

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Spacelabs Medical, Inc.		03/01/2007	CORPORATION:

RECEIVING PARTY DATA	
Name:	Spacelabs Healthcare, LLC
Street Address:	5150 220th Ave SE
City:	Issaquah
State/Country:	WASHINGTON
Postal Code:	98029
Entity Type:	LIMITED LIABILITY COMPANY:

PROPERTY NUMBERS Total: 18

Property Type	Number	Word Mark
Registration Number:	3143032	ULTRAVIEW SL
Registration Number:	2491095	ULTRAVIEW
Registration Number:	2121317	OR CHART
Registration Number:	2148090	TRU-LINK
Registration Number:	2067753	INTESYS
Registration Number:	1993012	SPACELABS MEDICAL
Registration Number:	1961970	CVSCAN
Registration Number:	2118689	CHARTMASTER
Registration Number:	1961937	VARITREND
Registration Number:	2019802	WINDNA
Registration Number:	1844284	TRU-LINK
Registration Number:	1896885	TRU-CUFF
Registration Number:	1615577	FLEXPOR
Registration Number:	1584492	CUFF-R-ALL

OP \$465.00 3143032

Registration Number:	1467172	BIOTEL
Registration Number:	1320540	SPACELABS
Serial Number:	78893567	EVO
Serial Number:	78893508	VOYAGER

CORRESPONDENCE DATA

Fax Number: (425)657-7205
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 425-657-7200
Email: clay.west@spacelabs.com
Correspondent Name: Clarence F. West
Address Line 1: 5150 220th Ave. SE
Address Line 4: Issaquah, WASHINGTON 98029

ATTORNEY DOCKET NUMBER:	SMI TO SHLLC ASSIGNMENT
NAME OF SUBMITTER:	Clarence F. West
Signature:	/Clay West/
Date:	02/15/2008

Total Attachments: 19

source=Master Interco SLM Inc & SHC LLC 2007 March 1#page1.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page2.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page3.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page4.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page5.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page6.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page7.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page8.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page9.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page10.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page11.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page12.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page13.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page14.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page15.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page16.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page17.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page18.tif
source=Master Interco SLM Inc & SHC LLC 2007 March 1#page19.tif

MASTER INTERCOMPANY AGREEMENT

This Master Intercompany Agreement (the "Agreement") is made and entered into, effective as of March 1, 2007 (the "Effective Date"), by and between Spacelabs Medical, Inc., a Delaware corporation with its principal place of business at 22011 SE 51st Street, Issaquah, WA 98029 ("SMI") and Spacelabs Healthcare, LLC. ("SHLLC"), a Washington limited liability corporation with offices at 5150 220th Avenue SE, Issaquah, WA 98029.

Recitals

WHEREAS, SMI wishes to restructure its assets and operations to more appropriately reflect its current business and management organization and structure (the "Reorganization");

WHEREAS, SMI has formed SHLLC as its wholly owned subsidiary and, in connection with the Reorganization, desires to make a capital contribution in the form of the Transferred Assets defined below;

WHEREAS, The goal of the Reorganization is to transfer all of the assets, operations and contractual rights and obligations of SMI to SHLLC, except to the extent such assets, operations and contractual rights and obligations are directly used in or related to the manufacturing activities of SMI, including the procurement of certain raw materials, components and supplies used in the manufacture, service and repair of products;

WHEREAS, SMI on the one hand, and SHLLC on the other hand, will from time to time require assistance from each other in administrative, operational, financial, manufacturing and other matters;

WHEREAS, SMI and SHLLC are willing to provide such services for each other in exchange for appropriate compensation; and

WHEREAS, the parties wish to set forth the framework for performance of such services.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

Definitions

As used herein, the following terms shall have the meanings defined below:

Affiliate means any entity owned or controlled by a party hereto or under common ownership or control as such party.

Manufacturing Cost Center Numbers means the internal cost center designations assigned by SMI to its manufacturing operations, as set forth in Schedule 1 hereto

Manufacturing Employees means all SMI employees assigned by SMI to one of the Manufacturing Cost Center Numbers.

Manufacturing Equipment means all tangible assets, including without limitation all equipment, machinery, tools, devices, fixtures, computers and supplies, owned or leased by SMI and allocated by SMI to one of the Manufacturing Cost Center Numbers.

Manufacturing Intellectual Property means all intellectual property rights owned or licensed by SHLLC which SMI, in its discretion determines to be necessary in connection with the manufacture and sale of Products.

Manufacturing Liabilities means all accounts payable, issued purchase orders for goods, executory contracts for the sale or purchase goods or services and all other liabilities, contingent or accrued, incurred by SMI in the conduct of its business prior to the Effective Date allocated by SMI to one of the Manufacturing Cost Center Numbers.

Products means all goods and products procured or manufactured by SMI hereunder for sale or other distribution to SHLLC or its designees.

Retained Assets means all Retained Contracts, Manufacturing Employees, Manufacturing Equipment, finished goods manufactured by SMI, and manufacturing work-in-process, including raw materials and other inventories used in the manufacturing process.

