forth its ten largest customers by consolidated revenues for the 12-month period ended September 30, 2005 (each a "Large Customer"). Since October 1, 2004, no Large Customer has cancelled any Contract with it or any of its Subsidiaries (or, to its Knowledge, threatened to do so), and neither it nor any of its Subsidiaries has received any written communication or notice from any Large Customer of any intention to terminate or materially reduce the amount of services such Large Customer obtains from it or its Subsidiaries.

(m) Legal Proceedings. As of the date hereof, there is no Litigation pending or, to its Knowledge, threatened against it or any of its Subsidiaries or its or any of its Subsidiaries' assets, interests, or rights, nor are there any Orders of any Governmental Authority or arbitrators outstanding against it or any of its Subsidiaries. Except as has not had or would not reasonably be expected to have a Material Adverse Effect on Raindance, (i) to the Knowledge of Raindance, no officer or director of Raindance or any of its Subsidiaries is a defendant in any suit, claim, action, proceeding, arbitration or investigation in connection with his or her status as an officer or director of Raindance or any of its Subsidiaries and (ii) there are no SEC or other governmental inquiries or, to the Knowledge of Raindance, investigations or internal investigations regarding any accounting practices of Raindance or any of its Subsidiaries or any malfeasance by any executive officer of Raindance.

(n) Properties. Neither Raindance nor any Subsidiary owns any real property. Section 3.3(n) of the Disclosure Letter contains a true and complete list of all real property leased, subleased, licensed or otherwise occupied (whether as tenant, subtenant or pursuant to other occupancy arrangements) by Raindance or any of its Subsidiaries in connection with which Raindance or such Subsidiary pays for the occupancy of such real property in excess of $50,000 annually (collectively, including the improvements thereon, the "Leased Real Property"), including the street address thereof. True and complete copies of all agreements related to such Leased Real Property that have not been terminated or expired as of the date hereof have been made available to Parent. Except as would not reasonably be expected to have a Material Adverse Effect on Raindance, Raindance or one of its Subsidiaries has valid leasehold estates in all Leased Real Property, free and clear of all Liens.

(o) Insurance Policies. Except as would not reasonably be expected to have a Material Adverse Effect on Raindance, (i) all insurance policies maintained by Raindance and its Subsidiaries are in full force and effect and provide insurance in such amounts and against such risks as the management of Raindance reasonably has determined to be prudent in accordance with industry practices or as is required by law or regulation, and all premiums due and payable thereon have been paid; and (ii) neither Raindance nor any Subsidiary is in material Default of any of the insurance policies, and neither Raindance nor any Subsidiary has taken any action or failed to take any action which, with notice or the lapse of time, would constitute such a Default or permit termination or material modification of any of the insurance policies. Raindance has not received any material notice of termination or cancellation or denial of coverage with respect to any of the insurance policies.

(p) Affiliate Transactions. There are no material transactions, agreements, arrangements or understandings in effect as of the date of this Agreement between (i) Raindance or any of its Subsidiaries, on the one hand, and (ii) any Affiliate of Raindance (other than any of its Subsidiaries), on the other hand, of the type that would be required to be disclosed under Item 404 of Regulation S-K under the Securities Act which have not been so disclosed.

(q) Investment Company Act. Raindance is not currently, nor has it ever been, an "investment company" as defined in the Investment Company Act of 1940, as amended.

(r) Government Contracts.

(i) With respect to each Government Contract, except as would not reasonably be expected to have a Material Adverse Effect on Raindance, (A) all representations and certifications executed, acknowledged or set forth in or pertaining to such Governmental Contract were complete and correct in all material respects as of their effective date, and Raindance and each of its Subsidiaries have complied in all material respects with all such representations and certifications; (B) since January 1, 2005, neither the United States Government nor any prime contractor, subcontractor or other Person has notified Raindance or any of its Subsidiaries in writing that Raindance or any such Subsidiary has breached or violated any material certification, representation, clause, provision or requirement, pertaining to such Government Contract; and (C) no termination for convenience, termination for Default, cure notice or show cause notice is in effect as of the date hereof pertaining to any Government Contract.

(ii) Except as would not reasonably be expected to have a Material Adverse Effect on Raindance, (A) to the Knowledge of Raindance, neither Raindance nor any of its Subsidiaries nor any of their respective personnel have been under administrative, civil or criminal investigation, or indictment or audit by any Governmental Authority with respect to any alleged irregularity, misstatement or omission arising under or relating to any Government Contract; (B) neither Raindance nor any of its Subsidiaries has conducted or initiated any internal investigation or made a voluntary disclosure to the United States Government with respect to any alleged irregularity, misstatement or omission arising under or relating to a Government Contract; and (C) neither Raindance nor any of its Subsidiaries nor, to the Knowledge of Raindance, any of their respective personnel have been suspended or debarred from doing business with the United States Government or is, or at any time has been, the subject of a finding of nonresponsibility or ineligibility for United States Government contracting.

(s) Intellectual Property.

(i) It and each of its Subsidiaries owns, or is licensed or otherwise possesses legally enforceable and unencumbered rights to use, all Intellectual Property (including the Technology Systems) that is used by it or its Subsidiaries in its or its Subsidiaries' business as currently conducted. Neither it nor any of its Subsidiaries has (A) licensed to any Person any Intellectual Property owned by it or any of its Subsidiaries except for licenses granted pursuant to source code escrow provisions under Contracts identified in Section 3.3(s)(i) of its Disclosure Letter and except for non-exclusive licenses granted to customers of Raindance in the ordinary course of its business, or (B) entered into any exclusive agreements relating to Intellectual Property owned by it or its Subsidiaries.

(ii) Section 3.3(s)(ii) of the its Disclosure Letter lists all patents and patent applications, all registered trademarks and applications therefor, trade names and service marks and applications therefor, registered copyrights and applications therefor, domain names, web sites, and mask works owned by or licensed to it or its Subsidiaries as of the date of this Agreement, including the jurisdictions in which each such Intellectual Property right has been issued or registered or in which any application for such issuance and registration has been filed, but excluding any (A) non-exclusive licenses generally available to the public for an acquisition

cost of less than $15,000 per year, (B) "shrink wrap" or "click wrap" licenses, or licenses for commercial off-the-shelf software, and (C) licenses of Intellectual Property used for internal purposes only and not integrated into or distributed with Raindance's products or services offered to its customers. No royalties or other continuing payment obligations are due in respect of any third-party patents, trademarks or copyrights, including software.

(iii) All patents, registered trademarks, tradenames, service marks and copyrights held by it and its Subsidiaries are, to its Knowledge, valid and subsisting. Since January 1, 2002, neither it nor any of its Subsidiaries (A) has been sued in any Litigation which involves a claim of infringement of any patents, trademarks, tradenames, service marks, copyrights or violation of any trade secret or other proprietary right of any third party or (B) has brought any Litigation for infringement of its Intellectual Property or breach of any license or other Contract involving its Intellectual Property against any third party.

(t) State Takeover Laws. It has taken all action required to be taken by it in order to exempt this Agreement and the transactions contemplated hereby from, and this Agreement and the transactions contemplated hereby are exempt from, the requirements of any "moratorium," "control share," "fair price," "affiliate transaction," "anti-greenmail," "business combination" or other anti-takeover Laws of any jurisdiction, including Section 203 of the DGCL (collectively, "Takeover Laws"). It has taken all action required to be taken by it in order to make this Agreement and the transactions contemplated hereby comply with, and this Agreement and the transactions contemplated hereby do comply with, the requirements of any provisions of its Organizational Documents concerning "business combination," "fair price," "voting requirement," "constituency requirement" or other related provisions.

(u) Brokers and Finders. Except for Citigroup Global Markets, neither it nor any of its Subsidiaries, nor any of their respective directors, officers, employees or Representatives, has employed any broker or finder or incurred any Liability for any financial advisory fees, investment bankers' fees, brokerage fees, commissions, or finders' fees in connection with this Agreement or the transactions contemplated hereby.

3.4 REPRESENTATIONS AND WARRANTIES OF WEST. Subject to and giving effect to Sections 3.1 and 3.2 and except as set forth in its Disclosure Letter, West (and Merger Sub, as indicated) hereby represents and warrants to Raindance that:

(a) Organization, Standing, and Power. Each of it and Merger Sub is duly organized, validly existing, and in good standing under the Laws of the jurisdiction in which it is incorporated.

(b) Authority; No Breach of Agreement.

(i) Each of it and Merger Sub has the corporate power and authority necessary to execute, deliver, and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery, and performance of this Agreement, and the consummation of the transactions contemplated hereby, including the Merger, by each of it and Merger Sub, have been duly and validly authorized by all necessary corporate action (including valid authorization and adoption of this Agreement by each of its and Merger Sub's duly constituted Board of Directors). Assuming due authorization, execution, and delivery of this Agreement by Raindance, this Agreement represents a legal, valid, and binding obligation of each of West and Merger Sub, enforceable against each of West and Merger Sub, in

accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought).

(ii) Neither the execution and delivery of this Agreement by it or Merger Sub, nor the consummation by either of them of the transactions contemplated hereby, nor compliance by them with any of the provisions hereof, will (A) conflict with or result in a breach of any provision of their respective Organizational Documents, or (B) constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any material asset of it or its Subsidiaries under, any Contract or Permit of it or its Subsidiaries, or (C) subject to receipt of the Required Consents and the expiration of any waiting period required by Law, violate any Law or Order applicable to it or its Subsidiaries or any of their respective material assets, except in the cases of clauses (B) and (C) above that would not reasonably be expected to have a Material Adverse Effect on West.

(iii) Other than in connection or compliance with the provisions of the Securities Laws, and other than (A) the expiration or termination of the required waiting period under the HSR Act, (B) notices to or filings with the Internal Revenue Service or the Pension Benefit Guaranty Corporation or both with respect to any Benefit Plans, (C) as set forth in Section 3.4(b)(iii) of its Disclosure Letter, and (D) would not reasonably be expected to have a Material Adverse Effect on West, no notice to, filing with, or Consent of, any Governmental Authority is necessary in connection with the execution, delivery or performance of this Agreement and the consummation by it or Merger Sub of the Merger and the other transactions contemplated by this Agreement.

(c) Legal Proceedings. Except as set forth in West's SEC filings, there is no Litigation pending or, to its Knowledge, threatened against it or Merger Sub, or against any asset, interest, or right of any of them, nor are there any Orders of any Governmental Authority or arbitrators outstanding against it or Merger Sub that is reasonably likely to have a Material Adverse Effect on West.

(d) Available Funds. As of the Effective Time, it will have available all funds necessary for the payment of the Merger Consideration and to satisfy all of its and the Surviving Corporation's obligations under Articles 1 and 2 of this Agreement, and it currently has borrowing availability under its credit facilities sufficient for the payment of the Merger Consideration and to satisfy all of its and the Surviving Corporation's obligations under Articles 1 and 2 of this Agreement.

(e) Merger Sub. All of the issued and outstanding capital stock of Merger Sub is, and at the Effective Time will be, owned by West or a direct or indirect wholly owned subsidiary of West. Merger Sub has not conducted any business prior to the date hereof and has no, and prior to the Effective Time will have no, assets, liabilities or obligations of any nature other than those incident to its formation and pursuant to this Agreement and the Merger and the other transactions contemplated by this Agreement.

(f) Ownership of Raindance Shares. Neither West nor any of its Affiliates is an "interested stockholder" (as such term is defined in Section 203 of the DGCL) of Raindance.

ARTICLE 4
COVENANTS AND ADDITIONAL AGREEMENTS OF THE PARTIES

4.1 CONDUCT OF BUSINESS PRIOR TO EFFECTIVE TIME. During the period from the date of this Agreement until the earlier of the termination of this Agreement or the Effective Time, except as expressly contemplated or permitted by this Agreement or to the extent reasonably necessary to carry out the transactions contemplated by this Agreement or to ensure that Raindance complies with applicable Laws and pre-existing contractual obligations or to the extent West shall otherwise Consent in writing (which Consent shall not be unreasonably withheld or delayed), Raindance shall (a) conduct its business in the ordinary course, and (b) use commercially reasonable efforts to maintain and preserve intact its business organization, employees and advantageous business relationships.

