

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
McKinley Medical, LLC		05/21/2007	LIMITED LIABILITY COMPANY: UNITED STATES
RECEIVING PARTY DATA			
Name:	WalkMed Infusion LLC		
Street Address:	96 Inverness Drive East		
Internal Address:	Suite N		
City:	Englewood		
State/Country:	COLORADO		
Postal Code:	80112		
Entity Type:	LIMITED LIABILITY COMPANY: COLORADO		
PROPERTY NUMBERS Total: 4			
Property Type	Number	Word Mark	
Registration Number:	1607370	INFU-MED	
Registration Number:	2230655	WALKMED	
Registration Number:	1834529		
Registration Number:	2506306	EPM	
CORRESPONDENCE DATA			
Fax Number:	(212)750-1850		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	3034209569		
Email:	ltravis@walkmed.net		
Correspondent Name:	WalkMed Infusion LLC c/o Lee Travis		
Address Line 1:	96 Inverness Drive East		
Address Line 2:	Suite N		
Address Line 4:	Englewood, COLORADO 80112		
NAME OF SUBMITTER:	Lee Travis		

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ASSET PURCHASE AGREEMENT

THIS AGREEMENT, made and entered into on May 13, 2007 (the "Agreement Date"), between McKinley Medical LLC, a Colorado limited liability company (hereinafter "Seller"), and Wi, Inc., a Colorado corporation (hereinafter "Purchaser").

RECITAL: Seller desires to sell to Purchaser, and Purchaser desires to purchase from Seller certain of Seller's assets and properties of a business (hereinafter known as the "Business") involving the manufacture and distribution of the WalkMed line of products described on **Exhibit A** attached hereto (the "Products"), located at 4080 Youngfield Street, Wheat Ridge, CO 80033.

IN CONSIDERATION of the mutual promises and covenants contained herein, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

I. SALE OF ASSETS

1.1 **SALE OF ASSETS.** Seller shall sell, assign, transfer and deliver to Purchaser, and Purchaser shall purchase and accept at Closing, the assets and properties used by Seller in the Business, and which are owned by Seller or in which Seller has any right, title, or interest of any kind and description, wherever located (hereinafter the "Purchased Assets"):

(a) **TANGIBLE PERSONAL PROPERTY.**

(i) all furniture, fixtures, equipment, machinery, tools, devices, vehicles, and other tangible personal property (hereinafter "Furniture, Fixtures and Equipment") owned by Seller and used in the operation of the Business more fully described on the Furniture, Fixtures and Equipment list, attached hereto as Schedule 1.1(a)(i);

(ii) all inventory, goods, parts, stock and supplies, and other materials use in the operation of the Business (hereinafter "Inventory"), which as of the date of this Agreement are listed on Schedule 1.1(a)(ii) attached hereto, and which Schedule shall be updated at the Closing to reflect the Inventory as of the Effective Time based on Seller's books and records; and

(iii) leasehold improvements (hereinafter "Leasehold Improvements") incorporated into the Premises (as defined hereinbelow) more fully described on the Leasehold Improvements list attached hereto as Schedule 1.1(a)(iii).

(b) **INTANGIBLE PERSONAL PROPERTY.**

(i) The tradenames and marks listed on Schedule 1.1(b)(i) (the "Tradenames");



(ii) The real property lease (hereinafter "Lease") more fully described on Schedule 1.1(b)(ii) attached hereto for the real property located at 4080 Youngfield Street (hereinafter the "Premises");

(iii) The domain names, websites, and other intellectual property rights relating to the Internet, together with any other domain name registrations listed on Schedule 1.1(b)(iii) attached hereto (the "Intellectual Property");

(iv) To the extent transferable, the licenses and/or permits (hereinafter "Licenses and Permits") listed on Schedule 1.1(b)(iv) attached hereto;

(v) Accounts receivable and Accounts payable (hereinafter "Accounts Receivable" and "Accounts Payable") of the Business as of the Effective Time (as defined in Section 10.1), which as of the date of this Agreement are listed on Schedule 1.1(b)(v) attached hereto, and which Schedule shall be updated at the Closing to reflect the Accounts Receivable and Accounts Payable as of the Effective Time based on Seller's books and records;

(vi) The prepaid expenses ("Prepaid Expenses") and deposits ("Deposits") of the Business as of the Effective Time, which as of the date of this Agreement are listed on Schedule 1.1(b)(vi) attached hereto, and which Schedule shall be updated at the Closing to reflect the Prepaid Expenses and Deposits as of the Effective Time based on Seller's books and records;

(vii) All customer lists, customer records, customer contracts and supplier/vendor lists related to the Business (hereinafter "Customer Accounts"); and

(viii) The purchase orders, sales orders and other contract rights and obligations (hereinafter "Assigned Contracts") relating solely to the Business, which as of the date of this Agreement are listed on Schedule 1.1(b)(viii) attached hereto, and which Schedule shall be updated at the Closing to reflect the Assigned Contracts as of the Effective Time based on Seller's books and records.

1.2 Excluded Assets. The Purchased Assets will not include any assets not solely related to the Business. Without limiting the foregoing, the following assets are specifically excluded from the Purchased Assets:

- (a) Cash and cash equivalents, including all marketable securities;
- (b) Seller's accounts receivable not generated from the sale of the Products;
- (c) All of Seller's corporate records and tax returns;
- (d) The names "McKinley", "McKinley Medical" and all derivations thereof, including "McKinleymed.com";

(e) Seller's quality control system and related documentation, including Seller's Echelon document control program and McKinley Medical Quality Data Application databases;

(f) Seller's EPICOR and ACCPAC accounting software and EZ Claim billing program;

(g) All claims relating to the operation of the Business or the Products prior to Closing;

(h) All of Seller's insurance policies and rights thereunder; and

(i) All of Seller's interests in other entities, including, without limitation, its interest, if any, in McKinley Medical UK Limited, which is a distributor of the Products.

II. PURCHASE PRICE AND PAYMENT TERMS

2.1 **PURCHASE PRICE**. The purchase price for the Purchased Assets (the "Purchase Price") shall be \$2,200,000, as adjusted pursuant to Sections 2.3(b) and 3.2.

2.2 **PAYMENT OF PURCHASE PRICE.**

(a) Unless Purchaser elects to terminate this Agreement as set forth in Section 8.1, no later than the expiration of the Financing Period (as defined in Section 8.1), Purchaser shall deliver to an independent escrow agent selected by Purchaser, subject to Seller's approval, prior to May 14, 2007 (the "Escrow Agent") \$50,000.00 (the "Escrow Deposit") by wire transfer of currently available funds, to be held by the Escrow Agent pursuant to the escrow instructions approved by Seller and Purchaser. The fee and other costs payable to the Escrow Agent shall be paid by Purchaser. The Escrow Deposit will be refundable by the Escrow Agent to Purchaser, only in the event (i) Seller elects to terminate this Agreement as set forth in Section 8.2, or (ii) Purchaser's conditions precedent to Closing in Section 9.2 are not satisfied or waived by Purchaser (including Seller's failure to complete the Closing due to Seller's breach). In the event Seller does not elect to terminate this Agreement as set forth in Section 8.2 and Seller's conditions precedent in Section 9.1 are not satisfied, the Escrow Agent shall deliver the Escrow Deposit promptly to Seller to be retained by Seller as liquidated damages as set forth in Section 9.3(a).

(b) In the event of the satisfaction of the conditions precedent to Closing in Article IX, the Escrow Agent shall deliver the Escrow Deposit to Seller at Closing by wire transfer of currently available funds pursuant to the wire transfer instructions set forth on Schedule 2.2 (the "Wire Transfer Instructions") to be applied in part payment of the Purchase Price. Purchaser shall pay the balance of the Purchase Price to Seller at Closing by wire transfer of currently available funds pursuant to the Wire Transfer Instructions.

2.3 **PURCHASE PRICE ALLOCATION**

(a) Purchase Price of \$2,200,000 shall be allocated to the Purchased Assets as follows:

Furniture, fixtures and equipment	\$125,000
Inventory	In the amount determined per Section 2.3(b)
Accounts Receivable less Accounts Payable	At the net amount determined per Section 2.3(b)
Tradenames, intellectual property and goodwill	The balance of the Purchase Price
Covenant not to compete (corporate)	\$10,000
Prepaid Expenses	At the actual amount reflected on the updated <u>Schedule 1.1(b)(vi)</u>
TOTAL	\$2,200,000

(b) The Purchase Price allocation to Furniture, Fixtures and Equipment is a fixed amount agreed upon by Seller and Purchaser. The Purchase Price allocation for Inventory shall be adjusted as of the Effective Time from the amount thereof shown on Schedule 1.1(a)(ii) by "rolling forward" Seller's Inventory valuation shown thereon, using the same valuation protocol as was used to determine the valuation of the Inventory reflected on Schedule 1.1(a)(ii). The net amount of the Accounts Receivable less Accounts Payable (the "Net Accounts") will be determined from the updated Schedule 1.1(b)(v) as of the Effective Time, with the Accounts Receivable amount being net of Seller's historical reserve in the amount of 1.5% of the Accounts Receivable.

(c) In the event the sum of the Purchase Price allocations determined under Section 2.3(b) to (i) Furniture, Fixtures and Equipment, (ii) Inventory, (iii) Net Accounts and (iv) Prepaid Expenses is less than \$1,000,000, the Purchase Price shall be reduced on a dollar for dollar basis.

(d) Seller and Purchaser shall report the sale and purchase of Purchased Assets for all income tax purposes in a manner consistent with the foregoing allocation and expressly acknowledge that the allocation was determined pursuant to arms-length bargaining between them regarding the fair market value and in accordance with the Internal Revenue Code of 1986, as amended. Seller and Purchaser shall not, in connection with the filing of any returns, make any allocation of the Purchase Price which is contrary to this allocation. Neither Seller nor Purchaser shall take or agree to any position that is inconsistent with the allocation in connection with any tax audit, controversy or litigation which would adversely affect the taxes of the other party to any material extent without the prior written consent of the other party, which consent shall not be unreasonably withheld.

III. ASSUMPTION OF LIABILITIES AND PRORATIONS

3.1 ASSUMPTION OF LIABILITIES.

(a) At Closing and as of the Effective Time, Purchaser shall assume the following liabilities and obligations (the "Assumed Liabilities") relating to the Purchased Assets:

- (i) The Accounts Payable;
- (ii) Personal property taxes for calendar year 2007, not yet due and payable;
- (iii) All liabilities and obligations under the Assigned Contracts relating to the period subsequent to the Effective Time, including the completion of any Assigned Contracts partially performed prior to, but not completed as of, the Effective Time;
- (iv) The Lease for the Premises;
- (v) All other liabilities of any kind relating to the Purchased Assets applicable to the operation of the Business or use of the Purchased Assets during the period following the Effective Time; and
- (vi) The liabilities and obligations for which Purchaser is given a proration credit under Section 3.2.

(b) Purchaser is not assuming any other liabilities or obligations of Seller relating to Seller's ownership or operation of the Purchased Assets or the Business prior to the Effective Time. Except for the Assumed Liabilities, Seller shall pay and discharge when due all of the liabilities and obligations to third parties arising out of or relating to Seller's ownership or operation of the Business prior to the Effective Time. Upon request from Purchaser, Seller shall provide Purchaser with evidence of payment any of the foregoing liabilities of which Purchaser has received notice of non-payment subsequent to the due date for payment.

3.2 PRORATIONS. The Purchase Price shall be adjusted as follows:

(a) The rent and other amounts due or prepaid under the Lease shall be prorated as of the Effective Time as an adjustment to the Purchase Price;

(b) Any Deposits received by Seller prior to Closing from customers as prepayments for any undelivered and unused goods or services as of the date of Closing or held on deposit by Seller for the benefit of the Seller's customers, whether by agreement or contract, oral or written, shall be either transferred or credited to Purchaser by Seller at Closing. Purchaser shall assume the full responsibility and pay all expenses of completing all services to be performed or products to be supplied pertaining to such prepayments and deposits. Purchaser shall be entitled to all income therefrom when received.;

(c) Any and all Deposits currently held for the benefit of the Business, including but not limited to security deposits, and utility deposits are and shall remain the sole property of Seller. Purchaser shall, effective with Closing, reimburse Seller for such deposit amounts as necessary to continue the operation of the Business to the extent the deposits are not replaced by Purchaser and refunded to Seller.

3.3 UTILITIES. Purchaser shall be responsible for the payment of all utilities after the Effective Time. Purchaser shall notify all providers of utilities for the Business and arrange to switch over all utilities to Purchaser's own account as of the Effective Time. Without limiting Purchaser's foregoing obligation to contact utilities, Seller may contact any and all providers of utilities to terminate service under Seller's name as of the Effective Time.

IV. SELLER'S EMPLOYEES

4.1 TERMINATION OF EMPLOYEES AND INDEPENDENT CONTRACTORS BY SELLER. In connection with Closing, Seller will be terminating the employment of Seller's employees associated with the Business (the "Terminated Employees"), excluding Randy Hoffman and Brian Graff, and will be terminating the contracts of the various independent contractors Seller has utilized to support its daily operations. Seller will be responsible for payment, when due, of all compensation and benefits due to the Terminated Employees through the Effective Time, including unused vacation pay and any severance pay or stay bonuses owed to the Terminated Employees. Seller also will be responsible for the payment, when due, of all amounts due the independent contractors under the terms of the applicable contracts.

4.2 PURCHASER'S RIGHT TO HIRE TERMINATED EMPLOYEES AND INDEPENDENT CONTRACTORS. Purchaser, at its option will have the right to offer employment to any of the Terminated Employees and to engage any of the independent contractors, in each case on such terms as Purchaser determines, with such employment and engagement to commence no earlier than the Closing Date.

V. REPRESENTATIONS & WARRANTIES OF THE SELLER

5.1 CORPORATE STANDING. Seller represents and warrants to Purchaser as follows:

(a) Seller is a limited liability corporation duly organized and existing, and in good standing under the laws of the State of Colorado, and is authorized and entitled to carry on its business in Colorado.

(b) Seller's "chief executive/registered" office address is:

252 Clayton Street, 4th Floor
Denver, CO 80206

Seller's address for place of business where Purchased Assets are located is:

4080 Youngfield Street
Wheat Ridge, CO 80033

(c) Seller's Federal Tax Employer Identification Number is: 84-1308109.

5.2 AUTHORITY. Seller has the full power and authority to enter into this Agreement and to conclude the transaction described herein, and no other contract or agreement to which it is a party prevents it from concluding the transaction described herein.

