

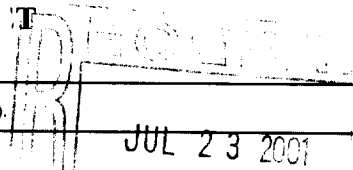
7-2301

07-27-2001



RECC

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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
- Security Agreement
- License
- Nunc Pro Tunc Assignment

- Merger

- Change of Name

- Other

Release of Security Interest

Effective Date  
Month Day Year  
04 15 2001

**CONVEYING PARTY**

Mark if additional names of conveying parties attached

Name

Execution Date  
Month Day Year

04 15 2001

Formerly

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association

Other

Citizenship/State of Incorporation/Organization

**RECEIVING PARTY**

Mark if additional names of conveying 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 Assignment.)

FOR OFFICE USE ONLY

07/26/2001 TBIAZI 00000013 75402119

01 FC:481 40.00/DP  
02 FT:482 100.00/DP  
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 Regulator 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 Practice. **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

**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

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages** Enter the total number of pages of the attached conveyance document #

**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)		
<input type="text" value="75402119"/>	<input type="text" value="75494489"/>	<input type="text" value="75494691"/>	<input type="text" value="2012138"/>	<input type="text"/>	<input type="text"/>
<input type="text" value="75547114"/>	<input type="text" value="75494691"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**NUMBER OF PROPERTIES** Enter the total number of properties involved. #

**Fee Amount** Fee Amount for Properties Listed (37 C.F.R. § 3.41): \$

Method of Payment: Enclosed  Deposit Account

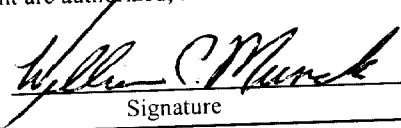
Deposit Account (Enter for payment by deposit account or if additional fees can be charged to the account.)

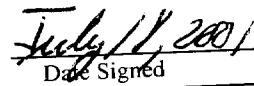
Deposit Account Number: #

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.

William A. Munck, State Bar No. TX 00786127  
Name of Person Signing

  
Signature

  
Date Signed

**iLIFE SYSTEMS, INC.**

**Series C Convertible Preferred Stock and Warrant  
Purchase and Note Conversion Agreement**

This Series C Convertible Preferred Stock and Warrant Purchase and Note Conversion Agreement (this "**Agreement**") is made and entered into as of March 15, 2001, by and among (i) iLife Systems, Inc., a Delaware corporation formerly known as Caring Technologies, Inc. (the "**Company**"), (ii) each of the persons or entities executing the signature page hereto identified as a "**New Investor**" and (iii) each of the persons or entities executing the signature page hereto identified as an "**Old Investor**". The New Investors and the Old Investors are referred to collectively as "**Investors**".

The parties hereby agree as follows:

1. Purchase, Sale and Conversion of Securities.

1.1. Filing of Third Restated Certificate of Incorporation. The Company shall adopt and file with the Secretary of State of Delaware on or before the Closing (as defined below) the Third Restated Certificate of Incorporation in the form attached hereto as Exhibit A (the "**Restated Certificate**").

1.2. Sale and Issuance of Series C Preferred Stock and Warrants. Subject to the terms and conditions of this Agreement, each New Investor agrees, severally and not jointly, to purchase, and the Company agrees to sell and issue to each New Investor, severally and not jointly, at the Closing (i) that number of shares of the Company's Series C Convertible Preferred Stock (the "**Series C Preferred Stock**") set forth opposite each New Investor's name on Schedule A hereto and (ii) a warrant (the "**Warrant**") to purchase shares of the Company's Common Stock (as hereinafter defined) in the form of Exhibit B hereto, in the number set forth opposite each New Investor's name on Schedule A hereto, at a total price equal to \$1.30 per share of Series C Preferred Stock.

1.3. Conversion of Note Indebtedness and Issuance of Series C Preferred Stock and Warrants. Subject to the terms and conditions of this Agreement, each Old Investor agrees, severally and not jointly, to convert all of the obligations owed by the Company to such Old Investor as of the Closing under the Convertible Promissory Note dated as of March 30, 2000 or May 1, 2000 (the "**Note Indebtedness**"), into, and the Company agrees to issue to each Old Investor, severally and not jointly, at the Closing, (i) that number of shares of the Company's Series C Preferred Stock set forth opposite such Old Investor's name on Schedule A hereto and (ii) a Warrant to purchase shares of the Company's Common Stock in the form of Exhibit B hereto, in the number set forth opposite such Old Investor's name on Schedule A hereto.

1.4. Closing. The purchase, sale and issuance of the Series C Preferred Stock and the Warrants shall take place at the offices of the Company, 5910 North Central Expressway, Suite 1775, Dallas, Texas 75206, simultaneously with the execution and delivery hereof by the Company and the Investors (which time and place are designated as the "**Closing**"). At the

Closing, the Company (i) shall execute and deliver to each New Investor a certificate representing the shares of Series C Preferred Stock and the Warrant that such New Investor is purchasing against payment of the purchase price therefor by check, wire transfer, or such other form of payment as shall be mutually agreed upon by such New Investor and the Company, and (ii) shall execute and deliver to each Old Investor a certificate representing the shares of Series C Preferred Stock and the Warrant into which such Old Investor is converting its Note Indebtedness. At the Closing, the Company and, subject to Section 6.20 below, the Investors shall enter into an Amended and Restated Stockholders Agreement in the form of Exhibit C hereto (the "*Stockholders Agreement*").

2. Representations and Warranties of the Company. The Company hereby represents and warrants to each Investor that, except as set forth on a Schedule of Exceptions furnished to such Investor and attached hereto, specifically identifying the relevant subparagraph(s) hereof, which exceptions shall be deemed to be representations and warranties as if made hereunder:

2.1. Organization; Good Standing; Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, has all requisite corporate power and authority to own and operate its properties and assets and to carry on its business as now conducted and as proposed to be conducted, to execute and deliver this Agreement, the Stockholders Agreement and any other agreement or document to which the Company is a party the execution and delivery of which is contemplated hereby (collectively, the "*Ancillary Agreements*"), to issue and sell the Series C Preferred Stock, the Warrants and the Common Stock (as defined below) issuable upon exercise or conversion thereof, and to carry out the provisions of the Restated Certificate and any Ancillary Agreement. Each of the Company's five wholly-owned subsidiaries, Infant Technologies, Inc., HealthSensor, Inc., Vitalspan, Inc., ACM, Inc. and BabySound, Inc. (collectively, the "*Subsidiaries*"), is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all requisite corporate power and authority to own and operate its properties and assets and to carry on its business as now conducted and as proposed to be conducted. The Company is qualified to transact business as a foreign corporation in the States of Texas and Colorado, and the Subsidiaries are each qualified to transact business as a foreign corporation in the State of Texas, which are the only jurisdictions in which such qualification is now required.

2.2. Authorization. All corporate action on the part of the Company, its officers, directors and stockholders necessary for the authorization, execution and delivery of this Agreement, the Stockholders Agreement and any Ancillary Agreement, the performance of all obligations of the Company hereunder and thereunder and the authorization, issuance (or reservation for issuance), sale and delivery of the Series C Preferred Stock and the Warrants being issued and sold hereunder and the Common Stock issuable upon exercise or conversion thereof has been taken, and each of this Agreement, the Stockholders Agreement and any Ancillary Agreement has been duly and validly executed and delivered and constitutes a valid and legally binding obligation of the Company, enforceable in accordance with its terms except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies,

and (c) to the extent the indemnification provisions contained in the Stockholders Agreement may be limited by applicable federal or state securities laws.

