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RECORDATION FORM COVER SHEET
TRADEMARKS ONLY

Mid 2-8-00

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
- Merger Effective Date
Month Day Year
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

- Individual General Partnership Limited Partnership Corporation Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKATA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

- Individual General Partnership Limited Partnership Corporation Association
- Other
- Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

03/09/2000 JSHABAZZ 00000014 1311965

FOR OFFICE USE ONLY

01 FC:481 40.00 DP
02 FC:482 50.00 DP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practices. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

TRADEMARK
REEL: 002032 FRAME: 0021

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

8602417700

Name

RICHARD GOLDSTEIN, ESQ.

Address (line 1)

ONE HARTFORD SQUARE WEST

Address (line 2)

HARTFORD, CONNECTICUT 06106

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

Number of Properties

Enter the total number of properties involved.

#

3

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

90.00

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

PHILIP J. HAMROCK

Name of Person Signing

Signature

1/17/00

Date Signed

RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY

Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other

Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached (Designation must be a separate document from the Assignment.)

Trademark Application Number(s) or Registration Number(s)

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Mark if additional numbers attached

Trademark Application Number(s)

Registration Number(s)

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REORGANIZATION AGREEMENT

THIS AGREEMENT (herein the "Agreement") is made effective this 1st day of July, 1996, by and among MCBAR MEDICAL INDUSTRIES, INC., a Kentucky corporation (herein "McBar"), APLICARE, INC., a Delaware corporation (herein "Aplicare"), APLC, Inc., a Kentucky corporation (herein "McBar Subsidiary") and PHILIP J. HAMROCK and BRUCE H. WILSON, (such shareholders being hereinafter referred to individually as an "Aplicare Shareholder" and collectively as the "Aplicare Shareholders").

W I T N E S S E T H:

WHEREAS, the Aplicare Shareholders are the owners of all of the outstanding shares of common stock, no par value per share, of Aplicare (herein "Aplicare Shares"), each Aplicare Shareholder owning 50,000 Aplicare Shares; and

WHEREAS, all of the outstanding shares of common stock of McBar Subsidiary are owned by McBar, and

WHEREAS, the parties desire to effect a plan of reorganization wherein Aplicare shall merge into McBar Subsidiary, the separate corporate existence of Aplicare shall cease, the common stock of McBar Subsidiary shall not be converted or changed as a result of the merger, and the Aplicare Shareholders shall receive common stock of McBar.

WHEREAS, the Board of Directors of McBar, McBar Subsidiary, Aplicare and the Aplicare Shareholders by executing

this Agreement, have approved this Agreement and the transactions contemplated herein.

SECTION 1

THE MERGER

1.1 Statutory Merger. Upon the terms and conditions set forth in this Agreement, and in accordance with the provisions of the laws of the Commonwealth of Kentucky, Aplicare shall be merged with and into McBar Subsidiary (herein the "Merger") at the Effective Time (as defined in Section 1.2 herein).

1.2 Articles of Merger and Effective Time of Merger. Following approval of the Merger by the shareholders of McBar, and subject to the terms and conditions of this Agreement, McBar Subsidiary and Aplicare shall duly execute Articles of Merger at the Closing, as hereafter defined. The Articles of Merger shall immediately thereafter be duly filed with the Secretary of State of Kentucky. The Merger shall become effective upon the filing of the Articles of Merger with the Secretary of State of the Commonwealth of Kentucky (herein the "Effective Time").

1.3 Effect of Merger. At the Effective Time:

(A) The separate existence of Aplicare shall cease, and McBar Subsidiary, as the surviving corporation in the Merger (the "Surviving Corporation") shall continue its corporate existence under the laws of the Commonwealth of Kentucky;

(B) The Surviving Corporation shall have all the rights, privileges, immunities and powers and shall be subject to all the duties and liabilities of corporations organized under the laws of the Commonwealth of Kentucky;

(C) The Surviving Corporation shall possess all the rights, privileges, immunities and franchises, of a public as well as of a private nature, of Aplicare and McBar Subsidiary;

(D) All property, real, personal and mixed, and all debts due on whatever account, including subscriptions for shares, and all other choses in action, and all and every other interest of or belonging to or due to each of Aplicare and McBar Subsidiary shall be taken and deemed to be transferred to and vested in the Surviving Corporation without further act or deed;

(E) Title to any real estate, or any interest therein, vested in McBar Subsidiary or Aplicare shall not revert or be in any way impaired by reason of the Merger;

(F) The Surviving Corporation shall be responsible and liable for all the liabilities and obligations of Aplicare;

(G) Any existing claim or action or proceeding pending by or against McBar Subsidiary or Aplicare may be prosecuted as if the Merger had not taken place, or the Surviving Corporation, in its discretion, may be substituted in the place of McBar Subsidiary or Aplicare; and

(H) Neither the rights of creditors nor any liens upon the property of either McBar Subsidiary or Aplicare shall be impaired by the Merger.

1.4 Name, Articles, Bylaws, Directors and Officers of Surviving Corporation. From and after the Effective Time, until changed or amended in accordance with the Articles of Incorporation and Bylaws of the Surviving Corporation and with the laws of the Commonwealth of Kentucky:

(A) The name of the Surviving Corporation shall be "Aplicare, Inc."

(B) The Articles of Incorporation of McBar Subsidiary at the Effective Time shall become the Articles of Incorporation of the Surviving Corporation.

(C) The Bylaws of McBar Subsidiary at the Effective Time shall become the Bylaws of the Surviving Corporation.

(D) The members of the Board of Directors of the Surviving Corporation after the Effective Time shall be: Riordon W. Mc Nerney, Philip J. Hamrock, Bruce H. Wilson and Gerald W. Bennett.

(E) The officers of the Surviving Corporation after the Effective Time shall be: Philip J. Hamrock, President; Bruce H. Wilson, Executive Vice-President; and Jeffery N. Drake, Secretary/Treasurer.

1.5 Date and Time of Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall be held at the offices of Mosley, Clare & Townes, Suite 500, Hart Block Building, 730 West Main Street, Louisville, Kentucky 40202 at 10:00 a.m. local time on July 8, 1996 (the "Closing Date"), or at such other place, time and date as the parties hereto shall agree.

1.6 Accounting Terms. All accounting terms not specifically defined in this Agreement shall be construed in accordance with generally accepted accounting principles consistently applied.

SECTION 2

CONVERSION OF SHARES

2.1 Conversion of Shares. As of the Effective Time, by virtue of the Merger and without any action on the part of the holders hereof:

(A) The Aplicare Shareholders shall have their Aplicare Shares converted into Twenty-One Thousand (21,000) validly issued, fully paid and nonassessable shares of the common stock, no par value, of McBar in proportion to their percentage of ownership of the Aplicare Shares.

(B) The Merger shall effect no change in any of the shares of common stock of McBar Subsidiary and none of its shares shall be changed or converted as a result of the Merger.

2.2 Issuance of Certificates. Each Aplicare Shareholder shall surrender his certificates representing his Aplicare Shares to Aplicare and each Aplicare Shareholder shall be entitled upon such surrender to receive in exchange therefore a certificate or certificates representing the number of shares of McBar's common stock into which the certificates or certificates so surrendered shall have been converted as provided above. Until surrendered to and cancelled by Aplicare, each certificate, which prior to the Effective Time represented outstanding shares of Aplicare's common stock, shall be deemed for all corporate purposes to have evidenced the number of shares of McBar's common stock into which the same shall have been converted.

SECTION 3

REPRESENTATIONS AND WARRANTIES

OF APLICARE AND THE APLICARE SHAREHOLDERS

3.4 Several Representations and Warranties of Aplicare Shareholder. Each Aplicare Shareholder severally represents and warrants as of the date hereof and as of the Closing Date as follows:

(A) No Violations. (i) The execution, delivery and performance by such Aplicare Shareholder of this Agreement does not contravene (a) any law or any contractual restriction binding on or affecting such Aplicare Shareholder or (b) any order, writ, judgment, injunction, decree, determination or award applicable to or binding upon such Aplicare Shareholder.

(ii) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by such Aplicare Shareholder of this Agreement.

(iii) This Agreement and the agreements referred to in Section 7 when executed and delivered are the legal, valid and binding obligation of such Aplicare Shareholder enforceable against such Aplicare Shareholder in accordance with its terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, and other laws affecting the enforceability of creditors' rights generally and by general principles of equity, and such Aplicare Shareholder has heretofore taken all action necessary to approve the transaction contemplated herein.

(B) Ownership of Aplicare Shares. Such Aplicare Shareholder is the registered and beneficial owner of the number of Aplicare Shares set forth above, free and clear of any pledge, lien, security interest, charge, claim, equity, option or

encumbrance of any kind. The Aplicare Shares set forth above constitute all of the shares of capital stock of Aplicare owned by such Aplicare Shareholder and collectively by the Aplicare Shareholders and such Aplicare Shareholder does not hold any warrants or rights to acquire Aplicare Shares on the date hereof. No agreements or understandings exist with respect to voting the Aplicare Shares. Upon the transfer and surrender of the Aplicare Shares by the Aplicare Shareholders to McBar, good and marketable title in and to the Aplicare Shares will have been transferred and sold to McBar.

(C) Litigation. There is no pending or threatened action or proceeding affecting such Aplicare Shareholder before any court, governmental agency or arbitrator that may adversely affect the ability of such Aplicare Shareholder to perform his obligations under this Agreement.

(D) Investment Representations. Each Aplicare Shareholder is acquiring shares in the Surviving Corporation for his own account and not with a view towards the distribution thereof. Each Aplicare Shareholder agrees that he shall not sell, transfer by any means or otherwise dispose of any shares in the Surviving Corporation without registration of such shares under the Securities Act of 1933, as amended (the "Act"), or, in the event that they are not so registered, unless (i) an exemption from the Act is available thereunder, and (ii) such Aplicare Shareholder has furnished McBar with notice of such proposed transfer and the

opinion of McBar's legal counsel to the effect that such proposed transfer is so exempt. Each Aplicare Shareholder acknowledges that the certificates evidencing the shares in the Surviving Corporation shall bear the following legend: "The shares represented by this certificate have not been registered under the Securities Act of 1933 and cannot be transferred, sold or otherwise disposed of in the absence of such effective registration or an opinion of counsel of the issuer to the effect that such registration is not necessary".

3.2 Representations and Warranties of Aplicare.

Aplicare represents and warrants as of the date hereof and as of the Closing Date as follows:

(A) Organization and Qualification, etc. Aplicare is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has the power and authority (corporate and other) to own its properties and assets and to carry on its business, and is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the ownership of its property or the conduct of its business requires such qualification, except where the failure to so qualify and be in good standing would not have a material adverse affect on the business of Aplicare. The copies of Aplicare's Articles of Incorporation and By-Laws which have been delivered to McBar are complete and correct and in full force and effect at the date hereof.

(B) Authorization. This Agreement and the agreements

referred to in Sections 7.2(F) and 7.3(C) hereof have been or will be duly authorized, executed and delivered by Aplicare and constitute valid and legally binding agreements of Aplicare, enforceable against Aplicare in accordance with their terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization and other laws affecting the enforceability of creditors' rights generally and by general principles of equity.

(C) Capital Stock of Aplicare. The authorized capital stock of Aplicare consists of 500,000 shares of Aplicare common stock, no par value per share, of which 100,000 shares are outstanding, validly issued, fully paid and nonassessable. The Aplicare Shares constitute all of the outstanding capital stock of Aplicare. There are no existing options, calls or commitments of any character relating to the authorized and unissued capital stock of Aplicare or to any securities or obligations convertible into or exchangeable for, or giving any person any right to subscribe for or acquire from Aplicare, any shares of capital stock of Aplicare, and no such convertible or exchangeable securities or obligations are outstanding.

(D) Financial Information of Aplicare. Aplicare has delivered to McBar the financial information concerning Aplicare set forth in Schedule 3.2(D) hereto (the "Financial Information"). Except as set forth on Schedule 3.2(D), the financial statements which make up part of the Financial Information have been prepared in conformity with generally accepted accounting principles applied

on a consistent basis throughout the periods covered by such statements and fairly and accurately present the financial position of Aplicare and the results of its operations and changes in its financial position in accordance with such principles.

(E) Absence of Certain Changes or Events. Except as set forth on Schedule 3.2(D), since December 31, 1995, there has not been:

(i) any material adverse change in the financial position or results of operations of Aplicare, or any material adverse change in the business, assets or prospects of Aplicare (including the imposition of any material adverse regulatory requirements or the loss of any material permits, licenses or franchises);

(ii) any material damage, destruction or other casualty loss with respect to property owned or leased by Aplicare not covered by insurance;

(iii) any direct or indirect redemption, purchase or other acquisition by Aplicare of any shares of its capital stock, or any declaration or payment of any dividend or other distribution in respect of Aplicare's capital stock other than a dividend of earnings consented to by the Surviving Corporation;

(iv) any issuance by Aplicare of any shares of any capital stock of Aplicare or options, calls or commitments relating to such shares; or

(v) any other event or condition of any character

which, either individually or in the aggregate, materially adversely affects the business, assets or financial position of Aplicare.

(F) Absence of Adverse Liabilities and Agreements.

Aplicare has no material debts, liabilities or obligations, whether accrued, absolute, contingent or otherwise and whether due or to become due, except to the extent set forth in the Financial Information.

(G) Tax Matters. Except as set forth on Schedule

3.2(G), Aplicare (i) has filed all federal, state, local and other tax returns and reports required to be filed, and such returns and reports are true and correct in all material respects, (ii) has paid all taxes which have become due pursuant to such returns and reports or any assessments received by it, and (iii) has not been audited by any taxing authority and has not received any notification of an audit by any taxing authority. There are no agreements by Aplicare for the extension of time for the assessment of any taxes.

(H) Title to Properties; Absence of Liens and

Encumbrances, etc. Aplicare has good and marketable title to all of its properties and assets, real, personal and mixed, free and clear of any liens, charges, pledges, security interests or other encumbrances, except as provided in Schedule 3.2(H), and except for such imperfections of title and encumbrances, if any, as are not substantial in character, amount or extent, and do not materially detract from the value, or interfere with the present use, of the

property subject thereto or affected thereby, or otherwise impair business operations of Aplicare. All material leases under which Aplicare is the lessee of real or personal property are valid and effective in accordance with their respective terms, and there is not under any of such leases any existing default, or any condition, event or act which with notice or lapse of time or both would constitute such a default. Aplicare has not received notice of violation of any applicable zoning regulation, ordinance or other law, regulation, order, arbitration award, judgment, decree or other requirement relating to its operations of its owned or leased properties which has not been complied with or which would have a material adverse affect on the business, assets or financial position of Aplicare.

(I) Contracts. All of the material contracts, including outstanding employment agreements, to which Aplicare is a party or is bound have been fully disclosed to McBar and its representatives and true copies thereof have been made available to McBar. Aplicare has no knowledge of any default by Aplicare, or knowledge of any reason why any default will occur hereafter, whether as a result of the consummation of this Agreement or the agreements referred to in Sections 7.2(F) and 7.3(C) or otherwise, in any obligation to be performed by Aplicare under any lease, loan agreement, contract or other agreement of Aplicare.

(J) Litigation. Except as set forth in Schedule 3.2(J), (i) there are no actions, suit or proceedings pending or, to the best of the Aplicare's knowledge, threatened against Aplicare or

any of its properties, before any court or arbitration tribunal, domestic or foreign, or before or by any governmental department, agency or instrumentality, domestic or foreign that would adversely affect any of the businesses, prospects, conditions (financial or otherwise) or assets; (ii) neither Aplicare nor any of the officers or employees of Aplicare, has been charged with, or is under investigation with respect to, any violation of any provision of any federal, state, foreign or other applicable law or administrative regulation in respect of the business of Aplicare; and (iii) neither Aplicare nor any such officer or employee is a party to or bound by any order, arbitration award, judgment or decree entered in a lawsuit or proceeding brought by any governmental department, agency or instrumentality or by any other person in respect of any business practices or the acquisition of any property or the conduct of any business of Aplicare in any area.

(K) Licenses and Registrations; Compliance with Laws, etc. Aplicare, and all employees of Aplicare, have all permits, licenses, registrations and approvals necessary for Aplicare to carry on its businesses as presently conducted. There is no material violation or failure of compliance on the part of Aplicare, or any employee of Aplicare, with any of the foregoing permits, licenses, registrations, approvals, rules or regulations, and no action, proceeding or investigation, pending or threatened, which might result in the termination or suspension of any such

permit, license, registration or approval. Neither Aplicare nor any employees of Aplicare is in violation of any instrument, law, regulation, order, arbitration award, judgment or decree applicable to them or any of Aplicare's property, the effect of which would be to materially and adversely affect the business, assets or financial position of Aplicare.

(L) Consents and Approvals. No consent, approval, authorization, order, registration, filing or qualification of or with any court or governmental agency or body having jurisdiction over Aplicare or any of its properties, employees or officers or of any other third party, is required for execution and delivery of this Agreement or the consummation of the other transactions contemplated by this Agreement.

(M) Noncontravention. The execution and delivery of this Agreement by Aplicare and the consummation of the transactions contemplated hereby and compliance with the provisions hereof will not violate any provision of the Articles of Incorporation or By-Laws of Aplicare, or result in the acceleration of or entitle any party to accelerate (whether after the filing of notice or lapse of time or both) any material obligation under, or result in the creation or imposition of, any material lien, charge, pledge, security interest or other encumbrance upon any of the property of Aplicare pursuant to any provision of any credit agreement, note, bond, indenture, mortgage, lien, lease, agreement, license or instrument or violate any law, regulation, order, arbitration award, judgment or decree to which Aplicare is a party or by which

their property is bound or violate or conflict with any other material restriction of any kind or character to which Aplicare is subject.

(N) Subsidiaries. There are no corporations, partnerships, joint ventures, businesses or other entities, any portion of the voting stock or other securities or equity of which is owned or controlled directly or indirectly by Aplicare.

(O) Patents, Trademarks, etc. Set out on Schedule 3.2(O) hereto are all patents, trademarks, trade names, copyrights or applications therefor owned by or registered in the name of Aplicare or in which Aplicare has rights.

(P) Bank Accounts. Aplicare has provided to McBar a true and complete list of the names and locations of all banks in which Aplicare has accounts, lines of credit, overdraft rights, or other credit facilities. No person holds a power of attorney to act on behalf of Aplicare.

(Q) Personnel. Aplicare has provided to McBar a true and complete list of all directors, officers and employees of Aplicare.

(R) Disclosure. No representation or warranty by Aplicare in this Agreement (including the Schedules hereto) contains any untrue statement of a marital fact or omits a material fact necessary to make the statements contained therein not misleading.

(S) No Brokers. Except for Brown Brothers, Harriman &

Co., whose entire fees Aplicare shall pay, all negotiations on behalf of Aplicare and Aplicare Shareholders relating to this Agreement and the transactions contemplated hereby have been carried on by Aplicare and Aplicare Shareholders directly with McBar without the intervention of any other person in such manner as to give rise to any claim against either Aplicare, the Aplicare Shareholders or McBar, for a brokerage commission, finder's fee or other like payment.

(T) Books and Records. The books and records of Aplicare are complete and correct in all material respects and have been maintained in accordance with good business practice and all applicable laws, regulations and other requirements. Aplicare has heretofore delivered to McBar true and complete copies of (a) Aplicare's Articles of Incorporation and By-Laws, and (b) all powers of attorney, if any, issued by Aplicare.

(U) Employee Benefit Plans. Except as set forth on Schedule 3.2(U), Aplicare has no "employment benefit plan" as that term is defined in Section 3(3) of the Employee Retirement Income Security Act, as amended, or any other pension or benefit plan for the benefit of employees of Aplicare.

SECTION 4

REPRESENTATIONS AND WARRANTIES OF MCBAR

AND MCBAR SUBSIDIARY

4.1 Representations and Warranties of McBar and McBar

Subsidiary. .McBar and McBar Subsidiary, J J Skinner Inc, and Redi Products, Inc. (all three collectively the "McBar Subsidiaries"), as the context requires, jointly and severally represent and warrant as of the date hereof and as of the Closing Date as follows:

(A) Organization and Qualification. McBar and each of the McBar Subsidiaries each is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Kentucky, with the power and authority (corporate and other) to own its properties and assets and to carry on its business, and is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the ownership of its property or the conduct of its business requires such qualification, except where the failure to so qualify and be in good standing would not have a material adverse affect on the business of McBar or McBar Subsidiary.

