

SETTLEMENT AGREEMENT AND RELEASE

The parties to this agreement, Dr. Steven Brent Reimer ("REIMER"), Dr. Derek Nestor ("NESTOR"), Dr. Stan Wagner ("WAGNER"), Paul Hanika ("HANIKA"), Dr. Roxanne Jacobson ("JACOBSON") and Dr. Carolyn Stafford ("STAFFORD"), Iowa Veterinary Referral Center, P.C. ("IVRC") (collectively "DEFENDANTS"), Dr. Christine Adams ("ADAMS"), ISU Veterinary Services Corporation ("ISU-VSC") and Iowa State University ("ISU"), wish to resolve their differences and enter into a final and binding settlement agreement and release ("Agreement").

WHEREAS, ISU-VSC filed a lawsuit in the United States District Court for the Southern District of Iowa, captioned ISU Veterinary Services Corporation v. Steven Brent Reimer, Derek Nestor, Stan Wagner, Paul Hanika and Iowa Veterinary Referral Center, P.C., Case No. 4:11-CV-00093 (the "Lawsuit");

WHEREAS, REIMER, NESTOR, WAGNER, HANIKA, IVRC, and ADAMS filed a counterclaim and third-party petition in the Lawsuit (the "Counterclaim");

WHEREAS, the DEFENDANTS and/or ADAMS or their representatives have filed an administrative appeal with Iowa State University and the Iowa Board of Regents related to ISU-VSC's acquisition and operation of the veterinary clinic known as Iowa Veterinary Specialties, (collectively the "Administrative Actions");

WHEREAS, the DEFENDANTS and/or ADAMS or their representatives have filed requests for records pursuant to the Iowa Public Records Act related to ISU-VSC's acquisition and operation of the veterinary clinic known as Iowa Veterinary Specialties (collectively the "Records Requests");

WHEREAS, REIMER agreed to an August 1, 2009 Non-Competition and Confidentiality Agreement for Current Associates ("Reimer-Agreement") with Iowa Veterinary Specialties and the Reimer-Agreement was assigned to ISU-VSC on February 1, 2011;

WHEREAS, NESTOR agreed to an August 1, 2009 Non-Competition and Confidentiality Agreement for Current Associates ("Nestor-Agreement") with Iowa Veterinary Specialties and the Nestor-Agreement was assigned to ISU-VSC on February 1, 2011;

WHEREAS, STAFFORD agreed to a January 6, 2010 Non-Competition and Confidentiality Agreement ("Stafford-Agreement") with Iowa Veterinary Specialties and the Stafford-Agreement was assigned to ISU-VSC on February 1, 2011;

WHEREAS, JACOBSON agreed to a March 1, 2010 Non-Competition and Confidentiality Agreement ("Jacobson-Agreement") with Iowa Veterinary Specialties and the Jacobson-Agreement was assigned to ISU-VSC on February 1, 2011;

NOW, THEREFORE, in consideration of their mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the following:

1. To settle their differences, the Parties agree to the following terms:

- a. REIMER agrees to the entry of a stipulated injunction attached hereto as Exhibit A, which, as detailed in Exhibit A, enforces the terms of the Reimer-Agreement. During the term of the stipulated injunction attached hereto as Exhibit A, REIMER will be not be associated with IVRC in any manner, REIMER will not provide any financial or other support to IVRC, IVRC will not provide any financial or other support to REIMER and IVRC's website and other advertising will not include any listings of or references to REIMER. IVRC, NESTOR and ADAMS will take all actions required to redeem, purchase or otherwise sell REIMER'S IVRC stock, remove REIMER as a guarantor of any of IVRC's financial obligations to the fullest extent possible and remove REIMER's name from the website and any other advertising on or before June 30, 2011. By signing this Agreement, REIMER acknowledges the validity of the Reimer-Agreement and hereby reaffirms the terms of the Reimer-Agreement
- b. ISU-VSC agrees that it will not enforce the Nestor-Agreement, Stafford-Agreement and Jacobson-Agreement with respect to NESTOR's, STAFFORD's and JACOBSON's respective employment at IVRC. The Nestor-Agreement, Stafford-Agreement and Jacobson-Agreement otherwise remain in full force and, by signing this Agreement, NESTOR, STAFFORD and JACOBSON each acknowledges the validity of his or her respective agreement and hereby reaffirms the terms of his or her respective agreement. Consistent with this provision, NESTOR, STAFFORD and JACOBSON acknowledge that through February 1, 2013 they may not perform any emergency or specialty veterinary services anywhere within Polk, Dallas and Warren Counties in the State of Iowa except for services rendered by and through their employment with IVRC.
- c. REIMER, NESTOR, WAGNER, HANIKA, JACOBSON, STAFFORD, ADAMS and IVRC agree jointly and severally to pay the sum of One Hundred Thousand Dollars (\$100,000) to ISU-VSC. This \$100,000 payment must be received by ISU-VSC on or before June 30, 2011 through the receipt of one or more wire transfers on or before June 30, 2011 to a bank account designated by ISU-VSC.
- d. IVRC agrees to pay Five-Percent (5%) of its total gross revenues to ISU-VSC for 24 months. Such payments shall be made monthly for the twenty-four (24) month period beginning May of 2011 and ending April of 2013. For each month during this time period, IVRC will remit five percent (5%) of its total gross revenues for each month on or before the 20th of the immediately succeeding month. Along with each monthly payment IVRC will also provide ISU-VSC with IVRC's monthly and year to date financial statements (both an income statement and balance sheet) through the end of the immediately preceding month. For the purposes of this Agreement, the term gross revenues means IVRC's billed gross revenues for all services rendered by IVRC during the subject month, without any deductions for any IVRC expenses or costs.