2.3. Valid Issuance of Preferred and Common Stock. The Series C Preferred Stock that is being purchased and acquired by the Investors hereunder, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and nonassessable, and will be free of restrictions on transfer other than restrictions on transfer under the Stockholders Agreement and under applicable state and federal securities laws. The Common Stock issuable upon conversion of the Series C Preferred Stock or the exercise of the Warrants has been reserved for issuance and, upon issuance, will be duly and validly issued, fully paid and nonassessable, and will be free of restrictions on transfer other than restrictions on transfer under the Stockholders Agreement and under applicable state and federal securities laws.

2.4. Governmental Consents. No consent, approval, qualification, order or authorization of, or filing with, any local, state or federal governmental authority is required on the part of the Company in connection with its valid execution, delivery or performance of this Agreement, the offer, sale or issuance of the Series C Preferred Stock and the Warrants by the Company or the issuance of Common Stock upon conversion of the Series C Preferred Stock or the exercise of the Warrants, except such filings as have been made prior to the Closing, except that any notices of sale required to be filed with the Securities and Exchange Commission under Regulation D of the Securities Act of 1933, as amended (the "**Securities Act**"), or such post-closing filings as may be required under applicable state securities laws, which will be timely filed within the applicable periods therefor.

2.5. Capitalization and Voting Rights. The authorized capital of the Company will consist at the time of the Closing, of:

(a) Preferred Stock. Twenty million (20,000,000) shares of Preferred Stock, par value \$0.01 per share (the "**Preferred Stock**"), of which (i) one million one hundred fifty-six thousand seven hundred thirty-one (1,156,731) shares have been designated Series A Convertible Preferred Stock (the "**Series A Preferred Stock**") all of which shares are issued and outstanding, (ii) eight hundred seventy-five thousand seven hundred eighty-seven (875,787) shares have been designated Series A<sup>1</sup> Convertible Preferred Stock (the "**Series A<sup>1</sup> Preferred Stock**"), all of which are issued and outstanding, (iii) five million three hundred thirty-two thousand six hundred ninety-five (5,332,695) shares of Series B Convertible Preferred Stock (the "**Series B Preferred Stock**"), of which five million three hundred thirteen thousand four hundred sixty-three (5,313,463) shares are issued and outstanding, and (iv) seven million seven hundred and ninety four thousand six hundred and four (7,794,604) shares of Series C Convertible Preferred Stock, which shares will be issued and sold pursuant to this Agreement. The rights, privileges and preferences of the Series A Preferred Stock, the Series A<sup>1</sup> Preferred Stock, the Series B Preferred Stock and the Series C Preferred Stock are as stated in the Restated Certificate.

(b) Common Stock. Fifty million (50,000,000) shares of common stock, par value \$0.01 per share (the "**Common Stock**"), of which four million six hundred sixty-nine thousand nine hundred seventy-nine (4,669,979) shares are issued and outstanding.

2.6. Subsidiaries. The Company owns all of the outstanding stock of each of the Subsidiaries. The Company does not own or control, directly or indirectly, any interest in any other corporation, association or other business entity, other than the Subsidiaries. None of the Subsidiaries owns or controls, directly or indirectly, any interest in any other corporation, association or other business entity. Neither the Company nor any of the Subsidiaries is a participant in any joint venture, partnership or similar arrangement.

2.7. Contracts and Other Commitments. Set forth on Exhibit G hereto is a list of each contract, agreement, lease, commitment or proposed transaction, written or oral, absolute or contingent to which the Company or any of the Subsidiaries is a party other than (a) contracts or series of contracts for the purchase of supplies and services that were entered into in the ordinary course of business and that do not involve more than \$25,000 and do not extend for more than one (1) year beyond the date hereof, and (b) contracts terminable at will by the Company or such Subsidiary on no more than thirty (30) days notice without cost or liability to the Company or such Subsidiary and that do not involve any employment or consulting arrangement and are not material to the conduct of the business of the Company or such Subsidiary (the "**Material Contracts**").

2.8. Related-Party Transactions. Except (a) as set forth on Exhibit G hereto and (b) for the ownership by Michael E. Halleck ("**Halleck**") of interests in Halleck-Willard, Inc. ("**HWI**"), (i) no employee, officer or director of the Company or any Subsidiary or member of his or her immediate family is indebted to the Company, nor is the Company or any Subsidiary indebted (or committed to make loans or extend or guarantee credit) to any of them, (ii) to the best of the Company's knowledge, no employee, officer or director of the Company or any Subsidiary or members of such person's immediate family has any direct or indirect ownership in any firm or corporation with which the Company or any Subsidiary is affiliated or with which the Company or any Subsidiary has a business relationship, or any firm or corporation that competes with the Company or any Subsidiary, except that employees, officers or directors of the Company or any Subsidiary and members of their immediate families may own stock in publicly traded companies that may compete with the Company or any Subsidiary, and (iii) except with respect to the interest of Halleck in the contracts between the Company and HWI, each of which is listed on Exhibit G, to the best of the Company's knowledge, no officer or director or any member of their immediate families is, directly or indirectly, interested in any Material Contract.

2.9. Registration Rights. Except as provided in the Stockholders Agreement, the Company is not obligated to register under the Securities Act any of its presently outstanding securities or any of its securities that may subsequently be issued.

2.10. Permits. Each approval necessary for each of the Company and its Subsidiaries to market each of its current or proposed products in the United States and the European Union, the lack of which could materially and adversely affect the business, properties, prospects or financial condition of the Company or any Subsidiary, is listed and described on Exhibit D attached hereto. Exhibit D identifies which of such approvals have been obtained. The Company and the Subsidiaries each has all franchises, permits, licenses and any similar authority necessary for the conduct of its business as now being conducted by it. The Company and the

Subsidiaries each believes it can obtain without undue burden or expense, each approval necessary for the conduct of its business as planned to be conducted. The Company and any Subsidiary are not in default under any of such franchises, permits, licenses or other similar authority.

2.11. Compliance With Other Instruments. The Company and the Subsidiaries are not in violation of or default under any provision of (a) the Restated Certificate (as to the Company), the Subsidiaries' respective certificates of incorporation (as to each of the Subsidiaries) or any of their respective Bylaws or (b) any Material Contract or, of any federal or state judgment, order, writ, decree, statute, rule or regulation applicable to the Company or a Subsidiary. The execution, delivery and performance by the Company and each of the Subsidiaries of this Agreement, the Stockholders Agreement and each Ancillary Agreement to which it is a party, and the consummation of the transactions contemplated hereby and thereby, will not result in any violation of or be in conflict with any such provision or constitute, with or without the passage of time or giving of notice, either a default under any such provision or an event that results in the creation of any material lien, charge or encumbrance upon any assets of the Company or any of the Subsidiaries or the suspension, revocation, impairment, forfeiture or nonrenewal of any permit, license, authorization or approval applicable to the Company, the Subsidiaries, their respective business or operations, or any of their respective assets or properties.

2.12. Litigation. There is no action, suit, proceeding or investigation pending or currently threatened against the Company or any Subsidiary that questions the validity of this Agreement, the Stockholders Agreement or any Ancillary Agreement or the right of the Company or any Subsidiary to enter into such agreements, or to consummate the transactions contemplated hereby or thereby, or that might result, either individually or in the aggregate, in any material adverse change in the assets, business, properties, prospects or financial condition of the Company or any Subsidiary, or in any material change in the current equity ownership of the Company or any Subsidiary. The foregoing includes, without limitation, any action, suit, proceeding or investigation pending or currently threatened involving the prior employment of any of the Company's or any Subsidiary's employees, their use in connection with the Company's or any Subsidiary's business of any information or techniques allegedly proprietary to any of their former employers, their obligations under any agreements with prior employers, or negotiations by the Company or any Subsidiary with potential backers of, or investors, in, the Company or any Subsidiary or its proposed business. There is no order, writ, injunction, judgment or decree of any court, government agency or instrumentality binding on the Company and having a material adverse effect on the Company or any Subsidiary. Except as set forth on Exhibit G, there is no action, suit or proceeding by the Company or any Subsidiary currently pending or that the Company or any Subsidiary currently intends to initiate.

