FORM S-1/A

General form of registration statement for all companies including face-amount certificate companies [amend]

Filing Date: **1999-09-10**
SEC Accession No. 0000927016-99-003219

FILER

EMED TECHNOLOGIES CORP

CIK:**1093218**| IRS No.: **043155965** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **S-1/A** | Act: **33** | File No.: **333-85481** | Film No.: **99709975**
SIC: **5047** Medical, dental & hospital equipment & supplies

Mailing Address
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LEXINGTON MA 02421

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LEXINGTON MA 02421
7818620000

As filed with the Securities and Exchange Commission on September 10, 1999

Registration No. 333-85481

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1

TO
FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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eMed Technologies Corporation
(Exact Name of Registrant as Specified in Its Charter)

Delaware	7374	04-3155965
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

25 Hartwell Avenue, Lexington, MA 02421, (781) 862-0000
(Address, including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Scott S. Sheldon, Chief Executive Officer
25 Hartwell Avenue, Lexington, MA 02421, (781) 862-0000
(Name, Address, including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies To:

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(617) 951-7000		(212) 735-3000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If delivery of the prospectus is expected to be made pursuant to Rule 434,

please check the following box. [_]

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

++
+The information in this prospectus is not complete and may be changed. We may +
+not sell these securities until the registration statement filed with the   +
+Securities and Exchange Commission is effective. This prospectus is not an   +
+offer to sell these securities and it is not soliciting an offer to buy these +
+securities in any state where the offer or sale is not permitted.   +
++

SUBJECT TO COMPLETION, DATED SEPTEMBER , 1999

PROSPECTUS

Shares

eMed Technologies Corporation

Common Stock

We anticipate that the initial public offering price for our common stock will be between $ and $ per share. We have applied to have our common stock approved for quotation on the Nasdaq National Market System under the symbol "EMDT."

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page 5 to read about risks that you should consider before buying shares of our common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

<TABLE>
<CAPTION>

	Per Share	Total
<S>	<C>	<C>
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to eMed	$	$

</TABLE>

The underwriters may also purchase up to an additional shares of common stock from us to cover any over-allotment at the public offering price less the underwriting discount. The underwriters expect to deliver the shares against payment in New York, New York on , 1999.

Bear, Stearns & Co. Inc. Donaldson, Lufkin & Jenrette

SG Cowen

Wit Capital Corporation

The date of this Prospectus is , 1999.

PROSPECTUS SUMMARY

The following summary contains basic information about eMed and this offering. It may not contain all the information that may be important to you. You should read the entire prospectus, including the financial statements and related notes, before making an investment decision. Except as otherwise noted, all information in this prospectus (1) assumes no exercise of the underwriters' over-allotment option and (2) assumes the conversion of all outstanding classes of preferred stock into common stock.

Overview

Our Company

We are a leading provider of systems that improve the process of electronically managing and distributing medical images and related patient information. Our products and services are used by radiologists, technicians, referring physicians and other health care professionals to improve the efficiency of the practice of medicine by allowing them to access, transmit and review medical images and related patient information quickly and easily. Our products capture, compress, transmit, route, and store medical images, including x-rays, MRIs, CTs, ultrasounds and others. Our offerings permit the coordinated transmission and review of images and information over both proprietary networks and the internet. Our customers are providers of radiology imaging and interpretive services, including radiologists, hospitals and outpatient imaging facilities and often operate as part of complex health care networks. With systems installed in approximately one of four U.S. imaging facilities and radiologists' homes, we believe that we have the largest installed user base of any company in our business.

Our new internet-based offerings capitalize on the internet's universal accessibility to enable our customers to reduce costs and improve their service. We introduced FrameWave Web in June 1999 and intend to introduce eMed_Web later this year. FrameWave Web permits our customers to manage and distribute medical images and related information over the internet. eMed_Web is a website development and hosting service through which we intend to establish and manage individual websites for our customers. Through these eMed_Web sites, our customers will have FrameWave Web's integrated image and report management capabilities, as well as the opportunity to incorporate other clinically relevant information and marketing information targeted at their customers. In addition, we intend eMed_Web to serve as a platform for offering products and services that further improve the workflow of medical imaging.

