

EQUUS II INC  
Form SC 13D  
July 08, 2005

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

Equus II Incorporated

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(Name of Issuer)

Common Stock

---

(Title of Class of Securities)

294766100

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(CUSIP Number)

Kenneth I. Denos, Esq.  
MCC Europe Limited  
11585 South State Street, Suite 102  
Draper, UT 84020

(801) 816-2536

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(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

June 30, 2005

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(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box

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. [ ]

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)  MCC Europe Limited	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) [ ] (b) [ ]	
3	SEC USE ONLY  00	
4	SOURCE OF FUNDS  PF, OO	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) [ ]	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  United Kingdom	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  1,111,250
	8	SHARED VOTING POWER  n/a
	9	SOLE DISPOSITIVE POWER  1,111,250
	10	SHARED DISPOSITIVE POWER  n/a
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	

	1,111,250
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 15.1%
14	TYPE OF REPORTING PERSON CO

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY) Moore, Clayton & Co., Inc.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY 00	
4	SOURCE OF FUNDS n/a	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 1,111,250
	8	SHARED VOTING POWER n/a
	9	SOLE DISPOSITIVE POWER 1,111,250
	10	SHARED DISPOSITIVE POWER n/a
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,111,250	

12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 15.1%
14	TYPE OF REPORTING PERSON CO

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)  Anthony R. Moore	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS  n/a	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION  United Kingdom and United States of America	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  1,111,250
	8	SHARED VOTING POWER  n/a
	9	SOLE DISPOSITIVE POWER  1,111,250
	10	SHARED DISPOSITIVE POWER  n/a
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  1,111,250	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>	

13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  15.1%
14	TYPE OF REPORTING PERSON  IN

1	NAME OF REPORTING PERSON I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)  Sharon Clayton
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) <input type="checkbox"/> (b) <input type="checkbox"/>
3	SEC USE ONLY
4	SOURCE OF FUNDS  n/a
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEM 2(d) or 2(e) <input type="checkbox"/>
6	CITIZENSHIP OR PLACE OF ORGANIZATION  United States of America

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER  1,111,250
	8	SHARED VOTING POWER  n/a
	9	SOLE DISPOSITIVE POWER  1,111,250
	10	SHARED DISPOSITIVE POWER  n/a

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  1,111,250
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES <input type="checkbox"/>
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  15.1%

14	TYPE OF REPORTING PERSON
	IN

INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7  
(INCLUDING EXHIBITS) OF THE SCHEDULE AND THE SIGNATURE ATTESTATION.

Item 1. Security and Issuer

This statement on Schedule 13D relates to the shares of common stock (the "Common Stock") of Equus II Incorporated, a Delaware corporation (the "Fund"). The principal executive offices of the Fund are located at 2727 Allen Parkway, 13<sup>th</sup> Floor, Houston, TX 77019.

Item 2. Identity and Background

This statement is being filed jointly by: MCC Europe Limited ("MCCE"), Moore, Clayton & Co., Inc. ("MCC"), Anthony R. Moore and Sharon Clayton (the "Reporting Persons").

MCCE is organized under the laws of the United Kingdom. Its principal office is located at Aurora House, 5-6 Carlos Place, London W1K 3AP United Kingdom. MCCE provides business consulting services in the United Kingdom. MCCE is a wholly-owned subsidiary of MCC.

MCC is organized under of the laws of the state of Delaware and is the parent company of, among other entities, (a) MCCE and (b) the Fund's investment manager, Moore, Clayton Capital Advisors Inc. ("MCCA"). MCC's principal office is located at 11585 South State Street, Suite 102, Draper, UT 84020. The firm is an international private equity investment and advisory firm with offices in Los Angeles, San Francisco, New York, London, Cape Town, and Johannesburg.

Anthony R. Moore is the Co-Chairman of the Board and Co-Chief Executive Officer of MCC and owns 26.93% of the voting equity in MCC. Mr. Moore's business address is Aurora House, 5-6 Carlos Place, London W1K 3AP United Kingdom. Mr. Moore is a citizen of the United Kingdom and the United States of America.

Sharon Clayton is Co-Chairman of the Board and Co-Chief Executive Officer of MCC and owns 28.07% of the voting equity in MCC. Her business address is 11585 South State Street, Suite 102, Draper, UT 84020. Ms. Clayton is a citizen of the United States of America.

Pursuant to General Instruction C and the instructions to Item 2 of this statement, set forth in Exhibit A are the respective names, business addresses, principal present occupations and citizenships of Mr. Moore, Ms. Clayton and the other executive officers, directors and control persons of each of MCCE and MCC.

None of the Reporting Persons has, during the last five years, been convicted in a criminal proceeding. In addition, none of the Reporting Persons has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Item 3. 9; Source and Amount of Funds or Other Consideration

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MCC received \$9,700,000 from Manchester Securities, Corp., a New York corporation ("Manchester") on June 30, 2005 pursuant to a Share Purchase Agreement (the "Agreement"). A Copy of the Agreement is attached as Exhibit F. The Agreement incorporates by reference a promissory note. The note bears interest of 6.25% with interest payments due semi-annually. The interest on the note increases incrementally through 2006 to up to 13% in the event that MCC does not engage in an IPO. June 30, 2007 is the due date on repayment of any outstanding balance owing on the note. The note may be converted into equity of MCC at the option of Manchester. The note is secured by the shares of the Fund, MCC and its subsidiaries in a pledge agreement. MCCE used \$9,580,123.50 of the funds received from Manchester to purchase 1,111,250 common shares of the Fund.

Item 4. 9; Purpose of Transaction

All of the shares reported herein were acquired for investment purposes. MCC has committed to purchase or arrange for the purchase of at least 27.5% of the outstanding shares of the Fund's common stock within 90 days following stockholders' approval of the new investment management agreement between the Fund and MCCA, which was approved on June 30, 2005. Except as set forth in this Statement, the Reporting Persons have no present plans or proposals which relate to or could result in any of the matters referred to in paragraphs (a) through (j), inclusive, of Item 4 of Schedule 13D (although they reserve the right to develop any such plans or proposals). #9;

Item 5. Interests in Securities of the Issuer

- The Reporting Persons beneficially own 1,111,205 shares of Common Stock, which represent approximately 15.1% of the issued and outstanding shares of Common Stock.
- The Reporting Persons have the power to vote, or direct the vote, and dispose of, or direct the disposition of, 1,111,205 shares of Common Stock, which represent approximately 15.1% of the outstanding shares of Common Stock.
- During the past 60 days, MCCE directly purchased the following shares of Common Stock:

Date of Purchase	Number of Shares of Common Stock Bought	Price Paid/Share	Where and How Transaction Effected
June 30, 2005	869,900	\$8.38	Privately Negotiated
July 1, 2005	241,305	\$9.49	Privately Negotiated

(d) No other person is known by any Reporting Person to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Common Stock beneficially owned by any Reporting Person.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with respect to Securities of the Issuer.

MCCA is the investment adviser to the Fund pursuant to an investment management agreement dated June 30, 2005.

Item 7. Materials to be filed as Exhibits.

Exhibit A. Officers and Directors of MCC and MCCE

Exhibit B. Joint Filing Agreement

Exhibit C. Power of Attorney, dated as of July 5, 2005, relating to MCCE and MCC

Exhibit D. Power of Attorney, dated as of July 5, 2005, relating to Anthony R. Moore

Exhibit E. Power of Attorney, dated as of July 5, 2005, relating to Sharon Clayton

Exhibit F Share Purchase Agreement

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SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

MCC EUROPE  
LIMITED

By: /s/ Kenneth I.  
Denos\*

Name: #9;  
Kenneth I. Denos  
Title: Director

MOORE,  
CLAYTON &  
CO., INC.

By: /s/ Kenneth I.  
Denos\*

Name: #9;  
Kenneth I. Denos  
Title: Executive  
Vice President

ANTHONY R.  
MOORE

By: /s/ Anthony  
R. Moore\*

SHARON  
CLAYTON

By: /s/ Sharon  
Clayton\*

\* By: /s/ Robert A. Robertson

Name: Robert A. Robertson

Title: Attorney-in-fact

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EXHIBIT A



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Officers and Directors of MCC and MCCE

MCCE is a wholly-owned subsidiary of MCC, and therefore MCC ultimately controls MCCE. The name, business address, present principal occupation, and citizenship of each director, executive officer and control person of MCCE, and each executive officer and director of MCC, are set forth below.