4.2 FORBEARANCES. During the period from the date of this Agreement until the earlier of the termination of this Agreement or the Effective Time, except as expressly contemplated or permitted by this Agreement or as otherwise indicated in this Section 4.2, Raindance shall not, without the prior written Consent of West (which Consent shall not be unreasonably withheld or delayed):

(a) amend its Organizational Documents or any indemnity agreements with its directors or officers;

(b) (i) adjust, split, combine, subdivide or reclassify any capital stock, (ii) make, declare, set aside or pay any dividend, or make any other distribution on, or directly or indirectly redeem, purchase or otherwise acquire, any shares of its capital stock or any securities or obligations convertible (whether currently convertible or convertible only after the passage of time or the occurrence of certain events) into or exchangeable for any shares of its capital stock, (iii) grant any Rights, (iv) except for Permitted Issuances, issue, sell, pledge, dispose of, grant, transfer, lease, license, guarantee, encumber, or authorize the issuance, sale, pledge, disposition, grant, transfer, lease, license, guarantee or encumbrance of, any shares of its capital stock, or (v) make any change in any instrument or Contract governing the terms of any of its securities;

(c) other than short-term investments in the ordinary course of business in connection with its treasury or cash management function or pursuant to Contracts in force at the date of or permitted by this Agreement, make any investment (either by purchase of stock or securities, contributions to capital, property transfers, or purchase of any property or assets) in any other Person;

(d) enter into any new line of business, or materially change its operating policies that are material to it, except as required by applicable Law;

(e) sell, transfer, mortgage, encumber or otherwise dispose of any material part of its business or any of its material properties or assets to any Person, or otherwise create or incur any material Lien on its assets, or cancel, release or assign any indebtedness of any Person or any claims against any Person or transfer, agree to transfer or grant of, or agree to grant a license to, any of its material Intellectual Property, except (i) the sale, transfer or other disposition of obsolete, worn-out or unneeded equipment in the ordinary course of business consistent with past practice or the grant of non-exclusive out-licenses in connection with ordinary revenue transactions, (ii) as security for any indebtedness permitted by Section 4.2(f), or (ii) pursuant to Contracts in force as of the date of this Agreement and disclosed in Section 4.2(e) of its Disclosure Letter;

(f) incur any material amount of indebtedness for borrowed money other than short-term indebtedness incurred to refinance short-term indebtedness (it being understood that for purposes of this Section 4.2(f), "short-term" shall mean maturities of six months or less) and other than borrowings pursuant to existing credit facilities or pursuant to any modifications, renewals or replacements of such credit facilities so long as the maximum aggregate permitted borrowings for such modifications, renewals or replacements are not increased and do not increase or create any prepayment penalties or premiums, and other than with respect to normal course expense reimbursement commitments to officers, directors and employees; assume, guarantee, endorse or otherwise as an accommodation become responsible for the obligations of any Person; make any loan, capital contribution or advance to any Person (other than travel, business expense and similar advances to employees in the ordinary course of business consistent with past practice); or grant credit to any customer, distributor or supplier of it or any of its Subsidiaries on terms or in amounts materially more favorable than had been extended to any such Person in the past;

(g) amend (except in a manner favorable to Raindance), terminate or waive any material provision of any Contract that is filed as an exhibit to its SEC Reports or that is listed in Section 3.3(l) of its Disclosure Letter or that is otherwise material to its business, other than (x) in connection with normal renewals of Contracts without materially adverse changes of terms, (y) in connection with the scheduled expiration of a Contract's term or (z) with respect to Contracts with customers, any amendments or waivers of payment provisions in the ordinary course of business consistent with past practice in an amount not to exceed $5,000 in any one case or $25,000 in the aggregate during any 30 day period;

(h) other than as required by Benefit Plans and Contracts as in effect at the date of this Agreement or as disclosed in Section 4.2(h) of its Disclosure Letter, (i) increase in any manner the compensation or fringe benefits of any of its officers, employees or directors, (ii) pay any pension or retirement allowance not required by any existing Benefit Plan or Contract to any such officers, employees or directors, (iii) become a party to, amend or commit itself to any Benefit Plan or Contract (or any individual Contracts evidencing grants or awards thereunder) or employment agreement with or for the benefit of any officer, employee or director, other than: (A) standard offer letters in connection with hiring at-will employees not otherwise prohibited by Section 4.2(i); and (B) Contracts in the ordinary course of business consistent with past practice under existing Benefit Plans to the extent not otherwise prohibited by this Section 4.2, or (iv) accelerate the vesting of, or the lapsing of restrictions with respect to, Rights pursuant to any Raindance Stock Plan;

(i) hire any employee (i) other than on an at-will basis or (ii) with annual compensation (including base salary and bonus opportunity) of $200,000 or more;

(j) settle or compromise any material Litigation, other than (x) in connection with enforcing its rights under this Agreement, or (y) for the routine collection of bills in the ordinary course of business consistent with past practice;

(k) revalue any of its or any of its Subsidiaries' assets or change any method of accounting or accounting practice used by it or any of its Subsidiaries (including changes with respect to extending trade receivables or making any changes to its or its Subsidiaries' receivables write-off policies or changing its or its Subsidiaries' payables cycle policies), other than changes required by GAAP and other than changes which would not have a material impact on Raindance or its Subsidiaries;

(l) file or amend any Tax Return except in the ordinary course of business; settle or compromise any material Tax Liability; or make, change or revoke any material Tax election or change any method of Tax accounting, except as required by applicable Law;

(m) merge or consolidate it or any of its Subsidiaries with any other Person, except for any such transactions among its wholly owned Subsidiaries that are not obligors or guarantors of third party indebtedness;

(n) acquire assets or spend or commit to spend amounts on capital expenditures in exceess of the amounts set forth in Section 4.2(n) of the Disclosure Letter;

(p) enter into any Contract that would be required to be listed in Section 3.3(l)(i) of the Disclosure Letter if entered into prior to the date hereof; or

(q) agree to take any of the actions prohibited by this Section 4.2.

4.3 STATE FILINGS. Upon the terms and subject to the conditions of this Agreement and prior to or in connection with the Closing, Raindance and Merger Sub shall execute and the Parties shall cause to be filed the Certificate of Merger with the Secretary of State of the State of Delaware.

4.4 RAINDANCE STOCKHOLDER APPROVAL.

(a) Raindance shall call a meeting of its stockholders to be held as soon as reasonably practicable for the purpose of obtaining the Raindance Stockholder Approval and such other matters as the Board of Directors of Raindance may direct, and shall use its reasonable best efforts to cause such meeting to occur as soon as reasonably practicable. The Board of Directors of Raindance shall make the Directors' Recommendation to its stockholders and such Directors' Recommendation shall be included in the Proxy Statement; provided, that the Raindance Board of Directors may withdraw, modify, or change in an adverse manner to West its recommendations and may approve or recommend any Acquisition Proposal or may make any disclosure that it determines in good faith to be required by any applicable Law and may omit the Directors' Recommendation from the Proxy Statement if the Board of Directors of Raindance concludes in good faith (after consultation with its outside counsel) that the failure to so withdraw, modify, or change its recommendations or approve or recommend any Acquisition Proposal or make any disclosure (or the inclusion of the Directors' Recommendation in the Proxy Statement) would violate the fiduciary duties of Raindance's Board of Directors under applicable Law. Notwithstanding such withdrawal, modification or change of such Directors' Recommendation, Raindance shall nevertheless submit this Agreement to its stockholders for adoption, unless this Agreement has been terminated in accordance with Section 6.1.

(b) Raindance shall use its reasonable best efforts to prepare and file, as promptly as practicable after the date of this Agreement, the proxy statement of Raindance (the "Proxy Statement") with the SEC and shall promptly notify West of the receipt of all comments of the SEC with respect to the Proxy Statement or any documents incorporated by reference therein and of any request by the SEC for any amendment or supplement thereto or for additional information and shall promptly provide to West copies of all correspondence between Raindance and/or any of its directors, officers, employees or Representatives and the SEC with respect to the Proxy Statement and such incorporated documents. Raindance and West shall each use its reasonable best efforts to promptly provide responses to the SEC with respect to all comments received on the Proxy Statement and such incorporated documents from the SEC and Raindance shall cause the definitive Proxy Statement to be mailed as promptly as possible after

the date the SEC staff advises that it has no further comments thereon or that Raindance may commence mailing the Proxy Statement. Prior to filing or mailing the Proxy Statement or filing any other required filings in connection with the Merger (or, in each case, any amendment or supplement thereto) or responding to any comments of the SEC with respect thereto, Raindance shall provide West with a reasonable opportunity to review and comment on such document or response and shall include in such document or response comments reasonably proposed by West as long as such reasonable comments are provided to Raindance promptly (and in any event within two days) after West receives such documents or response; provided, that nothing in this Section 4.4(b) shall be deemed to require Raindance to provide West with any opportunity to review or comment on documents or responses related to disclosures permitted by Section 4.9(c) or the proviso in the second sentence of Section 4.4(a).

(c) Each Party shall, upon request by the other, furnish the other with all information concerning itself, its Subsidiaries, directors, officers and stockholders and such other matters as may be reasonably necessary or advisable in connection with the Proxy Statement or any other statement, filing, notice or application made by or on behalf of Raindance, West or any of their respective Subsidiaries to any third party and/or any Governmental Authority in connection with the Merger and the transactions contemplated by this Agreement.

(d) Raindance agrees, as to itself and its Subsidiaries, that (i) the Proxy Statement and any amendment or supplement thereto will comply in all material respects with the applicable provisions of the 1934 Act and the rules and regulations thereunder and (ii) none of the information supplied by Raindance or any of its Subsidiaries for inclusion or incorporation by reference in the Proxy Statement will, at the date of mailing to its stockholders or at the time of the meeting of its stockholders held for the purpose of obtaining the Raindance Stockholder Approval, 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 in which they are made, not misleading; provided, that no representation is made by Raindance with respect to statements made therein based on information supplied in writing by West or Merger Sub specifically for inclusion in such documents.

(e) West agrees that none of the information supplied in writing by West or Merger Sub specifically for inclusion in the Proxy Statement will, at the date of mailing to Raindance stockholders or at the time of the meeting of the Raindance stockholders held for the purpose of obtaining the Raindance Stockholder Approval, 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 in which they are made, not misleading.

4.5 REASONABLE BEST EFFORTS.

(a) Upon the terms and subject to the conditions set forth in this Agreement, each Party shall use its reasonable best efforts, at its own cost and expense, to (i) take, or cause to be taken, all appropriate action, and do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to promptly consummate and make effective the transactions contemplated by this Agreement, (ii) obtain all Consents of, and give all notices to and make all filings with, all Governmental Authorities and other third parties that may be or become necessary for the performance of its obligations under this Agreement and the consummation of the transactions contemplated hereby (other than Consents or notices from or to third parties that are not material to Raindance) (the "Required Consents"), (iii) lift or rescind any injunction or restraining order or other Order adversely affecting the ability of the Parties to consummate the transactions contemplated hereby, and (iv) fulfill all conditions to the obligations of such parties under this Agreement. Each Party shall cooperate fully with the other Parties in promptly seeking to obtain all such Consents, giving such notices, and making such filings.

Notwithstanding the foregoing, nothing contained in this Section 4.5 shall preclude any Party from exercising its rights under this Agreement, including a Party's right to terminate this Agreement in accordance with Section 6.1.

(b) In furtherance and not in limitation of the terms of Section 4.5(a), to the extent required by applicable Law, each of West and Raindance shall file, or cause to be filed, a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby as promptly as practicable after the date of this Agreement, shall supply promptly any additional information and documentary material that may be requested by any Governmental Authority (including the Antitrust Division of the United States Department of Justice and the United States Federal Trade Commission) pursuant to the HSR Act, and shall cooperate in connection with any filing under applicable antitrust Laws and in connection with resolving any investigation or other inquiry concerning the transactions contemplated by this Agreement commenced by any Governmental Authority, including the United States Federal Trade Commission, the Antitrust Division of the United States Department of Justice, or the office of any state attorney general; provided, that West shall not be required to Consent to any divestiture or other structural or conduct relief in order to obtain clearance from any Governmental Authority. In the event that any legal, administrative, arbitral or other proceeding, claim, suit or action is instituted (or threatened to be instituted) by a Governmental Authority or private party challenging any of the transactions contemplated by this Agreement or in the event that any Governmental Authority shall otherwise object to any of the transactions contemplated by this Agreement, each of West, Merger Sub and Raindance shall cooperate with each other and use its respective reasonable best efforts: (A) to vigorously defend, contest and resist any such proceeding, claim, suit, action or challenge; and (B) to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement.

(c) To the extent permitted by Law, each Party will promptly furnish to the other Party copies of applications filed with all Governmental Authorities and copies of written communications received by such Party from any Governmental Authorities with respect to the transactions contemplated hereby. Each Party agrees that it will consult with the other Party with respect to the obtaining of all Required Consents and each Party will keep the other Party apprised of the status of material matters relating to completion of the transactions contemplated hereby. Neither Party shall agree to participate in any substantive meeting or discussion with any Governmental Authority in respect of any filing, investigation or inquiry concerning this Agreement or the Merger unless it consults with the other parties reasonably in advance and, to the extent permitted by such Governmental Authority, gives the other Party the opportunity to attend and participate. All documents that the Parties or their respective Subsidiaries are responsible for filing with any Governmental Authority in connection with the transactions contemplated hereby (including to obtain Consents of Governmental Authorities) will comply as to form in all material respects with the provisions of applicable Law.

4.6 NOTIFICATION OF CERTAIN MATTERS. Raindance shall give prompt notice to West (and subsequently keep West informed on a current basis) upon its becoming aware of the occurrence or existence of any fact, event or circumstance that (a) is reasonably likely to result in any Material Adverse Effect on Raindance, or (b) is reasonably likely to cause or constitute a breach of any of its representations, warranties, covenants, or agreements contained herein such that the conditions in Section 5.2(a) or 5.2(b) would not be satisfied. Raindance shall deliver to West a copy of each written opinion of its financial advisor, Citigroup Global Markets, as soon as reasonably practicable after Raindance's receipt thereof.

4.7 INVESTIGATION AND CONFIDENTIALITY.

(a) Raindance shall permit West to make or cause to be made such investigation of the business and Properties of Raindance and its Subsidiaries and of Raindance's financial and legal conditions as West reasonably requests; provided, that such investigation shall be reasonably related to the transactions contemplated hereby and shall not interfere unnecessarily with normal operations; and provided further, that neither Raindance nor any of their respective Subsidiaries shall be required to provide access to or to disclose information where such access or disclosure would jeopardize the attorney-client or other privilege with respect to such information, contravene any Law, Order, or Contract, or result in disclosure of any trade secrets of third parties and the Parties will use their reasonable best efforts to make appropriate substitute disclosure arrangements, to the extent practicable, in circumstances in which the restrictions of the preceding sentence apply. Raindance shall make available to West (i) a copy of each material report, schedule, registration statement and other document filed (it being agreed that electronic filing with the SEC is deemed to satisfy the requirements of this provision (i)) or received by it pursuant to the requirements of the federal or state securities or Tax laws, and (ii) promptly after delivery to the Rockies Board (and in no event later than within 15 business days after the end of each month following the date hereof), an unaudited monthly consolidated balance sheet of Raindance and its Subsidiaries for the month then ended and related unaudited consolidated statements of earnings. No investigation by West shall affect the representations and warranties of Raindance.

