

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

ETAS ID: TM506479

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	ASSIGNMENT OF THE ENTIRE INTEREST AND THE GOODWILL		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
EMPI Inc.		08/01/2018	Corporation:
RECEIVING PARTY DATA			
Name:	EMPI Inc.		
Doing Business As:	EMPI		
Street Address:	301 E. Orangethorpe Ave.		
City:	Anaheim		
State/Country:	CALIFORNIA		
Postal Code:	92801		
Entity Type:	Corporation: DELAWARE		
PROPERTY NUMBERS Total: 9			
Property Type	Number	Word Mark	
Registration Number:	1127697		
Registration Number:	1131727		
Registration Number:	1131970	AUTO-HAUS	
Registration Number:	1893067	EMPI	
Registration Number:	1019916	RACE-TRIM	
Registration Number:	1043148	AUTO-HAUS	
Registration Number:	1075435	AUTO HAUS	
Registration Number:	1482271	EMPI	
Registration Number:	3574379	A TRADITION OF PERFORMANCE	
CORRESPONDENCE DATA			
Fax Number:	7144469610		
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	7144469606		
Email:	ecooper@empius.com		
Correspondent Name:	Erica Cooper		
Address Line 1:	301 E. Orangethorpe Ave.		
Address Line 4:	Anaheim, CALIFORNIA 92801		

OP \$240.00 1127697

NAME OF SUBMITTER:	Erica Cooper
SIGNATURE:	/Erica Cooper/
DATE SIGNED:	01/18/2019

Total Attachments: 86

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GENERAL ASSIGNMENT AND BILL OF SALE

This General Assignment and Bill of Sale ("Agreement") is made to be effective as of the close of business on the 31st day of July, 2018 by and among EMPI, Inc., a California corporation ("Assignor") and EMPI Acquisition Corp., a Delaware corporation ("Assignee").

RECITALS

A. Assignor and Assignee and the other parties listed therein entered into an Asset Acquisition Agreement on the date hereof (the "Acquisition Agreement") pursuant to which Assignor agreed to transfer to Assignee certain of the assets of Assignor as set forth in the Acquisition Agreement.

B. In connection with the transfer of the assets of Assignor to, and acquisition of such assets by, Assignee pursuant to the Acquisition Agreement, Assignor desires to assign to Assignee all right, title and interest in and to those assets and Assignee desires to accept such assignment from Assignor.

STATEMENT OF AGREEMENT

In consideration of One Dollar (\$1.00) and other good and valuable consideration, each to the other paid, and in consideration of the mutual covenants and agreements of the parties hereto, the parties, intending to be legally bound, agree as follows:

1. On the terms and subject to the conditions of the Acquisition Agreement, which is hereby made a part hereof by reference, Assignor does hereby sell, convey, transfer, assign, set over and deliver to Assignee all right, title and interest in, to and under the "Purchased Assets" (as defined in the Acquisition Agreement), with all appurtenances thereof to have and to hold as the same exists as of the date of execution and delivery hereof. Notwithstanding the foregoing, the assets transferred and conveyed hereunder shall expressly exclude the "Excluded Assets" (as defined in the Acquisition Agreement). Assignor hereby covenants and agrees that it will, from time to time, upon the reasonable request of Assignee, its successors and assigns, do, execute, acknowledge and deliver or will cause to be done, executed, acknowledged and delivered to Assignee or its successors and assigns such and all further acts, transfers, assignments, powers and assurances of title and additional papers and instruments and do or cause to be done all things or acts as often as may be reasonably necessary for better assuring, conveying, transferring and assigning all of the rights and interests hereby conveyed, transferred and assigned and necessary effectively to carry out the intent hereof and to vest in Assignee the entire right, title and interest in and to all of the rights and interests in the Purchased Assets consistent with the Acquisition Agreement.

2. Assignor represents and warrants that the transfer of the Purchased Assets hereunder is made in accordance with, and subject to, the representations, warranties and covenants contained in the Acquisition Agreement, which are hereby made a part hereof, and is subject to the express limitations and/or disclaimers of warranties, representations and covenants set forth in the Acquisition Agreement, all of which are hereby made a part hereof.

3. All taxes and other governmental charges and fees, including without limitation any and all transfer taxes, sales taxes and recording fees relating to the transaction evidenced by this Agreement shall be paid as provided in the Acquisition Agreement.

4. This Agreement shall be governed by and construed in accordance with the laws of California without giving effect to any choice or conflict of law provision or rule.

6. This Agreement may be executed in one or more counterpart copies and shall become effective as of the date specified above only when a counterpart has been executed by all parties hereto or their duly authorized agent, even though all parties may not sign the same counterpart, and its effectiveness shall be contingent upon such execution. This Agreement shall be binding upon the successors and assigns of the parties, the parties shall execute and deliver such further and additional instruments, agreements and other documents as may be necessary to evidence or carry out the provisions of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned have hereunto set their hands to be effective the day and year first set forth above.

ASSIGNOR:

EMPI, INC.

By: 

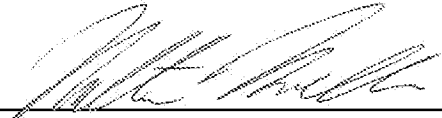
Name: *Donald K. Wellborn*
Title: *President*

{Signature page to General Assignment and Bill of Sale}

IN WITNESS WHEREOF, the undersigned have hereunto set their hands to be effective the day and year first set forth above.

ASSIGNEE:

EMPI ACQUISITION CORP.

By: _____

Name: Matthew A. Broullire

Title: Vice President and Assistant Secretary

[Signature page to General Assignment and Bill of Sale]

TRADEMARK
REEL: 006529 FRAME: 0578

DISCLOSURE SCHEDULES
TO
ASSET ACQUISITION AGREEMENT
BY AND AMONG
DATED:

INDEX OF SCHEDULES

Schedule 1.1	Acquired Assets: Rollover Assets and certain Purchased Asset categories: (b) Equipment, (c) Personal Property Leases, (e) Other Contracts, (f) Licenses/Permits/Approvals, and (g) Intellectual Property
Schedule 1.2, 1.2(f)	Excluded Assets
Schedule 2.1(b)	Trade Payables and Accrued Expenses Not Assumed by Buyer
Schedules 3.1(b) and Schedule 11.10	Purchase Price Allocation
Schedule 4.2(a)(iv)	Third Party Consents Required Under Personal Property Leases, Other Contracts, and Permits
Schedule 5.3	Non-Contravention
Schedule 5.4	Permits
Schedule 5.4(a)	Permits of the Business
Schedule 5.4(b)	Non-Transferable Permits of the Business
Schedule 5.5	Financial Statements
Schedule 5.6	Changes to the Business Since December 31, 2017 Outside of Ordinary Course
Schedule 5.7	Litigation
Schedule 5.8	Non-Compliance with Law
Schedule 5.9	Issues with Title to the Acquired Assets
Schedule 5.10(a)	Leased Real Property
Schedule 5.10(b)	Non-Compliance with Environmental Laws; Storage Tanks on Operated Real Property
Schedule 5.12	Inventory
Schedule 5.13	Insurance Policies
Schedule 5.14	Contracts (note: there is no Schedule 5.14(a))
Schedule 5.14(b)	Consent Requirements of Contracts
Schedule 5.15	Employee Census Information and Employment Agreements
Schedule 5.16(a)	Employee Benefit Plans
Schedule 5.16(c)	Issues Under Employee Benefit Plans
Schedule 5.17	Labor Non-Compliance
Schedule 5.18	Issues with Title to Intellectual Property
Schedule 5.19(a)	Top Ten Largest Customers and Suppliers
Schedule 5.19(b)	Issues with Customers and Suppliers
Schedule 5.21	Liabilities Since April 30, 2018 (not included within 5.22(i)-(iii))
Schedule 5.22	Taxes
Schedule 5.23(a) and (c)	Warranty and Product Liability Claims
Schedule 5.24	Use of a Broker
Schedule 5.25	Conflicts of Interest

Schedule 6.1	Equity Interests of EMPI Held by the Owners
Schedule 7.5	Indebtedness of Buyer and Parent
Schedule 7.8	Broker of Buyer or Parent
Schedule 8.1	Transferred Employees

Schedule 1.1

Rollover Assets:

A portion of the goodwill of the Company having a value equal to \$2,435,000.

Certain Purchased Assets:

1.1 (b) Equipment: List as of 4/30/18

Description
2001 GMC MED T Series, Vin #1GDJ7C1C21J500260
2006 Chevy Cargo Truck, Vin #J8BC4B16X67010168
2012 Isuzu NPR HD DSL White, Vin #JALC4W161C7000770
2011 Ford Econo Van, Vin #1FTNE1EW6BDB39300
Media Safe-FireKing/(Chubb approved the design)
34 Stations - 72" H Panel Cubicles
Pallet Racks-Uprights, Beams, Mesh – Warehouse Shelving
Racking – Warehouse Shelving
Show Booth
Victor 1760T Lathe
Primemover Forklift
Primemover Forklift OE35
Toyota Forklift 42" Forks
RO Water System
Drexel Forklift Truck 42"
Toyota Forklift MDL #42-6
OE35 Prime Mover Picker
Forklift Toyota 42-6FG
Prime Mover Model OE35 ID
Toyota Forklift Model 42
Intrapack Sidewinder Wrapper
Forklift
Die Cutter
Global Strapping Box Crusher
Pallet Wrapper
Forklift-Drexel ST30
Toyota Forklift 5FBCU2

Toyota Forklift 42-6FGCU3
Toyota Forklift
Narrow Aisle Drexel Forklift
Scissor Lift
Drexel Forklift SLT30
3 Used Stockpickers/Lifts
Bender w/Tooling 3 Phase
Gray Air Tube System for Document Transfer within Facility
Canon B/W Copier w/Accessories
IBM 6500 V10M Printer
Fiber Optic Cable & Installation
Logisor Software & Licensing
Web Integration
Whs Forklift Scale
AutoBagger & Pouch Machine
Mitel 5000 Phone System
100 HP Air Compressor
Copier Scanner C5250
Dell Power Network
Windows Server & Hardware
Automated Bagger
Fail Over Server for WDWS
Ignition Wire Machine
Twinax Controller Printer
Haas VF3 CNC Mill
Haas Table Trt 160
Software Mastercam & Dell Customer W/Station for Machinery
IBM P8HW, Tape & Install
Computer
Copier & Fax Copier

1.1 (c) Personal Property Leases:

None

1.1 (e) Other Contracts (to the extent of transferable rights):

Indemnity Agreement and Supplier Confidentiality Agreement, dated January 18, 2006, between Balkamp Inc. and EMPI Inc. (Napa Balkamp is a customer of EMPI) and certain other email and letter agreements between the parties.

UPS (Small Package) Carrier Agreement between United Parcel Service and EMPI Inc.

Dewey Pest (Pest Control Company).

White Mechanical (Air Conditioning/Heater Co.)

AccessAnywhere (Software).

Open Text (Software).

G Commerce (Software).

Permit Mailer with USPS in Fullerton, CA.

DRD Racing Heads equipment, asset and intellectual property sale to EMPI Inc. on July 20, 2017.

Representative Agreement, dated May 2, 2018, between MJS Representante De Fabricas Automotrices and EMPI Inc.

Support Agreement, dated April 19, 2018, by and between Mitel Technologies Inc. and EMPI, Inc.

Commercial Sales Agreement, dated January 17, 2014, by and between Tyco Integrated Security and EMPI, Inc.

Canon Copier IRADVC5550I Maintenance Agreement related to an acquisition agreement #S0807257.01.

Canon Copier Subscription Support Services Agreement related to agreement #S0807257.

Canon Fax 830I Maintenance Agreement related to acquisition agreement #S0807257.01.

Canon Copier IRADVC5250 Maintenance Agreement related to acquisition agreement #S0398923.01.

Asset Purchase Agreement and Assignment and Bill of Sale, dated April 8, 2015, between Dee Engineering and EMPI, Inc.

AT&T Fiber Broadband Bundle Express Agreement for Phone and Internet executed March 15, 2017.

Fidelity 401K Plan.

Volkswagen Agreement between Mr. Bug Inc. (former name of EMPI, Inc.) and Volkswagenwerk A.G. entered into as of March 14, 1985 and related final judgment and order entered on March 26, 1985 (collectively, "VW Agreement")

Assumption and Approval Agreement dated June 2018, by and among Carbsonline, Inc., EMPI, Inc. and Magneti Marelli S.P.A.

Agreement for Assignment of Trademark License and Domain Names among EMPI, Michael Pace, Interco Product Corp., and Carbsonline, Inc. ("Pace Agreement"), dated February 23, 2018

ADP TotalSource Service Agreement, dated August 4, 2014, between ADP Totalsource, Inc. and EMPI Inc.

Customer Processing Agreement with Worldpay executed October 6, 2016 (Credit Card Machine Agreement) (tied to EMPI EIN and bank account number.)

Contract between EMPI, Inc., and Canon (Canon Copier Maintenance Agreement), March 16, 2018.

Contract between EMPI and Canon for copier subscription support dated March 16, 2018.

Contract between EMPI and Canon, Inc., maintenance agreement, entered into March 16, 2018.

Contract between EMPI and Canon, Inc., maintenance agreement, dated April 24, 2015.

The following is not a contract which is owned or assignable by EMPI:

Church's parking provision in their lease to use EMPI's parking spaces, however, such parking provision was disclosed to Buyer in writing.

1.1 (f) Licenses/Permits/Approvals (to the extent of transferable rights):

Registrations:

Registration for 2011 Ford Van VIN #1FTNE1EW6BDB39300
Registration for 2001 GMC Med T-Series VIN #1GDJ7C1C21J500260
Registration for 2012 Isuzu Truck VIN #JALC4W161C7000770
Registration for 2006 Chevy Cargo Truck VIN #J8BC4B16X67010168

Licenses:

Motor™- (Qty 1) License- Automobile Estimating Data for Domestic & Import Cars, One time charge for DVD

Symantec License & Support - Antivirus 2/15/18 – 2/15/2021 (Qty 2)

Symantec License & Support - Antivirus 3/13/17 – 3/12/2020 (Qty 60)

Microsoft Office 2016 Standard License (Qty 25), One Time Charge

Microsoft Office Home & Business 2016 (Qty 1) License, One Time Charge

Microsoft Office 2016 Professional (Qty 3) License, One Time Charge

Microsoft Office 2016 Professional (Qty 1) License, One Time Charge

Microsoft Office 2016 Professional (Qty 3) License, One Time Charge

Software EDI License to upload & download orders, One Time Charge

VMware License for Virtualized Servers, One Time Charge

Anti-Malware Software Security License (Qty 6) 3/12/18 – 3/11/19

Cisco Antispam E-Mail License (Qty 100) 12/7/17 – 12/6/18

Shipping Software License for our Small Package (UPS) Manifest System
4/29/18 – 10/28/18

Licenses for Shipping Solutions Software for NAFTA & Export Declaration, One Time Charge

Software License to Monitor & Control Internet Access (Open DNS) 8/6/17 – 8/5/18

ActCAD 2018 Standard Global License, Software for Blueprints, One Time Charge

Server Hardware Maintenance Agreement 5 Years 2/4/16 – 2/3/21 – (Qty 1)
Failover Server

Microsoft: Windows Server Standard Software Assurance Agreement expires
4/1/19

EDI Software Maintenance Agreement & Support 3/29/18 – 3/28/19 (For EMPI to
create EDI files to send out/in to customers)

Cisco Antispam E-Mail License (Qty 100) 4/21/18 – 4/20/19 (Back-Up)

Cisco Hardware Maintenance Agreement 4/6/18 – 4/5/19 (Back-Up)

Cisco Fire Wall Hardware Maintenance Agreement 5/1/18 – 5/30/19

Cisco Hardware Maintenance Agreement 8/29/17 – 8/28/18

Large Printer (Picking Ticket Printer) Service Agreement 9/23/16 – 9/23/18

Server Hardware Maintenance Agreement for Web Orders Server 8/13/16 –
8/12/18

Software Maintenance Service Agreement Web Orders 11/11/17 – 11/11/18

Back-Up Software Service Agreement 11/19/17 – 11/18/18

IBM P8 (AS400) User License (Qty 60), One time Charge / IBM User
Maintenance (Software) / Hardware Maintenance for IBM P8 (AS400) / Hardware
Maintenance for 2 Tape Drives / Hardware Maintenance for HMC Server / Hardware
Maintenance for External Tape Drive 11/9/17 – 11/8/2022

Barcode Software Service Agreement 3/1/18 – 3/1/19

Server Hardware Maintenance Agreement 4/9/18 – 4/8/21 (Qty 2) Production
Server

VMware Software Service Agreement 4/3/18 – 4/2/21

Assumption and Approval Agreement dated in June 2018, by and among
Carbsonline, Inc., EMPI, Inc. and Magneti Marelli S.P.A. (This is with respect to the
underlying Trademark License Agreement among Magneti Marelli S.P.A. and Interco
Product Corp. dated September 16, 2010, as extended pursuant to a letter signed by
Magneti Marelli on October 28, 2016).