<u>Name and Business Address</u>	<u>Principal Occupation and Name, Principal Business and Address of the Employing Organizations</u>	<u>Citizenship</u>
Anthony R. Moore  Aurora House 5-6 Carlos Place London W1K 3AP United Kingdom	<u>MCC</u>  Co-Chairman of the Board and Co-Chief Executive Officer. Mr. Moore also owns 26.93% of the voting equity in MCC. MCC is an international private equity investment and advisory firm. MCC's principal office is located at 11585 South State Street, Suite 102, Draper, UT 84020.  <u>MCCE</u>  Co-Chairman of the Board and Co-Chief Executive Officer. MCCE provides business consulting services in the United Kingdom. MCCE's principal office is located at Aurora House, 5-6 Carlos Place, London W1K 3AP United Kingdom.  <u>MCCA</u>  Chairman of the Board. MCCA is an SEC-registered investment adviser, and provides investment management services to the Fund. MCCA's principal office is located at 2727 Allen Parkway, 13th Floor, Houston, TX 77019.  <u>Equus II Incorporated</u>  Chairman of the Board, President and CEO. Equus II Incorporated is a closed-end fund, business development company, and is listed on the New York Stock Exchange. Equus II Incorporated's principal office is located at 2727 Allen Parkway, 13th Floor, Houston, TX 77019.  <u>MCC Energy PLC</u>  Executive Vice Chairman. MCC Energy PLC provides integrated growth and financial solutions to emerging, established and private equity businesses involved in the energy and environmental sectors. MCC Energy PLC's principal office is located at Aurora House, 5-6 Carlos Place, London W1K 3AP United Kingdom.	United Kingdom and United States of America
Sharon Clayton 11585 South State Street	<u>MCC</u>  Co-Chairman of the Board and Co-Chief Executive Officer. Ms. Clayton also owns 28.07% of the voting equity in MCC. MCC is	United States of America

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Suite 102  
Draper, UT 84020

an international private equity investment and advisory firm. MCC's principal office is located at 11585 South State Street, Suite 102, Draper, UT 84020.

### MCCE

Co-Chairman of the Board and Co-Chief Executive Officer. MCCE provides business consulting services in the United Kingdom. MCCE's principal office is located at Aurora House, 5-6 Carlos Place, London W1K 3AP United Kingdom.

### MCCA

Co-Chairman of the Board. MCCA is an SEC-registered investment adviser, and provides investment management services to the Fund. MCCA's principal office is located at 2727 Allen Parkway, 13th Floor, Houston, TX 77019.

### Equus II Incorporated

Vice Chairman. Equus II Incorporated is a closed-end fund, business development company, and is listed on the New York Stock Exchange. Equus II Incorporated's principal office is located at 2727 Allen Parkway, 13th Floor, Houston, TX 77019.

Kenneth I. Denos  
11585 South State  
Street  
Suite 102  
Draper, UT 84020

### MCC

Executive Vice President, General Counsel, Secretary and Director. Mr. Denos also owns 15.47% of the voting equity in MCC. MCC is an international private equity investment and advisory firm. MCC's principal office is located at 11585 South State Street, Suite 102, Draper, UT 84020.

United States of  
America

### MCCE

Director. MCCE provides business consulting services in the United Kingdom. MCCE's principal office is located at Aurora House, 5-6 Carlos Place, London W1K 3AP United Kingdom.

### MCCA

Vice President and Secretary of MCCA. MCCA is an SEC-registered investment adviser, and provides investment management services to the Fund. MCCA's principal office is located at 2727 Allen Parkway, 13th Floor, Houston, TX 77019.

### Equus II Incorporated

Executive Vice President and Secretary. Equus II Incorporated is a closed-end fund, business development company, and is listed on the New York Stock Exchange. Equus II Incorporated's principal office is located at 2727 Allen Parkway, 13th Floor, Houston, TX 77019.

### MCC Energy PLC

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General Counsel and Director. MCC Energy PLC provides integrated growth and financial solutions to emerging, established and private equity businesses involved in the energy and environmental sectors. MCC Energy PLC's principal office is located at Aurora House, 5-6 Carlos Place, London W1K 3AP United Kingdom.

Other

Chairman and Chief Executive Officer of SportsNuts, Inc., which organizes and manages amateur sports events, provides online registration, event sponsorship, event coordination, online and offline promotion, and merchandise sales. SportsNuts, Inc. is located at 11585 South State, Suite 102, Draper, UT 84020.

President of Kenneth I. Denos, P.C., which provides legal services. Kenneth I. Denos, P.C. is located at 11585 South State, Suite 102, Draper, UT 84020.

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EXHIBIT B

JOINT FILING AGREEMENT

In accordance with Rule 13d-1(k) under the Securities Exchange Act of 1934, the undersigned hereby agree to the joint filing with all other persons signatory below of a statement on Schedule 13D or any amendments thereto, with respect to the common stock of Equus II Incorporated and that this Agreement be included as an attachment to such filing.

This Agreement may be executed in any number of counterparts each of which shall be deemed an original and all of which together shall be deemed to constitute one and the same Agreement.

IN WITNESS WHEREOF, the undersigned hereby execute this Agreement on July 8, 2005.

MCC EUROPE  
LIMITED

By: /s/ Kenneth I.  
Denos\*

Name: #9;  
Kenneth I. Denos

Title: Director

MOORE,  
CLAYTON &  
CO., INC.

By: /s/ Kenneth I.  
Denos\*

Name: #9;

Kenneth I. Denos  
Title: Executive  
Vice President

ANTHONY R.  
MOORE

By: /s/ Anthony  
R. Moore\*

SHARON  
CLAYTON

By: /s/ Sharon  
Clayton\*

\* By: /s/ Robert A. Robertson  
Name: Robert A. Robertson  
Title: Attorney-in-fact

---

EXHIBIT C

POWER OF ATTORNEY

for

MCC EUROPE LIMITED and  
MOORE, CLAYTON & CO., INC.

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, being a person required to file a statement under Section 16(a) of the Securities Exchange Act of 1934 (the "1934 Act"), with respect to EQUUS II INCORPORATED (the "Fund"), constitutes and appoints Sander M. Bieber and Robert A. Robertson, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution for such attorney-in-fact in such attorney-in-fact's name, place and stead:

- To execute, for and on behalf of the undersigned, any and all statements on Form 3, 4 and 5, and Schedules 13D and 13G, as are required to be filed by the undersigned pursuant to the 1934 Act, and any amendments or supplements thereto;
- To file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with such stock exchange(s) or similar authorities as may be required, and to make such filings electronically both (i) before such filings are required by applicable law or rule to be made electronically and (ii) when such filings are required by applicable law or rule to be made electronically; and
- To complete and file such applications and other documents on behalf of the undersigned as may be necessary or desirable to permit the foregoing filings to be made electronically on behalf of the undersigned.

The undersigned grants unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done to effect the foregoing, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or

her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

The undersigned acknowledges and understands that filings made electronically with the Securities and Exchange Commissions pursuant to the authority granted hereto will be made publicly available on the website of the Securities and Exchange Commission.

IN WITNESS WHEREOF, the undersigned has duly executed this Power of Attorney on the date indicated.

MCC EUROPE LIMITED

MOORE, CLAYTON & CO., INC.