(b) Each Party shall continue to comply with the terms of the Confidentiality Agreement, including with respect to information provided pursuant to Section 4.7(a).

4.8 PRESS RELEASES; PUBLICITY. Prior to the Effective Time, the Parties shall consult with each other as to the form and substance of any press release or other public statement reasonably related to this Agreement and the transactions contemplated hereby prior to issuing such press release or public statement or making any other public disclosure related thereto; provided, that nothing in this Section 4.8 shall be deemed to require consultation of any Party with respect to any disclosure that may be consistent with actions taken by Raindance or its Board of Directors pursuant to Sections 4.4(a) or 4.9(c).

4.9 ACQUISITION PROPOSALS.

(a) Raindance agrees that it will not, and will cause its directors, officers, investment bankers, financial advisors, attorneys and accountants not to, and shall use its reasonable best efforts to cause its employees and other agents not to (it being understood that once Raindance discovers that any employee or other agent has engaged in activity that violates this Section 4.9(a), it shall promptly cause such employee or other agent to cease such activity), (i) initiate, solicit, knowingly encourage or knowingly facilitate inquiries or proposals with respect to, (ii) engage or participate in any negotiations concerning, (iii) provide any confidential or nonpublic information or data to, or provide access to its properties, books, records or personnel to, (iv) have or participate in any discussions with, or (v) exempt from the restrictions contained in any Takeover Laws, including Section 203 of the DGCL, any Person relating to any Acquisition Proposal; provided that, notwithstanding anything to the contrary contained in this Section 4.9 or elsewhere in this Agreement, in the event Raindance receives an unsolicited bona fide Acquisition Proposal at any time prior to, but not after, the time this Agreement is adopted by the Raindance Stockholder Approval, and Raindance's Board of Directors concludes in good faith that such Acquisition Proposal constitutes or is reasonably likely to result in a Superior Proposal, Raindance may, and may permit its officers and Representatives to, furnish or cause to be furnished

nonpublic information or data, provide access to its properties, books, records or personnel, exempt from the restrictions contained in any Takeover Laws, including Section 203 of the DGCL, the Person submitting such Acquisition Proposal, modify, waive, amend or release any standstill, confidentiality or similar agreements, and participate in such negotiations or discussions to the extent that the Board of Directors of Raindance concludes in good faith (after consultation with outside counsel) that failure to take such actions would violate its fiduciary duties under applicable Law; provided further, that prior to providing any nonpublic information permitted to be provided pursuant to the foregoing proviso, it shall have entered into a confidentiality agreement with such third party on terms no less favorable to it than the terms currently in effect in the Confidentiality Agreement. Raindance will (i) immediately cease and cause to be terminated any activities, discussions or negotiations conducted before the date of this Agreement with any Persons other than West with respect to any Acquisition Proposal and request the prompt return or destruction of all confidential information previously furnished to such parties or their Representatives between January 1, 2005 and the date of this Agreement and (ii) except as provided above in this Section 4.4(a), not modify, waive, amend or release any standstill, confidentiality or similar agreements entered into with such parties. Raindance shall promptly (within two days) advise West following receipt of any Acquisition Proposal and the substance thereof (including the identity of the Person making such Acquisition Proposal), and will keep West apprised of any related developments, discussions and negotiations on a current basis.

(b) If, in response to an Acquisition Proposal that was not solicited by Raindance and which did not otherwise result from a breach of Section 4.9(a) (an "Outside Proposal"), the Board of Directors of Raindance concludes in good faith (after consultation with outside counsel) that notwithstanding this Agreement and any concessions which may be offered by West in negotiations entered into pursuant to the following sentence, such Outside Proposal is a Superior Proposal the Board of Directors of Raindance may (subject to this and the following two sentences) terminate this Agreement (and concurrently with or after such termination, if it so chooses, cause Raindance to enter into a letter of intent, agreement in principle, memorandum of understanding, merger, acquisition, purchase or joint venture agreement or other agreement with respect to the Superior Proposal that prompted such termination), but only at a time that is prior to the time this Agreement is adopted by the Raindance Stockholder Approval and after the second business day following West's receipt of written notice advising West that the Board of Directors of Raindance is prepared to accept such Outside Proposal, specifying the material terms and conditions of such Outside Proposal and identifying the person making such Outside Proposal. If requested by West in response to a notice advising West that the Board of Directors of Raindance is prepared to accept such Outside Proposal, during the two business day period referred to in the preceding sentence, Raindance shall, and shall cause its directors, officers, investment bankers, financial advisors, and attorneys to, negotiate in good faith with West to make such adjustments in the terms and conditions of this Agreement as would enable the Board of Directors to proceed with the transactions contemplated herein on such adjusted terms (any proposal from West based on such adjusted terms being referred to as the "Adjusted West Proposal"). No withdrawal or modification of the Directors' Recommendation or acceptance of an Outside Proposal shall change the approval of the Raindance Board of Directors for purposes of causing any Takeover Laws to be inapplicable to the transactions contemplated by this Agreement.

(c) Nothing contained in this Agreement shall prevent Raindance or its Board of Directors from complying with Rule 14d-9 and Rule 14e-2 under the 1934 Act with respect to an Acquisition Proposal; provided, if such disclosure has the effect of withdrawing or modifying the Directors' Recommendation in a manner adverse to West, West shall have the right to terminate this Agreement to the extent set forth in Section 6.1(e) and such withdrawal or modification must comply with Section 4.4.

4.10 TAKEOVER LAWS. If any Takeover Law may become, or may purport to be, applicable to the transactions contemplated hereby, Raindance and the members of its Board of Directors will grant such approvals and take such actions as are necessary (other than any action requiring the approval of its stockholders (other than as contemplated by Section 4.4)) so that the transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms contemplated hereby and otherwise act to eliminate or minimize the effects of any Takeover Law on any of the transactions contemplated by this Agreement.

4.11 EMPLOYEE BENEFITS AND CONTRACTS.

(a) Following the Effective Time, West at its election shall either (i) provide generally to officers and employees of Raindance, who at or after the Effective Time remain employees of the Surviving Corporation ("Continuing Employees"), employee benefits under Benefit Plans maintained by West, on terms and conditions which are substantially the same as for similarly situated officers and employees of West and its Subsidiaries, or (ii) maintain, for the benefit of the Continuing Employees, the Benefit Plans maintained by Raindance immediately prior to the Effective Time; provided, however that any Continuing Employee who was deemed by Raindance as a full-time employee of Raindance as of the Effective Time and who is terminated by West within one year following the Effective Time shall be entitled to the severance payments set forth in Section 4.11(a) of Raindance's Disclosure Letter. For purposes of this Section 4.11, Benefit Plans maintained by West are deemed to include Benefit Plans maintained by its Subsidiaries. As of immediately prior to the Effective Time, Raindance's Board of Directors shall adopt resolutions terminating all Benefit Plans that are intended to qualify under section 401(a) of the Code.

(b) For purposes of participation and vesting (but not accrual of benefits) under Benefit Plans maintained by West, service with Raindance or any of its predecessors shall be treated as service with West. West shall cause welfare Benefit Plans maintained by West that cover the Continuing Employees after the Effective Time to (A) waive any waiting period and restrictions and limitations for preexisting conditions or insurability (except for pre-existing conditions that were excluded under welfare Benefit Plans maintained by Raindance), and (B) cause any deductible, co-insurance, or maximum out-of-pocket payments made by the Continuing Employees under welfare Benefit Plans maintained by Raindance to be credited to such Continuing Employees under welfare Benefit Plans maintained by West, so as to reduce the amount of any deductible, co-insurance, or maximum out-of-pocket payments payable by the Continuing Employees under welfare Benefit Plans maintained by West.

(c) West shall, and shall cause the Surviving Corporation to, honor all employment, severance, consulting, and other compensation Contracts disclosed in Raindance's Disclosure Letter or filed as exhibits to its SEC Reports prior to the date of this Agreement.

(d) Nothing in this Section 4.11 shall be interpreted as preventing West, from and after the Effective Time, from amending, modifying or terminating any Benefit Plans maintained by Raindance or it, or other Contracts, arrangements, commitments or understandings, in accordance with their terms and applicable Law.

4.12 INDEMNIFICATION.

(a) From and after the Effective Time, in the event of any threatened or actual claim, action, suit, proceeding, or investigation, whether civil, criminal, or administrative, in which any Person who is now, or has been at any time prior to the date of this Agreement, or who becomes prior to the

Effective Time, a director or officer of Raindance (each an "Indemnified Party") is, or is threatened to be, made a party based in whole or in part on, or arising in whole or in part out of, or pertaining to (i) the fact that the Indemnified Party is or was a director, officer, or employee of Raindance or any of its predecessors, or (ii) this Agreement or any of the transactions contemplated hereby, whether in any case asserted or arising before or after the Effective Time, West shall cause the Surviving Corporation to indemnify, defend and hold harmless, to the same extent such Indemnified Parties are indemnified or have the right to advancement of expenses pursuant to the Organizational Documents of Raindance and indemnification agreements, if any, in existence on the date of this Agreement with Raindance or its Subsidiaries and disclosed in Raindance's Disclosure Letter, and to the fullest extent permitted by Law, each such Indemnified Party against any Liability (including advancement of reasonable attorneys' fees and expenses prior to the final disposition of any claim, suit, proceeding, or investigation to each Indemnified Party to the fullest extent permitted by Law upon receipt of any undertaking required by applicable Law), judgments, fines, and amounts paid in settlement in connection with any such threatened or actual claim, action, suit, proceeding, or investigation.

(b) West agrees that all rights to indemnification and all limitations on Liability existing in favor of the directors, officers, and employees of Raindance (the "Covered Parties") as provided in their respective Organizational Documents as in effect as of the date of this Agreement or in any indemnification agreement in existence on the date of this Agreement with Raindance and disclosed in Raindance's Disclosure Letter with respect to matters occurring prior to the Effective Time shall survive the Merger and shall continue in full force and effect, and West shall cause such rights to indemnification and limitations on Liability to be honored by such entities or their respective successors as if they were the indemnifying party thereunder, without any amendment thereto; provided, that nothing contained in this Section 4.12(b) shall be deemed to preclude the liquidation, consolidation, or merger of the Surviving Corporation, in which case all of such rights to indemnification and limitations on Liability shall be deemed to so survive and continue notwithstanding any such liquidation, consolidation, or merger. Without limiting the foregoing, in any case in which approval by the Surviving Corporation is required to effectuate any indemnification, the Surviving Corporation shall direct, at the election of the Indemnified Party, that the determination of any such approval shall be made by independent counsel mutually agreed upon between West and the Indemnified Party.

(c) West, from and after the Effective Time, will directly or indirectly cause the Persons who served as directors or officers of Raindance at or before the Effective Time to be covered by Raindance's existing directors' and officers' liability insurance policy or by "tail" insurance policies with at least the same coverage and amounts containing terms and conditions which are not less advantageous than Raindance's existing directors' and officers' liability insurance policy; provided, that West may substitute therefor policies of at least the same coverage and amounts containing terms and conditions which are not less advantageous than such policy; provided further, that in no event shall West or any of its Subsidiaries be required to expend for premiums applicable to coverage in any one year an amount in excess of 150% of the current annual premium paid by Raindance (as set forth in Section 4.12 of Raindance's Disclosure Letter) for such insurance; provided, further that if the annual premiums of such insurance coverage exceed such amount, West or the Surviving Corporation shall be obligated to obtain a policy with the greatest coverage available for a cost not exceeding such amount. Such insurance coverage shall commence at the Effective Time and will be provided for a period of no less than six years after the Effective Time.

(d) If West or the Surviving Corporation or any of their respective successors or assigns shall consolidate with or merge into any other Person and shall not be the continuing or surviving Person of such consolidation or merger or shall transfer all or substantially all of its assets to any Person,

then and in each case, proper provision shall be made so that the successors and assigns of West and the Surviving Corporation shall assume the obligations set forth in this Section 4.12.

(e) The Indemnified Parties to whom this Section 4.12 applies shall be third party beneficiaries of this Section 4.12. The provisions of this Section 4.12 are intended to be for the benefit of and shall be enforceable by, each Indemnified Party and his or her heirs and representatives.

4.13 DIRECTOR RESIGNATIONS. Raindance shall use commercially reasonable efforts to procure the resignation or removal of each of the members of the Boards of Directors of Raindance and its Subsidiaries as of the Effective Time.

4.14 FINANCING. West shall take all actions necessary to ensure that it has available to it, at the Effective Time, all funds necessary for the payment of the Merger Consideration and all funds necessary to satisfy all of its and the Surviving Corporation's obligations under Articles 1 and 2 of this Agreement. Further, West will use reasonable best efforts to give prompt notice to Raindance (and subsequently keep Raindance informed on a current basis) upon its becoming aware of any developments that are reasonably likely to cause or constitute a breach of Section 3.4(d) (after giving effect to Sections 3.1 and 3.2) or the foregoing sentence of this Section 4.14 (and in any event within 48 hours of the time West becomes aware of such development).

