

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

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

Date of report: March 20, 2000 (Date of Earliest Event Reported: March 14, 2000)

CLARUS CORPORATION  
(Exact name of Registrant as specified in its charter)

<TABLE>			
<S>	<C>	<C>	
Delaware	0-24277	58-1972600	
(State or other jurisdiction of incorporation or organization)	(Commission File No.)	(IRS Employer Identification No.)	
</TABLE>			

3970 Johns Creek Court  
Suite 100  
Suwanee, Georgia 30024  
(Address of principal executive offices, including zip code)  
(770) 291-3900  
(Registrant's telephone number, including area code)

(Former name or Former Address if Changed Since Last Report)

ITEM 5. Other Events

On March 14, 2000, Clarus Corporation (the "Company") entered into a Securities Purchase Agreement with Wachovia Capital Investments, Inc. ("Wachovia"), pursuant to which Wachovia purchased from the Company a subordinated promissory note (the "Note") in the original principal amount of \$5,000,000 that is convertible into shares of common stock, par value \$.0001 per share, of the Company pursuant to the terms set forth in the Note. The Note bears interest at 4.5% per annum and is due on March 15, 2005. The Securities Purchase Agreement and the Note are attached to this current report as Exhibit 99.1 and Exhibit 99.2.

ITEM 7. Financial Statements, Pro Forma Information and Exhibits

(c) Exhibits

- 99.1 Securities Purchase Agreement.
- 99.2 Convertible Subordinated Promissory Note issued by the Company to Wachovia.

SIGNATURE

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

CLARUS CORPORATION

Date: March 20, 2000                      /s/ Mark D. Gagne

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MARK D. GAGNE  
Chief Financial Officer

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SECURITIES PURCHASE AGREEMENT

Dated as of March 14, 2000

By and Among

CLARUS CORPORATION

and

WACHOVIA CAPITAL INVESTMENTS, INC.

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## SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT dated as of March 14, 2000 by and among  
CLARUS CORPORATION, a Delaware corporation (the "Company"), and WACHOVIA CAPITAL

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INVESTMENTS, INC., a Georgia corporation (the "Purchaser").  
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W I T N E S S E T H:

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WHEREAS, the Purchaser desires to purchase, and the Company desires to  
issue, 4.5% convertible subordinated promissory note or notes in the form  
attached as Exhibit A hereto for an aggregate principal amount of \$5,000,000

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(the "Convertible Notes") which Convertible Notes may be converted into shares

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of common stock, par value \$.0001 per share, of the Company pursuant to the  
terms set forth in such Convertible Notes.

NOW, THEREFORE, IT IS AGREED:

ARTICLE I

DEFINITIONS

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(S) 1.0 Definitions. As used in this Agreement, and unless the

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context requires a different meaning, the following terms shall have the meanings indicated below:

"Affiliate" shall mean, with respect to any Person, any other Person

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directly or indirectly controlling (including but not limited to all directors and officers of such Person), controlled by, or under direct or indirect common control with, such Person; provided, however, that, an Affiliate shall include any entity that directly or indirectly (including through limited partner or general partner interests) owns more than 5% of any class of the equity of any other entity.

"Agreement" shall mean this Securities Purchase Agreement, as the same

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may be amended, supplemented or modified in accordance with the terms hereof, from time to time.

"Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday

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and Friday which is not a day on which banking institutions in Atlanta, Georgia are authorized or obligated by law or executive order to close.

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"Closing" shall have the meaning set forth in Section 4.3 of this

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Agreement.

"Closing Date" shall mean the date hereof, on which the Purchaser

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shall purchase, and the Company shall issue, the Convertible Notes.

"Commission" shall mean, at any time, the Securities and Exchange

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Commission or any other Federal agency then administering the Securities Act and other Federal securities laws.

"Common Stock" shall have the meaning set forth in Section 2.2 of this

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Agreement.

"Company" shall have the meaning set forth in the first paragraph of

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this Agreement.

"Company Registration Statement" shall have the meaning set forth in

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Section 2.4 of this Agreement.

"Company Reports" have the meaning set forth in Section 2.4 of this

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Agreement.

"Convertible Notes" shall have the meaning set forth in the recitals

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of this Agreement.

"Documents" shall mean this Agreement and the Convertible Notes.

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"Encumbrances" shall mean any lien, charge or restriction of any kind

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or character.

"Event of Default" shall have the meaning set forth in the Convertible

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Notes.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as

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amended, and the rules and regulations of the Commission promulgated thereunder.

"GAAP" shall have the meaning set forth in Section 2.4(b) of this

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Agreement.

"Governmental Authority" shall mean any federal, state, municipal or

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other governmental department, commission, board, bureau, agency or instrumentality, or any court, in each case whether of the United States of America or foreign.

"Indebtedness" of any Person shall mean, without duplication, (i) all

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indebtedness for borrowed money or for the deferred purchase price of property or services (other than trade payables or accrued expenses arising in the ordinary course of business), (ii) the maximum amount available to be drawn under letters of credit, (iii) all

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indebtedness of the type otherwise described in this definition secured by any lien on any property owned by such Person or any of its Subsidiaries, (iv) capitalized lease obligations, (v) all guarantees of any type of indebtedness otherwise described in this definition, (vi) all obligations of such Person to pay a specified purchase price for goods or services, whether or not delivered or accepted, i.e., take-or-pay or similar obligations and (vii) interest rate

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protection hedging agreements, currency hedging agreements or commodity hedging agreements.

"Investment" shall mean the \$5,000,000 investment by the Purchaser in

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the Convertible Notes issued by the Company on the Closing Date.

"Material Adverse Effect" shall have the meaning set forth in Section

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2.1 of this Agreement.

"NASDAQ" shall mean the National Association of Securities Dealers,

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Inc. Automatic Quotation System.

"Person" shall mean and include natural persons, corporations, limited

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partnerships, general partnerships, limited liability companies, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof.

"Purchase Price" shall have the meaning provided in Section 4.2.

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"Purchaser" shall have the meaning set forth in the first paragraph of  
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this Agreement.

"Registration Expenses" shall mean all expenses (other than Selling

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Expenses) incident to the Company's performance of or compliance with Article VIII, including, without limitation, all registration and filing fees, fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities), expenses of printing certificates for the Registrable Securities in a form eligible for deposit with Depositary Trust Company, messenger and delivery expenses, internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), and fees and disbursements of counsel for the Company and its independent certified public accountants (including the expenses of any management review, cold comfort letters or any special audits required by or incident to such performance and compliance), securities acts liability insurance (if the Company elects to obtain such insurance), the reasonable fees and expenses of any special experts retained by the Company in connection with such registration, fees and expenses of other Persons retained by the Company.

"Registration Statement" shall mean a registration statement filed by

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the Company with the Commission for a public offering and sale of securities of the Company.

"Registrable Securities" shall mean (i) any and all Common Stock

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acquired by, or issuable to, the Purchaser or any of its Affiliates pursuant to the conversion of the Convertible Notes on or after the date hereof and (ii) any securities of the Company owned by the Purchaser or any of its Affiliates issued or issuable with respect to such Common Stock by way of conversion, exchange, stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise. As to any particular Registrable Securities, once issued such securities shall cease to be Registrable Securities when (A) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, or (B) such securities shall have been sold by the Purchaser or any of its Affiliates in accordance with Rule 144 (or any successor provision) under the Securities Act.

"Rule 144" shall mean Rule 144 promulgated under the Securities Act.

-----  
"Secondary Offering" shall mean the Company's public offering of

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1,928,000 shares of the Common Stock (plus up to 315,000 additional shares of such stock at the option of the underwriter) pursuant to the prospectus contained in the Form S-3 Registration Statement filed by the Company with the Commission on February 7, 2000, as amended on March 2, 2000 and March 7, 2000, and as the same may be further amended or supplemented.

"Securities Act" shall mean the Securities Act of 1933, as amended,

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and the rules and regulations of the Commission thereunder.

"Securities Laws" shall have the meaning set forth in Section 2.4 of

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this Agreement.

"Selling Expenses" shall mean all underwriting discounts and selling

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commissions applicable to the sale of Registrable Securities pursuant to Section 8.1 and all fees and disbursements of counsel for such selling shareholders.

"Subsidiary" shall mean, with respect to any Person, (a) any

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corporation of which an aggregate of more than fifty percent (50%) of the outstanding stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned legally or beneficially by such Person and/or one or more Subsidiaries of such Person, or with respect to which any such Person has the right to vote or designate the vote of fifty percent (50%) or more of such

stock whether by proxy, agreement, operation of law or otherwise, and (b) any partnership or limited liability company in which such Person and/or one or more Subsidiaries of such person shall have an interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%).

"Taxes" shall mean all taxes, assessments, charges, duties, fees,

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levies or other governmental charges, including, without limitation, all Federal, state, local, foreign and other income, franchise, profits, capital gains, capital stock, transfer, sales, use, occupation, property, excise, severance, windfall profits, stamp, license, payroll, withholding and other



taxes, assessments, charges, duties, fees, levies or other governmental charges of any kind whatsoever (whether payable directly or by withholding and whether or not requiring the filing of a return), all estimated taxes, deficiency assessments, additions to tax, penalties and interest and shall include any liability for such amounts as a result either of being a member of a combined, consolidated, unitary or affiliated group or of a contractual obligation to indemnify any person or other entity.

"Transaction Party" shall have the meaning set forth in Section 2.1 of  
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this Agreement.

## ARTICLE II

### REPRESENTATIONS OF THE COMPANY -----

(S) 2.0 Representations of the Company. In order to induce the  
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Purchaser to enter into this Agreement and to purchase the Convertible Notes, the Company represents and warrants to and agrees with the Purchaser that on the Closing Date:

(S) 2.1 Existence and Good Standing. The Company and each of its  
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Subsidiaries (each a "Transaction Party," and collectively, the "Transaction  
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Parties") is a corporation, limited liability company or partnership, duly  
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organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each Transaction Party is duly qualified or licensed to do business and is in good standing and is authorized to do business in each jurisdiction in which the character or location of the properties owned, leased or operated by such entity or the nature of the business conducted by such entity makes such qualification or license necessary, except where any such failure to be duly qualified or licensed or in good standing could not reasonably be expected to have a material adverse effect on the condition (financial or otherwise), properties, assets, business, liabilities, accounting treatment, results of operations or prospects of the Transaction Parties, taken as a whole, or on the ability of the Company to perform its obligations under any of the Documents (a "Material Adverse Effect").  
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(S) 2.2 Capital Stock. The Company has an authorized capitalization  
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consisting of 25,000,000 shares of common stock, par value \$.0001 per share ("Common Stock"), of which 13,994,929 shares of Common Stock are issued and  
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outstanding as of

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March 10, 2000 and 5,000,000 shares of preferred stock, par value \$.0001 per share, of which no shares are issued or outstanding. All outstanding shares of capital stock of the Company have been, and will on the Closing Date be, duly authorized and validly issued and fully paid and non-assessable. There are no agreements, restrictions or encumbrances created by the Company or to which the Company is a party which restrict the transfer or voting of the Common Stock of the Company (such as preemptive rights, rights of first refusal, rights of first offer, proxies, voting agreements, voting trusts, or shareholder agreements). The shares of Common Stock to be issued upon conversion of the Convertible Notes are duly and validly authorized and, when issued upon conversion of the Convertible Notes, will be duly and validly issued, fully paid and nonassessable, and free and clear of all Encumbrances and preemptive and other similar rights.

(S) 2.3 Authorization and Validity of the Documents. The Company has  
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the requisite corporate power and authority to execute and deliver the Documents and to perform its obligations thereunder. The execution, delivery and performance of the Documents by the Company and the performance of its obligations thereunder have been duly authorized and approved by all necessary corporate action on the Company's part (including, without limitation, all

action of the Board of Directors and shareholders of the Company) and no other corporate action on the part of the Company is necessary to authorize the execution, delivery and performance of the Documents by the Company. Each of the Documents has been duly executed and delivered by the Company and, assuming due execution thereof by the other parties thereto, is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except to the extent that such enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether such enforceability is considered in a proceeding brought in equity or at law).