Retained Contracts means all contracts, subcontracts, agreements, leases, licenses, commitments, sales and purchase orders, and other instruments, arrangements or understandings of any kind, whether written or otherwise (collectively, "contracts"), that relate to manufacture or assembly of Products or the procurement, upkeep or maintenance of the Manufacturing Equipment or other Retained Assets and materials used in product manufacturing, service or repair, including all contracts associated with one of the Manufacturing Cost Center Numbers.

Transferred Assets means all of the assets, properties, employees, rights, licenses, contracts and businesses, of every kind and description, wherever located whether real, personal or mixed, tangible or intangible, that are owned, leased or licensed by SMI and used in the conduct of the operation of SMI's business as currently conducted excluding the Retained Assets and excluding SMI's membership interest in SHLLC.

Transferred Liabilities means all accounts payable, issued purchase orders for goods, executory contracts for the sale or purchase goods or services and all other liabilities, contingent or accrued, incurred by SMI in the conduct of its business prior to the Effective Date, excluding the Manufacturing Liabilities.

Agreement

1. Transfer and Assumption of Assets and Liabilities. Upon the terms and subject to the conditions of this Agreement, including the Exhibits and Schedules attached hereto which are incorporated herein by this reference, as of the Effective Date, SMI hereby contributes, conveys, assigns, transfers, delegates and delivers to SHLLC, and SHLLC hereby accepts from SMI, all of SMI's right, title and interest in and to the Transferred Assets and assumes all of SMI's obligations and liabilities in connection with the Transferred Liabilities. The intention of the parties is for the transactions contemplated herein to be effective as of the

Effective Date. However, the parties acknowledge that some actions necessary to process and implement such intent may require time beyond the Effective Date. By way of example, and not of limitation, although the employees, other than the Manufacturing Employees, will become employees of SHLLC as of the Effective Date and SHLLC will begin providing payroll services as of such date, paychecks and payment notifications may continue to reflect the name of Spacelabs Medical, Inc. as the employer for some transitional period. Similarly, purchase orders or payments received by SHLLC after the Effective Date may reference SMI by name, but SHLLC shall properly account for such transactions in SHLLC's name from the Effective Date.

2. License to SMI. Subject to the trademark licensing provisions set forth in Schedule 2 hereto, SHLLC hereby grants to SMI a non-exclusive, non-transferable, world-wide, royalty-free license during the Term of this Agreement to use the Manufacturing Intellectual Property to manufacture or have manufactured Products and prepare related documentation and materials for sale or other distribution to SHLLC or its designees.
3. Continued Cooperation. SMI and SHLLC shall provide each other ongoing cooperation as necessary to effectuate the assignments and licenses contemplated herein, including without limitation seeking all necessary consents to assignments and changes in registrations and approvals.
4. Assignment within Group. Either party may, in its discretion, cause some or all of its obligations under this Agreement to be performed, and permit some or all of its rights hereunder to be exercised, by an Affiliate. Each party agrees to accept performance of obligations and the exercise of rights so assigned, without requiring evidence of assignment.
5. Inter-Company Services.

5.1 Specified SHLLC Services. SHLLC shall provide the following specified services to SMI. SHLLC's employees shall perform such services by and on behalf of SMI, and SMI, as the legal employer of its employees shall have primary liability for the payment of all wages, payroll taxes and benefits earned and generated by its employees and SHLLC, in paying these amounts and providing such services is merely acting as agent for SMI.

5.1.1 Payroll Function. SHLLC shall perform Paymaster Services for SMI in accordance with the provisions of Schedule 5.1.1 hereto.

5.1.2 General Administrative Services. SHLLC shall provide general administrative services to SMI in accordance with the provisions of Schedule 5.1.2 hereto.

5.2 Specified SMI Services. SMI shall provide the following specified services to SHLLC.

5.2.1 Manufacturing Services. SMI shall be SHLLC's preferred vendor for manufacturing services. SMI will supply SHLLC's needs for all products of the type manufactured by SMI. SHLLC shall be the sole purchaser of Products manufactured by SMI. SMI will manufacture and sell Products to SHLLC in accordance with the terms of Schedule 5.2.1 hereto.

5.2.2 Procurement Services. In addition to purchasing for its own manufacturing needs. SMI shall, upon request by SHLLC purchase materials, equipment,

supplies and accessories that are used in SHLLC's business and available from the vendors utilized by SMI. SMI shall sell such goods to SHLLC at a price equal to SMI's cost plus three percent.

5.2.3 Shipping Services. For Products purchased by SHLLC hereunder, SMI shall, upon request by SHLLC, drop ship such Products to the customer and destination specified by SHLLC. SMI shall provide such shipping services at cost.