(B) Authorization. This Agreement and the agreements referred to in Sections 7.2(F) and 7.3(C) hereof have been or will be duly authorized, executed and delivered by McBar and McBar Subsidiary and constitute valid and legally binding agreements of McBar and McBar Subsidiary, enforceable against McBar in accordance with their terms, except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization and other laws affecting the enforceability of creditors' rights generally and by general principles of equity.

(C) Capital Stock of McBar and McBar Subsidiary. (i)

The authorized capital stock of McBar consists of fifty thousand (50,000) shares of common stock, no par value per share, of which, prior to the effective date of this Agreement, ten thousand five hundred (10,500) shares are outstanding. There are certain debentures of McBar convertible into ten thousand five hundred (10,500) shares of common stock of McBar, the conversion of which debentures, as provided in Section 7 below, is a condition precedent to the obligations of the parties hereto to close the Merger. Upon conversion of such debentures, there will be twenty one thousand (21,000) shares of common stock in McBar outstanding. The McBar shares issued pursuant to the Merger will be validly issued, fully paid and nonassessable. Other than as referenced above, there are no existing options, calls or commitments of any character relating to the authorized and unissued capital stock of McBar or to any securities or obligations convertible into or exchangeable for, or giving any person any right to subscribe for or acquire from McBar, any shares of capital stock of McBar, and no such convertible or exchangeable securities or obligations are outstanding.

(ii) The authorized capital stock of McBar Subsidiary consists of one thousand (1,000) shares of common stock, \$.01 par value per share, of which, prior to the effective date of this Agreement, ten (10) shares are outstanding.

(D) Financial Information of McBar. McBar has delivered to Aplicare the consolidated financial information concerning

McBar and McBar Subsidiaries set forth in Schedule 4.1(D) hereto (the "Financial Information"). Except as set forth on Schedule 4.1(D), the financial statements which make up part of the Financial Information have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods covered by such statements and fairly and accurately present the financial position of McBar and the McBar Subsidiaries on a consolidated basis and the results of its operations and changes in its financial position in accordance with such principles.

(E) Absence of Certain Changes or Events. Except as set forth on Schedule 4.1(D), since December 31, 1995, there has not been:

(i) any material adverse change in the financial position or results of operations of McBar and the McBar Subsidiaries on a consolidated basis, or any material adverse change in the business, assets or prospects of McBar and the McBar Subsidiaries on a consolidated basis (including the imposition of any material adverse regulatory requirements or the loss of any material permits, licenses or franchises);

(ii) any material damage, destruction or other casualty loss with respect to property owned or leased by McBar or the McBar Subsidiaries not covered by insurance;

(iii) other than the payment of principal of \$200,000.00 and interest of \$130,000.00 on the convertible debentures referenced above, any direct or indirect redemption,

purchase or other acquisition by McBar or the McBar Subsidiaries of any shares of its capital stock, or any declaration or payment of any dividend or other distribution in respect of McBar's or the McBar Subsidiaries' capital stock;

(iv) other than as referenced in Section 4.1(C), any issuance by McBar or the McBar Subsidiaries of any shares of any capital stock of McBar or options, calls or commitments relating to such shares; or

(v) any other event or condition of any character which, either individually or in the aggregate, materially adversely affects the business, assets or financial position of McBar or the McBar Subsidiaries on a consolidated basis.

(F) Absence of Adverse Liabilities and Agreements.

Except to the extent set forth on Schedule 4.1(D), McBar or the McBar Subsidiaries have no material debts, liabilities or obligations, whether accrued, absolute, contingent or otherwise and whether due or to become due.

(G) Tax Matters. Except as set forth on Schedule

4.1(G), McBar or the McBar Subsidiaries (i) has filed all federal, state, local and other tax returns and reports required to be filed, and such returns and reports are true and correct in all material respects, (ii) has paid all taxes which have become due pursuant to such returns and reports or any assessments received by it, and (iii) has not been audited by any taxing authority and has not received any notification of an audit by any taxing authority. There are no agreements by Aplicare for the extension of time for

the assessment of any taxes.

(H) Title to Properties; Absence of Liens and Encumbrances, etc. McBar and each of the McBar Subsidiaries have good and marketable title to all of its properties and assets, real, personal and mixed, free and clear of any liens, charges, pledges, security interests or other encumbrances, except as provided in Schedule 4.1(H), and except for such imperfections of title and encumbrances, if any, as are not substantial in character, amount or extent, and do not materially detract from the value, or interfere with the present use, of the property subject thereto or affected thereby, or otherwise impair business operations of McBar and the McBar Subsidiaries. All material leases under which McBar and the McBar Subsidiaries are the lessee of real or personal property are valid and effective in accordance with their respective terms, and there is not under any of such leases any existing default, or any condition, event or act which with notice or lapse of time or both would constitute such a default. McBar and the McBar Subsidiaries have not received notice of violation of any applicable zoning regulation, ordinance or other law, regulation, order, arbitration award, judgment, decree or other requirement relating to its operations of its owned or leased properties which has not been complied with or which would have a material adverse affect on the business, assets or financial position of McBar.

(I) Contracts. All of the material contracts, including outstanding employment agreements, to which McBar and the McBar

Subsidiaries are a party or is bound have been fully disclosed to Aplicare and its representatives and true copies thereof made available to Aplicare. McBar and the McBar Subsidiaries has no knowledge of any default by McBar and the McBar Subsidiaries or knowledge of any reason why any default will occur hereafter, whether as a result of the consummation of this Agreement or the agreements referred to in Sections 7.2(F) and 7.3(C) or otherwise, in any obligation to be performed by McBar and the McBar Subsidiaries under any lease, loan agreement, contract or other agreement of McBar and the McBar Subsidiaries.

(J) Litigation. Except as disclosed on Scheduled 4.1(J) hereof, (i) there are no actions, suit or proceedings pending or, to the best of the McBar's and the McBar Subsidiaries' knowledge, threatened against McBar, any of the McBar Subsidiaries, or any of its properties, before any court or arbitration tribunal, domestic or foreign, or before or by any governmental department, agency or instrumentality, domestic or foreign that would adversely affect any of the businesses, prospects, conditions (financial or otherwise) or assets; (ii) neither McBar nor any of the McBar Subsidiaries, nor to the best of the McBar's or any of the McBar Subsidiaries' knowledge, any of the officers or employees of McBar or of any of the McBar Subsidiaries, has been charged with, or is under investigation with respect to, any violation of any provision of any federal, state, foreign or other applicable law or administrative regulation in respect of the business of McBar; and (iii) neither McBar nor any of the McBar Subsidiaries, nor any

such officer or employee is a party to or bound by any order, arbitration award, judgment or decree entered in a lawsuit or proceeding brought by any governmental department, agency or instrumentality or by any other person in respect of any business practices or the acquisition of any property or the conduct of any business of McBar or of the McBar Subsidiaries in any area.

(K) Licenses and Registrations; Compliance with Laws, etc. McBar and the McBar Subsidiaries and all employees of McBar and the McBar Subsidiaries have all permits, licenses, registrations and approvals necessary for McBar and the McBar Subsidiaries to carry on its businesses as presently conducted. There is no material violation or failure of compliance on the part of McBar and the McBar Subsidiaries or any employee of McBar with any of the foregoing permits, licenses, registrations, approvals, rules or regulations, and no action, proceeding or investigation, pending or threatened, which might result in the termination or suspension of any such permit, license, registration or approval. Neither McBar nor the McBar Subsidiaries, nor any employees of McBar and the McBar Subsidiaries is in violation of any instrument, law, regulation, order, arbitration award, judgment or decree applicable to them or any of McBar's and the McBar Subsidiaries' property, the effect of which would be to materially and adversely affect the business, assets or financial position of McBar and the McBar Subsidiaries on a consolidated basis.

(L) Consents and Approvals. No consent, approval, authorization, order, registration, filing or qualification of or with any court or governmental agency or body having jurisdiction over McBar and the McBar Subsidiaries or any of its properties,

employees or officers or of any other third party, is required for execution and delivery of this Agreement by McBar or the McBar Subsidiary or the sale of the McBar Shares or the consummation of the other transactions contemplated by this Agreement.

(M) Noncontravention. The execution and delivery of this Agreement by McBar and McBar Subsidiary and the consummation of the transactions contemplated hereby and compliance with the provisions hereof will not violate any provision of the Articles of Incorporation or By-Laws of McBar or McBar Subsidiary, or result in the acceleration of or entitle any party to accelerate (whether after the filing of notice or lapse of time or both) any material obligation under, or result in the creation or imposition of, any material lien, charge, pledge, security interest or other encumbrance upon any of the property of any of McBar or any of the McBar Subsidiaries pursuant to any provision of any credit agreement, note, bond, indenture, mortgage, lien, lease, agreement, license or instrument or violate any law, regulation, order, arbitration award, judgment or decree to which any of McBar or any of the McBar Subsidiaries is a party or by which their property is bound or violate or conflict with any other material restriction of any kind or character to which McBar or any of the McBar Subsidiaries is subject.

(N) Subsidiaries. Except as disclosed on Schedule 4.1(N) hereof, there are no corporations, partnerships, joint ventures, businesses or other entities, any portion of the voting stock or other securities or equity of which is owned or controlled directly or indirectly by McBar or any of the McBar Subsidiaries.

(O) Patents, Trademarks, etc. Set out on Schedule

4.1(O) hereto are all patents, trademarks, trade names, copyrights or applications therefor owned by or registered in the name of McBar or any of the McBar Subsidiaries or in which McBar or any of the McBar Subsidiaries has rights.

(P) Bank Accounts. McBar has provided to Aplicare a true and complete list of the names and locations of all banks in which McBar or any of the McBar Subsidiaries has accounts, lines of credit, overdraft rights, or other credit facilities. No person holds a power of attorney to act on behalf of McBar or any of the McBar Subsidiaries.

(Q) Personnel. McBar has provided to Aplicare a true and complete list of all directors, officers and employees of McBar and the McBar Subsidiaries.

(R) Disclosure. No representation or warranty by McBar in this Agreement (including the Schedules hereto) contains any untrue statement of a marital fact or omits a material fact necessary to make the statements contained therein not misleading.

(S) No Brokers. All negotiations on behalf of McBar or McBar Subsidiary relating to this Agreement and the transactions contemplated hereby have been carried on by McBar directly with Aplicare and the Aplicare Shareholders without the intervention of any other person in such manner as to give rise to any claim against either McBar or Aplicare and the Aplicare Shareholders, for a brokerage commission, finder's fee or other like payment.

(T) Books and Records. The books and records of McBar and the McBar Subsidiaries are complete and correct in all material respects and have been maintained in accordance with good business practice and all applicable laws, regulations and other

requirements. McBar has heretofore delivered to Aplicare and the Aplicare Shareholders true and complete copies of (a) Articles of Incorporation and By-Laws of McBar and each of the McBar Subsidiaries, and (b) all powers of attorney, if any, issued by McBar or any of the McBar Subsidiaries.

(U) Employee Benefit Plans. Except as set forth on Schedule 4.1(U) McBar and the McBar Subsidiaries have no "employment benefit plan" as that term is defined in Section 3(3) of the Employee Retirement Income Security Act, as amended, or any other pension or benefit plan for the benefit of employees of McBar or the McBar Subsidiaries.

SECTION 5

COVENANTS OF APLICARE

Aplicare covenants as follows:

5.1 Conditions Precedent. Aplicare shall endeavor in good faith to cause the conditions precedent in Section 7 to be satisfied.

5.2 Access. From and after the date of this Agreement until the Closing Date, McBar and its agents shall have the right upon reasonable notice and at reasonable times to investigate such financial, accounting, insurance, underwriting, technical and other operating aspects of Aplicare as McBar and its agents may deem appropriate, and Aplicare and the Aplicare Shareholders agree to give to McBar and its agents full access upon such reasonable times to all the books, records (electronic or otherwise), contracts, documents, inventory, plant, fixtures, equipment and other

properties of Aplicare. Aplicare will permit McBar and its agents to make copies of any books, records, (electronic or otherwise), contracts and documents and will secure for McBar and its agents full cooperation of and access to all officers, directors and employees of Aplicare and to auditors and legal counsel. In addition, Aplicare will provide McBar and its agents such specific information as may be requested by McBar or its agents in the form requested. In the event that the Closing does not occur, McBar agrees to keep all information regarding Aplicare obtained in connection with the transaction confidential to McBar and its agents.

5.3. Certain Changes. Between the date of this Agreement and the Closing Date:

(A) Conduct of Business. The business of Aplicare shall be conducted only in the ordinary and usual course as heretofore conducted;

(B) Articles of Incorporation and By-Laws; Aplicare Shares. The Articles of Incorporation or By-Laws shall not be amended except as may be required to comply with the provisions of this Agreement and the Aplicare Shares shall not be split, combined, reclassified nor any dividend declared, set aside or paid with respect to the Aplicare Shares;

(C) Capital Stock; Extraordinary Transactions. Aplicare shall not (i) issue or sell or agree to issue or sell any additional shares of its capital stock, or rights of any kind to acquire any shares of its capital stock, whether previously unissued or out of treasury shares; (ii) acquire or agree to acquire, any assets, other than in the ordinary course of business;

(iii) dispose of, lease or grant an interest in, any assets, other than in the ordinary course of business; (iv) incur any amount of indebtedness or any other liabilities or enter into any other transaction, other than in the ordinary course of business; or (v) enter into any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(D) Business Relations. Aplicare shall use its best efforts to (i) preserve intact its business organization, (ii) keep available the services of the key employees and (iii) preserve the present relationships of Aplicare with persons having business relations with Aplicare.

(E) Business Combinations. Aplicare shall not directly or indirectly encourage, initiate or engage in discussions or negotiations with, or provide any information to, any corporation, partnership, person or other entity or group, other than McBar and its affiliates, concerning the issuance or sale of any shares of its capital stock, any merger or other business combination, any disposition of or grant of an interest in a substantial asset or any similar transaction involving Aplicare.

(F) Offers to Purchase, etc. Aplicare shall notify McBar promptly and in full detail of any proposal made, or to be made, to Aplicare with respect to (i) any offer to purchase, or any invitation to tender for purchase, any or all of the Aplicare Shares; (ii) any proposed merger or other form of business combination with Aplicare; or (iii) any purchase of any substantial asset or liability of Aplicare or any interest in any substantial asset or liability of Aplicare.

(G) Employment Agreements. Aplicare shall not, without

the approval of McBar, enter into any new employment agreement with any party whatsoever, amend any existing employment agreement or grant any increases in compensation other than increases in the ordinary course of business and consistent with past practice, other than as contemplated in Sections 7.2(F) and 7.3(C) hereof; and

(H) Assets. Aplicare will not sell or transfer any of its properties or assets (including cash held in bank accounts or otherwise) or cancel, release or assign any indebtedness owed to it or any claims held by it, other than in the ordinary course of business.

5.4 Approvals and Consents. Aplicare will use its best efforts to acquire all necessary approvals of governmental agencies and all necessary consents of all third parties to the end of expediting consummation of the transactions contemplated herein.

5.5 Preserve Accuracy of Representations and Warranties. Aplicare shall refrain from taking any action that would render any representation or warranty contained herein to be inaccurate as of the Closing Date. From the date hereof to the Closing Date, Aplicare will promptly supplement or amend the Schedules hereto with respect to any matters hereafter arising which, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in the Schedules. Prior to the Closing Date, Aplicare promptly will notify McBar of all lawsuits, claims, basis for claims, proceedings and investigations that may be threatened, brought, asserted or commenced against Aplicare or its officers or directors involving any material effect on the operation of Aplicare's business, any of the transactions

contemplated in this Agreement or that might have a material adverse impact on the business of Aplicare.

SECTION 6

COVENANTS OF MCBAR

McBar covenants as follows:

6.1 Conditions Precedent. McBar and the McBar Subsidiaries shall endeavor in good faith to cause the conditions precedent in Section 7 to be satisfied.

6.2 Access. From and after the date of this Agreement until the Closing Date, Aplicare and its agents shall have the right upon reasonable notice and at reasonable times to investigate such financial, accounting, insurance, underwriting, technical and other operating aspects of McBar and the McBar Subsidiaries as Aplicare and its agents may deem appropriate, and McBar agrees to give to Aplicare and its agents full access upon such reasonable times to all the books, records (electronic or otherwise), contracts, documents, inventory, plant, fixtures, equipment and other properties of McBar and the McBar Subsidiaries. McBar and the McBar Subsidiaries will permit Aplicare and its agents to make copies of any books, records, (electronic or otherwise), contracts and documents and will secure for Aplicare and its agents full cooperation of and access to all officers, directors and employees of McBar and the McBar Subsidiaries and to auditors and legal counsel. In addition, McBar and the McBar Subsidiaries will provide Aplicare and its agents such specific information as may be requested by Aplicare or its agents in the form requested. In the event that the Closing does not occur, Aplicare agrees to keep all

information regarding McBar and the McBar Subsidiaries obtained in connection with the transaction confidential to McBar and the McBar Subsidiaries and its agents.

6.3 Certain Changes. Between the date of this Agreement and the Closing Date:

(A) Conduct of Business. The business of McBar and the McBar Subsidiaries shall be conducted only in the ordinary and usual course as heretofore conducted;

(B) Articles of Incorporation and By-Laws; McBar and the McBar Subsidiaries shall not (i) amend its Articles of Incorporation or By-Laws except as may be required to comply with the provisions of this Agreement or (ii) split, combine or reclassify of its stock or declare, set aside or pay any dividend payable in cash, stock or property or make any other distributions with respect to its stock;

(C) Capital Stock; Extraordinary Transactions. McBar and the McBar Subsidiaries shall not (i) issue or sell or agree to issue or sell any additional shares of its capital stock, or rights of any kind to acquire any shares of its capital stock, whether previously unissued or out of treasury shares; (ii) acquire or agree to acquire, any assets, other than in the ordinary course of business; (iii) dispose of, lease or grant an interest in, any assets, other than in the ordinary course of business; (iv) incur any amount of indebtedness or any other liabilities or enter into any other transaction, other than in the ordinary course of business; or (v) enter into any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(D) Business Relations. McBar and the McBar

Subsidiaries shall use its best efforts to (i) preserve intact its business organization, (ii) keep available the services of the key employees listed on and (iii) preserve the present relationships of McBar and the McBar Subsidiaries with persons having business relations with McBar and the McBar Subsidiaries.

(E) Business Combinations. McBar and the McBar Subsidiaries shall not directly or indirectly encourage, initiate or engage in discussions or negotiations with, or provide any information to, any corporation, partnership, person or other entity or group, other than Aplicare and the Aplicare Shareholders and its affiliates, concerning the issuance or sale of any shares of its capital stock, any merger or other business combination, any disposition of or grant of an interest in a substantial asset or any similar transaction involving McBar.

(F) Offers to Purchase, etc. McBar and the McBar Subsidiaries shall notify Aplicare and the Aplicare Shareholders promptly and in full detail of any proposal made, or to be made, to McBar and the McBar Subsidiaries with respect to (i) any offer to purchase, or any invitation to tender for purchase, any or all of the Shares of McBar or the McBar Subsidiaries; (ii) any proposed merger or other form of business combination with McBar and the McBar Subsidiaries; or (iii) any purchase of any substantial asset or liability of McBar and the McBar Subsidiaries or any interest in any substantial asset or liability of McBar and the McBar Subsidiaries.

(G) Employment Agreements. McBar and the McBar

Subsidiaries shall not, without the approval of Aplicare and the Aplicare Shareholders, enter into any new employment agreement with any party whatsoever, amend any existing employment agreement or grant any increases in compensation other than increases in the ordinary course of business and consistent with past practice, other than as contemplated in Sections 7.2(F) and 7.3(C) hereof; and

(H) Assets. McBar and the McBar Subsidiaries will not sell or transfer any of its properties or assets (including cash held in bank accounts or otherwise) or cancel, release or assign any indebtedness owed to it or any claims held by it, other than in the ordinary course of business.