5.3 LLC RESOLUTION. Seller shall, at Closing, deliver to Purchaser, a duly executed copy of its LLC resolution authorizing the transaction described herein, which the resolution shall form a part of this Agreement.

5.4 OUTSTANDING LIABILITIES. Seller represents, warrants and agrees that all outstanding liabilities of the Business, excepting for the Assumed Liabilities, shall be paid in full on or before the due date for payment and that Purchaser shall receive possession and control of the Purchased Assets and all other rights acquired herein, free and clear of any encumbrances, except the Assumed Liabilities.

5.5 TAXES. Seller has paid and will pay all taxes, as they come due, including but not limited to all social security, withholding, head, sales, personal property and unemployment insurance, and income taxes to date of Closing to all applicable taxing authorities.

5.6 CONDITION OF PURCHASED ASSETS. Since December 31, 2006, there has been no substantial loss of value in any of the Purchased Assets, ordinary wear and tear excepted, and the Purchased Assets were not subsequently transferred or conveyed, except in the ordinary course of business.

5.7 FDA COMPLIANCE. Seller hereby warrants that (a) it has provided all of its files relating to correspondence with the Food and Drug Administration ("FDA") and matters that the FDA has statutory oversight over for Purchaser's full inspection, (b) there is no FDA related issue, whether documented or not, that it has not made Purchaser aware of, (c) it has applied for and received the appropriate FDA approvals to manufacture, market and sell the Products, (d) except as disclosed in Schedule 5.7, it has maintained its manufacturing process and manufacturing facilities in compliance with the Good Manufacturing Practices ("GMP") and Quality System Regulations of the FDA and has fully complied with all applicable FDA regulations and other statues, regulations or orders pertaining to the Products and their manufacture, marketing and sale, (e) it is not aware of any adverse events with respect to the Products that it has not brought to the FDA's and Purchaser's attention in an appropriate manner, (f) except as disclosed in Schedule 5.7, there are no notices from the FDA of any kind with regard to compliance or non-compliance with its rules or regulations and there are no currently pending FDA actions or proceedings or any threatened FDA actions or proceedings with respect to the Products, and the related manufacture or service provided by Seller.

5.8 TOP CUSTOMERS AND SUPPLIERS. Attached hereto as Schedule 5.8 is a list of the top ten (10) customers (the "Top 10 Customers") and suppliers (the "Top 10 Suppliers") of the Business during calendar year 2005 and 2006.

5.9 CONTRACTUAL OBLIGATIONS. Except as disclosed in Schedule 5.9 or the other Schedules attached to this Agreement, Seller is not a party to any of the following, whether written or oral, with respect to the Business:

- (a) any employment agreement or labor union agreement;
- (b) any pension, profit-sharing, or retirement plan that will be binding on Purchaser following Closing;
- (c) any agreement for the future purchase of materials, supplies or equipment, or any sales agreement for the Products, not in the ordinary course of business;
- (d) any distributorship or sales agency agreement; or
- (e) any lease agreement that relates to any period beyond Closing.

5.10 LITIGATION. There is no litigation or proceeding, threatened or pending, against or relating to Seller, the Business or the Purchased Assets, nor does the Seller know or have reasonable grounds to know of any basis of any such action or governmental investigation relative to Seller, its properties, business, or Purchased Assets other than as disclosed in any of the Schedules to this Agreement.

5.11 OPERATION OF THE BUSINESS. Since February 28, 2007, Seller has conducted the Business activities and operations in the ordinary course and in substantially the same manner as has been customary in the past. Without limiting the foregoing, Seller has not, with respect to the Business and the Purchased Assets:

- (a) incurred any obligations or liabilities except current liabilities in the ordinary course of business;
- (b) mortgaged or pledged any of its assets, tangible or intangible;
- (c) sold or transferred any assets or cancelled any debts or claims except in the ordinary course of business;
- (d) sold, assigned or licensed any patents, trademarks, or tradenames;
- (e) suffered any extraordinary losses or waived any rights except in the ordinary course of business; or
- (f) entered into any other transaction except in the ordinary course of business.

5.12 BUSINESS PREMISES AND ASSETS. Until Closing, Seller agrees to operate and maintain the Premises and the Purchased Assets in substantially the same condition as on the date of execution of this Agreement, ordinary wear and tear excepted.

5.13 HISTORICAL REVENUES OF THE BUSINESS. To the best knowledge of Seller's president, Richard Randall Hoffman, (in his capacity as President of Seller and without any personal liability) Schedule 5.13 accurately lists, in all material respects, the revenues generated by Seller from the sale of the Products during the period from January 1, 2004 through December 31, 2006.

VI. REPRESENTATIONS AND WARRANTIES OF PURCHASER

6.1 OWNERSHIP. Purchaser represents and warrants to Seller as follows:

(a) Purchaser is a Colorado corporation. Purchaser's business address is:

96 Inverness Drive East, Suite N
Englewood, CO 80112

(b) Purchaser's Federal Employer Tax Identification Number/Social Security Number is: 84-1605092

6.2 AUTHORITY. Purchaser has the full power and authority to enter into this Agreement and to conclude the transaction described herein, and no other contract or agreement to which it is a party prevents it from concluding the transaction described herein.

6.3 CORPORATE RESOLUTION. Purchaser shall, at Closing, deliver to Seller a duly executed copy of its corporate resolution authorizing the transaction described herein, which the resolution shall form a part of this Agreement.

VII. PURCHASER'S DISCLAIMERS

7.1 PURCHASER'S INSPECTIONS. Purchaser hereby acknowledges and represents that as of Closing it will have personally and thoroughly investigated all elements and constituents of the Business, the Purchased Assets and the Premises, and will have examined and be familiar with any underlying or applicable encumbrances, leases, options, licenses, uses, variances, permits, covenants, and environmental issues, if any, relating in any manner to the Business, the Purchased Assets and the Premises. Purchaser further acknowledges that as of Closing it will have had the opportunity to examine all of Seller's books and records relating to the Business. Purchaser is fully aware of possible risks, if any, with respect to the Business and has formed its own judgment as to the worth and potential of the Business and the Purchased Assets hereunder, including the quality, quantity and salability of the Inventory. Purchaser is relying upon its own judgment and decision in entering into and consummating the within transaction.

7.2 CONDITION OF THE PURCHASED ASSETS. The Purchased Assets are being sold by Seller to Purchaser "AS IS" and WITHOUT ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE".

7.3 ABSENCE OF FINANCIAL STATEMENTS FOR THE BUSINESS. The Business has been only part of Seller's business operations and Seller does not have financial statements that solely reflect the operations of the Business. Seller has provided Purchaser with certain "pro forma" financial information, but makes no representation or warranty regarding the accuracy or completeness of the pro forma financial information, the allocation of selling, general and administrative expenses to the Business, or the future prospects of the Business. Purchaser has had the full and complete opportunity to make an independent determination of the Business, including the future prospects of the Business, has had the opportunity to contact the Top 10 Customers and Top 10 Suppliers, and is not relying on any representation or warranty from Seller, except for the representations and warranties expressly set forth in this Agreement.

7.4 REQUIRED CERTIFICATIONS, ETC. Purchaser acknowledges that Purchaser will be required to obtain, at its sole expense, the following certifications or registrations in order to continue the Business following Closing as a result of the sale of the Business and Purchased Assets:

- (a) A new ISO certification for the Business;
- (b) A new CE mark for the Products to be manufactured by Purchaser;
- (c) A new establishment registration for the Premises;
- (d) A new device listing for the Products;
- (e) New medical device licenses from Health Canada for the WalkMed pump, tubing set and reservoir bags; and
- (f) Certificate to Foreign Government for the Products.

VIII. CONTINGENCIES

8.1 PURCHASER'S FINANCING CONTINGENCY. Purchaser shall have until 5:00 p.m. Mountain Daylight time on May 14, 2007 (the "Financing Period") within which to elect to terminate this Agreement if Purchaser is unable to obtain a commitment satisfactory to Purchaser for Purchaser's financing of the purchase of the Purchased Assets under this Agreement. In the event Purchaser obtains a financing commitment satisfactory to Purchaser prior to the expiration of the Financing Period, Purchaser shall deliver the Escrow Deposit to the Escrow Agent as set forth in Section 2.2(a) and shall provide Seller with written confirmation by the Escrow Agent of receipt of the Escrow Deposit no later than the expiration of the Financing Period, whereupon this Agreement shall continue in full force and effect, subject to Seller's termination rights under Section 8.2. If Purchaser is unable to obtain a financing commitment prior to the expiration of the Financing Period, Purchaser shall have the right to terminate this Agreement by not delivering the Escrow Deposit to the Escrow Agent prior to the expiration of the Financing Period. If Purchaser fails to deliver the Escrow Deposit to the Escrow Agent and provide Seller with the Escrow Agent's written confirmation thereof prior to the expiration of the Financing Period, this Agreement shall terminate without any further action by Seller or Purchaser, neither Seller nor Purchaser shall have any further rights or obligations under this

Agreement and Seller shall have the right to sell the Purchased Assets and Business to any other party free from any claim by Purchaser.

8.2 SELLER'S CONTINGENCY. In the event this Agreement is not terminated by Purchaser as set forth in Section 8.1, Seller shall have the right, in its sole discretion (for any reason or no reason), to terminate this Agreement by giving written notice to Purchaser no later than the second (2nd) business day following the expiration of the Financing Period. Following such termination, the Escrow Agent shall deliver the Escrow Deposit promptly to Purchaser, neither Seller nor Purchaser shall have any further rights or obligations under this Agreement, and Seller shall have the right to sell the Purchased Assets and Business to any other party free from any claim by Purchaser.

IX. CONDITIONS PRECEDENT TO CLOSING

9.1 SELLER'S CONDITIONS PRECEDENT. Subject to Article VIII, Seller's obligation to complete the Closing is subject to the satisfaction of the following conditions:

- (a) All of Purchaser's representations and warranties must have been true and correct, in all material respects, as of the date of this Agreement and as of the Closing;
- (b) Purchaser must have complied with all of Purchaser's covenants set forth in this Agreement, including payment of the Purchase Price and the execution and delivery of the documents required to complete the Closing.

9.2 PURCHASER'S CONDITIONS PRECEDENT. Subject to Article VIII, Purchaser's obligation to complete the Closing is subject to the satisfaction of the following conditions:

- (a) All of Seller's representations and warranties must have been true and correct, in all material respects, as of the date of this Agreement and as of the Closing; and
- (b) Seller must have complied with all of Seller's covenants set forth in this Agreement, including the execution and delivery of the documents required to complete the Closing.

9.3 OBLIGATION TO SATISFY CONDITIONS. Each of Seller and Purchaser shall undertake all efforts required to satisfy the conditions precedent to Closing of the other party. In the event any condition precedent to a party's obligation to complete the Closing is not satisfied at the Closing:

- (a) If a condition precedent in Section 9.1(a) or 9.1(b) is not satisfied, Seller shall have the right to waive the condition and proceed to Closing, or terminate this Agreement by written notice to Purchaser. If Seller elects to terminate this Agreement, the Escrow Agent shall deliver the Escrow Deposit promptly to Seller to be retained by Seller as liquidated damages; and
- (b) If a condition precedent in Section 9.2(a) or 9.2(b) is not satisfied, Purchaser shall have the right to waive the condition and proceed to Closing or terminate this

Agreement. If Purchaser elects to terminate this Agreement, the Escrow Agent shall deliver the Deposit promptly to Purchaser. In addition, if the failure of the conditions precedent in Section 9.2(a) or 9.2(b) is due to Seller's breach of this Agreement, Purchaser shall have the right to recover its actual out-of-pocket costs in connection with this Agreement, including all third party due diligence fees and expenses, reasonable legal fees and financing fees; provided that Seller shall not be liable to Purchaser for any amount in excess of \$50,000.

X. CLOSING

10.1 CLOSING LOCATION AND DATE. Subject to the terms and conditions of this Agreement, Closing ("Closing") of the transactions contemplated by this Agreement will occur at the offices of Otten, Johnson, Robinson, Neff & Ragonetti, P.C., 950 17th Street, Suite 1600, Denver, Colorado 80202, on May 21, 2007 (the "Closing Date"), with the Closing to be effective as of the 12:01 a.m. Mountain Daylight time (the "Effective Time") on the Closing Date, so that all operations of the Business on the Closing Date will be for the account of Purchaser.

10.2 EXECUTION AND DELIVERY OF DOCUMENTS. At Closing, Seller and Purchaser shall execute and deliver all such instruments and take all such other action as either party may reasonably request from time to time, in order to effect the transaction provided for herein, including the following:

(a) Seller and Purchaser will execute and deliver a Bill of Sale, Assignment and Assumption Agreement in substantially the form of **Exhibit C** attached hereto and an Lease Assignment and Assumption Agreement in the form of **Exhibit D** attached hereto; *5/11/07*

(b) Purchaser will pay Seller Purchase Price in the manner required by Section 2.2;

(c) Seller will execute and deliver to Purchaser such other assignments, in form reasonably satisfactory to Purchaser, required to assign and convey any of the Intellectual Property;

(d) Seller will execute and deliver to Purchaser a Non-Competition Agreement in the form of **Exhibit E** attached hereto; and *5/11/07*

(e) Seller will deliver to Purchaser a report issued by the Secretary of State of Colorado showing that there are no UCC-1 financing statements of record showing any security interests encumbering the Purchased Assets or, alternatively, executed UCC-3 terminations of any UCC-1 financing statements of record.

(f) The parties will take such other actions and will execute and deliver such other instruments, documents and certificates as are required by the terms of this Agreement or as may be reasonably requested by any Party in connection with the consummation of the transactions contemplated herein or therein.

10.3 COMPANY BOOKS AND RECORDS. Seller shall have the right to retain its minute books, stock books, and other corporate records having exclusively to do with the corporate organization and operation. Originals, or copies at Seller's discretion and expense, of

all other records and books of account of every kind and nature regarding the Business shall be delivered by Seller and become the property of Purchaser at Closing.

10.4 COSTS AND EXPENSES. Each party hereto shall bear its own costs and expenses incurred in connection with the negotiation, preparation, and performance under this Agreement, and all matters incident thereto, excepting as otherwise set forth herein.

10.5 SALES AND USE TAX. Purchaser hereby acknowledges and agrees to pay for any and all sales and use taxes payable to local or state jurisdictions that may arise as a result of the sale of the Purchased Assets described herein.

10.6 KEYS AND LOCKS. Seller shall deliver all keys of the Business to Purchaser. Purchaser shall have the right to change all locks of the Business at and after Closing.