- e. All payments required by this Agreement shall be delivered to Lee Holmes, Iowa Veterinary Specialties, 6110 Creston Avenue, Des Moines, Iowa 50321.
- f. In order to provide ISU-VSC with additional information required to verify IVRC's compliance with the terms of this Agreement, IVRC shall provide ISU-VSC with a copy of:
 - i. IVRC's 2011, 2012 and 2013 federal income tax returns within thirty (30) days after each of the foregoing income tax returns are filed with the Internal Revenue Service; and
 - ii. IVRC's annual audited financial statements for the years ended December 31, 2011, December 31, 2012 and December 31, 2013 on or before the March 31 following the end of each such year.

ISU-VSC shall have the right to have an independent certified public accounting firm designated by ISU-VSC audit IVRC's gross revenues for the time period beginning with May of 2011 and ending with April of 2013, as well as perform other audit and review procedures regarding the requirement that REIMER be completely dissociated from IVRC during the time period of the stipulated injunction attached hereto as Exhibit A. The cost of any such audit of IVRC's gross revenues for the relevant time period shall be borne by ISU-VSC unless any such audit results in a determination of an underpayment of \$5,000 or more, in which case IVRC shall reimburse ISU-VSC for the cost of the audit, remit the amount of any established underpayment to ISU-VSC, and also remit a penalty of ten percent (10%) of any such underpayment amount to ISU-VSC. The cost of any such audit of REIMER's dissociation from IVRC shall be borne by ISU-VSC unless any such audit results in a determination that REIMER has not fully dissociated from IVRC during the time period of the stipulated injunction attached hereto as Exhibit A, in which case IVRC shall reimburse ISU-VSC for the cost of the audit, and the time period of the stipulated injunction and the time period during which IVRC must remit 5% of its gross revenues to ISU-VSC shall be extended by the amount of time that REIMER is not fully dissociated from IVRC during the time period from June 30, 2011 through the end of the time period on the stipulated injunction.

- g. NESTOR, WAGNER, HANIKA, JACOBSON, STAFFORD, ADAMS and IVRC agree that, until May 1, 2012, they will not engage in the following:
 - i. Expand the services offered at IVRC including, but not limited to, ophthalmology, dermatology or cardiology (and it is also agreed that IVRC's services are currently restricted to emergency and critical care veterinary medicine, internal veterinary medicine and veterinary surgical services);
 - ii. Proceed with plans to establish an in-house reference laboratory;
 - iii. Advertise on television, radio or in the yellow pages; or