6.4 Approvals and Consents. McBar and the McBar Subsidiaries will use its best efforts to acquire all necessary approvals of governmental agencies and all necessary consents of all third parties to the end of expediting consummation of the transactions contemplated herein.

6.5 Preserve Accuracy of Representations and Warranties. McBar and the McBar Subsidiaries shall refrain from taking any action that would render any representation or warranty contained herein to be inaccurate as of the Closing Date. From the date hereof to the Closing Date, McBar and the McBar Subsidiaries will promptly supplement or amend the Schedules hereto with respect to any matters hereafter arising which, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in the Schedules. Prior to the Closing date,

McBar and the McBar Subsidiaries promptly will notify Aplicare of all lawsuits, claims, basis for claims, proceedings and investigations that may be threatened, brought, asserted or commenced against McBar and the McBar Subsidiaries or its officers or directors involving any material effect on the operation of McBar's business, any of the transactions contemplated in this Agreement or that might have a material adverse impact on the business of McBar and the McBar Subsidiaries on a consolidated basis.

SECTION 7

CONDITIONS

7.1 Closing. The conditions contained in this Section 7 shall be satisfied by delivery by each of the parties hereto of the documents and instruments required by this Agreement at the Closing.

7.2 Conditions to Obligations of McBar. The obligations of McBar hereunder are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

(A) Representations and Warranties of Aplicare and the Aplicare Shareholders. The representations and warranties of Aplicare and the Aplicare Shareholders contained in this Agreement shall be true and correct in all material respects at the date hereof and at and as of the Closing Date, with the same force and effect as if made at and as of the date of the Closing.

(B) Certificate. Aplicare shall have delivered to

McBar a certificate, dated the Closing Date, to the effect that the conditions specified in paragraph (A) of this Section 7.2 have been satisfied.

(C) Schedules. Aplicare shall have delivered a certificate substantially to the effect that the Schedules attached hereto are true and accurate in all respects at and as of the Closing Date, or, in lieu thereof, shall have previously delivered revised Schedules satisfactory to McBar so that the representations and warranties to which such Schedules relate shall be true and accurate in all respects at and as of the Closing Date.

(D) Compliance with Covenants. Aplicare shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or as of the Closing Date.

(E) Opinion of Aplicare's Counsel. McBar shall have received an opinion, dated the Closing Date, of Wiggin & Dana, counsel to Aplicare, in the form mutually agreed to by the parties.

(F) Agreements. McBar shall have received (i) a copy of this Agreement executed by the Aplicare Shareholders (ii) copies of employment agreements between McBar and Riordon W. McNerney, Philip J. Hamrock, Bruce H. Wilson, dated as of the Closing Date, each in substantially the form attached hereto as Exhibit A, executed by McBar and Riordon W. McNerney, Philip J. Hamrock, Bruce H. Wilson; (iii) copies of stock voting and restriction agreements executed by all parties thereto, other than McBar, each in substantially the form attached hereto as Exhibit B; (iv) a copy of a lease agreement

between Hamson Wilrock, LLC, as lessor, and McBar, as lessee, executed by the parties thereto in substantially the form attached hereto as Exhibit C; and (v) copies of written consents and agreements executed by all debentureholders of McBar consenting to the conversion of their debentures into shares of common stock of McBar, the execution and delivery of this Agreement, and the execution and delivery of the stock voting and restriction agreement in substantially the form attached hereto as Exhibit D;.

(G) Stock Certificate. McBar shall have received a certificate or certificates representing the Aplicare Shares, each surrendered for cancellation.

(H) Minute Book. McBar shall have received the original minute book of Aplicare, current to the Closing Date.

(I) Waivers, Consents, Approvals. McBar shall have received such waivers, consents, or approvals from third parties as deemed necessary and appropriate in the opinion of McBar's legal counsel in order to more fully effect and consummate the transactions provided under this Agreement.

7.3. Conditions to Obligations of Aplicare and The Aplicare Shareholders. The obligations of Aplicare and the Aplicare Shareholders are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

(A) Representations and Warranties of McBar. Representations and warranties of McBar contained in this Agreement shall be true and correct in all material respects at the date hereof and at and as of the Closing Date, with the same force and

effect as if, made at and as of the date of the Closing.

(B) Certificate. McBar shall have delivered to the Aplicare Shareholders a certificate, dated the Closing Date, of the President of McBar, to the effect that the conditions specified in paragraph (A) of this Section 7.3 have been satisfied.

(C) Agreements. The Aplicare Shareholders shall have received (i) a copy of this Agreement executed by McBar (ii) copies of employment agreements between McBar and Riordon W. McNerney, Philip J. Hamrock, Bruce H. Wilson, dated as of the Closing Date, each in substantially the form attached hereto as Exhibit A, executed by McBar and Riordon W. McNerney, Philip J. Hamrock, Bruce H. Wilson; (iii) copies of stock voting and restriction agreements executed by all parties thereto, other than McBar each in substantially the form attached hereto as Exhibit B; (iv) a copy of a lease agreement between Hamson Wilrock, LLC, as lessor, and McBar as lessee, executed by the parties thereto in substantially the form attached hereto as Exhibit C; and (v) copies of written consents and agreements executed by all debentureholders of McBar consenting to the conversion of their debentures into shares of common stock of McBar, the execution and delivery of this Agreement, and the execution and delivery of the stock voting and restriction agreement in substantially the form attached hereto as Exhibit D;.

(D) Stock Certificate. Each of the Aplicare Shareholders shall receive at the Closing a certificate representing the number of Shares in McBar set forth above.

(E) Schedules. McBar shall have delivered a certificate substantially to the effect that the Schedules attached hereto are

true and accurate in all respects at and as of the Closing Date, or, in lieu thereof, shall have previously delivered revised Schedules so that the representations and warranties to which such Schedules relate shall be true and accurate in all respects at and as of the Closing Date.

(F) Compliance with Covenants. McBar shall have performed and complied with all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or as of the Closing Date.

(G) Opinion of McBar's Counsel. The Aplicare Shareholders shall have received an opinion, dated the Closing Date, of Mosley, Clare & Townes, counsel to McBar, in the form mutually agreed to by the parties.

(H) Waivers, Consents, Approvals. Aplicare shall have received such waivers, consents, or approvals from third parties as deemed necessary and appropriate in the opinion of Aplicare's legal counsel in order to more fully effect and consummate the transactions provided under this Agreement.

SECTION 8

MISCELLANEOUS

8.1 Termination. This Agreement may be terminated by the undersigned parties (i) at any time by agreement of such parties, or (ii) at the option of any of the parties hereto if the Closing has not occurred by July 8, 1996.

8.2 Notices. Any notices or other communications

required or permitted hereunder shall be sufficiently given if sent by registered or certified mail, postage prepaid, addressed, in the case of McBar, to Riordon W. McNerney, President, 455 South Fourth Avenue, Suite 825, Louisville, Kentucky 40202, or in the case of the Aplicare Shareholders or Aplicare, to Aplicare, Inc. 50 E. Industrial Road, Branford, Connecticut 06405, Attention: Philip J. Hamrock, or to such other address as shall be furnished in writing by any party to the others prior to the giving of any applicable notice or communication, and such notice or communication shall be deemed to have been given as of the date upon which such notice or communication is first sent by telefax, or other means of instantaneous communication, and simultaneously confirmed by mail.

8.3 Survival of Representations and Warranties.

Notwithstanding any right of McBar fully to investigate the affairs of Aplicare, or any right of the Aplicare Shareholders to fully investigate the accuracy of the representations and warranties of McBar, and notwithstanding any knowledge of facts determined or determinable by McBar or the Aplicare Shareholders, as the case may be, pursuant to such investigation or right of investigation, McBar or the Aplicare Shareholders, as the case may be, has the right to rely fully upon the representations, warranties, covenants, and agreements of the Aplicare Shareholders or McBar, as the case may be, contained in this Agreement. All such representations and warranties shall survive the execution and delivery hereof and the Closing hereunder.

8.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same

instrument. .

8.5 Headings. The headings herein are for convenience of reference only, do not constitute a part of this Agreement, and shall not be deemed to limit or affect any of the provisions hereof.

8.6 Fees and Expenses. Except as may be otherwise specifically provided elsewhere in this Agreement, each party shall pay the fees and expenses of its counsel, accountants and other advisors and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

8.7 Miscellaneous. This Agreement (i) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof; (ii) is not intended to confer upon any other persons any rights or remedies hereunder; (iii) shall not be assigned, by operation of law or otherwise; (iv) in case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby; (v) shall be governed in all respects, including validity, interpretation and effect, by the laws of the Commonwealth of Kentucky and (vi) shall be amended or have any term or condition waived only by an instrument in writing, signed by both parties, hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date first above written.

"MCBAR"

MCBAR MEDICAL INDUSTRIES, INC.,
A Kentucky Corporation

By: *Linda W. McKee*
President

Director

Director

Director

Director

Director

"APLICARE"

Aplicare, INC., A Delaware Corporation

By: *[Signature]*
President

[Signature]
Director

[Signature]
Director

"MCBAR SUBSIDIARY"

APLC, INC.

By: *Linda W. McKee*
President

Director

Director

"APLICARE SHAREHOLDERS"

By: 
Philip J. Hamrock

By: 
Bruce H. Wilson

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date first above written.

"MCBAR"

MCBAR MEDICAL INDUSTRIES, INC.,
A Kentucky Corporation

"APLICARE"

Aplicare, INC., A Delaware Corporation

By: Linda W. McKinley
President

By: _____
President

Linda W. McKinley
Director

Director

Thomas R. Hays
Director

Director

Gerald W. Bennett
Director

"MCBAR SUBSIDIARY"

APLC, INC.

James W. Fuchert
Director

By: Linda W. McKinley
President

Director

Linda W. McKinley
Director

Gerald W. Bennett
Director

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on the date first above written.

"MCBAR"

MCBAR MEDICAL INDUSTRIES, INC.,
A Kentucky Corporation

By: Linda W. McKinney
President

Linda W. McKinney
Director

Samuel G. Miller
Director

Samuel G. Miller
Director

Director

Director

"APLICARE"

Aplicare, INC., A Delaware Corporation

By: _____
President

Director

Director

"MCBAR SUBSIDIARY"

APLC, INC.

By: Linda W. McKinney
President

Linda W. McKinney
Director

Director

Financial Information

financials provided

- reviewed GAAP financials 12/31/95
- unaudited non-GAAP operating financials through May 31, 1996
- dividends and distributions since 12/31/95 - see attached

**Aplicare, Inc.
Distribution of Profits
1/1/96 - 7/5/96**

Date	Check #	Description	Reason	B. Wilson	P. Hamrock	Balance
1/29/96	7253	B. Wilson	Personal - bonus	3,000.00		
1/29/96	7254	P. Hamrock	Personal - bonus		3,000.00	
3/19/96	7280	B. Wilson	Personal - bonus	3,000.00		
3/19/96	7281	P. Hamrock	Personal - bonus		3,000.00	
4/10/96	7288	B. Wilson	For personal federal taxes due	8,650.00		
4/10/96	7289	P. Hamrock	For personal federal taxes due		8,650.00	
4/19/96	N/A	Wire to Certificate of Deposits	Personal - bonus	100,000.00	100,000.00	
6/28/96	7333	B. Wilson	For contribution into Hamson Wilrock LLC	16,408.31		
6/28/96	7332	P. Hamrock	For contribution into Hamson Wilrock LLC		16,408.32	
7/5/96	N/A	B. Wilson	Reclassify stockholder loan	5,500.00		
7/5/96	N/A	P. Hamrock	Reclassify stockholder loan		5,500.00	
Total				<u>136,558.31</u>	<u>136,558.32</u>	<u>273,116.63</u>

unpaid taxes

- see attached
- last audit was state sales tax audit completed in 1996

**Aplicare, Inc.
Unpaid Taxes
As of July 5, 1996**

Type	Description	Amount	Date Due
State corporate	CT taxes on Corporate income for short year (approximately \$30,000 less \$21,440 estimated state tax already paid)	10,000.00	11/1/96
Sales & Use	2nd Quarter CT Sales & Use Tax (approximate)	800.00	7/31/96
Personal Property	Town of Branford personal property taxes on equipment (approximate)	7,250.00	8/1/96 & 2/1/97
Real Estate	Town of Branford real estate tax on building & land located at 50 East Industrial Road, Branford CT (approximate)	<u>32,000.00</u>	8/1/96 & 2/1/97
Total approximation of taxes		<u>50,050.00</u>	

Liens

1. liens to State Street Bank (all assets)
2. lien to Tri-Lift, Inc. (komatsu, forks, related equipment)

Contracts Affected by Merger

1. State Street Bank loan documents will require consent unless payoff completed

Litigation

- As stated in 12/31/95 financials (Franchi case still pending)

Patents, Trademarks, Trade Names, Copyrights

- Tradename registration on "Aplicare"

Schedule 3.2(U)

Employee Benefit Plans

health insurance

life insurance

disability policies

pension plans 401(k)

SCHEDULE 4.1(D)

Financial Information

Financials provided

- Reviewed GAAP financials 12/31/95 (consolidated)
- Unaudited non-GAAP operating financials through May 31, 1996 (consolidated and unconsolidated)
- Dividends and distributions since 12/31/95 - none

SCHEDULE 4.1(G)

None.

SCHEDULE 4.1(H)

All existing Bank One, Kentucky, N.A. (formerly Liberty National Bank and Trust Company) indebtedness as disclosed in the Financial Information.

SCHEDULE 4.1(J)

None.

SCHEDULE 4.1(N)

1. J J Skinner Inc
2. Redi Products, Inc.
3. Aplicare, Inc. (formerly APLC, Inc.)

SCHEDULE 4.1(O)

U.S. and International Registrations of "Operand" and "Lacrosse", and the unregistered common law trademark "Carekits".

SCHEDULE 4.1(U)

McBar Medical Industries, Inc. Retirement Savings Plan (Section 401(k) profit sharing plan); Bank One, Kentucky, N.A. Trustee.

EXHIBIT A

EMPLOYMENT AGREEMENT

This employment agreement ("Agreement") is made and entered into as of this 8th day of July, 1996 by and between McBar Medical Industries, Inc., a Kentucky corporation ("Corporation"), and Bruce H. Wilson, a resident of Branford, Connecticut ("Employee").

WHEREAS, it is the desire of the Corporation and Employee to enter into an employment agreement to govern the Employee's employment as the Corporation's Executive Vice-President, on the terms and subject to the conditions set forth in this Agreement.

WHEREAS, the Corporation and Employee desire that the term of this Agreement begin on the date of the closing of a certain merger between the Corporation and Aplicare, Inc., a Delaware corporation (herein the "Effective Date").

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

Section 1. Duties. During the term of this Agreement, Employee agrees to be employed by and to serve Corporation as its Executive Vice-President, and Corporation agrees to employ and retain Employee in such capacities. Employee shall devote his best efforts and all of his business time, energy, and skill to the affairs of the Corporation and at all times during the term of this Agreement shall have powers and duties at least commensurate with his position as Executive Vice-President.

Section 2. Term of Employment.

2.1 Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

2.1.1 "Termination For Cause" shall mean termination by Corporation of Employee's employment by reason of Employee's willful dishonesty towards, fraud upon, or deliberate injury or attempted injury to, Corporation or by reason of Employee's willful material breach of this Agreement which has resulted in material injury to Corporation.

2.1.2 "Termination Other Than For Cause" shall mean termination by Corporation of Employee's employment (other than in a Termination for Cause) and shall include constructive termination of Employee's employment by reason of material breach of this Agreement by Corporation, such constructive termination to be effective upon notice from Employee to Corporation of such constructive termination.

2.1.3 "Voluntary Termination" shall mean termination by Employee of Employee's employment other than (i) constructive termination as described in subsection 2.1.2, and (ii) termination by reason of Employee's death or disability as described in Sections 2.5 and 2.6.

2.2 Term. The term of employment of Employee shall be for a period of three (3) years beginning with the Effective Date ("Term"), unless terminated earlier pursuant to this Section. At any time prior to the expiration of the Term, Corporation and Employee may by mutual

written agreement extend Employee's employment under the terms of this Agreement for such additional periods as they may agree.

2.3 Termination For Cause. Termination For Cause may be effected by Corporation, acting by at least a majority of its entire Board of Directors, at any time during the term of this Agreement and shall be effected by written notification to Employee. Upon Termination For Cause, Employee shall promptly be paid all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, but Employee shall not be paid any other compensation or reimbursement of any kind, including, without limitation, severance compensation.

2.4 Termination Other Than For Cause. Notwithstanding anything else in this Agreement, Corporation, acting by at least a majority of its entire Board of Directors, may effect a Termination Other Than For Cause at any time upon giving written notice to Employee of such termination. Upon any Termination Other Than For Cause, Employee shall promptly be paid all accrued salary, bonus compensation to the extent earned, vested deferred compensation, any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, and all severance compensation provided in Section 4.2, but no other compensation or reimbursement of any kind.

2.5 Termination by Reason of Disability. If, during the term of this Agreement, Employee, in the reasonable judgment of at least a majority of the entire Board of Directors of Corporation, has failed to perform his duties under this Agreement on account of illness or physical or mental incapacity, and such illness or incapacity continues for a period of more than twelve (12) consecutive months, Corporation shall have the right to terminate Employee's employment hereunder by written notification to Employee and payment to Employee of all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, with the exception of medical and dental benefits which shall continue through the expiration of this Agreement, but Employee shall not be paid any other compensation or reimbursement of any kind, including without limitation, severance compensation.

2.6 Death. In the event of Employee's death during the term of this Agreement, Employee's employment shall be deemed to have terminated as of the last day of the month during which his death occurs and Corporation shall promptly pay to his estate or such beneficiaries as Employee may from time to time designate all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the

Corporation in which Employee is a participant to the full extent of Employee's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, but Employee's estate shall not be paid any other compensation or reimbursement of any kind, including, without limitation, severance compensation.

2.7 Voluntary Termination. In the event of a Voluntary Termination, Corporation shall promptly pay all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, but no other compensation or reimbursement of any kind, including, without limitation, severance compensation except as provided in Section 4.3.

2.8 Notice of Termination. Corporation may effect a termination of this Agreement pursuant to the provisions of this Section upon giving thirty (30) days' written notice to Employee of such termination. Employee may effect a termination of this Agreement pursuant to the provisions of this Section upon giving thirty (30) days' written notice to Corporation of such termination.

Section 3. Salary, Benefits and Bonus Compensation.

3.1 Base Salary. As payment for the services to be rendered by Employee as provided in Section 1. and subject to the terms and conditions of Section 2, Corporation agrees to pay to Employee a "Base Salary" for the Term beginning the Effective Date which, at a minimum, shall be at the rate of \$100,000.00 per annum payable in 24 equal semi-monthly installments. Subject to the foregoing minimums, Employee's Base Salary shall be reviewed annually by the Board of Directors.

3.2 Bonuses. Employee shall receive a bonus for each year, or any portion thereof, during the Term and any extensions thereof, with the actual amount of such bonus to be determined in the sole discretion of the Board of Directors based upon its evaluation of Employee's performance during such year; provided, however, such bonus shall be, at a minimum, and regardless of whether Employee provides services or is terminated during such year, equal to (a) \$50,000.00 for the first year of the Term, payable on or before July 8, 1997, (b) \$50,000.00 for the second year of the Term, payable on or before July 8, 1998, and (c) \$100,000.00 for the third year of the Term, payable on or before July 8, 1999. Such minimum bonuses shall be due and owing in accordance with the foregoing schedule irrespective of termination of Employee's employment prior to the expiration of the Term. In the event the Term is extended, the minimum bonus due for the third year of the Term shall be reduced to \$50,000.00 with the balance of \$50,000.00 being deferred and payable on or before July 8, 2000.