2.13. Disclosure. Neither this Agreement nor any other written statements or certificates made or delivered in connection herewith contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements herein or therein not misleading.

2.14. Offering. Subject in part to the truth and accuracy of each Investor's representations set forth in this Agreement, the offer, sale and issuance of the Series C Preferred Stock and the Warrants as contemplated by this Agreement are exempt from the registration

requirements of the Securities Act, and neither the Company, any Subsidiary nor any authorized agent acting on its behalf will take any action hereafter that would cause the loss of such exemption.

2.15. Title to Property and Assets; Leases. Except for (a) liens for current taxes not yet due and payable, (b) liens imposed by law and incurred in the ordinary course of business for obligations not past due to carriers, warehousemen, laborers, materialmen and the like, (c) liens in respect of pledges or deposits under workers' compensation laws or similar legislation, (d) liens granted under the Commercial Security Agreement dated April 17, 1998 between the Company and Grand Bank, or (e) minor defects in title, none of which, individually or in the aggregate, is material in amount or materially interferes with the use of such property or assets, the Company and the Subsidiaries each owns its property and assets free and clear of all mortgages, liens, claims and encumbrances. With respect to the property and assets it leases, the Company and each Subsidiary is in compliance with such leases and holds a valid leasehold interest free of any liens, claims or encumbrances, subject to clauses (a)-(e) above except as set forth on Exhibit G attached hereto.

2.16. Financial Statements. The Company has delivered to each Investor, and attached as Exhibit E hereto, an audited balance sheet at December 31, 1999, an audited income statement and cash flow statement for the fiscal year ended December 31, 1999, a draft unaudited balance sheet at December 31, 2000 and a draft unaudited income statement and cash flow statement for the fiscal year ended December 31, 2000 (the "*Financial Statements*"). The Financial Statements fairly present the financial condition and operating results of the Company and the Subsidiaries as of the dates, and for the periods, indicated therein. The Financial Statements were prepared in all material respects in accordance with generally accepted accounting principles. Except as set forth in the Financial Statements and as set forth on Exhibit G attached hereto, the Company and the Subsidiaries have no material liabilities, contingent or otherwise, other than (i) liabilities incurred in the ordinary course of business subsequent to December 31, 2000 and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in the Financial Statements, which, in both cases, individually or in the aggregate, are not material to the financial condition or operating results of the Company or any Subsidiary. Neither the Company nor any of the Subsidiaries is a guarantor or indemnitor of any indebtedness of any other person, firm or corporation. The Company and the Subsidiaries each maintains and will continue to maintain a standard system of accounting established and administered in all material respects in accordance with generally accepted accounting principles.

2.17. Changes. Since December 31, 2000, there has not been any event or condition of any type that has materially and adversely affected the business, properties, prospects or financial condition of the Company or any Subsidiary.

2.18. Patents and Trademarks. The Company and the Subsidiaries each owns or possesses sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and proprietary rights and processes necessary for the present conduct of its business, or the conduct of its business as proposed, and, to the best of the Company's knowledge (but without having conducted any special investigation or search),



without any conflict with, or infringement or misappropriation of, the rights of others except as indicated on Exhibit F attached hereto.

The Company and the Subsidiaries each owns or has the right to use all know-how, computer software, processes, inventions, designs and other information used in the present conduct of its business or in the conduct of its business as proposed.

Exhibit F attached hereto contains a complete list of patents, copyrights and trademarks and pending patent, copyright and trademark applications of the Company and the Subsidiaries. All patents, copyrights and trademarks and pending patent, copyright and trademark applications shown on Exhibit F have been duly filed with or issued by, as the case may be, the United States Patent and Trademark Office or other governmental entity as indicated on Exhibit F.

Except for agreements with HWI, each of which agreements is listed on Exhibit G, and with its own employees or consultants, there are no outstanding options, licenses or agreements of any kind relating to the foregoing, nor is the Company or any Subsidiary bound by, or a party to, any options, trade names, copyrights, applications for any of the foregoing, trade secrets or other proprietary rights of any other person or entity.

Neither the Company nor any of the Subsidiaries has received any communications alleging that the Company or any Subsidiary has infringed or misappropriated or, by conducting its business as proposed, would infringe or misappropriate any patents, patent applications known to the Company or any Subsidiary, trademarks, service marks, trade names, copyrights, trade secrets or other proprietary rights of any other person or entity except as indicated on Exhibit F.

To the best of the Company's knowledge, none of the Company's or any Subsidiary's employees, consultants or contractors is obligated under any contract (including licenses, covenants or commitments of any nature) or other agreement, or subject to any judgment, decree or order of any court or administrative agency, that would interfere with the use of such employee's, consultant's or contractor's best efforts to promote the interests of the Company or any Subsidiary or that would conflict with the Company's or any Subsidiary's business as now conducted or as proposed to be conducted.

Neither the execution nor delivery of this Agreement, nor the carrying on of the present or proposed business of the Company or any Subsidiary by the employees, consultants or contractors of the Company or such Subsidiary, will to the best of the Company's or such Subsidiary's knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees, consultants or contractors is now obligated.

The Company and the Subsidiaries do not believe it is, or will be, necessary to use any inventions of any of their employees, consultants or contractors (or persons they currently intends to hire) made prior to their employment or engagement by the Company or any Subsidiary, other than those which have been assigned to the Company or such Subsidiary.

2.19. Manufacturing and Marketing Rights. Except pursuant to contracts listed on Exhibit G, neither the Company nor any of the Subsidiaries has granted rights to manufacture, produce, assemble, license, market, or sell its products to any other person and are not bound by any agreement that affects the Company's or any Subsidiary's exclusive right to develop, manufacture, assemble, distribute, market, or sell its products.

2.20. Employees; Employee Compensation. There is no strike, or labor dispute or union organization activities pending or to the best of the Company's knowledge, threatened between it or any Subsidiary and its employees. None of the Company's or any Subsidiary's employees belongs to any union or collective bargaining unit. The Company and the Subsidiaries have complied in all material respects with all applicable state and federal equal opportunity and other laws related to employment. To the best of the Company's knowledge, no employee of the Company or any Subsidiary is or will be in violation of any judgment, decree or order, or any term of any employment contract, patent disclosure agreement, or other contract or agreement relating to the relationship of any such employee with the Company or such Subsidiary or any other party because of the nature of the business conducted or to be conducted by the Company or such Subsidiary or to the use by the employee of his best efforts with respect to such business. Except as set forth on Exhibit G, neither the Company nor any Subsidiary is a party to or bound by any currently effective employment contract, deferred compensation agreement, bonus plan, incentive plan, profit sharing plan, retirement agreement, or other employee compensation agreement. The Company is not aware that any officer or key employee, or any group of key employees, intends to terminate their employment with the Company or any Subsidiary, nor does the Company or any Subsidiary have a present intention to terminate the employment of any of the foregoing. Subject to general principles related to wrongful termination of employees and to the contracts listed on Exhibit G, the employment of each officer and employee of the Company or any Subsidiary is terminable at the will of the Company or such Subsidiary.