/s/ Kenneth Denos

/s/ Kenneth Denos

Signature

Signature

Kenneth Denos

Kenneth Denos

Printed Name

Printed Name

Director

Executive Vice President

Corporate Title

Corporate Title

July 5, 2005

July 5, 2005

Date

Date

---

EXHIBIT D

POWER OF ATTORNEY

for

OFFICERS AND DIRECTORS

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, being a person required to file a statement under Section 16(a) of the Securities Exchange Act of 1934 (the "1934 Act") and/or Section 30(f) of the Investment Company Act of 1940 (the "1940 Act"), with respect to EQUUS II INCORPORATED (the "Fund"), constitutes and appoints Sander M. Bieber and Robert A. Robertson, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution for such attorney-in-fact in such attorney-in-fact's name, place and stead:

- To execute, for and on behalf of the undersigned, any and all statements on Forms 3, 4, and 5, and Schedules 13D and 13G, as are required to be filed by the undersigned pursuant to the 1934 Act and the 1940 Act, and any amendments or supplements thereto;
- To file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with such stock exchange(s) or similar authorities as may be required, and to make such filings electronically both (i) before such filings are required by applicable law or rule to be made electronically and (ii) when such filings are required by applicable law or rule to be made electronically; and
- To complete and file such applications and other documents on behalf of the undersigned as may be necessary or desirable to permit the foregoing filings to be made electronically on behalf of the undersigned.

The undersigned grants unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done to effect the foregoing, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

The undersigned acknowledges and understands that filings made electronically with the Securities and Exchange Commissions pursuant to the authority granted hereto will be made publicly available on the website of the Securities and Exchange Commission.

IN WITNESS WHEREOF, the undersigned has duly executed this Power of Attorney on the date indicated.

/s/ Anthony R. Moore

Signature                      July 5, 2005                      Date

Anthony R. Moore

Printed Name

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EXHIBIT E

POWER OF ATTORNEY

for

OFFICERS AND DIRECTORS

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned, being a person required to file a statement under Section 16(a) of the Securities Exchange Act of 1934 (the "1934 Act") and/or Section 30(f) of the Investment Company Act of 1940 (the "1940 Act"), with respect to EQUUS II INCORPORATED (the "Fund"), constitutes and appoints Sander M. Bieber and Robert A. Robertson, and each of them, as his or her true and lawful attorney-in-fact and agent with full power of substitution and resubstitution for such attorney-in-fact in such attorney-in-fact's name, place and stead:

- To execute, for and on behalf of the undersigned, any and all statements on Forms 3, 4, and 5, and Schedules 13D and 13G, as are required to be filed by the undersigned pursuant to the 1934 Act and the 1940 Act, and any amendments or supplements thereto;
- To file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission and with such stock exchange(s) or similar authorities as may be required, and to make such filings electronically both (i) before such filings are required by applicable law or rule to be made electronically and (ii) when such filings are required by applicable law or rule to be made electronically; and
- To complete and file such applications and other documents on behalf of the undersigned as may be necessary or desirable to permit the foregoing filings to be made electronically on behalf of the undersigned.

The undersigned grants unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done to effect the foregoing, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

The undersigned acknowledges and understands that filings made electronically with the Securities and Exchange Commissions pursuant to the authority granted hereto will be made publicly available on the website of the Securities and Exchange Commission.

IN WITNESS WHEREOF, the undersigned has duly executed this Power of Attorney on the date indicated.

/s/ Sharon Clayton

Signature July 6, 2005 Date

Sharon Clayton

Printed Name

EXHIBIT F

SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT

("Agreement") dated as of June 21, 2005 between MOORE, CLAYTON & CO., INC., a Delaware corporation (the "**Company**"), and MANCHESTER SECURITIES CORP., a New York corporation (the "**Purchaser**"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Notes.

WITNESSETH

:

WHEREAS,

the Company desires to sell and issue to the Purchaser, and the Purchaser wish to purchase from the Company: (i) an aggregate of \$13 million in principal amount of the Company's 6.25% Fixed Rate Convertible Notes due 2007-10, in the form attached hereto as **Exhibit A** (the "**Notes**") on the terms and conditions set forth herein; and (ii) under certain circumstances, warrants (the "**Warrants**") to purchase shares of the Company's common stock, par value \$0.001 per share ("**Common Stock**"), as described and in the form attached to the Notes' Terms and Conditions;

WHEREAS,

the Company's obligations under the First Note (as defined below) will be secured by a perfected first lien on certain assets of the Company and its Subsidiaries (as defined below), pursuant to the terms of a security agreement (the "**First Note US Security Agreement**") by and among the Company, the applicable Subsidiaries and the Purchaser, substantially in the form of **Exhibit B**; and the Company's obligations under the Second Note (as defined below) shall be secured by a protected first lien on certain other assets of the Company and its subsidiaries pursuant to (i) a security agreement (the "Second Note Security Agreement") by and among the Company, the applicable Subsidiaries and the Purchaser, substantially in the form of **Exhibit C**; and (ii) a pledge agreement (the "**UK Pledge Agreement**" and together with the First Note Security Agreement and the Second Note Security Agreement, the "**Security Agreements**") by and among the Company, the applicable Subsidiaries and the Purchaser, substantially in the form of **Exhibit D**;

NOW, THEREFORE,

in consideration of the foregoing premises and the covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Purchase and Sale of Notes

Issuance of Notes

. Upon the following terms and conditions, the Company shall issue and sell to the Purchaser, and the Purchaser shall purchase from the Company, (i) a Note in the principal amount of \$3.3 million (the "**First Note**"); and (ii) a Note in the principal amount of \$9.7 million (the "**Second Note**").

Purchase Price

. The purchase price for the Notes to be paid by the Purchaser (the "**Purchase Price**") shall be their face value, \$13 million in the aggregate.

The Closing

.

Timing

. Subject to the fulfillment or waiver of the conditions set forth in Article IV hereof, the purchase and sale of the Notes shall take place at a closing (the "**Closing**"), to be held on or about June 30, 2005 (the "**First Note Closing Date**" and "**Second Note Closing Date**," respectively, but which may be the same date).

Form of Payment and Closing

. On each of the First Note Closing Date and the Second Note Closing Date, the Company shall deliver to the Purchaser the Note purchased and paid for by it hereunder, each issued in the name of the Purchaser. If the Purchaser wishes to subdivide the First Note and/or Second Note, the Notes shall be issued in accordance with the number and denomination requested by the Purchaser. Subject to the applicable conditions set forth in Section 4.2 below, on the First Note Closing Date the Purchaser shall pay \$3.3 million of Purchase Price by wire transfer of immediately available funds to an account designated in writing by the Company. Subject to the applicable conditions set forth in Section 4.2 below, on the Second Note Closing Date, the Purchaser shall pay \$9.7 million of Purchase Price by wire transfer of immediately available funds to such an account. In addition, each party shall deliver all documents, instruments and writings required to be delivered by such party pursuant to this Agreement at or prior to the Closing, as specified in Article IV below. Subject to the payments of the Purchase Price in accordance with this Agreement, the Notes will be fully paid for by the Purchaser as of the Second Note Closing Date.

Additional Issuance

. At such time prior to July 1, 2007 as Equus II Incorporated ("**Equus II Inc.**") conducts a rights offering in which the Company wishes to participate, subject to (i) the continued accuracy in all material respects of all of the representations and warranties contained herein and to the nonexistence of an Event of Default (or an event or condition which with notice or the passage of time would constitute an Event of Default) under the Notes, (ii) the Company's satisfying the conditions to Purchaser's obligations set forth in Article IV below, as applied to the new Notes, and (iii) the Company's delivery of a certification to the effect of the foregoing in form and substance reasonably acceptable to the Purchaser, the Company may elect to sell (at face) to the Purchaser additional Notes in a Principal Amount up to \$2,000,000, and such new Notes shall be substantially identical to the previously issued Notes, all of which shall comprise a single series. In such event, all of the net proceeds from such additional Notes



shall be used to acquire shares of Equus II Inc. so that the Company shall retain at least its then-existing percentage equity interest in Equus II Inc., provided that the "maximum loan value" of the collateral previously, or upon consummation of the further purchase of Equus shares, pledged shall be in compliance with Regulation U promulgated by the Federal Reserve Board of Governors and any other applicable laws or regulations, and the collateral pledged to secure such additional notes shall be satisfactory to the Purchaser, acting reasonably.