3.3 Additional Benefits. During the term of this Agreement, Employee shall be entitled to the following fringe benefits:

3.3.1 Employee Benefits. Employee shall be eligible to participate in such of Corporation's benefits and deferred compensation plans as are now generally available or later made generally available to executive officers of the Corporation, including, without limitation, stock option plans, profits sharing plans, annual physical examinations, dental and medical plans, personal catastrophe and disability insurance, retirement plans and supplementary executive retirements plans, if any. For purposes of establishing the length of service under any benefit plans or programs of Corporation, Employee's employment with the Corporation will be deemed to have commenced on the _____.

3.3.2 Vacation. Employee shall be entitled to four (4) weeks of vacation during each year during the Term of this Agreement and any extensions thereof, prorated for partial years.

3.3.3 Automobile Allowance. For the Term of this Agreement and any extensions thereof, the Corporation shall provide Employee with an automobile allowance of \$500.00 monthly.

3.3.4 Reimbursement for Expenses. During the Term of this Agreement, Corporation shall reimburse Employee for reasonable and properly documented out-of-pocket business and/or entertainment expenses incurred by Employee in connection with his duties under this Agreement.

Section 4. Severance Compensation; Guaranteed Compensation.

4.1 Severance Compensation in the Event of a Termination Other Than for Cause. In the event Employee's employment is terminated in a Termination Other Than for Cause, Employee shall be paid as severance compensation his Base Salary (at the rate payable at the time of such termination), for a period of the greater of the remaining portion of the Term or six (6) months from the date of such termination, on the dates specified in Section 3.1. Notwithstanding anything in this Section to the contrary, Employee may and in Employee's sole discretion, by delivery of a notice to Corporation within thirty (30) days following a Termination Other than for Cause, elect to receive a lump sum severance payment by bank cashier's check equal to the present value of the flow of cash payments that would otherwise be paid to Employee pursuant to this Section. Employee shall also be entitled to an accelerated vesting of any awards granted to Employee under any stock option plans to the extent provided in the stock option agreement entered into at the time of grant. Employee shall continue to accrue retirement benefits and shall continue to enjoy any benefit under any plans of the Corporation in which Employee is a participant to the full extent of the Employee's rights under such plan, including any perquisites provided under this Agreement, through the remaining Term of this Agreement; provided, however, that the benefits under any such plans of the Corporation in which Employee is a participant, including any such perquisites, shall cease upon reemployment by a new Employer.

4.2 No Severance Compensation Upon Other Termination. In the event of a Voluntary Termination, Termination For Cause, termination by reason of Employee's death or disability pursuant to Sections 2.5 and 2.6, Employee or his estate shall not be paid any severance compensation.

Section 5. Payment Obligations. Corporation's obligation to pay Employee the compensation and to make arrangements provided herein shall be unconditional, and Employee shall have no obligation whatsoever to mitigate damages hereunder.

Section 6. Noncompetition. During the Term of this Agreement, and for a period of one (1) year following the date of termination of Employee's employment, for any reason whatsoever, Employee shall not (except in his capacity as an employee of the Corporation), as an individual, investor, principal, shareholder, partner, employee, consultant, representative, agent, or in any capacity whatsoever, directly or indirectly, in any way solicit or accept business for the sale, purchase, marketing or distribution of any type of product sold by Corporation from any person or entity who (i) is a customer or client of Corporation, or (ii) was a customer or client of Corporation at the time of Employee's termination.

Section 7. Confidentiality. Employee will not at any time during his employment hereunder or after the termination of his employment, except as authorized in writing by the Corporation, directly or indirectly, divulge or disclose to any person, firm, association or corporation any "confidential information" as that term is hereafter defined. For these purposes, "confidential information" shall include any past, present or future prospect or customer list, customer files, sales and marketing data, production reports, broker agreements, production processes, patents, formulae, recipes, employment contracts and any and all accounting or compensation information or documents relating to the Corporation's business or any other materials or information deemed to be trade secrets or confidential by the Corporation, it being the intent of the Corporation and Employee to restrict Employee from disseminating any such information or materials. In addition, Employee agrees that he will use his best efforts to safeguard confidential information from exposure to, or appropriation by, unauthorized persons or entities. Upon termination of employment for any reason, Employee will not take any original, or copies, of any documents nor remove any material, information or data from the Corporation without prior written consent of the Corporation and will deliver to the corporation all information, materials and documents including personal notes and copies. It is hereby acknowledged by both Employee and Corporation that all files, information and data are the property of the Corporation. Employee agrees that, in addition to any other remedies available herein, compensation and benefits otherwise due and owing to him may be withheld by the Corporation for failure to comply with the terms of this section.

Section 8. Violation of Covenants. Employee agrees and acknowledges that the violation of any of the covenants or agreements in Sections 6 and 7 hereof would cause irreparable injury to Corporation and that the remedy at law for any violation or threatened violation thereof would be inadequate and the Corporation shall be entitled to obtain, without posting security, temporary and permanent injunctive relief or other equitable relief without the necessity of proving actual damages. In addition, Corporation may seek any other legal remedy including money damages. The remedies set forth in this paragraph are not exclusive, but are cumulative and are in addition to all other remedies under this Agreement or available at law or in equity. The Corporation and the Employee recognize that the laws and public policies of the various states of the United States and the District of Columbia may differ as to the validity and enforceability of agreements similar to those contained in Sections 6 and 7 hereof. It is the intention of Corporation and Employee that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of the Commonwealth of Kentucky, that the enforceability (or

the modification to conform with such laws or public policies) of any provision hereof shall not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision of this Agreement shall be determined to be invalid or unenforceable, either in whole or in part, this Agreement shall be deemed amended to delete or modify, as necessary, the offending provisions and to alter the balance of this Agreement in order to render the same valid and enforceable to the fullest extent permissible as aforesaid.

Section 9. Indemnification. In addition to any rights to indemnification which Employee is entitled to under the Corporation's Articles of Incorporation and Bylaws, Corporation shall indemnify Employee at all times during and after the Term to the maximum extent permitted under the Kentucky Business Corporation Act or any successor provision thereof, and any other applicable state law, and shall pay Employee's expenses in defending any civil or criminal action, suit, or proceed in advance of the final disposition of such action, suite or proceeding, to the maximum extent permitted under such applicable state laws.

Section 10. Notices. Any notices permitted or required under this Agreement shall be deemed given upon the date of personal delivery or forty-eight (48) hours after deposit in the United States mail, postage fully prepaid, return receipt requested, addressed to the Corporation at:

McBar Medical Industries, Inc.
Attn: Secretary
455 S. Fourth Ave., Suite 825
Louisville, Kentucky 40202

addressed to the Employee at:

Bruce H. Wilson

or at any other address as any party may, from time to time, designate by notice given in compliance with this Section.

Section 11. Law Governing. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

Section 12. Titles and Captions. All section titles or captions contained in this Agreement are for convenience only and shall not be deemed part of the context nor effect the interpretation of this Agreement.

Section 13. Entire Agreement. This Agreement contains the entire understanding between and among the parties and supersedes any prior understandings and agreements among them respecting the subject matter of this Agreement.

Section 14. Agreement Binding. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

Section 15. Attorney Fees. In the event an arbitration, suit or action is brought by any party under this Agreement to enforce any of its terms, or in any appeal therefrom, it is agreed that the prevailing party shall be entitled to reasonable attorney fees to be fixed by the arbitrator, trial court, and/or appellate court.

Section 16. Computation of Time. In computing any period of time pursuant to this Agreement, the day of the act, event or default from which the designated period of time begins to run shall be included, unless it is a Saturday, Sunday, or a legal holiday, in which event the period shall begin to run on the next day which is not a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day thereafter which is not a Saturday, Sunday, or legal holiday.

Section 17. Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons may require.

Section 18. Arbitration. If at any time during the term of this Agreement any dispute, difference, or disagreement shall arise upon or in respect of the Agreement, and the meaning and construction hereof, every such dispute, difference, and disagreement shall be referred to a single arbiter agreed upon by the parties, or if no single arbiter can be agreed upon, an arbiter or arbiters shall be selected in accordance with the rules of the American Arbitration Association and such dispute, difference, or disagreement shall be settled by arbitration in accordance with the then prevailing commercial rules of the American Arbitration Association, and judgment upon the award rendered by the arbiter may be entered in any court having jurisdiction thereof.

Section 19. Presumption. This Agreement or any section thereof shall not be construed against any party due to the fact that said Agreement or any section thereof was drafted by said party.

Section 20. Further Action. The parties hereto shall execute and deliver all documents, provide all information and take or forbear from all such action as may be necessary or appropriate to achieve the purposes of the Agreement.

Section 21. Parties in Interest. Nothing herein shall be construed to be to the benefit of any third party, nor is it intended that any provision shall be for the benefit of any third party.

Section 22. Savings Clause. If any provision of this Agreement, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement the day first above written intending to be legally bound hereby.

"Corporation"

McBar Medical Industries, Inc.
a Kentucky corporation

by: _____
Authorized Officer

"Employee"

Bruce H. Wilson, Individually

EMPLOYMENT AGREEMENT

This employment agreement ("Agreement") is made and entered into as of this 8th day of July, 1996 by and between McBar Medical Industries, Inc., a Kentucky corporation ("Corporation"), and Riordon W. McNerney, a resident of Louisville, Kentucky ("Employee").

WHEREAS, the Employee has been employed by the Corporation since _____ and is currently its President and Chief Executive Officer.

WHEREAS, it is the desire of the Corporation and Employee to enter into a new employment agreement to govern the Employee's employment as the Corporation's President and Chief Executive Officer, on the terms and subject to the conditions set forth in this Agreement.

WHEREAS, the Corporation and Employee desire that the term of this Agreement begin on the date of the closing of a certain merger between the Corporation and Aplicare, Inc., a Delaware corporation (herein the "Effective Date").

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

Section 1. Duties. During the term of this Agreement, Employee agrees to continue to be employed by and to serve Corporation as its President and Chief Executive Officer, and Corporation agrees to employ and retain Employee in such capacities. Employee shall devote his best efforts and all of his business time, energy, and skill to the affairs of the Corporation and at all times during the term of this Agreement shall have powers and duties at least commensurate with his position as President and Chief Executive Officer.

Section 2. Term of Employment.

2.1 Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

2.1.1 "Termination For Cause" shall mean termination by Corporation of Employee's employment by reason of Employee's willful dishonesty towards, fraud upon, or deliberate injury or attempted injury to, Corporation or by reason of Employee's willful material breach of this Agreement which has resulted in material injury to Corporation.

2.1.2 "Termination Other Than For Cause" shall mean termination by Corporation of Employee's employment (other than in a Termination for Cause) and shall include constructive termination of Employee's employment by reason of material breach of this Agreement by Corporation, such constructive termination to be effective upon notice from Employee to Corporation of such constructive termination.

2.1.3 "Voluntary Termination" shall mean termination by Employee of Employee's employment other than (i) constrictive termination as described in subsection 2.1.2, and (ii) termination by reason of Employee's death or disability as described in Sections 2.5 and 2.6.

2.2 Term. The term of employment of Employee shall be for a period of three (3) years beginning with the Effective Date ("Term"), unless terminated earlier pursuant to this Section. At any time prior to the expiration of the Term, Corporation and Employee may by mutual written agreement extend Employee's employment under the terms of this Agreement for such additional periods as they may agree.

2.3 Termination For Cause. Termination For Cause may be effected by Corporation, acting by at least a majority of its entire Board of Directors, at any time during the term of this Agreement and shall be effected by written notification to Employee. Upon Termination For Cause, Employee shall promptly be paid all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, but Employee shall not be paid any other compensation or reimbursement of any kind, including, without limitation, severance compensation.

2.4 Termination Other Than For Cause. Notwithstanding anything else in this Agreement, Corporation, acting by at least a majority of its entire Board of Directors, may effect a Termination Other Than For Cause at any time upon giving written notice to Employee of such termination. Upon any Termination Other Than For Cause, Employee shall promptly be paid all accrued salary, bonus compensation to the extent earned, vested deferred compensation, any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, and all severance compensation provided in Section 4.2, but no other compensation or reimbursement of any kind.

2.5 Termination by Reason of Disability. If, during the term of this Agreement, Employee, in the reasonable judgment of at least the majority of the entire Board of Directors of Corporation, has failed to perform his duties under this Agreement on account of illness or physical or mental incapacity, and such illness or incapacity continues for a period of more than twelve (12) consecutive months, Corporation shall have the right to terminate Employee's employment hereunder by written notification to Employee and payment to Employee of all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, with the exception of medical and dental benefits which shall continue through the expiration of this Agreement, but Employee shall not be paid any other compensation or reimbursement of any kind, including without limitation, severance compensation.

2.6 Death. In the event of Employee's death during the term of this Agreement, Employee's employment shall be deemed to have terminated as of the last day of the month during which

his death occurs and Corporation shall promptly pay to his estate or such beneficiaries as Employee may from time to time designate all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, but Employee's estate shall not be paid any other compensation or reimbursement of any kind, including, without limitation, severance compensation.

2.7 Voluntary Termination. In the event of a Voluntary Termination, Corporation shall promptly pay all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, but no other compensation or reimbursement of any kind, including, without limitation, severance compensation.

2.8 Notice of Termination. Corporation may effect a termination of this Agreement pursuant to the provisions of this Section upon giving thirty (30) days' written notice to Employee of such termination. Employee may effect a termination of this Agreement pursuant to the provisions of this Section upon giving thirty (30) days' written notice to Corporation of such termination.

Section 3. Salary, Benefits and Bonus Compensation.

3.1 Base Salary. As payment for the services to be rendered by Employee as provided in Section 1. and subject to the terms and conditions of Section 2, Corporation agrees to pay to Employee a "Base Salary" for the Term beginning the Effective Date at the rate of a minimum of \$100,000.00 per annum payable in 24 equal semi-monthly installments. Employee's Base Salary shall be reviewed annually by the Board of Directors.

3.2 Bonuses. Employee shall be eligible to receive a discretionary bonus for each year, or any portion thereof, during the Term and any extensions thereof, with the actual amount of such bonus to be determined in the sole discretion of the Board of Directors based upon its evaluation of Employee's performance during such year.

3.2 Additional Benefits. During the term of this Agreement, Employee shall be entitled to the following fringe benefits:

3.2.1 Employee Benefits. Employee shall be eligible to participate in such of Corporation's benefits and deferred compensation plans as are now generally available or later made generally available to executive officers of the Corporation, including, without limitation, stock option plans, profits sharing plans, annual physical examinations, dental and medical plans, personal catastrophe and disability insurance, retirement plans and supplementary executive retirements plans, if any. For purposes of establishing the length of service under any benefit

plans or programs of Corporation, Employee's employment with the Corporation will be deemed to have commenced on the _____.

3.3.2 Vacation. Employee shall be entitled to _____ () weeks of vacation during each year during the Term of this Agreement and any extensions thereof, prorated for partial years.

3.3.3 Automobile Allowance. During the Term of this Agreement and any extensions thereof, the Corporation shall provide Employee with an automobile of Corporation's choice for Employee's use.

3.3.4 Reimbursement for Expenses. During the Term of this Agreement, Corporation shall reimburse Employee for reasonable and properly documented out-of-pocket business and/or entertainment expenses incurred by Employee in connection with his duties under this Agreement.

Section 4. Severance Compensation.

4.1 Severance Compensation in the Event of a Termination Other Than for Cause. In the event Employee's employment is terminated in a Termination Other Than for Cause, Employee shall be paid as severance compensation his Base Salary (at the rate payable at the time of such termination), for a period of the greater of the remaining portion of the Term or six (6) months from the date of such termination, on the dates specified in Section 3.1. Notwithstanding anything in this Section to the contrary, Employee may and in Employee's sole discretion, by delivery of a notice to Corporation within thirty (30) days following a Termination Other than for Cause, elect to receive a lump sum severance payment by bank cashier's check equal to the present value of the flow of cash payments that would otherwise be paid to Employee pursuant to this Section. Employee shall also be entitled to an accelerated vesting of any awards granted to Employee under any stock option plans to the extent provided in the stock option agreement entered into at the time of grant. Employee shall continue to accrue retirement benefits and shall continue to enjoy any benefit under any plans of the Corporation in which Employee is a participant to the full extent of the Employee's rights under such plan, including any perquisites provided under this Agreement, through the remaining Term of this Agreement; provided, however, that the benefits under any such plans of the Corporation in which Employee is a participant, including any such perquisites, shall cease upon reemployment by a new Employer.

4.2 No Severance Compensation Upon Other Termination. In the event of a Voluntary Termination, Termination For Cause, termination by reason of Employee's death or disability pursuant to Sections 2.5 and 2.6, Employee or his estate shall not be paid any severance compensation.

Section 5. Payment Obligations. Corporation's obligation to pay Employee the compensation and to make arrangements provided herein shall be unconditional, and Employee shall have no obligation whatsoever to mitigate damages hereunder.

Section 6. Noncompetition. During the Term of this Agreement, and for a period of one (1) year following the date of termination of Employee's employment, for any reason whatsoever,

Employee shall not (except in his capacity as an employee of the Corporation) as an individual, investor, principal, shareholder, partner, employee, consultant, representative, agent, or in any capacity whatsoever, directly or indirectly, in any way solicit or accept business for the sale, purchase, marketing or distribution of any type of product sold by Corporation from any person or entity who (i) is a customer or client of Corporation, or (ii) was a customer or client of Corporation at the time of Employee's termination.

Section 7. Confidentiality. Employee will not at any time during his employment hereunder or after the termination of his employment, except as authorized in writing by the Corporation, directly or indirectly, divulge or disclose to any person, firm, association or corporation any "confidential information" as that term is hereafter defined. For these purposes, "confidential information" shall include any past, present or future prospect or customer list, customer files, sales and marketing data, production reports, broker agreements, production processes, patents, formulae, recipes, employment contracts and any and all accounting or compensation information or documents relating to the Corporation's business or any other materials or information deemed to be trade secrets or confidential by the Corporation, it being the intent of the Corporation and Employee to restrict Employee from disseminating any such information or materials. In addition, Employee agrees that he will use his best efforts to safeguard confidential information from exposure to, or appropriation by, unauthorized persons or entities. Upon termination of employment for any reason, Employee will not take any original, or copies, of any documents nor remove any material, information or data from the Corporation without prior written consent of the Corporation and will deliver to the corporation all information, materials and documents including personal notes and copies. It is hereby acknowledged by both Employee and Corporation that all files, information and data are the property of the Corporation. Employee agrees that, in addition to any other remedies available herein, compensation and benefits otherwise due and owing to him may be withheld by the Corporation for failure to comply with the terms of this section.

Section 8. Violation of Covenants. Employee agrees and acknowledges that the violation of any of the covenants or agreements in Sections 6 and 7 hereof would cause irreparable injury to Corporation and that the remedy at law for any violation or threatened violation thereof would be inadequate and the Corporation shall be entitled to obtain, without posting security, temporary and permanent injunctive relief or other equitable relief without the necessity of proving actual damages. In addition, Corporation may seek any other legal remedy including money damages. The remedies set forth in this paragraph are not exclusive, but are cumulative and are in addition to all other remedies under this Agreement or available at law or in equity. The Corporation and the Employee recognize that the laws and public policies of the various states of the United States and the District of Columbia may differ as to the validity and enforceability of agreements similar to those contained in Sections 6 and 7 hereof. It is the intention of Corporation and Employee that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of the Commonwealth of Kentucky, that the enforceability (or the modification to conform with such laws or public policies) of any provision hereof shall not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision of this Agreement shall be determined to be invalid or unenforceable, either in whole or in part, this Agreement shall be deemed amended to delete or modify, as necessary, the offending provisions and to alter the balance of this Agreement in order to render the same valid and enforceable to the fullest extent permissible as aforesaid.

Section 9. Indemnification. In addition to any rights to indemnification which Employee is entitled to under the Corporation's Articles of Incorporation and Bylaws, Corporation shall indemnify Employee at all times during and after the Term to the maximum extent permitted under the Kentucky Business Corporation Act or any successor provision thereof, and any other applicable state law, and shall pay Employee's expenses in defending any civil or criminal action, suit, or proceed in advance of the final disposition of such action, suite or proceeding, to the maximum extent permitted under such applicable state laws.