We provide our customers remote, comprehensive support services through our network operations center, which is fully staffed 24 hours a day, seven days a week. Because medical imaging is critical to patient diagnosis and care, we believe that our customers highly value comprehensive support services that increase the reliability of their medical image distribution and management systems. Our network operations center personnel are able to remotely monitor and manage customer systems and identify and resolve system problems, including problems related to systems and system components provided by third parties. The level of service we provide enables many customers to outsource the technical management of their image distribution and management systems to us.

Our Strategy

Our objective is to become the leading supplier of comprehensive, medical imaging workflow systems to health care providers by leveraging our advanced technology and experience. Elements of our strategy to achieve this objective include:

- Introducing our eMed_Web website development and hosting service.
- Bringing to market additional products and services for improving medical imaging workflow.

- Leveraging our relationships with our significant base of installed users to increase sales.
- Expanding our sales and marketing efforts.
- Engaging in strategic acquisitions and relationships to obtain technology and expand our user base.

Our Market Opportunity

Our market opportunity is characterized by several important elements:

- Based on historical data, we believe that more than 350 million radiology studies are conducted annually.
- The number of studies has grown due to the increasing usefulness of radiology as a non-invasive diagnostic technique and the general aging of the U.S. population.
- Medical images and related information are utilized in forming patient diagnosis and care judgments by a broad cross-section of health care professionals at disparate locations.
- The current method for capturing, analyzing, distributing and storing medical images and associated medical reports is inefficient and represents a significant opportunity to offer improvements and cost savings.
- Radiology providers are subject to increasing pressure from their customers and health care payors to reduce costs and improve the timeliness and availability of interpretations and related patient images.
- The internet represents a significant advance in the technology available to radiologists and other health care professionals to improve the cost-effectiveness and efficiency of the services they provide.

eMed Solutions

Based on our extensive experience with and insight into the workflow of medical imaging, we have been able to focus our efforts on products and services that provide our customers with cost savings, increased efficiencies and competitive advantages. Our products and services incorporate advanced technology and offer our customers:

- Improved cost effectiveness.
- Enhanced ability to market their services and serve their customers.
- Solutions tailored to meet functionality and cost requirements.
- High quality, comprehensive customer support.

Corporation Information

Our headquarters are located at 25 Hartwell Avenue, Lexington, MA 02421. Until August 1999, we were known as ACCESS Radiology Corporation. Our telephone number is (781) 862-0000 and our internet website address on the Worldwide Web is www.eMed.com. The contents of our website are not part of this prospectus.

The Offering

<table>
<tr><td>Common Stock offered by eMed.....</td><td>shares</td></tr>
<tr><td>Common Stock outstanding after the offering.....</td><td>shares</td></tr>
<tr><td>Use of Proceeds.....</td><td>We estimate that the net proceeds from this offering, without exercise of the over-allotment option, will be approximately $ million. We intend to use these net proceeds to repay approximately $3.0 million of indebtedness and for general corporate purposes, including the expansion of our sales, marketing and development efforts and possibly acquisitions and partnerships.</td></tr>
</table>

Risk Factors.....	See "Risk Factors" for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Proposed Nasdaq National Market symbol.....	"EMDT"

</TABLE>

The number of shares of common stock outstanding after the offering is based on the number outstanding as of August 17, 1999, and excludes:

- 4,145,694 shares of our common stock subject to options outstanding as of August 17, 1999 at a weighted average exercise price of $0.65 per share;

- 1,698,906 shares of our common stock subject to 1,289,815 warrants to purchase common stock and 409,091 warrants to purchase Series J preferred stock outstanding as of August 17, 1999 at exercise prices from $0.01 to $1.10 per share. Upon completion of this offering, the warrants to purchase Series J preferred stock will become warrants to purchase 409,091 shares of common stock.