5.3 Additional Services. As a "master" form of contract, this Agreement allows the parties to contract for multiple services in addition to those specifically addressed in this Agreement through the issuance of multiple service orders without having to re-negotiate the basic terms and conditions contained herein. For purposes of this Agreement, the party providing a service shall be identified as a "**Service Provider**" and the party receiving such service shall be identified as a "**Service Recipient**". The specific details of a service to be provided by a Service Provider under this Agreement shall be separately negotiated and specified in a service order substantially in the form attached hereto as Exhibit A, or as otherwise agreed in writing ("**Service Order**"). Each Service Order will include, at a minimum, a description of the service to be provided, the identity of the party or the Affiliated Entity providing and receiving the service, the term for which services will be provided, and the applicable fees and charges, as well as any requirements, considerations, or objectives which are in addition to the general provisions of this Agreement. Each Service Order shall incorporate this Agreement by reference. Certain of the terms and conditions contained herein may not apply to every Service Order, but shall govern as applicable, in accordance with the applicable Service Order. To the extent any terms or provisions of a Service Order conflict with the terms and provisions of this Agreement, the terms and provisions of the Service Order shall control. No Service Order shall be effective unless and until it is executed by an authorized representative of each party.

6. Compensation for SHLLC Services. SHLLC shall charge SMI for the services provided by SHLLC hereunder at a price calculated to reflect SHLLC's cost of providing such services plus 3%.
7. Reconciliation Accounting. During the term of this Agreement, SMI will incur various payment and reimbursement obligations for the various services provided by SHLLC to SMI hereunder and various amounts disbursed by SHLLC on SMI's behalf. In turn, SHLLC will incur payment obligations to SMI for Products, materials and supplies purchased by SHLLC from SMI hereunder. SHLLC shall maintain one or more reconciliation accounts that evidence the offsets between the reciprocal payment and reimbursement obligations of the two parties and shall on a quarterly basis provide a report to SMI indicating the net balance of SMI's account.
8. Proprietary Rights. It is recognized and understood that the existing inventions and technologies of Service Provider and Service Recipient are their separate property, respectively, and are not affected by this Agreement. Neither party shall at any time during or after the term of this Agreement have any ownership rights relating to or emanating from any intellectual property (including, but not limited to designs, trademarks, trade names, web sites, know-how, other intangible property, or other related matters) of the other, other than licenses necessary to enable the contemplated manufacture, sale or use of products manufactured hereunder. The parties shall mutually agree as to the ownership of all

intellectual property rights with respect to works, inventions and discoveries made during the course of performing services hereunder.

9. Confidentiality. In the performance of this Agreement or any Service Order hereunder, a party (Discloser) may disclose to the other party (Recipient) certain Confidential Information of Discloser. The term "Confidential Information" shall mean i) any business or technical information which the disclosing party regards as confidential and in which it claims a proprietary interest, or ii) information which by its nature would generally be considered as confidential. Such Confidential Information includes, without limitation, financial data, plans such as business plans, marketing plans, and product development plans, customer data, research results, product design data, and manufacturing methods, specifications or materials, which is owned, controlled or possessed by either party in either written, oral or visual form. Recipient shall hold the Confidential Information in confidence and shall not use such confidential information for any purpose other than in the performance of this Agreement or a Service Order hereunder without the prior written consent of Recipient. The confidentiality obligations under this section shall not apply to Confidential Information of the Discloser which:

- (i) is now, or in the future becomes, public knowledge other than through the acts or omissions of the Recipient;
- (ii) is lawfully obtained by the Recipient from sources independent of the Disclosing Party who were not under obligations of confidentiality with respect thereto;
- (iii) the Recipient can demonstrate by written records was known to it prior to disclosure hereunder;
- (iv) the Recipient can demonstrate it was independently developed by employees of the Recipient without application or use of such Confidential Information; or
- (v) the Recipient is required to disclose by law or pursuant to the direction of a court or government agency; provided however, that Discloser is first given a reasonable opportunity to contest such disclosure.

10. Warranty. Each respective Service Provider warrants that its services will be free of material defects and performed in a professional and workmanlike manner. If Service Provider manufactures products hereunder, Service Provider warrants that such products will be at delivery free from material defects and will perform in accordance with the specifications set forth in the applicable Service Order.

11. Remedies and Limitations. Service Provider's obligation and liability under the warranty set forth above is limited, at Service Provider's option, to (a) reperformance of any services, (b) repayment of or reduction in a reasonable portion of the fees paid by Service Recipient for services under this Agreement, or (c) in the case of any products delivered hereunder, repair or replacement at the option of Service Provider. EXCEPT AS EXPRESSLY STATED HEREIN, Service Provider MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, OR IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE. Service Provider SHALL NOT BE LIABLE TO Service Recipient FOR ANY INDIRECT,

INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, COVER, OR ANY LOSS OF INFORMATION, PROFIT, REVENUE OR USE RESULTING FROM BREACH OF WARRANTY OR ANY OTHER PROVISION OF THIS AGREEMENT. Service Provider's liability (whether in tort, contract or otherwise, and notwithstanding any fault, negligence, strict liability or product liability of Service Provider) with regard to any services or product provided hereunder will in no event exceed the total compensation paid by Service Recipient to Service Provider under this Agreement.