Agreement for Assignment of Trademark License and Domain Names among
EMPI, Michael Pace, Interco Product Corp., and Carbsonline, Inc. ("Pace Agreement"),
dated February 23, 2018.

See, also licenses or license provisions contained in contracts listed at Schedule
1.1(e) and discussion of the last documents listed above on Schedule 1.1(g).

1.1(g) Certain Intellectual Property (to the extent of transferable rights):

List of Domain Names/Websites:

Domain Name	Expires	Private Registration	Website	Designed & Maintained By:	Provider
bugpack.com	2/12/2019		Fwd	Forwards to empius.com	Network Solutions
carbsdirect.com ***	7/8/2019	X	No		Go Daddy
carbsonline.com ***	6/13/2019	X	No		Go Daddy
carburetordirect.com	6/23/2019	X	No		Go Daddy
carburetorwholesale.com	6/23/2019	X	No		Go Daddy
carburetorwholesale.com	6/23/2019	X	No		Go Daddy
drdracingheads.com	10/17/2021		Fwd	Forwards to empius.com	Network Solutions
empioutlet.com	3/6/2021		Fwd	Forwards to empius.com	Network Solutions
empius.com	11/4/2022		Yes	Word of Mouth and In-House Hosted by Go Daddy	Network Solutions
empiusa.com	8/7/2025		Fwd	Forwards to empius.com	Network Solutions
empivw.com	9/22/2026		Fwd	Forwards to empius.com	Network Solutions
empiwheel.com	3/6/2022		Fwd	Forwards to empius.com	Network Solutions
empiwheels.com	3/6/2022		Fwd	Forwards to empius.com	Network Solutions
genuineweber.com ***	8/16/2019	X	No		Go Daddy
genuinewebercarb.com ***	6/20/2019	X	No		Go Daddy
genuinewebercarbs.com ***	8/16/2019	X	No		Go Daddy
genuinewebercarburetor.com ***	6/20/2019	X	No		Go Daddy
genuinewebercarburetor.info ***	5/5/2019	X	No		Go Daddy
genuinewebercarburetors.com ***	6/20/2019	X	No		Go Daddy
mrbug.com	12/3/2021		Fwd	Forwards to empius.com	Network Solutions
race-trim.com	2/4/2023		Fwd	Forwards to empius.com	Network Solutions
webercarbs4less.com ***	7/23/2019	X	No		Go Daddy
webercarbsdirect.com ***	8/14/2019	X	No		Go Daddy
webercarbswest.com ***	8/16/2019	X	No		Go Daddy
webernorthamerica.com ***	7/18/2019	X	No		Go Daddy

EMPI Store - Dropshipment Only www.empius.com/store	Only certain customers have access to go online and place dropshipment orders.			Word of Mouth	
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*** The triple-asterisked domain and website names set forth above are subject to the following agreements which are non-transferable without consent:

Assumption and Approval Agreement dated in June 2018, by and among Carbsonline, Inc., EMPI, Inc. and Magneti Marelli S.P.A. (This is with respect to the underlying Trademark License Agreement among Magneti Marelli S.P.A. and Interco Product Corp. dated September 16, 2010, as extended pursuant to a letter signed by Magneti Marelli on October 28, 2016).

Agreement for Assignment of Trademark License and Domain Names among EMPI, Michael Pace, Interco Product Corp., and Carbsonline, Inc. ("Pace Agreement"), dated February 23, 2018.

The Consulting Agreement between Lawrence Whyte and EMPI, Inc., effective April

10, 2018 (this terminated after 75 days) which was to facilitate the entry of the Assumption and Approval Agreement dated in June 2018 set forth above.

Buyer was provided with copies of the three Agreements listed above, and informed of the circumstances regarding the three Agreements, before EMPI entered into any of those three Agreements. Buyer was also aware, and approved of, the costs of \$180,570.50 related to the last two agreements listed above which were incurred in order to obtain the Assumption and Approval Agreement dated in June 2018. Buyer is reimbursing EMPI for the costs of \$180,570.50 pursuant to the Asset Acquisition Agreement, Section 3.1(a)(i). Prior to EMPI entering into any of those three Agreements, Buyer was also provided copies of, and informed regarding the circumstances with respect to, the underlying Trademark License Agreement among Magneti Marelli S.P.A. and Interco Product Corp. dated September 16, 2010, as extended pursuant to a letter signed by Magneti Marelli on October 28, 2016, and Buyer acknowledges that such underlying Trademark License Agreement, as extended, is non-transferable and contains certain other restrictions.

Fictitious Business Names/Trade Names:

Auto-Haus

Bay State Enterprises

Bugpack *

Bugpack Products*

EMPI

Engineered Motor Products International

Mr. Bug . **

Race-Trim

Treuhaft

* The name Bugpack and all other tradenames and trademarks sold by Dee Engineering to EMPI were sold on an "as is, where is" basis with certain qualified representations. EMPI makes no representation that the name Bugpack can be sold free and clear of any potential infringement or other title issues.

** All rights that the Seller may have in this mark are included in Purchased Assets, but are subject to the terms of the VW Agreement. Seller makes no representation as to the transferability of the VW Agreement.

See, asterisk *** in discussion above regarding additional domain and website names related to Magneti Marelli S.P.A.

Registered Trademark List:

Renewal Date	EMPI has File	Mark	Doc #	US or CA	Original Date	Registration
01/14/19	*	Auto Haus (Words) (service mark)	EMPI-40(AH/CA)	CA	01/14/85	CA 21,931 renewal: 7149
01/14/19	*	Auto Haus (Design) (service mark)	EMPI-39(AH/CA)	CA	01/14/85	CA 21,929 renewal: 7147
01/14/19	*	Race Trim (service mark)	EMPI-31(RT/CA1)	CA	01/14/85	CA 21,930 renewal: 7148
12/11/19	*	Auto Haus (Design)	EMPI-35(AH/FED)	US	12/11/79	US 1,127,697 (CI 42)
01/08/20	*	Auto Haus (Design)	EMPI-41(AH/CA)	CA	01/08/85	CA 75,695 renewal: 17946
01/08/20	*	Auto Haus (Words and Design)	EMPI-42(AH/CA)	CA	01/08/85	CA 75,696 renewal: 17947
01/08/20	*	Race Trim	EMPI-31(RT/CA2)	CA	01/08/85	CA 75,694 renewal: 17945
03/11/20	*	Auto Haus (Design)	EMPI-36(AH/FED)	US	03/11/80	US 1,131,727 (CI 12)
03/11/20	*	Auto Haus (Words and Design)	EMPI-37(AH/FED)	US	03/11/80	US 1,131,970
12/27/22	*	EMPI (Word Only)	EMPI-32(CA)	CA	12/27/82	CA 68202
05/09/25	*	EMPI (Plus Design)	EMPI-5	US	05/09/95	US 1,893,067
09/09/25	*	Race Trim	EMPI-31(RT/FED)	US	09/09/75	US 1,019,916
07/06/26	*	Auto Haus (Design)	EMPI-33(AH/FED)	US	07/06/76	US 1,043,148
10/17/27	*	Auto Haus (Words)	EMPI-34(AH/FED)	US	10/18/77	US 1,075,435
03/29/28	*	EMPI (Word Only)	EMPI-32(FED)	US	03/29/88	US 1,482,271
12/13/22	*	"Tradition of Performance"	EMPI-51	CA	12/13/07	CA 113117
02/17/19	*	"Tradition of Performance"	EMPI-51A	US	02/17/09	US 3,574,379

Country	Erica Has File	Mark	Application Number	Filing Date	Registration Number	Registration Date	Renewal Date	Status
Australia	*	EMPI	995521	03/29/04	995521	03/29/14	03/29/24	
Australia	*	Globe	995522	03/29/04	995522	03/29/14	03/29/24	
Bahamas		EMPI						Unable to find qualified Associate
Bahamas		Globe						Unable to find qualified Associate
Brazil	*	EMPI	827.469.608	06/06/05	827469608	11/20/07	11/20/27	
Brazil	*	Globe	827.469.616	06/06/05	827469616	11/20/07	11/20/27	
Canada	*	EMPI	1243282	01/12/05	TMA-660,214	03/06/06	03/06/21	
Canada	*	Globe	1243281	01/12/05	TMA-660,221	03/06/06	03/06/21	
China		EMPI/Globe		04/14/04	677498	04/14/04	02/13/24	
Columbia	*	EMPI	8026711	03/13/08	365667	10/29/08	10/29/28	
Columbia	*	Globe	8026827	03/13/08	365672	10/29/08	10/29/28	
Costa Rica	*	EMPI	2004-008186	11/01/04	153629	08/30/05	08/30/25	
Costa Rica	*	Globe	2004-008185	11/01/04	153630	08/30/05	08/30/25	
Curacao	*	EMPI	11405	06/03/05	11405	06/13/05	06/13/25	
Curacao	*	Globe	11406	06/03/05	11406	06/13/05	06/13/25	
Dominican Republic	*	EMPI/Globe	2011-10064	02/17/11	117967	02/15/01	02/15/21	

Dominican Republic		EMPI Motor Oil	E-469		108071	10/30/99	10/30/19	
Ecuador	*	EMPI	158831	06/23/05	I-1088-2006	01/10/06	01/10/26	
Ecuador	*	Globe	158827	06/23/05	I-1036-2006	01/10/06	01/10/26	
El Salvador	*	EMPI (7)	70783	08/31/05	#195 BK59 Page 393-394	03/13/06	03/13/26	
	*	EMPI (12)	70786	08/31/05	#31 BK60 Page 63-66	03/16/06	03/16/26	
El Salvador	*	Globe (7)	70785	08/31/05	#189 BK59 Page 381-382	03/10/06	03/10/26	
	*	Globe (12)	70787	08/31/05	#35 BK60 Page 73-76	03/16/06	03/16/26	
Europe	*	EMPI	003751641	04/08/04	003751641	09/14/05	04/08/24	
Europe	*	Globe	003751658	04/08/04	003751658	08/17/05	04/08/24	
Guatemala	*	EMPI	153,970	01/30/08	153,970	01/30/08	01/30/18	In process
Guatemala	*	Globe	153,892	01/29/08	153,892	01/29/08	01/29/18	In process
Honduras	*	EMPI	010971	03/15/06	98.293	09/14/06	09/14/26	
Honduras	*	Globe	010970	03/15/06	98.290	09/14/06	09/14/26	
Indonesia	*	EMPI	D00-2004-36656-37071	12/15/04	IDM000086127	09/01/06	12/15/24	
Indonesia	*	Globe	D00-2004-36657-37072	12/15/04	IDM000086128	09/01/06	12/15/24	
International Madrid	*	Globe/EMPI	1 307 546	01/11/16	1 307 546	01/11/16	01/11/26	For: Namibia, Russian Federation, Singapore, and Turkey
Israel	*	EMPI	S.N. 214320-Class12	08/21/08	214320 1861319	04/14/10	08/21/18	In process
Israel	*	Globe	S.N. 214321-Class12	08/21/08	214321 1861327	04/14/10	08/21/18	In process
Jamaica	*	EMPI	048931	07/07/06	48931	04/02/07	07/07/26	
Jamaica	*	Globe	048932	07/07/06	48932	04/02/07	07/07/26	
Japan	*	EMPI	43756/2004	09/17/04				Application abandoned due to prior Registration by FUJI; no changes
Japan	*	Globe	43757/2004	09/17/04				Application abandoned due to prior Registration by FUJI; no changes
Mexico	*	EMPI	68939	02/06/02	CA 740733	04/13/12	02/08/22	
Mexico	*	Globe	68937	02/08/02	CA 761322	04/13/12	02/08/22	
New Zealand	*	EMPI	719188	09/30/04	719188	09/30/04	09/30/24	
New Zealand	*	Globe	719187	09/30/04	719187	09/30/04	09/30/24	
Nicaragua	*	EMPI	2006-01801	05/23/06	0800113LM	01/23/08	01/22/18	In process
Nicaragua	*	Globe	2006-01800	05/23/06	0701010LM	04/25/07	04/24/27	
Norway	*	EMPI	2005.11625	10/28/05	237225	01/11/07	01/11/27	
Norway	*	Globe	2005.11627	10/28/05	237226	01/11/07	01/11/27	
Panama	*	EMPI	139787	12/23/04	139787	12/30/04	12/30/24	
Panama	*	Globe	139788	12/30/04	139788	12/30/04	12/30/24	
Peru	*	EMPI	0248262-2005	07/11/05	00114734	05/03/06	05/03/26	
Peru	*	Globe	0248261-2005	07/11/05	00114117	04/10/06	04/10/26	
Philippines	*	EMPI	4-2005-003912	04/28/05	4-2005-003912	09/18/06	09/18/26	Must file DAU 9/18/21 to 9/18/22
Philippines	*	Globe	4-2005-003913	04/28/05	4-2005-003913	09/18/06	12/18/26	Must file DAU 12/18/21 to 12/18/22
South Africa	*	EMPI	2005/16861	06/07/05	2005/16861	02/09/11	06/07/25	
South Africa	*	Globe	2005/16861/1	06/07/05	2005/16861/1	02/09/11	06/07/25	
St. Maarten	*	EMPI	09937	06/01/15	9937	09/07/15	06/13/25	
St. Maarten	*	Globe	09938	06/01/15	9938	09/07/15	06/13/25	

Switzerland	*	EMPI	58489/2005	10/18/05	541630	01/10/06	10/18/25	
Switzerland	*	Globe	58490/2005	10/18/05	541654	01/10/06	10/18/25	
Taiwan	*	EMPI	93029875	06/29/04	01140755	02/16/05	02/15/25	
Taiwan	*	Globe	93029874	06/29/04	01145994	04/01/05	03/31/25	
Thailand	*	EMPI	576678	12/21/04	Kor242211	12/21/04	12/20/24	
Thailand	*	Globe	576679	12/21/04	Kor243214	12/21/04	12/20/24	
Venezuela	*	EMPI	2005-024089	11/25/05	P274450	10/25/06	10/25/16	In process
Venezuela	*	Globe	2005-024090	11/25/05	P280335	09/08/07	09/05/17	In process
Virgin Islands		EMPI						Unable to find qualified Associate
Virgin Islands		Globe						Unable to find qualified Associate
West Indies		EMPI						Unable to find qualified Associate
West Indies		Globe						Unable to find qualified Associate

COVERED BY EU	
Austria	Lithuania
Belgium	Luxembourg
Bulgaria	Malta
Cyprus	Netherlands
Czech Republic	Poland
Denmark	Portugal
Estonia	Romania
Finland	Slovakia
France	Slovenia
Germany	Spain
Greece	Sweden
Hungary	United Kingdom
Ireland	
Italy	
Latvia	

Goodwill – E. Emil Welden (Dan's Father)/Mr. Bug

Bugpack – Customer and Vendor Lists

Bugpack – Non-Compete Covenant

Bugpack – Goodwill

Schedule 1.2 Excluded Assets

In addition to the Excluded Assets listed in Sections 1.2(a)-(e) and Section 1.2(g) of the Asset Acquisition Agreement, the following are Excluded Assets under Section 1.2(f) of the Asset Acquisition Agreement:

All permits, as none are considered transferable.

Department of Homeland Security U.S. Customs and Border Protection Customs Bond for Importing, effective date November 17, 2011 (Non-transferable.)

ERISA bond with Hartford Coverage Period July 15, 2016 – July 15, 2019. (Non-transferable.)

Business Tax Certificate from the City of Anaheim (Non-transferable.)

California State Board of Equalization Seller's Permit (Non-transferable.)

Bank accounts of EMPI and printed checks and other materials relating to the bank accounts

E-Verify Memorandum of Understanding dated May 19, 2016. Parties to this are the Department of Homeland Security (DHS), the EMPI (Employer) and the Web Services E-Verify Employer Agent. (Non-transferable.)

Consulting Agreement between Lawrence Whyte and EMPI, Inc., effective April 10, 2018 (terminated after 75 days).