10.7 PERSONAL GUARANTY. Seller shall have the right at and after Closing, at its discretion, to be removed and released from any and all personal guarantees to vendors, trade creditors and utility companies regarding business relationships of the Business.

XI. OBLIGATIONS AFTER CLOSING

11.1 TRANSITION COOPERATION. The parties will cooperate with each other as reasonably required in order to facilitate an orderly transition of the Business from Seller to Purchaser; provided, however, that Seller's cooperation will be limited to 30 days following the Closing Date and Seller's ability to cooperate will be limited to Richard Randall Hoffman and Brian Graff, who will be Seller's only employees following the termination of the other employees as contemplated by Section 4.1. In addition, Purchaser shall have the following rights to assist Purchaser in the transition of the Business:

(a) The Products included as part of the Inventory will have the "McKinley" name on the packaging or labeling. Following the Closing, Purchaser shall discontinue the use of the "McKinley" name on the Products sold by Purchaser, except for the Products included as part of the Inventory or purchased and not yet delivered as part of the Prepaid Expenses. Purchaser will be permitted to use the existing product literature for a period of sixty (60) days following the Closing Date and existing labels with the "McKinley" name for a period of one hundred eighty (180) days following the Closing Date;

(b) For a period of thirty (30) days following the Closing, Seller shall use its reasonable efforts to permit Purchaser to have access to historical data regarding the Products through Seller's Echelon document control system; provided, however, that this access will be subject to monitoring by a representative of Seller in order for Seller to protect any confidential information not relating to the Products that is contained in Seller's Echelon document control system. All information in Seller's Echelon document control system not relating solely to the Products shall remain Seller's confidential and proprietary information at all times, and Purchaser shall not access, use or disclose such information; and

(c) Seller shall use its reasonable efforts to permit Purchaser to use Seller's EPICOR software for a period of up to one hundred-twenty (120) days following the Closing Date; provided, however, that as a condition thereto, Purchaser shall be required to enter into an

agreement with the third party consultant utilized by Seller in connection therewith and shall pay the consultant directly for the required services.

11.2 INSURANCE COVERAGE. For twelve (12) months following the Closing Date, Seller shall maintain product liability insurance to cover its responsibility to its customers for sales prior to Closing, and indemnify and hold Purchaser harmless from all claims of every kind or nature related to the Products sold by Seller prior to the Effective Time, subject to the provisions of Section 11.4. Seller shall cause Purchaser to be named as an additional insured on Seller's product liability insurance policy with respect to the Products sold by Seller prior to the Effective Time and, upon Purchaser's request, shall provide Purchaser with proof of insurance.

11.3 BOOKS AND RECORDS AVAILABILITY. If the originals of any records or books of account of the Business are transferred by Seller to Purchaser at Closing, Purchaser shall cause these books and records relating to periods prior to Closing be kept by Purchaser and made available to Seller, and its authorized representative, during regular business hours for a period of not less than three (3) years after the date of Closing. No such books and records will be destroyed without at least 30 days' prior written notice to Seller describing the items to be destroyed, during which period Seller, at its expense, may elect to make copies of such items.

11.4 PRODUCT WARRANTY OBLIGATIONS. Following Closing Date, Purchaser shall, at its cost and expense, perform all historical warranty obligations with respect to Products manufactured and sold by Seller relating to the Business prior to Closing Date pursuant to the terms of the warranties issued in connection with such sales. Historical warranty obligations do not apply to Products sold by Seller prior to the Closing Date which are found subject to recall and in excess of the dollar amount specified in Section 12.2. However, Seller shall be responsible for the costs and expenses of any Product recall required by the FDA with respect to Products sold by Seller prior to the Effective Time as a result of the January 24 – February 7, 2007 inspection and subsequent Form 483 Observations with respect to Products sold by Seller prior to the Effective Time. Seller shall be relieved of this FDA recall obligation on the earlier of (a) ninety (90) days following the Closing Date; or (b) receipt by Seller of an Establishment Inspection Report or other opinion rendered by the FDA confirming Voluntary Action Indicated status.

11.5 PAYMENT OF LIABILITIES.

(a) Seller shall pay and discharge when due all liabilities and obligations relating to the Purchased Assets and the conduct of the Business prior to Closing Date, except for the Assumed Liabilities. Seller shall defend, protect and indemnify Purchaser from and against any all claims, liabilities, costs and expenses, including reasonable attorneys' fees, arising out of or relating to Seller's conduct of the Business, including the sale of Products, prior to Closing Date, except as set forth in Section 11.4.

(b) Purchaser shall pay and discharge when due the Assumed Liabilities and all liabilities and obligations relating to the Purchased Assets and the Business relating to the period from and after the Effective Time. Purchaser shall defend, protect and indemnify Seller from and against any all claims, liabilities, costs and expenses, including reasonable attorneys'

fees, arising out of or relating to the operation of the Business, including the sale of the Products, from and after Closing Date.

(c) Each Party shall promptly notify the other in writing if it receives any notice, or otherwise becomes aware, of any liability or obligation for which the other party is liable under the provisions of this Section 11.5.

XII. INDEMNIFICATION - SURVIVAL OF REPRESENTATIONS AND WARRANTIES

12.1 **POST-CLOSING SURVIVAL.** All the representations and warranties of the parties shall survive Closing for a period of twelve (12) months, and any claim for indemnification with respect thereto must be commenced prior to the expiration of the twelve (12) month survival period. All covenants of the parties to be performed subsequent to Closing shall survive Closing.

12.2 **INDEMNIFICATION BY SELLER.** Seller agrees to indemnify Purchaser, its directors, officers, shareholders and affiliates against any loss, cost, expense, damage or liability (including, without limitation, interest at the rate of 12% per annum on money expended from the date expended and reasonable attorney fees and other expenses incurred in defending against litigation, either threatened or pending) incurred or sustained by any one or more of them with respect to or arising out of (a) any breach of or incorrectness of any representation or warranty made by Seller in or pursuant to this Agreement or failure by Seller to perform or comply with any covenant or agreement made by it in or pursuant to this Agreement, or (b) any liability of or claim against Purchaser relating to any state of facts, event or omission existing or occurring prior to Closing that is not included as an Assumed Liability. Notwithstanding the foregoing, Seller shall not be required to indemnify Purchaser as a result of any breach or inaccuracy of a representation or warranty unless and only to the extent the aggregate damages for all breaches or inaccuracies exceeds \$50,000.

12.3 **INDEMNIFICATION BY PURCHASER.** Purchaser agrees to indemnify Seller, its directors, officers, shareholders and affiliates against any loss, cost, expense, damage or liability (including, without limitation, interest at the rate of 12% per annum on money expended from the date expended and reasonable attorney fees and other expenses incurred in defending against litigation, either threatened or pending) incurred or sustained by any one or more of them with respect to or arising out of (a) any breach of or incorrectness of any representation or warranty made by Purchaser in or pursuant to this Agreement or failure by Purchaser to perform or comply with any covenant or agreement made by it in or pursuant to this Agreement, or (b) any liability of or claim against Seller arising from any act or omission of Purchaser committed after Closing.

XIII. GENERAL PROVISIONS

13.1 **ENTIRE AGREEMENT.** This Agreement contains the entire understanding of the parties with regard to the subject matter hereof and no warranties, representations, promises or agreements have been made between the parties other than as expressly herein set forth, and neither Purchaser nor Seller shall be nor are they bound by any warranties, representations,

promises or agreements not set forth herein. This Agreement supersedes any previous agreement or understanding and cannot be modified except in writing by all of the parties hereto.

13.2 BINDING EFFECT. Upon execution, this Agreement shall be absolutely binding and fully enforceable and shall inure to the benefit of the parties hereto, their successors, personal representatives and heirs.

13.3 NOTICES. Any notice or other communication required or permitted under this Agreement shall be deemed to have been duly given (i) five (5) business days following deposit in the mails if sent by registered or certified mail, postage prepaid, (ii) when sent, if sent by facsimile transmission, if receipt thereof is confirmed by telephone, (iii) when delivered, if delivered personally to the intended recipient and (iv) two (2) Business Days following deposit with a nationally recognized overnight courier service, in each case addressed as follows:

To Seller at: 252 Clayton Street, 4th Floor
Denver, CO 80206252
Facsimile No: (303) 393 8047
Attention: General Counsel

To Purchaser at: 96 Inverness Drive East, Suite N
Englewood, CO 80112
Facsimile No: (720) 294-9506
Attention: David Wright, President

Either Party may change its address for notice by giving written notice to the other party.

13.4 TIME OF POSSESSION. Purchaser shall be deemed to be in possession of the Business on the day and time of Closing. All things of value, including the keys to the Premises shall be delivered at Closing.

13.5 SEVERABILITY. In the event that any of the provisions, or portions thereof, of this Agreement are held to be unenforceable or invalid by any court or tribunal of competent jurisdiction, the validity and enforceability of the remaining provisions, or portions thereof, shall not be affected thereby and effect shall be given to the intent manifested by the provisions, or portions thereof, held to be enforceable and valid.

13.6 CONSTRUCTION. Throughout this Agreement the singular shall include the plural, and the plural shall include the singular, and masculine shall include the feminine wherever the context so requires.

13.7 RIGHT TO COUNSEL. Purchaser and Seller hereby acknowledge that they have every right to consult a licensed attorney, CPA and/or environmental consultant and have done so to the extent of their desires.

13.8 GOVERNING LAW. This Agreement shall be governed by and construed under the laws of the State of Colorado and any suit to enforce any of the terms hereof shall be brought in the State courts for the State of Colorado, and for this purpose, each party hereby expressly and irrevocably consents to the jurisdiction of such courts.


13.9 BROKERAGE. Seller shall be solely responsible for the payment of any brokerage fee due to any broker engaged by Seller in connection with the transactions contemplated by this Agreement.

13.10 INCORPORATION BY PURCHASER. It is hereby acknowledged and agreed that Purchaser may elect to form a new business entity. In such event, the new entity shall become the Purchaser, and Purchaser shall cause the entity to ratify all of the terms and conditions of this Agreement; provided, however, that notwithstanding such assignment, Purchaser shall remain liable for all of the liabilities and obligations of Purchaser hereunder.

In Witness Whereof, Seller and Purchaser have executed this Agreement as of the date set forth above.

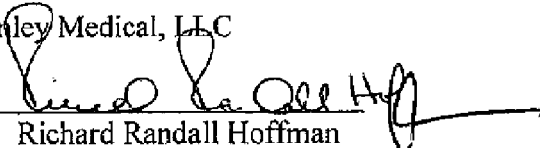
PURCHASER:

Wi, Inc.

By 
David Wright
President

DATE: 5-10-07

McKinley Medical, LLC

By 
Richard Randall Hoffman
President

DATE: May 10, 2007

EXHIBIT LIST

- Exhibit A WalkMed Products
- Exhibit B Bill of Sale, Assignment and Assumption Agreement
- Exhibit C Lease Assignment and Assumption Agreement
- Exhibit D Non-Competition Agreement



EXHIBIT A
WALKMED PRODUCTS

WalkMed Disposables

Product Number	Description	Package Size (units per box)	510K Number
202661	IPR-86/10 65 ml Reservoir Bag	10	K870524
202662	IPR-150/10 150 ml Reservoir Bag	10	K870524
202663	IPR-250/10 250 ml Reservoir Bag	10	K870524
202660	FPS-560/10 WM Pump Tubing Set	10	K873961
202747	PS-360/10 WM Pump Tubing Set	10	K873961
202659	PS400300/10 WM Pump Tubing Set	10	K873961
202658	SP-06/10 Bag Spike Extension Set	10	K863814
203728	EFV-101B/10 WM Pump Tubing Set	10	K873961
EFV101B/10	Epidural EpM Administration sets (special order product)	10	K873961
EFV101S/10	Epidural EpM Administration sets (special order product)	10	K873961

WalkMed Pumps

Product (BOM) Number	Description	Package Size	510K Number
203247	WalkMed 350 Infusion Pump	Each	K991275
WM350 LP	All models of WalkMed 350 that are reconditioned for loaner pool or sale as used.	Each	K991275
203248	WalkMed 350 German Pump	Each	NA
WalkMed IC	WalkMed IC Infusion Pump	Each	K991275
WMIC LP	All models of WalkMed IC that are reconditioned for loaner pool or sale as used.	Each	K991275
203249	WalkMed PCA Infusion Pump	Each	K991275
203551	WalkMed PCA German Infusion Pump	Each	NA
204061	WalkMed PCA Infusion Pump for Korea	Each	NA
WalkMed PLUS	WalkMed Plus Pump	Each	K991275
WMPLUS LP	All models of WalkMed Plus that are reconditioned for loaner pool or sale as used.	Each	K991275
EpM-CE	Epidural EpM Pump	Each	K991275
EPM-CE LP	All models of WalkMed Plus that are reconditioned for loaner pool or sale as used.	Each	K991275



WalkMed Accessories

Product Number	Description	Package Size	510K Number
102795	WalkMed Reservoir Cover	Each	K991275
103192	Keypad Cover	Each	K991275
202531	WalkMed Carrying Pouch (Large)	Each	K991275
201014	PCA Switch Assembly	Each	K991275
201205	Modified Tamper Resistant Tool	Each	K991275
201207	Tamper Resistant Cover No Key Access	Each	K991275
201208	Tamper Resistant Cover 5 Key Access	Each	K991275
201209	Tamper Resistant Cover 8 Key Access	Each	K991275
201309	Waist Belt	Each	K991275
201310	Strap	Each	K991275
201311	D-ring	Each	K991275
201544	WalkMed Lock Box	Each	K991275
201551	Carrying Case, WalkMed, Black	Each	K991275
203820	WM Large Pouch, Black, w/ keypad window	Each	K991275

Miscellaneous Components -- used for service and repair of WalkMed pumps

- See individual pump Bills of Material for a description of components.

EXHIBIT B**BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS BILL OF SALE, ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is made and entered into as of May __, 2007 by and between McKinley Medical, LLC, a Colorado limited liability company ("Assignor"), and Wi, Inc., a Colorado corporation ("Assignee").

RECITALS

A. Assignor and Assignee are parties to an Asset Purchase Agreement dated of even date herewith (the "Purchase Agreement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

B. In conjunction with Closing of the Purchase Agreement, Assignor has agreed to assign the Purchased Assets to Assignee and Assignee has agreed to assume the Assumed Liabilities.

ASSIGNMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:


1. Assignment. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Purchased Assets, all of which are more particularly described in the Purchase Agreement, free and clear of all liens and encumbrances, except the Assumed Liabilities.

2. Indemnity by Assignor. Assignor agrees to indemnify, protect, defend and hold Assignee harmless from and against any and all claims, damages, losses, costs and expenses asserted against or suffered or incurred by Assignee as a result of or in connection with the Excluded Liabilities.

3. Assumption. Assignee hereby assumes and agrees to perform and discharge the Assumed Liabilities when due.

4. Indemnity by Assignee. Assignee agrees to indemnify, protect, defend and hold Assignor harmless from and against any and all claims, damages, losses, costs and expenses asserted against or suffered or incurred by Assignor as a result of or in connection with the Assumed Liabilities.

5. Purchase Agreement Limitations. This Assignment is made and delivered subject to the terms and conditions of the Purchase Agreement, including the limitations on and waivers and disclaimers of representations and warranties and the indemnification provisions expressly set forth therein.

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6. Further Assurances. Each of Seller and Buyer covenants and agrees that it will at any time and from time to time do, execute, acknowledge, and deliver any and all other acts, deeds, assignments, transfers, conveyances, or other instruments necessary or proper to carry out the assignment and conveyance intended to be made hereby, but in no event shall either Seller or Buyer be required to execute, acknowledge or deliver any instrument or take any action which would expand its representations, warranties or obligations herein or in the Purchase Agreement.

7. Effective Time. This Assignment is effective as of the Effective Time.

8. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

9. Counterparts. This Assignment may be executed in multiple counterparts, each of which shall be deemed a duplicate original.

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed on the date set forth above.

ASSIGNOR:

McKinley Medical, LLC, a Colorado limited liability company

By: _____
Manager

ASSIGNEE:

Wi, Inc., a Colorado corporation

By: _____
President


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EXHIBIT C**LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT**

THIS LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Assignment") is made and entered into as of May __, 2007 (the "Effective Date"), by and between McKinley Medical, LLC, a Colorado limited liability company ("Assignor"), and Wi, Inc., a Colorado corporation ("Assignee").

RECITALS

A. Assignor and Assignee are parties to an Asset Purchase Agreement dated as of event date herewith (the "Purchase Agreement"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

B. In conjunction with the Closing of the Purchase Agreement, Assignor has agreed to assign to Assignee the Lease described on Exhibit A attached hereto (the "Lease") and Assignee has agreed to assume the liabilities and obligations thereunder as set forth below.

ASSIGNMENT

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

C. Assignment. Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Lease, including the rights to any security deposit thereunder.

D. Assumption. Assignee hereby assumes and agrees to perform all liabilities and obligations of Assignor under the Lease relating to the period commencing as of the Effective Date.

E. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of the parties' respective successors and assigns.

F. Counterparts. This Assignment may be executed in counterparts, each of which shall be deemed a duplicate original.

[Signatures on following page]



IN WITNESS WHEREOF, the parties have caused this Assignment to be executed as of the date set forth above.

ASSIGNOR:

McKinley Medical, LLC,
a Colorado limited liability company

By: _____
President

ASSIGNEE:

Wi, Inc., a Colorado corporation

By: _____
President

EXHIBIT A TO LEASE ASSIGNMENT AND ASSUMPTION AGREEMENT

Lease Description

Lease dated May 31, 1996, as amended by and between Youngfield Plaza, L.L.C. and McKinley Medical, LLC

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EXHIBIT D
NON-COMPETITION AGREEMENT

(See Attached)

713893.9



SCHEDULE LIST

Schedule 1.1(a)(i)	Furniture, Fixtures and Equipment
Schedule 1.1(a)(ii)	Inventory
Schedule 1.1(a)(iii)	Leasehold Improvements
Schedule 1.1(b)(i)	Tradenames
Schedule 1.1(b)(ii)	Lease
Schedule 1.1(b)(iii)	Intellectual Property
Schedule 1.1(b)(iv)	Licenses and Permits
Schedule 1.1(b)(v)	Accounts Receivable and Accounts Payable
Schedule 1.1(b)(vi)	Prepaid Expenses and Deposits
Schedule 1.1(b)(viii)	Assigned Contracts
Schedule 2.1	Wire Transfer Instructions
Schedule 5.7	Exceptions to FDA Compliance
Schedule 5.8	Top 10 Customers and Suppliers
Schedule 5.9	Contractual Obligations
Schedule 5.13	Historical Revenues



SCHEDULE 1.1(a)(i)**FURNITURE, FIXTURES AND EQUIPMENT**

Asset No.	Description	Asset No.	Description
297	0-60 Flow Meter	559	Screw Pitch Gauge
312	Radius Gauge Set	572	Drill
314	Pin Gauge Set .061" to .250"	587	Wrist Strap Tester
315	Outside micrometer set	588	Wrist Strap Tester
316	Gauge Blocks	591	Ultra Sonic Cleaner
327	Fluke Meter 87	595	Pin Gauge Set
341	Occlusion Tester, Base only	600	Thermotron Environmental Chamber
348	Torque Gague	601	Pressure Transducer Box
352	Tektronix CMC251 Frequency Counter	602	Fuixture
353	Pin Gauge Set .251" to .500"	607	Extension housing fixture
354	Dial Depth Gauge	615	Occlusion Switch Tester
367	Power Supply, Tektronix PS280	625	Micrometer .0001"
375	Hospital Sealer	636	Timer Box
376	LeCroy 9304AM Oscilloscope	660	Fluke
377	Fluke 87 Multimeter	666	4 pc Telescope Gauge Set
378	Fluke 87 Multimeter	671	Parallel Sets
379	Barameter with thermometer	674	Pressure Gauge
380	Digital K/J Thermometer	682	Pressure Gauge Chatillon TCD 200 Force Gauge with Mechanical travel
381	Luer Gauge ISO 594/1	701	
382	Luer Gauge ISO 594/1	706	Thread Gage
383	Digital Force Meter 0-50 lbs	707	Thread Gage
384	Keithly Multimeter	708	Thread Gage
385	Digital Calipers 6"	709	Jack Screw
386	Digital Calipers 6"	710	Jack Screw
388	Dial Indicator 0.0001" Digital	711	Jack Screw
411	Corona Treater	712	Pressure Gauge with 1099
413	Clamp Bar Height Fixture	718	Fluke 77 Multimeter
417	Pressure Transducer Box	721	Granite Flat Surface
426	D Segment Tester	723	Digimatic Height Gauge
428	Low Battery Box	727	Hydrophobic Filter Clamp
429	Timer Box for 1062	732	Feeler Gauges
430	Timer Box for 1062	745	Pressures Test set up with Gauge
447	DC Power Supply	781	Caliper
463	Micru Vu Video Measuring System	852	TM Electronics Flow/Leak Tester
464	Test A Pack Seal Strength Tester	862	Electronic Thermoter used with 974.
486	Tubing Expander	874	Thermocouple
490	Hydrophobic Filter Clamp	876	Thermocouple
494	Exhaust Fan	882	IPR Bag Restraining Fixture
502	Wrist Strap Tester	890	Pressure Cell restraining fixture
507	Sterigard II Hood	974	Water Baths
523	Occlusion Station	975	Scales
526	Pressure Gauge with 1060	1007	Recyclator
552	Timer Box with 1061	1008	Gauge block for 1152
553	Timer Box with 1061	1028	Frequency Counter
555	Occlusion Station	1029	Pressure Gauge with 555

1030	Pressure Gauge	1248	2kg wt
1031	TM Electronics Flow/Leak Tester	1250	200g wt
1041	Tektronic CMC251 Fequency Counter	1251	100g wt
1042	Sound Chamber	1252	10g weight
1046	Fluke Meter	1255	Flow Meter for check valves
1047	Fluke 192 Scopemeter	1262	Temperature Chart Recorder for 600
1048	Fluke 87 Multimeter	1263	Function Generator
1049	Fluke 87 Multimeter	1264	Tektronic TDS2012 Oscilloscope
1051	Fluke 75 Multimeter	1265	DC Power Supply
1052	Fluke 75 Multimeter	1266	Frequency Counter
1054	Fluke 75 Multimeter	1267	Fluke 179 Multimeter
1055	Fluke 75 Multimeter	1268	Fluke 179 Multimeter
1056	DC Power Supply	1269	Fluke 179 Multimeter
1057	Hitachi V-1565 100 MHz Oscilloscope	1271	Fluke 192 Scopemeter
1058	Hitachi 100 MHz V-1565 Oscilloscope	1272	Pressure Transducer Box
1060	Pressure Test Station w/10 Pipettes	1273	192B Scopemeter
1061	Pressure Test Stations w/ 10 pipettes	1276	0.2ml tube
1062	Pressure Test Station w/10 Pipettes	1277	0.2ml tube
1097	Occlusion Station	1278	0.2ml tube
1098	Occlusion Station	1279	0.2ml tube
1099	Occlusion Station	1280	0.2ml tube
1104	Pressure Gauge for 1141	1281	Tubing Expander
1108	Pressure Gauge with 1061	1287	Vise
1109	Pressure Meter	1299	500g weight
1112	Toledo Weigh Scale	1300	Pressure Gauge for 1062
1112	Toledo Weigh Scale	1301	Pressure Gauge for 1097
1128	5 tube holder stand	1302	Pressure Test Station w/10 Pipettes
1141	Clamp Bar Height Nest	1303	Pressure Test Station w/10 Pipettes
1142	Clamp Bar Hight Nest no gauge		Nitrogen tank regulators
1143	Clamp Bar Height Nest		Three Work Tables
1144	Timer Box for 1060		1 Cabinet
1145	Timer Box for 1060		5each 4 drawer file cabinets
1146	Timer Box		2 Shelving units
1151	Timer Box		1 Wall Cabinet
1152	Spiral Cam Measurement Fixture		6 ea work benches
1156	Pressure Transducer Box		2 ea Arber Presses
1159	Pressure Transducer Box		CLT-50 Power Supply 2 each
1161	Switch Seal Plunger		Air compressor
1164	Switch Seal Plunger		Hand tools and special tools
1165	Pressure Gauge with 523		Exhaust Hood
1169	Gauge for 1152		3 ea work benches
1170	Mitutoyo Absolute		Tubing Expander
1172	Gague for 413		Nitrogen tank regulators
1190	Belt sander		Shelving
1193	Bore Gauge		Pallet Racking (28 pallets)
1197	Thread Gage		Strapping machine
1217	TM Electronics Flow/Leak Tester		Powered lift
1219	Over-heater		3 Pallet Jacks
1222	Clamp Bar Sensor fixture		Tables
1247	Scale		Office Furniture for 8 offices

- Cubical Furniture for 16 cubicals
- 1 Large conf room table with 6 chairs
- 1 medium conf room table with 6 chairs
- 1 small conf room table with 4 chairs
- X Computers with software
- Server
- Telerad Phone System
- 5 break room tables with 25 chairs
- Associated leak standards
- Ultra Sonic Welder for pressure cell
- Clear Pass Test setups
- Pressure Cell Diaphragm Cutting Tool
- 200800 Pressure Cell Body 4 Cavity
- 200801 Elbow 4 cavity
- 200951 Bag RF Tool 1 up
- 200952 Bag RF Tool 1 up
- 200953 Bag RF Tool 1up
- IPR Bag Tubing RF Tool 1up
- Pump Hsg Family Tool,
- 202911,202912,202913 1 each cavity
- Pump Covers, Family Tool, 103192,103196 1 each cavity
- 102809, PCB Spacer Plate Mold
- 102810, LCD Window, Mold
- 102875, Hinge Release Mold
- 102880, D Segment Mold
- 102807, Spacer Disk Mold
- 102872, Molded Bearing Block Mold
- 102873, Worm Gear 21 Teeth Mold
- 102874, Bushing Press Fit Mold
- 102947, Lock Spring Double Mold
- 203302, Clamp Bar Flex Circuit Fixture
- 102881, Switch Mount Mold
- 102895, Clamp Bar/Rubber Pad Tool
- 200862, Switch Seal Tool
- 201206, WM Tamper Resistant Cover Mold
- 202646, WM Hdw Shipping Case Tool
- 102811, Motor Mount Foam Tool
- Label Printer, computer, software
- Band Saw
- Drill Press
- Work Benches
- Exhaust Hood
- Shelving
- Microscopes
- Trade Show Booth

Fixed Assets:	
Equipment & furniture	\$ 464,903
Less accumulated depreciation	<u>\$ (439,824)</u>
Net fixed assets	\$ 25,079
Adjustments	
Pressure Cell Tool *	\$ 35,263
Write-up to FMV ***	\$ 40,840
Eschelon	\$ 10,000
Trade Show Booth **	<u>\$ 15,000</u>
	\$ 126,162

* It had an original cost of \$38,750 in Jan 2003. The tool is hardened steel that will last for 1,000,000 closings or 4,000,000 parts (4 cavity tool). Looking at receiving inspection records approximately 350,000 parts have been made on this tool. In an amortization sense only 9% of the tool life has been used. Therefore the tool still has 91% of \$38,750= \$35,263 of its value left.

** Original cost ~ \$25,000. In good condition and used only a handful of times.

*** Used 60% of replacement (new) cost for equipment. Total value (new) is \$68,067. Called vendors to get the pricing for new equipment.

SCHEDULE 1.1(a)(ii)

INVENTORY

As of March 31, 2007...