12. Term and Termination. The initial term of this Agreement shall be for a term of five years. Following this initial term, this Agreement will be renewed automatically for successive 12 month periods, unless it is terminated by i) a mutual agreement of the parties in writing, or ii) by either party giving written notice to the other party at least 90 days prior to the beginning of the next term.
13. Notices. All notices and other communications shall be considered given and effective when personally delivered or when mailed, postage prepaid, to the recipient's principal offices, to the attention of recipient's chief executive officer, or to such other addresses as the parties may designate in writing.
14. Independent Contractor; Authority. Except as otherwise provided under this Agreement, Service Provider's relationship with Service Recipient is that of an independent contractor, and Service Provider shall have sole control over the performance of all services to be performed by it hereunder and of all of its employees, agents, and contractors engaged in performing such services. Service Provider shall not have the right to assume or create any obligation of any kind, either express or implied, on behalf of Service Recipient, except as expressly provided for in this Agreement or in another written agreement between the parties. Except as otherwise provided this Agreement, nothing in this Agreement shall be deemed to establish or otherwise create a relationship of principal and agent, employer and employee, or otherwise between Service Provider and Service Recipient.
15. Assignment. Neither party shall assign all or any part of this Agreement, or any given Service Order(s) hereunder, or any of its rights hereunder or thereunder (whether voluntarily or involuntarily) without the other party's prior written consent, which shall not be unreasonably withheld; save that either party may assign rights and responsibilities as set forth in Section 5 of this Agreement to any Affiliate.
16. Nonwaiver. The failure of either party to insist upon or enforce strict performance by the other of any of the provisions of this Agreement, or any given Service Order(s) hereunder, or to exercise any rights or remedies under this Agreement, or any given Service Order(s) hereunder, will not be construed as a waiver or relinquishment to assert or rely upon any such provisions, rights or remedies in that or any other instance; rather the same will remain in full force and effect.
17. Compliance with Laws. Service Provider and Service Recipient shall comply, and shall ensure any subsidiary exercising rights or performing responsibilities under any Service Order(s) shall comply, with all laws, regulations, rules, orders and other requirements that are applicable to their respective performance of this Agreement or any Service Order(s) hereunder.

18. Excused Performance. Neither Service Provider nor Service Recipient will be liable for, or be considered to be in breach of or default under this Agreement, or any given Service Order(s) hereunder, on account of any delay or failure to perform as required by this Agreement, or any given Service Order(s) hereunder, as a result of any causes or conditions beyond such party's reasonable control, including but not limited to: fires; acts of God or the elements; acts, delays and failures to act by civil, military or other governmental authority; labor disputes; riots, sabotage or war; or breakdown or destruction of any equipment, facilities or other property.
19. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. The parties agree that a photocopy or facsimile signature to this Agreement shall be treated for all purposes as an original signature.
20. Severability. In the event any provision, clause, sentence, phrase, or word hereof, or the application thereof in any circumstances, is held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder hereof, or of the application of any such provision, sentence, clause, phrase, or word in any other circumstances.
21. Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Washington, USA, without reference to its laws relating to conflicts of law. Any legal action arising out of or relating to this Agreement shall be brought only in the state and federal courts located in King County, Washington, and the parties irrevocably consent to the jurisdiction and venue of such courts.
22. Entire Agreement. This Agreement, along with all Service Orders entered into hereunder, constitutes the entire agreement, and supersedes any and all prior agreements, between Service Provider and Service Recipient with regard to the services which are the subject of the applicable Service Orders entered into under this Agreement. No amendment, modification or waiver of any of the provisions of this Agreement, or any given Service Order(s) hereunder, will be valid unless set forth in writing, signed by an authorized representative of both parties.

Spacelabs Medical, Inc.

By: 

Name: Dave Tilley

Title: President

Spacelabs Healthcare, LLC

By: 

Name: Scott Stewart

Title: Treasurer

SCHEDULE 1

MANUFACTURING COST CENTER NUMBERS

7100
7110
7111
7112
7115
7120
7121
7122
7125
7105
7160
7165
7170
7612
7600
7670

SCHEDULE 2

TRADEMARK LICENSING TERMS

Background: In connection with the Reorganization, SMI transferred, sold and assigned all of SMI's world-wide intellectual property rights to SHLLC, including without limitation all trademarks and service marks, whether registered or non-registered used by SMI in its business prior to the Effective Date, whether owned by or licensed to SHLLC (collectively, the "Marks"). SHLLC now desires to grant a license back to SMI in accordance with provisions below to enable SMI to carry out the manufacturing and other functions, in part for the benefit of SHLLC, contemplated herein.