(S) 2.4 SEC and Other Documents; Financial Statements. (a) The

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Company has delivered or made available to the Purchaser the Form S-3 Registration Statement of the Company filed with the Commission on February 7, 2000 and as amended on March 2, 2000 in connection with the Secondary Offering and all exhibits, amendments and supplements thereto (collectively, the "Company

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Registration Statement"), as well as the Company's 10-K Report as filed with the

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Commission for its fiscal year ending December 31, 1998 and all exhibits, amendments and supplements thereto and each other registration statement, report or information statement (including all exhibits and amendments thereto) filed by the Company with the Commission since December 31, 1998 (collectively, together with the Company Registration Statement, the "Company Reports"). The

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Company Reports were filed with the Commission in a timely manner and, as of their respective dates, the Company Reports (i) complied in all material respects with the applicable requirements of the Securities Act, the Exchange Act and the rules and regulations promulgated thereunder and any applicable state securities laws (collectively, the "Securities Laws") and (ii) did not

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contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they

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were made, not materially misleading. There is no unresolved violation of the Securities Laws asserted by any Government Authority with respect to any of the Company Reports.

(b) Each of the balance sheets included in or incorporated by reference into the Company Reports (including any related notes and schedules) fairly presented the financial position of the entity or entities to which it relates as of its date and each of the statements of operations, shareholders' equity (deficit) and cash flows included in or incorporated by reference into the Company Reports (including any related notes and schedules) fairly presented the results of operations, retained earnings or cash flows, as the case may be, of the entity or entities to which it relates for the periods set forth therein, in each case in accordance with United States generally accepted accounting principles consistently applied during the periods involved ("GAAP"), except as

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may be noted therein and except, in the case of the unaudited statements, subject to normal recurring year-end adjustments.

(S) 2.5 Consents and Approvals; No Violations. The execution and

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delivery of the Documents by the Company and compliance by each Transaction Party with the terms and provisions hereof and thereof and the issuance of the Convertible Notes by the Company and the consummation of the transactions contemplated by the Documents does not and will not (a) violate or contravene any provision of the Certificates, Articles of Incorporation or Bylaws of any Transaction Party, (b) violate or contravene any statute, rule, regulation, licensing requirement, order or decree of any court, arbitrator or any other public body or authority by which any Transaction Party is bound or by which any of its properties or assets are bound, (c) require any filing with, or permit, consent authorization, qualification or approval of, or exemption from, or the giving of any notice to, any governmental or regulatory body, agency or authority, or any other Person (other than the holders of the Existing Indebtedness) or (d) result in a violation or breach of, conflict with, constitute (with or without due notice or lapse of time or both) a default (or

give rise to any right of termination, cancellation, payment or acceleration) under, or result in the creation of any Encumbrance upon any of the properties or assets of any Transaction Party under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, license, franchise, permit, agreement, lease, franchise agreement or any other instrument or obligation to which any Transaction Party is bound, or by which it or any of its properties or assets may be bound (other than the Existing Indebtedness).

(S) 2.6 No Misstatements or Omissions. No representation or warranty

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by the Company contained in this Agreement and no statement contained in any certificate, schedule, or other instrument delivered by or on behalf of the Company to Purchaser in connection with the Closing contains as of the Closing Date or will contain any untrue statement of a material fact or omits or will omit as of the date of such document any material fact necessary to make the statements contained therein in light of the circumstances under which such statement was made, not misleading.

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(S) 2.7 Broker's or Finder's Fees. No agent, broker, person or firm

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acting on behalf of any Transaction Party is, or will be, entitled to any commission or broker's or finder's fees from any of the parties hereto, or from any Person controlling, controlled by or under common control with any of the parties hereto, in connection with any of the transactions contemplated hereby.

(S) 2.8 Investment Company Act. No Transaction Party is an

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"investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

(S) 2.9 Securities Law Compliance. Assuming that the representations

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and warranties of the Purchaser in Article III hereof are true and correct, the offering, issuance, sale and delivery of the Convertible Notes to the Purchaser is exempt from the registration requirements of the Securities Act. The Company has complied with, or is exempt from, all registration requirements of all applicable state securities laws in connection with the offering, issue, sale and delivery of the Convertible Notes.

(S) 2.10 Capital Stock Reserved. Sufficient shares of the Company's

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Common Stock have been authorized and duly reserved for issuance upon conversion of the Convertible Notes.

ARTICLE III

REPRESENTATIONS OF THE PURCHASER

(S) 3.0 Representations of the Purchaser. In order to induce the

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Company to enter into this Agreement and in order to induce the Company to issue the Convertible Notes, the Purchaser represents, warrants and agrees as follows:

(S) 3.1 Existence and Good Standing; Power and Authority. The

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Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. The Purchaser has the requisite power and authority to execute and deliver this Agreement and perform its obligations thereunder. This Agreement has been duly authorized and approved by the Purchaser, and assuming due execution by the other parties thereto is a valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms, except to the extent that its enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (regardless of whether such enforceability is considered in a proceeding brought in equity or law).

(S) 3.2 Restrictive Documents. The Purchaser is not subject to any

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mortgage, lien, lease, agreement, instrument, order, law, rule, regulation,

judgment or decree, or any other restriction of any kind or character, which would prevent consummation by the Purchaser of the transactions contemplated hereby or which would

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result in a violation of breach of, conflict with, constitute (with or without due notice or lapse of time or both) a default under, or result in the creation of any Encumbrance on the Convertible Notes under the terms of any agreement to which the Purchaser is a party.

(S) 3.3 Purchase for Investment. (a) The Purchaser will acquire the

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Convertible Notes for its own account for investment and not with a view toward any resale or distribution thereof; provided, however, that the disposition of

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the Purchaser's property shall at all times remain within the sole control of the Purchaser.

(b) The Purchaser understands that the Convertible Notes and the Common Stock to be issued upon the conversion of the Convertible Notes have not been registered under the Securities Act or under any state securities laws and may not be sold or transferred unless they are subsequently registered under the Securities Act and any applicable state or other securities laws, or unless exemptions from registration under such laws are available and complied with;

(c) The Purchaser represents that it is an accredited investor, as defined in Regulation D promulgated under the Securities Act and experienced in investment matters, fully understands the transactions contemplated by this Agreement, has the knowledge and experience in financial matters as to be capable of evaluating the merits and risks of its investment and has had the financial ability and resources to bear the economic risks of its investment; and

(d) The Purchaser represents and warrants that the Company has given the Purchaser the opportunity to ask questions and receive answers concerning the Company, and the Company has made available to the Purchaser an opportunity to conduct such investigations and reviews as it has requested to conduct and all of those investigations and reviews have been completed;

(S) 3.4 Broker's or Finder's Fees. No agent, broker, person or firm

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acting on behalf of the Purchaser is, or will be, entitled to any commission or broker's or finder's fees from any Transaction Party, or from any Person controlling, controlled by or under common control with any Transaction Party, in connection with the transactions contemplated hereby.

#### ARTICLE IV

##### ISSUANCE OF NOTES; PAYMENT OF SUBSCRIPTION PRICE; CLOSING

(S) 4.1 Issuance of Convertible Notes. Subject to the terms and

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conditions set forth in this Agreement, on the Closing Date, the Company agrees to sell to the Purchaser, and the Purchaser agrees to purchase the Convertible Notes. Delivery of the Convertible Notes to be purchased by the Purchaser pursuant to this Agreement shall be made, pursuant to Section 4.4, on the Closing Date by the Company to the Purchaser, against payment of the Purchase Price.

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(S) 4.2 Purchase Price. Subject to the terms and conditions set

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forth in this Agreement, in full consideration for the sale by the Company of the Convertible Notes to the Purchaser, the Purchaser shall deliver to the Company \$5,000,000 (the "Purchase Price") on the Closing Date, by wire transfer

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of immediately available funds to the accounts specified by the Company.

(S) 4.3 Time and Place of Closing. The deliveries made on the

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Closing Date (the "Closing") shall take place at 10:00 a.m. on the Closing Date,

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at the offices of Kilpatrick Stockton LLP in Atlanta, Georgia, or such other place and time as the Company and the Purchaser shall mutually agree.

(S) 4.4 Closing Deliveries. At the Closing the Company shall

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deliver, or cause to be delivered, to the Purchaser the following: (i) the Convertible Notes for the account of the Purchaser duly executed and delivered by the Company to be issued and delivered at Closing, free and clear of all Encumbrances, (ii) evidence or copies of any consents, approvals, orders, qualifications, agreements or waivers required pursuant to Article V, (iii) all certificates and other instruments and documents required by this Agreement to be delivered by the Company to the Purchaser at or prior to the Closing and (iv) such other documents and instruments reasonably requested by the Purchaser, as may be necessary or appropriate to confirm or carry out the provisions of the Documents.

## ARTICLE V

### CONDITIONS TO THE PURCHASER'S OBLIGATIONS

(S) 5.0 Conditions to the Purchaser's Obligations. The obligation of

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the Purchaser to purchase the Convertible Notes contemplated by this Agreement is conditioned upon satisfaction, at or prior to the Closing of the following conditions:

(S) 5.1 Opinions of Counsel. The Company shall have furnished the

-----  
Purchaser with the opinion of Womble Carlyle Sandridge & Rice, counsel to the Company, dated the Closing Date, in the form of Exhibit B attached hereto (or in

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such other form as may be acceptable to the Purchaser).

(S) 5.2 Closing Certificate. The Company shall have furnished the

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Purchaser with a Closing Certificate, dated the Closing Date and duly completed and executed, in the form of Exhibit C attached hereto.

(S) 5.3 Truth of Representations and Warranties. Each of the

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representations and warranties of the Company contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date other than such representations and warranties made as of a specific date, which shall be true and correct in all material respects as of such date, with the same effect as though such representations and warranties had been made on and as of such date.

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(S) 5.4 No Litigation Threatened. No action or proceedings shall

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have been instituted or threatened by or before a court or other Governmental Authority to restrain or prohibit any of the transactions contemplated by the Documents.

(S) 5.5 Third Party Consents; Governmental Approvals. All consents,

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approvals, authorizations, exemptions or waivers of any third party or Governmental Authority, if any, required in connection with the consummation of the transactions contemplated by the Documents shall have been received.

(S) 5.6 Proceedings. All proceedings to be taken in connection with

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the transactions contemplated by this Agreement and all documents incident thereto shall be satisfactory in form and substance to the Purchaser and its counsel, and the Purchaser shall have received copies of all such documents and other evidences as it or its counsel may reasonably request in order to establish the consummation of such transactions and the taking of all proceedings in connection therewith.

(S) 5.7 Performance of Obligations. The Company shall have  
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performed, in all material respects, its obligations under this Agreement.

(S) 5.8 No Default or Event of Default. No event shall have occurred  
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and be continuing as of the Closing Date which would constitute a Default or  
Event of Default (as such terms are defined in the Convertible Notes).

## ARTICLE VI

### CONDITIONS TO THE COMPANY'S OBLIGATIONS

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(S) 6.1 Conditions to the Company's Obligations. The obligation of  
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the Company to sell the Convertible Notes contemplated by this Agreement is  
conditioned upon satisfaction, at or prior to the Closing, of the following  
conditions:

(S) 6.2 Truth of Representations and Warranties. The representations  
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and warranties of the Purchaser contained in this Agreement shall be true and  
correct in all material respects on and as of the Closing Date other than such  
representatives and warranties made as of a specific date, which shall be true  
and correct in all material respects as of such date, with the same effect as  
though such representations and warranties had been made on and as of such date.

(S) 6.3 Third Party Consents; Governmental Approvals. All consents,  
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approvals authorizations, exemptions or waivers of any third party or  
Governmental Authority, if any, required in connection with the consummation of  
the transactions contemplated by this Agreement shall have been received.

(S) 6.4 Performance of Agreement. The Purchaser shall have  
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performed, in all material respects, its obligations under this Agreement.

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(S) 6.5 No Litigation Threatened. No action or proceeding shall be  
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instituted or threatened before any Governmental Authority to restrain or  
prohibit any of the transactions contemplated hereby.

## ARTICLE VII

### COVENANTS OF THE COMPANY

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The Company shall comply with each of the following covenants, except  
to the extent that the Purchaser, in its discretion, otherwise expressly  
consents in writing:

(S) 7.1 Reservation of Common Stock. The Company shall at all times  
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reserve for issuance, free from preemptive rights and other rights to preempt or  
subscribe, a number of shares of Common Stock at least equal to the number of  
shares of Common Stock issuable upon conversion or exercise of the Convertible  
Notes after giving effect to any anti-dilution adjustments then in effect.