2.21. Tax Returns, Payments and Elections. The Company and the Subsidiaries have filed all tax returns and reports as required by law. These returns and reports are true and correct in all material respects. The Company and the Subsidiaries have paid all taxes and other assessments due, except those contested by them in good faith. The provision for taxes of the Company and the Subsidiaries included in the provision for accrued liabilities in the Financial Statements is adequate for taxes due or accrued as of the date thereof. Neither the Company nor any of the Subsidiaries have elected pursuant to the Internal Revenue Code of 1986, as amended ("Code"), to be treated as an S corporation or a collapsible corporation pursuant to section 341(f) or section 1362(a) of the Code, nor have any of them made any other elections pursuant to the Code (other than elections that relate solely to methods of accounting, depreciation or amortization) that would have a material effect on the business, properties, prospects or financial condition of the Company or any Subsidiary. The Company and the Subsidiaries have never had any tax deficiency proposed or assessed against any of them and have not executed any waiver of any statute of limitations on the assessment or collection of any tax or governmental charge. None of the Company's or any Subsidiary's federal income tax returns and none of any of their state income or franchise tax or sales or use tax returns has ever been audited by governmental authorities. Since the date of the Financial Statements, the Company and the Subsidiaries have made adequate provisions on their books of account for all taxes, assessments and governmental charges with respect to their business, properties and operations for such period. The Company

and the Subsidiaries have withheld or collected from each payment made to each of their employees, the amount of all taxes, including, but not limited to, federal income taxes, Federal Insurance Contribution Act taxes and Federal Unemployment Tax Act taxes required to be withheld or collected therefrom, and has paid the same to the proper tax receiving officers or authorized depositaries.

2.22. Environmental and Safety Laws. To the best of the Company's knowledge after due inquiry, the Company and the Subsidiaries are not in violation of any applicable statute, law or regulation relating to the environment or occupational health and safety, and no material expenditures are or will be required in order to comply with any such existing statute, law or regulation.

2.23. Minute Books. The copy of the minute books of the Company and the Subsidiaries made available to each Investor contains minutes of all meetings of directors and stockholders and all actions by written consent without a meeting by the directors and stockholders since the date of incorporation and reflects all actions by the directors (and any committee of directors) and stockholders with respect to all transactions referred to in such minutes accurately in all material respects.

3. Representations and Warranties of the Investors. Each Investor hereby represents and warrants, jointly and severally, to the Company that:

3.1. Authorization. Each Investor has full power and authority to enter into this Agreement and that this Agreement constitutes a valid and legally binding obligation of such Investor (a) limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (b) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

3.2. Purchase Entirely for Own Account. This Agreement is made with each Investor in reliance upon such Investor's representation to the Company, which by such Investor's execution of this Agreement such Investor hereby confirms, that the Series C Preferred Stock and the Warrant to be purchased by such Investor and the Common Stock issuable upon exercise or conversion thereof (collectively, the "Securities") will be purchased for investment for such Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, each Investor further represents that such Investor does not have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the Securities.

3.3. Reliance Upon Investor's Representations. Each Investor understands that the Series C Preferred Stock and the Warrant are not, and any Common Stock acquired on exercise or conversion thereof at the time of issuance may not be, registered under the Securities Act on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the Securities Act pursuant to section 4(2) thereof and/or

Regulation D thereunder, and that the Company's reliance on such exemption is based on such Investor's representations set forth herein. Each Investor realizes that the basis for the exemption may not be present if, notwithstanding such representations, the Investor has in mind merely purchasing the Securities for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. No Investor has any such intention.

3.4. Receipt of Information. Each Investor believes it has received all the information it considers necessary or appropriate for deciding whether to purchase the Series C Preferred Stock and the Warrant. Each Investor further represents that it has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of the offering of the Series C Preferred Stock and the Warrant, the business, properties, prospects and financial condition of the Company and to obtain additional information (to the extent the Company possessed such information or could acquire it without unreasonable effort or expense) necessary to verify the accuracy of any information furnished to it or to which it had access. The foregoing, however, does not limit or modify the representations and warranties of the Company in Section 2 of this Agreement or the right of the Investors to rely thereon.

3.5. Investment Experience. Such Investor is experienced in evaluating and investing in securities, of companies in the development stage and acknowledges that it is able to fend for itself, can bear the economic risk of its investment, and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the investment in the Series C Preferred Stock and the Warrant. If other than an individual, each Investor also represents it has not been organized for the purpose of purchasing the Series C Preferred Stock and the Warrant.

3.6. Accredited Investors; Foreign Investors.

(a) Such Investor, by completing the "Yes" blank following "Accredited Investor" on such Investor's counterpart signature page attached hereto, represents and warrants that such Investor is an accredited investor, as such term is defined in Regulation D under the Securities Act.

(b) Such Investor, by completing the "Yes" blank following "Foreign Investor" on such Investor's counterpart signature page attached hereto, represents and warrants that neither such Investor nor any beneficiary of any trust or investment client for whose account such Investor is acquiring is a citizen or resident of the United States or Canada, or any state, territory or possession thereof, including but not limited to any estate of such person, or any corporation, partnership, trust or other entity created or existing under the laws thereof, or any entity controlled or owned by any of the foregoing (a "*U.S. Person*").

3.7. Restricted Securities. Each Investor understands that the Series C Preferred Stock and the Warrant (and any Common Stock issued upon exercise or conversion thereof) may not be sold, transferred or otherwise disposed of without registration under the Securities Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Series C Preferred Stock or the Warrant (or the Common Stock issued upon exercise or conversion thereof) or an available exemption from registration under the Securities Act, the

Series C Preferred Stock and the Warrant (and any Common Stock issued upon exercise or conversion thereof) must be held indefinitely. Such Investor is aware that the current information required to be available to the public for purposes of use of Rule 144 under the Securities Act is not now available and the Company has no present plans to make such information available.

3.8. Legends. To the extent applicable, each certificate or other document evidencing the Series C Preferred Stock, Warrants or any Common Stock issued upon exercise or conversion thereof shall be endorsed with the legends set forth below, and each Investor covenants that, except to the extent such restrictions are waived by the Company, such Investor shall not transfer the securities represented by any such certificate or other document without complying with the restrictions on transfer described in the legends endorsed on such certificate or other document:

(a) The following legend under the Act:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE, AND MAY BE OFFERED AND SOLD ONLY IF REGISTERED AND QUALIFIED PURSUANT TO THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS OR IF THE COMPANY IS PROVIDED AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT REGISTRATION AND QUALIFICATION UNDER FEDERAL AND STATE SECURITIES LAWS IS NOT REQUIRED.”

(b) In the case of an Investor that is not a U.S. Person and is not an Accredited Investor:

“THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF PRIOR TO ONE YEAR FROM THE DATE OF THE CLOSING AT WHICH SUCH SHARES WERE PURCHASED, WITHIN THE UNITED STATES, CANADA, OR ANY STATE, TERRITORY OR POSSESSION THEREOF, INCLUDING ANY ESTATE OF SUCH PERSON OR ANY CORPORATION, PARTNERSHIP, TRUST OR OTHER ENTITY CREATED OR EXISTING UNDER THE LAWS THEREOF, AND THEREAFTER MAY NOT BE SO TRANSFERRED ABSENT AN EFFECTIVE REGISTRATION THEREOF UNDER SUCH ACT OR COMPLIANCE WITH RULE 144 PROMULGATED UNDER SUCH ACT, OR UNLESS THE COMPANY HAS RECEIVED AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.”

(c) The following legend relating to waivers of antidilution adjustments applicable to shares of Series C Preferred Stock:

“THE COMPANY AND THE ORIGINAL PURCHASER OF THE SHARES OF SERIES C PREFERRED STOCK REPRESENTED BY THIS CERTIFICATE HAVE ENTERED INTO AN AGREEMENT WHICH WAIVES THE ADJUSTMENT OF THE

CONVERSION PRICE OF SUCH SHARES IN CERTAIN CIRCUMSTANCES. A COPY OF THE AGREEMENT IS AVAILABLE FROM THE SECRETARY OF THE COMPANY UPON REQUEST.”

(d) Such other legends required by law or by the Stockholders Agreement.

3.9. Further Representation by Foreign Investors. If an Investor is not a U.S. Person, such Investor hereby represents that he has satisfied himself as to the full observance of the laws of his jurisdiction in connection with any invitation to subscribe for the Series C Preferred Stock, the Warrant, or any use of this Agreement, including (a) the legal requirements within his jurisdiction for the purchase of the Series C Preferred Stock and the Warrant, (b) any foreign exchange restrictions applicable to such purchase, (c) any governmental or other consents that may need to be obtained, and (d) the income tax and other tax consequences, if any, which may be relevant to the purchase, holding, redemption, sale or transfer of the Securities. Such Investor’s subscription and payment for, and his continued beneficial ownership of, the Securities will not violate any applicable securities or other laws of his jurisdiction.