Section 10. Notices. Any notices permitted or required under this Agreement shall be deemed given upon the date of personal delivery or forty-eight (48) hours after deposit in the United States mail, postage fully prepaid, return receipt requested, addressed to the Corporation at:

McBar Medical Industries, Inc.
Attn: Secretary
455 S. Fourth Ave., Suite 825
Louisville, Kentucky 40202

addressed to the Employee at:

Riordon W. McNerney

or at any other address as any party may, from time to time, designate by notice given in compliance with this Section.

Section 11. Law Governing. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

Section 12. Titles and Captions. All section titles or captions contained in this Agreement are for convenience only and shall not be deemed part of the context nor effect the interpretation of this Agreement.

Section 13. Entire Agreement. This Agreement contains the entire understanding between and among the parties and supersedes any prior understandings and agreements among them respecting the subject matter of this Agreement.

Section 14. Agreement Binding. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

Section 15. Attorney Fees. In the event an arbitration, suit or action is brought by any party under this Agreement to enforce any of its terms, or in any appeal therefrom, it is agreed that the prevailing party shall be entitled to reasonable attorney fees to be fixed by the arbitrator, trial court, and/or appellate court.

Section 16. Computation of Time. In computing any period of time pursuant to this Agreement, the day of the act, event or default from which the designated period of time begins

to run shall be included, unless it is a Saturday, Sunday, or a legal holiday, in which event the period shall begin to run on the next day which is not a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day thereafter which is not a Saturday, Sunday, or legal holiday.

Section 17. Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons may require.

Section 18. Arbitration. If at any time during the term of this Agreement any dispute, difference, or disagreement shall arise upon or in respect of the Agreement, and the meaning and construction hereof, every such dispute, difference, and disagreement shall be referred to a single arbiter agreed upon by the parties, or if no single arbiter can be agreed upon, an arbiter or arbiters shall be selected in accordance with the rules of the American Arbitration Association and such dispute, difference, or disagreement shall be settled by arbitration in accordance with the then prevailing commercial rules of the American Arbitration Association, and judgment upon the award rendered by the arbiter may be entered in any court having jurisdiction thereof.

Section 19. Presumption. This Agreement or any section thereof shall not be construed against any party due to the fact that said Agreement or any section thereof was drafted by said party.

Section 20. Further Action. The parties hereto shall execute and deliver all documents, provide all information and take or forbear from all such action as may be necessary or appropriate to achieve the purposes of the Agreement.

Section 21. Parties in Interest. Nothing herein shall be construed to be to the benefit of any third party, nor is it intended that any provision shall be for the benefit of any third party.

Section 22. Savings Clause. If any provision of this Agreement, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement the day first above written intending to be legally bound hereby.

"Corporation"

McBar Medical Industries, Inc.
a Kentucky corporation

by: _____
Authorized Officer

"Employee"

Riordon W. McNerney, Individually

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EMPLOYMENT AGREEMENT

This employment agreement ("Agreement") is made and entered into as of this 8th day of July, 1996 by and between McBar Medical Industries, Inc., a Kentucky corporation ("Corporation"), and Philip J. Hamrock, a resident of Branford, Connecticut ("Employee").

WHEREAS, it is the desire of the Corporation and Employee to enter into an employment agreement to govern the Employee's employment as the Corporation's Executive Vice-President, on the terms and subject to the conditions set forth in this Agreement.

WHEREAS, the Corporation and Employee desire that the term of this Agreement begin on the date of the closing of a certain merger between the Corporation and Aplicare, Inc., a Delaware corporation (herein the "Effective Date").

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

Section 1. Duties. During the term of this Agreement, Employee agrees to be employed by and to serve Corporation as its Executive Vice-President, and Corporation agrees to employ and retain Employee in such capacities. Employee shall devote his best efforts and all of his business time, energy, and skill to the affairs of the Corporation and at all times during the term of this Agreement shall have powers and duties at least commensurate with his position as Executive Vice-President.

Section 2. Term of Employment.

2.1 Definitions. For the purposes of this Agreement, the following terms shall have the following meanings:

2.1.1 "Termination For Cause" shall mean termination by Corporation of Employee's employment by reason of Employee's willful dishonesty towards, fraud upon, or deliberate injury or attempted injury to, Corporation or by reason of Employee's willful material breach of this Agreement which has resulted in material injury to Corporation.

2.1.2 "Termination Other Than For Cause" shall mean termination by Corporation of Employee's employment (other than in a Termination for Cause) and shall include constructive termination of Employee's employment by reason of material breach of this Agreement by Corporation, such constructive termination to be effective upon notice from Employee to Corporation of such constructive termination.

2.1.3 "Voluntary Termination" shall mean termination by Employee of Employee's employment other than (i) constructive termination as described in subsection 2.1.2, and (ii) termination by reason of Employee's death or disability as described in Sections 2.5 and 2.6.

2.2 Term. The term of employment of Employee shall be for a period of three (3) years beginning with the Effective Date ("Term"), unless terminated earlier pursuant to this Section. At any time prior to the expiration of the Term, Corporation and Employee may by mutual

written agreement extend Employee's employment under the terms of this Agreement for such additional periods as they may agree.

2.3 Termination For Cause. Termination For Cause may be effected by Corporation, acting by at least a majority of its entire Board of Directors, at any time during the term of this Agreement and shall be effected by written notification to Employee. Upon Termination For Cause, Employee shall promptly be paid all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, but Employee shall not be paid any other compensation or reimbursement of any kind, including, without limitation, severance compensation.

2.4 Termination Other Than For Cause. Notwithstanding anything else in this Agreement, Corporation, acting by at least a majority of its entire Board of Directors, may effect a Termination Other Than For Cause at any time upon giving written notice to Employee of such termination. Upon any Termination Other Than For Cause, Employee shall promptly be paid all accrued salary, bonus compensation to the extent earned, vested deferred compensation, any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, and all severance compensation provided in Section 4.2, but no other compensation or reimbursement of any kind.

2.5 Termination by Reason of Disability. If, during the term of this Agreement, Employee, in the reasonable judgment of at least the majority of the entire Board of Directors of Corporation, has failed to perform his duties under this Agreement on account of illness or physical or mental incapacity, and such illness or incapacity continues for a period of more than twelve (12) consecutive months, Corporation shall have the right to terminate Employee's employment hereunder by written notification to Employee and payment to Employee of all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, with the exception of medical and dental benefits which shall continue through the expiration of this Agreement, but Employee shall not be paid any other compensation or reimbursement of any kind, including without limitation, severance compensation.

2.6 Death. In the event of Employee's death during the term of this Agreement, Employee's employment shall be deemed to have terminated as of the last day of the month during which his death occurs and Corporation shall promptly pay to his estate or such beneficiaries as Employee may from time to time designate all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits

which will be paid in accordance with the applicable plan), any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, but Employee's estate shall not be paid any other compensation or reimbursement of any kind, including, without limitation, severance compensation.

2.7 Voluntary Termination. In the event of a Voluntary Termination, Corporation shall promptly pay all accrued salary, bonus compensation to the extent earned, vested deferred compensation (other than pension plan or profit sharing plan benefits which will be paid in accordance with the applicable plan), any benefits under any plans of the Corporation in which Employee is a participant to the full extent of Employee's rights under such plans, accrued vacation pay and any appropriate business expenses incurred by Employee in connection with his duties hereunder, all to the date of termination, but no other compensation or reimbursement of any kind, including, without limitation, severance compensation.

2.8 Notice of Termination. Corporation may effect a termination of this Agreement pursuant to the provisions of this Section upon giving thirty (30) days' written notice to Employee of such termination. Employee may effect a termination of this Agreement pursuant to the provisions of this Section upon giving thirty (30) days' written notice to Corporation of such termination.

Section 3. Salary, Benefits and Bonus Compensation.

3.1 Base Salary. As payment for the services to be rendered by Employee as provided in Section 1. and subject to the terms and conditions of Section 2, Corporation agrees to pay to Employee a "Base Salary" for the Term beginning the Effective Date which, at a minimum, shall be at the rate of \$100,000.00 per annum payable in 24 equal semi-monthly installments. Subject to the foregoing minimums, Employee's Base Salary shall be reviewed annually by the Board of Directors.

3.2 Bonuses. Employee shall receive a bonus for each year, or any portion thereof, during the Term and any extensions thereof, with the actual amount of such bonus to be determined in the sole discretion of the Board of Directors based upon its evaluation of Employee's performance during such year; provided, however, such bonus shall be, at a minimum, and regardless of whether Employee provides services or is terminated during such year, equal to (a) \$50,000.00 for the first year of the Term, payable on or before July 8, 1997, (b) \$50,000.00 for the second year of the Term, payable on or before July 8, 1998, and (c) \$100,000.00 for the third year of the Term, payable on or before July 8, 1999. Such minimum bonuses shall be due and owing in accordance with the foregoing schedule irrespective of termination of Employee's employment prior to the expiration of the Term. In the event the Term is extended, the minimum bonus due for the third year of the Term shall be reduced to \$50,000.00 with the balance of \$50,000.00 being deferred and payable on or before July 8, 2000.

3.3 Additional Benefits. During the term of this Agreement, Employee shall be entitled to the following fringe benefits:

made generally available to executive officers of the Corporation, including, without limitation, stock option plans, profits sharing plans, annual physical examinations, dental and medical plans, personal catastrophe and disability insurance, retirement plans and supplementary executive retirements plans, if any. For purposes of establishing the length of service under any benefit plans or programs of Corporation, Employee's employment with the Corporation will be deemed to have commenced on the _____.

3.3.2 Vacation. Employee shall be entitled to four (4) weeks of vacation during each year during the Term of this Agreement and any extensions thereof, prorated for partial years.

3.3.3 Automobile Allowance. For the Term of this Agreement and any extensions thereof, the Corporation shall provide Employee with an automobile allowance of \$500.00 monthly.

3.3.4 Reimbursement for Expenses. During the Term of this Agreement, Corporation shall reimburse Employee for reasonable and properly documented out-of-pocket business and/or entertainment expenses incurred by Employee in connection with his duties under this Agreement.

Section 4. Severance Compensation: Guaranteed Compensation.

4.1 Severance Compensation in the Event of a Termination Other Than for Cause. In the event Employee's employment is terminated in a Termination Other Than for Cause, Employee shall be paid as severance compensation his Base Salary (at the rate payable at the time of such termination), for a period of the greater of the remaining portion of the Term or six (6) months from the date of such termination, on the dates specified in Section 3.1. Notwithstanding anything in this Section to the contrary, Employee may, and in Employee's sole discretion, by delivery of a notice to Corporation within thirty (30) days following a Termination Other than for Cause, elect to receive a lump sum severance payment by bank cashier's check equal to the present value of the flow of cash payments that would otherwise be paid to Employee pursuant to this Section, utilizing a discount rate of eight percent (8%) for purposes of such present value reduction. Employee shall also be entitled to an accelerated vesting of any awards granted to Employee under any stock option plans to the extent provided in the stock option agreement entered into at the time of grant. Employee shall continue to accrue retirement benefits and shall continue to enjoy any benefit under any plans of the Corporation in which Employee is a participant to the full extent of the Employee's rights under such plan, including any perquisites provided under this Agreement, through the remaining Term of this Agreement; provided, however, that the benefits under any such plans of the Corporation in which Employee is a participant, including any such perquisites, shall cease upon reemployment by a new Employer.

4.2 No Severance Compensation Upon Other Termination. In the event of a Voluntary Termination, Termination For Cause, termination by reason of Employee's death or disability pursuant to Sections 2.5 and 2.6, Employee or his estate shall not be paid any severance compensation.

Section 5. Payment Obligations. Corporation's obligation to pay Employee the compensation and to make arrangements provided herein shall be unconditional, and Employee shall have no obligation whatsoever to mitigate damages hereunder.

Section 6. Noncompetition. During the Term of this Agreement, and for a period of one (1) year following the date of termination of Employee's employment, for any reason whatsoever, Employee shall not (except in his capacity as an employee of the Corporation), as an individual, investor, principal, shareholder, partner, employee, consultant, representative, agent, or in any capacity whatsoever, directly or indirectly, in any way solicit or accept business for the sale, purchase, marketing or distribution of any type of product sold by Corporation from any person or entity who (i) is a customer or client of Corporation, or (ii) was a customer or client of Corporation at the time of Employee's termination.

Section 7. Confidentiality. Employee will not at any time during his employment hereunder or after the termination of his employment, except as authorized in writing by the Corporation, directly or indirectly, divulge or disclose to any person, firm, association or corporation any "confidential information" as that term is hereafter defined. For these purposes, "confidential information" shall include any past, present or future prospect or customer list, customer files, sales and marketing data, production reports, broker agreements, production processes, patents, formulae, recipes, employment contracts and any and all accounting or compensation information or documents relating to the Corporation's business or any other materials or information deemed to be trade secrets or confidential by the Corporation, it being the intent of the Corporation and Employee to restrict Employee from disseminating any such information or materials. In addition, Employee agrees that he will use his best efforts to safeguard confidential information from exposure to, or appropriation by, unauthorized persons or entities. Upon termination of employment for any reason, Employee will not take any original, or copies, of any documents nor remove any material, information or data from the Corporation without prior written consent of the Corporation and will deliver to the corporation all information, materials and documents including personal notes and copies. It is hereby acknowledged by both Employee and Corporation that all files, information and data are the property of the Corporation. Employee agrees that, in addition to any other remedies available herein, compensation and benefits otherwise due and owing to him may be withheld by the Corporation for failure to comply with the terms of this section.

Section 8. Violation of Covenants. Employee agrees and acknowledges that the violation of any of the covenants or agreements in Sections 6 and 7 hereof would cause irreparable injury to Corporation and that the remedy at law for any violation or threatened violation thereof would be inadequate and the Corporation shall be entitled to obtain, without posting security, temporary and permanent injunctive relief or other equitable relief without the necessity of proving actual damages. In addition, Corporation may seek any other legal remedy including money damages. The remedies set forth in this paragraph are not exclusive, but are cumulative and are in addition to all other remedies under this Agreement or available at law or in equity. The Corporation and the Employee recognize that the laws and public policies of the various states of the United States and the District of Columbia may differ as to the validity and enforceability of agreements similar to those contained in Sections 6 and 7 hereof. It is the intention of Corporation and Employee that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of the Commonwealth of Kentucky, that the enforceability (or

the modification to conform with such laws or public policies) of any provision hereof shall not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision of this Agreement shall be determined to be invalid or unenforceable, either in whole or in part, this Agreement shall be deemed amended to delete or modify, as necessary, the offending provisions and to alter the balance of this Agreement in order to render the same valid and enforceable to the fullest extent permissible as aforesaid.

Section 9. Indemnification. In addition to any rights to indemnification which Employee is entitled to under the Corporation's Articles of Incorporation and Bylaws, Corporation shall indemnify Employee at all times during and after the Term to the maximum extent permitted under the Kentucky Business Corporation Act or any successor provision thereof, and any other applicable state law, and shall pay Employee's expenses in defending any civil or criminal action, suit, or proceed in advance of the final disposition of such action, suite or proceeding, to the maximum extent permitted under such applicable state laws.

Section 10. Notices. Any notices permitted or required under this Agreement shall be deemed given upon the date of personal delivery or forty-eight (48) hours after deposit in the United States mail, postage fully prepaid, return receipt requested, addressed to the Corporation at:

McBar Medical Industries, Inc.
Attn: Secretary
455 S. Fourth Ave., Suite 825
Louisville, Kentucky 40202

addressed to the Employee at:

Philip J. Hamrock

or at any other address as any party may, from time to time, designate by notice given in compliance with this Section.

Section 11. Law Governing. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

Section 12. Titles and Captions. All section titles or captions contained in this Agreement are for convenience only and shall not be deemed part of the context nor effect the interpretation of this Agreement.

Section 13. Entire Agreement. This Agreement contains the entire understanding between and among the parties and supersedes any prior understandings and agreements among them respecting the subject matter of this Agreement.

Section 14. Agreement Binding. This Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto.

Section 15. Attorney Fees. In the event an arbitration, suit or action is brought by any party under this Agreement to enforce any of its terms, or in any appeal therefrom, it is agreed that the prevailing party shall be entitled to reasonable attorney fees to be fixed by the arbitrator, trial court, and/or appellate court.

Section 16. Computation of Time. In computing any period of time pursuant to this Agreement, the day of the act, event or default from which the designated period of time begins to run shall be included, unless it is a Saturday, Sunday, or a legal holiday, in which event the period shall begin to run on the next day which is not a Saturday, Sunday, or legal holiday, in which event the period shall run until the end of the next day thereafter which is not a Saturday, Sunday, or legal holiday.

Section 17. Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons may require.

Section 18. Arbitration. If at any time during the term of this Agreement any dispute, difference, or disagreement shall arise upon or in respect of the Agreement, and the meaning and construction hereof, every such dispute, difference, and disagreement shall be referred to a single arbiter agreed upon by the parties, or if no single arbiter can be agreed upon, an arbiter or arbiters shall be selected in accordance with the rules of the American Arbitration Association and such dispute, difference, or disagreement shall be settled by arbitration in accordance with the then prevailing commercial rules of the American Arbitration Association, and judgment upon the award rendered by the arbiter may be entered in any court having jurisdiction thereof.

Section 19. Presumption. This Agreement or any section thereof shall not be construed against any party due to the fact that said Agreement or any section thereof was drafted by said party.

Section 20. Further Action. The parties hereto shall execute and deliver all documents, provide all information and take or forbear from all such action as may be necessary or appropriate to achieve the purposes of the Agreement.

Section 21. Parties in Interest. Nothing herein shall be construed to be to the benefit of any third party, nor is it intended that any provision shall be for the benefit of any third party.

Section 22. Savings Clause. If any provision of this Agreement, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement the day first above written intending to be legally bound hereby.

"Corporation"

McBar Medical Industries, Inc.
a Kentucky corporation

by: _____
Authorized Officer

"Employee"

Philip J. Hamrock, Individually

EXHIBIT B

STOCKHOLDER VOTING AND RESTRICTION AGREEMENT

AGREEMENT made this 8th day of July, 1996 by and between Philip J. Hamrock and Bruce H. Wilson (the "Stockholders").

Recitals:

A. The Stockholders each own fifty percent (50%) of the issued and outstanding shares of common stock in Aplicare, Inc. (the "Corporation").

B. The Corporation has entered into a letter of intent to effect a merger with McBar Medical Industries, Inc., a Kentucky corporation (herein "McBar"), whereby it is contemplated that the Corporation will merge into such corporation and the Stockholders will receive shares of stock in such corporation in exchange for their shares of stock in the Corporation.

C. As a part of the merger, the Stockholders will become the owners of fifty percent (50%) of the issued and outstanding shares of stock of McBar (herein the "Stock") and the current stockholders of McBar (herein the "McBar Stockholders") will own fifty percent (50%) of the issued and outstanding shares of Stock.

D. As a condition of the plan and agreement of merger between the Corporation and McBar, the board of directors of McBar (herein the "Board of Directors") will consist of four (4) members, two of which may be nominated and elected by the McBar Stockholders and two of which may be nominated and elected by the Stockholders.

E. In order to maintain the director representation contemplated by the terms of the merger, the Stockholders desire to enter into an agreement to be specifically enforceable against each of them pursuant to which they agree to vote their shares of Stock in the manner and for the purpose specified herein, and further to restrict the sale or transfer of their shares of Stock in the manner and for the purpose specified herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Stockholders hereby agree as follows:

1. **WRITTEN CONSENT OF STOCKHOLDERS.** Effective the date of the merger between the Corporation and McBar, each Stockholder agrees and consents to the following action: (a) the amendment of the By-laws of McBar in order to (i) fix the number of directors at four (4), (ii) provide that action by the Board of Directors shall require the affirmative vote of directors constituting a majority of the total number of directorships, and (iii) provide that any vacancy in the Board of Directors shall be filled by the stockholders at a special meeting called for that purpose, subject to the terms of paragraph 2. hereof; and (b) the election of the directors named in paragraph 2.a. hereof.