(S) 7.2 Amendment of Charter. Unless approved by the holders of a  
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majority of the then outstanding shares of the Common Stock at a meeting duly  
called and held in accordance with law and the certificate of incorporation and  
by-laws of the Company, the Company will not amend the certificate of  
incorporation of the Company in a manner which would adversely affect the rights  
of any holder of Convertible Notes or Common Stock.

(S) 7.3 Valid Issuance. The shares of Common Stock issuable upon  
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conversion or exercise of the Convertible Notes, when issued in accordance with

their respective terms, will be validly issued, fully paid and nonassessable, free of all preemptive or similar rights, and shall be delivered free and clear of all Encumbrances.

## ARTICLE VIII

### REGISTRATION RIGHTS

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#### (S) 8.1 Incidental Registrations.

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(a) If at any time or from time to time during the two (2) year period following the Closing Date, the Company shall determine to register any of its Common Stock for its own account or for the account of any of its shareholders, other than (i) the shelf registration filed in connection with the Secondary Offering; or (ii) a registration relating solely to employee benefit plans, or a registration relating solely to a Commission Rule 145 transaction or any rule adopted by the Commission in substitution therefor or in amendment thereto, or a registration on any registration form which does not include substantially the same information as would be required to be

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included in a Registration Statement covering the sale of Registrable Securities, the Company will:

(i) promptly give to each holder of Registrable Securities written notice thereof (which shall include a list of the jurisdictions in which the Company intends to attempt to qualify such securities under the applicable Blue Sky or other state securities laws); and

(ii) include in such registration (and any related qualification under Blue Sky laws or other compliance), and in any underwriting involved therein, all of the Registrable Securities specified in a written request or requests received by the Company within twenty (20) days after the giving of such written notice by the Company pursuant to Section 10.6 hereof, by any holder or holders of Registrable Securities, subject to the limitations set forth in Section 8.1(b).

(b) If the registration of which the Company gives notice involves an underwritten public offering, the Company shall so advise the holders of Registrable Securities as a part of the written notice given pursuant to Section 8.1(a)(i). In such event the right of any holder of Registrable Securities to registration pursuant to this Section 8.1 shall be conditioned upon such holder's participation in such underwritten public offering and the inclusion of such holder's Registrable Securities in the underwritten public offering to the extent provided herein. All holders of Registrable Securities proposing to distribute their securities through such underwritten public offering shall (together with the Company and the other holders of Registrable Securities distributing their securities through such underwritten public offering) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwritten public offering by the Company. Notwithstanding any other provision of this Section 8.1, if the underwriter determines that marketing factors require a limitation of the number of shares to be underwritten, then the Company will include the number of securities that the Company is so advised can be sold in such offering in the following order of priority:

(i) first, all the securities of the Company which the Company proposes to sell for its own account;

(ii) second, if the Registration Statement is being filed because other securityholder(s) of the Company have exercised their rights to demand the Company to file a registration statement that covers their securities, then all such securities demanded to be sold by such holder(s) pro rata among such holders on the basis of the number of securities demanded to be sold by such holders; and

(iii) third, all remaining securities requested to be sold pro rata among selling shareholders according to the total amount of securities entitled to be included therein owned by each selling shareholder or in such other proportions as shall mutually be agreed to by such selling

shareholders. For purposes of the

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preceding sentence concerning apportionment of any selling shareholder which is a holder of Registrable Securities and which is a partnership or corporation, the partners, retired partners and shareholders of such holder, or the estates and family members or any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling shareholder", and any pro rata reduction with respect to such "selling shareholder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "selling shareholder", as defined in this sentence.

No Registrable Securities excluded from the underwritten public offering by reason of the underwriter's marketing limitation shall be included in such registration. If the terms of any such underwritten public offering differ materially from the terms (including range of offering price) previously communicated to any holder of Registrable Securities, such holder may elect to withdraw therefrom by written notice to the Company and the underwriter, which notice, to be effective, must be received by the Company at least two (2) business days before the anticipated effective date of the Registration Statement. The Registrable Securities so withdrawn from such underwritten public offering shall also be withdrawn from such registration; provided, however, that

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if by the withdrawal of such Registrable Securities a greater number of Registrable Securities held by other selling holders may be included in such registration (up to the maximum of any limitation imposed by the underwriters) then the Company shall include in such registration in place of such withdrawn Registrable Securities such additional Registrable Securities held by other selling holders whose Registrable Securities were excluded pursuant to limitation by the underwriter pursuant to this Section 8.1(b) in the same proportion as such Registrable Securities were excluded pursuant to such underwriter limitation (with no more Registrable Securities being so included than were withdrawn). In the event that the contemplated sale does not involve an underwritten public offering and a determination that the inclusion of the Registrable Securities adversely affects the marketing of the shares shall be made by the Board of Directors of the Company in its good faith discretion, then no Registrable Securities are required hereby to be included in the contemplated sale. Any such determination and such Board's rationale therefor shall be communicated in writing by the Company to the applicable holders of the Registrable Securities.

(c) The Company may at any time withdraw or abandon any Registration Statement which triggers the provisions of this Section 8.1 without any liability to the holder of Registrable Securities.

(S) 8.2 Expenses of Registration. All Registration Expenses incurred

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in connection with any registration, qualification and compliance pursuant to Section 8.1 shall be borne by the Company. All Selling Expenses incurred in connection with any such registration shall be borne by the selling holders on a pro rata basis. If, notwithstanding this Agreement, applicable authorities in any state wherein Registrable

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Securities are to be sold require an allocation of Registration Expenses, each holder of Registrable Securities agrees to pay its apportioned share thereof.

(S) 8.3 Registration Procedures. In the case of each registration,

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qualification or compliance effected by the Company pursuant to this Agreement, the Company will keep each holder of Registrable Securities advised in writing as to the initiation of each registration, qualification and compliance and as to the completion thereof. At its expense the Company will:

(a) prepare and file with the Commission a Registration Statement with respect to such Registrable Securities, and use its best efforts in good faith to cause such Registration Statement to become and remain effective as provided herein;



(b) prepare and file with the Commission such amendments and supplements to such Registration Statement and the prospectus included in such Registration Statement as may be necessary or advisable to comply in all material respects with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement or as may be necessary to keep such Registration Statement effective and current, but for no longer than 180 days subsequent to the effective date of such registration;

(c) furnish to each seller of Registrable Securities such number of copies of such Registration Statement, each amendment and supplement thereto (in each case including all exhibits thereto), the prospectus included in such Registration Statement (including each preliminary prospectus), and such other documents as any such seller may reasonably request in order to facilitate the disposition of the Registrable Securities held by such seller;

(d) enter into such customary agreements and take all such other action in connection therewith as any holder of Registrable Securities may reasonably request in order to expedite or facilitate the disposition of such Registrable Securities;

(e) use its best efforts in good faith to register and qualify the Registrable Securities covered by such Registration Statement under such securities or Blue Sky laws of such jurisdictions as any selling holder of Registrable Securities on behalf of itself or any other selling holder of Registrable Securities shall reasonably request and do any and all such other acts and things as may be reasonably necessary or advisable to enable such selling holder to consummate the disposition in such jurisdictions of the Registrable Securities held by such selling holder; provided, however that the Company shall not be required in connection therewith to qualify to do business or file a general consent to service of process in any such jurisdiction; and

(f) furnish to each prospective selling holder of Registrable Securities a signed counterpart, addressed to the prospective selling holders, of (i) an opinion of counsel for the Company, dated the effective date of the Registration

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Statement, and, to the extent available to selling stockholders from the independent auditors of the Company, (ii) a "comfort" letter signed by the independent public accountants who have certified the Company's financial statements included in the Registration Statement, covering substantially the same matters with respect to the Registration Statement (and the prospectus included therein) and (in the case of the "comfort" letter) with respect to events subsequent to the date of the financial statements, as are customarily covered (at the time of such registration) in opinions of issuer's counsel and in "comfort" letters delivered to the underwriters in underwritten public offerings of securities; provided, that the requirements of this paragraph (f) shall apply only to holders of Registrable Securities which are including at least 10,000 shares (such number to be appropriately adjusted in the event of stock splits, stock combinations, stock dividends or similar recapitalizations) of Registrable Securities in such registration.

Notwithstanding the foregoing provisions of this Section 8.3, (1) the holders of Registrable Securities included in any Registration Statement will not (until further notice) effect sales thereof after receipt of telegraphic or written notice from the Company to suspend sales to permit the Company to correct or update such Registration Statement or prospectus; but the obligations of the Company with respect to maintaining any Registration Statement current and effective shall be extended by a period of days equal to the period such suspension is in effect; and (2) at the end of any period during which the Company is obligated to keep any Registration Statement current and effective as provided by this Section 8.3 (and any extensions thereof required by the preceding paragraph (1) of this Section 8.3), the holders of Registrable Securities included in such Registration Statement shall discontinue sales of shares pursuant to such Registration Statement upon notice from the Company of its intention to remove from registration the shares covered by such Registration Statement which remain unsold, and such holders shall notify the Company of the number of shares registered which remain unsold promptly after receipt of such notice from the Company.

(S) 8.4 Indemnification.

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(a) The Company will indemnify each holder of Registrable Securities, each of the officers, directors and partners of such holder, and each person controlling such holder, if Registrable Securities held by such holder are included in the securities with respect to which registration, qualification or compliance has been effected pursuant to this Agreement, and each underwriter of such Registrable Securities, if any, and each person who controls such underwriter, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on (i) any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular or other similar document (including any related Registration Statement, notification or the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements

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therein not misleading in the light of the circumstances under which they were made, or (ii) any violation by the Company of any federal, state or common law rule or regulation applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance, and will reimburse such holder of Registrable Securities, each of the officers, directors and partners of such holder, and each person controlling such holder, such underwriter and each person who controls such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, provided that the Company will not be liable to a holder of Registrable Securities or underwriter in any such case to the extent that such claim, loss, damage, liability or expense arises out of or is based on (i) any untrue statement or omission made in reliance upon and in conformance with written information furnished to the Company by or on behalf of such holder or underwriter and which was furnished specifically for the purpose of being used therein or (ii) a failure by any holder of Registrable Securities to deliver a final prospectus to its transferee if any material change has been made to the preliminary prospectus.

(b) Each holder of Registrable Securities will, if Registrable Securities held by such holder are included in the securities as to which such registration, qualification or compliance is being effected, indemnify the Company, each of its directors and officers, each underwriter, if any, of the Company's securities covered by such registration, qualification or compliance, each person who controls the Company or such underwriter within the meaning of the Securities Act, and each other holder of Registrable Securities, each of the officers, directors and partners of each such other holder and each person controlling such other holder of Registrable Securities, against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such Registration Statement, prospectus, offering circular or other similar document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, and will reimburse the Company, such other holders of Registrable Securities, such directors, officers, partners, persons, underwriters or control persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such Registration Statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by or on behalf of such holder and which was furnished specifically for the purpose of being used therein; provided, however, that the

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liability of such holder under this Section 8.4 shall be limited to an amount equal to the proceeds to such holder of Registrable Securities sold as contemplated herein.

(c) Each party entitled to indemnification under this Section 8.4 (the "Indemnified Party") shall give notice to the party required to provide indemnification

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(the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party, at such party's expense, to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld), and the Indemnified Party may participate in such defense at such party's expense (except for the payment of fees, costs and expenses provided for below), and provided further that the failure of any

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Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Agreement, unless such failure to give notice shall materially adversely affect the Indemnifying Party in the defense of any such claim or any such litigation. No Indemnifying Party, in the defense of any such claim or litigation shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Notwithstanding the election of the Indemnifying Party to assume the defense of any such claim or litigation, the Indemnified Party shall have the right to employ separate counsel and to participate in the defense of such claim or litigation, and the Indemnifying Party shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the use of the counsel chosen by the Indemnifying Party to represent the Indemnified Party would present such counsel with a conflict of interest; (ii) the defendants in, or targets of, any such claim or litigation include both the Indemnified Party and the Indemnifying Party and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it or to other Indemnified Parties which are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of the Indemnified Party); (iii) in the exercise of the Indemnified Party's reasonable judgment, the Indemnifying Party shall not have employed satisfactory counsel to represent the Indemnified Party within a reasonable time after notice of the institution of such claim or litigation; or (iv) the Indemnifying Party shall authorize the Indemnified Party to employ separate counsel at the expense of the Indemnifying Party. The Indemnified Party shall not settle any such claim or litigation without the consent of the Indemnifying Party.