ARTICLE 5
CONDITIONS PRECEDENT TO OBLIGATIONS TO CONSUMMATE

5.1 CONDITIONS TO OBLIGATIONS OF EACH PARTY. The respective obligations of each Party to perform this Agreement and to consummate the Merger and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by each Party pursuant to Section 7.7:

(a) Stockholder Approval. Raindance shall have obtained the Raindance Stockholder Approval.

(b) HSR Act. The waiting period under the HSR Act, if applicable, shall have expired or been terminated.

(c) No Orders or Restraints; Illegality. No Order issued by any Governmental Authority (whether temporary, preliminary, or permanent) preventing the consummation of the Merger shall be in effect and no Law or Order shall have been enacted, entered, promulgated or enforced by any Governmental Authority that prohibits, restrains, or makes illegal the consummation of the Merger.

(d) Other Governmental Approvals. Any other approval of any Government Authority or waiting periods under any applicable law or regulation of any Governmental Authority shall be obtained or have expired (without the imposition of any material condition) if the failure to obtain any such approval or the failure of any such waiting period to expire would reasonably be expected to subject any person to a material risk of criminal liability involving felony charges or material civil liability.

5.2 CONDITIONS TO OBLIGATIONS OF WEST. The obligations of West to perform this Agreement and consummate the Merger and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by West pursuant to Section 7.7:

(a) Representations and Warranties. (i) The representations and warranties of Raindance set forth in this Agreement, disregarding all Material Adverse Effect and, except as expressly provided in this Section 5.2(a), materiality qualifications contained therein (but not disregarding any dollar thresholds contained in any representations or warranties or any materiality qualifiers contained in the Specified Representations), shall be true and correct as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date (except that representations and warranties that by their terms speak specifically as of the date of this Agreement or some other date shall be true and correct as of such date), except in each such case as of the date of this Agreement, the Closing Date or any other date where the failure of any such representations and warranties to be so true and correct has not had and would not reasonably be likely to have a Material Adverse Effect on Raindance and (ii) the representations and warranties of Raindance set forth in Section 3.3(c) of this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date (except that representations and warranties set forth in Section 3.3(c) that by their terms speak specifically as of the date of this Agreement or some other date shall be true and correct in all material respects as of such date). West shall have received a certificate, dated the Closing Date, signed on behalf of Raindance by the Chief Executive Officer and Chief Financial Officer of Raindance, to such effect.

(b) Performance of Agreements and Covenants. The agreements and covenants of Raindance to be performed and complied with pursuant to this Agreement prior to the Effective Time shall have been duly performed and complied with in all material respects (it being understood that for purposes of this Section 5.2(b), an adverse impact on Raindance's recurring EBITDA as a result of such non-compliance shall be taken into account for purposes of determining the materiality of such non-compliance) and West shall have received a certificate, dated the Closing Date, signed on behalf of Raindance by the Chief Executive Officer and Chief Financial Officer of Raindance, to such effect.

(c) Corporate Authorization. West shall have received from Raindance (i) certified resolutions of its Board of Directors and stockholders authorizing the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby; and (ii) certificates of good standing, dated as of a recent date before the Closing Date, from the Secretaries of State of the States of Delaware, Colorado, California and Georgia.

(d) Material Adverse Effect. Since the date hereof, there shall not have occurred any fact, circumstance or event, individually or taken together with all other facts, circumstances or events, that has had or is reasonably likely to have a Material Adverse Effect on Raindance.

5.3 CONDITIONS TO OBLIGATIONS OF RAINDANCE. The obligations of Raindance to perform this Agreement and consummate the Merger and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by Raindance pursuant to Section 7.7:

(a) Representations and Warranties. The representations and warranties of West set forth in this Agreement, disregarding all Material Adverse Effect qualifications contained therein, shall be true and correct as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date (except that representations and warranties that by their terms speak specifically as of the date of this Agreement or some other date shall be true and correct as of such date), except in each such case as of the date of this Agreement, the Closing Date or any other date where the failure of any such representations and warranties to be so true and correct has not had and would not reasonably be

likely to have a Material Adverse Effect on West, and Raindance shall have received a certificate, dated the Closing Date, signed on behalf of West by a duly authorized officer of West, to such effect.

(b) Performance of Agreements and Covenants. The agreements and covenants of West to be performed and complied with pursuant to this Agreement prior to the Effective Time shall have been duly performed and complied with in all material respects and Raindance shall have received a certificate, dated the Closing Date, signed on behalf of West by a duly authorized officer of West, to such effect.

ARTICLE 6
TERMINATION

6.1 TERMINATION. Notwithstanding any other provision of this Agreement, and notwithstanding the Raindance Stockholder Approval, this Agreement may be terminated and the Merger abandoned at any time prior to the Effective Time:

(a) By mutual consent of the Board of Directors of both Parties; or

(b) By the Board of Directors of either Party in the event of a breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of the other Party, which breach would result in, if occurring or continuing on the Closing Date, the failure of the conditions to the terminating Party's obligations set forth in Sections 5.2 or 5.3, as the case dictates, and which cannot be or has not been cured within 30 days after the giving of written notice to the breaching Party of such breach; or

(c) By the Board of Directors of either Party in the event that (i) any Consent required to be obtained from any Governmental Authority has been denied by final nonappealable action of such Governmental Authority, and the failure to obtain any such Consent would reasonably be expected to subject any person to a material risk of criminal liability involving felony charges or material civil liability, or (ii) the Raindance Stockholder Approval has not been obtained by reason of the failure to obtain the required vote at the Raindance stockholders' meeting where this Agreement was presented to such shareholders for approval and voted upon; or

(d) By the Board of Directors of either Party in the event that the Merger has not been consummated by August 1, 2006, if the failure to consummate the transactions contemplated hereby on or before such date is not caused by any breach of this Agreement by the Party electing to terminate pursuant to this Section 6.1(d); or

(e) By the Board of Directors of West in the event that (i) Raindance has withdrawn or modified the Director's Recommendation in a manner adverse to West, or (ii) the Board of Directors of Raindance has recommended, endorsed, accepted or agreed to an Acquisition Proposal.

(f) By the Board of Directors of Raindance in accordance with Section 4.9(b); provided that (1) Raindance has not breached Section 4.9 in any material respect, and (2) Raindance has tendered the Termination Fee to West.

6.2 EFFECT OF TERMINATION. In the event of the termination and abandonment of this Agreement pursuant to Section 6.1, this Agreement shall become void and have no effect, and none of West, Raindance, any of their respective Subsidiaries, or any of the officers or directors of any of them, shall have any Liability of any nature whatsoever hereunder or in conjunction with the transactions contemplated hereby, except that (i) the provisions of Section 4.7(b), this Section 6.2, and Article 7 shall survive any such termination and abandonment, and (ii) a termination of this Agreement shall not relieve the breaching Party from Liability for an uncured willful breach of a representation, warranty, covenant, or agreement of such Party contained in this Agreement.

ARTICLE 7
MISCELLANEOUS

7.1 DEFINITIONS.

(a) Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings:

"1933 ACT" shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"1934 ACT" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"ACQUISITION PROPOSAL" shall mean, other than the transactions contemplated by this Agreement, any offer, proposal or inquiry relating to, or any third party indication of interest in, (i) any acquisition or purchase, direct or indirect, of 30% or more of the assets of Raindance (based on the fair market value thereof) or 30% or more of the voting power of Raindance, (ii) any tender offer (including a self-tender offer) or exchange offer that, if consummated, would result in such third party beneficially owning 30% or more of the voting power of Raindance, or (iii) a merger, consolidation, share exchange, business combination, reorganization, recapitalization or other similar transaction which would result in a third party beneficially owning 30% or more of the voting power of Raindance, or a liquidation or dissolution of Raindance.

"AFFILIATE" of a Person shall mean (i) any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person or (ii) any director, partner or officer of such Person or, for any Person that is a limited liability company, any manager or managing member thereof. For purposes of this definition, "control" (and its derivatives) shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of equity, voting or other interests, as trustee or executor, by contract or otherwise.

"BENEFIT PLAN" shall mean any written pension, retirement, profit-sharing, deferred compensation, stock option, employee stock ownership, severance pay, vacation, bonus, or other incentive plan, any other written employee program or agreement, any medical, vision, dental, or other written health plan, any life insurance plan, and any other written employee benefit plan or fringe benefit plan, including any written "employee benefit plan" (as that term is defined in Section 3(3) of ERISA), maintained by, sponsored in whole or in part by, or

contributed to by a Party for the benefit of its and its Subsidiaries' employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries and under which such employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries are eligible to participate.

"CONFIDENTIALITY AGREEMENT" shall mean that certain Confidentiality Agreement, dated August 24, 2004, as amended December 15, 2005, by and between West and Raindance.

"CONSENT" shall mean any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation by any Person pursuant to any Contract, Law, Order, or Permit.

"CONTRACT" shall mean any written or oral agreement, arrangement, commitment, contract, indenture, instrument, lease, understanding, or undertaking of any kind or character to which any Person is a party or that is binding on any Person or its capital stock, assets, or business.

"DEFAULT" shall mean (i) any breach or violation of or default under any Contract, Law, Order, or Permit, (ii) any occurrence of any event that with the passage of time or the giving of notice or both would constitute a breach or violation of or default under any Contract, Law, Order, or Permit, or (iii) any occurrence of any event that with or without the passage of time or the giving of notice would give rise to a right to terminate or revoke, materially and adversely change the current terms of, or renegotiate, or to accelerate, increase, or impose any material Liability under, any Contract, Law, Order, or Permit.

"DGCL" shall mean the Delaware General Corporation Law.

"ENVIRONMENTAL LAWS" shall mean all Laws relating to pollution or protection of human health or the environment (including ambient air, surface water, ground water, land surface, or subsurface strata) and which are administered, interpreted, or enforced by the United States Environmental Protection Agency and state and local agencies with jurisdiction over, and including common Law in respect of, pollution or protection of the environment, including CERCLA, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901, et seq., and other Laws relating to emissions, discharges, releases, or threatened releases of any Hazardous Material, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of any Hazardous Material.

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

"ERISA AFFILIATE" of any Person means any entity that is, or at any relevant time was, a member of (i) a controlled group of corporations (as defined in Section 414(b) of the Internal Revenue Code), (ii) a group of trades or businesses under common control (as defined in Section 414(c) of the Internal Revenue Code) or (iii) an affiliated service group (as defined under Section 414(m) of the Internal Revenue Code or the regulations under Section 414(o) of the Internal Revenue Code) with such Person.

"ERISA PLAN" shall mean any Benefit Plan which is an "employee welfare benefit plan," as that term is defined in Section 3(l) of ERISA, or an "employee pension benefit plan," as that term is defined in Section 3(2) of ERISA.

"FACILITIES" shall mean all buildings and improvements on the Property of any Person.

"FINANCIAL STATEMENTS" shall mean (i) the consolidated balance sheets (including related notes and schedules, if any) of Raindance and its Subsidiaries as of September 30, 2005, and as of December 31, 2004 and 2003, and the related consolidated statements of operations, cash flows, and stockholders' equity and comprehensive income (loss) (including related notes and schedules, if any) for the nine months ended September 30, 2005 and for each of the three years ended December 31, 2004, 2003 and 2002, as filed by Raindance in its SEC Reports, and (ii) the consolidated balance sheets of Raindance and its Subsidiaries (including related notes and schedules, if any), and related statements of operations, cash flows, and stockholders' equity and comprehensive income (loss) (including related notes and schedules, if any) included in its SEC Reports filed with respect to periods ended subsequent to September 30, 2005.

"GAAP" shall mean United States generally accepted accounting principles, consistently applied during the periods involved.

"GOVERNMENTAL AUTHORITY" shall mean the Federal Communications Commission, the Federal Trade Commission, the Internal Revenue Service, all state regulatory agencies having jurisdiction over the Parties and their respective Subsidiaries, the Nasdaq, the SEC and any other domestic or foreign court, administrative agency, commission or other governmental authority or instrumentality (in each case including the staff thereof), or any industry self-regulatory authority (including the staff thereof).

"GOVERNMENT CONTRACT" means any contract (including any subcontract with a prime contractor or other subcontractor who is a party to any such contract) to which Raindance or any of its Subsidiaries is a party, or by which any of them are bound, the ultimate contracting party of which is either (i) the United States Government or (ii) with respect to any contract that provides for or is reasonably likely to require annual payments to Raindance of $100,000 or more, any other Governmental Authority.

"HAZARDOUS MATERIAL" shall mean (i) any hazardous substance, hazardous material, hazardous waste, regulated substance, or toxic substance (as those terms are defined by any applicable Environmental Laws), and (ii) any chemicals, pollutants, contaminants, petroleum, petroleum products that are or become regulated under any applicable local, state, or federal Law (and specifically shall include asbestos requiring abatement, removal, or encapsulation pursuant to the requirements of governmental authorities and any polychlorinated biphenyls).

"HSR ACT" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, any successor statute thereto, and the rules and regulations promulgated thereunder.

"INTELLECTUAL PROPERTY" shall mean (i) any patents, copyrights, trademarks, service marks, maskworks or similar rights throughout the world, and applications or registrations for any of the foregoing, (ii) any proprietary interest, whether registered or unregistered, in know-how, copyrights, trade secrets, database rights, data in databases, website content, inventions, invention disclosures or applications, software (including source and object code), operating and manufacturing procedures, designs, specifications and the like, (iii) any

proprietary interest in any similar intangible asset of a technical, scientific or creative nature, including slogans, logos and the like and (iv) any proprietary interest in or to any documents or other tangible media containing any of the foregoing.