### Representations and Warranties

#### Representations and Warranties of the Company

. The Company hereby makes the following representations and warranties to each Purchaser as of the date hereof and the Closing Date:

#### Organization and Qualification; Material Adverse Effect

. The Company is a corporation duly incorporated and existing in good standing under the laws of the State of Delaware and has the requisite corporate power to own its properties and to carry on its business as now being conducted. The Company does not have any subsidiaries (defined as an entity which the Company has at least a 50% ownership interest in and control) other than the subsidiaries listed on Schedule 2.1(a) attached hereto ("**Subsidiaries**"). Except where specifically indicated to the contrary, all references in this Agreement to Subsidiaries shall be deemed to refer to all direct and indirect Subsidiaries of the Company. Each of the Company and its subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary other than those in which the failure so to qualify would not reasonably be expected to have a Material Adverse Effect. "**Material Adverse Effect**" means any adverse effect on the business, operations, properties, or financial condition of the Company and its Subsidiaries, and which is (either alone or together with all other adverse effects) material to the Company and its Subsidiaries, if any, taken as a whole.

#### Authorization; Enforcement

. (i) The Company has all requisite corporate power and authority to enter into and perform this Agreement, the Notes, the Warrants and the Security Agreements (the "Transaction Documents") and to issue the Notes in accordance with the terms hereof; (ii) the execution and delivery of the Transaction Documents by the Company and the consummation by it of the transactions contemplated thereby, including the issuance of the Notes, have been duly authorized by all necessary corporate action, and no further consent or authorization of the Company or its Board of Directors (or any committee or subcommittee thereof) or stockholders is required; (iii) the Transaction Documents have been, or at the Closing will be, duly executed and delivered by the Company; (iv) assuming they have been duly executed and delivered by the Purchaser the Transaction Documents constitute, or at the Closing will constitute, valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except (A) as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally the enforcement of creditors' rights and remedies or by other equitable principles of general application, and (B) to the extent the indemnification provisions contained in this Agreement may be limited by applicable federal or state securities laws; and (v) the Notes and Warrants, and the shares of Common Stock issuable upon the conversion and/or exercise thereof ("**Conversion Shares**" and "**Warrant Shares**," respectively), have been duly authorized and, upon issuance thereof and payment therefor in accordance with the terms of this Agreement and the Notes, will be validly issued and free and clear of any and all liens, claims and encumbrances.

#### Capitalization.

Except as set forth on Schedule 2.1(c), as the date hereof, the authorized capital stock of the Company consists of (i) 50,000,000 shares of Common Stock, of which as of the date hereof, 18,240,142 shares are issued and outstanding, and 5,814,691 shares are issuable and reserved for issuance pursuant to the Company's stock option plans or securities exercisable or exchangeable for, or convertible into, shares of Common Stock, and (ii) 500,000 shares of preferred stock, of which as of the date hereof all 500,000 shares are issued. All of such outstanding shares have been, or upon issuance will be, validly issued, fully paid and nonassessable. As of the date hereof, except as described in this Section 2.1(c) or disclosed in Schedule 2.1(c), (i) no shares of the Company's capital stock are subject to preemptive rights or any other similar rights or any liens or encumbrances suffered or permitted by the Company, (ii) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its Subsidiaries, (iii) there are no agreements or arrangements under which the Company or any of its Subsidiaries is obligated to register the sale of any of their securities under the Securities Act of 1933, as amended ("**Securities Act**" or "**1933 Act**"), (iv) there are no outstanding securities of the Company or any of its Subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Subsidiaries is or may become bound to redeem a security of the Company or any of its Subsidiaries, (v) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance, conversion or exercise of the Notes or the Warrants as described in this Agreement and (vi) the Company does not have any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement. The Company has furnished to the Purchaser true and correct copies of the Company's Certificate of Incorporation, as amended and as in effect on the date hereof (the "**Certificate of Incorporation**"), and the Company's By-laws, as in effect on the date hereof (the "**By-laws**"), and the terms of all securities convertible or exchangeable into or exercisable for Common Stock and the material rights of the holders thereof in respect thereto.

#### Issuance of Shares

. Upon issuance in accordance with this Agreement and the terms of the Notes and Warrants, the Common Shares and Warrant Shares will be duly authorized, validly issued, fully paid and nonassessable and free from all taxes (other than transfer taxes where the Notes and Warrants have been transferred and other than any taxes due because of actions by a Purchaser), liens and charges with respect to the issue thereof and the holders of such Conversion Shares or Warrant Shares shall be entitled to all rights and preferences accorded to a holder of Common Stock.

#### No Conflicts

. Except as disclosed in Schedule 2.1(e), the execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby and issuance of the Notes and Warrants, and the Conversion Shares and Warrant Shares will not (i) result in a violation of the Certificate of Incorporation, any certificate of designations, preferences and rights of any outstanding series of preferred stock of the Company or its By-laws; (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its Subsidiaries is a party, except as would not be reasonably expected to have a Material Adverse Effect, or (iii) result in any violation of any law, rule, regulation, order, judgment or decree applicable to the Company or any Subsidiary or by which any property or asset of the Company or any of its Subsidiaries is bound or affected, except as would not reasonably be expected to have a Material Adverse Effect. Except as disclosed in Schedule 2.1(e), neither the Company nor its Subsidiaries is in violation of any term of, or in default under, (x) its certificate of incorporation, any certificate of designations, preferences and rights of any outstanding series of preferred stock or By-laws or their organizational charter or by-laws, respectively, (y) any material contract, agreement, mortgage, indebtedness,

indenture, instrument, or (z) any judgment, decree or order or any statute, rule or regulation applicable to the Company or its Subsidiaries, the non-compliance with which (in the case of (x), (y) or (z)) would reasonably be expected to have a Material Adverse Effect. Except as specifically contemplated by this Agreement, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court, governmental agency or any regulatory or self-regulatory agency in order for it to execute, deliver or perform any of its obligations under, or contemplated by, the Transaction Documents or the issuance of the Notes, the Warrants and the Common Shares and Warrant Shares, in accordance with the terms hereof or thereof. Except as disclosed in Schedule 2.1(e), all consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof.

#### Financial Statements

. The Company has delivered to the Purchaser true and complete copies of its audited and consolidated financial statements for the three years ending December 31, 2004 and its unaudited consolidated financial statements for the three months ended March 31, 2005 (the "**Financial Statements**"). The Financial Statements have been prepared in accordance with generally accepted accounting principles, consistently applied ("**GAAP**"), during the periods involved and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended.

#### Absence of Certain Changes

. Except as disclosed in Schedule 2.1(g), since December 31, 2004 there has been no adverse change or adverse development in the business, properties, assets, operations, financial condition, prospects, liabilities or results of operations of the Company or its Subsidiaries which has had or, to the knowledge of the Company or its Subsidiaries, is reasonably likely to have a Material Adverse Effect (a "**Material Adverse Change**"). The Company has not taken any steps, and does not currently expect to take any steps, to seek protection pursuant to any bankruptcy law nor does the Company or its Subsidiaries have any knowledge or reason to believe that its creditors intend to initiate involuntary bankruptcy proceedings.

#### Absence of Litigation

. To the Company's knowledge, there are no material pending or threatened legal proceedings, other than routine litigation incidental to the Company's business, to which the Company or any of its Subsidiaries is a party or of which any of their property is the subject, except which individually and in the aggregate, respectively, would not be reasonably likely to result in liability to the Company in excess of \$100,000 and \$200,000, respectively.

#### Acknowledgment Regarding Purchaser's Purchase of Securities

. The Company acknowledges and agrees that the Purchaser is acting solely in the capacity of arm's length purchaser with respect to the Transaction Documents and the transactions contemplated hereby and thereby. The Company further acknowledges that the Purchaser is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby. The Company further represents to the Purchaser that the Company's decision to enter into the Transaction Documents has been based solely on the independent evaluation by the Company and its representatives.

#### No Integrated Offering

. Except as set forth in Schedule 2.1(j), neither the Company, nor any of its affiliates, nor any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of Notes and Warrants to the Purchaser to be integrated with prior offerings by the Company for purposes of the 1933 Act, nor will the Company or any of its Subsidiaries

take any action or steps that would cause the offering of the Notes or the Warrants to be integrated with other offerings.

#### Employee Relations

. Neither the Company nor any of its Subsidiaries is involved in any labor dispute nor, to the knowledge of the Company or any of its Subsidiaries, is any such dispute threatened, the effect of which would be reasonably likely to result in a Material Adverse Effect. Neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement. No executive officer (as defined in Rule 501(f) of the 1933 Act) whose departure would be adverse to the Company has notified the Company in writing that such officer intends to leave the Company or otherwise terminate such officer's employment with the Company.