(d) Notwithstanding the foregoing provisions of this Section 8.4, if a registration is subject to a firm commitment underwriting, neither the Company nor a holder of Registrable Securities including Registrable Securities in the registration shall be required to indemnify any other party to a greater extent than the obligation of the Company or such holder to the underwriters pursuant to the underwriting agreement pertaining to such registration.

(S) 8.5 Information by Holder. The holder or holders of Registrable

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Securities included in any registration shall furnish to the Company in writing such information regarding such holder or holders and the distribution proposed by

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such holder or holders as the Company may reasonably request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Agreement.

(S) 8.6 Rule 144. With a view to making available the benefits of

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certain rules and regulations of the Commission that may at any time permit the sale of the Registrable Securities to the public without registration, the Company shall:

(a) use its reasonable best efforts to facilitate the sale of the Registrable Securities to the public, without registration under the Securities Act, pursuant to Rule 144;

(b) make and keep public information available, as those terms are understood and defined in Rule 144 at all times during such time as Registrable Securities are outstanding; and;

(c) use its best efforts to then file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act.

## ARTICLE IX

### INDEMNIFICATION AND SURVIVAL

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(S) 9.1 Indemnification. The Company agrees to indemnify and hold

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the Purchaser and its officers, directors, employees, Affiliates and agents, and any successors thereto (and any officers, directors, employees, Affiliates and agents of such successors) harmless from any liability (whether fixed or unfixed, liquidated or unliquidated), actual or punitive damage, deficiency, demand, claim, suit, action, or cause of action, fine, penalty, loss, cost, expense, or Taxes, including without limitation reasonable attorney fees, incurred or suffered as a result of, in connection with, or arising out of (a) the failure of any representation, warranty, covenant or agreement made by the Company pursuant to this Agreement, or any other Document or any certificates delivered pursuant thereto to be true and correct as of the date hereof and on the Closing Date, or (b) other than to the extent resulting from the indemnified person's own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction, any investigation, litigation or other proceeding (whether or not the Purchaser is a party thereto and whether or not such investigation, litigation or other proceeding is brought by or on behalf of the Company or any of its Subsidiaries) related to the entering into and/or performance of this Agreement or any other Document or the consummation of the transactions contemplated hereby or the exercise of any of their rights or remedies provided herein or in the other Documents. Nothing in this Section 9.1 is intended, or shall be construed, to require that the Company pay any income, capital gains or other similar Taxes owed or owing by the Purchaser with respect to any payment of principal or interest on any of the Convertible Notes or as a result of the Purchaser's sale or other disposition of any or all

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of the Convertible Notes or any of the shares of Common Stock into which any or all of the Convertible Notes may be converted.

(S) 9.2 Contribution. To the extent that the undertaking to

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indemnify, pay or hold harmless the Purchaser pursuant to Section 9.1 of this Agreement may be unenforceable, the Company shall make the maximum contribution to the payment and satisfaction of each of the indemnified liabilities which is permissible under applicable law.

(S) 9.3 Remedies. The rights and remedies of the Purchaser under

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this Article IX arising by reason of the breach of any representation or warranty shall not be exclusive of any other remedies the Purchaser may have at law or otherwise.

(S) 9.4 Survival. The representations and warranties of the Company

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and the Purchaser contained in this Agreement and the certificates delivered in connection herewith shall survive the Closing and, in each case, may be relied upon by the Purchaser regardless of any investigation made at any time by or on behalf of the Purchaser. All covenants made hereunder shall survive the Closing in accordance with their terms.

## ARTICLE X

### MISCELLANEOUS

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(S) 10.1 Parties in Interest. The Company may not transfer, assign

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or pledge any of its rights in, or otherwise grant any rights to any Person in, this Agreement. The Purchaser may transfer any of its rights hereunder and any assignee or transferee of the Convertible Notes or the Common Stock issued upon conversion of the Convertible Notes (other than transferees receiving the Securities pursuant Rule 144) shall have all the rights of the Purchaser

hereunder; provided that the Company may require, as a condition to the effectiveness of any such transfer, that the Company receive an opinion of counsel for the transferor or the transferee to the effect that such transfer was made pursuant to an effective registration statement under the Securities Act or pursuant to an applicable exemption from the registration requirements of the Securities Act. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns.

(S) 10.2 Expenses. The Company agrees to pay all costs and expenses

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incurred by the Purchaser (including, without limitation, the reasonable attorney's fees and expenses and the fees and expenses of any experts retained by the Purchaser) in connection with the exercise or enforcement by Purchaser of any of its rights or remedies under or with respect to the Documents after the occurrence of any Event of Default.

(S) 10.3 Governing Law. The interpretation and construction of this

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Agreement, and all matters relating hereto, shall be governed by the laws of the State of Georgia.

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(S) 10.4 Captions. The Article and Section captions used herein are

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for reference purposes only, and shall not in any way affect the meaning or interpretation of this Agreement.

(S) 10.5 Time of Essence. Time is of the essence of this Agreement

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and the Convertible Notes.

(S) 10.6 Notices. Any notice or other communication required or

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permitted under this Agreement or the Convertible Notes shall be sufficiently given if delivered in person or sent by telecopy or by registered or certified mail, postage prepaid, addressed as follows:

if to the Company:

Clarus Corporation  
3970 Johns Creek Court  
Suwanee, Georgia 30024  
Attention: Chief Financial Officer  
Telephone: (770) 291-3900  
Telecopier: (770) 291-8590

and if to the Purchaser:

Wachovia Capital Investments, Inc.  
191 Peachtree Street  
26th Floor  
Atlanta, Georgia 30303  
Attention: Donna Harris  
Telephone: (404) 332-1000  
Telecopier: (404) 332-1392

or such other address or number as shall be furnished in writing by any such party, and such notice or communication shall be deemed to have been given upon automatic confirmation of receipt by the receiving machine if sent by telecopier, upon delivery if delivered in person, and upon mailing if mailed.

(S) 10.7 Counterparts. This Agreement may be executed in two or more

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counterparts, all of which taken together shall constitute one instrument.

(S) 10.8 Entire Agreement. This Agreement and the Convertible Notes,

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including any and all exhibits, schedules, and other documents referred to herein and therein which form a part hereof and thereof, contain the entire understanding of the parties hereto with respect to the subject matter contained herein and therein. This Agreement and the Convertible Notes supersede all prior

agreements and understandings between the parties with respect to such subject matter.

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(S) 10.9 Amendments. This Agreement and the Convertible Notes may

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not be changed orally, but only by an agreement in writing signed by the Purchaser and the Company; provided that so long as any Convertible Notes are

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outstanding and except with respect to (i) reducing the rate or extending the time of payment of interest thereon, (ii) modifying the principal amount thereof or (iii) extending the final maturity thereof, all modifications, amendments, or consents hereunder shall be approved by the holders of a majority of the principal balance of the Convertible Notes.

(S) 10.10 Severability. In case any provision in this Agreement shall

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be held invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof will not in any way be affected or impaired thereby.

(S) 10.11 Third Party Beneficiaries. Each party hereto intends that

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this Agreement shall not benefit or create any right or cause of action in or on behalf of any Person other than the parties hereto (and, in the case of the Purchaser, its transferees) and those Persons entitled to indemnification pursuant to Article IX hereof.

(S) 10.12 Jurisdiction and Jury Trial Waiver. (a) Each of the parties

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hereto hereby irrevocably acknowledges and consents that any legal action or proceeding brought with respect to any of the obligations arising under or relating to this Agreement may be brought in the courts of the State of Georgia or in the United States District Court for the Northern District of Georgia, as the party bringing such action or proceeding may elect and each of the parties hereto hereby irrevocably submits to and accepts with regard to any such action proceeding, for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each party hereby further irrevocably waives any claim that any such courts lack jurisdiction over such party, and agrees not to plead or claim, in any legal action or proceeding with respect to this Agreement or the transactions contemplated hereby brought in any of the aforesaid courts, that any such court lacks jurisdiction such party. Each party irrevocably consents to the service of process in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to such party, at its address for notices set forth in Section 10.6, such service to become effective 10 days after such mailing. Each party hereby irrevocably waives any objection to such service of process and further irrevocably waives and agrees not to plead or claim in any action or proceeding commenced hereunder or under any other documents contemplated hereby that service of process was in any way invalid or ineffective. The foregoing shall not limit the rights of any party to serve process in any other manner permitted by law. The foregoing consents to jurisdiction shall not constitute general consents to service of process for any purpose except as provided above and shall not be deemed to confer rights on any Person other than the respective parties to this Agreement.

(b) To the fullest extent permitted by applicable law, each of the parties hereto hereby irrevocably waives the objection which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in any of the Courts referred to

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in Section 10.12(a) and hereby further irrevocably waives and agrees not to plead or claim that any such court is not a convenient forum for any such suit, action or proceeding.

(c) The parties hereto agree that any judgment obtained by any party hereto or its successors or assigns in any action, suit or proceeding referred to above may, in the discretion of such party (or its successors, or assigns), be enforced in any jurisdiction, to the extent permitted by applicable

law.

(d) To the fullest extent permitted by applicable law, each of the parties hereby irrevocably waives any right to a trial by jury which it may now or hereafter have in any suit, action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

IN WITNESS WHEREOF, each of the Company and Purchaser has executed and delivered this Agreement as of the day and year first above written.

CLARUS CORPORATION

By: /s/ Stephen P. Jeffery

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Name: Stephen P. Jeffery

Title: Chief Executive Officer

WACHOVIA CAPITAL INVESTMENTS, INC.

By: /s/ Lawrence J. DeAngelo

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Name: Lawrence J. DeAngelo

Title: Senior Vice President

EXHIBIT 99.2

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

CLARUS CORPORATION

CONVERTIBLE SUBORDINATED PROMISSORY NOTE  
DUE MARCH 15, 2005

\$5,000,000

March 14, 2000  
Atlanta, Georgia

FOR VALUE RECEIVED, the undersigned, CLARUS CORPORATION, ("Borrower"),

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a Delaware corporation, hereby promises to pay to the order of WACHOVIA CAPITAL INVESTMENTS, INC., a Georgia corporation, or its registered assigns (the "Holder"), the principal sum of FIVE MILLION DOLLARS (\$5,000,000), on March 15,

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2005 (the "Maturity Date"), with interest payable thereon on the unpaid

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principal amount of this Note from time to time as provided herein.

This Convertible Subordinated Promissory Note (this "Note") is issued

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by Borrower, on the date hereof, pursuant to the Securities Purchase Agreement (the "Purchase Agreement"), dated as of March 14, 2000, by and among Borrower

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and Holder, and is subject to the terms thereof. This Note, together with all other promissory notes, if any, issued under the Purchase Agreement, and all promissory notes issued pursuant hereto are hereinafter referred to as the "Notes". The Holder is entitled to the benefits of this Note and the Purchase

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Agreement, as it relates to the Note, and may enforce the agreements of Borrower contained herein and in the Purchase Agreement, and exercise the remedies provided for hereby and thereby or otherwise available in respect hereto and thereto. Capitalized terms used herein without definition are used herein with the meanings ascribed to such terms as in the Purchase Agreement.

1. Interest. Borrower promises to pay interest (the "Interest") on

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the principal amount of this Note (and, to the extent permitted by applicable law, on any past-due payment of accrued interest on this Note) at the rate of 4.5% per annum (the "Interest Rate"). The Interest on this Note shall accrue

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from and including the date of issuance through and until repayment of the principal amount of this Note and payment

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

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of all Interest in full, and shall be computed on the basis of a 360-day year of twelve 30-day months. Interest shall be paid as follows:

(a) Basic Interest. Except as set forth in Section 1(b) hereof,

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Borrower shall pay Interest quarterly in arrears on each March 31, June 30, September 30 and December 31, of each year or, if any such date shall not be a Business Day, on the next succeeding Business Day to occur after such date (each date upon which interest shall be so payable, an "Interest Payment Date").



(b) Default Rate of Interest. Notwithstanding the foregoing

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provisions of this Section 1, but subject to applicable law, during the  
continuance of a Default or Event of Default, the Interest Rate as otherwise in  
effect under this Note shall be increased to 6.5% per annum (the "Default  
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Interest Rate").  
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(c) No Usurious Interest. In the event that any interest rate

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provided for in this Section 1, shall be determined to be unlawful, such  
interest rate shall be computed at the highest rate permitted by applicable law.  
Any payment by Borrower of any interest amount in excess of that permitted by  
law shall be considered a mistake, with the excess being applied to the  
principal amount of this Note without prepayment premium or penalty; if no such  
principal amount is outstanding, such excess shall be returned to Borrower.