WalkMed Pump Raw Materials

Location	Item #	Description	Qty	unit cost (\$)	ext. Cost (\$)
McKinley	100322	Battery alkaline 9v	75	0.94	70.54
McKinley	102795	Reservoir cover 65ml	5	4.00	20.00
McKinley	102803	Screw, pan phil 2-56 3/16 ss	1,182	0.13	149.36
McKinley	102804	Screw, pan phil 2-56 x 1/2 ss	2,110	0.01	27.15
McKinley	102805	Screw 2-56 1/4" flt hd	11,995	0.02	247.75
McKinley	102807	Spacer disk	271	0.75	204.48
McKinley	102810	LCD window	506	1.24	626.76
McKinley	102811	Motor mount foam	1,048	0.72	749.76
McKinley	102818	WalkMed motor gearhead cable	226	55.42	12,525.77
McKinley	102819	WalkMed extension housing assembly	1	1.91	1.91
McKinley	102830	Buzzer 5v 12mm dia x 7.5 mm	10	1.88	18.80
McKinley	102832	Reed switch 0.6" staple form	84	0.59	49.56
McKinley	102834	Subminiature microswitch	72	1.90	137.09
McKinley	102836	4mm dc power jack	3	0.50	1.51
McKinley	102837	Connector housing 2 pos 0.1 centers	575	0.13	75.17
McKinley	102845	Terminal strip male 2 pin header	553	0.09	47.38
McKinley	102847	Magnet ring	106	4.10	434.60
McKinley	102848	Disc magnet smco .138 dia x .05	150	0.67	100.50
McKinley	102849	Led 2mm x 5mm rectangular red	954	0.11	106.85
McKinley	102850	400 LCD display	641	5.20	3,333.75
McKinley	102851	Led 2mm x 5mm rectangular green/orange	63	0.44	27.98
McKinley	102858	Slotted fill head screw, #0-80 3/16" long	6,663	0.02	146.40
McKinley	102859	Hex lock nut #2-56	916	0.13	115.69
McKinley	102860	Stainless steel flat washer #2	2,242	0.02	45.26
McKinley	102861	Ring spacer	934	0.01	13.43
McKinley	102862	Screw pan phil 2-56 3/8	2,613	0.02	59.35
McKinley	102863	Screw 2-56 13/16" flat head	2,919	0.02	47.34
McKinley	102864	Nut press 2-56	4,023	0.24	978.01
McKinley	102865	Threaded insert 2-56	5,480	0.26	1,416.07
McKinley	102867	Nut cam adjustment	364	4.61	1,678.04
McKinley	102868	10-32 square nut	474	1.95	922.84
McKinley	102869	Nylon 10-32 set screw	395	0.03	10.08
McKinley	102870	Screw adjustment	234	3.21	751.77
McKinley	102872	Molded bearing block	411	0.32	130.52
McKinley	102873	Worm gear 21 teeth	178	1.71	304.02
McKinley	102874	Bushing press fit	268	0.62	165.05
McKinley	102875	Hinge release	359	0.54	195.37
McKinley	102876	Switch plunger	246	3.05	750.56
McKinley	102880	D segments	3,584	0.19	678.07
McKinley	102881	Switch mount	191	2.20	420.40
McKinley	102883	Battery terminal female	512	0.07	37.78

McKinley	102884	Solder lug	3,113	0.04	124.52
McKinley	102885	Hinge adjustment	139	5.86	813.96
McKinley	102886	Spiral cam	547	15.34	8,390.98
McKinley	102887	Pin drive	220	0.27	59.40
McKinley	102888	Lock pin	200	2.83	565.90
McKinley	102889	Dowel pin	415	1.50	622.10
McKinley	102890	Hinge pin	740	0.64	473.12
McKinley	102891	Battery terminal male	573	0.08	46.75
McKinley	102892	Spring lock	176	8.24	1,450.56
McKinley	102893	Spring helical compression	302	0.24	72.52
McKinley	102894	WalkMed clamp bar	170	11.03	1,875.00
McKinley	102895	Clamp bar/rubber pad	119	21.82	2,596.85
McKinley	102896	Ground 18 pitch worm	225	16.05	3,611.25
McKinley	102899	Insulating label	2,316	0.01	14.42
McKinley	102908	Worm magnet assy	243	20.17	4,902.33
McKinley	102909	Oclusion switch assy	294	0.68	200.10
McKinley	102914	Wm350 microprocessor assy	358	6.09	2,178.64
McKinley	102918	Screw pan phil 2-56 3/4 ss	3,917	0.01	39.08
McKinley	102929	WalkMed clamp bar assy	32	25.88	828.16
McKinley	102940	Motor 16mm 9v dc 22: 1 gearhead	649	48.47	31,454.30
McKinley	102943	O-ring	2,298	0.59	1,355.91
McKinley	102946	Felt washer	31	0.65	20.15
McKinley	102947	Lock spring double	25	0.69	17.32
McKinley	102958	Resistor 30.1k 1/8w 1%	710	0.07	49.70
McKinley	102964	Capacitor ceramic .100 uf x7r	974	0.14	136.36
McKinley	102974	IC cartridge serial nov-ram	1,616	6.86	11,092.00
McKinley	102981	Switch 6 mm square	544	0.21	116.09
McKinley	102982	Reed switch	8	1.10	8.80
McKinley	102996	PCA remote switch clip	52	0.05	2.61
McKinley	103192	Control cover clear molded	390	1.75	682.50
McKinley	103196	Cover, reservoir molded	210	0.60	125.22
McKinley	103381	PCA keypad	73	13.24	966.85
McKinley	103382	350 keypad	201	12.82	2,576.82
McKinley	104096	Programmed PCA microcontroller	99	7.25	717.75
McKinley	104517	PIC, front PCB	231	15.24	3,520.85
McKinley	104519	PIC rear PCB	222	9.15	2,030.26
McKinley	105545	Solder lug #2	490	0.13	63.70
McKinley	105569	WalkMed battery cable	298	0.86	256.85
McKinley	200125	Warranty card	259	0.13	34.37
McKinley	200180	WalkMed IC operation manual	182	5.31	966.76
McKinley	200182	Label, shipping box WalkMed IC	828	0.34	278.21
McKinley	200223	Microprocessor WalkMed IC v 1.00	514	0.10	51.40
McKinley	200249	Sales sheet for the fps-560 & sp-06 co-extruded	41	0.50	20.50
McKinley	200415	WalkMed PCA sales sheet	1,000	-	-
McKinley	200539	WalkMed switch plunger	754	1.66	1,251.64
McKinley	200540	WalkMed switch ring	1,050	2.43	2,551.50
McKinley	200623	WalkMed rear cover	34	4.12	140.08
McKinley	200813	Molex crimp connector	204	0.07	14.35
McKinley	200828	WalkMed 350 shipping box label (CE version)	426	0.37	156.93
McKinley	200829	IC shipping box label (CE version)	21	1.22	25.69

McKinley	200830	WalkMed PCA shipping box label (CE version)	191	0.52	100.11
McKinley	200831	WalkMed 350 rear panel label (CE version)	176	2.42	426.15
McKinley	200832	WalkMed 350 pump operation manual (CE version)	18	2.93	52.74
McKinley	200833	WalkMed 350 patient guide (CE version)	60	1.28	77.04
McKinley	200834	WalkMed IC rear panel label (CE version)	184	1.01	185.80
McKinley	200835	WalkMed IC pump operation manual (CE version)	2	1.00	2.00
McKinley	200836	WalkMed IC patient guide (CE version)	3	-	-
McKinley	200837	WalkMed PCA rear panel label (CE version)	172	1.74	299.44
McKinley	200838	WalkMed PCA pump operation manual (CE version)	172	0.57	98.04
McKinley	200839	WalkMed PCA patient guide (CE version)	96	3.48	334.31
McKinley	200861	Lockwasher, internal tooth	10,910	0.01	131.17
McKinley	200862	Switch seal	383	0.79	303.56
McKinley	200863	Tamper evident label	507	0.14	71.76
McKinley	200950	Rubber hand natural size #12	2,500	3.26	8,150.00
McKinley	200978	WalkMed PIC keypanel	205	6.90	1,415.10
McKinley	201008	WalkMed Plus rear panel label (CE version)	27	4.35	117.45
McKinley	201009	WalkMed PIC plus shipping box label	117	0.36	42.12
McKinley	201014	PCA switch assy.	149	15.44	2,301.13
McKinley	201019	Motor spacer	959	2.05	1,965.95
McKinley	201020	0.125" PCB spacer	555	0.15	85.07
McKinley	201030	WalkMed motor gearhead cable PIC Plus	58	49.26	2,857.08
McKinley	201031	WalkMed Plus operation manual	38	8.90	338.20
McKinley	201037	3.8mm DC power plug moldable	7,606	0.17	1,293.02
McKinley	201043	Assembly microprocessor WalkMed PIC Plus v.1.0	233	1.69	393.53
McKinley	201044	Loctite 380 adhesive	2	22.98	45.96
McKinley	201082	WalkMed plus patient guide	142	5.10	724.20
McKinley	201152	2-56 x 3/8 long nylon standoff	169	0.56	94.14
McKinley	201195	Tamper resistant latch for rear cover	56	4.16	233.19
McKinley	201196	Tamper resistant latch for top cover	55	4.56	250.64
McKinley	201197	Tamper resistant control cover no key access	1	1.75	1.75
McKinley	201198	Tamper resistant control cover 5 key access	58	8.79	510.09
McKinley	201199	Tamper resistant control cover 8 key access	49	7.30	357.90
McKinley	201201	Modified latch fastener	51	1.33	67.67
McKinley	201202	Tamper resistant retaining washer	224	0.14	31.28
McKinley	201206	WalkMed tamper resistant rear cover	17	2.48	42.11
McKinley	201214	4-40 x .25 length flat head ss phillips fastener	345	0.03	10.52
McKinley	201309	1" waist belt	456	0.80	364.80
McKinley	201311	D-ring adapter	342	1.00	342.00
McKinley	201456	Epidural bottom housing assembly	103	1.45	149.35
McKinley	201460	WalkMed epidural keypanel	272	3.66	995.43
McKinley	201461	Assembly microprocessor epidural (EPM) pump	313	4.95	1,549.35
McKinley	201520	Epidural lockbox label	394	1.07	423.16
McKinley	201522	Black polypropylene plastic butt hinge	496	1.43	709.28
McKinley	201523	Dog point thumb screw 303 stainless	122	6.47	789.34
McKinley	201524	Steel hook 8/32	376	0.19	71.06
McKinley	201525	Aacorn nut, ss, 8/32	241	0.32	77.51
McKinley	201526	Machine screw nut, zinc-plated steel 8/32	2,028	0.01	16.63
McKinley	201527	Screw, ss, 8/32, 3/8 flathead, phillips	1,986	0.03	53.82
McKinley	201528	Screw ss, 8/32, 3/8 panhead, philips	749	0.03	25.69
McKinley	201530	Lockbox, lid	52	10.00	520.00

McKinley	201531	Pole clamp	77	5.00	385.00
McKinley	201532	Cam lock	232	4.35	1,009.20
McKinley	201533	Lockbox shipping box label	560	1.29	722.12
McKinley	201535	Foam die-cut shipping box insert	5	3.11	15.55
McKinley	201546	Adhesive-backed bumper	44	0.15	6.73
McKinley	201572	Motorola microprocessor - mc68hc705c9acp (blank)	191	0.85	162.35
McKinley	201604	Rubber bumper, adhesive-backed	281	0.12	33.16
McKinley	201660	Microprocessor epidural	30	5.00	150.00
McKinley	201673	WalkMed epidural rear panel label (CE version)	278	1.00	278.00
McKinley	201674	Epidural(EPM) shipping box label CE	49	-	-
McKinley	201781	Epidural pump EPM operation manual	87	6.95	604.65
McKinley	201815	CE mark sticker	570	-	-
McKinley	201907	Lock box shell	60	1.00	60.00
McKinley	201908	Lock box lid	118	10.00	1,180.00
McKinley	201961	Lock box, shell with larger tray for pump/larger fluid reservoir area	86	43.61	3,750.07
McKinley	201962	Lock box shipping box label	233	2.28	531.94
McKinley	201963	Epidural lockbox label	985	0.67	656.01
McKinley	202100	EPM pump operation manual	244	3.27	798.04
McKinley	202160	Epidural (EPM) shipping box label CE version	588	0.60	352.80
McKinley	202228	Micro controller IC w custom program EPM pump	158	1.38	218.48
McKinley	202303	Epidural (EPM) clinician quick reference card	505	0.77	388.85
McKinley	202646	WalkMed shipping case assembly	26	0.35	9.04
McKinley	202729	PCB, microprocessor, smt, WalkMed pump	184	46.10	8,482.50
McKinley	202911	WalkMed bottom housing molded	364	1.79	651.56
McKinley	202912	WalkMed top housing molded	1,098	1.80	1,980.72
McKinley	202913	WalkMed extension housing molded	928	1.78	1,651.84
McKinley	202915	Housing, top, machined, wm	351	8.61	3,021.44
McKinley	202916	Housing, extension, machined, wm	250	4.08	1,020.00
McKinley	202919	WalkMed extension housing assembly	193	6.04	1,164.89
McKinley	202920	WalkMed bottom housing assy	239	8.12	1,940.42
McKinley	203192	PCA keypad, German	134	16.12	2,160.08
McKinley	203194	Century compression spring	337	0.46	155.69
McKinley	203212	WalkMed PCA German keypad	85	19.09	1,622.65
McKinley	203250	PCB, display, smt, WalkMed pump	192	48.85	9,380.00
McKinley	203302	Clamp bar flex circuit	91	4.91	446.68
McKinley	203372	Clamp bar sensor assembly	367	8.19	3,007.39
McKinley	203452	PCB, display, smt, WalkMed pump	335	56.65	18,977.75
McKinley	203552	Label, rear panel, German wm PCA	134	4.25	569.50
McKinley	203553	WalkMed LCD display 4x25 w icons	141	30.84	4,349.00
McKinley	203555	Microprocessor WM/PCA German v4.0 PCA	117	7.72	903.45
McKinley	203733	Housing, top, machined, wm German	44	8.64	380.16
McKinley	203735	WalkMed German pump operation manual (CE version)	82	6.65	545.19
McKinley	203753	Wm shipping case foam packaging	98	4.72	462.56
McKinley	203814	Ultralife lithium 9v battery	26	4.65	120.90
McKinley	204043	Wm roll end tuck top inailer	111	2.03	225.75
McKinley	204057	WalkMed PCA German shipping box label (CE version)	19	1.24	23.54
McKinley	204058	WalkMed PCA shipping box label Korea (CE version)	202	0.42	85.63
McKinley	204405	Surface mount display, PCB, WalkMed (Plus/EPM) pumps	25	50.56	1,264.08
Sub-total at McKinley location					<u>222,776.80</u>

Nova	102843	Conn female 2 pin machined socket	100	0.51	51.00
Nova	202178	255k ohm, 1%, 100mw, thick film chip resistor	4,975	0.00	14.93
Nova	202179	32.4k ohm, 1%, 100mw, thick film chip resistor	4,975	0.01	49.75
Nova	202182	100k ohm, 1%, 100mw, thick film chip resistor	5,000	0.01	50.00
Nova	203033	47 k ohm, 5%, 8 resistor network	4,000	0.21	828.00
Nova	204305	3.3k ohm, 1%, 100mw, thick film chip resistor	5,000	0.01	50.00
Nova	204306	3.0k ohm, 1%, 250mw, thick film chip resistor	5,000	0.01	40.00
Sub-total at Nova location					1,083.68
RGA Hold	202729	PCB, microprocessor, smt, WalkMed pump	6	42.75	256.50
Sub-total at RGA Hold location					256.50
Total Raw Materials					224,116.97