#### Intellectual Property Rights

. The Company and its Subsidiaries own or possess adequate rights or licenses to use all trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, inventions, licenses, approvals, governmental authorizations, trade secrets and rights necessary to conduct their respective businesses as now conducted, except as would not reasonably expect to have a Material Adverse Effect. Except as set forth on Schedule 2.1(l), none of the Company's trademarks, trade names, service marks, service mark registrations, service names, patents, patent rights, copyrights, inventions, licenses, approvals, government authorizations, trade secrets or other intellectual property rights have expired or terminated, or are expected to expire or terminate within two (2) years from the date of this Agreement, except as would not be reasonably expected to have a Material Adverse Effect. The Company and its Subsidiaries do not have any knowledge of any infringement by the Company or its Subsidiaries of trademarks, trade name rights, patents, patent rights, copyrights, inventions, licenses, service names, service marks, service mark registrations, trade secret or other similar rights of others, or of any such development of similar or identical trade secrets or technical information by others.

#### Environmental Laws

. The Company and its Subsidiaries (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("**Environmental Laws**"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval where such noncompliance or failure to receive permits, licenses or approvals referred to in clauses (i), (ii) or (iii) above would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

#### Title

. The Company and its Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Company and its Subsidiaries, in the ordinary course of business as currently conducted, in each case free and clear of all liens, encumbrances and defects except such as are described in Schedule 2.1(n) or such as do not materially interfere with the use of such property by the Company or any of its Subsidiaries in the ordinary course of business as currently conducted. Any material real property and facilities held under lease by the Company or any of its Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as do not materially interfere with the use made of such property and buildings by the Company and its Subsidiaries in the ordinary course of business as currently conducted.

#### Regulatory Permits

. The Company and its Subsidiaries possess all material certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities, necessary to conduct their respective businesses, and neither the Company nor any such Subsidiary has received any written notice of proceedings relating to the revocation or modification of any such certificate, authorization or permit except as would reasonably be expected to have a Material Adverse Effect.

#### Internal Accounting Controls

. The Company and each of its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

#### Foreign Corrupt Practices Act

. Except as would not reasonably be expected to have a Material Adverse Effect, neither the Company, nor any director, officer, agent, employee or other person acting on behalf of the Company or any Subsidiary has, in the course of acting for, or on behalf of, the Company, directly or indirectly used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; directly or indirectly made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, or any similar treaties of the United States; or directly or indirectly made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government or party official or employee.

#### Tax Status

. The Company and each of its Subsidiaries has made or filed all United States federal and state income and all other tax returns, reports and declarations required by any jurisdiction to which it is subject and (i) has paid all taxes and other governmental assessments and charges, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and (ii) has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes claimed to be due by the taxing authority of any jurisdiction, and the Company is not aware of any basis for any such claim.

#### Certain Transactions

. Except as set forth on Schedule 2.1(s), and except for arm's length transactions pursuant to which the Company makes payments in the ordinary course of business upon terms no less favorable than the Company could obtain from third parties, none of the officers, directors or employees of the Company is presently a party to any transaction with the Company or any of its Subsidiaries (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any officer, director or any such employee has a substantial interest or is an officer, director, trustee or partner.

#### Dilutive Effect

. The Company understands and acknowledges that the number of Conversion Shares and Warrant Shares issuable upon conversion of the Notes or exercise of the Warrants will increase in certain circumstances.

#### Application of Takeover Protections

. There are no anti-takeover provisions contained in the Company's Certificate of Incorporation or otherwise which will or would reasonably be expected to be triggered as a result of the transactions contemplated by this Agreement, including, without limitation, the Company's issuance of the Conversion Shares and the Purchaser's ownership of the Conversion Shares.

#### Rights Plan

. Neither the Company nor any of its Subsidiaries has adopted a shareholder rights plan or similar arrangement relating to accumulations of beneficial ownership of Common Stock or a change in control of the Company.

#### Obligations

. Except to the extent (if any) specifically set forth in the Transaction Documents, the Company's obligations thereunder are not subject to any right of set off, counterclaim, delay or reduction.

#### Indebtedness

. Except as disclosed in Schedule 2.1(x) or in the Financial Statements, neither the Company nor any of its Subsidiaries has any outstanding Indebtedness (as defined below). For purposes of this Agreement: (i) "Indebtedness" of any Person means, without duplication (A) all indebtedness for borrowed money, (B) all obligations issued, undertaken or assumed as the deferred purchase price of property or services, (C) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (D) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses, (E) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (F) all monetary obligations under any leasing or similar arrangement which, in accordance with GAAP, is classified as a capital lease, (G) all indebtedness referred to in clauses (A) through (F) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any lien upon or in any property or assets (including accounts and contract rights) owned by any Person, even though the Person which owns such assets or property has not assumed or become liable for the payment of such indebtedness, and (H) all Contingent Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (A) through (G) above; and (ii) "Contingent Obligation" means, as to any Person, any direct or indirect liability, contingent or otherwise, of that Person with respect to any indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto.

#### Investment Company Status

. The Company is not, and immediately after receipt of payment for the Notes under this Agreement will not be, an "investment company" or an entity "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act"), and shall conduct its business in a manner so that it will not become subject to the Investment Company Act.

## Brokerage

. The Company has taken no action which would give rise to any claim by any person (excluding RP&C who shall be compensated solely by the Company) for brokerage commissions, finder's fees or similar payments by the Company from the Purchaser relating to this Agreement or the transactions contemplated hereby.

## Federal Reserve Regulations.

None of the proceeds of the loan evidenced by the First Note will be used, directly or indirectly to purchase "margin stock," and such loan is not "purpose credit" as defined in Regulation T, U, or X promulgated by the Board of Governors of the Federal Reserve.

## Representations and Warranties of the Purchaser

. The Purchaser hereby makes the following representations and warranties to the Company as of the date hereof and the Closing Date:

### Accredited Investor Status; Sophisticated Purchaser

. The Purchaser is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D under the 1933 Act and is able to bear the risk of its investment in Notes, Warrants, Conversion Shares and Warrant Shares. The Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the purchase of the Notes, the Warrants, Conversion Shares and Warrant Shares.

### Information

. The Purchaser and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company which have been requested and materials relating to the offer and sale of the Notes, the Warrants, Warrant Shares and Conversion Shares which have been requested by the Purchaser. The Purchaser and its advisors, if any, have been afforded the opportunity to ask questions of the Company. Neither such inquiries nor any other due diligence investigations conducted by the Purchaser or its advisors, if any, or its representatives shall modify, amend or affect the Purchaser's right to rely on the Company's representations and warranties contained in Section 2.1 above. The Purchaser understands that its purchase of the Notes and Conversion Shares involves a high degree of risk. The Purchaser has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of the Notes and Conversion Shares.

### No Governmental Review

. The Purchaser understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Notes and Conversion Shares or the fairness or suitability of the investment in the Notes, Warrants, Warrant Shares and Conversion Shares nor have such authorities passed upon or endorsed the merits thereof.

### Authorization; Enforcement

. Each of this Agreement and the Security Agreements have been duly and validly authorized, executed and delivered on behalf of the Purchaser and is a valid and binding agreement of the Purchaser enforceable against the Purchaser in accordance with their terms, subject as to enforceability to general principles of equity and to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies. The Purchaser has the requisite corporate power and authority to enter into and perform its obligations under this Agreement and the Security Agreements and each other

agreement entered into by the parties hereto in connection with the transactions contemplated by this Agreement.

#### Residency

. The Purchaser is organized under the laws of the State of New York and is based in New York City.

#### No Conflicts

. The execution, delivery and performance of this Agreement and the Security Agreements by the Purchaser and the consummation by the Purchaser of the transactions contemplated hereby and thereby will not (i) result in a violation of the certificate of incorporation, by-laws or other documents of organization of the Purchaser, (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Purchaser is bound, or (iii) result in a violation of any law, rule, regulation or decree applicable to the Purchaser.