2. Scheduled Payment of Principal. On the Maturity Date, the

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Borrower shall pay to the Holder the entire principal amount, plus all accrued  
and unpaid interest, of this Note which is then unpaid.

3. Conversion.

(a) Right of Conversion; Mandatory Conversion; Conversion Price.

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Subject to the terms and conditions of this Section 3, any Holder shall have the  
right, at its option to convert all or any portion of the principal of this Note  
into Common Stock of the Borrower (a "Conversion Event") initially at the price

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of \$147.20 per share of Common Stock of the Borrower (as such price may be  
adjusted in accordance with the provisions hereof, the "Conversion Price"). If

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at any time after the date of this Note the Quoted Price per share of the Common  
Stock exceeds 200% of the Conversion Price then in effect for at least 20  
Trading Days in any period of 30 consecutive Trading Days (a "Mandatory

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Conversion Event"), Borrower shall have the right (at its option) to require

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that the Holder of this Note convert all of the principal of this Note into  
Common Stock of Borrower pursuant to this Section 3 if Borrower requests such  
conversion by written notice to the Holder given by Borrower (pursuant to  
Section 10.6 of the Purchase Agreement) within five (5) Business Days after the  
earlier of the date on which the Holder gives the Borrower written notice  
(pursuant to Section 10.6 of the Purchase Agreement) of the occurrence of such  
Mandatory Conversion Event or the date on which the Borrower gives the Holder  
written notice (pursuant to Section 10.6 of the Purchase Agreement) of the  
occurrence of such Mandatory Conversion Event.

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OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, OR  
OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT  
UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE  
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(b) Conversion Procedure. (i) To convert this Note, a Holder must (i)

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complete and manually sign a conversion notice in substantially the form of  
Exhibit 1 to this Note (or complete and manually sign a facsimile of such

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notice) and deliver such notice to Borrower at least two (2) Business Days prior  
to the Conversion Date and (ii) surrender this Note to Borrower. A conversion  
shall be deemed to have been effected at the close of business on the date all  
requirements in the preceding sentence have been satisfied (the "Conversion

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Date").  
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(ii) On the Conversion Date Borrower shall (i) cause an appropriate notation to be made in Borrower's share register crediting such Holder's account in an amount equal to the number of full shares of Common Stock issuable upon the conversion and cause such shares to be issued to the Holder or upon the Holder's order by notarial deed, provided, that Borrower shall not

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accept any Notes for conversion from, and shall not be obligated to issue any shares of Common Stock pursuant to paragraph (b) of this Section to, any Person who is not a Holder, and (ii) deliver cash in lieu of any fractional share determined pursuant to paragraph (c) of this Section 3.

(iv) No payment or adjustment will be made for dividends on or other distributions with respect to any Common Stock except as provided in this Section 3.

(v) If this Note is converted in part only, upon such conversion the Borrower shall execute and deliver to the Holder converting such Note, at the expense of the Borrower, a new Note or Notes in the aggregate principal amount equal to the unconverted portion of the principal amount of this Note.

(vi) A Note shall be deemed to have been converted immediately prior to the close of business on the Conversion Date, and at such time the rights of the converting Holder shall cease (unless the Borrower shall default in its obligations under this Note), and the Person or Persons entitled to have a notation made in the Borrower's share register upon conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock at such time; provided, that no surrender of a Note on any date

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when the stock transfer books of the Borrower shall be closed shall be effective to constitute the Person or Persons entitled to receive the Common Stock issuable upon such exchange as the record holder or holders of such Common Stock on such date, but such surrender shall be effective to constitute the Person or Persons entitled to receive such Common Stock as the record holder or holders thereof for all purposes at the close of business on the next succeeding day on which such stock transfer books are open and, provided further, that in such

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event, such exchange shall be at the Conversion Price in effect on the date that the Note shall have been surrendered for exchange by delivery thereof, as if the stock transfer books of the Borrower had not been closed.

(c) Fractional Shares. The Borrower will not issue a fractional share

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of Common Stock upon conversion of this Note. If more than one Note shall be surrendered for conversion at one time by a Holder, the number of full shares which shall be issuable upon conversion thereof shall be computed on the basis of the aggregate

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principal amount of the Notes (or specified portions thereof) so surrendered. Instead of any fractional share of Common Stock which would otherwise be issuable upon conversion of Notes (or specified portions thereof), the Borrower shall pay a cash adjustment in respect of such fraction in an amount equal to the fraction of the Current Market Price Per Share at the close of business on the day of conversion.

(d) Taxes on Conversion. If, on the Conversion Date, a Holder converts

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this Note consistent with the terms of Section 3(b) the Borrower shall pay any documentary, stamp or similar issue or transfer tax (but not in any event any income tax) due on the issue of shares of Common Stock upon the conversion. The Borrower shall not, however, be required to pay any tax which may be payable in respect of any transfer involved in the issue and delivery of shares of Common Stock in the name of a Holder other than that of the converting Holder, and no such issue or delivery shall be made unless and until the person requesting such issue has paid to the Borrower the amount of any such tax, or has established to

the satisfaction of the Borrower that such tax has been paid.

(e) Borrower to Provide Stock. (i) The Borrower shall, at any time

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that this Note is convertible, reserve and keep available out of its authorized but unissued Common Stock, or shares of Common Stock held in treasury, for the purpose of effecting the conversion of this Note, a sufficient number of shares of Common Stock to permit the conversion of this Note.

(ii) All shares of Common Stock credited on the share register upon conversion of this Note shall be newly issued shares or treasury shares, shall be duly and validly issued and fully paid and nonassessable and shall be free from preemptive rights (other than those imposed by law or regulation) and free of any lien or adverse claim created by the Borrower or which the Borrower suffers to exist.

(iii) The Borrower will in good faith endeavor promptly to comply with all applicable securities laws regulating the delivery of shares of Common Stock upon conversion of this Note and will list or cause to have quoted such shares of Common Stock on each securities exchange or in the over-the-counter market or such other market on which the Common Stock is listed or quoted at the time of conversion; provided, that nothing in this paragraph (e) shall be deemed to affect in any way the conversion of this Note as provided in this Section 3.

(f) Treatment of Interest Upon Conversion. Upon conversion of this

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Note, Interest shall cease to accrue on this Note and the Holder converting such Note shall receive payment in cash of all accrued and unpaid Interest on this Note.

(g) Adjustment for Changes in Capital Stock. If the Borrower shall

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declare or pay a dividend on any class of its capital stock in shares of Common Stock or make a distribution to all or substantially all holders of any class of its capital stock in shares of Common Stock, the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or other distribution shall be reduced by multiplying such Conversion Price by a

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fraction of which the numerator shall be the number of shares of Common Stock outstanding at the close of business on the date fixed for such determination and the denominator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such reduction to become effective immediately after the opening of business on the day following the date fixed for such determination. Notwithstanding the foregoing, if, after the date fixed for determination of the stockholders entitled to receive such dividend or other distribution, the dividend or distribution is not paid or made, then the adjustment to the Conversion Price made in view of such dividend or distribution shall be rescinded. For the purpose of this paragraph (g), the number of shares of Common Stock at any time outstanding shall not include shares held in the treasury of the Borrower. The Borrower shall not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Borrower.

(h) Adjustment for Subdivision or Combination. In case the

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outstanding shares of Common Stock shall be subdivided into a greater number of shares, the Conversion Price in effect at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately reduced and, conversely, in case outstanding shares of Common Stock shall each be combined into a smaller number of shares, the Conversion Price in effect at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately increased. Such reduction or increase, as the case may be, shall become effective immediately after the opening of business on the day following the day upon

which such, subdivision or combination becomes effective.

(i) Adjustment for Distribution of Assets. In case the Borrower shall,

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by dividend or otherwise, distribute to all or substantially all holders of its Common Stock evidences of its indebtedness or assets (including securities, but excluding any dividends paid in cash out of the retained earnings in the ordinary course of business of the Borrower and any dividend or distribution referred to in paragraph (g) of this Section 3), the Conversion Price shall be adjusted in accordance with the following formula:

$$AC = C \times \frac{M-A}{M}$$

where

AC = the Adjusted Conversion Price

C = the current Conversion Price

M = the Current Market Price Per Share on the record date

A = the fair market value of the portion of the distributed assets or distributed evidence of indebtedness applicable to one share of Common Stock (as agreed by the Borrower and the Holder and absent such agreement as determined by an investment banker of

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nationally recognized standing chosen by the Borrower and the Holder and whose fees and expenses shall be paid by the Borrower).

The adjustment shall be made successively whenever any such assets or evidence of indebtedness are distributed and shall become effective immediately prior to the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such distribution.

(j) Adjustment for Reclassifications. In case the shares of Common

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Stock shall be changed into the same or a different number of shares of any class or classes of stock, whether by capital reorganization, reclassification, or otherwise (other than a subdivision or combination of shares or a stock dividend described in paragraph (g) or paragraph (h) of this Section 3, or a consolidation, merger or sale of assets described in paragraph (p) of this Section 3), then and in each such event a Holder shall have the right thereafter to convert this Note into the kind and amount of shares of stock and other securities and property receivable upon such reorganization, reclassification or other change by holders of the number of shares of Common Stock into which this Note might have been converted immediately prior to such reorganization, reclassification or change.

(k) Calculations. All calculations under this Section 3 shall be made

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to the nearest cent or to the nearest one-hundredth of a share, as the case may be.

(l) Changes in Common Stock. For the purpose of this Section 3, the

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term "shares of Common Stock" shall mean (i) the class of stock designated as

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the Common Stock of the Borrower at the date hereof or (ii) any other class of stock resulting from successive changes or reclassifications of such shares consisting solely of changes in par value, or from no par value to par value. If at any time, as a result of an adjustment made pursuant to paragraphs (j) or (p) of this Section 3, a Holder shall become entitled to receive any securities other than shares of Common Stock, thereafter the number of such other securities so issuable upon conversion of this Note, if any, shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to this Note contained in this

Section 3.

(m) When Adjustment May Be Deferred. Subject to Section 3(a), at the

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sole option of the Holder, no adjustment in the Conversion Price need be made unless the adjustment would require an increase or decrease of at least 1% in the Conversion Price. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment.

(n) Notice of Adjustment. Whenever the Conversion Price is adjusted,

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the Borrower shall promptly deliver to Holder a written notice of the adjustment and a certificate from the Borrower's independent public accountants briefly stating the facts requiring the adjustment and the manner of computing it.

(o) Notice of Certain Transactions. In case:

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(i) the Borrower takes any action that would require an adjustment in the Conversion Price; or

(ii) there is a liquidation or dissolution of the Borrower;

then the Borrower shall deliver to Holder, at least 20 days (or 10 days in any case specified in clause (h) above) prior to the applicable record date hereinafter specified, a written notice stating the date on which such action, liquidation or dissolution is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities, cash or other property deliverable upon the effectiveness of such action, liquidation or dissolution.

(p) Provisions in Case of Consolidation, Merger or Sale of Assets. In

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case of any consolidation of the Borrower with, or merger of the Borrower into, any Person, or in case of any merger of another Person into the Borrower (other than a consolidation or merger which does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock), or in case of any sale or transfer of all or substantially all of the assets of the Borrower, the Person formed by such consolidation or resulting from such merger or which acquires such assets, as the case may be, shall agree and provide or cause provision to be made that a Holder shall have the right thereafter, during the period this Note shall be convertible, to convert this Note into the kind and amount of securities, cash and other property receivable upon such consolidation, merger, sale or transfer by a holder of the number of shares of Common Stock into which this Note might have been converted immediately prior to such consolidation, merger, sale or transfer, assuming such holder of Common Stock (i) is not a Person with which the Borrower consolidated or into which the Borrower merged or which merged into the Borrower or to which such sale or transfer was made, as the case may be (a "Constituent Person"), or an Affiliate

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of a Constituent Person and (ii) failed to exercise such Person's rights of election, if any, as to the kind or amount of securities, cash and other property receivable upon such consolidation, merger, sale or transfer (provided that if the kind or amount of securities, cash and other property receivable upon such consolidation, merger, sale or transfer is not the same for each share of Common Stock held immediately prior to such consolidation, merger, sale or transfer by other than a Constituent Person or an Affiliate thereof and in respect of which such rights of election shall not have been exercised ("non-

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electing share")), then for the purpose of this paragraph (p) the kind and amount

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of securities, cash and other property receivable upon such consolidation, merger, sale or transfer by each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of non-electing shares). The above provisions of this paragraph (p) shall similarly apply to successive

consolidations, mergers, sales or transfers.