WalkMed Pump Finished Goods

McKinley	201207	Tamper Resistant Cover No Key Access	0	18.02	-
McKinley	201310	1" Shoulder Strap	234	0.96	225
McKinley	201544	Lock Box	22	85.66	1,885
McKinley	201551	Carrying Case, WalkMed Black	146	6.19	904
McKinley	202205	Function Test Procedure, WalkMed and EPM	137	2.88	395
McKinley	202531	Large Carrying Pouch, WalkMed Black	71	7.40	526
McKinley	203247	WalkMed 350 Infusion Pump (1 Ea/Cs)	0	356.00	-
McKinley	203249	WalkMed PCA Ambulatory Infusion Pump	142	333.37	47,338
McKinley	203464	Purchase Specification Service Reminder Postcard	4,958	-	-
McKinley	203551	WalkMed PCA German Ambulatory Infusion Pump	5	381.30	1,907
McKinley	203820	WalkMed Large Pouch, Black with Keypad Window	248	8.75	2,170
McKinley	204061	WalkMed PCA Packaged Korea	34	347.45	11,813
McKinley	WM PICPLUS	WalkMed PICPlus	0	276.44	-
Total WalkMed Pump Finished Goods					67,162

WalkMed Pump Loaners

Loaner	203247	WalkMed 350 Infusion Pump (1 Ea/Cs)	1	307.03	307
Loaner	EPMCELP	Epidural CE Loaner Pump	27	-	-
Loaner	WM ICLP	WalkMed 350 Loaner Pump	2	-	-
Loaner	WM PICPLUSLP	WalkMed Plus Loaner Pump	18	136.82	2,463
Loaner	WM350LP	WalkMed 350 Loaner Pump	2	236.66	710
Loaner	WMICLP	WalkMed IC Loaner Pump	8	209.43	1,675
Loaner	WMPCALP	WalkMed PCA Loaner Pump	5	265.40	1,327
Total WalkMed Pump Loaners					6,482

WalkMed Disposable Raw Materials

McKinley	200207	Silicone Oil, Dow 360	4	-	-
McKinley	200893	Ellay ES-3000 .013" Film Roll Stock	0	2.25	-
McKinley	201049	Pressure Cell Diaphragm	0	-	-
McKinley	201665	Pouch Insert CE Version Efv-101b/10	1,250	0.03	42

McKinley	201666	Pouch Insert CE Version Efv-101s/10	350	0.14	47
McKinley	201821	Ani-Siphon Valve, Male Luer Lock	7,868	0.01	79
McKinley	203693	Silicone Oil, Dow 360, 12500 Cst	5	-	-
Sub-total at McKinley location					168
Specialty	101177	Tubing PVC	3,493	0.11	377
Specialty	103329	In-Line Filter	5,123	0.34	1,752
Specialty	103336	Tubing Silicone .125 OD .060 ID Cut 3.12"	19,858	0.14	2,804
Specialty	103343	Tubing PVC .087 OD .039 ID Cut 1.2"	27,900	0.01	366
Specialty	104198	Roll Stack	70	0.84	58
Specialty	104206	PE/PVC Tubing .088 OD .038 ID Cut 6.0"	30,563	0.06	1,684
Specialty	104208	PE/PVC Tubing .088 OD .038 ID Cut 1.2"	21,269	0.04	889
Specialty	200130	Pouch Blank 6" X 10"	68,896	0.13	9,000
Specialty	200205	Male Luer Lock Adapter	23,845	0.04	951
Specialty	200206	Tape, Banding	13,000	0.01	140
Specialty	200226	Push On Male Luer Cap	32,745	0.01	488
Specialty	200227	Cap, Non Vented Female Luer Lock	33,740	0.03	917
Specialty	200256	Snap Clamp	5,000	0.04	216
Specialty	200635	Braun Protective Cap	84,011	0.05	4,180
Specialty	200800	Pressure Cell	12,440	0.11	1,423
Specialty	200801	Elbow Connector	29,350	0.09	2,653
Specialty	200826	Slide Clamp	147,060	0.04	5,441
Specialty	200951	250ml Reservoir Bag	0	0.55	-
Specialty	200952	150ml Reservoir Bag	5,817	0.85	4,944
Specialty	200953	65ml Reservoir Bag	21,875	0.85	18,594
Specialty	201073	Check Valve, PCA	4,012	0.37	1,494
Specialty	201232	PVC Tubing .150 OD, .080 ID, .75 L	51,525	0.01	301
Specialty	201341	6" Cut PVC Tubing With Yellow Stripe .088 OD .030 ID	6,460	0.09	550
Specialty	201360	10 Drop Non-Vented Piercing Device (ABS White)	4,181	0.06	261
Specialty	201362	3" Cut PVC Tubing With Yellow Stripe .088 OD .030 ID	7,255	0.21	1,557
Specialty	201490	PE/PVC Tubing .089 OD .025 ID Cut 54"	12,370	0.24	2,918
Specialty	201491	PVC Tubing .089 OD .025 ID Cut 39.5"	19,260	0.13	2,489
Specialty	201993	Female Luer Lock for 0.105" Tubing	47,560	0.03	1,289
Specialty	202369	PVC Bushing, 0.145"OD X 0.084"ID X 0.75"	97,250	0.01	613
Specialty	202564	Instructions For Use SP-06/10	351	0.10	34
Specialty	202565	Instructions For Use PS400300/10	1,957	0.11	210
Specialty	202566	Instructions For Use FPS-560/10	5,992	0.10	574
Specialty	202567	Instructions For Use PS-360/10	799	0.17	136
Specialty	202568	IPR-86/10 Instructions For Use	2,690	0.14	387
Specialty	202569	IPR-150/10 Instructions For Use	2,555	0.09	218
Specialty	202570	IPR-250/10 Id Insert	4,092	0.10	392
Specialty	202756	B.Braun PE Luer Cap	81,986	0.06	4,763
Specialty	202845	WalkMed Shipping Case	7,920	0.28	2,229
Specialty	203726	30" Cut PVC Tubing With Yellow Stripe .088 OD .030 ID	2,706	0.07	195
Specialty	204214	TOTM PVC Tubing, .088" OD, .040" ID, Cut 1.2"	26,000	0.01	272
Specialty	204216	TOTM PVC Tubing, .088" OD, .040" ID, Length 60"	0	0.11	-
Specialty	550-037	Female Luer Lock Adapter	78	0.02	2
Sub-total at Specialty location					77,765

Total WalkMed Disposable Raw Materials **77,933**

WalkMed Disposable Finished Goods

McKinley	202658	SP-06/10 Cased Assy	66	19.19	1,267
McKinley	202659	PS400300/10 Cased Assy	2,772	22.29	61,785
McKinley	202660	FPS-560/10 Cased Assembly	195	30.55	5,957
McKinley	202661	IPR-86/10 Cased Assembly	2,133	15.95	34,012
McKinley	202662	IPR-150/10 Cased Assembly	179	15.60	2,793
McKinley	202663	IPR-250/10 Cased Assembly	26	14.49	377
McKinley	202747	PS-360/10 Cased Assy	926	21.82	20,206
McKinley	203728	EFV-101B/10 Tubing Set	430	66.02	28,391
Sub total at McKinley Location					154,787
Specialty	202659	PS400300/10 Cased Assy	400	21.76	8,705
Specialty	202663	IPR-250/10 Cased Assembly	650	13.90	9,034
Specialty	202747	PS-360/10 Cased Assy	700	20.99	14,692
Sub total at Specialty Location					32,431
Total WalkMed Disposable Finished Goods					187,218

SCHEDULE 1.1(a)(iii)
LEASEHOLD IMPROVEMENTS

None.



SCHEDULE 1.1(b)(i)**TRADENAMES**

Mark	Goods and Services	Owner	Registration No.	Issue Date	Status
INFU-MED	Portable wearable ambulatory infusion pumps for chemotherapy, pain management, and other continuously-infused medications	McKinley Medical, LLLP	1,607,370	July 24, 1990	Registered - Renewal due July 24, 2010
WALKMED	Medical infusion pumps	McKinley Medical, LLLP	2,230,655	Mar. 9, 1999	Registered - Renewal due Mar. 9, 2009
(Walking Legs Logo)	Medical devices, namely, infusion pumps	McKinley Medical, LLLP	1,834,529	May 3, 1994	Registered - Renewal due May 3, 2014
EPM	Infusion pumps for dispensing medications	McKinley Medical, LLLP	2,506,306	Nov. 13, 2001	Registered - Renewal due Nov. 13, 2011
WALKMED (France)	Medical devices, etc.	McKinley Medical, LLLP	France 1 544 880	Aug. 4, 1989	Registered - Renewal due Aug. 3, 2009
WALKMED (Germany)	Infusion pumps	McKinley Medical, LLLP	Germany 1 155 721	Mar. 13, 1990	Registered - Renewal due July 31, 2009
WALKMED (U.K)	Medical infusion pumps	McKinley Medical, LLLP	U.K. 1,391,348	July 27, 1989	Registered - Renewal due July 27, 2023
WALKMED (Canada)	Medical infusion pumps for dispensing medications	McKinley Medical, LLLP	Canada TMA 496,917	July 2, 1998	Registered - Renewal due July 2, 2013

SCHEDULE 1.1(b)(ii)

LEASE

Dated: May 31, 1996 and subsequently amended with Amendment 13 having a date of March 8, 2007.

Property Description: Units 4070, 4076 and 4080 of Youngfield Plaza, Wheat Ridge, Colorado 80033.

Landlord: Youngfield Plaza, L.L.C. located at 4096 Youngfield Street, Wheat Ridge, Colorado 80033.

Term: 6 months from March 1, 2007 through August 31, 2007.



SCHEDULE 1.1(b)(iii)
INTELLECTUAL PROPERTY

The following pages under the McKinley Medical website www.mckinleymed.com:

- Products: http://www.mckinleymed.com/us_products.shtml
- Instruction Guides: http://www.mckinleymed.com/us_patientguides.shtml
- Regulatory Info: http://www.mckinleymed.com/us_regulatory.shtml
- Service: http://www.mckinleymed.com/us_service.shtml

In accordance with Section 1.2(d), the name "McKinley", and also the name "Broe", shall be removed from individual web pages before uploading to Purchaser's website. Seller shall not use the name "McKinley" or "Broe" in any web address for the Products.



SCHEDULE 1.1(b)(iv)**LICENSES AND PERMITS****Transferable Licenses and Permits**

Permit / Registration / Certificate #	Description	Granted to	Granted by	Last Granted	Term
K9057783	WalkMed 400 Infusion Pump	Medfusion, Inc.	U.S. FDA	01/11/1991	NA
K870524	WalkMed Drug Reservoir	Medfusion Systems, Inc.	U.S. FDA	05/06/1987	NA
K863814	WalkMed Administration Set	Medfusion Systems, Inc.	U.S. FDA	10/14/1986	NA
K991275	WalkMed 300, WalkMed 350, WalkMed IC, WalkMed PCA, WalkMed Plus Pumps	McKinley Medical, LLC	U.S. FDA	07/01/1999	NA

Non-Transferable Licenses and Permits

Permit / Registration / Certificate #	Description	Granted to	Granted by	Last Granted	Term
1723533	Establishment Registration	McKinley Medical, LLC	U.S. FDA	2006	Annual Renewal
4505-6-2005	Certificate to Foreign Government	McKinley Medical, LLC	U.S. FDA	06/29/2005	06/28/2007
CMDCAS- 1851882	Quality Assurance System, according to ISO 13485:2003	McKinley Medical, LLC	LGA Intercert	03/14/2006	03/14/2009
QM-1851882	Quality System, according to ISO 9001:2000	McKinley Medical, LLC	LGA Intercert	03/20/2006	03/14/2011
1851882-006- 000	Quality Assurance System, according to 93/42/EEC, Annex II	McKinley Medical, LLC	LGA Intercert	03/15/2006	03/14/2011
61166	Medical Device Licence, WalkMed Reservoir	McKinley Medical, LLC	Health Canada	06/27/2006	Annual Renewal
61167	Medical Device Licence, WalkMed Tubing Set	McKinley Medical, LLC	Health Canada	06/27/2006	Annual Renewal
61234	Medical Device Licence, WalkMed Infusion Pump	McKinley Medical, LLC	Health Canada	06/27/2006	Annual Renewal
FRN (Doc. # E152122)	Device Listing, Infusion Pump	McKinley Medical, LLC	U.S. FDA	09/24/2003	NA
MEA (Doc. # E152120)	Device Listing, PCA Pump	McKinley Medical, LLC	U.S. FDA	09/24/2003	NA
KPE (Doc. # E152116)	Device Listing, Container IV	McKinley Medical, LLC	U.S. FDA	09/24/2003	NA
FPK (Doc. # E152101)	Device Listing, Tubing	McKinley Medical, LLC	U.S. FDA	09/24/2003	NA

In addition to the items on this list, other permits are required by foreign ministries of health before products can be imported and distributed. If required, those permits are held by the Company's distributor, in the distributor's name, for the specific foreign country.