1. Grant of License. SHLLC grants to SMI a non-exclusive, non-transferable, world-wide, royalty-free license during the Term of this Agreement to use the Marks in connection with certain manufacturing and support services to be provided by SMI to or on behalf of SHLLC.
2. Ownership. As between SHLLC and SMI, SHLLC shall retain full and complete ownership, and subject to the terms herein, control of the Marks, and nothing contained in this Agreement shall vest or otherwise transfer, convey or give to SMI any right, title or interest in the Marks not expressly provided in this Agreement.
3. Term. The term of the foregoing license shall be perpetual, but subject to termination, in whole or in part, upon thirty days written notice from SHLLC.
4. Effect of Termination. Within ten (10) days after termination of the foregoing License, SMI shall cease all further use of the Marks.
5. Quality Control. SMI shall use the Marks only in connection with the Manufacture and sale of the Products and other services provided by SMI to SHLLC, in a manner that conforms to the quality standards communicated by SHLLC to SMI from time to time. SMI shall permit SHLLC to examine, approve and review, as applicable, the Products and any materials containing the Marks at times mutually agreed by the parties. SMI shall keep written records sufficient to document that its use of the Marks conform to the pertinent quality standards, and SHLLC shall have the right to make reasonable inspection of such records upon reasonable notice to SMI.
6. Attributions. SMI shall mark each use the Marks with trademark symbols and attributions as approved by SHLLC from time to time.
7. Infringement. SMI shall promptly notify SHLLC in the event either it determines that the Marks are being infringed or adversely affected by the use of third parties, and shall take no action of any kind with respect thereto except by and in accordance with the express written authorization of SHLLC. SHLLC shall have the sole responsibility for whatever action is taken with respect to such infringement or adverse use, and SMI shall cooperate fully with SHLLC in the event such action entails litigation or other similar proceedings.

SCHEDULE 5.1.1

PAYMASTER SERVICES

1. Paymaster Services. During the term of this Agreement, SHLLC shall provide common paymaster services to SMI as follows: acting as the payroll agent for SMI, including, but not limited to, making payroll payments to employees of SMI, preparing, withholding and reporting local, state and federal employment taxes and insurance premiums, and administering, as agent for SMI, such employee benefit programs and plans as are available to the employees of SMI. The function of rendering such agency paymaster services shall be referred to in this Agreement as the "Payroll Function". Without limiting the generality of the foregoing, the duties and obligations of SHLLC shall include:
 - 1.1 The performance of its Payroll Function in accordance with the policies and procedures established by SMI.
 - 1.2 The responsibility for preparation of the payroll of SMI in accordance with the compensation levels determined by SMI in its sole discretion.
 - 1.3 The responsibility as agent for withholding federal income tax and the employee's portion of Social Security tax (FICA) from the compensation paid to the employees of SMI and to remit that tax to the Internal Revenue Service.
 - 1.4 The responsibility as agent for payment of federal unemployment tax (FUTA) and SMI's portion of the Social Security tax (FICA) to the Internal Revenue Service.
 - 1.5 The responsibility as agent for payment of all appropriate industrial insurance premiums to the Washington State Department of Labor and Industries.
 - 1.6 The responsibility as agent for payment of all Washington state unemployment compensation tax to the Washington State Department of Employment Security.
 - 1.7 The responsibility for the preparation and filing of all returns and other materials required to be filed in connection with any of the foregoing taxes or insurance premiums.
 - 1.8 The responsibility as agent for administering all employee benefit programs and plans made available to employees of SMI.
 - 1.9 The responsibility for approving all other expenditures in connection with the Payroll Function.
 - 1.10 The responsibility of providing for accounting with respect to the Payroll Function and the rendering of accounting summary data to SMI with

respect to the operation of the Payroll Function as it relates to each employee of SMI.

- 1.11** The responsibility of arranging for actual payment of amounts expended in connection with the Payroll Function as agent for SMI and making such payment as an agent of SMI.
- 2.** Reimbursement. SMI shall reimburse SHLLC for all payments made by SHLLC for SMI's employees' wages, payroll taxes, all withholdings, employment-related insurances, and other employment-related amounts, out-of-pocket expenses paid to third parties in performing the Payroll Function (such as payroll services, providers of employee medical insurance, and such other third party expenses as SMI shall approve).
- 3.** Fee for Services. SHLLC shall be compensated by SMI in accordance with the Reconciliation Payment provisions set forth in Section 6 of this Agreement. The payment of this fee shall be separate and apart from any reimbursement made to SHLLC by SMI for payments made by SHLLC on SMI's behalf in performing the Payroll Function.
- 4.** Informational Reports. For each accounting period, SHLLC shall provide SMI with a statement of all payments made in performance of the Payroll Function, including all wages, payroll, taxes withheld and taxes and insurance premiums paid on behalf of SMI during the preceding accounting period.
- 5.** Termination. This Agreement may be terminated at any time by either party upon ninety (90) days' prior written notice to the other.
- 6.** Relationship of Parties. Other than as set forth herein, nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third person to create the relationship among the parties of partners in a partnership or joint venture or of any association between the parties hereto other than independent contracting parties. In addition, SHLLC, as agent for SMI shall give appropriate notice to the third parties with whom it deals on behalf of SMI.
- 7.** Conditions of Engagement of SHLLC. SHLLC, in undertaking the services to be provided under this Agreement, acknowledges to SMI the following:

 - 7.1.1** SHLLC will control all of its employees' work schedules, compensation, supervision and promotion, and as such, SHLLC management will have the ultimate decision as to the hiring and firing of its personnel; SHLLC will have the ultimate decision as to the duration of employment for its personnel; SHLLC will set the rates, amounts and other aspects of compensation for its personnel, and it will determine its employees' job assignments and instructions, and it will provide exclusive guidance and supervision over the work performed by its personnel, and all evaluation of employee performance will be performed by SHLLC.
 - 7.1.2** SHLLC management will determine the days and hours of work performed by its employees.