#### Purchase Representation

. The Purchaser is purchasing the Notes and (if issued) the Warrants for its own account and not with a view to distribution in violation of any securities laws. The Purchaser has been advised and understands that none of the Notes, the Warrants or the Conversion Shares issuable upon conversion or exercise thereof have been registered under the 1933 Act or under the "blue sky" laws of any jurisdiction and may be resold only if registered pursuant to the provisions of the 1933 Act or if an exemption from registration is available, except under circumstances where neither such registration nor such an exemption is required by law. The Purchaser has been advised and understands that the Company, in issuing the Notes, is relying upon, among other things, the representations and warranties of the Purchaser contained in this Section 2.2 in concluding that such issuance is a "private offering" and is exempt from the registration provisions of the 1933 Act.

#### No Public Trading

. The Purchaser understands that there is currently no public trading market for the Notes or Warrants, that none is expected to develop, and that the Notes and Warrants must be held indefinitely unless and until such Notes or Warrants are converted into or exchanged for shares that are registered for public resale under the 1933 Act or other applicable laws (or an exemption from registration is available).

#### Brokers

. The Purchaser has taken no action which would give rise to any claim by any person for brokerage commissions, finder's fees or similar payments by the Company or the Purchaser relating to this Agreement or the transactions contemplated hereby.

#### Reliance by the Company

. The Purchaser understands that the Notes and Warrants are being offered and sold in reliance on a transactional exemption from the registration requirements of federal and state securities laws and that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of the Purchaser set forth herein in order to determine the applicability of such exemptions and the suitability of the Purchaser to acquire the Notes and Warrants and the Conversion Shares and Warrant Shares issuable upon conversion or exercise thereof.

#### Covenants



### Notices

. The Company agrees to provide all holders of Notes and Warrants with copies of all notices and information, including without limitation notices and proxy statements in connection with any meetings, that are provided generally to the holders of shares of Common Stock, contemporaneously with the delivery of such notices or information to such Common Stock holders.

### Use of Proceeds

. The Company agrees that the net proceeds received by the Company from the sale of (i) the First Note shall be used only for the acquisition of Equus Capital Management Company and related expenses and brokerage commissions as shown on Schedule 3.2 and (ii) the Second Note shall be used primarily for the acquisition of shares of Equus II Inc.

### Reservation of Shares; Stock Issuable Upon Conversion

. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the Notes and (if issued) exercise of the Warrants, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all Notes and the exercise of all Warrants, and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all the then outstanding Notes and exercise of the then outstanding Warrants, the Company will take such corporate action as may be necessary to expeditiously increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose, including without limitation engaging in best efforts to obtain the requisite shareholder approval. Without in any way limiting the foregoing, the Company agrees to reserve and at all times keep available solely for purposes of conversion of Notes and exercise of the Warrants, such number of authorized but unissued shares of Common Stock that is at least equal to 150% of the number of Conversion Shares issuable upon conversion of the Notes and 100% of the number of Warrant Shares issuable upon exercise of all the Warrants, computed as if all Notes are convertible at the Conversion Price (as defined in the Notes) and as if all Warrants are exercisable at the Conversion Price, without regard to any limitations on beneficial ownership contained therein.

### Best Efforts

. The parties shall use their best efforts to satisfy timely each of the conditions described in Article IV of this Agreement.

### Blue Sky Laws

. The Company shall take such actions as it reasonably determines are required to comply with all "blue sky" laws applicable to the sale of the Notes and Warrants hereunder; provided, however, that the Company shall not be required in connection therewith to register or qualify as a foreign corporation in any jurisdiction where it is not so qualified or to take any action that would subject it to service of process in suits or taxation, in each case, in any jurisdiction where it is not so subject.

### Shareholder Rights Plan

. None of the acquisitions of the Notes or Warrants or Conversion Shares or Warrant Shares nor the deemed beneficial ownership of shares of Common Stock prior to, or the acquisition of such shares pursuant to, the conversion of Notes will in any event under any circumstances trigger the "poison pill" provisions of any stockholders' rights or similar agreements, or a substantially similar occurrence under any successor or similar plan.

### Reports; Financial Information

. The Company agrees to send the following to the Purchaser for so long as any Notes or Warrants are outstanding: (i) annual audited financial statements within 90 days after the end of each fiscal year, and unaudited quarterly financial statements within 45 days after each fiscal quarter-end, which shall be prepared in accordance with GAAP; (ii) copies of any notices and other information made available or given to the shareholders of the Company generally, contemporaneously with the making available or giving thereof to the shareholders; and (iii) within 5 days, written notice of any Event of Default under the Notes of which the Company becomes aware (or any event which with notice or the passage of time would become such an Event of Default).

#### Transactions With Affiliates

. The Company agrees that any transaction or arrangement (i) between it and any of its Subsidiaries, (ii) between any of its Subsidiaries, and (iii) between it or any of its Subsidiaries and any affiliate or employee of the Company shall be effected on an arms' length basis in accordance with customary commercial practice and, except with respect to grants of options and stock to service providers, including employees, shall be approved by a majority of the Company's outside directors.

#### Indebtedness and Liens

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#### Incurrence of Indebtedness

. So long as any Note is outstanding, the Company shall not, and the Company shall not permit any of its Subsidiaries to, directly or indirectly, incur or guarantee, assume or suffer to exist any Indebtedness, other than (i) the Indebtedness evidenced by the Notes and (ii) Permitted Indebtedness. Set forth on Schedule 3.9(a) is a description of all existing Indebtedness of the Company (excluding ordinary trade debt) containing the identity of the issuer, the amount, maturity, interest rate, security, redemption terms and any premium, callability and any other material terms.

#### Existence of Liens

. So long as any Note is outstanding, the Company shall not, and the Company shall not permit any of its Subsidiaries to, directly or indirectly, allow or suffer to exist any mortgage, lien, pledge, charge, security interest or other encumbrance upon or in any property or assets (including accounts and contract rights) owned by the Company or any of its Subsidiaries other than Permitted Liens.

"Permitted Indebtedness"

means Indebtedness of the Company and the Subsidiaries of the following kinds:

(A) Indebtedness existing as of the Closing in an amount not to exceed \$2.44 million in the aggregate; 9;

(B) Indebtedness not to exceed \$10 million in the aggregate to be used to acquire, directly or indirectly, shares of Equus II Inc. and (i) having an interest rate not exceeding that of the Notes; (ii) having a maturity date not preceding that of the Note; (iii) not ranking senior (legally or contractually) to the Notes or "structurally senior" to the Notes (i.e., issued by a Subsidiary or secured by a Subsidiary's assets) (but such Indebtedness may be secured by shares of Equus II Inc. not securing the Notes) (collectively, "Senior"); (iv) (if convertible) not having a conversion price lower than the Notes' Conversion Price; and (v) not having any covenants of the issuer or its affiliates which are more restrictive than the covenants contained in the Notes or this Agreement; and

(C) Indebtedness not to exceed \$10 million in the aggregate to be used for general corporate purposes and (i) having an interest rate not exceeding 12.5% per annum; (ii) not being Senior to the Notes; (iii) (if convertible) not having a

conversion price lower than the Notes' Conversion Price; (iv) not having any covenants of the issuer or its affiliates which are more restrictive than the covenants contained in the Notes; (v) having a maturity date not preceding June 30, 2008 (except that up to \$1 mil. of such debt may have a maturity date on or after June 30, 2006); and provided that the Purchaser or other holders of the Notes are given the opportunity (for at least 10 business days) to participate in at least 50% (and, at such holders' option, a smaller amount) of the financing of such Indebtedness on the same terms as any other financing source.