SCHEDULE 1.1(b)(v)

ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Accounts Receivable (as of April 19, 2007)

	Total Amount	0 - 30 Days	31 - 60 Days	61 - 90 Days	Over 90 Days
AMTE01 - AMTEC MEDICAL INC.	\$ 982.15	\$ 982.15	\$ -	\$ -	\$ -
AVEN01 - AVENTRIC TECHNOLOGIES, INC. -MADISON	\$ 830.53	\$ -	\$ 830.53	\$ -	\$ -
BAYA01 - BAY AREA MEDICAL CENTER	\$ 106.41	\$ 106.41	\$ -	\$ -	\$ -
BELO01 - BELOIT CLINIC, S.C.	\$ 243.46	\$ 243.46	\$ -	\$ -	\$ -
CISC01 - CISCURA INFUSION SERVICES	\$ 1,334.77	\$ 1,334.77	\$ -	\$ -	\$ -
COME01 - COMEDICAL, INC.	\$ (97.50)	\$ (97.50)	\$ -	\$ -	\$ -
DEWA01 - OHIO CANCER SPECIALISTS	\$ (278.64)	\$ -	\$ -	\$ -	\$ (278.64)
DOTH01 - DOTHAN HEMATOLOGY/ONCOLOGY	\$ (232.97)	\$ -	\$ -	\$ -	\$ (232.97)
ENDO01 - ENDO TECH S. P. A.	\$ 7,260.00	\$ 1,410.00	\$ 5,850.00	\$ -	\$ -
EQUI01 - EQUIPOS Y SISTEMAS SIVATA S.A. DE C.V.	\$ 5.06	\$ -	\$ 5.06	\$ -	\$ -
FIR501 - FIRSTHEALTH MOORE REGIONAL HOSPITAL	\$ 1,805.28	\$ 884.47	\$ 920.81	\$ -	\$ -
FLOR01 - FLORIDA INFUSION/NATIONS DRUG	\$ 2,441.78	\$ 1,384.83	\$ 1,056.95	\$ -	\$ -
GREE01 - GREEN BAY ONCOLOGY	\$ 1,769.36	\$ 1,769.36	\$ -	\$ -	\$ -
GREE04 - GREELEY MEDICAL CLINIC	\$ 413.88	\$ 236.19	\$ 177.69	\$ -	\$ -
HRME01 - HR MEDICAL	\$ 243.95	\$ 243.95	\$ -	\$ -	\$ -
INFU01 - INFUSYSTEM, INC.	\$ 79,234.29	\$ 70,323.61	\$ 8,910.68	\$ -	\$ -
IRON01 - IRON COUNTY COMMUNITY HOSPITAL	\$ 3,807.54	\$ 1,534.70	\$ 2,172.84	\$ -	\$ -
JONE01 - THE JONES CLINIC	\$ 137.02	\$ 137.02	\$ -	\$ -	\$ -
JPS01 - JPS SURGICAL, INC.	\$ -	\$ -	\$ -	\$ -	\$ -
KAIS04 - KAISER FOUNDATION HEALTH PLAN OF COLOR.	\$ 1,282.24	\$ 1,401.73	\$ -	\$ -	\$ (119.49)
LOUIS01 - LOUISIANA HEMATOLOGY-ONCOLOGY	\$ 1,665.92	\$ -	\$ 1,665.92	\$ -	\$ -
MAIN01 - MAINE CENTER FOR CANCER MEDICINE	\$ 1,872.24	\$ 1,922.24	\$ (50.00)	\$ -	\$ -
MAR501 - MARSHFIELD CLINIC	\$ 662.40	\$ 2,103.62	\$ -	\$ -	\$ (1,441.22)
MCKI04 - MCKINLEY MEDICAL UK LIMITED	\$ 1,110.00	\$ 1,110.00	\$ -	\$ -	\$ -
MEDI02 - MEDICAL SPECIALTIES - AUSTRALIA	\$ (62.00)	\$ -	\$ -	\$ (62.00)	\$ -
MEDI06 - MEDICAL ONCOLOGY, LC	\$ 765.86	\$ 765.86	\$ -	\$ -	\$ -
MEDI07 - MEDICAL GROUP NORTH COUNTY	\$ 354.52	\$ 354.52	\$ -	\$ -	\$ -
MEMO01 - MEMORIAL HOSPITAL	\$ 710.80	\$ 710.80	\$ -	\$ -	\$ -
NOVA01 - NOVA ENGINEERING, INC.	\$ 157.75	\$ -	\$ -	\$ 157.75	\$ -
ONCO08 - ONCOLOGY SUPPLY	\$ 48,551.01	\$ 48,551.01	\$ -	\$ -	\$ -
OUTP01 - OUTPATIENT INFUSION SYSTEMS, INC.	\$ 92.40	\$ 92.40	\$ -	\$ -	\$ -
PARK02 - PARK-WU ONCOLOGY ASSOCIATES	\$ 217.45	\$ 217.45	\$ -	\$ -	\$ -
PASC01 - PASCO HERNANDO ONCOLOGY	\$ (34.63)	\$ -	\$ -	\$ -	\$ (34.63)
PHYS01 - PSS WORLD MEDICAL SHARED SERVICES, INC.	\$ 1,826.50	\$ 606.32	\$ 907.92	\$ 312.26	\$ -
REMS01 - REM SYSTEMS LIMITED	\$ 67.90	\$ 67.90	\$ -	\$ -	\$ -
SORJ01 - SORIN GROUP FINLAND OY	\$ 1,025.59	\$ -	\$ 1,025.59	\$ -	\$ -
STAR01 - STAR INFUSION AND COMPRESSION	\$ 3,268.54	\$ 3,339.54	\$ -	\$ -	\$ (71.00)
STLU02 - SOUTHCOAST HOSPITAL GROUP A/P DEPT.	\$ 1,392.13	\$ -	\$ 1,392.13	\$ -	\$ -
STOR01 - STORMONT - VAIL HEALTH CENTER	\$ 541.64	\$ 541.64	\$ -	\$ -	\$ -
TACY01 - TACY MEDICAL	\$ 1,477.50	\$ -	\$ 1,477.50	\$ -	\$ -
TAYC01 - AGIS COMMERCIAL AGENCIES LTD.	\$ 224.95	\$ -	\$ -	\$ -	\$ 224.95
TMCO02 - TMC ORTHOPEDIC	\$ 837.35	\$ -	\$ -	\$ -	\$ 837.35
VAMC05 - VA MEDICAL CENTER (BILOXI)	\$ 150.30	\$ 150.30	\$ -	\$ -	\$ -
VAND01 - VANDERBILT UNIVERSITY	\$ 370.87	\$ 370.87	\$ -	\$ -	\$ -
WREN01 - WREN MEDICAL SYSTEMS	\$ 1,384.05	\$ 674.27	\$ 709.78	\$ -	\$ -
Total Accts Receivable	\$ 169,919.65	\$ 143,573.89	\$ 27,053.40	\$ 408.01	\$ (1,115.65)
Less: Recommended AR Reserve	\$ (2,548.79)	\$ -	\$ -	\$ -	\$ (1,062.30)
Total Accts Receivable (net of Reserve)	\$ 167,370.86	\$ 143,573.89	\$ 27,053.40	\$ 408.01	\$ (2,177.95)
% to Total	100.0%	84.5%	15.9%	0.2%	-0.7%

Accounts Payable (as of April 19, 2007)

None.

SCHEDULE 1.1(b)(vi)
PREPAID EXPENSES AND DEPOSITS

Prepaid Disposables	\$110,000
Prepaid Hardware	\$50,000

SCHEDULE 1.1(b)(viii)
ASSIGNED CONTRACTS

Open Purchase Orders (as of April 18, 2007)

PO #	Vendor	Item #	Quantity	Unit Cost	Extened Cost
8215	SPECIALTY PACKAGING PRODUCTS	202663 out assy	300	\$3.46	1,036.80
8216	SPECIALTY PACKAGING PRODUCTS	202661 OUT ASSY	555	\$3.46	1,918.08
		202662 OUT ASSY	501	\$3.46	1,731.46
		202663 out assy	300	\$3.46	1,036.80
8217	SPECIALTY PACKAGING PRODUCTS	202661 OUT ASSY	400	\$3.46	1,382.40
		202662 OUT ASSY	500	\$3.46	1,728.00
		202663 out assy	300	\$3.46	1,036.80
8438	AVAIL MEDICAL PRODUCTS, INC.	200951	9,000	\$0.85	7,650.00
		200952	7,870	\$0.85	6,689.50
8657	SPECIALTY PACKAGING PRODUCTS	202659 OUT ASSY	400	\$13.06	5,224.00
8675	SPECIALTY PACKAGING PRODUCTS	202659 OUT ASSY	400	\$13.06	5,224.00
		202661 OUT ASSY	400	\$3.46	1,382.40
		202662 OUT ASSY	500	\$3.46	1,728.00
8676	SPECIALTY PACKAGING PRODUCTS	202659 OUT ASSY	400	\$13.06	5,224.00
		202661 OUT ASSY	400	\$3.46	1,382.40
		202662 OUT ASSY	500	\$3.46	1,728.00
		202747 OUT ASSY	350	\$12.66	4,431.00
8677	SPECIALTY PACKAGING PRODUCTS	202659 OUT ASSY	400	\$13.06	5,224.00
		202661 OUT ASSY	400	\$3.46	1,382.40
		202662 OUT ASSY	500	\$3.46	1,728.00
		202747 OUT ASSY	350	\$12.66	4,431.00
8722	MEDEGEN	200205	20,000	\$0.06	1,198.00
		200226	20,000	\$0.02	448.00
		201993	10,000	\$0.05	475.00
8740	NATVAR	204216	15,000	\$0.11	1,587.60
8744	ITECH	103192	500	\$1.93	965.00
		103196	500	\$1.86	930.00
8748	MINUTEMAN PRESS	200833	200	\$2.99	597.42
8749	AVAIL MEDICAL PRODUCTS, INC.	200952	11,000	\$0.85	9,350.00
8750	AVAIL MEDICAL PRODUCTS, INC.	200952	4,000	\$0.85	3,400.00
		200952	4,000	\$0.85	3,400.00
		200952	4,000	\$0.85	3,400.00
		200953	4,000	\$0.85	3,400.00
		200953	4,000	\$0.85	3,400.00
		200953	4,000	\$0.85	3,400.00
8751	ASK R&D	102795 OUT ASSY	210	\$2.50	525.00
8754	ITECH	102880	15,000	\$0.21	3,165.00
8757	ACCELLENT	200800	20,000	\$0.13	2,568.00
		200800	20,000	\$0.13	2,568.00
8758	SEAM CRAFT, INC.	201309	500	\$0.80	400.00
		201551	250	\$6.45	1,612.50
		202531	250	\$7.40	1,850.00
Report Total					\$111,938.56

Open Sales Orders (as April 18, 2007)**CISC01 CISCURA INFUSION SERVICES**

ORDER	ITEM NO		Price
32,504-1	201209	\$	84.00

INFU01 INFUSYSTEM, INC.

ORDER	ITEM NO		Price
32,360-2	201207	\$	327.25
32,474-2	202662	\$	4,087.00
32,475-1	102795	\$	1,190.00
32,486-1	102795	\$	3,400.00
32,486-1	202662	\$	8,174.00
32,508-1	201207	\$	892.50
		\$	<u>18,070.75</u>

MCKI04 MCKINLEY MEDICAL UK LIMITED

ORDER	ITEM NO		Price
32,351-1	102929	\$	619.25
32,351-1	202662	\$	1,101.60
32,494-1	102880	\$	1,600.00
32,494-1	102929	\$	1,219.25
		\$	<u>4,540.10</u>

MEDI02 MEDICAL SPECIALTIES - AUSTRALIA

ORDER	ITEM NO		Price
32,464-0	102795	\$	40.00
32,464-0	103192	\$	40.00
32,464-0	202661	\$	137.00
32,464-0	202663	\$	398.40
32,464-0	202747	\$	328.00
		\$	<u>943.40</u>

ONCO08 ONCOLOGY SUPPLY

ORDER	ITEM NO		Price
32,450-5	WM PICPLUS	\$	2,900.00

ONKO01 ONKOLINE MEDIZINTECHNIK GMBH

ORDER	ITEM NO		Price
32,333-1	201309	\$	19.70
32,333-1	202662	\$	2,864.00
32,512-0	102929	\$	2,588.00
32,512-0	103192	\$	238.80
32,512-0	201309	\$	531.90
32,512-0	202531	\$	2,462.40
32,512-0	202659	\$	36,363.00
32,512-0	202661	\$	3,960.00
32,512-0	202662	\$	16,110.00
32,512-0	202663	\$	6,825.00
		\$	<u>71,962.80</u>

XINL01 GUANG DONG SOUTH PHARMACEUTICAL

ORDER	ITEM NO		Price
32,411-0	202662	\$	3,000.00
32,411-0	202747	\$	4,000.00
		\$	<u>7,000.00</u>

\$	<u>105,501.05</u>
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SCHEDULE 2.1
WIRE TRANSFER INSTRUCTIONS

Bank: JPMorgan Chase Bank
New York, NY

Bank ABA: 0210 0002 1

SWIFT: CHASUS33

Credit Account: McKinley Medical, LLC
4080 Youngfield Street
Wheat Ridge, CO 80033

Account number: 635558990

Reference: Asset Purchase Agreement, Wi Inc.
(Please include reference for payment cash application)

Bank Contact: David Rowe
303-244-3006

SCHEDULE 5.7

EXCEPTIONS TO FDA COMPLIANCE

McKinley Medical ("Seller") was inspected by the Denver District office of the Food and Drug Administration. This inspection occurred on eight days over the time period of January 24, 2007 through February 7, 2007. At the conclusion of the inspection, Seller was issued an 11-item 483 (copy separately provided to Purchaser). Seller provided a written Response to the FDA Form 483 Observations on February 21, 2007, in which Seller promised completion of all actions by no later than March 30, 2007. A copy of Seller's Cover Letter and Response to each Observation was provided to Purchaser as due diligence material; copies of supporting documentation was made available for Purchaser's review.

As of the close of business March 30, 2007, Seller had completed corrective actions for Observations 1, 2, 3, 4, 6, 7, 8, 10, and 11. At that time, in regard to Observation 5, Seller was conducting a retrospective review of sampling records, which had a revised completion date of April 6, 2007. Additional design control testing was being conducted for Observation 9; Seller anticipated completion by April 3. As of the close of business March 30, 2007, Seller was finalizing implementation and verification of certain corrective actions related to its contract manufacturer program. A site visit to Specialty Packaging Products (Juarez, Mexico) was planned for April 11-12; confirmation of acceptance was anticipated by April 13, 2007.

On April 12, 2007, Seller issued updated status reports to FDA, confirming closure of all corrections, corrective and preventive actions associated with the 11 FDA Form 483 Observations. Copies of this documentation, including all attachments supporting closure of the actions was provided to Purchaser.

As noted in the February 21, 2007 Response to FDA Form 483, Seller does not believe corrective or preventive action is required for Observation 6. Seller disagreed with FDA's assessment and asked for a meeting with FDA Denver District if they concluded that complaints for leaks and under-deliveries required medical device reporting. Seller has not received any follow-up from FDA on Observation 6.