All insurance listed on Schedule 5.13 as an Excluded Asset.

2018 BMW M550XI VIN #WBAJB9C55JB050177

2018 Cadillac Escalade AWD VIN #1GYS4CKJ3JR175743

2016 BMW 428IGC VIN #WBA4A9C57GG505543

1999 Pace Trailer VIN #4P2AB2028XU015248

1975 VW Fiberglass Dune Buggy VIN #3504097

1962 VW Metal Body Buggy VIN #DRF72329

1940 Ford Woody Vin #185705236

1939 Ford Woody VIN #91A791026

Orange Sandrail VIN #DDYCPS1FJ61300209

Yamaha Rhino VIN #5Y4AM04Y87A043795

Anaheim Ducks Tickets

Auto Club Speedway Tickets in Fontana, CA

Personal effects, pictures and artwork in employee offices or work areas

All old hard copy records of accounting and other records for EMPI for 2016 & prior years. Such excluded old hard copy records include accounting, A/R, A/P, receipts of containers, month end paperwork, inventory, payroll, sales commission, financial statements, tax returns and other records for EMPI Inc. for the years 2016 and prior.

All old employment records for former employees that have been terminated prior to January 2017.

All old electronic records of EMPI 2012 & prior. Such excluded old electronic records include records from our IBM computer of EMPI Inc. for 2012 and prior including all old drives, back-up tapes etc.

All hard copies of accounting books, 401K records, documents, records and ledgers except as set forth in Section 1.1(i).

All old insurance policies prior to the last one which covers the period of 11/1/17 – 11/1/18.

Any and all records pertaining to accountants, attorneys, banking, personal issues etc.

5 Old P/Cs where personal data was stored. Replacing them with 5 New P/Cs

Exterior Awnings/Canopies & Dock Covers

Exterior Wrought Iron Fences

Exterior Chain Link Fences & Gates

Concrete and striping of parking lot

Fire Sprinkler/Fire System under all awnings & dock covers

Framing & Drywall

Expanded Electrical

Expanded phone and computer wiring

Warehouse offices design and construction

Complete Solar System on Roof and Interior and Hook-up to Electrical

Roofing and Skylights

Installation Hot Water Heater

Internal Mezzanine in Receiving Area

**Schedule 2.1(b) Trade Payables and Accrued Expenses
Not Assumed by Buyer**

No exceptions.

Schedule 3.1(b) and Schedule 11.10 Purchase Price Allocation

The parties agree that any purchase price adjustment will result in an adjustment to the Class VII assets.

Asset Class	Asset Description	Purchase Price Allocation
Class I, II, III	Not Applicable	N/A
Class IV	Inventory, Accounts Receivable and Other Class IV Assets	Net Book Value
Class V	Property and Equipment	California Adjusted Income Tax Basis of the Assets
Class VI	Non-Compete Covenant	\$0
Class VI	Trade Names and Trademarks	\$1,000,000
Class VI	All Other Section 197 Intangibles except for Trade Names, Trademarks, Goodwill and Going Concern Value	\$400,000
Class VII	Goodwill and Going Concern Value	Residual Value of the Aggregate Purchase Price

Schedule 4.2(a)(iv) Third Party Consents Required Under Personal Property Leases, Other Contracts, and Permits

Personal Property Leases – None

Other Contracts Non-Transferable without the approval of counter party:

Support Agreement, dated April 19, 2018, by and between Mitel Technologies Inc. and EMPI, Inc.

Mexico Rep Agreement between MJS Representante De Fabricas Automotrices and EMPI Inc. (Territory Mexico) (although not specifically stated as non-transferable, this is a personal service contract).

Commercial Sales Agreement, dated January 17, 2014, by and between Tyco Integrated Security and EMPI, Inc.

Canon Copier IRADVC5550I Maintenance Agreement related to an acquisition agreement #S0807257.01.

Canon Copier Subscription Support Services Agreement related to agreement #S0807257.

Canon Fax 830I Maintenance Agreement related to acquisition agreement #S0807257.01.

Canon Copier IRADVC5250 Maintenance Agreement related acquisition agreement #S0398923.01.

Asset Purchase Agreement and Assignment and Bill of Sale by Dee Engineering in favor of EMPI Inc. dated April 8, 2015.

Customer Processing Agreement with Worldpay executed October 6, 2016 (Credit Card Machine Agreement) (Non-transferable, tied to EMPI EIN and bank account number.)

AT&T Fiber Broadband Bundle Express Agreement executed March 15, 2017 for Phone and Internet

Fidelity 401K Plan.

UPS (Small Package) Carrier Agreement between United Parcel Service and EMPI Inc.

Contract between EMPI, Inc., and Canon (Canon Copier Maintenance Agreement), March 16, 2018.

Contract between EMPI and Canon for copier subscription support dated March 16, 2018.

Contract between EMPI and Canon, Inc., maintenance agreement, entered into March 16, 2018.

Contract between EMPI and Canon, Inc., maintenance agreement, dated April 24, 2015.

Assumption and Approval Agreement dated in June 2018, by and among Carbsonline, Inc., EMPI, Inc. and Magneti Marelli S.P.A. (This is with respect to the underlying Trademark License Agreement among Magneti Marelli S.P.A. and Interco Product Corp. dated September 16, 2010, as extended pursuant to a letter signed by Magneti Marelli on October 28, 2016).

Agreement for Assignment of Trademark License and Domain Names among EMPI, Michael Pace, Interco Product Corp., and Carbsonline, Inc. ("Pace Agreement"), dated February 23, 2018

ADP TotalSource Service Agreement, dated August 4, 2014, between ADP Totalsource, Inc. and EMPI Inc.

Permits:

None are transferable.

See Permits Listed 5.4(a) and 5.4(b)

Schedule 5.3 Non-Contravention

Reference is made to Schedule 4.2(a)(iv).

Schedule 5.4 Permits

5.4(a) Permits of the Business

Consolidated Emergency Response/Contingency Plan, dated February 27, 2014
California Environmental Reporting Systems (CERS), accepted September 29, 2017
Manifesting for Department of Toxic Substances Control, updated as of August 29, 2017
AQMD Permit to Operate Parts Washer, dated December 21, 2017
Permit to operate Air Pressure Tank, dated November 24, 2014
California Air Resource Board DOORS
Business Tax Certificate from the City of Anaheim [Excluded Asset]
California State Board of Equalization Seller's Permit [Excluded Asset]
Dept. of Motor Vehicles – DMV Motor Carrier Permit (tied to EMPI's Federal EIN#)
CUPA Consolidated Permit

All permits are deemed Excluded Assets.

Notwithstanding anything in this Agreement to the contrary, the Company makes no representation or warranties to the Buyer with respect to what Permits the Buyer shall need to obtain or maintain with respect to the Acquired Assets and Assumed Obligations and Buyer's operation of the Business after the Closing Date.

5.4(b) Any Non-Transferable Permits of the Business

No permits are considered transferable and all permits, including those set forth in 5.4(a) above are deemed Excluded Assets.

** Business Tax Certificate from the City of Anaheim [Excluded Asset]

** California State Board of Equalization Seller's Permit [Excluded Asset]

** These two permits will specifically be retained by Seller.

Schedule 5.5 Financial Statements See Attached

The Financial Statements delivered by the Company to Buyer are:

1. The unaudited balance sheet of the Company as of December 31, 2017 (the latter being referred to as the "Year-End Balance Sheet") and the related statement of income of the Company for the calendar year then ended (the "December 31, 2017 Financial Statements"), and
2. The unaudited balance sheet of the Company as of April 30, 2018 (the "Interim Balance Sheet") and the related statement of income of the Company for the four (4)-month period then ended (collectively, the Interim Balance Sheet and the related statement of income of the Company for the four (4)-month period then ended are the "April 30, 2018 Financial Statements").

The Financial Statements prepared by the Company's outside accountant do not have an accrual for payroll taxes or an accrual for paid time off or an accrual for payroll taxes with respect to paid time off, do not contain footnotes or disclosures, do not contain an allowance for bad debt, state inventory at average cost plus an amount for freight-in, compute depreciation as determined by the Company's accountant, and do not contain statements of cash flows or retained earnings. In addition, the Financial Statements are affected by the following prior period adjustments made on December 31, 2017, on January 31, 2018 and on February 28, 2018, which could impact the balance sheets and income statements for most or all years and periods provided to Buyer.

3. The Company, Mr. Welden and his wife, Kathy Welden, submitted a request in March of 2018 to participate in a voluntary disclosure program with the Internal Revenue Service through tax counsel hired by the Company, and the Weldens, A. Lavar Taylor, Esq. The Buyer and Parent were previously informed of this matter while the request to the IRS was pending. On June 5, 2018, Mr. Taylor received a letter advising that the Company and the Weldens have been precleared to make a voluntary disclosure to the IRS.

The Company and the Weldens, through Mr. Taylor, have made a formal request for a voluntary disclosure within forty-five (45) days of June 5, 2018. Mr. Taylor has prepared a letter to the Company which states that once the IRS has granted preclearance for a voluntary disclosure, the IRS has always accepted his clients into the program. Assuming acceptance into the voluntary disclosure program, the Company and the Weldens will make necessary and appropriate disclosures to the IRS, which will include information about certain adjustments to inventory and other matters, for which many or all of which the Company has made prior period adjustments in the financial statements.

The Company and the Weldens expect that the Company will file its 2017 Federal and California tax returns to report such adjustments and corresponding effects and will amend returns for prior years as required by the terms of the voluntary disclosure program. The Company anticipates that the adjustments will show an overstatement of cost of goods of sold from the cost of goods sold previously reflected on the financial statements and tax returns. Since the Company files its tax returns as an S corporation, the Company expects much of any resulting liability for taxes and any penalties and interest to be borne by the shareholders. California does impose on an S corporation a 1.5% tax on California source taxable income.

EMPI, INC.

COMPILED FINANCIAL STATEMENTS

**One Month and Four Months
Ended April 30, 2018**



Gregory S. Brunette
ACCOUNTANCY CORPORATION

TRADEMARK
REEL: 006529 FRAME: 0603



Gregory S. Brunette

ACCOUNTANCY CORPORATION

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To Management
EMPI, Inc.
Anaheim, California

Management is responsible for the accompanying financial statements of EMPI, INC. (an S-corporation), which comprise the balance sheet as of April 30, 2018, and the related statement of income for the one month and four months then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require the accrual of a liability and recognition of an expense for employees' compensation for future absences attributable to services already rendered, such as vacation or sick pay, if certain conditions are met. Management has informed us that the Company has not accrued a liability for the time-off earned by its employees as of April 30, 2018. Further, management has not determined the effect of this departure on the accompanying financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and the statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Gregory S. Brunette
Accountancy Corporation

May 30, 2018

EMPI, INC.
BALANCE SHEET
APRIL 30, 2018

ASSETS

CURRENT ASSETS

CASH IN BANK - GENERAL	\$ 4,503,244.83
CASH IN BANK - MONEY MARKET	2,037,618.69
U.S. TREASURY BILL	999,654.14
ACCOUNTS RECEIVABLE	2,580,095.27
INVENTORY - DISTRIBUTION	13,099,453.25
RESERVE FOR OBSOLETE INVENTORY	(286,789.86)
INVENTORY - PACKAGING SUPPLIES	211,160.12
INVENTORY IN TRANSIT	249,203.08
DEPOSITS ON INVENTORY PURCHASES	184,381.59
PREPAID INSURANCE	28,731.69
PREPAID MAINTENANCE EXP	61,882.43
PREPAID CALIF FRANCHISE TAX	7,131.00

TOTAL CURRENT ASSETS 23,675,766.23

PROPERTY AND EQUIPMENT

LEASEHOLD IMPROVEMENTS	1,387,825.25
FURNITURE & FIXTURES	351,653.57
MACHINERY & EQUIPMENT	809,060.53
AUTOS & TRUCKS	705,075.46
OFFICE EQUIPMENT	310,800.07

LESS ACCUMULATED DEPRECIATION (2,175,178.93)

PROPERTY AND EQUIPMENT, NET 1,389,235.95

OTHER ASSETS

OTHER INVESTMENTS	42,158.00
OTHER ASSET	18,750.00
GOODWILL	15,802.84
INTANGIBLE ASSETS	26,338.07
ACCUMULATED AMORTIZATION	(16,241.89)

TOTAL OTHER ASSETS 86,807.02

TOTAL ASSETS \$ 25,151,809.20

SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

TRADEMARK
REEL: 006529 FRAME: 0605

EMPI, INC.
BALANCE SHEET
APRIL 30, 2018

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$ 282,166.20
CUSTOMER DEPOSITS	37,628.73
CUSTOMERS ADVANCE PAYMENTS	11,315.86
CUSTOMERS OVERPAYMENTS	2,810.70
PENSION PLAN PAYABLE - EE PORTION	689.49
PENSION PLAN PAYABLE - LOAN	12,476.24
ACCRUED WAGES	202,244.23
SALES AND USE TAX PAYABLE	382.11
GARNISHMENT PAYABLE	<u>1,071.43</u>

TOTAL CURRENT LIABILITIES 550,784.99

LONG-TERM LIABILITIES

TOTAL LONG-TERM LIABILITIES 0.00

TOTAL LIABILITIES 550,784.99

STOCKHOLDERS' EQUITY

COMMON STOCK	21,000.00
PAID IN CAPITAL	85,950.00
RETAINED EARNINGS - JANUARY 1, 2018	22,105,141.06
PRIOR PERIOD ADJUSTMENT	362,100.53
NET INCOME	<u>2,026,832.62</u>

TOTAL STOCKHOLDERS' EQUITY 24,601,024.21

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 25,151,809.20

SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

TRADEMARK
REEL: 006529 FRAME: 0606

EMPI, INC.
STATEMENT OF INCOME
FOR THE PERIOD ENDED APRIL 30, 2018

	ONE MONTH AMOUNT	PERCENT	FOUR MONTHS AMOUNT	PERCENT
REVENUES				
SALES - GENERAL	3,025,016.94	99.55	10,535,640.16	100.06
NON-INVOICE SALES	0.00	0.00	50.00	0.00
RESTOCKING CHARGES	246.22	0.01	1,573.58	0.01
SERVICE CHARGES	3,162.21	0.10	12,039.21	0.11
FREIGHT AND SHIPPING	38,234.16	1.26	149,777.25	1.42
LATE CHARGES	273.06	0.01	1,231.47	0.01
NSF CHARGES	40.00	0.00	80.00	0.00
DISCOUNTS ALLOWED	(9,604.78)	(0.32)	(96,848.87)	(0.92)
FREIGHT CREDIT	(4,461.56)	(0.15)	(24,358.38)	(0.23)
MERCHANDISE RETURNS	(8,796.79)	(0.29)	(39,281.01)	(0.37)
CREDIT CARD DISCOUNTS	(5,431.32)	(0.18)	(10,722.74)	(0.10)
TOTAL REVENUES	<u>3,038,678.14</u>	<u>100.00</u>	<u>10,529,180.67</u>	<u>100.00</u>
COST OF GOODS SOLD				
MERCHANDISE	1,429,426.70	47.04	4,747,480.12	45.09
DISCOUNTS TAKEN	(1,955.94)	(0.06)	(6,058.90)	(0.06)
DUTY, BROKER, OCEAN, TRUCK	76,474.32	2.52	253,990.18	2.41
DEFECTIVE IMPORT MERCHANDISE	551.91	0.02	8,011.34	0.08
CONSULTING EXPENSE	13,500.00	0.44	28,500.00	0.27
NEW PRODUCT DEVELOPMENT	7,068.97	0.23	7,901.97	0.08
TOTAL COST OF GOODS SOLD	<u>1,525,065.96</u>	<u>50.19</u>	<u>5,039,824.71</u>	<u>47.87</u>
GROSS PROFIT ON OPERATIONS	<u>1,513,612.18</u>	<u>49.81</u>	<u>5,489,355.96</u>	<u>52.13</u>
OPERATING EXPENSES				
ACCOUNTING	4,087.50	0.13	58,950.50	0.56
ADVERTISING	97,428.82	3.21	112,130.42	1.06
AMORTIZATION EXPENSE	438.97	0.01	1,755.88	0.02
AUTO EXPENSE OFFICE/WH/ - TAXABLE	0.00	0.00	105.36	0.00
AUTO & TRUCK EXPENSE	8,805.51	0.29	22,508.25	0.21
AUTO EXPENSE - INSURANCE	882.22	0.03	4,833.31	0.05
BANK CHARGES	2.00	0.00	349.73	0.00
BUSINESS MEALS	1,287.96	0.04	4,908.95	0.05
CARBIDE	81.55	0.00	312.12	0.00
COMMISSIONS	13,024.20	0.43	23,229.87	0.22
DUES & SUBSCRIPTIONS	0.00	0.00	3,360.00	0.03
DEPRECIATION	16,656.27	0.55	64,599.75	0.61
EMPLOYEE RELATIONS	0.00	0.00	844.71	0.01
ENTERTAINMENT	0.00	0.00	3,411.20	0.03
ENVIRONMENTAL FEE	505.74	0.02	505.74	0.00
FREIGHT OUT	84,736.59	2.79	240,236.46	2.28
FREIGHT IN - OUT OF STATE	48.22	0.00	128.04	0.00
INSURANCE - UMBRELLA POLICY	891.33	0.03	3,565.32	0.03
INSURANCE - CRIME	200.42	0.01	801.68	0.01
INSURANCE - BUILDING	288.53	0.01	1,154.12	0.01
INSURANCE - LIABILITY	1,668.62	0.05	6,678.01	0.06
INSURANCE - PERSONAL PROPERTY	717.75	0.02	2,871.00	0.03
INSURANCE - BUILDING (CHURCH)	1,270.41	0.04	1,270.41	0.01

SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

TRADEMARK
REEL: 006529 FRAME: 0607

EMPI, INC.
STATEMENT OF INCOME
FOR THE PERIOD ENDED APRIL 30, 2018

	ONE MONTH AMOUNT	PERCENT	FOUR MONTHS AMOUNT	PERCENT
INSURANCE - GEN. LIAB. (CHURCH)	1,828.88	0.06	1,828.84	0.02
INSURANCE - INBOUND FREIGHT	208.33	0.01	833.32	0.01
INSURANCE - MEDICAL	17,629.02	0.58	63,992.62	0.61
INSURANCE - WORKERS COMP	14,202.81	0.47	56,415.77	0.54
LABOR - PACKAGING	45,479.16	1.50	182,907.18	1.74
LABOR - SHIPPING	103,404.56	3.40	411,151.78	3.90
LEGAL	25,144.00	0.83	55,246.86	0.52
LICENSES	879.00	0.03	879.00	0.01
OFFICE SUPPLIES	13,514.12	0.44	36,446.17	0.35
OFFICE SUPPLIES - TAXABLE	206.79	0.01	478.48	0.00
PACKAGING EXPENSE	25,040.64	0.82	86,528.92	0.82
PAYROLL SERVICE	5,978.70	0.20	22,742.14	0.22
PENSION CONTRIBUTION	8,327.70	0.27	43,681.50	0.41
RENT EXPENSE	86,665.42	2.85	346,661.68	3.29
RENT - R.E. TAX	0.00	0.00	31,684.35	0.30
QUALITY CONTROL COSTS	3,605.22	0.12	7,162.85	0.07
REPAIRS & MAINTENANCE - BLDG	8,942.14	0.29	22,198.46	0.21
REPAIRS & MAINTENANCE - OFF. EQ.	12,529.85	0.41	29,559.54	0.28
REPAIR MAINT WHS - TAXABLE	4,021.12	0.13	7,230.58	0.07
SALARIES - OFFICE	141,348.76	4.65	571,907.07	5.43
SALARIES - OFFICERS	156,830.27	5.16	634,898.41	6.03
SHIPPING SUPPLIES	3,672.07	0.12	49,842.44	0.47
SHIPPING SUPPLIES - TAXABLE	0.00	0.00	321.63	0.00
SUPPLIES - MACHINE ROOM	96.34	0.00	580.03	0.01
SUPPLIES - MACHINE ROOM - TAXABLE	1,084.64	0.04	2,223.70	0.02
TAXES - PAYROLL	14,948.84	0.49	81,418.77	0.77
TAXES - PAYROLL DIRECT	12,298.42	0.40	65,821.73	0.63
TRAVEL & LODGING	3,315.31	0.11	9,578.53	0.09
TELEPHONE - OFFICE	2,648.97	0.09	9,187.96	0.09
UTILITIES - OFFICE	2,333.11	0.08	9,851.72	0.09
UTILITIES/MAINTENANCE (CHURCH)	439.64	0.01	193.22	0.00
TOTAL OPERATING EXPENSES	<u>949,646.44</u>	<u>31.25</u>	<u>3,401,966.08</u>	<u>32.31</u>
INCOME (LOSS) FROM OPERATIONS	<u>563,965.74</u>	<u>18.56</u>	<u>2,087,389.88</u>	<u>19.82</u>
OTHER INCOME (EXPENSES)				
RECYCLED CORRUGATED	1,376.10	0.05	1,376.10	0.01
INTEREST INCOME	1,719.94	0.06	8,230.27	0.08
GAIN (LOSS) ON SALE OF ASSETS	(39,298.63)	(1.29)	(39,298.63)	(0.37)
TOTAL OTHER INCOME (EXPENSES)	<u>(36,202.59)</u>	<u>(1.19)</u>	<u>(29,692.26)</u>	<u>(0.28)</u>
INCOME BEFORE INCOME TAXES	<u>527,763.15</u>	<u>17.37</u>	<u>2,057,697.62</u>	<u>19.54</u>
PROVISION FOR STATE INCOME TAXES	(7,916.00)	(0.26)	(30,865.00)	(0.29)
NET INCOME (LOSS)	<u>\$ 519,847.15</u>	<u>17.11 %</u>	<u>\$ 2,026,832.62</u>	<u>19.25 %</u>

SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

TRADEMARK
REEL: 006529 FRAME: 0608

EMPI, INC.

COMPILED FINANCIAL STATEMENTS

**One Month and Twelve Months
Ended December 31, 2017**



Gregory S. Brunette
ACCOUNTANCY CORPORATION

TRADEMARK
REEL: 006529 FRAME: 0609



Gregory S. Brunette
ACCOUNTANCY CORPORATION

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To the Board of Directors
EMPI, Inc.
Anaheim, California

Management is responsible for the accompanying financial statements of EMPI, INC. (an S-corporation), which comprise the balance sheet as of December 31, 2017, and the related statement of income for the one month and twelve months then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require the accrual of a liability and recognition of an expense for employees' compensation for future absences attributable to services already rendered, such as vacation or sick pay, if certain conditions are met. Management has informed us that the Company has not accrued a liability for the time-off earned by its employees as of December 31, 2017. Further, management has not determined the effect of this departure on the accompanying financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Gregory S. Brunette
Accountancy Corporation

February 17, 2018

EMPI, INC.
BALANCE SHEET
DECEMBER 31, 2017

ASSETS

CURRENT ASSETS

CASH IN BANK - GENERAL	\$ 3,234,608.30
CASH IN BANK - MONEY MARKET	985,365.00
U.S. TREASURY BILL	993,685.56
ACCOUNTS RECEIVABLE	2,177,385.44
INVENTORY - DISTRIBUTION	12,947,306.41
INVENTORY IN TRANSIT	171,939.09
DEPOSITS ON INVENTORY PURCHASES	521,438.07
PREPAID INSURANCE	21,097.22
PREPAID MAINTENANCE EXP	<u>72,504.36</u>

TOTAL CURRENT ASSETS 21,125,329.45

PROPERTY AND EQUIPMENT

LEASEHOLD IMPROVEMENTS	1,387,825.25
FURNITURE & FIXTURES	359,836.57
MACHINERY & EQUIPMENT	809,060.53
AUTOS & TRUCKS	684,459.71
OFFICE EQUIPMENT	<u>292,930.06</u>
	3,534,112.12

LESS ACCUMULATED DEPRECIATION (2,141,797.18)

PROPERTY AND EQUIPMENT, NET 1,392,314.94

OTHER ASSETS

OTHER INVESTMENTS	42,158.00
GOODWILL	15,802.84
INTANGIBLE ASSETS	26,338.07
ACCUMULATED AMORTIZATION	<u>(14,486.01)</u>

TOTAL OTHER ASSETS 69,812.90

TOTAL ASSETS \$ 22,587,457.29

EMPI, INC.
BALANCE SHEET
DECEMBER 31, 2017

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

ACCOUNTS PAYABLE	\$ 203,762.96
CUSTOMER DEPOSIT	7,900.00
CUSTOMERS ADVANCE PAYMENTS	21,460.23
CUSTOMERS OVERPAYMENTS	3,632.81
PENSION PLAN PAYABLE - EE PORTION	241.94
PENSION PLAN PAYABLE - ER PORTION	4,794.05
PENSION PLAN PAYABLE - LOAN	5,789.82
ACCRUED WAGES	98,819.89
SALES AND USE TAX PAYABLE	1,300.00
FRANCHISE TAX PAYABLE - CALIFORNIA	27,004.00
GARNISHMENT PAYABLE	660.53

TOTAL CURRENT LIABILITIES

375,366.23

LONG-TERM LIABILITIES

TOTAL LONG-TERM LIABILITIES

0.00

TOTAL LIABILITIES

375,366.23

STOCKHOLDERS' EQUITY

COMMON STOCK	21,000.00
PAID IN CAPITAL	85,950.00
RETAINED EARNINGS - JANUARY 1, 2017	20,543,784.98
PRIOR PERIOD ADJUSTMENT	2,317,112.00
STOCKHOLDERS DISTRIBUTIONS	(3,500,000.00)
NET INCOME	2,744,244.08

TOTAL STOCKHOLDERS' EQUITY

22,212,091.06

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY

\$ 22,587,457.29

EMPI, INC.
STATEMENT OF INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2017

	ONE MONTH AMOUNT	PERCENT	TWELVE MONTHS AMOUNT	PERCENT
REVENUES				
SALES - GENERAL	2,411,048.07	99.74	30,979,236.54	99.71
NON-INVOICE SALES	2.00	0.00	547.26	0.00
RESTOCKING CHARGES	686.24	0.03	4,861.82	0.02
SERVICE CHARGES	2,469.81	0.10	33,524.75	0.11
FREIGHT AND SHIPPING	31,042.12	1.28	445,269.39	1.43
LATE CHARGES	368.43	0.02	4,299.27	0.01
NSF CHARGES	40.00	0.00	580.00	0.00
DISCOUNTS ALLOWED	(10,467.03)	(0.43)	(174,773.37)	(0.56)
FREIGHT CREDIT	(2,571.53)	(0.11)	(66,153.54)	(0.21)
MERCHANDISE RETURNS	(10,235.30)	(0.42)	(126,174.06)	(0.41)
CREDIT CARD DISCOUNTS	(4,977.78)	(0.21)	(31,386.60)	(0.10)
TOTAL REVENUES	<u>2,417,405.03</u>	<u>100.00</u>	<u>31,069,831.46</u>	<u>100.00</u>
COST OF GOODS SOLD				
MERCHANDISE	1,168,526.38	48.34	14,584,148.01	46.94
DISCOUNTS TAKEN	(1,116.86)	(0.05)	(19,465.86)	(0.06)
DUTY, BROKER, OCEAN, TRUCK	91,186.04	3.77	780,251.92	2.51
DEFECTIVE IMPORT MERCHANDISE	1,454.70	0.06	23,864.89	0.08
CONSULTING EXPENSE	9,200.00	0.38	73,463.89	0.24
NEW PRODUCT DEVELOPMENT	0.00	0.00	4,491.80	0.01
TOTAL COST OF GOODS SOLD	<u>1,269,250.26</u>	<u>52.50</u>	<u>15,446,754.65</u>	<u>49.72</u>
GROSS PROFIT ON OPERATIONS	<u>1,148,154.77</u>	<u>47.50</u>	<u>15,623,076.81</u>	<u>50.28</u>
OPERATING EXPENSES				
ACCOUNTING	36,500.00	1.51	88,612.50	0.29
ADVERTISING	2,293.78	0.09	54,030.53	0.17
ALARM	0.00	0.00	4,700.35	0.02
AMORTIZATION EXPENSE	438.97	0.02	5,267.64	0.02
AUTO EXPENSE OFFICE/WH/ - TAXABLE	584.04	0.02	584.04	0.00
AUTO & TRUCK EXPENSE	8,024.46	0.33	50,963.15	0.16
BAD DEBTS EXPENSE	0.00	0.00	105,442.06	0.34
AUTO EXPENSE - INSURANCE	1,091.87	0.05	14,413.22	0.05
BANK CHARGES	2.00	0.00	779.00	0.00
BUSINESS MEALS	3,149.05	0.13	17,569.81	0.06
CARBIDE	75.31	0.00	75.31	0.00
COLLECTION EXPENSE	0.00	0.00	7,954.62	0.03
COMMISSIONS	10,620.04	0.44	60,024.05	0.19
CONTRIBUTIONS	0.00	0.00	1,500.00	0.00
DUES & SUBSCRIPTIONS	0.00	0.00	2,995.38	0.01
DEPRECIATION	15,839.53	0.66	228,223.00	0.73
DISPOSAL FEES	0.00	0.00	193.00	0.00
EMPLOYEE RELATIONS	16.96	0.00	3,246.96	0.01
ENTERTAINMENT	6,883.10	0.28	75,030.60	0.24
ENVIRONMENTAL FEE	1,323.35	0.05	3,970.04	0.01
EQUIP REPAIRS - LABOR	0.00	0.00	715.00	0.00
EQUIP REPAIRS - PARTS	0.00	0.00	1,072.12	0.00
FREIGHT OUT	68,589.82	2.84	699,455.03	2.25

SEE INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

TRADEMARK
REEL: 006529 FRAME: 0613

EMPI, INC.
STATEMENT OF INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2017

	ONE MONTH AMOUNT	PERCENT	TWELVE MONTHS AMOUNT	PERCENT
FREIGHT IN - OUT OF STATE	449.46	0.02	601.20	0.00
INSURANCE - UMBRELLA POLICY	891.33	0.04	11,130.97	0.04
INSURANCE - CRIME	200.42	0.01	2,404.99	0.01
INSURANCE - BUILDING	288.53	0.01	3,494.68	0.01
INSURANCE - LIABILITY	2,071.32	0.09	20,411.10	0.07
INSURANCE - PERSONAL PROPERTY	717.75	0.03	8,099.85	0.03
INSURANCE - BUILDING (CHURCH)	(1,497.66)	(0.06)	(227.23)	0.00
INSURANCE - GEN. LIAB. (CHURCH)	(1,882.44)	(0.08)	(53.57)	0.00
INSURANCE - INBOUND FREIGHT	208.33	0.01	2,499.99	0.01
INSURANCE - MEDICAL	11,014.23	0.46	166,527.26	0.54
INSURANCE - WORKERS COMP	33,980.54	1.41	186,928.78	0.60
LABOR - PACKAGING	48,161.29	1.99	714,408.09	2.30
LABOR - SHIPPING	105,807.77	4.38	1,070,588.69	3.45
LEGAL	12,334.00	0.51	34,903.00	0.11
LICENSES	0.00	0.00	3,978.78	0.01
OFFICE SUPPLIES	32,144.47	1.33	82,272.59	0.26
OFFICE SUPPLIES - TAXABLE	0.00	0.00	12,729.22	0.04
PACKAGING EXPENSE	18,603.94	0.77	240,331.38	0.77
PAYROLL SERVICE	5,417.30	0.22	76,760.72	0.25
PENSION ADMINISTRATION	0.00	0.00	5,250.00	0.02
PENSION CONTRIBUTION	10,743.53	0.44	109,334.10	0.35
RENT EXPENSE	84,966.10	3.51	1,019,593.20	3.28
RENT - R.E. TAX	0.00	0.00	63,268.85	0.20
QUALITY CONTROL COSTS	180.06	0.01	2,928.21	0.01
QUALITY CONTROL COSTS - TAXABLE	0.00	0.00	851.24	0.00
REPAIRS & MAINTENANCE - BLDG	10,260.12	0.42	153,756.35	0.49
REPAIRS & MAINTENANCE - OFF. EQ.	6,748.01	0.28	69,719.58	0.22
REPAIR MAINT WHS - TAXABLE	2,682.00	0.11	10,218.85	0.03
SAFETY SUPPLIES	0.00	0.00	883.12	0.00
SAFETY SUPPLIES - TAXABLE	0.00	0.00	43.07	0.00
SALARIES - OFFICE	147,933.23	6.12	1,830,612.99	5.89
SALARIES - OFFICERS	168,258.53	6.96	4,850,492.57	15.61
SHOP SUPPLIES & TOOLS	35,549.91	1.47	180,039.02	0.58
SHOP SUPPLIES & TOOLS - TAXABLE	0.00	0.00	6,086.53	0.02
SUPPLIES	147.82	0.01	3,912.28	0.01
SUPPLIES - TAXABLE	3,397.94	0.14	7,764.36	0.02
TAXES - PERSONAL PROPERTY	0.00	0.00	5,004.81	0.02
TAXES - PAYROLL	15,128.57	0.63	240,539.24	0.77
TAXES - PAYROLL DIRECT	10,555.00	0.44	162,980.65	0.52
TRAVEL & LODGING	2,997.02	0.12	42,250.44	0.14
TELEPHONE - OFFICE	70.27	0.00	31,255.97	0.10
UTILITIES - OFFICE	4,869.57	0.20	25,051.55	0.08
UTILITIES/MAINTENANCE (CHURCH)	(724.62)	(0.03)	110.39	0.00
TOTAL OPERATING EXPENSES	<u>928,105.92</u>	<u>38.39</u>	<u>12,886,555.27</u>	<u>41.48</u>
INCOME (LOSS) FROM OPERATIONS	<u>220,048.85</u>	<u>9.10</u>	<u>2,736,521.54</u>	<u>8.81</u>