4. Conditions of Investor’s Obligations at Closing. The obligations of each Investor to the Company under this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions, the waiver of which shall not be effective against any Investor who does not consent in writing thereto:

4.1. Representations and Warranties. The representations and warranties of the Company contained in Section 2 shall be true on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of the Closing.

4.2. Performance. The Company shall have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by it on or before the Closing.

4.3. Certificates.

(a) The Company shall deliver to each Investor at the Closing a compliance certificate certifying that the conditions specified in Sections 4.1, 4.2, 4.7, 4.8, 4.9 and 4.10 have been fulfilled; and

(b) The Company shall deliver to each Investor at the Closing a corporate certificate (i) certifying as to and attaching a copy of the certificate of incorporation, as amended, of the Company, (ii) certifying that there has been no change to the certificates of incorporation of each of the Subsidiaries or to the by-laws of the Company and each of the Subsidiaries since March 30, 2000, (iii) certifying as to resolutions of the Boards of Directors of the Company with respect to the transactions contemplated by this Agreement, (iv) attaching copies of certificates of good standing for the Company and each of the Subsidiaries as issued by the Secretary of State of the State of Delaware, (v) attaching copies of lien searches in the State of Texas naming the Company and each of the Subsidiaries as a debtor, and (vi) certifying as to the incumbency and signature of the officers of the Company.

4.4. Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Series C Preferred Stock and the Warrants pursuant to this Agreement shall be duly obtained and effective as of the Closing.

4.5. Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto shall be reasonably satisfactory in form and substance to the Investors, which shall have received all such counterpart original and certified or other copies of such documents as they may reasonably request.

4.6. Stockholders Agreement. The Company and, subject to Section 6.20 below, the Investors shall have entered into the Stockholders Agreement in the form of Exhibit C.

4.7. Conversion of Notes. With respect to all of the convertible promissory notes and loan agreements dated on or about March 30 and May 1, 2000, executed by the Company and the Old Investors, each of the Old Investors shall have entered into this Agreement, under which all of the Note Indebtedness is being converted into shares of Series C Preferred Stock and Warrants.

4.8. Consent of Certain Stockholders. After taking into account the effect of Section 6.18 below, the Company shall have obtained the vote or the written consent of the holders of (a) at least a majority of the outstanding shares of the Series A Preferred Stock and the Series B Preferred Stock, voting together as a class, waiving the provisions of Section Fourth: (C)5(a) of the Company's Second Restated Certificate of Incorporation filed with the Secretary of State of Delaware on December 15, 1997, as amended (the "*Second Certificate*"), (b) at least 80% of the outstanding shares of the Series B Preferred Stock waiving the provisions of Section Fourth: (C)5(b) of the Second Certificate, and (c) at least 66-2/3% of the outstanding shares of Series A Preferred Stock and Series A<sup>1</sup> Preferred Stock, voting together as a class, waiving the provisions of Section Fourth: (C)5(c) of the Second Certificate, in each case to the extent such provisions are applicable, to permit the transactions consummated by this Agreement, the Stockholders Agreement and any Ancillary Agreement.

4.9. Consent under Stockholders Agreement. The Company shall have obtained the written consent of at least 66-2/3% in interest of the Preferred Investors and Warrant Holders, as such terms are defined in the Company's Stockholders Agreement dated December 15, 1997, as amended by the Amendment thereto dated as of May 14, 1999 and the Second Amendment thereto dated as of March 30, 2000 (the "*Original Stockholders Agreement*"), to entering into the Stockholders Agreement.

4.10. Rights of First Refusal. After taking into account the effect of Section 6.17 below, the Company shall have complied with all of its obligations under Section 3.2 of the Original Stockholders Agreement.

4.11. Simultaneous Purchase. Simultaneously with the purchase at the Closing of shares of Series C Preferred Stock pursuant hereto by each Investor, each Old Investor shall at the Closing purchase or convert its Note Indebtedness into the shares of Series C Preferred Stock that each such Old Investor has agreed to purchase or convert its Note Indebtedness into pursuant hereto.

5. Conditions of the Company's Obligations at Closing. The obligations of the Company to each Investor under this Agreement are subject to the fulfillment on or before the Closing of each of the following conditions by that Investor:

5.1. Representations and Warranties. The representations and warranties of each Investor contained in Section 3 shall be true on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing.

5.2. Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Series C Preferred Stock and the Warrants pursuant to this Agreement shall be duly obtained and effective as of the Closing.

## 6. Miscellaneous.

6.1. Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement among the parties and no party shall be liable or bound to any other party in any manner by any warranties, representations or covenants except as specifically set forth herein or therein.

6.2. Survival of Warranties. The warranties, representations and covenants of the Company and the Investors contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and the Closing.

6.3. Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties (including permitted transferees of any shares of Series C Preferred Stock or the Warrants sold hereunder or any Common Stock issued upon exercise or conversion thereof). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

6.4. Governing Law. This Agreement shall be governed by and construed under the laws of the State of Texas as applied to agreements among Texas residents entered into and to be performed entirely within Texas.

6.5. 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.



6.6. Titles and Subtitles. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.7. Notices. Unless otherwise provided, any notice required or permitted under this Agreement shall be given in writing and shall be deemed effectively given upon personal delivery to the party to be notified by hand or professional courier service or five (5) days after deposit with the United States Post Office, by registered or certified mail, postage prepaid and addressed to the party to be notified at the address indicated for such party on the signature page hereof, or at such other address as such party may designate by ten (10) days advance written notice to the other parties.

6.8. Finders' Fees. Except as set forth on the schedule of exceptions on Exhibit C of the Company's Series B Convertible Preferred Stock Purchase Agreement dated December 15, 1997, each party represents that it neither is nor will be obligated for any finders' fee, or commission or other fee contingent on the Closing in connection with this transaction. Each Investor agrees to indemnify and to hold harmless the Company from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which such Investor or any of its officers, employees or representatives is responsible. The Company agrees to indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees or representatives is responsible.

6.9. Expenses. Irrespective of whether the Closing is effected, the Company and each Investor shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement. If the Closing is effected, the Company shall reimburse Avatex Corporation for its actual expenses in an amount not to exceed \$5,000.

6.10. Attorneys' Fees. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement or the Restated Certificate, the prevailing party shall be entitled to reasonable attorneys' fees, costs and disbursements in addition to any other relief to which such party may be entitled.

6.11. Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of a super majority equal to or greater than eighty percent (80%) of the shares of Common Stock not previously sold to the public that is issued or issuable upon conversion or exercise of the Series C Preferred Stock or the Warrants. Any amendment or waiver effected in accordance with this paragraph shall be binding upon each holder of any Securities purchased under this Agreement at the time outstanding (including securities into which such securities have been converted), each future holder of all such securities and the Company.

6.12. Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, such provision shall be excluded from this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

6.13. Further Understandings.

(a) FOR KENTUCKY RESIDENTS: "NO SALE OF THE SECURITIES WILL BE MADE TO RESIDENTS OF THE STATE OF KENTUCKY WHO ARE NOT ACCREDITED INVESTORS IF THE AMOUNT OF SUCH INVESTMENT IN THE SECURITIES WOULD EXCEED TEN PERCENT (10%) OF SUCH INVESTOR'S NET WORTH (EXCLUDING PRINCIPAL RESIDENCE, FURNISHINGS THEREIN, AND PERSONAL AUTOMOBILES.)"