SCHEDULE 5.8

TOP 10 CUSTOMERS AND SUPPLIERS

Top 10 Customers - WalkMed Sales (2005 & 2006)

Rank	Customer	2005 Sales
1	INFUSYSTEM, INC.	\$ 854,893
2	B. BRAUN KOREA CO., LTD.	\$ 412,400
3	ONKOLINE MEDIZINTECHNIK GMBH	\$ 370,061
4	MCKINLEY MEDICAL UK LIMITED	\$ 95,653 *
5	OUTPATIENT INFUSION SYSTEMS, INC.	\$ 73,528
6	ONCOLOGY SPECIALTIES (HUNTSVILLE)	\$ 65,804
7	EQUIPOS Y SISTEMAS SIVATA S.A. DE C.V.	\$ 52,462
8	MARSHFIELD CLINIC	\$ 48,497
9	MAINE CENTER FOR CANCER MEDICINE	\$ 39,923
10	FLORIDA INFUSION/NATIONS DRUG	\$ 35,348

Rank	Customer	2006 Sales
1	INFUSYSTEM, INC.	\$ 557,625
2	ONKOLINE MEDIZINTECHNIK GMBH	\$ 296,388
3	MCKINLEY MEDICAL UK LIMITED	\$ 85,965 *
4	OUTPATIENT INFUSION SYSTEMS, INC.	\$ 68,238
5	ONCOLOGY SPECIALTIES (HUNTSVILLE)	\$ 61,013
6	MARSHFIELD CLINIC	\$ 54,313
7	GREEN BAY HOME MEDICAL EQUIPMENT	\$ 37,500
8	ENDO TECH S. p. A.	\$ 36,941
9	STAR INFUSION AND COMPRESSION	\$ 35,886
10	EQUIPOS Y SISTEMAS SIVATA S.A. DE C.V.	\$ 35,115

* McKinley UK sales are reported at intercompany transfer price.

Top 10 Suppliers - WalkMed Purchases (2005 & 2006)

Rank	Vendor	2005 Purchases
1	SPECIALTY PACKAGING PRODUCTS	\$ 432,047
2	NOVA ENGINEERING, INC.	\$ 119,591
3	LAKE REGION MANUFACTURING CO. INC.	\$ 55,009
4	ELECTRONIC COMPONENTS CO.	\$ 21,862
5	ASK R&D	\$ 18,941
6	FORD TOOL COMPANY	\$ 16,740
7	ITECH	\$ 14,386
8	MICRO MO ELECTRONICS, INC	\$ 14,284
9	SEAM CRAFT, INC.	\$ 13,805
10	VECTOR ENGINEERING	\$ 12,435

Rank	Vendor	2006 Purchases
1	SPECIALTY PACKAGING PRODUCTS	\$ 375,928
2	AVAIL MEDICAL PRODUCTS, INC.	\$ 106,610
3	TECHNIPAQ, INC.	\$ 52,870
4	MICRO MO ELECTRONICS, INC	\$ 39,860
5	ACCELLENT	\$ 37,852
6	NOVA ENGINEERING, INC.	\$ 37,479
7	SEAM CRAFT, INC.	\$ 26,805
8	MEDEGEN	\$ 22,442
9	MANGAR	\$ 18,689
10	VESTA, INC.	\$ 17,259

SCHEDULE 5.9**CONTRACTUAL OBLIGATIONS**

Employment or Labor Union Agreements. None

Pension, Profit-sharing or Retirement Plan. None

Future Purchase of Materials, Supplies or Equipment. None

Distributorship or Sales Agency Agreements.

Customer	Type of Commitment
McKinley Medical UK Limited	Supply Agreement
OMT (Germany)	Supply Agreement
Medipia, Inc. (Korea)	Supply Agreement
Millennium Biotech (India)	Supply Agreement
Xin Ling Kang (China)	Supply Agreement

Operations Agreements

Name	Description	Termination Date	Termination Cost
ADT	Security System	1/31/2012	\$ 1,588.00
Terminex	Insect control	None	\$ -
AquaPure	Water Cooler	5/31/2007	\$ 125.00
GE Leasing	Molds located at Accellent	None	\$ -
North Star Digital Imaging	HP 5Si Copier Lease	NA	NA
Chess	Ricoh Copier Lease	5/31/2009	\$ 7,664.80
Toshiba	Toshiba printer/copier lease	11/30/2007	\$ 3,637.70
Toshiba	Maintenance agreement	12/31/2007	\$ 600.00
G&K	Mats, etc.throughout facility	2/28/2010	\$ 3,394.22
Pitney Bowes	Postage meter	10/20/2009	\$ 744.00
Health Benefits Advocates	Services WalkMed customer base	60 days written notice	\$ 1,950.00
Cintas Document Mgmt	Document destruction		

Contract Manufacturer Agreement. Seller was a party to a Turnkey Supply Agreement dated March 1, 2002 by and between McKinley Medical, LLLP (McKinley) and OI Medical Inc. (OI) under which OI was to manufacture various medical devices for McKinley at its Juarez Mexico plant, including the Products. Following an agreed change in roles and responsibilities for OI and subsequent to the sale in 2006 of certain other assets by McKinley which were covered under the OI agreement, OI and McKinley agreed to terminate the contract and operate on a PO to PO basis for the supply of Products to Seller,

which POs are typically submitted 90-120 days in advance to cover OI lead times. This has been the basis for the relationship between Seller and OI since September 2006.

Authorized Rep Agreement. McKinley Medical UK Limited (McKinley UK) and Seller are parties to an agreement whereby McKinley UK will fulfill the role of the Authorized Representative required for distribution of CE-marked Products in the European Union.

Lease Agreement. See Schedule 1.1(b)(ii)

SCHEDULE 5.13**HISTORICAL REVENUES**

Revenue	2004	2005	2006
<i>Pumps</i>	\$ 1,153,971	\$ 1,196,403	\$ 449,356
<i>Disposables</i>	\$ 1,491,041	\$ 1,507,828	\$ 1,369,787
	<u>\$ 2,645,012</u>	<u>\$ 2,704,231</u>	<u>\$ 1,819,143</u>
COGS			
<i>Pumps</i>	\$ 282,259	\$ 361,454	\$ 142,976
<i>Disposables</i>	\$ 448,600	\$ 478,899	\$ 420,298
	<u>\$ 730,859</u>	<u>\$ 840,353</u>	<u>\$ 563,274</u>
Gross Margin	\$ 1,914,153	\$ 1,863,878	\$ 1,255,869
<i>GM %</i>	72.4%	68.9%	69.0%

* COGS includes material costs only.

NON-COMPETITION AGREEMENT

THIS NON-COMPETITION AGREEMENT ("Agreement") is entered into as of May __, 2007, by and between McKinley Medical, LLC, a Colorado limited liability company ("McKinley") and Wi, Inc., a Colorado corporation (the "Company").

RECITALS

A. McKinley and the Company are parties to an Asset Purchase Agreement (the "Purchase Agreement") dated May __, 2007 pursuant to which the Company is purchasing certain of McKinley's assets and properties of a business (the "Business") involving the manufacture and distribution of the WalkMed line of products described on Exhibit A attached hereto. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

B. McKinley has agreed to execute and deliver this Agreement as a condition to the closing under the Purchase Agreement and as an inducement to the Company to close under the Purchase Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the closing under the Purchase Agreement and the mutual covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. Definitions. For the purposes of this Agreement the following terms shall the following meanings:

(a) "Affiliate" means any member of McKinley (other than Randy Hoffman and the Bruce B. Johnson Trust).

(b) "Competitive Business" means any business that competes with the Business.

(c) "Non-Competition Period" means a period of five (5) years commencing as of the date hereof and ending on May __, 2012.

(d) "Territory" means anywhere in the United States.

2. Non-Compete Covenant. During the Non-Competition Period:

(a) Neither McKinley, nor any Affiliate of McKinley, shall engage or invest in, own, manage, operate, or participate in the ownership, management or operation, or be employed by, or render services or advice to, directly or indirectly, any Competitive Business, either individually or as an advisor, representative, agent,

employee, partner, member, shareholder, investor, officer, director, consultant or otherwise, or in any other capacity or on behalf of any other person, partnership, corporation or other business entity, or directly or indirectly, own any interest in, manage, operate, join, control, or participate in or be connected with, as partner, stockholder, consultant or otherwise, any entity that engages or intends to engage in a Competitive Business in the Territory.

(b) Notwithstanding the foregoing, McKinley and its Affiliates shall be permitted to own not more than a five percent (5%) interest in a publicly traded company that owns and operates a Competitive Business in the Territory.

3. Remedies for Breach.

(a) Any breach or threatened breach by McKinley of the provisions of this Agreement would result in irreparable damage to the Company. Consequently, and without limiting other remedies which may exist for a breach of this Agreement, the Company shall have the right to enforce this Agreement in any appropriate forum by obtaining, without any obligation to post a bond, a temporary restraining order, preliminary injunction, and permanent injunction restraining violation hereof, pending or following trial on the merits, in addition to all other remedies available to the Company at law or in equity.

(b) McKinley acknowledges that it has received full and adequate consideration for this Agreement in the form of the purchase price paid and payable to McKinley under the Purchase Agreement, and that the geographic scope and duration of the covenants in this Agreement are reasonable.

(c) Whenever possible each provision and term of this Agreement will be interpreted in a manner to be effective and valid but if any provision or term of this Agreement is held to be prohibited by or invalid, then such provision or term will be ineffective only to the extent of such prohibition or invalidity, without invalidating or affecting in any manner whatsoever the remainder of such provision or term or the remaining provisions or terms of this Agreement. If any of the covenants set forth in this Agreement are held to be unreasonable, arbitrary, or against public policy, such covenants will be considered divisible with respect to scope, time, and geographic area, and in such lesser scope, time and geographic area, will be effective, binding and enforceable against McKinley.

4. Early Termination for Breach. In the event the Company breaches the Purchase Agreement and fails to cure such breach within twenty (20) days after written notice from McKinley, McKinley shall have the right to terminate this Agreement by written notice to the Company, in addition to any of McKinley's other rights and remedies for the breach. Upon such early termination, the provisions of this Agreement shall be of no further force or effect.

5. Miscellaneous.

(a) This Agreement may only be modified in writing signed by both McKinley and the Company.



(b) If either party commences any proceeding to enforce its rights under this Agreement, the prevailing party in such proceeding shall be entitled to recover all of its costs and expenses in connection therewith, including, reasonable attorneys fees.

(c) This Agreement shall be construed in accordance with and governed by the laws of the State of Colorado.

(d) All notices under this Agreement shall be given as set forth in the Purchase Agreement.

(e) The rights and obligations of the Company hereunder shall inure to the benefit of the Company and its successors and assigns.

(f) The failure of the Company to insist, in any one or more instances, upon the strict performance of the terms and conditions of this Agreement shall not be construed as a waiver or relinquishment of any right hereunder nor of the future performance of any such terms and conditions.

[Signatures on following page]



IN WITNESS WHEREOF, the parties have executed and delivered this Agreement.

McKinley Medical, LLC, a Colorado limited liability company

By: _____
Richard Randall Hoffman, President

Wi, Inc., a Colorado corporation

By: _____
David Wright, President

714363.3



**SUPPLEMENT
TO
ASSET PURCHASE AGREEMENT**

THIS SUPPLEMENT TO ASSET PURCHASE AGREEMENT (this "Supplement") is made as of May 21, 2007, by and between McKinley Medical, LLC, a Colorado limited liability company ("Seller"), Wi, Inc., a Colorado corporation ("Assignor"), and WalkMed Infusion LLC, a Colorado limited liability company ("Purchaser").

Recitals

- A. Seller and Assignor executed an Asset Purchase Agreement (the "Agreement") on May 10, 2007.
- B. The Agreement anticipates that as of the Effective Time (as that term is defined in the Agreement), the parties will adjust the Purchase Price (as that term is defined in the Agreement) allocation set forth at section 2.3 of the Agreement.
- C. Assignor wishes to assign all interest in the Agreement to Purchaser, and Purchaser has agreed to perform the obligations of "Purchaser" under the Agreement.

Agreement

NOW, THEREFORE, in consideration of the above Recitals and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree to adjust the Purchase Price pursuant to section 3.2 (Prorations) as follows:

Amounts due under Lease (§ 3.2(a))	\$9,226.78
Deposits received by Seller prior to Closing (§ 3.2(b))	\$0
Deposits currently held for benefit of the Business (§ 3.2(c))	\$1,497.22
Net prorations	\$10,724
Purchase Price	\$2,187,441
Purchase Price after prorations	\$2,198,165

Notwithstanding section 2.3 of the Agreement (Purchase Price Allocation), Seller and Purchaser agree to allocate the Purchase Price as follows:

Furniture, fixtures and equipment	\$137,182
Inventory	\$574,974
Accounts Receivable less Accounts Payable	\$185,285
Tradenames, intellectual property and goodwill	\$1,200,724
Covenant not to compete (corporate)	\$10,000
Prepaid Expenses	\$90,000
Net allocations	\$2,198,165

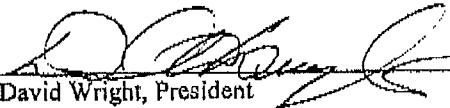
Pursuant to Section 13.10 of the Agreement, Assignor hereby assigns all of its rights and obligations as "Purchaser" thereunder to WalkMed Infusion, LLC, and WalkMed Infusion, LLC hereby assumes all of Assignor's obligations as "Purchaser" under the Agreement.

Notwithstanding this assignment, Assignor and WalkMed Infusion, LLC expressly acknowledge and agree in favor of Seller that” (1) WalkMed Infusion, LLC hereby ratifies all of the terms and conditions of the Agreement; and (2) Assignor remains jointly and severally liable with WalkMed Infusion, LLC for all of the liabilities and obligations of “Purchaser” under the Agreement.

[Signature page follows]

IN WITNESS WHEREOF, Seller, Assignor and Purchaser have executed this Agreement as of the day and year first above written.

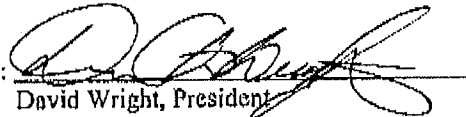
Wi, Inc.,
a Colorado corporation

By: 
David Wright, President

McKinley Medical, LLC,
a Colorado limited liability company

By: _____
Richard Randall Hoffman, President

WalkMed Infusion, LLC,
a Colorado limited liability company

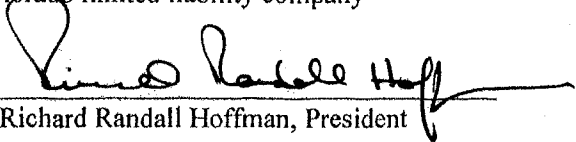
By: 
David Wright, President

IN WITNESS WHEREOF, Seller, Assignor and Purchaser have executed this Agreement as of the day and year first above written.

Wi, Inc.,
a Colorado corporation

By: _____
David Wright, President

McKinley Medical, LLC,
a Colorado limited liability company

By: 
Richard Randall Hoffman, President

WalkMed Infusion, LLC,
a Colorado limited liability company

By: _____
David Wright, President