EMPI, INC.
STATEMENT OF INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2017

	ONE MONTH AMOUNT	PERCENT	TWELVE MONTHS AMOUNT	PERCENT
OTHER INCOME (EXPENSES)				
MISCELLANEOUS INCOME	1,397.70	0.06	47,531.30	0.15
INTEREST INCOME	205.06	0.01	20,545.13	0.07
GAIN (LOSS) ON SALE OF ASSETS	<u>(32,113.00)</u>	<u>(1.33)</u>	<u>20,650.11</u>	<u>0.07</u>
TOTAL OTHER INCOME (EXPENSES)	<u>(30,510.24)</u>	<u>(1.26)</u>	<u>88,726.54</u>	<u>0.29</u>
INCOME BEFORE INCOME TAXES	<u>189,538.61</u>	<u>7.84</u>	<u>2,825,248.08</u>	<u>9.09</u>
PROVISION FOR STATE INCOME TAXES	<u>(41,468.00)</u>	<u>(1.72)</u>	<u>(81,004.00)</u>	<u>(0.26)</u>
NET INCOME (LOSS)	<u>\$ 148,070.61</u>	<u>6.13 %</u>	<u>\$ 2,744,244.08</u>	<u>8.83 %</u>

Schedule 5.6 Changes to the Business Since December 31, 2017 Outside of Ordinary Course

The Company entered into the following agreements which were outside of the ordinary course of business: (See, Schedules 1.1(e), 1.1(g), 4.2(a)(iv), 5.9, 5.14, 5.18 and 5.19(b)).

1. Assumption and Approval Agreement dated in June 2018, by and among Carbsonline, Inc., EMPI, Inc. and Magneti Marelli S.P.A. (This is with respect to the underlying Trademark License Agreement among Magneti Marelli S.P.A. and Interco Product Corp. dated September 16, 2010, as extended pursuant to a letter signed by Magneti Marelli on October 28, 2016).
2. Consulting Agreement between Lawrence Whyte and EMPI, Inc., effective April 10, 2018 (terminated after 75 days).
3. Agreement for Assignment of Trademark License and Domain Names among EMPI, Michael Pace, Interco Product Corp., and Carbsonline, Inc. ("Pace Agreement"), dated February 23, 2018

Seller plans to pay all or some of its officers or employees bonuses in connection with the Transactions contemplated hereunder which are not in the ordinary course of Business. Such bonuses (and all related employer payroll taxes in respect thereto) will be fully paid prior to the Closing of the Transactions.

The Company, Mr. Welden and his wife, Kathy Welden, submitted a request in March of 2018 to participate in a voluntary disclosure program with the Internal Revenue Service through tax counsel hired by the Company, and the Weldens, A. Lavar Taylor, Esq. The Buyer and Parent were previously informed of this matter while the request to the IRS was pending. On June 5, 2018, Mr. Taylor received a letter advising that the Company and the Weldens have been precleared to make a voluntary disclosure to the IRS.

The Company and the Weldens, through Mr. Taylor, have made a formal request for a voluntary disclosure within forty-five (45) days of June 5, 2018. Mr. Taylor has prepared a letter to the Company which states that once the IRS has granted preclearance for a voluntary disclosure, the IRS has always accepted his clients into the program. Assuming acceptance into the voluntary disclosure program, the Company and the Weldens will make necessary and appropriate disclosures to the IRS, which will include information about certain adjustments to inventory and other matters, for which many or all of which the Company has made prior period adjustments in the financial statements.

The Company and the Weldens expect that the Company will file its 2017 Federal and California tax returns to report such adjustments and corresponding effects and will amend returns for prior years as required by the terms of the voluntary disclosure program. The Company anticipates that the adjustments will show an overstatement of

cost of goods of sold from the cost of goods sold previously reflected on the financial statements and tax returns. Since the Company files its tax returns as an S corporation, the Company expects much of any resulting liability for taxes and any penalties and interest to be borne by the shareholders. California does impose on an S corporation a 1.5% tax on California source taxable income.

Seller has prepared and completed two new catalogs and is in the process of preparing a third new catalog. Seller has also prepared a new price sheet.

See cross references above. Specifically, but without limiting the generality of the cross-references, items 3, 4, 8 and 9 of Schedule 5.19(b) (regarding tariffs and suppliers) are incorporated by reference herein.

Schedule 5.7 Litigation

None pending, other than workers' compensation and other claims set forth on Schedule 5.17.

Proposition 65 requires certain warnings to be given with respect to chemicals known to cause cancer or reproductive toxicity. Although EMPI provides Proposition 65 warnings to the extent it deems necessary, and believes it is in compliance with law, future claims could be made alleging that EMPI's Proposition 65 warnings are inadequate or do not cover a product or chemical which should be covered or another allegation with respect to Proposition 65. EMPI provides warnings in its catalogs, on its pricing sheets, in certain advertising, and on its products. EMPI also has signs at every entrance to its leased premises.

Buyer and Parent are aware and acknowledge that EMPI Inc. in the past and currently sells many products that could have items listed on the state website for Prop 65 notification. EMPI has previously been the subject of Proposition 65 allegations and could, in the future, be subject to other Proposition 65 allegations.

The California Office of Environmental Health Hazard Assessment (OEHHA) has promulgated new, amended consumer warning regulations that take effect on Aug. 30, 2018. The labeling of EMPI's products does not meet the requirements of the amended regulations which will go into effect on August 30, 2018, for what constitutes a clear and reasonable warning under California's Safe Drinking Water and Toxic Enforcement Act, better known as Prop 65.

Settlement and Release Agreement between Ecological Alliance, LLC and EMPI Inc., dated November 13, 2016. EMPI Inc. paid a civil penalty of \$1,000 and reimbursed Ecological Alliance, LLC's counsel \$15,000. EMPI Inc. did not make any admissions as to any fact, finding, conclusion, issue of law, or violation of law and Ecological Alliance, LLC expressly agreed that the Agreement bars actions against EMPI Inc. and its downstream distributors, wholesalers, licensors, licensees, retailers, and the like.

Scat Enterprises, Inc. demand letter dated October 4, 2017 (regarding seat design trade dress). The Seller responded to this demand letter on October 27, 2017 and there have been no further communications or activities with respect to the subject matter thereof.

The Company, Mr. Welden and his wife, Kathy Welden, submitted a request in March of 2018 to participate in a voluntary disclosure program with the Internal Revenue Service through tax counsel hired by the Company, and the Weldens, A. Lavar Taylor, Esq. The Buyer and Parent were previously informed of this matter while the request to the

IRS was pending. On June 5, 2018, Mr. Taylor received a letter advising that the Company and the Weldens have been precleared to make a voluntary disclosure to the IRS.

The Company and the Weldens, through Mr. Taylor, have made a formal request for a voluntary disclosure within forty-five (45) days of June 5, 2018. Mr. Taylor has prepared a letter to the Company which states that once the IRS has granted preclearance for a voluntary disclosure, the IRS has always accepted his clients into the program.

Assuming acceptance into the voluntary disclosure program, the Company and the Weldens will make necessary and appropriate disclosures to the IRS, which will include information about certain adjustments to inventory and other matters, for which many or all of which the Company has made prior period adjustments in the financial statements.

The Company and the Weldens expect that the Company will file its 2017 Federal and California tax returns to report such adjustments and corresponding effects and will amend returns for prior years as required by the terms of the voluntary disclosure program. The Company anticipates that the adjustments will show an overstatement of cost of goods of sold from the cost of goods sold previously reflected on the financial statements and tax returns. Since the Company files its tax returns as an S corporation, the Company expects much of any resulting liability for taxes and any penalties and interest to be borne by the shareholders. California does impose on an S corporation a 1.5% tax on California source taxable income.

Buyer and Parent are aware and acknowledge that the Seller in the past and currently sells products that may not comply with the California Air Resources Board (CARB) regulations, the U.S. Clean Water Act administered by the EPA or other environmental regulations, laws or ordinances, including noise regulations, particularly if its products are used for highway use. The Seller has not been subject to claims or actions, or threatened claims or actions, alleging any such failures to comply (other than the Environmental Alliance matter described above). EMPI does not sell its products directly to consumers and includes labeling as described below. The Buyer is aware of the risks outlined herein.

The Company prints the following statement: "We do not sell direct to the consumer" on its:

Price Sheet
Catalogs
In Advertising

The Company also prints statements in its catalog which provide that products in the catalog may alter engine performance and may be legal only for racing vehicles and may not be used on a highway and may not be in compliance with state or local laws regarding noise or emissions. Certain products are noted "Off-Road Use Only" and other statements are made, including a disclaimer of any warranty of legality of the products.

Schedule 5.8 Non-Compliance with Law (For Last Three Years)

See, also disclosures made on Schedule 5.17.

The Company, Mr. Welden and his wife, Kathy Welden, submitted a request in March of 2018 to participate in a voluntary disclosure program with the Internal Revenue Service through tax counsel hired by the Company, and the Weldens, A. Lavar Taylor, Esq. The Buyer and Parent were previously informed of this matter while the request to the IRS was pending. On June 5, 2018, Mr. Taylor received a letter advising that the Company and the Weldens have been precleared to make a voluntary disclosure to the IRS.

The Company and the Weldens, through Mr. Taylor, have made a formal request for a voluntary disclosure within forty-five (45) days of June 5, 2018. Mr. Taylor has prepared a letter to the Company which states that once the IRS has granted preclearance for a voluntary disclosure, the IRS has always accepted his clients into the program. Assuming acceptance into the voluntary disclosure program, the Company and the Weldens will make necessary and appropriate disclosures to the IRS, which will include information about certain adjustments to inventory and other matters, for which many or all of which the Company has made prior period adjustments in the financial statements.

The Company and the Weldens expect that the Company will file its 2017 Federal and California tax returns to report such adjustments and corresponding effects and will amend returns for prior years as required by the terms of the voluntary disclosure program. The Company anticipates that the adjustments will show an overstatement of cost of goods of sold from the cost of goods sold previously reflected on the financial statements and tax returns. Since the Company files its tax returns as an S corporation, the Company expects much of any resulting liability for taxes and any penalties and interest to be borne by the shareholders. California does impose on an S corporation a 1.5% tax on California source taxable income.

Two employees were classified as exempt employees, William L. Shaw and Joni K. Makepeace. We now believe they should have been classified as non-exempt. Mr. Shaw was reclassified as a non-exempt employee as of June 11, 2018. With respect to these two misclassified employees, it is possible that additional compensation, employment taxes, interest and penalties could be owed by Seller with respect to the two misclassified employees.

Reference is made to Proposition 65 and related matters described on Schedule 5.7, including the new, amended consumer warning regulations that take effect on Aug. 30, 2018. The labeling of EMPI's products does not meet the requirements of those amended regulations.

The signs identifying the leased premises of the Company were installed without obtaining a permit from the City of Anaheim.

Schedule 5.9 Issues with Title to the Acquired Assets

None, other than as disclosed on other Schedules 1.1(e), 1.1(g), 4.2(a)(iv), 5.6, 5.7, 5.8, and 5.18, regarding Pace/Magneti Marelli, VW Agreement, and Bugpack.

Schedule 5.10(a) Leased Real Property

EMPI has not owned any real property for over 10 years, with last ownership of real property in 2004.

The Company currently leases a portion of the property located at 301 E. Orangethorpe Avenue, Anaheim, CA 92801, from Hot Rods, LLC on a month-to-month basis, with such month-to-month lease to be terminated immediately prior to the Closing.

Schedule 5.10(b) Non-Compliance with Environmental Laws; Storage Tanks on Operated Real Property

For a number of years, several investigations and corrective actions have been implemented by Northrop Grumman Systems Corporation (Northrop) at 301 East Orangethorpe Avenue, Anaheim, CA (Site) under oversight by the Santa Ana Region of California's Regional Water Quality Control Board (RWQCB). Northrop identified volatile organic compounds (VOC) (primarily trichloroethylene (TCE) and its degradation products) in unsaturated soils, semi-perched groundwater, and the upper aquifer. The principal aquifer, located below the upper aquifer, is the deepest zone and reportedly used by the Orange County Water District (OCWD). Remediation activities began in 2008 and now include a soil vapor extraction system (SVE), a two-phase extraction system (TPE), a groundwater recirculation well, and environmental monitoring. RWQCB's response requires Northrop to address concerns through a process that includes: on- and off-Site investigations, evaluation of offsite sources, fate and transport evaluation, plume capture analysis, and evaluation of remedial alternatives.

Northrop has undertaken a long-standing involvement and responsibility for cleaning up the Site under RWQCB's oversight. In addition, Hotrods, LLC (the owner of the Site) is indemnified against the following pursuant to Section 16.2 of the Purchase and Sale Agreement dated December 1, 1995: "...any claims, demands, penalties, fees, fines, liability, damages, costs, losses, or other expenses including, without limitation, reasonable environmental consulting fees and reasonable attorney fees arising out of (a) any Environmental Action(s) and/or Remediation involving an environmental condition or liability involving the Real Property caused by an act or omission of Seller and its employees, agents, and contractors before or after the Closing; (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of Hazardous Materials used, handled, generated, transported, disposed, or released by Seller and its employees, agents and contractors at the Real Property before or after the Closing."

Buyer performed its own environmental assessment of the Site.

EMPI received a copy of a letter dated June 18, 2018 (the "June Letter") which was addressed to Mr. Cassidy Jones, Northrop Grumman, Aerospace Systems (Northrop) from the Santa Ana Regional Water Quality Control Board (RWQCB). The June Letter discusses a number of items including various site-specific screening levels, soil vapor sampling, and the remediation system operation and monitoring at the Site (which the letter identifies as the former Northrop Grumman Y-12 Facility). The June Letter states that indoor air sampling has not been conducted at the Site since 2008, and sets forth certain comments, as well as a requirement that an indoor air sampling work plan must

be submitted by Northrop to the RWQCB by August 31, 2018. EMPI's environmental consultant, Anthony Silva, P.G., of The Brownfield Redevelopment Group Co., wrote a letter to whom it may concern dated June 20, 2018, providing background information with respect to the June Letter from the RWQCB and other matters (the "Silva Letter"). Copies of both the June Letter and the Silva Letter were provided to Buyer.

In addition to Buyer performing its own environmental assessment of the Site, Buyer performed an air study on June 21, 2018.

On July 27, 2018, EMPI received a letter dated July 19, 2018, addressed to Maile Gee of the Santa Ana Regional Water Quality Control Board (RWQCB) from Gabriele Windgasse, Environmental Health Investigations Branch, California Department of Public Health ("CDPH") with respect to the Orange County North Basin Site (the "July Letter"). The Orange County North Basin Site general boundaries can be reviewed online and include considerable property in the northern part of Orange County, which includes the EMPI location. The July Letter states, among other things, that the CDPH is undertaking public health assessment activities at the Orange County North Basin Site.

Proposition 65 requires certain warnings to be given with respect to chemicals known to cause cancer or reproductive toxicity. Although EMPI provides Proposition 65 warnings to the extent it deems necessary, and believes it is in compliance with law, future claims could be made alleging that EMPI's Proposition 65 warnings are inadequate or do not cover a product or chemical which should be covered or another allegation with respect to Proposition 65. EMPI provides warnings in its catalogs, on its pricing sheets, in certain advertising, and on its products. EMPI also has signs at every entrance to its leased premises.