**"Permitted Liens"** means (i) any lien for taxes not yet due or delinquent or is being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with generally acceptable accounting principles in the United States applied on a consistent basis; (ii) any statutory lien arising in the ordinary course of business by operation of law with respect to a liability that is not yet due or delinquent or is being contested in good faith by appropriate proceedings; (iii) any lien created by operation of law, such as materialmen's liens, mechanics' liens and other similar liens, arising in the ordinary course of business with respect to a liability that is not yet due or delinquent or is being contested in good faith by appropriate proceedings; (iv) deposits, pledges or liens securing (1) obligations incurred in respect of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits, (2) the performance of bids, tenders, leases, contracts (other than for the payment of money) and statutory obligations or (3) obligations on surety or appeal bonds, but only to the extent such deposits, pledges or liens are incurred or otherwise arise in the ordinary course of business and secure obligations not past due or delinquent; (v) restrictions on the use of property and minor irregularities in the title thereto which do not (1) secure obligations for borrowed money or (2) materially impair the value of such property or its use in the ordinary course of business; (vi) any lien in support of Purchase Money Indebtedness; (vii) any lien in support of capitalized lease obligations, including any guarantee of such Indebtedness; (viii) any minor imperfection of title or similar lien which individually or in the aggregate with other such liens would not reasonably be expected to have a Material Adverse Effect; and (ix) any lien on shares of Equus II Inc. not already pledged (or reserved for pledge) under the Security Agreements to the Purchaser or other holders of the Notes to secure Indebtedness of the type referred to in clause (B) of the definition of Permitted Indebtedness.

**"Purchase Money Indebtedness"** means Indebtedness of the Company or any Subsidiary incurred solely for the purpose of financing all or any part of the purchase price, or the cost of acquisition of equipment; provided, however, that the aggregate principal amount of any such Indebtedness does not exceed the lesser of the fair market value of such property, as determined in the good faith judgment of the Board of Directors of the Company, or a duly authorized office, or such purchase price or cost, including any refinancing of such Indebtedness that does not increase the aggregate principal amount (or accreted amount, if less) thereof as of the date of refinancing.

### Conditions to Closing

#### Conditions Precedent to the Obligation of the Company to Sell

. The obligation hereunder of the Company to issue and/or sell the Notes and Warrants at the Closing is subject to the satisfaction of each of the applicable conditions set forth below. These conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion.

#### Accuracy of the Purchaser's Representations and Warranties

. The representations and warranties of each Purchaser will be true and correct in all material respects as of the date when made and as of the First Note Closing Date and Second Note Closing Date, as though made at that time.

#### Performance by the Purchaser

. The Purchaser shall have performed all agreements and satisfied all conditions required to be performed or satisfied by the Purchaser at or prior to the First Note Closing Date or Second Note Closing Date, as applicable, including

payment of the Purchase Price to the Company as provided herein.

No Injunction.

No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by the Transaction Documents.

Conditions Precedent to the Obligation of the Purchaser to Purchase

. The obligation hereunder of Purchaser to acquire and pay for the Notes at the Closing is subject to the satisfaction of each of the applicable conditions set forth below. These conditions are for such Purchaser's benefit and may be waived by the Purchaser at any time in its sole discretion.

Accuracy of the Company's Representations and Warranties

. The representations and warranties of the Company shall be true and correct in all material respects as of the date when made and as of the First Note Closing Date and Second Note Closing Date as though made at that time (except for representations and warranties as of an earlier date, which shall be true and correct in all material respects as of such date).

Performance by the Company

. The Company shall have performed all agreements and satisfied all conditions required to be performed or satisfied by the Company at or prior to the Closing, including, without limitation, delivery of the Notes to the Purchaser on the First Note Closing Date and Second Note Closing Date, as applicable.

No Material Adverse Change, Injunction or Litigation

. There shall have been no Material Adverse Change in the financial or business condition of the Company or its Subsidiaries (including, without limitation, a reduction in the market price of the shares of Equus II Inc. below \$7.50 or of MCC Energy Plc below 35 pence). No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction which prohibits the consummation of any of the transactions contemplated by the Transaction Documents, and there shall be no pending or threatened litigation related to this transaction or the Equus acquisition by the Company.

Opinion of Counsel; Compliance Certificate

. On the First Note Closing Date, the Purchaser shall have received an opinion(s) of counsel to the Company substantially in the form attached hereto as Exhibit E and such other opinions, certificates and documents as the Purchaser or its counsel shall reasonably require incident to the Closing.

Security Agreements

. At the First Note Closing Date, the Company, MCC Europe Ltd., Equus Corporation International, Moore Clayton Capital Advisers, Inc. and any other applicable Subsidiaries and the Purchaser shall have executed and delivered the Security Agreements in the form and substance of Exhibits B, C and D attached hereto, providing for (i) the pledge of 750 shares of Equus Capital Management Company, and 1000 shares of Equus Capital Administration Company to secure the First Note; and (ii) the pledge of 250 shares of Equus Capital Management Company, 6,288,496 shares of MCC Energy Plc and such amount of Equus II shares as is necessary to have the maximum loan value (as defined on Regulation U) of the collateral for the Second Note exceed \$9.7 million.

### Financing Statements

. The Company and the applicable Subsidiaries shall have executed and delivered UCC-1 Financing Statements pertaining to the US Security Agreement.

### Officer's Certificates

. On the First Note Closing Date, the Company shall have delivered to the Purchaser a certificate in form and substance satisfactory to the Purchaser and the Purchaser's counsel, executed by a senior officer of the Company, certifying as to satisfaction of the First Note Closing Date conditions and the Second Note Closing Date conditions, the incumbency of signing officers, and the true, correct and complete nature of the Certificate of Incorporation, By-Laws, good standing and authorizing resolutions of the Company. On the Second Note Closing Date, if later than the First Note Closing Date, the Company shall have delivered a second certificate of a senior officer of the Company certifying as to satisfaction of the Second Note Closing Date conditions, in form and substance satisfactory to the Purchaser and its counsel.

### Equus Purchase

. As of the First Note Closing Date, (i) Moore Clayton Capital Advisers, Inc. shall have purchased (subject only to the Purchaser's funding the First Note Purchase Price) all of the equity of Equus Corporation International (which shall own all of the equity of Equus Capital Management Company), (ii) MCC Europe Ltd. shall have irrevocable binding agreements to acquire or cancel all stock options previously issued by Equus II Inc. and to acquire (including by acquiring such options) at least 20% of the outstanding shares of Equus II Inc., and (iii) the board of directors of Equus II Inc. shall have expressly consented to the change of control of Equus Capital Management Company. As of the Second Note Closing Date, (i) the Company shall have purchased at least 10% of the shares of Equus II Inc. (or such greater number as shall be required to be pledged to Purchaser), subject only to Purchaser's funding of the remaining Note Purchase Price; and (ii) Equus II Inc. and Equus Capital Management Company shall have entered into a new Investment Management Agreement substantially in the form of **Exhibit F**. The Company covenants to have acquired at least 20% of the outstanding shares of Equus II Inc. within ninety (90) days after the Closing,

### Legend and Stock

Upon payment therefor as provided in this Agreement, the Company will issue the Notes in the name of the Purchaser and in such denominations to be specified by the Purchaser prior to (or from time to time subsequent to) Closing. Each Note and Warrant, and any certificate representing Conversion Shares or Warrant Shares issued upon conversion or exercise thereof prior to such shares being registered under the 1933 Act for resale or available for resale under Rule 144(k) under the 1933 Act, shall (unless the Company has ceased to be based in the United States) be stamped or otherwise imprinted with a legend in substantially the following form:

NEITHER THESE SECURITIES NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR AFTER RECEIPT BY THE COMPANY OF AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT.

The Company agrees to issue Conversion Shares or Warrant Shares issued upon conversion of Notes or exercise of Warrants, without the legend set forth above with respect to the Securities Act (the "Securities Legend"), at such time as (i) the holder thereof is permitted to dispose of such Conversion Shares or Warrant Shares issuable upon conversion of the Notes or exercise of the Warrants pursuant to Rule 144(k) under the 1933 Act, or (ii) such securities have been

registered under the 1933 Act.

### Termination

#### Termination

. This Agreement, may be terminated by action of the Board of Directors of the Company or by the Purchaser at any time if the Closing shall not have been consummated by July 15, 2005; provided, however, that the party (or parties) prepared to close shall retain its (or their) right to sue for any breach by the other party (or parties).