(q) Determination of Current Market Price. The "Current Market Price

Per Share" on any date shall mean the average of the Quoted Prices of the Common

Stock for the fifteen (15) consecutive Business Days ending before the day in question. If no such Quoted Prices are available, however, "Current Market Price Per Share" shall be the fair market value per share of the Common Stock taking into account applicable

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control premium determined as of such date without regard to the illiquidity of the Common Stock as determined by an independent investment banker who is mutually acceptable to the Borrower and Holder and whose fees and expenses shall be paid by the Borrower. "Quoted Price" means, with respect to any security on

any date, the average of the closing prices on such day of such security on all domestic securities exchanges and inter-dealer quotation systems providing last sale information on which such security is then listed or tracked, or, if there have been no sales on any such exchange or inter-dealer quotation system on such day, the average of the highest bid and lowest asked prices on all such exchanges or inter-dealer quotation system at the end of such day or, if on any such day such security is not so listed, the average of the representative bid and asked prices quoted on NASDAQ as of 4:00 P.M., New York time, on such day, or if on any day such security is not quoted on NASDAQ, the average of the highest bid and lowest asked prices on such day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization.

#### 4. Mandatory Prepayment/Redemption.

(a) Subject to the subordination provisions of Section 8 hereof, upon the occurrence of a Change of Control (as defined herein), Borrower shall, unless the Holder shall have waived in writing its rights under this Section 4(a), prepay the outstanding principal amount of this Note together with Interest accrued thereon through the date of such prepayment. Borrower shall pay the outstanding principal amount of this Note, together with Interest accrued thereon, within 5 Business Days (subject to Section 4(b) below) after the occurrence of a Change of Control. For the purposes hereof, "Change of Control"

means (i) the acquisition of ownership, directly or indirectly, beneficially or of record, by a Person or "group" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934) of more than 50% or more of the outstanding voting interests of the Borrower, (ii) the Board of Directors of the Borrower shall cease to consist of a majority of Continuing Directors, (iii) the liquidation or dissolution of the Borrower or any of its Subsidiaries, the operations of which would constitute a substantial part of the business operations of Borrower and all of its Subsidiaries, taken as a whole, or (iv) the sale of all or substantially all of the assets of Borrower or of any of its Subsidiaries, the operations of which would constitute a substantial part of the business or operations of Borrower and all of its Subsidiaries, taken as a whole.

(b) Prior to any obligation arising on the part of Borrower to prepay the Note pursuant to Section 4(a), but in any event within 30 days following the occurrence of a Change of Control, as applicable, Borrower shall either (i) repay, and terminate commitments under all Senior Indebtedness to the extent required by the terms thereof, or (ii) offer to repay and terminate commitments under all Senior Indebtedness to the extent required by the terms thereof or (iii) obtain the requisite consents under all Senior Indebtedness to permit the repurchase of the Notes as provided herein. Borrower shall first comply with the covenant in the immediately preceding sentence before it shall be required to repurchase Notes pursuant to the provisions described in Section 4(a).

(c) Borrower shall give written notice to the Holder of any mandatory prepayment pursuant to this Section 4 at least five (5) Business Days prior to

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the date of such prepayment. Such notice shall be given in the manner specified in Section 10.6 of the Purchase Agreement.

5. Optional Prepayment/Redemption Prohibited. Borrower shall not be  
entitled to prepay all or any part of the principal amount of this Note at its option without the prior written consent of the Holder.

6. Amendment. Amendments and modifications of this Note may be made  
only in the manner provided in Section 10.10 of the Purchase Agreement.

7. Defaults and Remedies.

(a) Events of Default. An "Event of Default" wherever used  
herein, means any one of the following events (whatever the reason for such Event of Default and whether it shall be occasioned by the provisions of Section 8 or be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) and shall occur if:

(i) Borrower shall default in the payment of the principal of this Note, when and as the same shall become due and payable, whether at maturity or at a date fixed for prepayment or by acceleration or otherwise; or

(ii) Borrower shall default in the payment of any Interest according to its terms, when and as the same shall become due and payable and such default shall continue for a period of 5 or more Business Days; or

(iii) Borrower shall default in the due observance or performance of any covenant or agreement to be observed or performed pursuant to this Note or the Purchase Agreement and such default (other than a violation of Section 7.4 of the Purchase Agreement) shall continue for a period of 30 or more days; or

(iv) any material representation, warranty or certification made by or on behalf of Borrower or any of its Subsidiaries in the Purchase Agreement, this Note, or in any certificate or other document delivered pursuant hereto or thereto shall have been incorrect in any material respect when made or deemed made; or

(v) any event or condition shall occur that results in (x) the acceleration after default of the maturity of any Indebtedness of Borrower or any of its material Subsidiaries in a principal amount aggregating \$5,000,000 or more (other than the Existing Indebtedness provided that it is repaid in full within 10 Business Days after the closing of the Secondary Offering) or (y) the default in the payment of the principal of any Indebtedness of the Borrower or any of its Subsidiaries in a principal amount aggregating \$5,000,000 or more at the final maturity thereof or any earlier date on which such Indebtedness may become due and payable in full, or

(vi) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (a) relief

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in respect of Borrower or any of its material Subsidiaries, or of a substantial part of their property or assets, under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (b) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Borrower or any of its Subsidiaries, or for a substantial part of their property or assets, or (c) the winding up or liquidation of Borrower or any of its Subsidiaries; and such proceeding or petition shall continue undismissed for 60 days, or an order or decree approving or ordering any of the foregoing shall be entered; or

(vii) Borrower or any of its material Subsidiaries shall

(a) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal or state bankruptcy, insolvency, receivership or similar law, (b) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in paragraph (vi) of this Section 7(a), (c) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Borrower or any of its Subsidiaries, or for a substantial part of their property or assets, (d) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (e) make a general assignment for the benefit of creditors, (f) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (g) take any action for the purpose of effecting any of the foregoing; or

(viii) one or more judgments for the payment of money in an aggregate amount in excess of \$5,000,000 (to the extent not covered by insurance) shall be rendered against Borrower or any of its material Subsidiaries and the same shall remain undischarged for a period of 30 days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of Borrower or any of its Subsidiaries to enforce any such judgment.

(b) Acceleration. If an Event of Default occurs under Section

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7(a)(vi) or (vii) with respect to Borrower, then (subject to the subordination provisions set forth in Section 8 below) the outstanding principal of and all accrued Interest on this Note shall automatically become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived. If any other Event of Default occurs and is continuing, subject to the subordination provisions set forth in Section 8 below, the Holder, by written notice to Borrower, may declare the principal of and accrued Interest on this Note to be immediately due and payable. Upon such declaration, such principal and Interest shall become immediately due and payable. The Holder may rescind an acceleration and its consequences if all existing Events of Default have been cured or waived, except nonpayment of principal or Interest that has become due solely because of the acceleration, and if the rescission would not conflict with any judgment or decree. Any notice or rescission shall be given in the manner specified in Section 10.6 of the Purchase Agreement.

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8. Subordination. This Note and the other Subordinated Indebtedness

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shall at all times be wholly subordinate and junior in right of payment to all Senior Indebtedness to the extent and in the manner provided in this Section 8.

(a) Definitions. As used in this Section 8, the following terms



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shall have the following meanings:

"Designated Senior Indebtedness" shall mean (i) so long as any Senior Indebtedness is outstanding under the Senior Credit Facility or the Lender thereunder has any commitment (contingent or otherwise) to extend credit thereunder, such Senior Indebtedness, and (ii) Borrower's obligations with respect to any particular Senior Indebtedness in which the instrument creating or evidencing the same or the assumption or guarantee thereof (or related agreements or documents to which Borrower is a party) expressly provides that such Senior Indebtedness shall be "Designated Senior Indebtedness" for purposes of this Note; provided that such instrument,

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agreement or other document may place limitations and conditions on the right of such Senior Indebtedness to exercise the rights of Designated Senior Indebtedness.

"Senior Covenant Default" shall mean any event of default as defined under any agreement pertaining to Senior Indebtedness, other than a Senior Payment Default.

"Senior Credit Facility" shall mean the Credit Agreement.

"Senior Default" shall mean a Senior Payment Default or a Senior Covenant Default.

"Senior Indebtedness" shall mean the principal of, premium, if any, interest on (including any interest accruing after the filing of a petition by or against Borrower under any bankruptcy law, whether or not allowed as a claim after such filing in any proceeding under such bankruptcy law) and any other payment due pursuant to, any of the following, whether outstanding on the date of this Note or thereafter incurred or created:

- (a) All indebtedness of Borrower to the Lender under or relating to the Credit Agreement;
- (b) All indebtedness of Borrower for money borrowed that is evidenced by notes, debentures, bonds or other securities (including, but not limited to, those which are convertible or exchangeable for securities of Borrower);
- (c) All indebtedness of Borrower due and owing with respect to letters of credit (including, but not limited to, reimbursement obligations with respect thereto);
- (d) All indebtedness or other obligations of Borrower due and owing with respect to interest rate and currency swap agreements, cap, floor and collar agreements, currency spot and forward contracts and other similar agreements and arrangements;
- (e) All obligations of Borrower under leases required or permitted to be capitalized under generally accepted accounting principles;
- (f) All indebtedness consisting of commitment or standby fees due and payable to lending institutions with respect to credit facilities or letters of credit available to Borrower;

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- (g) All indebtedness or obligations of others of the kinds described in any of the preceding clauses (a), (b), (c), (d) or (e) assumed by or guaranteed in any manner by Borrower or in effect guaranteed (directly or indirectly) by Borrower through an agreement to purchase, contingent or otherwise, and all obligations of Borrower under any such guarantee or other arrangements; and

(h) All renewals, extensions, refundings, deferrals, amendments or modifications of indebtedness or obligations of the kinds described in any of the preceding clauses (a), (b), (c), (d), (e), or (f);

unless in the case of any particular indebtedness, obligation, renewal, extension, refunding, amendment, modification or supplement, the instrument or other document creating or evidencing the same or the assumption or guarantee of the same expressly provides that such indebtedness, obligation, renewal, extension, refunding, amendment, modification or supplement is subordinate to, or is not superior to, or is pari passu with,

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the Notes; provided that Senior Indebtedness shall not include (i) any

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indebtedness of any kind of Borrower to any Subsidiary of Borrower, (ii) indebtedness for trade payables or constituting the deferred purchase price of assets or services incurred in the ordinary course of business, or (iii) any of the Subordinated Indebtedness.

"Senior Payment Default" shall mean any default in the payment (which shall include, without limitation, any non-payment following acceleration of maturity or scheduled maturity) of any Senior Indebtedness.

"Subordinated Indebtedness" shall mean the principal or redemption price of and Interest and premium on this Note and any other obligations of Borrower or any of its Subsidiaries arising out of or in connection with this Note or the Purchase Agreement.

(b) Modification of Section 8. The provisions of this Section

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8 are for the benefit of the holders from time to time of Senior Indebtedness and, so long as any Senior Indebtedness remains unpaid, may not be modified, rescinded or canceled in whole or in part without the prior written consent thereto of a majority of the holders of Designated Senior Indebtedness.

(c) Agreement of Subordination. (i) Borrower covenants and

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agrees, and the Holder by his acceptance hereof likewise covenants and agrees, that this Note shall be issued subject to the provisions of this Section 8; and the Holder of this Note, whether upon original issue or upon transfer, assignment or exchange thereof, accepts and agrees to be bound by such provisions.

(ii) The payment of the Subordinated Indebtedness (including, but not limited to, the redemption price or repurchase price with respect to the Notes to be redeemed or repurchased, as provided in this Note) shall, to the extent and in the manner hereinafter set forth, be subordinated to the prior payment in full, in cash or cash equivalents, of all Senior Indebtedness whether outstanding at the date of this Note or thereafter incurred or created.

(iii) No provision of this Section 8 shall prevent the occurrence of any Default or Event of Default hereunder.