Reference is made to Proposition 65 and related matters described on Schedule 5.7, including the new, amended consumer warning regulations that take effect on Aug. 30, 2018. The labeling of EMPI's products does not meet the requirements of those amended regulations.

Buyer and Parent are aware and acknowledge that EMPI Inc. in the past and currently sells many products that could have items listed on the state website for Prop 65 notification.

EMPI has previously been the subject of Proposition 65 allegations and could, in the future, be subject to other Proposition 65 allegations.

Settlement and Release Agreement between Ecological Alliance, LLC and EMPI Inc., dated November 13, 2016. EMPI Inc. paid a civil penalty of \$1,000 and reimbursed

Ecological Alliance, LLC's counsel \$15,000. EMPI Inc. did not make any admissions as to any fact, finding, conclusion, issue of law, or violation of law and Ecological Alliance, LLC expressly agreed that the Agreement bars actions against EMPI Inc. and its downstream distributors, wholesalers, licensors, licensees, retailers, and the like.

Buyer and Parent are aware and acknowledge that the Seller in the past and currently sells products that may not comply with the California Air Resources Board (CARB) regulations, the U.S. Clean Water Act administered by the EPA or other environmental regulations, laws or ordinances, including noise regulations, particularly if its products are used for highway use. The Seller has not been subject to claims or actions, or threatened claims or actions, alleging any such failures to comply (other than the Environmental Alliance matter described above). EMPI does not sell its products directly to consumers and includes labeling as described below. The Buyer is aware of the risks outlined herein.

The Company prints the following statement: "We do not sell direct to the consumer" on its:

Price Sheet
Catalogs
In Advertising

The Company also prints statements in its catalog which provide that products in the catalog may alter engine performance and may be legal only for racing vehicles and may not be used on a highway and may not be in compliance with state or local laws regarding noise or emissions. Certain products are noted "Off-Road Use Only" and other statements are made, including a disclaimer of any warranty of legality of the products.

Schedule 5.12 Inventory

The Company must maintain Inventory of certain slow-turn products or slow-turn components of products in the ordinary course of its Business. The Company is considered a full-line supplier.

The Company, Mr. Welden and his wife, Kathy Welden, submitted a request in March of 2018 to participate in a voluntary disclosure program with the Internal Revenue Service through tax counsel hired by the Company, and the Weldens, A. Lavar Taylor, Esq. The Buyer and Parent were previously informed of this matter while the request to the IRS was pending. On June 5, 2018, Mr. Taylor received a letter advising that the Company and the Weldens have been precleared to make a voluntary disclosure to the IRS.

The Company and the Weldens, through Mr. Taylor, have made a formal request for a voluntary disclosure within forty-five (45) days of June 5, 2018. Mr. Taylor has prepared a letter to the Company which states that once the IRS has granted preclearance for a voluntary disclosure, the IRS has always accepted his clients into the program. Assuming acceptance into the voluntary disclosure program, the Company and the Weldens will make necessary and appropriate disclosures to the IRS, which will include information about certain adjustments to inventory and other matters, for which many or all of which the Company has made prior period adjustments in the financial statements.

The Company and the Weldens expect that the Company will file its 2017 Federal and California tax returns to report such adjustments and corresponding effects and will amend returns for prior years as required by the terms of the voluntary disclosure program. The Company anticipates that the adjustments will show an overstatement of cost of goods of sold from the cost of goods sold previously reflected on the financial statements and tax returns. Since the Company files its tax returns as an S corporation, the Company expects much of any resulting liability for taxes and any penalties and interest to be borne by the shareholders. California does impose on an S corporation a 1.5% tax on California source taxable income.

Reference is made to Proposition 65 and related matters described on Schedule 5.7, including the new, amended consumer warning regulations that take effect on Aug. 30, 2018. The labeling of EMPI's products does not meet the requirements of those amended regulations and EMPI may be required to re-label certain existing inventory, subject to certain transition rules, and will need to label new inventory differently in the future.

Schedule 5.13 Insurance Policies

Chubb: Policy Period November 1, 2017 – November 1, 2018

Dollar Amount of Coverage for each:

Ocean Cargo with the Continental Insurance Co. Coverage \$1,000,000.00
Crime Coverage with Federal Insurance Co. Coverage \$250,000.00
Automobile Coverage with Federal Insurance Co. Coverage \$1,000,000.00
Package Policy with Federal Insurance Co. Coverage \$2,000,000.00
General Liability with Federal Insurance Co. Coverage \$2,000,000.00
Foreign Package with Great Northern Ins. Co. Coverage \$10,000.00
Commercial Umbrella with Federal Insurance Co. Coverage \$5,000,000.00
Business Personal Property Coverage \$11,270,987.00
Business Income Extra Expense Coverage \$4,480,000.00
Electronic Data Processing Coverage \$777,439.00
Earthquake Sprinkler Leakage Coverage \$5,000,000.00
Commercial Property Enhancements Coverage \$500,000.00
Product Liability Coverage \$2,000,000.00
Advertising Coverage \$1,000,000.00

Buyer is assuming all of the above listed coverages, except for the Ocean Cargo insurance with Continental Insurance Co. which is non-transferable and is an Excluded Asset in accordance with Section 1.2(e) of the Asset Acquisition Agreement.

Department of Homeland Security U.S. Customs and Border Protection Customs Bond for Importing (Not Transferable).

ERISA bond with Hartford Coverage Period July 15, 2016 – July 15, 2019. There is a clause in the policy that states they will provide a limit of insurance which is equal to 10% of the amount of funds handled in our 401(k) up to \$500,000.00 (Non-transferable.)

Buyer is not assuming the U.S. Customs and Border Protection Customs Bond or the ERISA bond listed above. They are non-transferable and are Excluded Assets in accordance with Section 1.2(e) of the Asset Acquisition Agreement.

Workers Compensation Insurance is with ADP TotalSource
Coverage \$2,000,000.00

EPL (Employment Practices Liability) is with ADP TotalSource, They provide EMPI with HR Guidance and Legal Defense. Legal Defense is \$100,000.00. Limit is \$1,000,000.00 per claim and per policy period.

Other employment related insurances administered by ADP TotalSource.

Buyer is assuming all of the above coverages administered by ADP TotalSource.

Property insurance on the building structure will be carried by the landlord under the Closing Property Lease.

Buyer, as tenant, will be required to maintain property insurance on tenant improvements, tenant property, and all the other insurance coverages specified in the Closing Property Lease.

Schedule 5.14 Contracts

Note: The entry into the Voluntary Disclosure Program of the IRS by the Company could be considered to fall into multiple categories of Section 5.14. This entry into the Voluntary Disclosure Program of the IRS has not been specified in this Schedule 5.14. See Schedules 5.5, 5.6, 5.7, 5.8, 5.12, 5.21 and 5.22 with respect to such matter.

Note: See Schedule 1.1(g) for additional discussion related to certain contracts and licenses.

(i) contracts and other agreements with any current or former officer, director, employee, consultant or stockholder or any partnership, corporation, joint venture or any other entity in which any such Person has a direct or indirect interest;

Nondisclosure Agreements with certain employees (the "Nondisclosure Agreements").
Job offer letters to certain potential employees.

Signed acknowledgement from employees that they received a copy of employee handbook.

Commission Agreements with the following employees (the "Commission Agreements"): Joni Makepeace, Jesse Hardin, Patrick Duke, Leonard Castro, Jeff Anthony, and Frederick Altamirano.

Schedule 5.14 (iv) is incorporated by reference herein.

(ii) contracts and other agreements, the performance of which involve consideration or payments in excess of \$20,000 per annum (but excluding sale orders and purchase orders entered into in the ordinary course of Business with customers and suppliers);

Chubb insurance policy premium payments for insurance package covering the Business

ADP TotalSource

AT&T Phone and Internet

OCI Media (Advertising)

Gemini Computer Group for IT Software and Hardware Support, Design etc.

Commissioned sales people and sales representatives- see item (iv) below.

Chinese consultant, Zhaohui Shen, see (iv) below

Brazil consultant- Samy Staschower, see (iv) below

There are Growth Rebate programs with customers that could possibly exceed \$20,000.00 which are documented via email only:

Customer Account:

Acct#16556 California Pacific/J Bugs,
Acct #12223/12225 Appletree Automotive,
Acct #13522 Drew's Off Road,
Acct #18005 California Import Parts,
Acct #18191 Heritage Parts Centre,
Acct #14315 SW Import/Clark Ent.

For year ending 2017 the following accounts did reach the goal:

Acct #16556 California Pacific/J Bugs,
Acct #12223/12225 Appletree Automotive,
Acct #13522 Drew's Off Road

Assumption and Approval Agreement dated in June 2018, by and among Carbsonline, Inc., EMPI, Inc. and Magneti Marelli S.P.A. (This is with respect to the underlying Trademark License Agreement among Magneti Marelli S.P.A. and Interco Product Corp. dated September 16, 2010, as extended pursuant to a letter signed by Magneti Marelli on October 28, 2016). The payments under the underlying Trademark License Agreement may exceed \$20,000 per year.

Agreement for Assignment of Trademark License and Domain Names among EMPI, Michael Pace, Interco Product Corp., and Carbsonline, Inc. ("Pace Agreement"), dated February 23, 2018. Payments exceeded \$20,000 per year; Agreement should be formally terminated.

Schedule 5.14 (v) is incorporated by reference herein.

(iii) contracts containing any "most favored nation" or equivalent right granted by the Company or any provision or covenant limiting the rights of the Company to engage in any line of business, to compete with any person, to do business in any geographic area or to solicit any customers or to solicit the employment of or hire any individuals;

Bugpack purchased from Dee Engineering – Cannot solicit their employees.

Support Agreement, dated April 19, 2018, by and between Mitel Technologies Inc. and EMPI, Inc.

Canon Copier Subscription Support Services Agreement related to agreement #S0807257 (Cannot solicit their employees.)

Sales Representative Agreement between EMPI, Inc., and MJS Representante Defabricas Automotrics (for Mexican representation) dated May 2, 2018.

Assumption and Approval Agreement dated in June 2018, by and among Carbsonline, Inc., EMPI, Inc. and Magneti Marelli S.P.A. (This is with respect to the underlying Trademark License Agreement among Magneti Marelli S.P.A. and Interco Product Corp. dated September 16, 2010, as extended pursuant to a letter signed by Magneti Marelli on October 28, 2016). The underlying Trademark License Agreement contains geographic limitations on the Licensee for both the manufacture and for sales using the Trademarks and grants most favored nation terms and pricing to Licensee.

Agreement for Assignment of Trademark License and Domain Names among EMPI, Michael Pace, Interco Product Corp., and Carbsonline, Inc. ("Pace Agreement"), dated February 23, 2018. This should be formally terminated.

(iv) contracts and other agreements with any consultant or employee of the Company or any labor union or association representing any employee;

The Commission Agreements.

Unwritten arrangements with two Purchasing Consultants (China-Zhaohui Shen & Brazil-Samy Staschower).

Three Sales Representatives, 1 unwritten arrangement in Puerto Rico/Dominican Republic (Rafael Refojos & Associates), 1 written agreement for Napa Balkamp (The Combined Group) and 1 written agreement for Rep in Mexico (MJS Representante De Fabricas Automotrices)

Consulting Agreement between Lawrence Whyte and EMPI, Inc., effective April 10, 2018 (this terminated after 75 days)

(v) contracts and other agreements for the provision of services (excluding goods and products) by or to the Company which involve consideration or payments in excess of \$100,000 per year if in the ordinary course of Business, or in excess of \$20,000 per year if not in the ordinary course of Business, and excluding all agreements with professional advisors such as attorneys or accountants regardless of the aggregate amount per year;

Chubb insurance

ADP TotalSource (Payroll Provider)

IBM P8 (AS400) Main Computer System

Gemini Computer Group

Unitrans

Schedules 5.14 (ii) and (iv) are incorporated by reference herein.

Assumption and Approval Agreement dated in June 2018, by and among Carbsonline, Inc., EMPI, Inc. and Magneti Marelli S.P.A. (This is with respect to the underlying Trademark License Agreement among Magneti Marelli S.P.A. and Interco Product Corp. dated September 16, 2010, as extended pursuant to a letter signed by Magneti Marelli on October 28, 2016). Although unlikely the license payments under the underlying Trademark License Agreement will exceed \$100,000 in the first year, it is possible, and it is also possible that the payments may exceed \$20,000 in the first year; although payments which may be due under the Trademark License Agreement cannot be predicted at this point in time.

Agreement for Assignment of Trademark License and Domain Names among EMPI, Michael Pace, Interco Product Corp., and Carbsonline, Inc. ("Pace Agreement"), dated February 23, 2018 . Payments exceeded \$100,000 under this Pace Agreement. This Pace Agreement needs formal termination.

(vi) bonds or other security agreements provided by any party in connection with the business of the Company;

ERISA bond with Hartford (401(k) Plan) [This is an Excluded Asset and will not be transferred to Buyer.]

Department of Homeland Security U.S. Customs and Border Protection Customs Bond for Importing, effective date November 17, 2011. [This is an Excluded Asset and will not be transferred to Buyer.]

(vii) contracts and other agreements for the sale of the Company's assets or properties other than in the ordinary course of business or for the grant to any person of any preferential rights to purchase any of the Company's assets or properties;

None other than this Asset Acquisition Agreement.

(viii) joint venture agreements relating to the assets, properties or business of the Company or by or to which the Company or any of their assets or properties are bound or subject;

None.

(ix) contracts or other agreements under which the Company agrees to indemnify any party, to pay liquidated damages, or to share tax liability of any party;

Commercial Sales Agreement, dated January 17, 2014, by and between Tyco Integrated Security and EMPI, Inc.

Sales Representative Agreement between EMPI, Inc., and MJS Representante Defabricas Automotrics (for Mexican representation) dated May 2, 2018.

Indemnity Agreement and Supplier Confidentiality Agreement, dated January 18, 2006, between Balkamp Inc. and EMPI Inc.

ADP TotalSource Service Agreement, dated August 4, 2014, between ADP Totalsource, Inc. and EMPI Inc.

Contract between EMPI, Inc., and AT&T Fiber Broadband and Bundle Express Agreement, executed March 15, 2017.

The Asset Purchase Agreement between EMPI Inc. and Dee Engineering Inc. for certain assets (the Bugpack assets) dated in April of 2015 contains mutual indemnification provisions.

Assumption and Approval Agreement dated in June 2018, by and among Carbsonline, Inc., EMPI, Inc. and Magneti Marelli S.P.A. (This is with respect to the underlying Trademark License Agreement among Magneti Marelli S.P.A. and Interco Product Corp. dated September 16, 2010, as extended pursuant to a letter signed by Magneti Marelli on October 28, 2016). The underlying Trademark License Agreement contains mutual indemnification provisions.

(x) contracts or other agreements under which the Company agrees to refrain from competing with, or soliciting the customers or business of, any party:

The Asset Purchase Agreement between EMPI Inc. and Dee Engineering Inc. for certain assets (the Bugpack assets) dated in April of 2015.

Support Agreement, dated April 19, 2018, by and between Mitel Technologies Inc. and EMPI, Inc.

Sales Representative Agreement between EMPI, Inc., and MJS Representante Defabricas Automotrics (for Mexican representation) dated May 2, 2018.

Assumption and Approval Agreement dated in June 2018, by and among Carbsonline, Inc., EMPI, Inc. and Magneti Marelli S.P.A. (This is with respect to the underlying Trademark License Agreement among Magneti Marelli S.P.A. and Interco Product Corp. dated September 16, 2010, as extended pursuant to a letter signed by Magneti Marelli on October 28, 2016). The underlying Trademark License Agreement contains territory limitations.

(xi) any contracts or other agreements with regard to Indebtedness; and

None

(xii) any other contract or other agreement not made in the ordinary course of business.

Contract between EMPI, Inc., and Dee Engineering, Inc., dated April 8, 2015.

Contract between EMPI, Inc., and DRD Racing Heads, LLC, dated July 20, 2017.

Contracts between Hot Rods, LLC, and The Rock Church whereby the church agrees to use parking available to EMPI, Inc.

Assumption and Approval Agreement dated in June 2018, by and among Carbsonline, Inc., EMPI, Inc. and Magneti Marelli S.P.A. (This is with respect to the underlying Trademark License Agreement among Magneti Marelli S.P.A. and Interco Product Corp. dated September 16, 2010, as extended pursuant to a letter signed by Magneti Marelli on October 28, 2016).