- iv. Hire any current or future employee of ISU-VSC unless: (1) ISU-VSC terminates the employee and the employee does not have a non-compete agreement with ISU-VSC, or (2) ISU-VSC provides written consent.
- h. IVRC, REIMER, NESTOR, WAGNER, HANIKA, STAFFORD, JACOBSON and ADAMS will immediately return any and all ISU-VSC (or Iowa Veterinary Specialties) documents and information in their possession.
- i. With respect to the Lawsuit and Counterclaim, currently pending in United States District Court for the Southern District of Iowa, and captioned ISU Veterinary Services Corporation v. Steven Brent Reimer, Derek Nestor, Stan Wagner, Paul Hanika and Iowa Veterinary Referral Center, P.C., Case No. 4:11-CV-00093, the parties agree to take the following actions:
 - i. ISU-VSC will dismiss all claims with prejudice subject to the entry of the stipulated injunction in the form as that attached hereto as Exhibit A;
 - ii. DEFENDANTS agree not to appeal the Order granting Plaintiff's Motion for Preliminary Injunction entered on April 27, 2011;
 - iii. DEFENDANTS agree that the Court can release the bond ISU-VSC posted on May 6, 2011; and
 - iv. DEFENDANTS and ADAMS will dismiss all claims raised in the Counterclaim with prejudice.
- j. DEFENDANTS and ADAMS agree to dismiss any and all Administrative Actions, not to pursue additional Administrative Actions, to withdraw any and all Records Requests and not to pursue any additional Records Requests relating to ISU-VSC's purchase of the veterinary clinic known as Iowa Veterinary Specialties.
- k. ISU-VSC and ISU agree to compromise, waive and release any and all claims and causes of action predating this Agreement that they may have or claim to have against REIMER, NESTOR, WAGNER, HANIKA, STAFFORD, JACOBSON, ADAMS and IVRC, their successors and assign, representatives, officers, employees and all other persons, relations, firms, associations and/or corporations employed by or associated with any of the aforementioned, relating to ISU-VSC's purchase and/or operation of the veterinary clinic known as Iowa Veterinary Specialties, ISU's relationship with the clinic, REIMER's, NESTOR's, WAGNER's, HANIKA's, STAFFORD's and JACOBSON's employment with Iowa Veterinary Specialties or the termination of that employment and the opening of IVRC.
- l. REIMER, NESTOR, WAGNER, HANIKA, STAFFORD, JACOBSON, ADAMS and IVRC agree to compromise, waive and release any and all claims and causes of action predating this Agreement that they may have or claim to have against ISU-VSC or ISU, the Board of Regents, State of Iowa, their officers, employees

or other representatives relating to ISU-VSC's purchase and/or operation of the veterinary clinic known as Iowa Veterinary Specialties; ISU's relationship with the clinic; REIMER's, NESTOR's, WAGNER's, HANIKA's, STAFFORD's and JACOBSON's employment with Iowa Veterinary Specialties or the termination of that employment; and, the opening of IVRC. This release includes claims against any of ISU-VSC's predecessors (including, Des Moines Veterinary Corporation, P.C. f/k/a Animal Emergency Clinic, P.C. and its shareholders), successors and assigns, affiliated companies whether through stock ownership or otherwise, their representatives, their employees, past and/or present, their officers, directors and all other persons, relations, firms, associations and/or corporations employed by or associated with any of the aforementioned.

- m. The Parties agree that they will issue mutually agreed upon statements regarding the settlement reached and disposition of the litigation.
 - n. The Parties agree and acknowledge that this Agreement will be deemed a public record and may be referenced and distributed by the parties.
 - o. REIMER, NESTOR, WAGNER, HANIKA, STAFFORD, JACOBSON, ADAMS and IVRC agree that they will not challenge, legally or otherwise, the validity of referrals from former IVS shareholders to ISU-VSC, including, but not limited to, by filing antitrust claims or pursuing other challenges to the referral agreements and covenants by and between the former IVS shareholders and ISU-VSC and/or to the referrals themselves, for the duration of the referral agreements and covenants which extend through February 1, 2015.
- 2. This Agreement covers all injuries and damages, whether known or unknown, and which may hereafter appear or develop, and is binding on ISU-VSC, ISU, REIMER, NESTOR, WAGNER, HANIKA, STAFFORD, JACOBSON, ADAMS and IVRC, their successors, assigns, heirs and all others claiming by or through them. Each Party to this Agreement represents that it is the sole owner of such claims and no transfer of such claims has been made to anyone and that each Party to this Agreement has the authority to compromise these claims.
 - 3. The conditions recited in this Agreement are all that the Parties will receive for their agreement not to pursue claims against one another and no promise for any other or further consideration has been made by anyone.
 - 4. This Release is executed solely in reliance on the Parties' own knowledge, belief and judgment and not upon any representation made by the Parties to this Agreement or others on their behalf.
 - 5. This Agreement shall be binding upon the Parties hereto and each of their respective predecessors, successors, assigns, affiliates, agents, insurers, employees, legal representatives and any other person or entities acting on their behalf or claiming through or under them or any of them, and shall inure to the benefit of all Parties, as well as to each of their respective predecessors, successors, assigns, affiliates, agents, insurers,

employees, legal representatives and any other persons or entities acting on their behalf or claiming through or under them or any of them.