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(d) Payments to Noteholders. (i) No payment or distribution

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(including pursuant to any redemption or repurchase of Notes) (whether by setoff or otherwise) shall be made, received, retained or attempted to be collected with respect to the Subordinated Indebtedness if:

(x) a Senior Payment Default with respect to Designated Senior Indebtedness occurs and is continuing; or

(y) The Lender under the Credit Agreement or any representative of holders of any other Designated Senior Indebtedness or any holder of other Designated Senior Indebtedness shall have delivered to the

Holder or the Company a written notice (a "Payment Blockage Notice") stating

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that a Senior Covenant Default with respect to such Designated Senior Indebtedness has occurred and is continuing and such Lender, representative or Holder is electing to exercise its rights to block payments on the Subordinated Indebtedness pursuant to this Section.

(ii) Payments on the Subordinated Indebtedness may resume: (1) in the case of a Senior Payment Default, on the date upon which such default is cured or waived or cease to exist, and (2) in the case of a Senior Covenant Default with respect to Designated Senior Indebtedness, on the earlier of the date on which all Senior Covenant Defaults are cured or waived or cease to exist or 179 days pass after the date on which the applicable Payment Blockage Notice is received, unless at such time the maturity of any Designated Senior Indebtedness has been accelerated or such payments are otherwise prohibited by any of the provisions of this Section 8.

(iii) No new period of payment blockage may be commenced pursuant to a Payment Blockage Notice unless at least 365 days shall have elapsed since the first day of effectiveness of the immediately prior Payment Blockage Notice. No default (whether or not such event of default is on the same issue of Designated Senior Indebtedness) that existed or was continuing on the date of delivery of any Payment Blockage Notice to Borrower shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default has been cured or waived for at least 90 days.

(iv) The Holder shall not accelerate this Note or pursue any other remedy pursuant to this Note or the Purchase Agreement unless and until the Borrower, the Lender under the Credit Agreement, any representative of holders of other Designated Senior Indebtedness and any holder of other Designated Senior Indebtedness shall have received at least ten (10) Business Days written notice of Holder's intention to accelerate and pursue such remedies. Thereafter, payments shall be made only if otherwise permitted by this Section 8. If payment of this Note is accelerated because of an Event of Default, then Borrower shall promptly notify holders of Designated Senior Indebtedness in writing of such acceleration.

(v) Notwithstanding the foregoing, in the event that the Holder receives any payment or distribution of assets of Borrower or any Subsidiary of any kind in contravention of any term of this Note, whether in cash, property or

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securities, including, without limitation, by way of setoff or otherwise, before all Senior Indebtedness is paid in full, in cash or cash equivalents to the holders of Senior Indebtedness, then such payment or distribution shall be held by the recipient or recipients in trust for the benefit of, and shall immediately be paid over or delivered to, the holders of Senior Indebtedness or their respective representative or representatives, or to the agent, trustee or trustees under any agreement, note or indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear for application to the payment of all Senior Indebtedness remaining unpaid to the extent necessary to make payment in full, in cash or cash equivalents, of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution, or provision therefor (in cash or cash equivalents), to or for the holders of such Senior Indebtedness.

(e) Bankruptcy and Dissolution Etc. (i) Upon any payment or

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distribution of assets of any kind or character, whether in cash, property or securities, to creditors upon any dissolution, winding-up, liquidation or reorganization of Borrower, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all amounts due or to become due upon all Senior Indebtedness shall first be paid in full, in cash or cash equivalents, before any payment or distribution is made on account of the

Subordinated Indebtedness and upon any such dissolution, winding-up, liquidation or reorganization or bankruptcy, insolvency, receivership or other such proceedings, any payment or distribution of assets of any kind or character, whether in cash, property or securities, to which the Holder under this Note would be entitled, except for the provision of this Section 8(e), shall be paid by Borrower or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, or by the Holder under this Note if received by it, directly to the holders of Senior Indebtedness (pro rata to such holders on the basis of the respective amounts of

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Senior Indebtedness held by such holders, or as otherwise required by law or a court order) or their respective representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, to the extent necessary to pay all Senior Indebtedness in full in cash or cash equivalents after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness, before any payment or distribution (in cash or cash equivalents) is made to the Holder under this Note.

(ii) Notwithstanding the foregoing, in the event that the Holder receives any payment or distribution of assets of Borrower or any Subsidiary of any kind in contravention of any term of this Note, whether in cash, property or securities, including, without limitation, by way of setoff or otherwise, before all Senior Indebtedness is paid in full, in cash or cash equivalents, then such payment or distribution shall be held by the recipient or recipients in trust for the benefit of, and shall immediately be paid over or delivered to, the holders of Senior Indebtedness or their respective representative or representatives, or to the agent, trustee or trustees under any agreement, note or indenture pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, for application to the payment of all Senior Indebtedness remaining unpaid to the extent

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necessary to make payment in full, in cash or cash equivalents, of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution (in cash or cash equivalents), to or for the holders of such Senior Indebtedness.

(iii) If any payment of Senior Indebtedness (whether by or on behalf of Borrower, as proceeds of security or enforcement of any right of setoff or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to any receiver, trustee in bankruptcy, liquidating trustee, agent or other similar person under any bankruptcy, insolvency, receivership, fraudulent conveyance or similar law, then to the extent such payment is recovered by, or paid over to, such receiver, trustee in bankruptcy, liquidating trustee, agent or other similar person, the Senior Indebtedness or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred; provided, however, that in no

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event shall any payments made to the Holder in accordance with the provisions of this Note at the time of such payment be affected in any manner by the reinstatement of such Senior Indebtedness by the provisions of this paragraph except to the extent that any such payment to the Holder is declared fraudulent, invalid or otherwise set aside or recovered by, or paid over to, such a receiver, trustee in bankruptcy, liquidating trustee, agent or other similar person. To the extent the obligation to repay any Senior Indebtedness is declared to be fraudulent, invalid or otherwise set aside under any bankruptcy, insolvency, receivership, fraudulent conveyance or similar law, then the obligations so declared fraudulent, invalid or otherwise set aside (and all other amounts that would come due with respect thereto had such obligation not been so affected) shall be deemed to be reinstated and outstanding as Senior Indebtedness for all purposes hereof as if such declaration, invalidity or setting aside had not occurred; provided, however, that in no event shall any

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payments made to the Holder in accordance with the provisions of this Note at the time of such payment be affected in any manner by the reinstatement of such Senior Indebtedness by the provisions of this paragraph except to the extent that any such payment to the Holder is declared fraudulent, invalid or otherwise set aside or recovered by, or paid over to, a receiver, trustee in bankruptcy, liquidating trustee, agent or other similar person.

(iv) For purposes of this Section 8, the words "cash, property or securities" shall not be deemed to include shares of stock of Borrower as reorganized or readjusted, or securities of Borrower or any other corporation provided for by a plan of reorganization or readjustment, the payment of which is subordinated (at least to the extent provided in this Section 8 with respect to this Note) to the payment of all Senior Indebtedness which may at the time be outstanding; provided that (i) the Senior Indebtedness

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is assumed by the new corporation, if any, resulting from such reorganization or adjustment, and (ii) the rights of the holders of Senior Indebtedness (other than leases which are not assumed by Borrower or by the new corporation, as the case may be) are not, without the consent of such holders, altered by such reorganization or readjustment.

(v) The Lender under the Credit Agreement, any representative of holders of other Designated Senior Indebtedness, and any other holder of other Designated Senior Indebtedness are hereby constituted and appointed attorney-

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in-fact with full power (which power, being coupled with an interest, shall be irrevocable so long as this Note is in effect) to file any claim, proof of debt or proof of claim in any such proceeding to the extent that such claims are not filed within 10 Business Days prior to the date on which such claims shall lapse.

(f) Subrogation of Notes. (i) Subject to the payment in full

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in cash or cash equivalents of all Senior Indebtedness, the Holder shall be subrogated to the extent of the payments or distributions made to the holders of such Senior Indebtedness pursuant to the provisions of this Section 8 (equally and ratably with the holders of all indebtedness of Borrower which by its express terms is subordinated to other indebtedness of Borrower to substantially the same extent as the Notes are subordinated and is entitled to like rights of subrogation) to the rights of the holders of Senior Indebtedness to receive payments or distributions of cash, property or securities of Borrower applicable to the Senior Indebtedness until the principal of, and premium, if any, and interest on this Note shall be paid in full; and, for the purposes of such subrogation, no payments or distributions to the holders of the Senior Indebtedness of any cash, property or securities to which the Holder would be entitled except for the provisions of this Section 8, and no payment over pursuant to the provisions of this Section 8, to or for the benefit of the holders of Senior Indebtedness by the Holder of this Note, shall, as between Borrower, its creditors other than holders of Senior Indebtedness, and the Holder of this Note, be deemed to be a payment by Borrower to or on account of the Senior Indebtedness; and no payments or distributions of cash, property or securities to or for the benefit of the Holder of this Note pursuant to the subrogation provisions of this Section 8, which would otherwise have been paid to the holders of Senior Indebtedness shall be deemed to be a payment by Borrower to or for the account of this Note. It is understood that the provisions of this Section 8 are and are intended solely for the purposes of defining the relative rights of the Holder of this Note, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

(ii) Nothing contained in this Section 8 or elsewhere in this Note is intended to or shall impair, as among Borrower, its creditors other than the holders of Senior Indebtedness, and the Holder of this Note, the obligation of Borrower, which is absolute and unconditional, to pay to the Holder of this Note the principal of, and premium, if any, and interest on this

Note as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holder of this Note and creditors of Borrower other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Holder of this Note from exercising all remedies otherwise permitted by applicable law upon default under this Note, subject to the rights, if any, of the holders of Senior Indebtedness.

(iii) Upon any payment or distribution of assets of Borrower referred to in this Section 8, the Holder of this Note, subject to the provisions of Section 8, shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such bankruptcy, dissolution, winding-up, liquidation or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, delivered to the Holder of this Note, for the purpose of ascertaining the

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persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other indebtedness of Borrower, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 8.

(g) Notice to Holder. Borrower shall give written notice to

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the Holder of the issuance of any Designated Senior Indebtedness. In addition, Borrower shall give prompt written notice to the Holder of any fact known to Borrower which would prohibit the making of any payment of monies to the Holder in respect of this Note pursuant to the provisions of this Section 8.

(h) No Impairment of Subordination. No right of any present or

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future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of Borrower or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by Borrower with the terms, provisions and covenants of this Note, regardless of any knowledge thereof which any such holder may have or otherwise be charged with.

(i) Certain Conversions Deemed Payment. For the purposes of

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this Section 8 only, the issuance and delivery of Common Stock upon conversion of this Note in accordance with Section 3 shall not be deemed to constitute a payment or distribution on account of the principal of or interest on this Note or on account of the purchase or other acquisition of this Note. Nothing contained in this Section 8 or elsewhere in this Note is intended to or shall impair, the right, which is absolute and unconditional, of Holder to convert (or the right of the Borrower to require the conversion of) this Note in accordance with Section 3.

(j) Miscellaneous.

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(i) To the extent permitted by applicable law, the Holder, Borrower, and each Subsidiary of Borrower hereby waive (1) notice of acceptance hereof by the holders of the Senior Indebtedness, and (2) all diligence in the collection or protection of or realization upon the Senior Indebtedness.

(ii) Borrower and its Subsidiaries and the Holder hereby expressly agree that the holders of Senior Indebtedness may enforce any and all rights derived herein by suit, either in equity or law, for specific performance of any agreement contained in this Section 8 or for judgment at law and any other relief whatsoever appropriate to such action or procedure.

(iii) The Holder acknowledges and agrees that the

foregoing subordination provisions are, and are intended to be, an inducement and a consideration to each holder of Senior Indebtedness, whether such Senior Indebtedness was created or acquired before or after the issuance of this Note, and each holder of Senior Indebtedness shall be deemed conclusively to have relied upon such subordination provisions in acquiring and continuing to hold such Senior Indebtedness.

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9. Definitions and Principles of Construction.

(a) Defined Terms. As used in this Note, the following terms shall

have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Affiliate" shall mean and include, with respect to any Person, any

other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person.

"Blockage Period" shall have the meaning set forth in Section 8.

"Borrower" shall have the meaning provided in the first paragraph of

this Agreement.

"Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday

and Friday which is not a day on which banking institutions in Atlanta, Georgia are authorized or obligated by law or executive order to close.

"Change of Control" shall have the meaning set forth in Section 4(a).

"Commission" shall mean, at any time, the Securities and Exchange

Commission or any other Federal agency then administering the Securities Act and other Federal securities laws.

"Common Stock" shall mean the \$.0001 par value common stock of

Borrower.