(b) FOR TEXAS RESIDENTS: "THE UNDERSIGNED IS AWARE OF THE FACT THAT THE SALES OF THESE SECURITIES IN THE STATE OF TEXAS WILL BE MADE IN RELIANCE UPON THE EXCEPTION PROVIDED IN SECTION 5.1 OF THE SECURITIES ACT OF TEXAS. SUCH SECURITIES MUST BE HELD INDEFINITELY UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER SAID ACT OR UNLESS, IN THE OPINION OF COUNSEL OF THE ISSUER, A SALE OR TRANSFER MAY BE MADE WITHOUT REGISTRATION THEREUNDER. THE UNDERSIGNED AGREES THAT ANY CERTIFICATE EVIDENCING THE SECURITIES WILL BEAR A LEGEND RESTRICTING THE TRANSFER THEREOF CONSISTENT WITH THE FOREGOING AND THAT A NOTATION WILL BE MADE IN THE RECORDS OF THE ISSUER RESTRICTING THE TRANSFER OF ANY OF THE SECURITIES IN A MANNER CONSISTENT WITH THE FOREGOING."

6.14. Effect of Amendment or Waiver. Each Investor acknowledges that by the operation of Section 6.11 hereof the holders of more than a super majority equal to or greater than eighty percent (80%) of the shares of Common Stock not previously sold to the public that are issued or issuable upon conversion or exercise of the Series C Preferred Stock or the Warrants will have the right and power to diminish or eliminate all rights of such Investor under this Agreement.

6.15. Rights of Investors. Each holder of Series C Preferred Stock and Warrants (and Common Stock issuable upon exercise or conversion thereof) shall have the absolute right to exercise or refrain from exercising any right or rights that such holder may have by reason of this Agreement or any Series C Preferred Stock or Warrant, including without limitation the right to consent to the waiver of any obligation of the Company under this Agreement and to enter into an agreement with the Company for the purpose of modifying this Agreement or any agreement effecting any such modification, and such holder shall not incur any liability to any other holder or holders of Series C Preferred Stock or Warrants (or Common Stock issuable upon exercise or conversion thereof) with respect to exercising or refraining from exercising any such right or rights.

6.16. Exculpation Among Investors. Each Investor acknowledges that it is not relying upon any person, firm or corporation, other than the Company and its officers and directors, in making its investment or decision to invest in the Company. Each Investor agrees that no other Investor nor the respective controlling persons, officers, directors, partners, agents or employees of any Investor shall be liable for any action heretofore or hereafter taken or omitted to be taken by any of them in connection with the Series C Preferred Stock and Warrants (and Common Stock issuable upon exercise or conversion thereof).

6.17. Right of First Refusal. To the extent an Investor is a party to the Original Stockholders Agreement, the Investor's execution of this Agreement constitutes the exercise and/or waiver by such Investor of any rights to which it may have been entitled under the Original Stockholders Agreement with respect to (a) the offering of the Series C Preferred Stock, the Warrants and the Common Stock issuable upon exercise or conversion thereof and (b) the transfer of 77,000 shares of Series B Preferred Stock from Melvyn J. and Suellen G. Estrin, as tenants by the entirety, to University Research Co., LLC.

6.18. Consent. To the extent an Investor is a holder of Series A Preferred Stock, Series A<sup>1</sup> Preferred Stock and/or Series B Preferred Stock, the Investor's execution of this Agreement constitutes the consent of such Investor to waive the provisions of Section Fourth: (C)5 of the Second Certificate, to the extent such provisions are applicable, to permit the transactions consummated by this Agreement, the Stockholders Agreement and any Ancillary Agreement.

6.19. Note Indebtedness. To the extent an Investor is a holder of any instrument or is a party to any agreement or other document that evidences any Note Indebtedness, the Investor's execution of this Agreement constitutes the acknowledgement by such Investor that (i) all such Note Indebtedness is being converted hereunder into shares of Series C Preferred Stock, (ii) the Amended and Restated Intercreditor Agreement dated as of March 30, 2000, executed by the Company with respect to the Note Indebtedness, shall be deemed terminated, (iii) all of the Guaranties dated as of March 30 and May 1, 2000, executed by the Subsidiaries with respect to the Note Indebtedness, shall be deemed terminated, and (iv) the Intercreditor Agreement dated as of March 30, 2000, executed by the Subsidiaries with respect to the Guaranties, shall be deemed terminated.

6.20. Parties to Stockholders Agreement. Notwithstanding anything herein to the contrary, an Investor shall not be required to enter into the Stockholders Agreement if (a) such Investor was not an original party to the Stockholders Agreement dated December 15, 1997, and (b) the total number of shares of Common Stock, assuming full exercise and conversion of all shares of Series C Preferred Stock and the Warrant held by such Investor, does not exceed 50,000 shares. If such an Investor does not enter into the Stockholders Agreement, then such Investor shall not be entitled to any of the benefits thereunder, irrespective of whether such Investor previously entered into the First Amendment to Stockholders Agreement dated as of May 14, 1999 and/or the Second Amendment to Stockholders Agreement dated March 30, 2000.

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**iLIFE SYSTEMS, INC.  
SERIES C CONVERTIBLE PREFERRED STOCK AND WARRANT  
PURCHASE AND NOTE CONVERSION AGREEMENT**

**SIGNATURE PAGE**

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

**iLIFE SYSTEMS, INC.**

By: Jorge del Alamo  
Jorge del Alamo  
Chief Financial Officer

Address: 5910 N. Central Expressway  
Suite 1775  
Dallas, Texas 75206

INVESTOR:                    New Investor            Yes     No   
                                  Old Investor             Yes   No

Avatex Corporation

By: G. E. Schleier, SVP + CFO

Name: Grady E. Schleier

Date: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Accredited Investor:    Yes   No

Foreign Investor:        Yes     No

EXHIBIT F

PATENTS, PATENT APPLICATIONS AND TRADEMARKS

2143657401

Life Systems, Inc.

TRADEMARK

JUL 02 01

REEL: 002334 FRAME: 0933

**ILIFE SYSTEMS, INC., PENDING DOMESTIC/FOREIGN PATENT APPLICATIONS**  
 (includes CONFIDENTIAL AND PROPRIETARY INFORMATION)

CONFIDENTIAL AND PRIVILEGED ATTORNEY/CLIENT COMMUNICATION

January 17, 2001

TITLE	COUNTRY	App. No.	Filing Date	No. of Claims	STATUS
SYSTEMS FOR EVALUATING MOVEMENT OF A BODY AND METHODS OF OPERATING SAME	U.S.	09/396,991	09/15/99	32	Pending
BELT CLIP WITH IMPROVED FLANGE	U.S.	09/461,652	12/14/99	27	Pending
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN AN ELECTRONIC DATA STORAGE SYSTEM	U.S.	09/476,590	12/31/99	20	Pending
APPARATUS AND METHOD FOR REMOTE MONITORING OF PHYSIOLOGICAL PARAMETERS	JAPAN	512176-1994	11/03/93	31	Based on PCT/US93/10546 filed 11/03/93 which is based on U.S. Serial No. 07/973,299 filed 11/09/92
APPARATUS AND METHOD FOR REMOTE MONITORING OF PHYSIOLOGICAL PARAMETERS	CANADA	2,147,478	11/03/93	31	Pending Based on PCT/US93/10546 filed 11/03/93, which is based on U.S. Serial No. 07/973,299 filed 11/09/92