2. **VOTING AGREEMENT.** Each of the Stockholders hereby agrees to vote all of the Stock now or hereafter registered in his or her name in favor of and in order to:

a. Elect as directors of McBar pursuant to the written consent each of the following persons:

1. Philip J. Hamrock
2. Bruce H. Wilson

b. Continue to vote for the persons elected as directors in accordance with this Agreement, or any successor directors designated in accordance with subparagraph c. of this paragraph 2, as directors of McBar from the date hereof until the day immediately preceding the annual stockholders' meeting in 2006.

c. In the event any of the persons listed below cannot or will not serve as a director or ceases serving as a director of McBar for any reason whatsoever, the Stockholders agree to vote, or cause their stock to be voted, for such person as shall be designated, in writing within fifteen (15) days after the original director ceases serving, by the Stockholder (or in the event of his or her death or disability, his or her executor, administrator or personal representative) whose name is set for the below opposite the name of the director who cannot or ceases serving as such:

<u>Name of Director</u>	<u>Name of Stockholder with the Right to Designate a Successor</u>
1. Philip J. Hamrock	1. Bruce H. Wilson
2. Bruce H. Wilson	2. Philip J. Hamrock

3. **RESTRICTION ON TRANSFER.** It is the expressed desire of the Stockholders to avoid a situation where the equal ownership of the Stock between the Stockholders and the McBar Stockholders, as stockholder groups, necessary to maintain equal board representation following the merger is frustrated or eliminated. It is, therefore, the desire and agreement of each Stockholder to restrict the transfer of his shares of Stock as follows: So long as this Agreement remains in effect, each Stockholder agrees that (i) he will not sell, pledge, hypothecate or transfer all or any part of his shares of Stock to an McBar Stockholder, or the successor, assign, transferee or representative of an McBar Stockholder, and (ii) he will cause any successor, assignee, purchaser or other transferee (including, without limitation, heirs) of all or any portion of his shares of Stock to become bound by the terms of this Agreement.

4. **CHANGES IN COMMON STOCK.** In the event that subsequent to the date of this Agreement any shares or other securities (other than any shares or securities of another corporation issued to stockholders pursuant to a plan of merger) are issued on, or in exchange

for, any of the shares of the Stock held by the Stockholder by reason of any stock dividend, stock split, consolidation of shares, reclassification, or consolidation involving McBar, such shares or securities shall be deemed to be Stock for purposes of this Agreement.

5. **REPRESENTATIONS OF STOCKHOLDERS.** Each Stockholder hereby represents and warrants to each of the other Stockholders that the Stockholder: (a) owns and has the right to vote the number of shares of the Stock set forth opposite the name on Exhibit A attached hereto, (b) has full power to enter into this Agreement and has not, prior to the date of this Agreement, executed or delivered any proxy or entered into any other voting agreement or similar arrangement other than one which has expired or terminated prior to the date hereof; and (c) will not take any action inconsistent with the purposes and provisions of this Agreement.

6. **ENFORCEABILITY; VALIDITY.** Each Stockholder expressly agrees that this Agreement shall be specifically enforceable in any court of competent jurisdiction in accordance with its terms against each of the parties hereto; provided, however, that this Agreement shall be null and void unless the merger between the Corporation and McBar is consummated on or before June 30, 1996 or on or before such other date as may be determined by the Board of Directors.

7. **GENERAL PROVISIONS.**

a. All of the covenants and agreements contained in this Agreement shall be binding upon, and inure to the benefit of the respective parties and their successors, assigns, heirs, executors, administrators and other legal representatives, as the case may be.

b. This Agreement, and the rights of the parties hereto, shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

c. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together shall constitute one and the same instrument.

d. This Agreement shall remain in effect until the day immediately preceding the 2006 annual stockholders meeting, unless sooner terminated (i) in writing by the Stockholders or (ii) by reason of the failure of the merger between the Corporation and McBar to be consummated.

e. If any provision of this Agreement shall be declared void or unenforceable by any court or administrative agency of competent jurisdiction, such provision shall be deemed to have been severed from the remainder of the Agreement and this Agreement shall continue in all respects to be valid and enforceable.

f. No waivers of any breach of this Agreement extended by any party hereto to any other party shall be construed as a waiver of any rights or remedies of any other party hereto or with respect to any subsequent breach.

g. Whenever the context of this Agreement shall so require, the use of the singular number shall include the plural and the use of any gender shall include all genders.

IN WITNESS WHEREOF, the Stockholders have executed this Agreement as of the date first above written.

Philip J. Hamrock

Bruce H. Wilson

C:\WPDOCS\VLB\MCNERNEY\MCBAR\PROXY.AG2

**EXHIBIT A
LIST OF STOCKHOLDERS**

EXHIBIT A
STOCKHOLDER VOTING AND RESTRICTION AGREEMENT

AGREEMENT made this ____ day of June, 1996, by and among those persons listed on the Schedule of Stockholders attached hereto and made a part hereof by reference (the "Stockholders").

Recitals:

A. The Stockholders, together with certain debentureholders who have elected to convert their debentures into common stock, collectively own fifty percent (50%) of the issued and outstanding shares of common stock (the "Stock") in McBar Medical Industries, Inc. (the "Corporation").

B. The Corporation has entered into a letter of intent to effect a merger with Aplicare, Inc., a Delaware corporation (herein "Aplicare"), whereby it is contemplated that such corporation will merge into the Corporation and the stockholders of Aplicare (herein the "Aplicare Stockholders") will receive shares of Stock in exchange for their shares of stock in Aplicare.

C. As a part of the merger, the Aplicare Stockholders will become the owners of fifty percent (50%) of the issued and outstanding shares of Stock.

D. As a condition of the plan and agreement of merger between the Corporation and Aplicare, the Board of Directors of the Corporation will consist of four (4) members, two of which may be nominated and elected by the Aplicare Stockholders and two of which may be nominated and elected by the Stockholders.

E. In order to maintain the director representation contemplated by the terms of the merger, the Stockholders desire to enter into an agreement to be specifically enforceable against each of them pursuant to which they agree to vote their shares of Stock in the manner and for the purpose specified herein, and further to restrict the sale or transfer of their shares of Stock in the manner and for the purpose specified herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Stockholders hereby agree as follows:

1. **WRITTEN CONSENT OF STOCKHOLDERS.** Effective the date of the merger between the Corporation and Aplicare, each Stockholder agrees and consents to the following action: (a) the amendment of the By-laws of the Corporation in order to (i) fix the number of directors at four (4), (ii) provide that action by the Board of Directors shall require the affirmative vote of directors constituting a majority of the total number of directorships, and (iii) provide that any vacancy in the Board of Directors shall be filled by the stockholders at a special meeting called for that purpose, subject to the terms of paragraph 2. hereof; and (b) the election of the directors named in paragraph 2.a. hereof.

2. **VOTING AGREEMENT.** Each of the Stockholders hereby agrees to vote all of the Stock now or hereafter registered in his or her name in favor of and in order to:

a. Elect as directors of the Corporation pursuant to the written consent each of the following persons to serve as directors of the Corporation until the annual stockholders' meeting in 1997: (1) Riordon W. McNerney; and (2) Gerald W. Bennett.

b. Commencing with the annual stockholders' meeting in 1997, and until termination of this Agreement as provided in paragraph 7., d. hereof, continue to vote to elect as directors of the Corporation the following persons: (1) Riordon W. McNerney; and (2) any one of the other Stockholders. In the event Riordon W. McNerney cannot or will not serve as a director or ceases serving as a director of the Corporation for any reason whatsoever, the Stockholders agree to vote, or cause their stock to be voted, to elect as a successor to Riordon W. McNerney as a director a person who is a Stockholder.

3. **RESTRICTION ON TRANSFER.** It is the expressed desire of the Stockholders to avoid a situation where the equal ownership of the Stock between the Stockholders and the Aplicare Stockholders, as stockholder groups, necessary to maintain equal board representation following the merger is frustrated or eliminated. It is, therefore, the desire and agreement of each Stockholder to restrict the transfer of his shares of Stock so long as this Agreement remains in effect as follows:

a. He will not sell, pledge, hypothecate or transfer all or any part of his shares of Stock to an Aplicare Stockholder, or the successor, assign, transferee or representative of an Aplicare Stockholder.

b. He will not sell or otherwise transfer all or any part of his shares of Stock to any person or entity without transmitting an offer, with respect to the shares he proposes to transfer, to the other Stockholders, each of whom shall have the right to purchase a proportion of such Stock equal to the ratio of the number of shares owned by him to the total shares owned by all of the Stockholders excluding the selling Stockholder. If a Stockholder fails for any reason to purchase the proportion of Stock allotted to him, the other Stockholders shall have the right to buy the balance in similar ratio. For these purposes, "offer" by the selling Stockholder means written notice specifying: the Stockholder's intention to sell or transfer shares of Stock; the number of shares the Stockholder proposes to transfer; the name, address and telephone number of the proposed transferee; and the price that the transferee proposes to pay to the Stockholder for each share to be transferred, as well as all other terms and condition of the proposed transfer. If all of the shares offered by the selling Stockholder are not purchased by the other Stockholders within forty-five (45) days after receipt of the offer, the selling Stockholder may transfer his shares to the proposed transferee.

c. He will cause any successor, assignee, purchaser or other transferee (including, without limitation, heirs) of all or any portion of his shares of Stock to become bound by the terms of this Agreement.

d. Notwithstanding any provision of this paragraph 3 which may be construed to the contrary, each Stockholder may sell or transfer all or any part of his shares of Stock to one (1) or more related individuals. For these purposes, "related individual" means spouse, parent, child, step-child, or grandchild, and shall also include a trustee or trustees under a written agreement for the benefit of any such individuals. In all such cases, however, the Stockholder shall cause any such transferee to become bound by the terms of this Agreement.

4. **CHANGES IN COMMON STOCK.** In the event that subsequent to the date of this Agreement any shares or other securities (other than any shares or securities of another corporation issued to stockholders pursuant to a plan of merger) are issued on, or in exchange

for, any of the shares of the Stock held by the Stockholder by reason of any stock dividend, stock split, consolidation of shares, reclassification, or consolidation involving the Corporation, such shares or securities shall be deemed to be Stock for purposes of this Agreement.

5. REPRESENTATIONS OF STOCKHOLDERS. Each Stockholder hereby represents and warrants to each of the other Stockholders that the Stockholder: (a) owns and has the right to vote the number of shares of the Stock set forth opposite the name on the Schedule of Stockholders attached hereto, (b) has full power to enter into this Agreement and has not, prior to the date of this Agreement, executed or delivered any other voting agreement or similar arrangement other than one which has expired or terminated prior to the date hereof; and (c) will not take any action inconsistent with the purposes and provisions of this Agreement.

6. ENFORCEABILITY; VALIDITY. Each Stockholder expressly agrees that this Agreement shall be specifically enforceable in any court of competent jurisdiction in accordance with its terms against each of the parties hereto; provided, however, that this Agreement shall be null and void unless the merger between the Corporation and Aplicare is consummated on or before June 30, 1996 or on or before such other date as may be determined by the Board of Directors of the Corporation.

7. GENERAL PROVISIONS.

a. All of the covenants and agreements contained in this Agreement shall be binding upon, and enure to the benefit of the respective parties and their successors, assigns, heirs, executors, administrators and other legal representatives, as the case may be.

b. This Agreement, and the rights of the parties hereto, shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

c. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together shall constitute one and the same instrument.

d. This Agreement shall remain in effect until the day immediately preceding the 2001 annual stockholders meeting, unless sooner terminated (i) in writing by Stockholders owning seventy-five percent (75%) of the Stock subject to this Agreement; (ii) by reason of the failure of the merger between the Corporation and Aplicare to be consummated; (ii) by reason of the issuance of additional shares of Stock so that ownership of the Aplicare Stockholders and the Stockholders is no longer fifty percent (50%) and fifty percent (50%), respectively; or (iv) by reason of any increase in the number of directors serving on the board of the Corporation to more than four (4).

e. If any provision of this Agreement shall be declared void or unenforceable by any court or administrative agency of competent jurisdiction, such provision shall be deemed to have been severed from the remainder of the Agreement and this Agreement shall continue in all respects to be valid and enforceable.

f. No waivers of any breach of this Agreement extended by any party hereto to

any other party shall be construed as a waiver of any rights or remedies of any other party hereto or with respect to any subsequent breach.

g. Whenever the context of this Agreement shall so require, the use of the singular number shall include the plural and the use of any gender shall include all genders.

IN WITNESS WHEREOF, the Stockholders have executed this Agreement as of the date first above written.

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SCHEDULE OF STOCKHOLDERS

EXHIBIT C

LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into this 8th day of July, 1996, by and between HAMSON WILROCK, LLC, a Connecticut limited liability company with its principal place of business located at 50 E. Industrial Road, Branford, CT 06405 ("Lessor"), and MCBAR MEDICAL INDUSTRIES, INC. a Kentucky corporation with its principal place of business located at 455 South Fourth Avenue, Suite 825, Louisville, KY 40202 ("Lessee");

W I T N E S S E T H:

That for and in consideration of the mutual covenants and agreements herein contained, Lessor and Lessee hereby covenant and agree as follows:

ARTICLE ONE DEFINITIONS AND ATTACHMENTS

Section 1.01. Definitions. As used in this Lease Agreement:

(a) The term "Applicable Law" shall include but shall not be limited to CERCLA, RCRA, the Federal Water Pollution Control Act a/k/a the Clean Air Act, the Clean Air Act, the provisions of the Connecticut General Statutes Annotated, Title 22a and the regulations promulgated thereunder and any other local, state and/or federal laws or regulations whether currently in existence or hereafter enacted to govern the existence, clean-up and/or remedy of contamination on property, the protection of the environment from spill deposited or otherwise implaced contamination, the control of hazardous waste or the use, generation, transport, treatment, removal or recovery of Hazardous Substances.

(b) The term "Building" means the structure located on the Property, as the same may be altered, reduced, expanded or replaced from time to time.

(c) The term "Hazardous Substance" shall mean any substance, chemical or waste that is listed or shall be listed or defined as hazardous, toxic or dangerous under Applicable Law and shall also mean any petroleum products, including lubricating oil, motor oil, and gasoline.

(d) The term "Initial Lease Term" means the period of ten (10) years commencing and ending as provided in Section 3.01 hereof.

(e) The term "Leased Premises" means the Property and the Building at 50 East Industrial Road, Branford, CT 06405.

(f) The term "Lease Term" means the period equal to the Initial Lease Term, plus any "Renewal Term(s)" during which Lessee may be a tenant under Section 3.02 hereof.

(g) The term "Property" means the real property located in Branford, Connecticut, generally known as 50 East Industrial Road and which is more particularly described on Exhibit A attached hereto, including all improvements now or hereafter located thereon.

(h) The term "Renewal Term" means the period of ten (10) years commencing and ending as provided in Section 3.02 hereof.

(i) The term "Taxes" means all real estate taxes, ad valorem taxes and assessments, general and special assessments, or any other tax imposed upon or levied against real estate or upon owners of real estate as such rather than persons generally, payable with respect to or allocable to the Property including all land, the Building, and all other buildings and improvements situated thereon, together with the reasonable cost of any negotiations, contest or appeal pursued by Lessor in an effort to reduce any such tax, assessment or charge, although Lessor shall have no obligation to seek such reduction.

Section 1.02. Attachment. The following document is attached hereto, and such document shall be deemed to be a part hereof:

Exhibit A - Legal description of the Property

ARTICLE TWO LEASED PREMISES

Section 2.01. Demise. Lessor does hereby demise and let unto Lessee, and Lessee does hereby lease and hire from Lessor, upon the terms and conditions set forth in this Lease Agreement, the Leased Premises.

ARTICLE THREE TERM

Section 3.01. Initial Lease Term. The Initial Lease Term shall commence on July 8, 1996, and shall continue for ten (10) years from the date of the commencement of the Initial Lease Term through July 7, 2006.

Section 3.02. Renewal Term. Lessee may, at its option, renew the term of this Lease for one (1) separate and successive Renewal Term of ten (10) years after the expiration of the Initial Lease Term, the Renewal Term to commence on July 8, 2006 and terminate on July 7, 2016. The option for the Renewal Term shall be exercised separately by written notice to Lessor at least one (1) year prior to the expiration of the Initial Lease Term, provided Lessee is not in default under any of the provisions of this Lease. The Renewal Term shall be upon the same terms and conditions as the Initial Lease Term.

Section 3.03. Hold Over. If Lessee remains in possession of the Leased Premises after the expiration of the Lease Term, Lessee shall be deemed to be a tenant from month-to-month only, subject to all of the terms and provisions of this Lease Agreement until Lessee or Lessor shall have given to the other thirty (30) calendar days' notice of termination of such tenancy from month-to-month. In the event Lessee holds over beyond the thirty (30) day period following notice of termination of such month-to-month tenancy, Lessee shall pay monthly rental to Lessor for each month of the holdover period in an amount equal to twice the Rent otherwise payable.

ARTICLE FOUR RENT

Section 4.01. Rent Payable. Lessee covenants and agrees to pay Lessor, as rent ("Rent") for the Leased Premises, on a monthly basis, the sum equal to Lessor's monthly installment of principal and interest due under Lessor's existing mortgage financing on the Property, the amount of each such installment to be communicated to Lessee by Lessor at least five (5) days prior to the pertinent Rent due date, commencing on July 8, 1996 and continuing on the same day of each month thereafter during the Lease Term. It is acknowledged and agreed the Rent due for the first three (3) months of the Lease Term shall be \$20,520.33, \$21,141.09 and \$21,087.99, respectively. In the event the Lessor obtains new mortgage financing on the Property on terms where (i) the principal amount of the borrowing is no greater than One Million Eight Hundred Fifty Thousand Dollars (\$1,850,000.00) and (ii) the amortization of the financing is at least twenty (20) years, then and in that event, and notwithstanding any other provision herein which may be construed to the contrary, Lessee shall pay the Lessor monthly rental equal to Lessor's level monthly installment of principal and interest under such financing, plus the sum of \$3,166.66; provided, however, in the event the Lessor has devoted its best efforts to arrange for such new mortgage financing and has not been able to do so on or before November 7, 1996, then and in that event, the Lessee shall nonetheless pay, as additional monthly Rent, commencing with the Rent payment due on November 8, 1996, the sum of \$3,166.66 and shall continue the payment of such additional Rent throughout the Lease Term.

Section 4.02. Payment of Rent. Lessee shall pay all Rent when due and payable, without any setoff, deduction or prior demand therefor whatsoever, except as may be specifically provided herein. Rent shall be paid and delivered to Lessor at the address of Lessor specified in the preamble to this Lease Agreement or at such other place as Lessor may, from time to time, designate in a notice to Lessee. Any payment by Lessee or acceptance by Lessor of a lesser amount than shall be due from Lessee to Lessor shall be treated as payment on account. The acceptance by Lessor of a check for a lesser amount with an endorsement or statement thereon, or upon any letter accompanying such check, that such lesser amount is payment in full, shall be given no effect, and Lessor may accept such check without prejudice to any other rights or remedies which Lessor may have against Lessee.

ARTICLE FIVE TAXES

Section 5.01. Lessee to Pay Taxes. Lessee shall pay during the Lease Term all Taxes which become due and payable during the Lease Term. In addition, Lessee shall pay all personal property taxes levied against its personal property.

ARTICLE SIX EQUIPMENT

Section 6.01. Lessee's Equipment. All equipment and other personal property (as distinguished from leasehold improvements) owned by Lessee and installed or placed in the Leased Premises shall remain the property of Lessee and shall be removable at any time, including upon the expiration of the Lease Term, provided that Lessee shall repair any damage to the Leased Premises caused by the removal of said property. Notwithstanding the foregoing, if Lessee leaves any such equipment or other personal property on the Leased Premises after the termination of the Lease Term, Lessee shall pay to Lessor the actual cost of removing such property and repairing any attendant damage or, at Lessor's option, such property shall become the property of Lessor and may be disposed of in Lessor's discretion.