"INTERNAL REVENUE CODE" shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"KNOWLEDGE" of any Party or "KNOWN TO" a Party and any other phrases of similar import means, with respect to any matter in question relating to a Party, if any of the Chairman of the Board, Chief Executive Officer, President, Chief Financial Officer or General Counsel of such Party have actual knowledge of such matter, after reasonable inquiry of their direct subordinates who would be likely to have knowledge of such matter and reasonable review of records readily available to such officer.

"LAW" shall mean any code, law (including any rule of common law), ordinance, regulation, rule, or statute applicable to a Person or its assets, Liabilities, or business, including those promulgated, interpreted, or enforced by any Governmental Authority.

"LIABILITY" shall mean any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, cost, or expense (including costs of investigation, collection, and defense), claim, deficiency, or guaranty of any type, whether accrued, absolute or contingent, liquidated or unliquidated, matured or unmatured, or otherwise.

"LIEN" shall mean any mortgage, pledge, reservation, restriction (other than a restriction on transfers arising under the Securities Laws), security interest, lien, or encumbrance of any nature whatsoever of, on, or with respect to any property or property interest, other than: Liens for property Taxes not yet due and payable; liens, encumbrances or imperfections of title that have arisen in the ordinary course of business; liens, encumbrances or imperfections of title arising under any of the Contracts identified in Section 7.1(a) of Raindance's Disclosure Letter referred or filed as exhibits to Raindance's SEC Reports filed prior to the date of this Agreement; and liens, encumbrances or imperfections of title relating to liabilities reflected in the Financial Statements (including any related notes) contained in Raindance's SEC Reports filed prior to the date of this Agreement.

"LITIGATION" shall mean any action, arbitration, cause of action, claim, complaint, criminal prosecution, demand letter, governmental or other examination or investigation, hearing, inquiry, administrative or other proceeding, or notice (written or oral) by any Person alleging potential Liability, but shall not include claims of entitlement under any Benefit Plans that are made or received in the ordinary course of business.

"NASDAQ" shall mean the National Market System of The Nasdaq Stock Market.

"ORDER" shall mean any administrative decision or award, decree, injunction, judgment, order, quasi-judicial decision or award, ruling, or writ of any federal, state, local, or foreign or other court, arbitrator, mediator, tribunal, administrative agency, or Governmental Authority.

"ORGANIZATIONAL DOCUMENTS" shall mean the articles of incorporation, certificate of incorporation, charter, bylaws or other similar governing instruments, in each case as amended as of the date specified, of any Person.

"PARTY" shall mean West and Merger Sub, on the one hand, or Raindance, on the other hand, and "PARTIES" shall mean West, Merger Sub and Raindance.

"PENSION PLAN" shall mean any ERISA Plan which is also subject to Section 412 of the Internal Revenue Code or Section 302 of ERISA.

"PERMIT" shall mean any federal, state, local, and foreign governmental approval, authorization, certificate, easement, filing, franchise, license, or permit from Governmental Authorities that are required for the operation of the businesses of a Person or its Subsidiaries.

"PERMITTED ISSUANCES" shall mean issuances of Raindance Common Stock upon exercise of outstanding Rights issued under the Raindance Stock Plans or upon exercise of Raindance Warrants or pursuant to the ESPP.

"PERSON" shall mean any natural person or any legal, commercial, or governmental entity, including, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, business association, or person acting in a representative capacity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the 1934 Act.

"PROPERTY" shall mean all real property leased or owned by any Person and its Subsidiaries, either currently or in the past.

"REPRESENTATIVE" shall mean any investment banker, financial advisor, attorney, accountant, consultant, agent or other representative of a Person.

"RIGHTS" shall mean, with respect to any Person, securities, or obligations convertible into or exercisable for, or giving any other Person any right to subscribe for or acquire, or any options, calls, restricted stock, deferred stock awards, stock units, phantom awards, dividend equivalents, or commitments relating to, or any stock appreciation right or other instrument the value of which is determined in whole or in part by reference to the market price or value of, shares of capital stock of such Person, whether vested or unvested or exercisable or unexercisable, and shall include the Raindance Options.

"RAINDANCE COMMON STOCK" shall mean the $.0015 par value per share common stock of Raindance.

"RAINDANCE OPTION" shall mean an option to purchase a share or shares of Raindance Common Stock.

"RAINDANCE STOCKHOLDER APPROVAL" shall mean the adoption of this Agreement by the holders of at least a majority of the outstanding shares of Raindance Common Stock.

"RAINDANCE STOCK PLAN" shall mean any equity compensation plan of Raindance.

"SEC" shall mean the United States Securities and Exchange Commission.

"SEC REPORTS" shall mean all forms, proxy statements, registration statements, reports, schedules, and other documents filed, or required to be filed, by a Party or any of its Subsidiaries with the SEC.

"SECURITIES LAWS" shall mean the 1933 Act, the 1934 Act, the Investment Company Act of 1940, the Investment Advisers Act of 1940, and the Trust Indenture Act of 1939, each as amended, state securities and "Blue Sky" Laws, including in each case the rules and regulations of any Governmental Authority promulgated thereunder.

"SPECIFIED REPRESENTATIONS" shall mean the representations contained in Sections 3.3(b)(iii), 3.3(d)(iii), 3.3(d)(v), 3.3(k)(ii) and 3.3(l)(ii).

"SUBSIDIARY" or "SUBSIDIARIES" shall have the meaning assigned in Rule 1-02(x) of Regulation S-X of the SEC.

"SUPERIOR PROPOSAL" means any bona fide, unsolicited, written Acquisition Proposal for at least a majority of the outstanding shares of Raindance Common Stock on terms that the Board of Directors of Raindance concludes in good faith to be more favorable from a financial point of view to its stockholders than the Merger and the other transactions contemplated by this Agreement (including the terms, if any, proposed by West to amend or modify the terms of the transactions contemplated by this Agreement, subject to Section 4.9(b)), (1) after consulting with its financial advisors (who shall be a nationally recognized investment banking firm), and (2) after taking into account the likelihood of consummation of such transaction on the terms set forth therein (as compared to, and with due regard for, the terms herein).

"TAX" OR "TAXES" shall mean all federal, state, local, and foreign taxes, charges, fees, levies, imposts, duties, or other like assessments, including assessments for unclaimed property, as well as income, gross receipts, excise, employment, sales, use, transfer, intangible, recording, license, payroll, franchise, severance, documentary, stamp, occupation, windfall profits, environmental, federal highway use, commercial rent, customs duties, capital stock, paid-up capital, profits, withholding, Social Security, single business and unemployment, disability, real property, personal property, registration, ad valorem, value added, alternative or add-on minimum, estimated, or other tax or governmental fee of any kind whatsoever, imposed or required to be withheld by the United States or any state, local, or foreign government or subdivision or agency thereof, whether disputed or not, including any related interest, penalties, and additions imposed thereon or with respect thereto, and including any liability for Taxes of another Person pursuant to a contract, as a transferee or successor, under Treasury Regulation Section 1.1502-6 or analogous provision of state, local or foreign law or otherwise. The term "Tax" shall also include any universal service fund or similar charge imposed by any state, Federal or other Governmental Authority.

"TAX RETURN" shall mean any report, return, information return, or other information provided or required to be provided to a Taxing Authority in connection with Taxes, including any return of an Affiliated or combined or unitary group that includes a Party or its Subsidiaries and including without limitation any estimated Tax return.

"TAXABLE PERIOD" shall mean any period prescribed by any Taxing Authority.

"TAXING AUTHORITY" shall mean any federal, state, local, municipal, foreign, or other Governmental Authority, instrumentality, commission, board or body having jurisdiction over the Parties to impose or collect any Tax.

"TECHNOLOGY SYSTEMS" shall mean the electronic data processing, information, record keeping, communications, telecommunications, hardware, third party software, networks, peripherals, and computer systems, including any outsourced systems and processes, used by Raindance.

"TERMINATION FEE" shall mean $4,500,000.

"WEST COMMON STOCK" shall mean the $.01 par value per share common stock of West.

(b) The terms set forth below shall have the meanings ascribed thereto in the referenced sections:

Adjusted West Proposal	Section 4.9(b)
Agreement	Preamble
CERCLA	Section 3.3(h)
Certificates	Section 1.4(b)
Certificate of Merger	Section 1.3
Closing	Section 1.2
Closing Date	Section 1.2
Continuing Employees	Section 4.11(a)
Covered Parties	Section 4.12(b)
Directors' Recommendation	Section 3.3(b)(ii)
Disclosure Letter	Section 3.1
Dissenting Shares	Section 1.4(a)
Effective Time	Section 1.3
ESPP	Section 1.6(e)
Exchange Fund	Section 2.1(a)
Excluded Shares	Section 1.4(d)
Final Exercise Period	Section 1.6(e)
Indemnified Parties	Section 4.12(a)
Large Customer	Section 3.3(l)(ii)
Material Adverse Effect	Section 3.2
Merger	Section 1.1
Merger Consideration	Section 1.4(a)
Merger Sub	Preamble
Outside Proposal	Section 4.9(b)
Paying Agent	Section 2.1(a)
PCBs	Section 3.3(h)
Per Share Purchase Price	Section 1.4(a)
Required Consents	Section 4.5(a)
Raindance	Preamble

Raindance Warrant	Section 1.7
Proxy Statement	Section 4.4(b)
Sarbanes-Oxley Act	Section 3.3(d)(iv)
SEC Reports	Section 3.3(d)(i)
Stockholder Agreements	Preamble
Surviving Corporation	Section 1.1
Takeover Laws	Section 3.3(t)
Terminable Contract	Section 3.3(l)
Warrantholder	Section 1.7
West	Preamble

(c) Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include," "includes," or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation." The words "hereby," "herein," "hereof" or "hereunder," and similar terms are to be deemed to refer to this Agreement as a whole and not to any specific section.

7.2 NON-SURVIVAL OF REPRESENTATIONS AND COVENANTS. Except for Articles 1 and 2, Sections 4.7(b) and 4.12 and this Article 7, the respective representations, warranties, obligations, covenants, and agreements of the Parties shall be deemed only to be conditions of the Merger and shall not survive the Effective Time.

7.3 EXPENSES.

(a) Except as otherwise provided in this Section 7.3 or in Section 7.4, each of the Parties shall bear and pay all direct costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including filing, registration, and application fees, printing fees, and fees and expenses of its own financial or other consultants, investment bankers, accountants, and counsel.

(b) In the event that the Termination Fee becomes payable by Raindance to West pursuant to Section 7.4(a), or 7.4(b), in addition to the Termination Fee and at the same time as it becomes payable pursuant to Section 7.4, Raindance shall make a nonrefundable cash payment to West in an amount equal to the aggregate amount of all fees and expenses (including all attorneys' fees, investment bankers' fees, accountants' fees and filing fees) that have been paid or that may become payable by or on behalf of West in connection with the preparation and negotiation of this Agreement, and otherwise in connection with the Merger and the other transactions contemplated in this Agreement; provided, that the aggregate amount payable by Raindance to West under the first sentence of this Section 7.3(b) shall in no event exceed $700,000. In the event that Raindance fails to pay when due any amount payable under this Section 7.3(b), then (i) Raindance shall reimburse West for all costs and expenses (including disbursements and reasonable fees of counsel) incurred in connection with the collection of such overdue amount, and (ii) Raindance shall pay to West interest on such overdue amount (for the period commencing as of the date such overdue amount was originally required to be paid and ending on the date such overdue amount is actually paid in full) at a rate per annum equal to the Prime Rate in effect on the date such overdue amount was originally required to be paid.

(c) Nothing contained in this Section 7.3 shall constitute or shall be deemed to constitute liquidated damages for the willful breach by a Party of the terms of this Agreement or otherwise limit the rights of the non-breaching Party.

7.4 TERMINATION FEE.

(a) In the event that (A) (i) either Party shall terminate this Agreement pursuant to Section 6.1(c)(ii), or (ii) West shall terminate this Agreement pursuant to Section 6.1(e)(i), or (iii) West shall terminate this Agreement pursuant to Section 6.1(b) on the basis of a material breach by Raindance of Section 4.4 or 4.9, (B) at any time after the date of this Agreement and prior to such termination there shall have been publicly announced an Acquisition Proposal that has not been formally withdrawn or abandoned prior to such termination, and (C) within 12 months following such termination an Acquisition Proposal is consummated or a definitive agreement or letter of intent is entered into by Raindance with respect to an Acquisition Proposal, Raindance shall pay West the Termination Fee within five business days of the earlier of the consummation of such Acquisition Proposal or the date on which Raindance enters into a definitive agreement, letter of intent, agreement in principle, memorandum of understanding or other agreement with respect to such Acquisition Proposal, by wire transfer of immediately available funds.

(b) In the event that West shall terminate this Agreement pursuant to Section 6.1(e)(ii), Raindance shall pay to West the Termination Fee within five business days after the date this Agreement is terminated, by wire transfer of immediately available funds.

(c) In the event that Raindance shall terminate this Agreement pursuant to Section 6.1(f), then Raindance shall pay West the Termination Fee on the date this Agreement is terminated, by wire transfer of immediately available funds.