"Constituent Person" shall have the meaning set forth in Section 3(p).

"Continuing Directors" shall mean the directors of Borrower on the

date hereof and each other director if such director's nomination for the election to the Board of Directors of Borrower is recommended by a majority of the then Continuing Directors.

"Conversion Date" shall have the meaning set forth in Section 3(b)(i).

"Conversion Event" shall have the meaning set forth in Section 3(a).

"Conversion Price" shall have the meaning set forth in Section 3(a).

"Credit Agreement" shall mean that certain Loan and Security

Agreement, dated as of March 28, 1997, by and among SQL Financials

International, Inc., SQL Financials Services, L.L.C., and Silicon Valley Bank (together with its successors and assigns, the "Lender"), including any related

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notes, guarantees, collateral, documents, instruments and agreements executed in connection therewith, in each case as amended, modified, supplemented, restructured, renewed, restated, refunded, replaced, extended or refinanced from time to time on one or more occasions (whether with the original Lender or other Lenders or otherwise, and whether provided-under the original Credit Agreement

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or otherwise), including, without limitation, any agreement modifying the maturity or amortization schedule of or refinancing or refunding all or any portion of the indebtedness thereunder or increasing the amount, that may be borrowed under such agreement or any successor agreement.

"Current Market Price Per Share" shall have the meaning set forth in

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Section 3(q).

"Default" shall mean any event, act or condition which, with notice or

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lapse of time, or both, would constitute an Event of Default.

"Default Interest Rate" shall have the meaning set forth in Section

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1(b).

"Event of Default" shall have the meaning set forth in Section 7(a).

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"Existing Indebtedness" shall mean the Borrower's \$7,000,000

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Indebtedness to Transamerica Business Credit, Inc., Silicon Valley Bank and Sand Hill Capital II, L.P. due on the earlier of April 30, 2000 or the closing of the Secondary Offering.

"Holder" shall have the meaning set forth in the first paragraph of

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this Note.

"Interest" shall have the meaning set forth in Section 1.

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"Interest Payment Date" shall have the meaning set forth in Section

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1(a).

"Interest Rate" shall have the meaning set forth in Section 1.

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"Lender" shall have the meaning set forth above in the definition  
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herein of the term "Credit Agreement."

"Maturity Date" shall have the meaning set forth in the first

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paragraph of this Note.

"Note" shall mean this Convertible Subordinated Note due February 15,

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2005.

"Note Register" shall have the meaning set forth in Section 14(b).

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"Notes" shall have the meaning set forth in the first paragraph of



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this Note.

"Payment Blockage Notice" shall have the meaning set forth in Section  
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8(d)(i)(y).

"Person" shall mean any individual, partnership, joint venture, firm,  
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corporation, limited liability company, association, trust or other enterprise  
or any government or political subdivision or any agency, department or  
instrumentality thereof.

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OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, OR  
OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT  
UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE  
EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

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"Purchase Agreement" shall have the meaning set forth in the first  
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paragraph of this Note.

"Quoted Price" shall have the meaning set forth in Section 3(q).  
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"Securities Act" shall mean the Securities Act of 1933, as amended, ad  
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the rules and regulations of the Commission thereunder.

"Senior Covenant Default" shall have the meaning set forth in Section  
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"Senior Indebtedness" shall have the meaning set forth in Section 8.  
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"Senior Payment Default" shall have the meaning set forth in Section  
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8.

"Trading Day" shall mean each day on which trading of the Common Stock  
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is permitted to occur on NASDAQ or any other domestic securities exchange or in  
the domestic over-the-counter market.

(b) Principles of Construction. All references to sections and  
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annexes are to sections and annexes in or to this Note unless otherwise  
specified. The words "hereof," "herein" and "hereunder" and words of similar  
import when used in this Note shall refer to this Note as a whole and not to any  
particular provision of this Note.

10. Use of Proceeds. Borrower shall use the principal amount of this  
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Note for its general corporate purposes.

11. Suits for Enforcement.  
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(a) Subject to Section 8, upon the occurrence and during the  
continuation of any one or more Events of Default, the Holder of this Note may  
proceed to protect and enforce its rights hereunder by suit in equity, action at  
law or by other appropriate proceeding, whether for the specific performance of  
any covenant or agreement contained in the Purchase Agreement or this Note or in  
aid of the exercise of any power granted in the Purchase Agreement or this Note,  
or may proceed to enforce the payment of this Note, or to enforce any other  
legal or equitable right as the Holder of this Note under the Purchase Agreement  
or this Note.

(b) Borrower agrees to pay all reasonable out-of-pocket expenses of Holder incurred in connection with the enforcement of this Note or any Default or Event of Default under this Note, including, without limitation, the reasonable fees and expenses of counsel for Holder. In addition, the Company agrees to pay, and to save Holder harmless from all liability for, any stamp or other documentary taxes which may be payable in connection with Borrower's execution or delivery of this Note and indemnify Holder, its affiliates and their respective officers, directors, employees, representatives and agents from and hold each of them harmless against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements incurred by any of them as a result of, or arising out of any investigation, litigation, or other proceeding (whether or not Holder or any of its

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Affiliates are a party thereto) related to the entering into and/or performance of this Note including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation litigation or other proceeding (but excluding any such liabilities, obligations, losses, or the like to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified).

12. Remedies Cumulative. No remedy herein conferred upon the Holder

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is intended to be exclusive of any other remedy and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute or otherwise.

13. Remedies Not Waived. No course of dealing between Borrower and

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the Holder or any delay on the part of the Holder in exercising any rights hereunder shall operate as a waiver of any right.

14. Transfer.

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(a) The term "Holder" as used herein shall also include any transferee of this Note whose name has been recorded by Borrower in the Note Register. Each transferee of this Note acknowledges that this Note has not been registered under the Securities Act, and may be transferred only pursuant to an effective registration under the Securities Act or pursuant to an applicable exemption from the registration requirements of the Securities Act and that Borrower may require, as a condition to the effectiveness of any such transfer, the delivery to the Borrower of an opinion of counsel for the transferor or the transferee to the effect that such transfer was made pursuant to an effective registration statement under the Securities Act or pursuant to an applicable exemption from the registration requirements of the Securities Act.

(b) Borrower shall maintain a register (the "Note Register") in

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its principal offices for the purpose of registering the Note and any transfer or partial transfer thereof, which register shall reflect and identify, at all times, the ownership of record of any interest in the Note. Upon the issuance of this Note, Borrower shall record the name and address of the initial purchaser of this Note in the Note Register as the first Holder. Upon surrender for registration of transfer or exchange of this Note at the principal offices of Borrower, Borrower shall, at its expense, execute and deliver one or more new Notes of like tenor and of denominations of at least \$1,000,000 (except as may be necessary to reflect any principal amount not evenly divisible by \$1,000,000) of a like aggregate principal amount, registered in the name of the Holder or a transferee or transferees. Every Note surrendered for registration of transfer or exchange shall be duly endorsed, or be accompanied by written instrument of transfer duly executed by the Holder of such Note or such holder's attorney duly authorized in writing.

(c) This Note may be transferred or assigned, in whole or in

part, by the Holder at any time.

15. Replacement of Note. On receipt by Borrower of an affidavit of an

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authorized representative of the Holder stating the circumstances of the loss,  
theft,

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OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, OR  
OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT  
UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE  
EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

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destruction or mutilation of this Note (and in the case of any such mutilation,  
on surrender and cancellation of such Note), Borrower, at its expense, will  
promptly execute and deliver, in lieu thereof, a new Note of like tenor. If  
required by Borrower, such Holder must provide indemnity sufficient in the  
reasonable judgment of Borrower to protect Borrower from any loss which they may  
suffer if a lost, stolen or destroyed Note is replaced.

16. Covenants Bind Successors and Assigns. All the covenants,

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stipulations, promises and agreements in this Note contained by or on behalf of  
Borrower shall bind its successors and assigns, whether so expressed or not.

17. Notices. All notices, demands and other communications provided

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for or permitted hereunder shall be made in writing and shall be by registered  
or certified first-class mail, return receipt requested, telecopier (with  
receipt confirmed), courier service or personal delivery at the addresses  
specified in Section 10.6 of the Purchase Agreement. All such notices and  
communications shall be deemed to have been duly given when: delivered by hand,  
if personally delivered; when delivered by courier, if delivered by commercial  
overnight courier service; if mailed, five Business Days after being deposited  
in the mail, postage prepaid; or if telecopied, when receipt is electronically  
confirmed.

18. GOVERNING LAW; VENUE; JURY TRIAL WAIVER. (a) THIS NOTE SHALL BE

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GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF GEORGIA.

Borrower hereto hereby irrevocably acknowledges and consents that any legal  
action or proceeding brought with respect to any of the obligations arising  
under or relating to this Note may be brought in the courts of the State of  
Georgia or in the United States District Court for the Northern District of  
Georgia, as the party bringing such action or proceeding may elect and each of  
the parties hereto hereby irrevocably submits to and accepts with regard to any  
such action or proceeding, for itself and in respect of its property, generally  
and unconditionally, the jurisdiction of the aforesaid courts. Borrower hereby  
further irrevocably waives any claim that any such courts lack jurisdiction over  
such party, and agrees not to plead or claim, in any legal action or proceeding  
with respect to this Note or the transactions contemplated hereby brought in any  
of the aforesaid courts, that any such court lacks jurisdiction such party.  
Borrower irrevocably consents to the service of process in any such action or  
proceeding by the mailing of copies thereof by registered or certified mail,  
postage prepaid, to such party, at its address for notices set forth in Section  
10.6 of the Purchase Agreement, such service to become effective 10 days after  
such mailing. Borrower hereby irrevocably waives any objection to such service  
of process and further irrevocably waives and agrees not to plead or claim in  
any action or proceeding commenced hereunder or under any other documents  
contemplated hereby that service of process was in any way invalid or  
ineffective. The foregoing shall not limit the rights of Borrower to serve  
process in any other manner permitted by law. The foregoing consents to  
jurisdiction shall not constitute general consents to service of process for any  
purpose except as provided above and shall not be deemed to confer rights on any  
Person other than Borrower.

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OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, OR  
OTHERWISE DISPOSED OF EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT  
UNDER SUCH ACT AND APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN APPLICABLE  
EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND SUCH LAWS.

(b) To the fullest extent permitted by applicable law, Borrower hereby irrevocably waives the objection which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Note or the transactions contemplated hereby in any of the Courts referred to in Section 18(a) and hereby further irrevocably waives and agrees not to plead or claim that any such court is not a convenient forum for any such suit, action or proceeding.

(c) Borrower agrees that any judgment obtained by it or its successors or assigns in any action, suit or proceeding referred to above may, in the discretion of such party (or its successors, or assigns), be enforced in any jurisdiction, to the extent permitted by applicable law.

(d) To the fullest extent permitted by applicable law, the Borrower (and by its acceptance hereof, the Holder) hereby waives any right it may now or hereafter have to a trial by jury in any suit, action or proceeding arising out of or relating to this Note or the transactions contemplated hereby.

19. Severability. If any one or more of the provisions contained

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herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired, unless the provisions held invalid, illegal or unenforceable shall substantially impair the benefits of the remaining provisions hereof.

20. Headings. The headings of the several sections and subsections of

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this Note are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Note.

21. Place and Manner of Payment. All sums due hereunder from Borrower

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to the Holder shall be paid by wire transfer of immediately available funds to such account at such bank as is designated in writing by the Holder to the Borrower from time to time.

IN WITNESS WHEREOF, the Borrower has signed, sealed and delivered this Note as of the day and year first above set forth.

CLARUS CORPORATION

By: /s/ Stephen P. Jeffery

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Name: Stephen P. Jeffery  
Title: Chief Executive Officer

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EXHIBIT 1

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FORM OF CONVERSION NOTICE

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In accordance with the provisions of Section 3 of that certain Convertible Subordinated Note due March 15, 2005 (the "Note"), dated as of March 14, 2000, of CLARUS CORPORATION (the "Borrower"), \_\_\_\_\_ hereby tenders \$\_\_\_\_\_ in principal amount of such Note for conversion into the Common Stock, par value \$.0001 of the Company at the Conversion Price as stated and adjusted pursuant to Section 3 of the Note and directs the Borrower to issue such shares

in the name of \_\_\_\_\_, such Person is the Holder (as such terms are defined in the Note).

Dated: \_\_\_\_\_

[Holder]

By \_\_\_\_\_  
Name:

Title:

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