TITLE	COUNTRY	App. No.	Filing Date	No. of Claims	STATUS
APPARATUS AND METHOD FOR REMOTE MONITORING OF PHYSIOLOGICAL PARAMETERS	EPO	94900504.5	11/03/93	28	Based on PCT/US93/10546 filed 11/03/93, which is based on U.S. Serial No. 07/973,299 filed 11/09/92
RESPIRATION MONITOR WITH SIMPLIFIED BREATH DETECTOR	JAPAN	524264/94	03/29/94	20	Pending Based on U.S. Serial No. 08/051,975 filed 04/26/93, now abandoned
RESPIRATION MONITOR WITH SIMPLIFIED BREATH DETECTOR	EPO	94913967.9	03/29/94	19	Pending Based on PCT/US94/03384 filed 03/29/94 which is based on U.S. Serial No. 08/051,975 filed 04/26/93, now abandoned
RESPIRATION MONITOR WITH SIMPLIFIED BREATH DETECTOR	CANADA	2,159,616	03/29/94	20	Pending Based on U.S. Serial No. 08/051,975 filed 04/26/93, now abandoned

TITLE	COUNTRY	App. No.	Filing Date	No. of Claims	STATUS
PERSONAL SECURITY MONITORING SYSTEM AND METHOD	CANADA	2,189,769	05/08/95	19	Based on PCT/US95/05801 filed 05/08/95 which is based on U.S. Serial No. 08/239,752 filed 05/09/94, now 5,513,646 issued 05/07/96, which is a Continuation-in-Part of U.S. Serial No. 08/187,787 filed 01/26/94, now abandoned, which is a Continuation of U.S. Serial No. 07/973,299 filed 11/09/92, now abandoned, and a Continuation-in-Part of U.S. Serial No. 08/051,975 filed 04/26/93, now abandoned
PERSONAL SECURITY MONITORING SYSTEM AND METHOD	EPO	95919776.5	05/08/95	20	Based on PCT/US95/05801 filed 05/08/95 which is based on U.S. Serial No. 08/239,752 filed 05/09/94, now 5,513,646 issued 05/07/96, which is a Continuation-in-Part of U.S. Serial No. 08/187,787 filed 01/26/94, now abandoned, which is a Continuation of U.S. Serial No. 07/973,299 filed 11/09/92, now abandoned, and a Continuation-in-Part of U.S. Serial No. 08/051,975 filed 04/26/93, now abandoned



TITLE	COUNTRY	App. No.	Filing Date	No. of Claims	STATUS
SYSTEM AND METHOD FOR REMOTELY MONITORING AT LEAST ONE PHYSIOLOGICAL CHARACTERISTIC OF A CHILD	U.S.	09/536,076	03/24/00	36	Pending
APPARATUS AND METHOD FOR DETECTING VERY LOW FREQUENCY ACOUSTIC SIGNALS	U.S.	09/534,813	03/24/00	36	Pending
SENSOR AND METHOD FOR DETECTING VERY LOW FREQUENCY ACOUSTIC SIGNALS	U.S.	09/536,104	03/24/00	19	Pending
PHYSIOLOGICAL CONDITION MONITORS UTILIZING VERY LOW FREQUENCY ACOUSTIC SIGNALS	U.S.	09/536,093	03/24/00	36	Pending
SYSTEM AND METHOD FOR SEIZING A COMMUNICATION CHANNEL IN A COMMERCIALY AVAILABLE CHILD MONITOR	U.S.	09/535,293	03/24/00	12	Pending
SYSTEM AND METHOD FOR DETECTING THE ONSET OF AN OBSTRUCTIVE SLEEP APNEA EVENT	U.S.	09/641,982	08/17/00	27	Pending
SYSTEM AND METHOD FOR TREATING OBSTRUCTIVE SLEEP APNEA	U.S.	09/641,983	08/17/00	29	Pending
APPARATUS AND METHOD FOR DETECTING AN INCLINATION OF A BODY	U.S.	09/542,197	04/04/00	22	Pending
SYSTEMS WITHIN A COMMUNICATION DEVICE FOR EVALUATING MOVEMENT OF A BODY AND METHODS OF OPERATING THE SAME	U.S.	09/727,974	11/30/00	32	Pending

APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN PHYSIOLOGICAL CONDITION MONITORS	U.S.	09/711,607	11/13/00	40	Pending
SYSTEM FOR EVALUATING MOVEMENT OF A BODY AND METHODS OF OPERATING THE SAME	PCT	PCT/US00/25477	09/15/00	32	Based on U.S. Serial No. 09/396,991 filed 09/15/99
SYSTEM FOR EVALUATING MOVEMENT OF A BODY AND METHODS OF OPERATING THE SAME	Taiwan	89118947	09/15/00	32	Pending Based on U.S. Serial No. 09/396,991 filed 09/15/99
SYSTEM FOR EVALUATING MOVEMENT OF A BODY AND METHODS OF OPERATING THE SAME	Argentina	000104872	09/15/00	32	Pending Based on U.S. Serial No. 09/396,991 filed 09/15/99
BELT CLIP WITH IMPROVED FLANGE	PCT	PCT/US00/34042	12/14/00	27	Pending Based on U.S. Serial No. 09/461,652 filed 09/15/99
BELT CLIP WITH IMPROVED FLANGE	TAIWAN	89126749	12/14/00	27	Pending Based on U.S. Serial No. 09/461,652 filed 12/14/99
BELT CLIP WITH IMPROVED FLANGE	ARGENTINA	000106603	12/13/00	27	Pending Based on U.S. Serial No. 09/461,652 filed 12/14/99
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN AN ELECTRONIC DATA STORAGE SYSTEM	PCT		12/29/00	20	Pending Based on U.S. Serial No. 09/476,590 filed 12/31/99

APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN AN ELECTRONIC DATA STORAGE SYSTEM	ARGENTINA	000107029	12/29/00	20	Based on U.S. Serial No. 09/476,590 filed 12/31/99
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN AN ELECTRONIC DATA STORAGE SYSTEM	TAIWAN	89128221	12/29/00	20	Based on U.S. Serial No. 09/476,590 filed 12/31/99
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN PHYSIOLOGICAL CONDITION MONITORS	PCT		12/29/00	40	Based on U.S. Serial No. 09/476,591 filed 12/31/99
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN PHYSIOLOGICAL CONDITION MONITORS	ARGENTINA	000107028	12/29/00	40	Based on U.S. Serial No. 09/476,591 filed 12/31/99
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN PHYSIOLOGICAL CONDITION MONITORS	TAIWAN	89128216	12/29/00	40	Based on U.S. Serial No. 09/476,591 filed 12/31/99
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN PHYSIOLOGICAL CONDITION MONITORS					Pending

January 17, 2001

LIFE SYSTEMS, INC., PENDING DOMESTIC/FOREIGN PATENT APPLICATIONS  
 (includes CONFIDENTIAL AND PROPRIETARY INFORMATION)

CONFIDENTIAL AND PRIVILEGED ATTORNEY/CLIENT COMMUNICATION

TITLE	COUNTRY	App. No.	Filing Date	No. of Claims	STATUS
SYSTEMS FOR EVALUATING MOVEMENT OF A BODY AND METHODS OF OPERATING SAME	U.S.	09/396,991	09/15/99	32	Pending
BELT CLIP WITH IMPROVED FLANGE	U.S.	09/461,652	12/14/99	27	Pending
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN AN ELECTRONIC DATA STORAGE SYSTEM	U.S.	09/476,590	12/31/99	20	Pending
APPARATUS AND METHOD FOR REMOTE MONITORING OF PHYSIOLOGICAL PARAMETERS	JAPAN	512176-1994	11/03/93	31	Based on PCT/US93/10546 filed 11/03/93 which is based on U.S. Serial No. 07/973,299 filed 11/09/92
APPARATUS AND METHOD FOR REMOTE MONITORING OF PHYSIOLOGICAL PARAMETERS	CANADA	2,147,478	11/03/93	31	Pending Based on PCT/US93/10546 filed 11/03/93, which is based on U.S. Serial No. 07/973,299 filed 11/09/92