(d) Raindance hereby acknowledges that the agreements contained in this Section 7.4 are an integral part of the transactions contemplated by this Agreement and that, without these agreements, West would not enter into this Agreement. In the event that Raindance fails to pay when due any amount payable under this Section 7.4, then (i) Raindance shall reimburse West for all costs and expenses (including disbursements and reasonable fees of counsel) incurred in connection with the collection of such overdue amount, and (ii) Raindance shall pay to West interest on such overdue amount (for the period commencing as of the date such overdue amount was originally required to be paid and ending on the date such overdue amount is actually paid in full) at a rate per annum equal to the Prime Rate in effect on the date such overdue amount was originally required to be paid.

7.5 ENTIRE AGREEMENT. Except as otherwise expressly provided herein, this Agreement (including the Disclosure Letters and Exhibits) constitutes the entire agreement between the Parties with respect to the transactions contemplated hereunder and supersedes all prior arrangements or understandings with respect thereto, written or oral, other than the Confidentiality Agreement, which shall remain in effect. Nothing in this Agreement expressed or implied, is intended to confer upon any Person, other than the Parties or their respective successors, any rights, remedies, obligations, or liabilities under or by reason of this Agreement except as expressly set forth in Section 4.12.

7.6 AMENDMENTS. Before the Effective Time, this Agreement may be amended by a subsequent writing signed by each of the Parties, whether before or after the Raindance Stockholder Approval has been obtained, except to the extent that any such amendment would violate applicable Law or would require the approval of the stockholders of Raindance, unless such required approval is obtained.

7.7 WAIVERS.

(a) Prior to or at the Effective Time, either Party shall have the right to waive any Default in the performance of any term of this Agreement by the other Party, to waive or extend the time for the compliance or fulfillment by the other Party of any and all of such other Party's obligations under this Agreement, and to waive any or all of the conditions precedent to its obligations under this Agreement, except any condition which, if not satisfied, would result in the violation of any Law. No waiver by a Party shall be effective unless in writing signed by a duly authorized officer of such Party.

(b) The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right of such Party at a later time to enforce the same or any other provision of this Agreement. No waiver of any condition or of the breach of any term contained in this Agreement in one or more instances shall be deemed to be or construed as a further or continuing waiver of such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement.

7.8 ASSIGNMENT. Except as expressly contemplated hereby, neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned by any Party hereto (whether by operation of Law or otherwise) without the prior written consent of each other party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by the parties and their respective successors and assigns.

7.9 NOTICES. All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered by hand, by facsimile transmission, by registered or certified mail, postage pre-paid, or by courier or overnight carrier, to the Persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so delivered:

Raindance:	Raindance Communications, Inc. 1157 Century Drive Louisville, CO 80027 Telecopy Number: (___) ___-____ Attention: Donald F. Detampel, Jr. Stephanie Anagnostou
Copy to Counsel (which shall not constitute notice):	Cooley Godward LLP 380 Interlocken Crescent, Suite 900 Broomfield, CO 80021 Telecopy Number: (720) 566-4099 Attention: Michael Platt
West:	West Corporation 11808 Miracle Hills Drive Omaha, Nebraska 68154 Telecopy Number: (___) ___-____ Attention: Thomas B. Barker David C. Mussman

Copy to Counsel (which shall not constitute notice): Blackwell Sanders Peper Martin LLP
1620 Dodge Street, Suite 2100
Omaha, NE 68102
Telecopy Number: (402) 964-5050

Attention: James C. Creigh

7.10 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, without regard to any applicable principles of conflicts of Laws that would result in the application of the law of another jurisdiction.

7.11 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile or electronic transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or electronic transmission shall be deemed to be their original signatures for all purposes.

7.12 CAPTIONS. The captions contained in this Agreement are for reference purposes only and are not part of this Agreement.

7.13 INTERPRETATIONS. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. No Party to this Agreement shall be considered the draftsman. The Parties acknowledge and agree that this Agreement has been reviewed, negotiated, and accepted by all Parties and their attorneys and shall be construed and interpreted according to the ordinary meaning of the words used so as fairly to accomplish the purposes and intentions of the Parties.

7.14 SEVERABILITY. If any term or provision of this Agreement is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination, the Parties and Merger Sub shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the Parties. 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.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf and its corporate seal to be hereunto affixed and attested by officers thereunto as of the day and year first above written.

RAINDANCE COMMUNICATIONS, INC.

By: /s/ Donald F. Detampel, Jr.

Donald F. Detampel, Jr.
Chief Executive Officer

WEST CORPORATION

By: /s/ Thomas B. Barker

Thomas B. Barker
Chief Executive Officer

ROCKIES ACQUISITION CORPORATION

By: /s/ Thomas B. Barker

Thomas B. Barker
Chief Executive Officer

EXHIBIT 10.07

BUSINESS PROPERTY LEASE
APPROVED BY BUILDING OWNERS AND MANAGERS ASSOCIATION OF OMAHA, INC.

This Lease, Made and executed in Omaha, NE by and between The LESSOR 99-Maple Partnership and the LESSEE West Telemarketing Corporation

Witnesseth: That the Lessor does hereby demise and lease unto the Lessee, the Following described property, situated in Omaha, Douglas County, Nebraska, to-wit:

DESCRIPTION OF PROPERTY

A parcel of land more particularly described on the survey attached hereto and by this reference made a part hereof.

TERM AND PURPOSE

1. The Lessee agrees to use and occupy the premises for offices and operating space for telemarketing facility, and no other purpose, for a term of _____ years, said lease term beginning on September 1, 1994, and ending on August 31, [ILLEGIBLE] 2004 unless sooner terminated as hereinafter provided.

RENTAL

2. In consideration of the foregoing demise, the Lessee hereby covenants to perform the agreements hereby imposed, and to pay the Lessor as rental for said premises the sum of
_____($_____), payable as follows:
For the period from _____ to _____, 19__, $_____ per month
For the period from _____ to _____, 19_, $___ per month
_____
said rental to be payable monthly in advance, on the 1st day of each successive month, at the office of 99-Maple Partnership, c/o Mary E. West, 9746 Ascot Drive, Omaha, NE or at such other place as the Lessor shall direct.

It is understood and agreed that the amount of rent stated above shall be the base rental and shall be adjusted on the 2nd anniversary date of this lease and each 2nd anniversary date thereafter in order to reflect the change in purchasing power of the dollar. Such adjustments shall be made upon the following basis: The Consumer's Price Index for all cities as prepared by the United States Department of Labor shall be used as the basis of computation and said index for the date of this lease shall be considered as 100 per cent. Said Index shall be taken on the 2nd anniversary date of this lease. The price index thus obtained shall be considered the applicable index for the rent payable starting on the 2nd anniversary date of this lease, and for each of the following _____ years. Said price index thus obtained shall be compared with the price index figure for the date of this lease and the annual base rental should be either increased or decreased by whatever percentage of increase or decrease the price index bears to the price index as of the date of this lease. However, at no time will the rental be less than the base rental in this lease.

SERVICE

3. It is understood that for the rent mentioned, the Lessor shall furnish service as follows: none in the manner customary in the building. It is hereby agreed that the Lessor shall have the right to discontinue any service above mentioned or any part thereof whenever and during any period for which bills for rent or other service are not promptly paid by the Lessee. It is also agreed that the Lessor shall not be liable for damages nor shall the rental hereinbefore stipulated be abated for failure to furnish, or delay in furnishing, any service above mentioned or any part thereof as aforesaid when such failure to furnish, or delay in furnishing, is occasioned by needful repairs, renewals or improvements, or in whole or in part by any strike or labor controversy, or by any accident or casualty whatsoever, or by an act or default of the Lessee or other parties, or by any unauthorized act or default of any employee of the Lessor, nor for any other cause or causes beyond the reasonable control of the Lessor.

WATER, GAS, ELECTRIC, SEWER USE FEES, ETC., CHARGES

4. The Lessee further agrees to pay from time to time as same may become due all water, gas, electricity or other charges levied or assessed against, incurred at or chargeable to or in connection with the leased premises during the term of this lease and to save the premises and Lessor harmless therefrom.

Lessee further agrees to pay any and all sewer use fees which may be assessed against the demised premises whether based on a minimum fee, a percentage charge, or whatever basis said fee shall be levied. In addition to the usual monthly charge for water, the Lessee further agrees to pay any and all additional charges which the Metropolitan Utilities District may make against the demised premises for the use by the Lessee of water for air conditioning purposes.

CONDITION OF PREMISES

5. Lessee has examined said premises prior to his acceptance and the execution hereof and is satisfied with the physical condition thereof, including all equipment and appurtenances, and his taking possession thereof shall be conclusive evidence of his receipt thereof in satisfactory order and repair, except as otherwise specified herein, and Lessee agrees and admits that no representation as to the condition or repair hereof has been made by the Lessor or his agent which is not herein expressed or indorsed hereon; and likewise agrees and admits that no agreement or promise to decorate, alter, repair, or improve said premises including all equipment and appurtenances, either before or after the execution hereof, not contained herein, has been made by Lessor or his agent.

REPAIRS

6. In consideration of the foregoing demise and the rate of rental herein stipulated, the Lessee agrees during the term of this lease, at his own expense, to keep in good and substantial order and repair and to make all necessary repairs, renewals, replacements and decorations upon or in connection with said premises, including all windows and doors and glass, wherever located, and all plumbing, heating equipment, boilers, elevators, pipes, wiring, and gas, steam and electrical fixtures, connections and fittings and all other equipment,

fixtures and appurtenances, and excepting only the exterior of the premises (exterior of the premises shall not include windows, doors or any glass). However, it is not the intention of the parties hereto that the foregoing repairs, renewals, replacements, and/or decorations shall be made by the Lessee when such repairs, renewals, replacements and/or decorations are occasioned by fire, windstorm or other unavoidable casualty, except that the Lessee shall make all glass replacements made necessary from any cause other than fire, windstorm and structural deficiency of the building.

ASSIGNING, SUBLETTING, INSURANCE, ALTERATIONS, AIR CONDITIONING, COOLING

7. It is provided that the Lessee shall not assign this lease nor let or sublet said premises or any part thereof nor use the same nor permit the same to be used for any purpose other than as above described, nor keep or store in or about the premises anything which will increase the rate of insurance on the building, nor permit any change in occupancy or transfer of this lease by operation

of law, or otherwise, nor make any alterations or additions or improvements, including air conditioning and cooling systems in said premises, nor place, affix or display in any manner in, upon or in connection with said premises, any "for rent," display or advertising sign or device without the written consent of the Lessor first obtained, and Lessee will not invalidate any policies of insurance now or hereafter made on said building, and Lessee will pay all extra insurance premiums on said building, if any, required on account of extra risk caused by the Lessee's use of the demised premises, and it is further provided that all additions, fixtures or improvements which may be made of the Lessee to said premises, except movable office furniture and trade fixtures, shall be made only after the Lessor has given written consent and shall become the property of the Lessor, and shall remain and be surrendered in good condition with the premises as apart thereof at the termination of this lease, by lapse of time or otherwise.

It is understood and agreed, however, that Lessee shall maintain an insurable interest in said additions, fixtures and improvements during the term of this lease and that in the event of any casualty loss to said additions, fixtures and improvements the Lessee shall be entitled to the proceeds from any insurance the Lessee may have carried on the same.

Lessee agrees, upon the termination hereof, to remove all Lessee's property except such as according to the conditions of this lease is to remain as part of the premises.

COMPLIANCE WITH LAWS--KEEP PREMISES SAFE AND CLEAN

8. The Lessee shall keep said premises and operate his business therein in a manner which shall be in compliance with all laws, rules and regulations, orders and ordinances of the city, county, state and federal government and any department of either, and will not suffer or permit the premises to be used for any unlawful purpose, and he will protect the Lessor and save him and the said premises harmless from any and all fines and penalties that may result from or be due to any infractions of, or non-compliance with, the said laws, rules, regulations, orders and ordinances. Lessee agrees to keep the said premises and all sidewalks and approaches thereto in a safe condition and free and clear of ice and snow and all other matter which may be dangerous to the public and free of all obstructions.

Lessee will hold Lessor exempt and harmless for and on account of any damages or injury to any person, or to the goods, wares and merchandise of any person, arising from the use of the premises by Lessee, or arising from the failure of Lessee to keep the premises in good condition as herein provided.

DAMAGE BY FIRE OR OTHER CASUALTY
TERMINATION PRIVILEGES

9. It is provided that in case the said premises, or any part thereof, shall at any time be destroyed or damaged by fire or other unavoidable casualty, so that the same shall be unfit for occupation or use, then the rent hereby reserved, or a fair and just proportion thereof, according to the nature and extent of the damage sustained in loss of occupation of the premises, shall be suspended, cease to be payable and so continue until said premises shall be rebuilt or made fit for occupation and use, or if such damage to the said demised premises or to the building in which the demised premises are situated, is to the extent of 50% or more, then this lease may be terminated at the election of the Lessor, notice of which election, if exercised, shall be given in writing within 25 days from date of casualty, provided also that in case the building containing said premises is totally destroyed or work to put the premises in tenantable condition is not commenced within one month from the time of said damage and continued thereafter, with reasonable diligence, then this lease may be terminated at the election of the Lessee, notice of which election, if exercised, must be given in writing within 35 days from date of casualty. Each party hereto hereby waives all claims for recovery from the other party for any loss or damage to any of its property insured under valid and collectible insurance policies to the extent of any recovery collectible under such insurance, subject to the limitations that this waiver shall apply only when permitted by the applicable policy of insurance.