7.1.3 SHLLC will provide the office space and other controlled work premises for its employees; and it will provide the tools and equipment as needed for that workplace; and it will compensate its employees for vacation time, sick leave and insurance benefits.

8. The parties acknowledge that SMI is the legal employer of the employees who are receiving the benefit of the services described in this Schedule, and SMI shall have the primary liability and obligation to pay all such employees' wages; and, further, the parties acknowledge that SHLLC is only a paymaster agent engaged by SMI to make payments in connection with the Payroll Function. SHLLC shall have no liability to SMI employees other than as an agent performing paymaster services under the terms of this Agreement.

SCHEDULE 5.1.2
GENERAL ADMINISTRATIVE SERVICES

SHLLC shall provide the following General Administrative Services to SMI on an as-needed basis, consistent with the standards maintained for SHLLC operations.

- 1 Accounting: All accounting services required by SMI, including , but not limited to, monthly and annual financial statements (income statements, balance sheets and statements of cash flow), maintenance of books and records, budgets, budget reconciliations, bank account maintenance and reconciliation and all similar services.
- 2 Taxes: All state, federal and local tax return preparation and filing on a timely basis.
- 3 Credit: All Credit support services, including, but not limited to, collection, credit analysis, and payment of accounts payable and collection of accounts receivable.
- 4 Security Services: All security services for premises occupied by SMI.
- 5 Janitorial Services: All janitorial required in premises occupied by SMI.
- 6 Human Resources: All human resources services, including hiring, firing, employee discipline and administration of employee benefits plans.
- 7 Lendings: All negotiation and documentation of loans and other financial accommodations.
- 8 Cash: All cash management services.
- 9 Legal: All necessary legal support services, including in-house counsel services and management of outside legal resources.
- 10 MIS and IT Support Services: All necessary MIS and IT support services necessary to keep SMI fully integrated into SHLLC's telecommunications and computer networks and to maintain and support SMI's computer hardware and software needs.
- 11 Risk Management. Coordination and administration of risk management services, including without limitation interfacing with applicable insurance brokers and representatives.
- 12 Procurement. Contract negotiation and administration services with respect to strategic and other specified supply vendors.
- 13 Other: All other similar general management and administrative services requested by SMI.

SCHEDULE 5.2.1

MANUFACTURING SERVICES TERMS

During the Term of this Agreement, SMI shall provide manufacturing services for SHLLC in accordance with terms set forth in this Schedule.

1.1 **Licensed IP** means the SHLLC intellectual property licensed to SMI under this Agreement.

1.2 **Lot Failure** means a failure under statistical lot sampling standard ANSI/ASQC Z1.4:1993.AQL 1.0

1.3 **Manufacture**, as used herein, means to either manufacture or to have manufactured.

1.4 **Products** means all products manufactured by SMI and sold to SHLLC hereunder, incorporating the Licensed IP and designs and specifications provided by SHLLC.

1.5 **Specifications** means the product and performance specifications, provided and/or approved by SHLLC and published by SMI for a given Product, as the same may be modified from time to time by the Parties.

1.9 **Supplies** means the raw materials, components, third party products and supplies purchased by SMI for use in the manufacture of Products, for sale with Products or for sale to SHLLC for use or sale by SHLLC.

2.0 DISTRIBUTION OF PRODUCTS

2.1 **Supply of Product**. During the term of this Agreement, SMI shall manufacture, sell and deliver Products and Supplies to SHLLC upon the terms and conditions set forth herein.

2.2 Orders.

2.2.1 **Purchases**. Purchases and deliveries of Products and Supplies under this Agreement shall be made by means of a series of Purchase Orders submitted from time to time by SHLLC to SMI during the term of this Agreement ("**Purchase Orders**").

2.2.2 **Delivery Dates**. Purchase Orders and changes thereto ("**Change Orders**") may be placed by facsimile, e-mail or by mail. Each such Purchase Order and Change Order shall specify the requested delivery date. Notwithstanding anything to the contrary contained herein, SHLLC may reschedule delivery dates and amounts under a Purchase Order, without the payment of any penalty or additional compensation by SHLLC. SMI will endeavor to accommodate the delivery dates requested by SHLLC.

2.2.4 Contents. All Purchase Orders submitted by SHLLC shall state (i) the quantities ordered, (ii) the requested delivery dates, (iii) shipping destination, if applicable (iv) requested method of shipment, and (v) model number of the ordered Products or Supplies.