6. This document constitutes the entire agreement and understanding between the Parties and supersedes any prior agreements or understandings.
7. If any portion of this Agreement is found to be unenforceable, then all Parties desire that all other portions that can be separated from it or appropriately limited in scope shall remain fully valid and enforceable.
8. This Agreement shall be governed by and construed in accord with the laws of the State of Iowa.

THAT WE HAVE READ THE FOREGOING RELEASE, AND UNDERSTAND ITS TERMS AND FREELY AND VOLUNTARILY SIGN THE SAME.

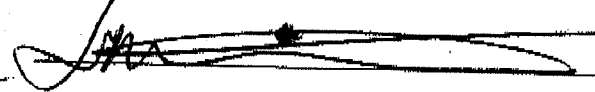
Words and phrases herein shall be construed as in the singular or plural number, and as masculine, feminine or neuter gender, according to the context.

Dated this _____ day of May, 2011.

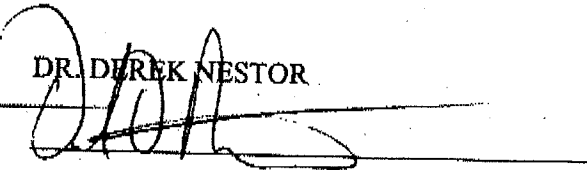
(SIGNATURE PAGE FOLLOWS)

CAUTION: THIS IS A RELEASE -- READ BEFORE SIGNING!

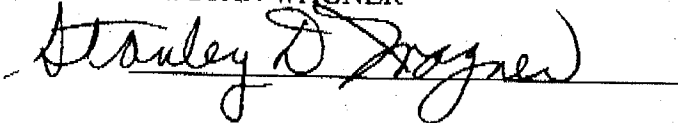
DR. STEVEN BRENT REIMER



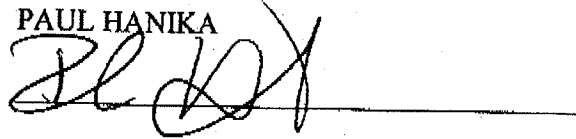
DR. DEREK NESTOR



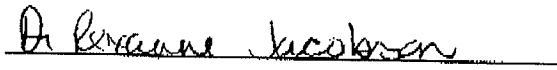
DR. STAN WAGNER



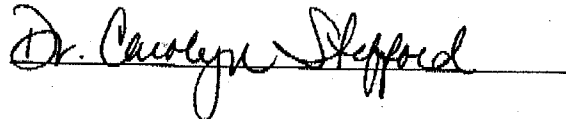
PAUL HANIKA



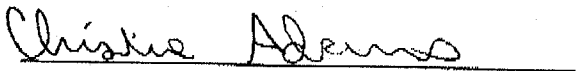
DR. ROXANNE JACOBSON



DR. CAROLYN STAFFORD



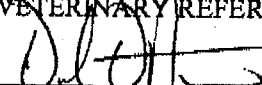
DR. CHRISTINE ADAMS



ISU VETERINARY SERVICES CORPORATION

BY: _____
 Print Name: _____
 Print Title: _____

IOWA VETERINARY REFERRAL CENTER, P.C.

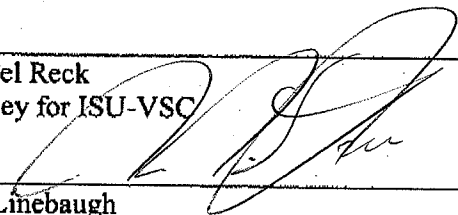
BY: 
 Print Name: Derek D. Nestor
 Print Title: Vice President

IOWA STATE UNIVERSITY

BY: _____
 Print Name: _____
 Print Title: _____

Reviewed and approved by:

Michael Reck
 Attorney for ISU-VSC



Paul Tanaka
 Attorney for Iowa State University.

Jesse Linebaugh
 Attorney for Iowa Veterinary Referral Center,
 P.C., Dr. Steven Brent Reimer, Dr. Derek
 Nestor, Dr. Stan Wagner, Paul Hanika, Dr.
 Roxanne Jacobson, Dr. Carolyn Stafford and
 Dr. Christine Adams

CAUTION: THIS IS A RELEASE -- READ BEFORE SIGNING!

DR. STEVEN BRENT REIMER

DR. DEREK NESTOR

DR. STAN WAGNER

PAUL HANIKA

DR. ROXANNE JACOBSON

DR. CAROLYN STAFFORD

DR. CHRISTINE ADAMS

ISU VETERINARY SERVICES CORPORATION

BY: Lisa K. Nolan
Print Name: Lisa K. Nolan
Print Title: Chair, Board of Directors


IOWA VETERINARY REFERRAL CENTER, P.C.