PERSONAL PROPERTY AT RISK OF LESSEE

10. All personal property in the leased premises shall be at the risk of the Lessee only and the Lessor shall not be or become liable for any damage to said personal property, so said premises or to said Lessee or to any other persons or property caused by water leakage, steam, sewerage, gas or odors or for any damage whatsoever done or occasioned by or from any boiler, plumbing, gas, water, steam or other pipes or any fixtures, equipment or appurtenances whatsoever, or for any damage occasioned by water, snow or ice, being upon or coming through the roof, sky-light, trap door, or otherwise, or for any damage arising from any act or neglect of other tenants, occupants, or employees of the building in which the leased premises are situated or arising by reason of the use of, or any defect in, the said building or any of the fixtures, equipment or appurtenances therein, or by the act or neglect of any other person or caused in any other manner whatsoever.

RIGHT OF LESSOR TO ENTER FOR REPAIRS, ALTERATIONS, ETC.

11. The Lessor, his agents or representatives, shall have the right to enter said premises at all reasonable times, to examine or exhibit the same, or to make such repairs, additions or alterations as Lessor may see fit to make for the safety, improvement or preservation thereof, or of the building of which the leased premises are a part or for any other reasonable purpose. The Lessor may display "for rent" signs on or about the said premises and in the windows thereof for sixty days prior to the termination of this lease.

DEFAULT, BANKRUPTCY, ETC.

12. Should default be made by the Lessee in the payment of the rental herein reserved, or any part thereof, when and as herein provided, or should Lessee make default in the performing, fulfilling, keeping or observing of any of the Lessee's other covenant, conditions, provisions or agreements herein contained; or should a petition in bankruptcy be filed by the Lessee or should the Lessee be adjudged bankrupt or insolvent by any court or should a trustee or receiver in bankruptcy or a receiver of any property of the Lessee be appointed in any suit or proceeding by or against the Lessee or should the demised premises become vacant or [ILLEGIBLE] or should this lease by operation of law pass to any person other than the Lessee, or should the leasehold interest be levied on under execution, then and in any of such events the Lessor may, if the Lessor so desires, without demand of any kind or notice to the Lessee, or any

other person at once declare this lease terminated, and the Lessor may re-enter said premises without any former notice or demand and hold and enjoy the same thenceforth as if these presents had not been made, without prejudice, however, to any right of action or remedy of the Lessor in respect to any breach by the Lessee of any of the covenants herein contained. In case Lessor does not elect to take advantage of the right to terminate this lease conferred by the foregoing provision of this paragraph, the Lessor shall nevertheless have and Lessor is hereby expressly given the right to re-enter the said premies, with or without legal process, should any of the events hereinbefore specified take place or occur, and to remove the Lessee's signs, and all property and effects of the Lessee or other occupants of said premises, and if the Lessor so desires, to relet the said premises or any part thereof upon such terms, and to such person or persons and for such period or periods as may seem fit to the Lessor, and in case of such reletting, the Lessee shall be liable to the Lessor for the difference between the rents and payments herein reserved and agreed upon for the residue of the entire stipulated term of this lease and the net rent for such residue of the term realized by the Lessor by such reletting such net rent to be determined by deducting from the entire rent received by Lessor from such reletting the expenses of recovering possession, reletting, altering and repairing said premises and collecting rent therefrom; and the Lessee hereby agrees to pay such deficiency each month as the same may accrue, the Lessee to pay to the Lessor within five (5) days after the expiration of each month during such residue of the term, the difference between the rent and payments for said month as fixed by this lease and the net amount realized by the Lessor from the premises during said month.

VACATION OF PREMISES BY LESSEE
LIEN ON PERSONAL PROPERTY

13. If the Lessee shall not promptly remove all his property from said premises whenever the Lessor shall become entitled to the possession of said premises as herein agreed, the Lessor may, without notice, remove the same, or any of the same, in any manner that the Lessor may choose, and the Lessee will pay the Lessor, on demand, any and all expenses incurred in such removal, and also storage on said effects for any length of time during which the same shall be in the Lessor's possession or control, or if the Lessee shall at any time vacate or abandon said premises, and leave any goods or chattels in, upon or about the premises, for a period of ten days after such vacation or abandonment, or after the termination of this lease in any manner whatsoever, then the Lessor shall have the right to sell all or any part of said goods and chattels, at public or private sale, without giving any notice to the Lessee, or any notice of sale, all notices required by statute or otherwise being hereby expressly waived, and to apply the proceeds of such sale, first to the payment of all costs and expenses of conducting the sale or caring for or storing the goods and chattels; and, second, to apply the balance, if any, to any indebtedness due from the Lessee to the Lessor; and third, to deliver any additional surplus, on demand in writing, to the Lessee. It is further agreed that all the goods, chattels, fixtures and other personal property belonging to said Lessee, which are, or may be put into the said leased premises during said term, whether exempt or not from sale under execution and attachment under the laws of the State of Nebraska, shall at all times be bound with a first lien in favor of said Lessor, and shall be chargeable for all rent hereunder and the fulfillment of the other covenants and agreements herein contained, which said lien may be enforced in like manner as a chattel mortgage, or in any other manner afforded by law.

CONTINUED OCCUPANCY OF PREMISES

14. Lessee covenants to, and it is the essence of this lease that the Lessee shall, continuously and uninterruptedly during the term of this lease, occupy and use the premises for the purpose hereinabove specified, except while premises are untenantable by reason of fire or other unavoidable casualty, and in this connection it is agreed that in case of breach of this covenant the Lessee shall, in addition to the rental hereinabove provided for, pay to the Lessor monthly a sum equal to 25% of the monthly rental stipulated herein, for each and every month during which the premises are not so continuously and uninterruptedly used and occupied, as liquidated damages for the Lessee's breach of covenant, it being recognized by the parties that the exact amount of damages to the Lessor on account of such breach cannot be accurately ascertained. This provision shall, however, in no wise abridge or affect any other right or remedy which the Lessor may have on account of or in connection with the Lessee's breach of this covenant.

Provided also, and this lease is upon these express conditions, that the Lessor and the Lessor's successor or assigns shall have the right to terminate this lease absolutely at the end of the calendar month by first giving to the Lessee, or the Lessee's assigns, or by leaving at said demised premises, addressed, to the Lessee, at least six months before the [ILLEGIBLE] of such termination, a written notice of the Lessors intention to remodel, [ILLEGIBLE] demolish the said building, or to sell, or [ILLEGIBLE] ground lease of the land thereunder, the rate of rent herein stipulated being the consideration for this agreement.

HOLDOVER

15. The Lessee agrees at the termination of this lease, by lapse of time or otherwise, to worthwith leave, surrender and yield up the demised premises in good and substantial order and repair. It is understood and agreed that this lease shall not extend beyond the term herein granted, and a holding over or continuance in the occupancy of the demised premises shall not work an extension of the said lease, but in any and all such cases, the Lessee shall be a trespasser or a tenant at will at the option of the Lessor, subject to removal by the said Lessor by summary process and proceedings, it being provided further that an acceptance of rent by the Lessor during such holding over period shall operate to create a tenancy from month to month only, terminable upon thirty days' notice, and in that case all provisions of this lease not consistent with a tenancy from month to month shall remain in force.

ACCEPTANCE OF RENT AFTER PROCEEDINGS

16. It is agreed that after the service of notice of the commencement of suit, or after final judgment for possession of the premises, the Lessor may receive and collect any rent due without prejudice to, nor waiver of or effect upon the said notice, suit or judgment.

CHARGES ADDED TO RENT

17. In the event of the failure of the Lessee to perform any of the covenants, agreements or conditions herein contained, the Lessor shall have the right but shall not be obligated to pay any sum of money or incur any expense which should have been paid or incurred by the Lessee in the performance of any such covenant, agreement or condition. The Lessee covenants that in case the Lessor, by reason of the failure of the Lessee to perform any of the covenants, agreements, or conditions herein contained, shall be compelled to pay or shall pay any sum of money, or shall be compelled to do or shall do any act which requires the payment of money, then the sum or sums so paid or required to be paid, together with interest, costs and damages, shall be added to the installment of rent, next becoming due and shall be collectible as additional rent in the same manner and with the same remedies as if it had been originally reserved, any sum so paid by Lessor to bear interest at the rate of 6% per annum from date of payment by Lessor to date of repayment by Lessee.

WAIVER--NONE

18. The failure of the Lessor to insist upon a strict performance of any of the covenants or conditions of this lease or to exercise any right or option herein conferred in any one or more instances, shall not be construed as a waiver or a relinquishment for the future of any such covenants, conditions, rights or options, but the same shall remain in full force and effect; and the doing by the Lessor of any act or thing which Lessor is not obligated to do hereunder shall not be deemed to impose any obligation upon the Lessor to do any such act or thing in the future or in any way change or alter any of the provisions of this lease.

SURRENDER VALID UNLESS WRITTEN

19. No surrender of the premises for the remainder of the term herein shall be binding upon the Lessor unless accepted by the Lessor in writing. Without limiting the scope or effect of the last preceding sentence, it is agreed that the receipt or acceptance of the keys of the premises by the Lessor shall not constitute an acceptance of a surrender of said premises.

LESSOR'S RIGHT CUMULATIVE--NO CHANGE HEREOF EXCEPT IN WRITING

20. All rights and remedies of the Lessor under or in connection with this lease shall be cumulative and none shall be exclusive of any other rights or remedies allowed by law. No agreements shall be held as changing or in any manner modifying, adding to or detracting from any of the terms or conditions of this lease, unless such agreement shall be in writing, executed by both parties hereto.

EMINENT DOMAIN

21. If the whole or any part of the premises hereby leased shall be taken by any public authority under the power of eminent domain, then the term of this lease shall cease on the part so taken from the day the possession of that part shall be required for any purpose, and the rent shall be paid up to that day, and if such portion of the demised premises is so taken as to destroy the usefulness of the premises for the purpose for which the premises were leased, then, from that day the Lessee shall have the right either to terminate this lease and declare the same null and void or to continue in the possession of the remainder of the same under the terms herein provided, except that the minimum rent shall be reduced in proportion to the amount of the premises taken. All damages awarded for such taking shall belong to and be the property of the Lessor, including such damages as shall be awarded as compensation for diminution in value to the leasehold, provided, however, that the Lessor shall not be entitled to any portion of the award made to the Lessee.

EXPLANATORY PROVISION

22. The words "Lessor" and "Lessee" shall be taken to include and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns, and shall be taken in the plural sense, whenever the context requires, and all pronouns used herein and referring to said parties shall be construed accordingly, regardless of the number or gender thereof.

Headings of the various paragraphs herein are inserted merely as a matter of convenience and for reference and shall not be considered as in any manner defining, limiting or describing the scope or intent of the particular paragraphs to which they refer or as affecting the meaning or construction of the language in the body of such paragraphs.

23. Tripe Net Lease: Lessee shall pay all taxes, insurance and other maintenance required by the mortgage in favor of The Ohio National Life Insurance Company, which mortgage is by this reference made a part hereof.

24. Lessee hereby accepts the premises as satisfactory to all requirements of Lessee and agrees that it is absolutely obligated to pay the rent set forth in paragraph 2 hereof.

25. If Lessor does not now have possession of the premises, it is

hereby covenanted and agreed that if the demised premises above described shall not be available for occupancy at the date named in said lease as the time when the lease term is to commence, then said lease shall commence on the date when said premises shall be available for occupancy, and a pro rata abatement of the rental herein provided shall be made until said premises are available for occupancy but the expiration of said lease shall remain the same; and the Lessor shall not be liable for any loss or damage of any kind whatsoever that the Lessee may sustain or claim to have sustained by reason of such delay. _____
_____
_____

Until this lease is executed on behalf of all parties hereto, it shall be construed as an offer of proposed Lessee to proposed Lessor.

Time being of the essence, this lease must be completed on behalf of all parties on or before _____ to be effective.

IN WITNESS WHEREOF, the parties hereto have executed this lease this _____ day of _____, 19 _____.

WITNESS:

_____ 99 Maple Partnership,

Lessor

_____ By: /s/ Mary E. West

Lessor

_____ WEST TELEMARKETING CORPORATION,

Lessee

BY: /s/ Gary West, President _____

Lessee

ASSIGNMENT AND ACCEPTANCE

For value received, the Lessee hereby assigns all right, title and interest in and to the within lease, from and after _____, 19 _____, unto _____ his or its heirs and assigns, and in consideration of the Lessor's consent to this assignment agrees to remain primarily liable to the Lessor, jointly and severally with the assignee, for the performance of all of the covenants on the part of the Lessee in said lease mentioned.

Dated this _____ day of _____, 19_____.

_____

_____

In consideration of the above assignment, and the written consent of the Lessor hereto, the undersigned hereby assumes and agrees to make all payments from and after _____, 19_____, and to perform all the covenants and conditions of the within lease to be made and performed by the Lessee, and to have the assignor harmless from all liability thereunder.

Dated this _____ day of _____, 19,_____.

_____

_____

CONSENT TO ASSIGNMENT

Lessor hereby consents to the assignment of the within lease to _____ on the express conditions, however that the assignor shall remain liable for the prompt payment of the rent and performance of the covenants on the part of the Lessee as herein mentioned and that no further assignment of said lease or subletting of the premises, or any part hereof, shall be made without the written consent of the Lessor first had thereto.

Dated this _____ day of _____, 19_____.