2.2.5 Confirmation. All purchase orders shall be effective upon written acceptance by SMI, which acceptance shall not be unreasonably withheld or delayed.

2.3 Purchase Price. SMI shall sell Products and Supplies to SHLLC at a price equal to SMI's cost plus 3%.

2.4 Invoices. Upon shipment of the Products, SMI shall invoice SHLLC for the appropriate Purchase Price.

2.5 Shipments and Delivery.

2.5.1 Shipment. SMI shall ship the Products in the manner specified by SHLLC in its Purchase Order to the specified shipping destination (the "**Destination**"). SHLLC shall bear the cost of shipping to the Destination. SHLLC shall bear responsibility for insuring the shipment to the Destination. Title and all risk of loss, damage or destruction of the Products and Supplies shall pass to SHLLC upon delivery to the carrier. All customs, duties, costs, taxes, insurance premiums, shipping charges and other expenses relating to such transportation and delivery shall be prepaid by SMI and included in SMI's costs for the Products and Supplies, unless otherwise agreed to in writing by the parties.

2.5.2 Packaging. SMI shall package the Products for shipment, using SMI's standard materials, procedures and packaging, at no additional cost to SHLLC.

2.6 Inspections and Acceptance.

2.6.1 SMI Inspection. SMI shall provide and maintain an inspection procedure and quality assurance program for the Products and its production processes. Records of inspection and quality assurance work done by SMI shall be made available to SHLLC for its review.

2.6.2 SHLLC Inspection and Acceptance. Any of the Products or lots of Products ("Lot") which materially fail to meet their Specifications may be rejected by SHLLC and returned to SMI for repair or replacement.

2.6.3 Notification and Return of Defective Product. SHLLC shall notify SMI of any incoming Lot failure and will specify the reasons for such failure. Products, which do not conform to their Specifications, may be returned by SHLLC to SMI, freight collect and insured for full replacement value. Replacement or repaired Products will be shipped to SHLLC at SMI's expense. SHLLC shall pay freight charges, insurance and other customary charges for transportation for improperly rejected Products.

2.6.4 Repair and Replacement. All costs to repair or replace defective Products (including transportation) returned under this Section 2.6 shall be the sole responsibility of SMI.

3.0 LICENSES

3.1 Private Label Products. SMI agrees to private label Products provided to SHLLC with specified SHLLC or third party trademarks / logos that SHLLC supplies to SMI. SHLLC shall provide or approve all artwork to be used by SMI hereunder for Products. SHLLC shall insure that SMI has all necessary, royalty free licenses to incorporate the specified trademarks into the Products, and their associated labeling, packaging and product documentation.

3.2 Rights in Products. As between the parties hereto, SHLLC retains all rights, title, and interest in all intellectual property contained in the Products, including, without limitation, all patents, trademarks, copyrights, trade secrets, and any other intellectual property and proprietary rights.

4.0 DUTIES OF THE PARTIES

4.1 Duties of SMI. The parties expressly acknowledge and agree that some or all of the obligations of SMI hereunder may be performed by SMI's Affiliate companies. In addition to its other duties hereunder, SMI shall:

4.1.1 Provide reasonable and customary regulatory support to assist SHLLC in obtaining regulatory approval for Products. Such support shall include, without limitation, supplying SHLLC with reasonably requested data and documentation;

4.1.2 Promptly inform SHLLC of any Medical Device Report ("MDR") reported event related to the Products of which it becomes aware;

4.1.3 Promptly inform SHLLC of any official observations of FDA specifically relating to any Products or the manufacturing thereof as well as SMI's response to such findings;

4.1.4 Maintain all necessary production and inspection records, and in the event of any mandatory recall of any Products, cooperate fully with SHLLC in effecting such recall;

4.1.5 Manufacture the Products in compliance with current Quality System regulations, as specified by FDA, which are applicable to the Products. SHLLC shall have the right during normal business hours to inspect and audit SMI's manufacturing facilities for Products in order to ensure that such Products are being manufactured in compliance with such Quality System regulations as specified by FDA and with this Agreement; and

4.1.6 Maintain appropriate records regarding regulatory and quality operations, and provide SHLLC reasonable access to such records after receiving thirty (30) days' notice from SHLLC.

4.2 Duties of SHLLC. In addition to other duties hereunder, SHLLC shall:

4.2.1 Comply with all applicable laws and governmental regulations affecting the sale and distribution of the Products and be solely responsible for obtaining all regulatory approvals and/or certifications for the Products and all product integration, retrofits, upgrades or new products released by SHLLC; and

4.2.2 Promptly inform SMI of any Products that do not meet the Specifications or do not perform as intended, or any information which may suggest that a Product does not meet the Specifications or does not perform as intended.