IOWA STATE UNIVERSITY

BY: _____
Print Name: _____
Print Title: _____

BY: Gregory L. Geoffroy
Print Name: Gregory L. Geoffroy
Print Title: President

Reviewed and approved by:


Michael Reck
Attorney for ISU-VSC


Paul Tanaka
Attorney for Iowa State University.

Jesse Linebaugh
Attorney for Iowa Veterinary Referral Center,
P.C., Dr. Steven Brent Reimer, Dr. Derek
Nestor, Dr. Stan Wagner, Paul Hanika, Dr.
Roxanne Jacobson, Dr. Carolyn Stafford and
Dr. Christine Adams

EXHIBIT A

Pursuant to an agreement between the parties, ISU Veterinary Services Corporation ("ISU-VSC") and Dr. Steven Brent Reimer agree to the entry of a stipulated injunction as follows:

1. Dr. Reimer agrees that, for Polk, Dallas and Warren Counties in the State of Iowa, he will not, at any time prior to February 1, 2013, in any capacity, directly or indirectly:
 - a. Engage in, form, acquire, finance, assist, support and/or be associated with the (or a) practice of emergency and/or specialty veterinary medicine, (including a mobile practice) and/or any other practice and/or business competitive with ISU-VSC, whether as an owner, equity member, shareholder, director, officer, manager, employee, veterinary service provider, consultant, agent, independent contractor, partner, co-venturer and/or otherwise;
 - b. Take away, divert and/or interfere with any client, customer, account, business and/or patronage of ISU-VSC and/or direct, solicit, request, advice, entice, induce, urge and/or encourage any of the foregoing to obtain emergency or specialty veterinary medicine services from persons other than ISU-VSC, and/or not to do business with ISU-VSC in the areas of emergency or specialty veterinary medicine services; and/or
 - c. Attempt to do any of the conduct outlined in (a) and (b) above.
2. Dr. Reimer agrees that, for Story County in the State of Iowa, he will not, at any time prior to February 1, 2013, in any capacity, directly or indirectly engage in, form, acquire, finance, assist or support the (or a) practice of emergency and/or specialty veterinary medicine, and/or any other practice and/or business competitive with ISU-VSC, whether as an owner, equity member, shareholder, director, officer, manager, employee, consultant, agent, independent contractor, partner, co-venturer and/or otherwise, or attempt to do any of the foregoing.

Notwithstanding the foregoing, Dr. Reimer may own, operate or be employed by a mobile veterinary surgery practice from the date hereof through February 1, 2013 that performs surgical procedures in Story County, Iowa no more than five (5) days during any one month as long as the mobile veterinary surgery practice:

- (i) does not use a Story County address for any business purpose other than being the location at which Dr. Reimer performs surgical procedures no more than five (5) days during any one month;
- (ii) is not associated with or operated as a part of or in conjunction with any other veterinary medicine practice located in Story County (provided, however, Dr. Reimer may perform surgeries authorized by this Section 2 in facilities in Story County used as a

veterinary practice so long as Dr. Reimer does not have an ownership, partnership or employment relationship with any such veterinary practice); and

- (iii) does not otherwise use any Story County address or business location as the "base" or "headquarters" out of which the mobile veterinary surgery practice is operated or the location at which equipment or other assets related to the mobile veterinary surgery practice are stored or maintained.
3. Dr. Reimer acknowledges that the terms of this stipulated injunction require that he have no formal association with the entity known as Iowa Veterinary Referral Center, P.C. ("IVRC") including, but not limited to, a referral relationship or agreement, financial guarantees on IVRC's business loans or lines of credit, providing financial support of any kind to IVRC (including the payment of any of IVRC's bills or the remittance of any referral or other fees to IVRC), receiving financial support from IVRC, maintaining any ownership interest in IVRC and/or maintaining any management role at IVRC, including serving as a shareholder, officer or director, except that Dr. Reimer is not restricted from accepting any referrals made to him by any veterinarian who believes it to be medically necessary to refer to Dr. Reimer under the VMA Ethical Guidelines. Dr. Reimer will take all actions necessary to be in full compliance with this Paragraph 3 on or before June 30, 2011, including all actions required to have his IVRC stock redeemed or purchased by another veterinarian licensed in the State of Iowa prior to that date.
 4. Nothing herein may be construed, or is intended, to be inconsistent with, or to interfere with Dr. Reimer's obligations under VMA Ethical Guidelines.