Consulting Agreement between Lawrence Whyte and EMPI, Inc., effective April 10, 2018 (this terminated after 75 days)

Agreement for Assignment of Trademark License and Domain Names among EMPI, Michael Pace, Interco Product Corp., and Carbsonline, Inc. ("Pace Agreement"), dated February 23, 2018.

In addition to those contracts set forth above in categories (i)-(xii), certain contracts include confidentiality or similar provisions, although this is considered in the ordinary course of business.

In addition to those contracts set forth above in categories (i)-(xii), certain contracts contain limitation of liability provisions, limitations on types of damages, disclaimers of warranties or other disclaimers, etc., although these types of provisions are considered in the ordinary course of business.

Schedule 5.14(b) Consent Requirements of Contracts

Schedules 1.1(e), 1.1(g) and 4.2(a)(iv) are incorporated by reference herein.

Schedule 5.15 Employee Census Information and Employment Agreements

We do not have any employment agreements. The only agreements we have are the Commission Agreements (see 5.14 (i)) and nondisclosure agreements. Certain employees receive job offer letters, which have been disclosed on Schedule 5.16. Employees sign an acknowledgement receipt with respect to the employee handbook.

As of Pay Date 12/29/17

Name	Hire Date	Rate Type	Hourly Rate	Weekly Rate
Aguilar Abelino, Oscar	8/21/2017	Hourly	12.50	
Aguilar, Cesar	6/13/2016	Hourly	13.25	
Aguilar, Meliton	1/25/2016	Hourly	13.75	
Altamirano, Frederick	9/5/2017	Salaried		2884.62
Alzate-Cardona, Orfanery	10/25/2016	Hourly	13.25	
Anthony, Jeffrey Steven	9/7/2016	Hourly	24.50	
Ash, Michael S	2/26/2007	Hourly	28.39	
Avalos, Gustavo	6/25/2014	Hourly	17.00	
Banos, William H	10/17/2016	Hourly	12.75	
Castaneda, Jesus	4/12/2017	Hourly	12.75	
Castillo-Torres, Osvaldo	10/24/2016	Hourly	13.50	
Castro, Leonard P	2/1/1993	Hourly	35.36	
Ceja-Ceja, Daniel	11/18/2016	Hourly	13.50	
Chairez, Raul	6/11/2007	Salaried		1865.44
Cooper, Edward B	9/17/2014	Hourly	22.00	
Cooper, Erica	2/18/1992	Salaried		3090.00
De Santiago, Daniel	6/27/2016	Hourly	15.00	
Dorado, Yvonne	6/26/2006	Salaried		1421.74
Duke, Patrick L	7/15/1996	Hourly	36.58	
Espinoza-Enriquez, Veronica	5/26/2016	Hourly	13.25	
Franco, Elizabeth Rodriguez	7/10/2002	Hourly	21.26	
Garcia Campos, Miriam	1/18/2016	Hourly	14.00	
Garcia, John M	12/11/2017	Hourly	13.50	
Garcia, Rafael	10/17/2016	Hourly	13.25	
Garcia-Garcia, Geovany E	10/11/2016	Hourly	15.50	
Garnica, Mary E	11/3/2010	Hourly	24.36	
Gomez, Ryan F	4/12/2005	Hourly	26.83	

Gonzalez, Michellet	5/21/2012	Hourly	20.00	
Gonzalez-Figueroa, Leonel	9/1/2016	Hourly	24.72	
Gudino, Jose M	8/18/2015	Hourly	15.50	
Guerrero, Cruz G	2/8/2017	Hourly	13.00	
Gutierrez, Adriana	10/5/2000	Hourly	27.46	
Hardin, Jesse J	6/23/2010	Hourly	38.50	
Hernandez, Tomas	8/29/2016	Hourly	13.25	
Herrera, Diego	9/1/2015	Hourly	13.75	
Jarrell, Adam J	10/24/2011	Salaried		1368.81
Jimenez, Hugo Manuel	8/9/2017	Hourly	12.50	
Kellner, Joseph	10/11/2004	Salaried		2241.16
Lara-Reyes, Manuel Y	8/3/2016	Hourly	13.50	
Le, Andrew D	4/13/2015	Hourly	22.00	
Magdaleno, Heriberto	8/10/2007	Hourly	20.00	
Makepeace, Joni K	1/1/1983	Salaried		1894.48
Mejia-Hernandez, Jose W	3/27/2017	Hourly	13.00	
Minarsch, Tamara L	7/25/1977	Salaried		3953.54
Montano, Petrita	3/30/2009	Hourly	23.47	
Montoya-Brito, Armando	7/11/2016	Hourly	14.25	
Murillo, Jesus N	8/7/2017	Hourly	12.50	
Murray, Michael C	7/5/2017	Salaried		2157.70
Naranjo, Alfredo	7/17/2017	Hourly	22.00	
Nava, Jose C	6/7/1995	Hourly	18.55	
Orellana-Aragon, Jesus	5/31/2016	Hourly	15.50	
Ortiz-Tatengo, Jose C	6/21/2016	Hourly	13.25	
Perez Guerrero, Victor Manuel	7/24/2017	Hourly	12.50	
Perez, Daniel	1/18/2016	Hourly	13.75	
Prado, Elias Alejandro	6/8/2017	Hourly	14.00	
Ritter, Kimberly A	9/1/2009	Hourly	19.77	
Rodriguez Enriquez, Petra	1/16/2017	Hourly	12.50	
Rodriguez, Brigido E	3/9/2015	Hourly	14.25	
Roman Mojica, Benigno	1/8/2002	Hourly	16.25	
Rosselli, Erin J	2/18/1992	Hourly	26.30	
Santana Muniz, Santa	6/29/2017	Hourly	12.50	
Shaw, William L	7/1/1991	Salaried		2346.44
Solis, Fernando	6/6/2016	Hourly	14.00	

Soto, Carlos Alberto	6/7/2016	Hourly	15.50	
Taffolla, Corey M	10/31/2016	Hourly	26.50	
Torres Ramirez, Adan Munir	7/29/2013	Hourly	15.50	
Toscano-Vazquez, Raymundo	6/1/2016	Hourly	15.00	
Toscano, Esteban	9/8/2016	Hourly	13.75	
Valdez, Hope	8/1/2016	Hourly	17.00	
Valenzuela, Ricardo	6/6/2016	Hourly	15.00	

As of Pay Date 7/12/18

Name	Hire Date	Rate Type	Hourly Rate	Weekly Rate
Aguilar Abelino, Oscar	8/21/2017	Hourly	13.50	
Aguilar, Cesar	6/13/2016	Hourly	14.25	
Aguilar, Meliton	1/25/2016	Hourly	14.75	
Altamirano, Frederick	9/5/2017	Salaried		2884.62
Alzate-Cardona, Orfanery	10/25/2016	Hourly	14.25	
Anthony, Jeffrey Steven	9/7/2016	Hourly	24.50	
Ash, Michael S	2/26/2007	Hourly	28.39	
Banos, William H	10/17/2016	Hourly	13.75	
Blevins, Gabriel Derrell	4/30/2018	Hourly	24.50	
Castillo-Torres, Osvaldo	10/24/2016	Hourly	14.50	
Castro, Leonard P	2/1/1993	Hourly	35.36	
Ceja-Ceja, Daniel	11/18/2016	Hourly	14.50	
Chairez, Raul	6/11/2007	Salaried		1865.44
Cooper, Edward B	9/17/2014	Hourly	23.00	
Cooper, Erica	2/18/1992	Salaried		3090.00
Cruz Sanchez, Eder	7/2/2018	Hourly	13.25	
De Santiago, Daniel	6/27/2016	Hourly	16.00	
Diaz, Edgar Joe	6/5/2018	Hourly	16.00	
Dorado, Yvonne	6/26/2006	Salaried		1421.74
Duke, Patrick L	7/15/1996	Hourly	36.58	
Espinoza-Enriquez, Veronica	5/26/2016	Hourly	14.25	
Franco, Elizabeth Rodriguez	7/10/2002	Hourly	21.26	
Garcia Campos, Miriam	1/18/2016	Hourly	15.00	
Garcia, Rafael	10/17/2016	Hourly	14.25	
Garcia-Garcia, Geovany E	10/11/2016	Hourly	16.50	

Garnica, Mary E	11/3/2010	Hourly	24.36	
Gomez, Ryan F	4/12/2005	Hourly	26.83	
Gonzalez, Michellet	5/21/2012	Hourly	21.00	
Gonzalez-Figueroa, Leonel	9/1/2016	Hourly	25.72	
Gudino, Jose M	8/18/2015	Hourly	16.50	
Guerrero, Cruz G	2/8/2017	Hourly	14.00	
Gutierrez, Adriana	10/5/2000	Hourly	27.46	
Guzman, Jonathan Ray	3/5/2018	Hourly	14.00	
Hardin, Jesse J	6/23/2010	Hourly	38.50	
Hernandez, Tomas	8/29/2016	Hourly	14.25	
Herrera, Diego	9/1/2015	Hourly	14.75	
Jarrell, Adam J	10/24/2011	Salaried		1368.81
Jimenez, Hugo Manuel	8/9/2017	Hourly	13.50	
Kellner, Joseph	10/11/2004	Salaried		2241.16
Lara-Reyes, Manuel	8/3/2016	Hourly	14.50	
Le, Andrew D	4/13/2015	Hourly	22.00	
Lopez, Jose De Jesus	1/2/2018	Hourly	23.37	
Magdaleno, Heriberto	8/10/2007	Hourly	21.00	
Makepeace, Joni K	1/1/1983	Salaried		1894.48
Mejia-Hernandez, Jose W	3/27/2017	Hourly	14.00	
Minarsch, Tamara L	7/25/1977	Salaried		3953.54
Montoya-Brito, Armando	7/11/2016	Hourly	15.25	
Murray, Michael C	7/5/2017	Salaried		2157.70
Naranjo, Alfredo	7/17/2017	Hourly	23.00	
Nava, Jose C	6/7/1995	Hourly	19.55	
Ortiz Pena, Alfonso	5/26/2016	Hourly	14.50	
Ortiz-Tatengo, Jose C	6/21/2016	Hourly	14.25	
Perez Guerrero, Victor Manuel	7/24/2017	Hourly	13.50	
Perez, Daniel	1/18/2016	Hourly	14.75	
Prado, Elias Alejandro	6/8/2017	Hourly	15.00	
Ritter, Kimberly A	9/1/2009	Hourly	19.77	
Rodriguez, Brigido E	3/9/2015	Hourly	15.25	
Roman Mojica, Benigno	1/8/2002	Hourly	17.25	
Sanchez, Jorge	6/5/2018	Hourly	13.50	
Santana Muniz, Santa	6/29/2017	Hourly	13.50	
Shaw, William L	7/1/1991	Hourly	58.67	

Solis, Fernando	6/6/2016	Hourly	15.00	
Soto, Carlos Alberto	6/7/2016	Hourly	16.50	
Taffolla, Corey M	10/31/2016	Hourly	27.50	
Tornell Gonzalez, Jorge	4/9/2018	Hourly	17.00	
Torres Ramirez, Adan Munir	7/29/2013	Hourly	17.50	
Toscano-Vazquez, Raymundo	6/1/2016	Hourly	16.00	
Welden, Daniel E	1/1/1973	Salaried		23100.00
Wen, C K	1/2/1991	Salaried		8400.00
Wu, Hailin	5/31/2005	Salaried		2537.18
Zarate-Carmona, Erick S	6/8/2016	Hourly	16.50	

Changes to Employee Census after July 12, 2018:

REMOVE

Blevins, Gabriel Derrell	4/30/2018	Hourly	24.50	
Wen, C K	1/2/1991	Salaried		8400.00

ADD

Guerrero, Artie	7/30/2018	Hourly	13.25	
Gutierrez, Michael	7/17/2018	Hourly	13.25	
Menjivar Rivera, Manuel	7/30/2018	Hourly	13.25	
Ruiz, Gilberto	7/18/2018	Hourly	13.25	
Velazquez Reyna, Raul	7/24/2018	Hourly	13.25	

Note that two of the employees are scheduled to begin work on July 30, 2018.

The Company has given discretionary bonuses from time to time, but has no obligation to do so in the future and has not announced or communicated to employees any bonus that have not been fully paid.

See, additional employee perks and bonuses listed on Schedule 5.15.

Schedule 5.16(a) Employee Benefit Plans

All Benefits are through ADP TotalSource
Medical – Anthem Blue Cross PPO 750-80-SCA
Anthem Blue Cross Select HMO 30-SCA
Anthem Blue Cross PR Select HMO 30-SCA
Kaiser HMO 20-South-CA

(Company pays \$250.00 monthly towards Medical coverage for any employee enrolled.)

Dental – Guardian Managed Care California (HMO)
Guardian Value West (PPO)

Vision – VSP Choice Vision Plan

Life – Aetna Basic \$25,000.00 (EMPI pays 100% for all employees.)
Long Term Disability (EMPI pays 100% for all employees enrolled in medical plans.)

Flexible Spending Accounts – Medical Reimbursement Account,
Dependent Care Reimbursement Account

Fidelity Profit Sharing/401(k) Plan¹

In addition, the Company has historically given a Rolex watch to each employee who reaches their 20 year anniversary of employment with the Company.

Standard employee perks:

Thanksgiving:

\$25.00 Grocery Gift cards for anyone here less than 1 year

Anyone over 1 year gets \$100.00 Bonus

Anyone 2-4 years gets \$300.00 Bonus

Anyone 5-14 years gets \$1,000.00 Bonus

Anyone 15 + years gets \$2,000.00 Bonus

Christmas:

All employees get a \$25.00 Grocery Gift card

Every 5 year (employee hire date) Anniversary date (5, 10, 15, 20 etc.) every employee gets a \$25.00 Grocery Gift card.

¹ EMPI's Safe Harbor Match is 100% of the first 3% of eligible compensation and 50% of the next 2% of eligible compensation, contributed to the Plan as Deferral Contributions.

Perks are provided from time to time as determined by Seller such as:

Lunch to all employees (BBQ, Tacos)

Ice Cream Truck to all employees

Fishing Trip for all employees

Knott's Berry Farm annual passes for all employees & their families.

Schedule 5.16(c)

Issues Under Employee Benefit Plans

None

Schedule 5.17 Labor Non-Compliance

Two employees were classified as exempt employees, William L. Shaw and Joni K. Makepeace. We now believe they should have been classified as non-exempt. Mr. Shaw was reclassified as a non-exempt employee as of June 11, 2018. With respect to these two misclassified employees, it is possible that additional compensation, employment taxes, interest and penalties could be owed by Seller with respect to the two misclassified employees.

With respect to verifying that employees have a legal right to work, EMPI has complied with law and the procedures and guidance provided by ADP TotalSource. ADP TotalSource files our 1095s, which indicates mismatches on some employees from time to time. We then issue a notice to each employee that gives them 90 days to prove legal documentation. The ones that cannot establish legal documentation are terminated as per ADP TotalSource guidance and advice. EMPI, through ADP, uses e-Verify with respect to its employees.

Unemployment: ADP TotalSource receives and fills out all unemployment claims.

Disability claims are not tracked. EMPI fills out and returns paperwork to the appropriate agency in compliance with law.