### Indemnification

#### Indemnification by the Company

. In consideration of each Purchaser's execution and delivery of this Agreement and the Security Agreements and acquiring the Notes hereunder and in addition to all of the Company's other obligations under the Transaction Documents, the Company shall defend, protect, indemnify and hold harmless the Purchaser and all of its partners, officers, directors, employees, members and direct or indirect investors and any of the foregoing person's agents or other representatives (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "**Purchaser Indemnitees**") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "**Purchaser Indemnified Liabilities**"), incurred by any Indemnitee as a result of, or arising out of, or relating to (a) any misrepresentation or breach of any representation or warranty made by the Company in the Transaction Documents or any other certificate or document contemplated hereby or thereby, (b) any breach of any covenant, agreement or obligation of the Company contained in the Transaction Documents or any other certificate or document contemplated hereby or thereby, (c) any cause of action, suit or claim brought or made against such Purchaser Indemnitee by a third party and arising out of or resulting from (i) the execution, delivery, performance, breach by the Company or enforcement of the Transaction Documents or any other certificate, instrument or document contemplated hereby or thereby; or (ii) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the issuance of the Notes and Warrants and (d) the enforcement of this Section. Notwithstanding the foregoing, Purchaser Indemnified Liabilities shall not include any liability of any Indemnitee arising solely out of such Purchaser Indemnitee's willful misconduct or fraudulent action(s). To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Purchaser Indemnified Liabilities which is permissible under applicable law.

#### Procedure

. Each party entitled to indemnification under this Article 7 (the "**Indemnified Party**") shall give notice to the party required to provide indemnification (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 to assume the defense of any such claim in any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld), and the Indemnified Party may participate in such defense at its own expense, and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Article 7 except to the extent that the Indemnifying Party is materially and adversely affected by such failure to provide notice. 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. Each

Indemnified Party shall furnish such non-privileged information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with the defense of such claim and litigation resulting therefrom.

Governing Law: Miscellaneous

Governing Law; Jurisdiction.

THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS. EACH PARTY HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE AND FEDERAL COURTS SITTING IN THE CITY OF NEW YORK, BOROUGH OF MANHATTAN, FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HERewith OR WITH ANY TRANSACTION CONTEMPLATED HEREBY OR DISCUSSED HEREIN, AND HEREBY IRREVOCABLY WAIVES, AND AGREES NOT TO ASSERT IN ANY SUIT, ACTION OR PROCEEDING, ANY CLAIM THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF ANY SUCH COURT, THAT SUCH SUIT, ACTION OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR THAT THE VENUE OF SUCH SUIT, ACTION OR PROCEEDING IS IMPROPER. EACH PARTY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO PROCESS BEING SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING BY MAILING A COPY THEREOF TO SUCH PARTY AT THE ADDRESS FOR SUCH NOTICES TO IT UNDER THIS AGREEMENT AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE GOOD AND SUFFICIENT SERVICE OF PROCESS AND NOTICE THEREOF. NOTHING CONTAINED HEREIN SHALL BE DEEMED TO LIMIT IN ANY WAY ANY RIGHT TO SERVE PROCESS IN ANY MANNER PERMITTED BY LAW. IF ANY PROVISION OF THIS AGREEMENT SHALL BE INVALID OR UNENFORCEABLE IN ANY JURISDICTION, SUCH INVALIDITY OR UNENFORCEABILITY SHALL NOT AFFECT THE VALIDITY OR ENFORCEABILITY OF THE REMAINDER OF THIS AGREEMENT IN THAT JURISDICTION OR THE VALIDITY OR ENFORCEABILITY OF ANY PROVISION OF THIS AGREEMENT IN ANY OTHER JURISDICTION. EACH PARTY HERETO IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY.

The Company hereby appoints the following as its agent for service of process in New York City: McDermott Will & Emery, 50 Rockefeller Plaza, New York, New York 10020-1605 Attn: John Sullivan, Esq.

Counterparts

. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party; provided that a facsimile signature shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original, not a facsimile signature.

Headings

. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

Severability

. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

Entire Agreement; Amendments; Waivers

This Agreement supersedes all other prior oral or written agreements between the Purchaser, the Company, their affiliates and persons acting on their behalf with respect to the matters discussed herein, and this Agreement and the instruments referenced herein (including the other Transaction Documents) contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor the Purchaser makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be amended other than by an instrument in writing signed by the Company and the Purchaser, and no provision hereof may be waived other than by an instrument in writing signed by the party against whom enforcement is sought.

The Purchaser may, as to itself only, at any time elect, by notice to the Company, to waive (whether permanently or temporarily, and subject to such conditions, if any, as the Purchaser may specify in such notice) any of its rights under any of the Transaction Documents to acquire shares of Common Stock from the Company, in which event such waiver shall be binding against the Purchaser in accordance with its terms; provided, however, that the voluntary waiver contemplated by this sentence may not reduce such Purchaser's obligations to the Company under the Transaction Documents.

Notices

. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing, must be delivered by (i) courier, mail or hand delivery or (ii) facsimile, and will be deemed to have been delivered upon receipt. The addresses and facsimile numbers for such communications shall be:

If to the Company:

Moore, Clayton & Co., Inc.  
11585 South Wales Street  
Suite 102  
Draper, Utah 84020  
Telephone: 801-816-2511  
Facsimile: 801-816-2599  
Attention: Kenneth Denos

If to the Purchaser:

c/o Elliott Management Corporation with a copy to:  
712 Fifth Avenue Elliott Advisors (UK) Ltd.  
New York, New York 10019 Cleveland House  
Telephone: (212) 974-6000 33 King Street  
Facsimile: (212) 974-2092 London SW1Y 6RJ England  
Attention: Elliot Greenberg Telephone: 011-44-20-7518-1809  
Facsimile: 011-44-20-7577-3722  
Attention: Mark Levine

Each party shall provide prompt written notice to the other party of any change in address, telephone number or facsimile number. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a nationally



recognized overnight delivery service, shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

#### Successors and Assigns

. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, including any Permitted Assignee (as defined below). The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Purchaser, including by merger or consolidation, excluding a merger or consolidation entered into for the specific purpose of effecting a Qualifying IPO (as defined in the Notes) and which does not adversely affect the Purchaser's rights under the Notes or Warrants. The Purchaser may assign some or all of its rights hereunder to any permitted assignee of the Notes or Warrants or Conversion Shares or Warrant Shares to the extent such assignee signs a counterpart signature page to this Agreement or a joinder agreement, in form and substance satisfactory to the Company, assuming the obligations of the Purchaser under this Agreement, (in each case, a "**Permitted Assignee**"); provided, however, that no partial assignment of a Note shall be for less than \$1,000,000 Principal Amount, and (ii) any such assignment shall not release the Purchaser from its obligations hereunder unless such obligations are assumed by such assignee and the Company has consented to such assignment and assumption.

#### No Third Party Beneficiaries

. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

#### Survival

. The representations, warranties and agreements of the Company and the Purchaser contained in the Agreement shall survive the Closing.

#### Further Assurances

. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

#### No Strict Construction

. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

#### Remedies

. The Purchaser and each Permitted Assignee shall have all rights and remedies set forth in the Transaction Documents and all rights and remedies which such holders have been granted at any time under any other agreement or contract and all of the rights which such holders have under any law. Any person having any rights under any provision of the Transaction Documents shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of the Transaction Documents and to exercise all other rights granted by law. The Purchaser and each Permitted Assignee without prejudice may withdraw, revoke or suspend its pursuit of any remedy at any time prior to its complete recovery as a result of such remedy.

#### Payment Set Aside

. To the extent that the Company makes a payment or payments to Purchaser under the Transaction Documents or Purchaser enforces or exercises its rights hereunder or thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

Days

. Unless the context refers to "business days" or "trading days," all references herein to "days" shall mean calendar days.

Rescission and Withdrawal Right

. Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) the Transaction Documents, wherever the Purchaser exercises a right, election, demand or option under a Transaction Document and the Company or applicable Subsidiary does not fully perform its respective related obligations within the periods therein provided, then the Purchaser in its sole discretion may rescind or withdraw from time to time any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights.

Fees and Expenses

. On the First Note Closing Date, the Company shall pay the legal fees and expenses of counsel of Purchaser reasonably incurred in connection with the preparation, execution, and delivery of the Transaction Documents.

\* \* \* \* \*

[Signature Page Follows]

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

COMPANY:

PURCHASER:

MOORE, CLAYTON & CO., INC.

MANCHESTER SECURITIES CORP.

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

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