ARTICLE SEVEN OPERATIONS

Section 7.01. Operations by Lessee. In regard to the use and occupancy of the Leased Premises, Lessee will at its expense: (a) keep the outside and inside of all glass in the doors and windows of the Leased Premises clean; (b) replace promptly any cracked or broken glass (whether exterior or interior) of the Leased Premises with glass of like kind and quality, and keep the sidewalks adjacent to the Leased Premises free of accumulations of ice, snow and debris; (c) maintain the Leased Premises in a clean, orderly and sanitary condition and free of insects, rodents, vermin and other pests; (d) keep any garbage, trash, rubbish or other refuse in rat-proof containers within the interior of the Leased Premises until removed and placed in an authorized container for the deposit of garbage and refuse, which shall be located in an area designated by Lessor; (e) have such garbage, trash, rubbish and refuse removed from said designated area at least weekly; (f) comply with all laws, ordinances, rules and reasonable recommendations of Lessor's fire insurance rating organization now or hereafter in effect; and (g) comply with and observe all reasonable rules and regulations established by Lessor from time to time.

In the event Lessee violates any of the provisions contained in Subsections (a) through (g), inclusive, of this Section 7.01. Lessee agrees to cure any such violation and to remedy any damage to the Leased Premises resulting from said violation, as promptly as possible and at its sole cost and expense.

Section 7.02. Signs and Advertising. Lessee will not place or suffer to be placed or maintained on the exterior of the Leased Premises any sign, advertising matter or any other thing of any kind and will not place or maintain any decoration, letter or advertising matter on the glass of any window or door of the Leased Premises, in each case unless and to the extent that prior approval therefor has been obtained from Lessor, which approval shall not be unreasonably withheld. Lessee will, at its sole cost and expense, maintain such signs, decorations, lettering, advertising matter or other things as may be permitted hereunder in good condition and repair at all times.

ARTICLE EIGHT USE

Section 8.01. Use. Lessee shall continuously use the Leased Premises for the purpose of operating a medical packaging business, and for such other purposes as are incidental to such business, and for no other purpose whatsoever, unless otherwise approved in writing by Lessor.

ARTICLE NINE USE OF HAZARDOUS SUBSTANCES

Section 9.01. Acceptance of Leased Premises and Covenant to Surrender. Lessor and Lessee acknowledge that Lessee shall have no responsibility with respect to any Hazardous Substances located or contained at the Leased Premises as of the commencement of the Initial Lease Term, which Hazardous Substances and the activities therewith and treatment or disposal thereof under Applicable Law shall remain the sole and exclusive responsibility of Lessor.

Lessee accepts the Leased Premises as being in good and sanitary order, condition and repair and accepts the Building, equipment, fixtures and any other improvements in their present condition; provided, however, as described above, the Lessee shall have no responsibility with respect to any Hazardous Substances located or contained at the Leased Premises as of the commencement of the Initial Lease Term. Lessee agrees on the last day of the Lease Term to surrender the Leased Premises to Lessor in good and sanitary order, condition and repair, except for such wear and tear as would be normal for the period of Lessee's occupancy in respect of the medical packaging business to be operated at the Leased Premises by Lessee. No spill, deposit, emission, leakage or other release (except as related to the prior use of the Leased Premises or other real property) of Hazardous Substances in the soils, groundwaters or waters

after the commencement of the Initial Lease Term shall be deemed to result in "wear and tear that would be normal for the period of Lessee's occupancy." Notwithstanding the foregoing, Lessor acknowledges that Lessee will use those Hazardous Substances which are customary for the conduct of a medical packaging business and agrees that such Hazardous Substances may be used and will be considered as part of the "wear and tear that would be normal for the period of Lessee's occupancy" provided that such Hazardous Substances have not been used, or otherwise created any condition, in violation of any Applicable Law. Lessee shall be responsible to promptly and completely clean up any release of any Hazardous Substance, not authorized under the terms of this Lease Agreement, as shall occur on the Leased Premises during the Lease Term and shall surrender the Leased Premises free from any contamination or other damage caused by any such unauthorized occurrences during the Lease Term except as related to the prior use of the Leased Premises or other real property.

Section 9.02. Maintenance of Leased Premises. Lessee shall, at its sole cost, keep and maintain the Leased Premises in good and sanitary order, condition and repair as contemplated by Section 10.01 of this Lease Agreement. As part of the maintenance obligation of Lessee, Lessee shall promptly respond to and clean up any release or threatened release of any Hazardous Substance, not authorized under the terms of this Lease Agreement, into the drainage systems, soils, groundwater, waters or atmosphere, in a safe manner, in accordance with Applicable Law, and as authorized, approved or required by all federal, state and/or local agencies having authority to regulate the permitting, handling and/or clean-up of Hazardous Substances except as any such release or threatened release may be related to the use of the Leased Premises or any other real property by any party prior to the commencement of the Initial Lease Term.

Section 9.03. Use of Hazardous Substances. Lessee shall not use, store, generate, treat, transport or dispose of any Hazardous Substance on the Leased Premises without first obtaining Lessee's written approval. It is acknowledged that those products and materials which Lessee has customarily used in the conduct of its medical packaging business is hereby approved by Lessor for use in the continued conduct of Lessee's business without any further action being required to be taken by Lessor or Lessee. Except to the extent already approved by the terms of this Lease Agreement, Lessee shall notify Lessor and seek any required approval in writing at least thirty (30) calendar days prior to bringing any Hazardous Substance onto the Leased Premises. Except to the extent already approved by the terms of this Lease Agreement, Lessor may withdraw approval of any such Hazardous Substance at any time, for reasonable causes related to the threat of site contamination, or damage or injury to persons, property or resources on or near the Leased Premises. Upon receipt of such disapproval, Lessee shall remove the Hazardous Substance from the Leased Premises at Lessee's expense. Lessor's approval of or the failure to approve the use of a Hazardous Substance under this Section 9.03 shall not limit or affect Lessee's obligations under this Lease Agreement, including Lessee's duty to remedy or remove unauthorized releases or threatened releases; to comply with Applicable Law relating to the use, storage, generation, treatment, transportation and/or disposal of unauthorized Hazardous Substances; and to fully indemnify Lessor against any harm or damages

caused by or resulting from the use, storage, generation, treatment, transportation and/or disposal of unauthorized Hazardous Substances.

ARTICLE TEN REPAIRS AND ALTERATIONS

Section 10.01. Repairs to Be Made by Lessee. Lessee, at its expense, will make, or cause to be made structural and non-structural repairs and replacements to exterior and interior walls, columns and structural floors which collectively enclose the Leased Premises and the roof over the Leased Premises and shall make all repairs to the equipment or system providing heat to the Leased Premises and to any installations, equipment or facilities therein constituting fixtures including, without limitation, any ventilating and air conditioning equipment serving the Leased Premises, provided Lessee shall give Lessor notice of the necessity for such repairs and provided that the necessity for such repairs shall not arise from nor shall be caused by the negligence or wilful acts of Lessor, its agents, officers, employees, licensees, invitees, or contractors. Without limiting the generality of the foregoing, Lessee will keep the interior of the Leased Premises, together with all electrical, plumbing, HVAC and other mechanical systems serving the Leased Premises, in good order and repair and will make all replacements from time to time required hereto at its expense. Lessee shall be responsible for keeping the Leased Premises free from mechanics' liens attendant to such work.

Section 10.02. Condition at End of Least Term. Lessee shall surrender the Leased Premises at the expiration of the Lease Term or at such other time as it may vacate the Leased Premises in as good condition as when received, excepting depreciation caused by ordinary wear and tear, free from any mechanics' liens arising from work performed at Lessee's direction, damage by Casualty (as hereinafter defined) (other than such damage by Casualty which is caused by the negligence of Lessor, its agents, officers, employees, contractors, licenses or invitees, and which is not wholly covered by Lessor's hazard insurance policy), unavoidable accident or act of God.

ARTICLE ELEVEN UTILITIES

Section 11.01. Utility Charges. Lessee shall maintain the connection to the presently existing sewer, natural gas, electricity, water and other utility lines serving the Building or Property. Lessee shall arrange for all gas, water, electricity, sewer and other utilities services for the Leased Premises with the appropriate public utility company or public authority supplying the same and shall pay for all charges for said services furnished to the Leased Premises or to Lessee from and after the date of execution of this Lease Agreement.

Section 11.02. Discontinuances and Interruptions of Utility Services. Lessor shall not be liable to Lessee in damages or otherwise (i) if any utilities shall become available from

any public utility company, public authority or any other person or entity supplying or distributing such utility, or (ii) for any interruption in any utility service (including, without limitation, any heating, ventilation or air conditioning) caused by the making of any necessary repairs or improvements or by any cause beyond Lessor's reasonable control, and the same shall not constitute a termination of this Lease Agreement or an eviction of Lessee. Lessor makes no representations or warranties with respect to the availability or cost of utility services.

ARTICLE TWELVE INDEMNITY AND INSURANCE

Section 12.01. Indemnity by Lessee. Lessee agrees to and does hereby indemnify Lessor and save it harmless from and against any and all claims, actions, damages, liability and expense, including without limitation Lessee's reasonable attorney's fees and expenses, in connection with loss of life, personal injury and/or damage to property arising from or out of the occupancy or use by Lessee of the Leased Premises or any part thereof or any other part of the Building, occasioned wholly or in part by any act or omission of Lessee, its officers, agents, contractors or employees.

Section 12.02. Lessor Not Responsible for Acts of Others. Lessor shall not be responsible or liable to Lessee, or to those claiming by, through or under Lessee, for any loss or damage which may be occasioned by or through the acts or omissions of persons occupying space adjoining the Leased Premises or any part of the premises adjacent to or connection with the Leased Premises, or otherwise, or for any loss or damage resulting to Lessee, or those claiming by, through or under Lessee, or its or their property, from the breaking, bursting, stoppage or leaking of electrical cable and wires, and water, gas, sewer, steam pipes or air conditioning lines.

Section 12.03. Lessee's Insurance. At all times after the execution of this Lease Agreement by Lessee, Lessee will take out and keep in force, at its expense: (a) public liability insurance, including insurance against (i) assumed or contractual liability with respect to the Leased Premises, to afford protection to the limit, for each occurrence, of not less than \$2,000,000.00 with respect to personal injury or death, and \$2,000,000.00 with respect to property damage; (b) all risk casualty insurance, written at replacement cost value and with replacement cost endorsement, covering all of Lessee's personal property in the Leased Premises (including, without limitation, inventory, equipment, floor coverings, furniture and other property removable by Lessee under the provisions of this Lease Agreement) and any leasehold improvements installed in the Leased Premises by Lessee; (c) hazard and liability insurance on the Building in an amount equal to the replacement cost thereof, naming Lessor as additional insured, as its interest may appear, and including deductibles and with companies authorized to engage in the business of casualty insurance in the State of Connecticut reasonably acceptable to Lessor; and (d) if and to the extent required by law, worker's compensation or similar insurance in form and amounts required by law.

Section 12.04. Increase in Insurance Premiums. Lessee will not do or suffer to be done, or keep or suffer to be kept, anything in, upon or about the Leased Premises which will contra-vene Lessor's policies of hazard or liability insurance or which will prevent Lessor from procuring such policies in companies acceptable to Lessor.

Section 12.05. Waiver of Right of Recovery. Neither party shall be liable to the other party or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or other tangible property, even though such loss or damage might have been occasioned by the negligence of such party, its agents or employees; provided, however, that if, by reason of the foregoing waiver, either party shall be unable to obtain any such insurance, such waiver shall be deemed not to have been made by such party.

ARTICLE THIRTEEN DAMAGE AND DESTRUCTION

Section 13.01. Lessee's Obligation to Repair and Reconstruct. If the Leased Premises shall be damaged by fire, the elements, accident or other casualty (any of such causes being referred to herein as a "Casualty"), resulting in less than twenty percent (20%) of the Leased Premises thereby being rendered untenable, Lessee shall promptly, upon receipt of all casualty insurance awards and proceeds, cause such damage to be repaired and the Rent to be paid by Lessee in accordance with this Lease Agreement shall abate from the date of such damage through the period of repair thereof in the proportion that the area of the Leased Premises of which Lessee is continuously deprived as a result of damage or other repairs necessitated thereby bears to the total area of the Leased Premises. Lessee shall cause such damage to be repaired at the expense of Lessee within thirty (30) days of the date of such Casualty (unless in the exercise of reasonable diligence, the damage cannot be repaired in said thirty (30) day period, in which case Lessee shall proceed with such repair and complete the same as soon as possible after the commencement thereof), but Lessee shall not be required to perform any work beyond that necessary to repair the Leased Premises to the condition that the Leased Premises were in immediately prior to the taking of possession of the Leased Premises by Lessee. Lessor shall not be liable for interruption to Lessee's business or for damage to or replacement or repair of Lessee's personal property (including, without limitation, inventory, equipment, floor coverings, furniture and other property removable by Lessee under the provisions of this Lease Agreement or to any leasehold improvements installed in the Leased Premises by Lessee, all of which damage, replacement or repair shall be undertaken and completed by Lessee promptly.

Section 13.02. Option to Terminate Lease Agreement. If the Leased Premises are (a) damaged by any Casualty which thereby renders twenty percent (20%) or more of the Leased Premises untenable, or (b) damaged as a result of any cause which is not covered by Lessee's insurance, or if the Building is damaged to the extent of twenty percent (20%) or more

of the area thereof, either Lessor or Lessee may elect to terminate this Lease Agreement by giving to the other party notice of such election within thirty (30) calendar days after the occurrence of such event. If such notice is given, the rights and obligations of the parties shall cease (except to the extent of obligations to have been performed or liability for indemnification for actions prior to such termination) as of the date of such notice, and Rent shall be adjusted as of the date of such termination.

ARTICLE FOURTEEN CONDEMNATION

Section 14.01. Effect of Taking. If twenty percent (20%) or more of the area of the Leased Premises shall be taken under the power of eminent domain or otherwise or by any purchase or other acquisition in lieu of eminent domain or otherwise, or if access to the Leased Premises is eliminated by virtue of any taking under the power of eminent domain or otherwise or by any purchase or other acquisition in lieu of eminent domain or otherwise, Lessor or Lessee may terminate this Lease upon giving thirty (30) calendar days written notice of said party's intention to terminate. If the Lease Term is terminated in accordance with this Section, the Rent payable by Lessee under this Lease Agreement shall be apportioned to the date of possession of the Leased Premises or part thereof, or the access thereto, by the condemning authority whose taking or other acquisition occasioned such termination.

Section 14.02. Condemnation Awards. All compensation awarded for any taking of the Building or the Leased Premises shall belong to and be the property of Lessor, Lessee hereby assigning to Lessor all rights with respect thereto; provided, however, nothing contained herein shall prevent Lessee from applying for reimbursement from the condemning authority (if permitted by law) for moving expenses, or the expense of removal of (or consideration for the taking of) Lessee's equipment or other personal property, or loss of Lessee's business goodwill, but if and only if such action shall not reduce the amount of the award or other compensation otherwise recoverable from the condemning authority by Lessor.

ARTICLE FIFTEEN ASSIGNMENT AND SUBLETTING

Section 15.01. Assignment and Subletting. Lessee may not assign this Lease Agreement, in whole or in part, or sublet all or any part of the Leased Premises without the prior consent of Lessor, which consent shall not be unreasonably withheld; provided, however, that any such assignment or sublease shall not relieve Lessee of its obligations hereunder unless agreed to in writing by Lessor.

**ARTICLE SIXTEEN
DEFAULT**

Section 16.01. "Event of Default" Defined. Any one or more of the following events shall constitute an "Event of Default": (a) the sale of Lessee's interest in the Leased Premises under attachment, execution or similar legal process; (b) the filing of a petition or commencement of a case proposing the adjudication of Lessee as a bankrupt or insolvent or the reorgan-ization of Lessee or an arrangement by Lessee with its creditors, whether pursuant to the Federal Bankruptcy Act or any similar federal or state proceeding, unless such petition is filed by a party other than Lessee and is withdrawn or dismissed within ninety (90) calendar days after the date of its filing; (c) the admission in writing by Lessee of its inability to pay its debts when due; (d) the appointment of a receiver or trustee for the business or property of Lessee, unless such appointment shall be vacated within ninety (90) calendar days of its entry; (e) the making by Lessee of an assignment for the benefit of its creditors; (f) the failure of Lessee to pay any installment of Rent when and as the same is due and payable hereunder; (g) default by Lessee in the performance or observance of any covenant or agreement of this Lease Agreement, and [other than a default involving the payment of money, which default shall be governed by the provisions of Subsection (f) of this Section, and any default involving a refusal to honor Lessor's request to inspect the Leased Premises pursuant to Section 18.01, or a default under Article Fifteen, which defaults shall be entitled to no grace period], which default is not cured within thirty (30) calendar days after the giving of written notice thereof by lessor, unless such default is of such nature that it cannot be cured within such thirty (30) day period, in which case no Event of Default shall occur so long as Lessee shall commence the curing of the default within such thirty (30) day period and shall thereafter diligently prosecute the same until such default is cured.

Section 16.02. Remedies. Upon the occurrence and continuance of an Event of Default, Lessor, without notice to Lessee in any instance (except where expressly provided for below) may do any one or more of the following: (a) Lessor may perform, on behalf of and at the expense of Lessee, any obligation of Lessee under this Lease Agreement which lessee has failed to perform and of which Lessor shall have given Lessee notice, the cost of which performance by Lessor, together with interest thereon at a rate of ten percent (10%) per annum from the date of such expenditure shall be payable by Lessee to Lessor upon demand; (b) Lessor may elect to terminate this Lease Agreement and the tenancy created hereby by giving notice of such election to Lessee and may reenter the Leased Premises, by summary proceedings or otherwise, and may remove Lessee and all other persons and property from the Leased Premises, and may store such property in a public warehouse or elsewhere at the cost of and for the account of Lessee without resort to legal process and without Lessor being deemed guilty of trespass or becoming liable for any loss or damage occasioned thereby; and/or (c) Lessor may exercise any other legal or equitable right or remedy which it may have.

Section 16.03. Damages. If this Lease Agreement is terminated by Lessor pursuant to Section 16.02, Lessee neverthe-less shall remain liable for any Rent and damages which may be due or sustained prior to such termination, and all reasonable costs, fees and

expenses incurred by Lessor in pursuit of its remedies hereunder, or in renting the Leased Premises to others from time to time (all such rent, damage, costs, fees and expenses (including without limitation reasonable legal and brokerage fees) being referred to herein as "Termination Damages") and additional damages (the "Liquidated Damages") equal to the Rent which, but for termination of the Lease Agreement, would have become due during the remainder of the Lease Term, less the amount of Rent, if any, which Lessor may receive during such period from others to whom the Leased Premises may be rented. Termination Damages shall be due and payable immediately following demand by Lessor following any termination of this Lease Agreement pursuant to Section 16.02. Liquidated Damages shall be computed and payable in monthly installments, in advance, on the first day of each calendar month following termination of this Lease Agreement and continuing until the date on which the Lease Term would have expired but for such termination. Any suit or action brought to collect any Liquidated Damages for any month shall not in any manner prejudice the right of Lessor to collect any Liquidated Damages for any subsequent month by similar proceeding.

If this Lease Agreement is terminated pursuant to Section 16.02, Lessor may relet the Leased Premises or any part thereof for such term or terms (which may be greater or less than the period which otherwise would have constituted the balance of the Lease Term) and on such terms and conditions (which may include concessions or free rent and alterations of the Leased Premises) as Lessor, in its sole discretion, may determine, but Lessor shall not be liable for, nor shall Lessee's obligations hereunder be diminished by reason of any failure by Lessor to relet the Leased Premises or any failure of Lessor to collect any rent due upon such reletting.

ARTICLE SEVENTEEN NOTICES

Section 17.01. Sending of Notices. Any notice, request, demand, approval or consent given or required to be given under this Lease Agreement shall be in writing and shall be deemed to have been given on the third day following the day on which the same shall have been mailed by United States registered or certified mail, return receipt request, with all postal charges prepaid, addressed to the addresses set forth for Lessor and Lessee in the preamble of this Lease Agreement. Either party may, at any time, change its address for the above purposes by sending a notice to the other party stating the change and setting forth the new address.