TITLE	COUNTRY	App. No.	Filing Date	No. of Claims	STATUS
APPARATUS AND METHOD FOR REMOTE MONITORING OF PHYSIOLOGICAL PARAMETERS	EPO	94900504.5	11/03/93	28	Based on PCT/US93/10546 filed 11/03/93, which is based on U.S. Serial No. 07/973,299 filed 11/09/92
RESPIRATION MONITOR WITH SIMPLIFIED BREATH DETECTOR	JAPAN	524264/94	03/29/94	20	Pending Based on U.S. Serial No. 08/051,975 filed 04/26/93, now abandoned
RESPIRATION MONITOR WITH SIMPLIFIED BREATH DETECTOR	EPO	94913967.9	03/29/94	19	Pending Based on PCT/US94/03384 filed 03/29/94 which is based on U.S. Serial No. 08/051,975 filed 04/26/93, now abandoned
RESPIRATION MONITOR WITH SIMPLIFIED BREATH DETECTOR	CANADA	2,159,616	03/29/94	20	Pending Based on U.S. Serial No. 08/051,975 filed 04/26/93, now abandoned

TITLE	COUNTRY	App. No.	Filing Date	No. of Claims	STATUS
PERSONAL SECURITY MONITORING SYSTEM AND METHOD	CANADA	2,189,769	05/08/95	19	Based on PCT/US95/05801 filed 05/08/95 which is based on U.S. Serial No. 08/239,752 filed 05/09/94, now 5,513,646 issued 05/07/96, which is a Continuation-in-Part of U.S. Serial No. 08/187,787 filed 01/26/94, now abandoned, which is a Continuation of U.S. Serial No. 07/973,299 filed 11/09/92, now abandoned, and a Continuation-in-Part of U.S. Serial No. 08/051,975 filed 04/26/93, now abandoned
PERSONAL SECURITY MONITORING SYSTEM AND METHOD	EPO	95919776.5	05/08/95	20	Pending Based on PCT/US95/05801 filed 05/08/95 which is based on U.S. Serial No. 08/239,752 filed 05/09/94, now 5,513,646 issued 05/07/96, which is a Continuation-in-Part of U.S. Serial No. 08/187,787 filed 01/26/94, now abandoned, which is a Continuation of U.S. Serial No. 07/973,299 filed 11/09/92, now abandoned, and a Continuation-in-Part of U.S. Serial No. 08/051,975 filed 04/26/93, now abandoned

TITLE	COUNTRY	App. No.	Filing Date	No. of Claims	STATUS
SYSTEM AND METHOD FOR REMOTELY MONITORING AT LEAST ONE PHYSIOLOGICAL CHARACTERISTIC OF A CHILD	U.S.	09/536,076	03/24/00	36	Pending
APPARATUS AND METHOD FOR DETECTING VERY LOW FREQUENCY ACOUSTIC SIGNALS	U.S.	09/534,813	03/24/00	36	Pending
SENSOR AND METHOD FOR DETECTING VERY LOW FREQUENCY ACOUSTIC SIGNALS	U.S.	09/536,104	03/24/00	19	Pending
PHYSIOLOGICAL CONDITION MONITORS UTILIZING VERY LOW FREQUENCY ACOUSTIC SIGNALS	U.S.	09/536,093	03/24/00	36	Pending
SYSTEM AND METHOD FOR SEIZING A COMMUNICATION CHANNEL IN A COMMERCIALY AVAILABLE CHILD MONITOR	U.S.	09/535,293	03/24/00	12	Pending
SYSTEM AND METHOD FOR DETECTING THE ONSET OF AN OBSTRUCTIVE SLEEP APNEA EVENT	U.S.	09/641,982	08/17/00	27	Pending
SYSTEM AND METHOD FOR TREATING OBSTRUCTIVE SLEEP APNEA	U.S.	09/641,983	08/17/00	29	Pending
APPARATUS AND METHOD FOR DETECTING AN INCLINATION OF A BODY	U.S.	09/542,197	04/04/00	22	Pending
SYSTEMS WITHIN A COMMUNICATION DEVICE FOR EVALUATING MOVEMENT OF A BODY AND METHODS OF OPERATING THE SAME	U.S.	09/727,974	11/30/00	32	Pending

APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN PHYSIOLOGICAL CONDITION MONITORS	U.S.	09/711,607	11/13/00	40	Pending
SYSTEM FOR EVALUATING MOVEMENT OF A BODY AND METHODS OF OPERATING THE SAME	PCT	PCT/US00/25477	09/15/00	32	Based on U.S. Serial No. 09/396,991 filed 09/15/99
SYSTEM FOR EVALUATING MOVEMENT OF A BODY AND METHODS OF OPERATING THE SAME	Taiwan	89118947	09/15/00	32	Pending
SYSTEM FOR EVALUATING MOVEMENT OF A BODY AND METHODS OF OPERATING THE SAME	Argentina	000104872	09/15/00	32	Based on U.S. Serial No. 09/396,991 filed 09/15/99
BELT CLIP WITH IMPROVED FLANGE	PCT	PCT/US00/34042	12/14/00	27	Pending
BELT CLIP WITH IMPROVED FLANGE	Taiwan	89126749	12/14/00	27	Based on U.S. Serial No. 09/461,652 filed 12/14/99
BELT CLIP WITH IMPROVED FLANGE	Argentina	000106603	12/13/00	27	Based on U.S. Serial No. 09/461,652 filed 12/14/99
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN AN ELECTRONIC DATA STORAGE SYSTEM	PCT		12/29/00	20	Based on U.S. Serial No. 09/476,590 filed 12/31/99
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN AN ELECTRONIC DATA STORAGE SYSTEM	Argentina	000107029	12/29/00	20	Based on U.S. Serial No. 09/476,590 filed 12/31/99



APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN AN ELECTRONIC DATA STORAGE SYSTEM	Taiwan	89128221	12/29/00	20	Based on U.S. Serial No. 09/476,590 filed 12/31/99
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN PHYSIOLOGICAL CONDITION MONITORS	PCT		12/29/00	40	Based on U.S. Serial No. 09/476,591 filed 12/31/99
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN PHYSIOLOGICAL CONDITION MONITORS	Argentina	000107028	12/29/00	40	Based on U.S. Serial No. 09/476,591 filed 12/31/99
APPARATUS AND METHOD FOR REDUCING POWER CONSUMPTION IN PHYSIOLOGICAL CONDITION MONITORS	Taiwan	89128216	12/29/00	40	Based on U.S. Serial No. 09/476,591 filed 12/31/99

# ILIFE SYSTEMS, INC., PENDING DOMESTIC/FOREIGN TRADEMARK APPLICATIONS

(includes CONFIDENTIAL AND PROPRIETARY INFORMATION)

CONFIDENTIAL AND PRIVILEGED ATTORNEY/CLIENT COMMUNICATION

TRADEMARK/ SERVICE MARK	DESCRIPTION OF GOODS/ SERVICES	SIGN	COUNTRY
ILIFE	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	U.S.
ILIFE SYSTEMS	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	U.S.
HANNAH	Heart rate and respiration monitors (I.C. 009 and 010)	TM	U.S.
ILIFE	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Argentina
ILIFE	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Brazil
ILIFE	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Canada
ILIFE	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Europe (ECT)
ILIFE	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Japan

TRADEMARK/ SERVICE MARK	DESCRIPTION OF GOODS/ SERVICES	SIGN	COUNTRY
ILIFE	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Mexico
ILIFE SYSTEMS	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Argentina
ILIFE SYSTEMS	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Brazil
ILIFE SYSTEMS	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Canada
ILIFE SYSTEMS	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Europe (ECT)
ILIFE SYSTEMS	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Japan
ILIFE SYSTEMS	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Mexico

**iLIFE SYSTEMS, INC., ISSUED DOMESTIC/  
FOREIGN TRADEMARKS**  
(includes CONFIDENTIAL AND PROPRIETARY INFORMATION)

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ILIFE SYSTEMS	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Australia

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iLIFE SYSTEMS	Fall detection and physiological monitors and monitoring systems (I.C., 010)	TM	Australia