5.0 WARRANTY

5.1 Limitation of Liability. EXCEPT FOR THE EXPRESS WARRANTIES SET FORTH HEREIN, SMI GRANTS NO WARRANTIES, EITHER EXPRESS OR IMPLIED, ON THE PRODUCTS, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE, AND THE STATED EXPRESS WARRANTY IS IN LIEU OF ALL LIABILITIES OR OBLIGATIONS OF SMI FOR DAMAGES, INCLUDING, BUT NOT LIMITED TO, CONSEQUENTIAL, INCIDENTAL, INDIRECT AND PUNITIVE DAMAGES OCCURRING OUT OF OR IN CONJUNCTION WITH THE USE OR PERFORMANCE OF THE PRODUCTS. IN NO EVENT SHALL EITHER PARTY BE RESPONSIBLE FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL DAMAGES, LOSS OF PROFIT, OR EXPENSE SUFFERED BY THE OTHER PARTY IN CONNECTION WITH THIS AGREEMENT.

6.0 INDEMNIFICATION

6.1 By SMI.

6.1.1 Bodily Injury. SMI will defend, indemnify and hold SHLLC, its subsidiaries and Affiliates harmless against any and all liabilities, losses, damages, costs or expenses (including reasonable attorneys' fees) which SHLLC may hereafter incur, as a result of any injury, illness or death of any person to the extent caused by any Products, to the extent that such injury, illness or death resulted from (i) SMI's design or manufacture of Products or (ii) failure of the Products to meet their Specifications or the Product warranties provided for in this Agreement.

6.1.2 Infringement. SMI will defend, indemnify and hold SHLLC, its subsidiaries and Affiliates harmless against any and all liabilities, losses, damages, costs or expenses (including reasonable attorneys' fees) which SHLLC may hereafter incur, as a result of a claim by any third party alleging infringement of any patent, copyright, trademark, trade secret, or any other proprietary right of such third party to the extent arising from Products furnished under this Agreement, except to the extent resulting from the Licensed IP or other marks, logos, designs or specifications provided by SHLLC. SMI shall, at its own expense, defend or settle such claims, procure for SHLLC the right to use the Products or modify such Products to avoid infringement. If SMI is unable to procure for SHLLC the right to use such Products or modify such Products to avoid infringement on terms reasonable to SMI, then SHLLC shall return the Products to SMI, and SMI shall refund to SHLLC the purchase price paid for the Products.

6.2 By SHLLC.

6.2.1 Bodily Injury. SHLLC will defend, indemnify and hold SMI and its Affiliates harmless against any and all liabilities, losses, damages, costs or expenses (including reasonable attorneys' fees) which SMI may hereafter incur, as a result of any injury, illness or death of any person which is caused by any Products except to the extent that such injury, illness or death results from any negligence by SMI in the design or manufacture of the Products.

6.2.2 Infringement. SHLLC will defend, indemnify and hold SMI and its Affiliates harmless against any and all liabilities, losses, damages, costs or expenses (including reasonable attorneys' fees) which SMI may hereafter incur, as a result of a claim by any third party alleging infringement by the Products furnished hereunder of any patent, copyright, trademark, trade secret, or any other proprietary right of such third party, except to the extent resulting from the intellectual property or other marks, logos, designs or specifications provided by SMI which is not a part of the Licensed IP.

7.0 COMPLAINT REPORTING

7.1 SMI Reporting. SMI represents and warrants that SMI shall comply with all applicable complaint reporting requirements of the FDA and in accordance with all United States federal, state and local statutes, ordinances and regulations, including, but not limited to, the Federal Food, Drug and Cosmetic Act (21 U.S.C. §301 et seq.) and in conformance with all applicable requirements of the European Medical Device Directive.

7.2 SHLLC Reporting. Should any incidents of failure of the Products or injury be reported to SHLLC, SHLLC shall promptly notify SMI of any such field performance problems or deficiencies, and will provide SMI with a description of the problem or deficiency in a form consistent with FDA reporting guidelines.

7.3 Recall. In the event of any recall of Products, the Parties shall cooperate to the extent reasonably necessary to conduct such recall in accordance with the policies and procedures of the party conducting the recall. In the event of any mandatory recall caused by or resulting from a defect in the design or manufacture of the Products, SMI shall reimburse SHLLC for its reasonable out-of-pocket expenses incurred in connection with any such recall carried out by SMI, provided SHLLC has complied with its obligations under Section 7.2 and provided reasonable cooperation with respect thereto to SMI.

7.4 Complaint Handling. SHLLC shall perform complaint-handling practices according to SHLLC's approved procedures and shall comply with all applicable regulatory requirements.

Exhibit A

Service Order

Under the Master Intercompany Agreement, the terms of which are incorporated by reference, the parties hereby acknowledge and agree that this Service Order sets forth the additional terms under which Service Provider shall perform services for Service Recipient.

Description of services:

Parties providing and receiving services:

Applicable fees and payment schedule:

Term of services:

Other:

Effective Date:

ACKNOWLEDGED AND AGREED:

Spacelabs Medical, Inc.

Spacelabs Healthcare, LLC.

By: 

By: 

Name: Dave Tilley

Name: Scott Stewart

Title: President

Title: Treasurer