ARTICLE EIGHTEEN MISCELLANEOUS

Section 18.01. Inspections and Access by Lessor. Lessee will permit Lessor, its agents, employees and contractors to enter all parts of the Leased Premises during Lessee's business hours to inspect the same and all activities thereon, including activities involving Hazardous Substances, to enforce or carry out any provision of this Lease Agreement.

Section 18.02. Sale and Conveyance of the Leased Premises. (a) Subject to the Lessee's option to purchase set forth below, Lessor will have the right to sell and convey the Leased Premises at any time during the Lease Term, subject only to the rights of Lessee hereunder. Lessor will not place or suffer to be placed or maintained on the exterior of the Leased Premises any sign reflecting the availability of the Leased Premises for purchase. Lessee will permit Lessor, its agents and employees to enter the Leased Premises during Lessee's business hours to show the same to prospective purchasers; provided, however, that Lessee will have the right to deny any competitor of Lessee the right to enter the Leased Premises.

(b) Upon the expiration of the Initial Lease Term, and provided Lessee is not in default hereunder, Lessee shall have the right and option to purchase the Property upon the following terms and conditions:

(i) In the event Lessee elects to exercise its option to purchase, Lessee shall notify the Lessor in writing of such election no later than the date which is 180 days prior to the date of expiration of the Initial Lease Term;

(ii) The closing of the purchase shall occur on the expiration of the Initial Lease Term or before the date which is thirty (30) days following the date of expiration of the Initial Lease Term;

(iii) The purchase price shall be Two Million Two Hundred Thousand Dollars (\$2,200,000.00), payable at closing in certified or other readily available funds;

(iv) Conveyance shall be by Lessor's general warranty deed free and clear of any and all liens and encumbrances except: easements for public utilities and public roads; zoning ordinances and land use restrictions imposed by governmental agencies; current taxes and assessments not then due and payable, which shall be prorated as of the date of closing; rights of Lessee under this Lease; charges which Lessee is obligated to pay or satisfy pursuant to this Lease; and any liens and encumbrances created by or through Lessee or which do not affect marketability under the Connecticut standards of title;

(v) Lessor and Lessee shall be responsible, respectively, for such closing costs as are customarily assigned to a seller and buyer in the Branford, Connecticut real estate market.

Section 18.03. Memorandum of Lease. The parties hereby agree that, upon the request of either party, each will execute, acknowledge and deliver a short form or memorandum of this Lease Agreement in recordable form and any recording charges shall be paid by the party requesting execution. This Lease Agreement shall not be recorded by either party in any public office.

Section 18.04. Remedies Cumulative. No reference to any specific right or remedy shall preclude Lessor from exercising any other right or from having any other remedy or from maintaining any action to which it may be otherwise entitled at law or in equity. No failure by Lessor to insist upon the strict performance of any agreement, term, covenant or condition thereof, or to exercise any right or remedy consequent upon a breach thereof, and no acceptance of full or partial Rent during the continuance of any such breach, shall constitute a waiver of any such breach, agreement, term, covenant or condition. No waiver by Lessor of any breach by Lessee under this Lease Agreement shall affect or alter this Lease Agreement in any way whatsoever.

Section 18.05. Successors and Assigns. This Lease Agreement and the covenants and conditions herein contained shall inure to the benefit of and be binding upon Lessor, its successors and assigns, and shall be binding upon Lessee, its successors and assigns and shall inure to the benefit of and be binding upon Lessee, its successors and assigns. Upon any sale or other transfer by Lessor of its interest in the Leased Premises and the assumption by the transferee of all of Lessor's obligations under this Lease Agreement, Lessor shall be relieved of any obligations under this Lease Agreement occurring thereafter.

Section 18.06. Compliance with Laws and Regulations. Lessee, at its sole cost and expense, shall comply with and shall cause the Leased Premises to comply with (a) all federal, state, county, municipal, and other governmental statutes, laws, rules, orders, regulations and ordinances affecting the Lease Premises or any part thereof, or the use thereof, whether or not any such statutes, laws, rules, orders, regulations or ordinances which may be hereafter enacted involve a change of policy on the part of the governmental body enacting the same or require alterations in the Leased Premises, and (b) all rules, orders and regulations of the National Board of Fire Underwriters or Lessor's fire insurance rating organization or other bodies exercising similar functions in connection with the prevention of fire or the correction of hazardous conditions, which apply to the Leased Premises.

Section 18.07. Captions and Headings. The article and section captions and headings are for convenience of reference only and in no way shall be used to construe or modify the provisions set forth in this Lease Agreement.

Section 18.08. No Modification. This writing is intended by the parties as a final expression of their agreement and as a complete and exclusive statement of the terms thereof, all negotiations, considerations and representations between the parties having been incorporated herein. No representations, understandings or agreements have been made or relied upon in the making of this Lease Agreement other than modified only by a writing signed by the party against whom the modification is enforceable.

Section 18.09. Severability. If any term or provision, or any portion thereof, of this Lease Agreement, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held

invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease Agreement shall be valid and be enforced to the fullest extent permitted by law.

Section 18.10. Governing Law. This Lease Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with the laws of the Commonwealth of Kentucky.

Section 18.11. Broker's Commission. Lessor and Lessee each warrant and represent to the other that it has had no dealings, negotiations, agreements, consultations or other transactions with any broker, finder or other intermediary with respect to the Leased Premises, this Lease Agreement or the transactions contemplated thereby, arising from agreements, arrangements or undertakings made or effected by it with any third party.

Section 18.12. Quiet Enjoyment. Lessor covenants with and warrants and represents to Lessee that Lessee shall at all times during the Lease Term peaceably and quietly have, hold, occupy and enjoy the Leased Premises and the improvements thereto and the appurtenances thereunto belonging without hindrance or molestation by Lessor or by any person claiming the Leased Premises by, through or under Lessor. Lessor further covenants with and warrants and represents to Lessee that Lessor has the lawful right to effect this Lease Agreement for the Lease Term.

Section 18.13. Number and Gender. When used in this Lease Agreement, the singular number and neuter gender of each personal pronoun shall be construed to mean such number and gender as the context, circumstances or its antecedent may require.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement as of the day and year set forth in their respective acknowledgments.

Signed and Acknowledged
in the Presence of:

LESSOR:

HAMSON WILROCK, LLC,
A Connecticut limited liability
company

BY: _____

LESSEE:

MCBAR MEDICAL INDUSTRIES, INC.,
A Kentucky corporation

BY: _____

STATE OF KENTUCKY
COUNTY OF JEFFERSON SS:

The foregoing instrument was acknowledged before me this 8th day of July, 1996,
by PHILIP J. HAMROCK, authorized member, of HAMSON WILROCK, LLC, a Connecticut
limited liability company on behalf of the company.

My Commission expires: _____.

NOTARY PUBLIC

STATE OF KENTUCKY
COUNTY OF JEFFERSON SS:

The foregoing instrument was acknowledged before me this 8th day of July, 1996,
by RIORDON W. McNERNEY, President, of MCBAR MEDICAL INDUSTRIES, INC. a
Kentucky corporation, on behalf of the corporation.

My Commission expires: _____.

NOTARY PUBLIC

THIS INSTRUMENT PREPARED BY:

VICTOR L. BALTZELL, JR.
MOSLEY, CLARE & TOWNES
Fifth Floor, Hart Block Building
730 West Main Street
Louisville, KY 40202
Phone: (502) 583-7400
Fax: (502) 589-4997

EXHIBIT A

[Legal Description of Property]

SCHEDULE I

All that certain tract, piece or parcel of land, with the buildings and improvements thereon, containing 5.1653 acres, situated in the Town of Branford, County of New Haven and State of Connecticut, known and designated as Lot No. 18 on a certain map entitled, "Subdivision Plan for Mizzochi Associates, Cosgrove Industrial Park - Sec. 2, East Industrial Road, Branford, Conn., Scale 1" = 100', July 2, 1985 by Donald L. Disbrow, Civil Engineer & Surveyor Reg. P.E. & L.S. #4437," which map is on file as Map No. 1937 in the Office of the Town Clerk of said Town of Branford.

In accordance with said map said premises are bounded:

SOUTHERLY	300.00 feet by the highway known as East Industrial Road;
WESTERLY	900.00 feet by Lot 17 as shown on said map, and
NORTHEASTERLY	424.26 feet and EASTERLY 600.00 feet by land now or formerly of the Estate of William H. Ball and Harry W. Labov.

Together with the right of ingress and egress over East Industrial Road and together with all rights as set forth in an Agreement recorded in Volume 361 at page 1130 of the Branford Land Records.

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EXHIBIT D

APPROVAL AND CONSENT OF DEBENTUREHOLDER

The undersigned, who is the holder of certain convertible debentures acquired from and issued by McBAR MEDICAL INDUSTRIES, INC., a Kentucky corporation (herein "McBar"), subject to the conditions hereinafter set out, hereby approves, agrees and consents to the following actions and, where appropriate, agrees to take the actions indicated:

1. The proposed merger (herein the "Merger") of McBar with Aplicare, Inc., a Delaware corporation, (herein "Aplicare"), as evidenced by a certain Letter of Intent dated April 26, 1996 between McBar and Aplicare, and as amended, which is made apart hereof by reference, and upon such other terms and conditions as determined by the Board of Directors of McBar, in the exercise of its discretion, to be appropriate and to be in the best interest of McBar;
2. As a part of the closing of the Merger, the conversion of the debentures held by the undersigned into _____ shares of common, voting stock of McBar, fully paid and nonassessable, and the execution and delivery by the undersigned of an instrument, in a form and content satisfactory to McBar, further evidencing the undersigned's conversion of his/her debentures into such shares;
3. As a part of the closing of the Merger, the execution and delivery by the undersigned of an original counterpart of the Stock Restriction and Voting Agreement and the Irrevocable Proxy attached hereto as Exhibit A; and
4. As a part of the closing of the Merger, the execution and delivery of any and all instruments and writings, and the taking of any action, deemed necessary and appropriate by the Board of Directors of McBar to effect the Merger and the consummation of the transactions contemplated by the Merger.

The undersigned acknowledges and understands as the context requires, that:

1. He/She has had the opportunity to ask questions of, and receive answers from, McBar and its authorized representatives concerning the terms and conditions of the Merger, and to obtain such information as the undersigned has deemed necessary to execute and deliver this Approval and Consent;
2. Following the closing of the Merger, fifty percent (50%) of the common, voting stock of McBar will be owned by those persons who are currently shareholders and/or debentureholders of McBar and fifty percent (50%) of the common, voting stock of McBar will be owned by those persons who are currently shareholders of Aplicare, with the total number of issued and outstanding shares of stock in McBar then being 42,000 shares;

3. Contemporaneous with the closing of the Merger, the debentureholders of McBar will receive from McBar in the aggregate Two Hundred Thousand Dollars (\$200,000.00) in debenture principal payments and the undersigned's share of such payments shall be _____;
4. Contemporaneous with the closing of the Merger, the debentureholders of McBar will receive from McBar in the aggregate One Hundred Thirty Thousand Dollars (\$130,000.00) in debenture interest payments and the undersigned's share of such payments shall be _____;
5. In the event the Merger is not consummated, (a) the debentures held by the undersigned will not be converted or redeemed, and they shall remain and continue in effect in accordance with their original terms, (b) no stock in McBar will be issued to the undersigned in respect of such debentures, and (c) this Approval and Consent shall then be of no further force or effect.

The obligations of the undersigned hereunder are subject to the fulfillment, prior to or at the time of the closing of the Merger, of each of the following conditions:

1. The full payment to the undersigned of interest on his/her debentures of _____;
2. The full payment to the undersigned of principal on his/her debentures of _____;
3. The closing of the Merger;
4. The delivery of duly executed certificates to the undersigned evidencing his/her ownership of _____ shares, fully paid and nonassessable, of common voting stock in McBar.

This Approval and Consent is executed and delivered by the undersigned fully intending to be legally bound hereby this _____ day of June, 1996.

[NAME]
Social Security # _____
Holder of McBar Convertible Debenture
No. _____

EXHIBIT A
STOCKHOLDER VOTING AND RESTRICTION AGREEMENT

AGREEMENT made this ____ day of June, 1996, by and among those persons listed on the Schedule of Stockholders attached hereto and made a part hereof by reference (the "Stockholders").

Recitals:

A. The Stockholders, together with certain debentureholders who have elected to convert their debentures into common stock, collectively own fifty percent (50%) of the issued and outstanding shares of common stock (the "Stock") in McBar Medical Industries, Inc. (the "Corporation").

B. The Corporation has entered into a letter of intent to effect a merger with Aplicare, Inc., a Delaware corporation (herein "Aplicare"), whereby it is contemplated that such corporation will merge into the Corporation and the stockholders of Aplicare (herein the "Aplicare Stockholders") will receive shares of Stock in exchange for their shares of stock in Aplicare.

C. As a part of the merger, the Aplicare Stockholders will become the owners of fifty percent (50%) of the issued and outstanding shares of Stock.

D. As a condition of the plan and agreement of merger between the Corporation and Aplicare, the Board of Directors of the Corporation will consist of four (4) members, two of which may be nominated and elected by the Aplicare Stockholders and two of which may be nominated and elected by the Stockholders.

E. In order to maintain the director representation contemplated by the terms of the merger, the Stockholders desire to enter into an agreement to be specifically enforceable against each of them pursuant to which they agree to vote their shares of Stock in the manner and for the purpose specified herein, and further to restrict the sale or transfer of their shares of Stock in the manner and for the purpose specified herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Stockholders hereby agree as follows:

1. **WRITTEN CONSENT OF STOCKHOLDERS.** Effective the date of the merger between the Corporation and Aplicare, each Stockholder agrees and consents to the following action: (a) the amendment of the By-laws of the Corporation in order to (i) fix the number of directors at four (4), (ii) provide that action by the Board of Directors shall require the affirmative vote of directors constituting a majority of the total number of directorships, and (iii) provide that any vacancy in the Board of Directors shall be filled by the stockholders at a special meeting called for that purpose, subject to the terms of paragraph 2. hereof; and (b) the election of the directors named in paragraph 2.a. hereof.

2. **VOTING AGREEMENT.** Each of the Stockholders hereby agrees to vote all of the Stock now or hereafter registered in his or her name in favor of and in order to:

a. Elect as directors of the Corporation pursuant to the written consent each of the following persons to serve as directors of the Corporation until the annual stockholders' meeting in 1997: (1) Riordon W. McNerney; and (2) Gerald W. Bennett.

b. Commencing with the annual stockholders' meeting in 1997, and until termination of this Agreement as provided in paragraph 7., d. hereof, continue to vote to elect as directors of the Corporation the following persons: (1) Riordon W. McNerney; and (2) any one of the other Stockholders. In the event Riordon W. McNerney cannot or will not serve as a director or ceases serving as a director of the Corporation for any reason whatsoever, the Stockholders agree to vote, or cause their stock to be voted, to elect as a successor to Riordon W. McNerney as a director a person who is a Stockholder.

3. **RESTRICTION ON TRANSFER.** It is the expressed desire of the Stockholders to avoid a situation where the equal ownership of the Stock between the Stockholders and the Aplicare Stockholders, as stockholder groups, necessary to maintain equal board representation following the merger is frustrated or eliminated. It is, therefore, the desire and agreement of each Stockholder to restrict the transfer of his shares of Stock so long as this Agreement remains in effect as follows:

a. He will not sell, pledge, hypothecate or transfer all or any part of his shares of Stock to an Aplicare Stockholder, or the successor, assign, transferee or representative of an Aplicare Stockholder.

b. He will not sell or otherwise transfer all or any part of his shares of Stock to any person or entity without transmitting an offer, with respect to the shares he proposes to transfer, to the other Stockholders, each of whom shall have the right to purchase a proportion of such Stock equal to the ratio of the number of shares owned by him to the total shares owned by all of the Stockholders excluding the selling Stockholder. If a Stockholder fails for any reason to purchase the proportion of Stock allotted to him, the other Stockholders shall have the right to buy the balance in similar ratio. For these purposes, "offer" by the selling Stockholder means written notice specifying: the Stockholder's intention to sell or transfer shares of Stock; the number of shares the Stockholder proposes to transfer; the name, address and telephone number of the proposed transferee; and the price that the transferee proposes to pay to the Stockholder for each share to be transferred, as well as all other terms and condition of the proposed transfer. If all of the shares offered by the selling Stockholder are not purchased by the other Stockholders within forty-five (45) days after receipt of the offer, the selling Stockholder may transfer his shares to the proposed transferee.

c. He will cause any successor, assignee, purchaser or other transferee (including, without limitation, heirs) of all or any portion of his shares of Stock to become bound by the terms of this Agreement.

d. Notwithstanding any provision of this paragraph 3 which may be construed to the contrary, each Stockholder may sell or transfer all or any part of his shares of Stock to one (1) or more related individuals. For these purposes, "related individual" means spouse, parent, child, step-child, or grandchild, and shall also include a trustee or trustees under a written agreement for the benefit of any such individuals. In all such cases, however, the Stockholder shall cause any such transferee to become bound by the terms of this Agreement.

4. **CHANGES IN COMMON STOCK.** In the event that subsequent to the date of this Agreement any shares or other securities (other than any shares or securities of another corporation issued to stockholders pursuant to a plan of merger) are issued on, or in exchange

for, any of the shares of the Stock held by the Stockholder by reason of any stock dividend, stock split, consolidation of shares, reclassification, or consolidation involving the Corporation, such shares or securities shall be deemed to be Stock for purposes of this Agreement.

5. REPRESENTATIONS OF STOCKHOLDERS. Each Stockholder hereby represents and warrants to each of the other Stockholders that the Stockholder: (a) owns and has the right to vote the number of shares of the Stock set forth opposite the name on the Schedule of Stockholders attached hereto, (b) has full power to enter into this Agreement and has not, prior to the date of this Agreement, executed or delivered any other voting agreement or similar arrangement other than one which has expired or terminated prior to the date hereof; and (c) will not take any action inconsistent with the purposes and provisions of this Agreement.

6. ENFORCEABILITY; VALIDITY. Each Stockholder expressly agrees that this Agreement shall be specifically enforceable in any court of competent jurisdiction in accordance with its terms against each of the parties hereto; provided, however, that this Agreement shall be null and void unless the merger between the Corporation and Aplicare is consummated on or before June 30, 1996 or on or before such other date as may be determined by the Board of Directors of the Corporation.

7. GENERAL PROVISIONS.

a. All of the covenants and agreements contained in this Agreement shall be binding upon, and enure to the benefit of the respective parties and their successors, assigns, heirs, executors, administrators and other legal representatives, as the case may be.

b. This Agreement, and the rights of the parties hereto, shall be governed by and construed in accordance with the laws of the Commonwealth of Kentucky.

c. This Agreement may be executed in one or more counterparts, each of which will be deemed an original but all of which together shall constitute one and the same instrument.

d. This Agreement shall remain in effect until the day immediately preceding the 2001 annual stockholders meeting, unless sooner terminated (i) in writing by Stockholders owning seventy-five percent (75%) of the Stock subject to this Agreement; (ii) by reason of the failure of the merger between the Corporation and Aplicare to be consummated; (iii) by reason of the issuance of additional shares of Stock so that ownership of the Aplicare Stockholders and the Stockholders is no longer fifty percent (50%) and fifty percent (50%), respectively; or (iv) by reason of any increase in the number of directors serving on the board of the Corporation to more than four (4).

e. If any provision of this Agreement shall be declared void or unenforceable by any court or administrative agency of competent jurisdiction, such provision shall be deemed to have been severed from the remainder of the Agreement and this Agreement shall continue in all respects to be valid and enforceable.

f. No waivers of any breach of this Agreement extended by any party hereto to

any other party shall be construed as a waiver of any rights or remedies of any other party hereto or with respect to any subsequent breach.

g. Whenever the context of this Agreement shall so require, the use of the singular number shall include the plural and the use of any gender shall include all genders.

IN WITNESS WHEREOF, the Stockholders have executed this Agreement as of the date first above written.

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SCHEDULE OF STOCKHOLDERS

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