_____

_____

BUSINESS PROPERTY

LEASE

Premises_____

Lessor_____

Lessee_____

From_____

To_____

Rent Per Month $_____

$_____

Rent Per Year $_____

$_____

Eight Million Three Hundred Ninety Thousand One Hundred and No/100ths Dollars ($8,390,100.00), payable as follows:

For the period from September 1, 1994 to August 31; 1995
$53,040.00 per month

For the period from September 1, 1995 to August 31, 1996
$56,225.00 per month

For the period from September 1, 1996 to August 31, 1997
$59,600.00 per month

For the period from September 1, 1997 to August 31, 1998
$63,175.00 per month

For the period from September 1, 1998 to August 31, 1999
$66,965.00 per month

For the period from September 1, 1999 to August 31, 2000
$71,000.00 per month

For the period from September 1, 2000 to August 31, 2001
$75,200.00 per month

For the period from September 1, 2001 to August 31, 2002
$79,775.00 per month

For the period from September 1, 2002 to August 31, 2003
$84,560.00 per month

For the period from September 1, 2003 to August 31, 2004
$89,635.00 per month

LAND SURVEYOR'S CERTIFICATE

I hereby certify that this plat, map, survey or report was made by me or under my direct personal supervision and that I am a duly Registered Land Surveyor under the laws of the State of Nebraska.

Legal Description : That part of Lots A and B, Block 1, MAPLE VILLAGE, a subdivision as surveyed, platted, and recorded in Douglas County, Nebraska, described as follows:

(See attached page for complete legal)

Plat to scale showing tract surveyed with all pertinent points.

[MAP]

/s/ Gereld B. Rager, Jr.

Signature of Land Surveyor

[SEAL]

DATE RECEIVED: _____ Date: 1-9-87 Reg. No. ___

OFFICIAL ADDRESS: _____

BLDG. PERMIT NO.: _____

Book 86-B Page 59-64 Job Number 87-1002-2

[LAMP, RYNEARSON & ASSOCIATES, INC. LOGO]

erohitects engineers surveyors planners

9290 west dodge road omaha, nebraska 68114 402.387.3008
323 w. koenig street grand island, nebraska 68801 308.382.4077

LEGAL DESCRIPTION:

That part of Lots A and B, Block 1, MAPLE VILLAGE, a subdivision as surveyed, platted and recorded in Douglas County, Nebraska, described as follows: Beginning at the Point of Intersection of the South line of Wirt Street, as dedicated, and the East line of Lot A, Block 1, MAPLE VILLAGE as surveyed, platted, and recorded; thence North 90 degrees 00'00" West (Assumed Bearing) for 385.00 feet along the said South line of Wirt Street; thence South 00 degrees 3'28" West for 384.23 feet; thence South 89 degrees 46'19" East for 59.89 feet; thence South 00 degrees 05'25" West for 204.86 feet to the North line of Maple Street; thence South 89 degrees 54'53" East for 100.30 feet along said North line of Maple Street; thence along a curve to the left (having a radius of 89.00 feet and a long chord bearing North 59 degrees 13'36" East for 91.46 feet) for an arc distance of 96.05 feet along the Westerly line of Maplewood Boulevard; thence North 28 degrees 12'01" East for 44.09 feet along said Westerly line of Maplewood Boulevard; thence along a curve to the right (having a radius of 205.52 feet and a long chord bearing North 39 degrees 54'12" East for 82.96 feet) for an arc distance of 83.53 feet along the said Westerly line of Maplewood Boulevard; thence along a curve to the left (having a radius of 190.04 feet and a long chord bearing North 40 degrees 31'01" East for 72.66 feet) for an arc distance of 73.11 feet along the said Westerly line of Maplewood Boulevard; thence continuing along said curve to the left (having a radius of 190.04 feet and a long chord bearing North 14 degrees 39'59" East for 97.28 feet) for an arc distance of 98.38 feet along the said Westerly line of Maplewood Boulevard; thence North 04 degrees 21'20" East for 9.09 feet along the said Westerly line of Maplewood Boulevard; thence North 00 degrees 04'23" East for 281.78 feet along the said Westerly line of Maplewood Boulevard to the POINT OF BEGINNING.

Contains 4.40 Acres.

LAMP, RYNEARSON & ASSOCIATES, INC.
JOB NUMBER 86-1065
February 18, 1986

FIRST AMENDMENT TO BUSINESS PROPERTY LEASE

THIS FIRST AMENDMENT TO BUSINESS PROPERTY LEASE is entered into this 10th day of Dec., 2003, between 99-MAPLE PARTNERSHIP ("Lessor") and WEST TELEMARKETING CORPORATION ("Lessee").

RECITALS

Lessor and Lessee are parties to that certain Business Property Lease dated as of September 1, 1994 (which Business Property Lease is referred to herein as the "Lease"), pursuant to which Lessor leased to Lessee that certain building commonly known as West 1, located at 9910 Maple Street in Omaha, Nebraska and legally described on the survey attached to the Lease (the "Premises"). The Lease is scheduled to expire on August 31, 2004, and Landlord and Tenant wish to extend the term of the Lease, as hereinafter provided.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee hereby agree as follows:

1. Lease Term. The term of the Lease shall be, and it hereby is, extended through August 31, 2014.

2. Base Rent. Lessor and Lessee acknowledge and agree that the total floor area of the Premises is 43,000 square feet. Consistent with the foregoing, Section 2 of the Lease is hereby deleted in its entirety and replaced with the following provision:

> 2. BASE RENT. In consideration of the foregoing demise, the Lessee hereby covenants to perform the agreements hereby imposed, and to pay the Lessor as base rental for said premises the following amounts:

Lease Period	Per Square Foot	Annual	Monthly
September 1, 2004 to September 1, 2009	$ 15.50	$ 666,500.00	$ 55,541.67
September 1, 2009 to September 1, 2014	$ 17.00	$ 731,000.00	$ 60,916.67

> Said base rental shall be payable monthly in advance, on the first day of each successive month, at the office of 99-Maple Partnership, c/o Mary E. West, 9746 Ascot Drive, Omaha, Nebraska, or at such other place as the Lessor shall direct.

3. Triple Net Lease. Section 23 of the Lease is hereby deleted in its entirety and replaced with the following provision:

> 23. TRIPLE NET LEASE. Lessee shall pay all real estate and personal property taxes and assessments of any kind or nature relating to the Premises prior to delinquency; shall pay all utilities, sewer use fees and other similar charges relating to the Premises; shall procure and keep in full force and effect all fire, casualty, and liability insurance policies for the Premises and shall pay all premiums therefor; and shall provide and pay for all repairs and maintenance relating to the Premises. It is the purpose and intent of Lessor and Lessee that the base rental payable herein shall be absolutely net to Lessor so that this Lease shall yield to Lessor the base rental specified in each year during the term of this Lease free of any real estate and property taxes, special assessments, charges for utilities, repairs and maintenance expense, and insurance premiums and Lessor shall not be expected or required to pay any such taxes, utility charges, assessments or insurance premiums and any and all costs, expenses and obligations of any kind relating to the repair and maintenance of the Premises, which may have arisen or become due under the terms of this Lease shall be paid by Lessee, and Lessor shall be indemnified and saved harmless by Lessee from and against such charges, taxes, assessments, costs, expenses and obligations of any kind whatsoever.

4. Continuing Effect. Subject only to the amendments expressly set forth in this First Amendment to Business Property Lease, all terms and conditions of the Lease continue in full force and effect.

IN WITNESS WHEREOF, this First Amendment to Business Property Lease has been executed by the undersigned parties as of the date first set forth above.

LANDLORD: 99-MAPLE PARTNERSHIP

By: /s/ Gary West

Name:_____
Title:_____

TENANT: WEST TELEMARKETING CORPORATION,
a Delaware corporation

By: /s/ Thomas B. Barker

Name: Thomas B. Barker
Title: Chief Executive Officer

EXHIBIT 21.01

WEST CORPORATION AND SUBSIDIARIES

NAME	STATE OF ORGANIZATION	DBAS
West Corporation	Delaware	West Corporation (Delaware)
West International Corporation	Delaware	None
West Facilities Corporation	Delaware	Delaware Facilities Corporation
West Business Services, LP	Delaware	Dakotah West Business Services Limited Partnership West Telemarketing Corporation Outbound
West Contact Services, Inc.	Philippines	None
Jamaican Agent Services Limited	Jamaica	None
West Asset Management, Inc.	Delaware	WAM West Asset Management, Inc.
West Interactive Corporation	Delaware	None
West Direct, Inc.	Delaware	Legal Rewards Major Savings Savings Direct TeleConference USA West Direct, Inc. (Delaware)
InterCall, Inc.	Delaware	Conferencecall.com ECI Conference Call Services West Conferencing Services, Inc.
Northern Contact, Inc.	Delaware	None
West Telemarketing Corporation II	Delaware	None
West Telemarketing Canada, ULC	Canada	None
Attention Funding Corporation	Delaware	None
Attention Funding Trust	Delaware	None
InterCall Telecom Ventures, LLC	Delaware	None
InterCall, Inc. (Canada)	Canada	None
InterCall Australia Pty. Ltd.	Australia	None
InterCall Singapore Pte. Ltd.	Singapore	None
InterCall Hong Kong Limited	Hong Kong	None
InterCall Asia Pacific Holdings Pty. Ltd.	Australia	None
InterCall New Zealand Limited	New Zealand	None
InterCall Conferencing Services, Ltd.	United Kingdom	None
Legal Connect Limited	United Kingdom	None
InterCall Japan KK	Japan	None
West Transaction Services, LLC	Delaware	None
West Transaction Services II, LLC	Delaware	None
Centracall Limited	United Kingdom	None
Conferencecall Services India Private Limited	India	None
Rockies Acquisition Corporation	Delaware	None
West Carmex Investments, LLC	Delaware	None
West International Asset Management, LLC	Nevada	None
BuyDebtCo, LLC	Nevada	None
West Asset Purchasing, LLC	Nevada	None
The Debt Depot, LLC	Delaware	None
Worldwide Asset Purchasing, LLC	Nevada	None
Portfolios NAM S. de R.L. de C.V.	Mexico	None
Portfolios NAM-1, S. de R.L. de C.V.	Mexico	None
CGA Corporation Gerencial de Activos, S. de R.L. de C.V.	Mexico	None
Cobranza Express de Mexico, S. de R.L. de C.V.	Mexico	None
West Receivable Services, Inc.	Delaware	None
Asset Direct Mortgage, LLC	Delaware	None
West Telemarketing, LP	Delaware	None

WEST CORPORATION AND SUBSIDIARIES

NAME	DBA STATE
West Corporation	NE, MN
West International Corporation	
West Facilities Corporation	TX
West Business Services, LP	AR, FL, GA, ID, IL, KY, TX, WA WY CA
West Contact Services, Inc.	
Jamaican Agent Services Limited	
West Asset Management, Inc.	PA, TX
West Interactive Corporation	
West Direct, Inc.	CT, NE CT, NE CT, NE CO, CT, GA, NE, TX TX
InterCall, Inc.	IL, TX NJ TX
Northern Contact, Inc.	
West Telemarketing Corporation II	
West Telemarketing Canada, ULC	
Attention Funding Corporation	
Attention Funding Trust	
InterCall Telecom Ventures, LLC	TX
InterCall, Inc. (Canada)	
InterCall Australia Pty. Ltd.	
InterCall Singapore Pte. Ltd.	
InterCall Hong Kong Limited	
InterCall Asia Pacific Holdings Pty. Ltd.	
InterCall New Zealand Limited	
InterCall Conferencing Services, Ltd.	
Legal Connect Limited	
InterCall Japan KK	
West Transaction Services, LLC	
West Transaction Services II, LLC	
Centracall Limited	
Conferencecall Services India Private Limited	
Rockies Acquisition Corporation	
West Carmex Investments, LLC	
West International Asset Management, LLC	
BuyDebtCo, LLC	
West Asset Purchasing, LLC	

The Debt Depot, LLC
Worldwide Asset Purchasing, LLC
Portfolios NAM S. de R.L. de C.V.
Portfolios NAM-1, S. de R.L. de C.V.
CGA Corporation Gerencial de Activos, S. de R.L. de C.V.
Cobranza Express de Mexico, S. de R.L. de C.V.
West Receivable Services, Inc.
Asset Direct Mortgage, LLC
West Telemarketing, LP

EXHIBIT 23.01

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-127965 on Form S-3 and Registration Statement Nos. 333-24473, 333-29353 and 333-106715 on Form S-8 of our reports dated February 22, 2006, relating to the consolidated financial statements and financial statement schedule of West Corporation and management's report on the effectiveness of internal control over financial reporting, appearing in this Annual Report on Form 10-K of West Corporation for the year ended December 31, 2005.

/s/ Deloitte & Touche LLP

Omaha, Nebraska
February 22, 2006

Exhibit 31.01

CERTIFICATION

I, Thomas B. Barker, certify that:

1. I have reviewed this annual report on Form 10-K of West Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

/s/ THOMAS B. BARKER
Thomas B. Barker
Chief Executive Officer

Date: February 24, 2006

Exhibit 31.02

CERTIFICATION

I, Paul M. Mendlik, certify that:

1. I have reviewed this annual report on Form 10-K of West Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

/s/ Paul M. Mendlik

Paul M. Mendlik
Executive Vice President -
Chief Financial Officer and Treasurer

Date: February 24, 2006

Exhibit 32.01

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

In connection with the Annual Report of West Corporation (the "Company") on Form 10-K for the period ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas B. Barker, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ THOMAS B. BARKER
Thomas B. Barker
Chief Executive Officer

Date: February 24, 2006

Exhibit 32.02

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

In connection with the Annual Report of West Corporation (the "Company") on Form 10-K for the period ended December 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Paul M. Mendlik, Executive Vice President — Chief Financial Officer and Treasurer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Paul M. Mendlik
Paul M. Mendlik
Executive Vice President -
Chief Financial Officer and Treasurer

Date: February 24, 2006