Workers' Compensation, all claims are handled in accordance with law, but the following are lists of open and closed claims:

A. Open claims as of July 27, 2018:

Yulios Alvarez	DOI: 7/27/16	Claim #WC608-C73378 Claim #WC608-C79946
Benigno Mojica	DOI: 6/09/17	Claim #WC608-D07093
Manuel Lara-Reyes	DOI: 5/30/18	Claim #WC608-D57186
Geovany Garcia-Garcia	DOI: 6/26/18	Claim #WC608-D60850
Cruz Guerreo	DOI: 6/26/18	Claim #WC608-D60937
Raymundo Toscano-Vazquez	DOI: 7/2/18	Claim #WC608-D61349
Adan Torres Ramirez	DOI: 7/12/18	Claim #WC608-D62688
Hugo Jimenez	DOI: 7/13/18	Claim #WC608-D62690

B. Closed Claims where the injury happened within the last 3 years.

William Shaw	DOI: 11/30/15	Claim #WC608-C50397
Rigoberto Piedra	DOI: 12/24/15	Claim #WC608-C52190
Martin Parada	DOI: 5/16/16	Claim #WC608-C89308
Ulises Sandoval	DOI: 7/07/16	Claim #WC608-C71486
Alfonso Ortiz	DOI: 8/1/16	Claim #WC608-C73812
Luis Gonzalez	DOI: 8/04/16	Claim #WC608-C73955
Michellet Ramirez	DOI: 10/11/16	Claim #WC608-C80132
Carlos Soto	DOI: 12/15/16	Claim #WC608-C85897
Silvestre Garcia-Serato	DOI: 12/20/16	Claim #WC608-D04770
Bernnie Sanchez	DOI: 1/04/17	Claim #WC608-C90073
Adam Jarrell	DOI: 1/27/17	Claim #WC608-C90074
Jose Aparicio	DOI: Cumulative	Claim #WC608-C74245
Corey Taffolla	DOI: 8/01/17	Claim #WC608-D21163
Adan Torres Ramirez	DOI: 9/20/17	Claim #WC608-D27305
Geovany Garcia	DOI: 10/18/17	Claim #WC608-D30478
Esteban Toscano	DOI: 10/23/17	Claim #WC608-D31016
Meliton Aguilar	DOI: 12/20/17	Claim #WC608-D36972
Hugo Jimenez	DOI: 1/17/18	Claim #WC608-D39430
Manuel Lara-Reyes	DOI: 2/08/18	Claim #WC608-D44391
Carlos Soto	DOI: 2/13/18	Claim #WC608-D44393
Alfredo Naranjo	DOI: 5/04/18	Claim #WC608-D54081
Michellet Gonzalez	DOI: 5/18/18	Claim #WC608-D56134

Schedule 5.18 Issues with Title to Intellectual Property

None, other than as disclosed on other Schedules 1.1(e), 1.1(g), 4.2(a)(iv), 5.6, 5.7, 5.8 5.9 and 5.14, regarding Pace/Magneti Marelli, VW Agreement , Bugpack and Scat.

Reference is made to the disclosures regarding Mr. Bug trademark and the VW Agreement set forth on Schedule 1.1(g).

Reference is made to multiple subsections with respect to the disclosures regarding these contracts and the underlying intellectual property:

Assumption and Approval Agreement dated in June 2018, by and among Carbsonline, Inc., EMPI, Inc. and Magneti Marelli S.P.A. (This is with respect to the underlying Trademark License Agreement among Magneti Marelli S.P.A. and Interco Product Corp. dated September 16, 2010, as extended pursuant to a letter signed by Magneti Marelli on October 28, 2016).

Agreement for Assignment of Trademark License and Domain Names among EMPI, Michael Pace, Interco Product Corp., and Carbsonline, Inc. ("Pace Agreement"), dated February 23, 2018

Schedule 5.19(a) Top Ten Largest Customers and Suppliers

For year 2017

Customer #	Customer Name	2017 Sales
16556	Calif. Pacific/J Bugs	\$1,910,770.49
12223/12225	Appletree Automotive	\$1,276,048.95
18005	California Import Parts	\$1,056,020.20
16061/16899	Car Craft	\$898,052.38
13522	Drew's Off Road	\$789,490.67
16100	Moore Parts	\$716,722.84
18191	Heritage Parts Centre	\$592,949.80
18086	Auto Technic Diffussion	\$451,509.89
56044/90082/98369	Worldpac	\$375,136.17
14315	SW Imports/Clark Ent	\$365,411.90

For year 2017

Vendor #	Vendor Name	Country	Amt. Paid 2017
01726	Yuan Hong Industrial & Trading Co. Ltd.	China	\$6,055,849.22
00010	Direct Merchants Inc.	Taiwan	\$2,336,986.60
01285	Ningbo Cadolly Industrial Inc.	China	\$859,346.10
01761	Wenzhou Sintai Machinery Parts Co. Ltd.	China	\$450,333.73
01527	MDS Ltda	Brazil	\$263,380.87
01744	Rima Industrial S/A	Brazil	\$218,304.00
01695	AA Performance Products APS Automotive Enterprises Co. Ltd.	USA/China	\$205,324.80
01758	Zhejiang Zhengde Brake Co. Ltd.	China	\$193,002.48
01043	Hubner Componentes E. Sistemas Automotivos LTDA	Brazil	\$184,832.50
00359	Worldpac	USA	\$172,145.15

Schedule 5.19(b) Issues with Customers and Suppliers

1. Customers: No exceptions except for issues noted below.
2. Suppliers/Vendors: The Company is encountering delays on purchase orders for goods on certain items from the country of China. This is due to enforcement by the Chinese government in their country. Many factories that produce products that EMPI receives have had to update (or are or may be in the process of updating) their processes and equipment to reduce adverse effects on the environment.
3. Tariffs: Buyer and Parent (and their representatives) have conducted their own review of tariff and potential tariff issues with respect to the items EMPI imports from China. EMPI cannot guarantee, represent or warrant the accuracy of any tariff studies performed by Buyer, Parent or their representatives or that no new tariffs, duties, taxes, fees, prohibitions, treaties, processes or procedures will be enacted by any governing authority or agency, whether within the United States or elsewhere. EMPI cannot guarantee, represent or warrant that no H.S. (or H.T.S.) codes or numbers will be revised by U.S. Customs or any other governing authority or agency, whether within the United States or elsewhere.
4. Suppliers and customers are or may be subject to certain slowdowns and delays due to environmental compliance (of the supplier) issues and issues related to general political and regulatory compliance. The Company's Business, including its suppliers and customers, are from time to time subject to political, regulatory (including import requirements, trade laws and sanctions), taxation, tariffs, duties, and environmental compliance issues and changes in any of the foregoing with a local, state, federal or international agency, authority or government. While the Company does not have knowledge of any pending or threatened changes to supplier terms except as disclosed on this Disclosure Schedule 5.20(b), the Company specifically does not represent or warrant the continued supply chain for the products of the Company or the pricing or quantity thereof which could be obtained from any particular supplier after the Closing Date. While the Company does not have knowledge of any pending or threatened changes to customer terms except as disclosed on this Disclosure Schedule 5.20(b), the Company specifically does not represent or warrant the continued usage or purchase of the products of the Company or the amount or quantity thereof by any customer after the Closing Date. Suppliers provide for certain pricing and timing performance based upon and in exchange for the continuous, expedited and timely supply purchase payments being made by the Company to the suppliers and that such arrangements may not be in writing. In certain cases, the Company makes payment to the supplier prior to the goods leaving the supplier's facility. Major disruptions to material supply sources can occur if there is a failure to maintain continuous, expedited

and timely payments to the suppliers in accordance with the Seller's past and customary performance and in accordance with the payment terms made with the supply source, which may not be in writing. Accordingly, it is critical to pay all suppliers according to the current customary payment terms that are already in place by the Business and have been previously agreed upon by particular suppliers and the Company. No delays or disruptions with Suppliers are currently pending or threatened as a result of payment delays or disputes.

5. Many customers and some vendors or service providers are sent See's candy at Christmas time.

6. EMPI prepares a custom designed Christmas card each year which is sent to many of its customers and suppliers.

7. EMPI's main Vendor is (YH) Yuan Hong Industrial & Trading Co., Ltd. In EMPI's computer system, all the purchase orders are still made out to YH's affiliated trading partner, (YY) Shanghai Yao Yuan, which is the entity that the Company previously traded with directly. The Company has not yet changed its internal purchase order format to reflect this change. The invoices from China come to us from YH and we do wire transfer to YH. This has not and is not expected to cause any disruption or other issues with this supplier.

8. Vendor Ningbo Cadolly Industrial Inc. in China.

The main products they supply EMPI are CV Boots and Rack & Pinion Boots. In June 2018 we got a 9% price increase from them. It was already suspected for a while because prices for all other petroleum-based products have already been raised by other vendors. We negotiated with Ningbo Cadolly that all orders we placed in the month of June would still get the old price no matter when they shipped to us. We placed some very large orders in June to cover us for the next few months. We have done price reviews and are considering other possible sources for some or all of the Ningbo Cadolly products. Recently, Ningbo Cadolly came in with another increase. We told Ningbo Cadolly we cannot absorb their second-requested price increase which is, in some cases, another 20 to 30% higher than the original prices. We have only placed 2 small orders in July. Ningbo Cadolly still has not told us if they are going to ship them with the 9% increase or with the 20-30% increase, but they are shipping all old June P/Os at the old price, prior to either of the two increases. We are continuing to explore alternate sources, including possibly a new vendor, and re-directing toolings to other vendors for sourcing some of the products previously supplied by Ningbo Cadolly. Boot supply will be covered on multiple fronts before we run out of any goods. Ningbo Cadolly then very recently came in with a third price quote (increase), which is more than their first increase of 9% but less than the second increased quote. The third

increased quote has a weighted average increase of about 15%. We will continue with our plan of moving some toolings and continuing our evaluation of alternative sources.

9. Direct Merchants Inc. (Taiwan)

Direct Merchants is the trading company that consolidates for us in Taiwan. We pay them 8% above the factories' quote for what they do. This 8% is for all items except Boots. (They add 0% on for Boots at this time.) They actually invoice us 8% more than the factories' prices. Also we pay any inland freight charges within Taiwan. For many years we were shipping containers every week from Taiwan. Over the years this has dwindled to where it is only about 1 container a month now. Direct Merchants has recently come to us to explain that their cost to handle EMPI's business is around \$15,000.00 USD per month, and if we only ship one container a month they only have about \$8000.00 in revenue from EMPI to cover their cost. They have been going negative for some time to handle EMPI. They want us to ship enough containers with them to equal or exceed \$15,000.00 USD in revenue for them to cover their cost.

10. Reference is made to Proposition 65 and related matters described on Schedule 5.7, including the new, amended consumer warning regulations that take effect on Aug. 30, 2018. The labeling of EMPI's products does not meet the requirements of those amended regulations and EMPI may be required to re-label certain existing inventory, subject to certain transition rules, and will need to label new inventory differently in the future, which will affect its suppliers.

**Schedule 5.21 Liabilities Since April 30, 2018
(Not Included in Sections 5.21(i)-(iii))**

Two employees were classified as exempt employees, William L. Shaw and Joni K. Makepeace, when arguably they should have been classified as non-exempt. Mr. Shaw was reclassified as a non-exempt employee as of June 11, 2018. With respect to the two misclassified employees, if this issue surfaces, it is possible that additional employment taxes, interest and penalties could be owed with respect to the two misclassified employees.

The Company, Mr. Welden and his wife, Kathy Welden, submitted a request in March of 2018 to participate in a voluntary disclosure program with the Internal Revenue Service through tax counsel hired by the Company, and the Weldens, A. Lavar Taylor, Esq. The Buyer and Parent were previously informed of this matter while the request to the IRS was pending. On June 5, 2018, Mr. Taylor received a letter advising that the Company and the Weldens have been precleared to make a voluntary disclosure to the IRS.

The Company and the Weldens, through Mr. Taylor, have made a formal request for a voluntary disclosure within forty-five (45) days of June 5, 2018. Mr. Taylor has prepared a letter to the Company which states that once the IRS has granted preclearance for a voluntary disclosure, the IRS has always accepted his clients into the program. Assuming acceptance into the voluntary disclosure program, the Company and the Weldens will make necessary and appropriate disclosures to the IRS, which will include information about certain adjustments to inventory and other matters, for which many or all of which the Company has made prior period adjustments in the financial statements.

The Company and the Weldens expect that the Company will file its 2017 Federal and California tax returns to report such adjustments and corresponding effects and will amend returns for prior years as required by the terms of the voluntary disclosure program. The Company anticipates that the adjustments will show an overstatement of cost of goods of sold from the cost of goods sold previously reflected on the financial statements and tax returns. Since the Company files its tax returns as an S corporation, the Company expects much of any resulting liability for taxes and any penalties and interest to be borne by the shareholders. California does impose on an S corporation a 1.5% tax on California source taxable income.

Schedule 5.22 Taxes

The Company, Mr. Welden and his wife, Kathy Welden, submitted a request in March of 2018 to participate in a voluntary disclosure program with the Internal Revenue Service through tax counsel hired by the Company, and the Weldens, A. Lavar Taylor, Esq. The Buyer and Parent were previously informed of this matter while the request to the IRS was pending. On June 5, 2018, Mr. Taylor received a letter advising that the Company and the Weldens have been precleared to make a voluntary disclosure to the IRS.

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The Company and the Weldens expect that the Company will file its 2017 Federal and California tax returns to report such adjustments and corresponding effects and will amend returns for prior years as required by the terms of the voluntary disclosure program. The Company anticipates that the adjustments will show an overstatement of cost of goods of sold from the cost of goods sold previously reflected on the financial statements and tax returns. Since the Company files its tax returns as an S corporation, the Company expects much of any resulting liability for taxes and any penalties and interest to be borne by the shareholders. California does impose on an S corporation a 1.5% tax on California source taxable income.

The Company's 2017 state and federal corporate tax returns are currently on extension. Two employees were classified as exempt employees, William L. Shaw and Joni K. Makepeace. We now believe they should have been classified as non-exempt. Mr. Shaw was reclassified as a non-exempt employee as of June 11, 2018. With respect to these two misclassified employees, it is possible that additional compensation, employment taxes, interest and penalties could be owed by Seller with respect to the two misclassified employees

**Schedule 5.23(a) and (c) Warranty and Product Liability Claims
In the last 3 years**

Brake pads and brake shoes were reformulated by the Seller to comply with certain state requirements or requirements of NSF.

In August of 2015, we were made aware of a potential problem with a pedal assembly (#4526B). We instituted and did a recall. No further problems or issues.

During the ordinary course of business we handle warranties and customer satisfaction issues in a variety of ways including credits, replacement of goods, etc.

See, also disclosures related to Proposition 65, CARB, the U.S. Clean Water Act administered by the EPA or other environmental regulations, laws or ordinances, including noise regulations, and other possible allegations regarding noise or pollution related to products on Schedules 5.7, 5.8, 5.10(b), 5.12 and 5.19.

Schedule 5.24 Use of a Broker

None

Schedule 5.25 Conflicts of Interest

EMPI Inc. leases its current location from Hot Rods, LLC. Daniel E. Welden is the Managing Member of Hot Rods, LLC.

Joni Makepeace, the sister of Daniel E. Welden, is currently a misclassified employee.

The following are employees of EMPI who are affiliated with the Owners:

Daniel E. Welden
Erica Cooper (Dan's daughter).
Adam Jarrell (Dan's nephew).
Edward Cooper (Erica's husband).
Joni Makepeace (Dan's sister).

The following are former employees of EMPI who are affiliated with the Owners:

Kathy Welden (Dan's wife, terminated as an employee prior to the Closing Date).
Erin Rosselli (Dan's daughter, terminated as an employee prior to the Closing Date).
C. Kyle Wen (terminated as an employee prior to the Closing Date).
Jennifer Wen (CK's wife, terminated as an employee prior to the Closing Date).

**Schedule 6.1 Equity Interests of EMPI Held
By the Owners**

Owners are as follows:

Daniel E. Welden and Kathy J. Welden Trustees of the VW Revocable Living Trust, owns 29.165714% of the issued and outstanding shares of common stock

Daniel E. Welden and Kathy J. Welden Trustees of the Daniel E. Welden 2012 Irrevocable Trust, owns 32.917143% of the issued and outstanding shares of common stock

Daniel E. Welden and Kathy J. Welden Trustees of the Kathy J. Welden 2012 Irrevocable Trust, owns 32.917143% of the issued and outstanding shares of common stock

C. Kyle Wen and Jennifer Wen Trustees of The C. Kyle and Jennifer Wen Family Trust of 2005, owns 5% of the issued and outstanding shares of common stock

**Schedule 7.5 Indebtedness of Buyer and Parent and
Default Under Any Indebtedness**

This is to be completed by Buyer and Parent.

Schedule 7.8 Broker of Buyer

Bywater Corporate Development Services, LLC, which for all purposes Buyer and Parent represent and warrant will be treated as an "outside adviser" under Section 11.2 of the Asset Acquisition Agreement for which Buyer and Parent shall bear such expenses. No fees, costs or expenses related to such broker "outside adviser" shall be passed through to the Seller, its Owners or to the Landlord (under the Closing Property Lease) in any manner whatsoever (except to the extent Parent's expenses will increase as a result of the broker "outside adviser" expenses paid by Parent which will affect Parent's financial statements and Seller will have approximately a 10% ownership interest in the Parent after the Closing).

Schedule 8.1 Transferred Employees

All employees listed on the employee census data for July 12, 2018 set forth on Schedule 5.15 shall be a Transferred Employee, except those which are set forth on Schedule 5.15 as having terminated their employment with the Company on or after July 12, 2018. In addition, those employees set forth on Schedule 5.15 as new hires after July 12, 2018 shall also be Transferred Employees.