SUMMARY FINANCIAL DATA
(in thousands, except per share data)

You should read the following summary financial data together with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and notes thereto included elsewhere in this prospectus.

<TABLE>
<CAPTION>

	Year Ended December 31,					Six Months Ended June 30,	
	1994	1995	1996	1997	1998	1998	1999
						(unaudited)	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:							
Revenue.....	$ 139	$ 466	$ 1,009	$ 8,027	$12,594	$ 6,218	$ 11,369
Cost of revenue.....	(141)	(313)	(1,404)	(7,012)	(8,976)	(4,131)	(6,351)
Gross margin.....	(2)	153	(395)	1,015	3,618	2,087	5,018
Operating expenses:							
Research and development.....	--	239	610	1,300	2,362	1,031	1,655
Sales and marketing....	423	571	1,319	2,912	3,498	1,764	2,519
General and administrative.....	1,443	1,476	1,331	1,982	2,722	1,121	1,851
Total operating expenses.....	1,866	2,286	3,260	6,194	8,582	3,916	6,025
Loss from operations....	(1,868)	(2,133)	(3,655)	(5,179)	(4,964)	(1,829)	(1,007)
Interest income (expense), net.....	(14)	(119)	(70)	(204)	(106)	(19)	(68)
Other income (expense)..	(15)	218	(21)	(242)	(43)	(6)	(82)
Net loss.....	$(1,897)	$(2,034)	$(3,746)	$(5,625)	$(5,113)	$ (1,854)	$ (1,157)
Basic and diluted net loss per share.....	$ (3.79)	$ (2.12)	$ (3.50)	$ (5.19)	$ (4.88)	$ (1.79)	$ (1.03)
Shares used in computing basic and diluted net loss per share.....	501	960	1,071	1,084	1,049	1,034	1,121
Unaudited proforma basic and diluted net loss per share.....					$ (0.32)		$ (0.06)
Shares used in computing unaudited proforma							

basic and diluted net loss per share.....	15,761	19,976

	As of June 30, 1999	
	Actual	As Adjusted
	(unaudited)	
Balance Sheet Data:		
Cash and cash equivalents.....	$ 5,118	$
Working capital.....	4,573	
Total assets.....	13,559	
Total long-term liabilities.....	210	
Total stockholders' equity.....	5,312	

The as adjusted balance sheet data and pro forma per share data reflects the conversion of all preferred stock into common stock. The as adjusted balance sheet data also reflects the sale by us of shares of common stock at a public offering price of $ per share in the offering, after deducting the underwriters' discount and our estimated offering expenses.

RISK FACTORS

Investing in our common stock will provide you with an equity ownership interest in eMed. As an eMed stockholder, you will be subject to risks inherent in our business. The value of your investment may increase or decline and could result in a loss to you. You should carefully consider the following factors as well as other information contained in this prospectus before deciding to invest in shares of our common stock.

Risks Related to Our Company

We may not become profitable.

Since our inception, we have incurred significant losses from operations and negative cash flow. In implementing our strategy, we will significantly increase our operating expenses as we aggressively market our products and services and develop new products and services. We are incurring these expenses under the assumption that the sales we obtain from increased marketing and developing efforts will permit us to earn revenue in excess of these additional expenses. If we are unsuccessful in generating revenues to offset these expenditures, we may continue to incur losses from operations and negative cash flow. We cannot assure you that we will ever achieve or sustain profitability or that our operating losses will not increase in the future.

We may be unable to manage growth effectively.

The implementation of our business strategy could result in a period of rapid growth. This growth could place a strain on our managerial, operational and financial resources and on our information systems. Our future operating results will depend on the ability of our senior management to manage rapidly changing business conditions, and to implement and improve our technical, administrative, financial control and reporting systems. We may not succeed in these efforts. The failure to effectively manage and improve these systems could increase our costs and adversely affect our ability to sell and deliver our products and services.

We may be unable to hire, retain, motivate or train the key personnel, upon whom the success of our business will depend.

Our senior management team consists of only seven individuals. Loss of any senior management or other key personnel could have a disruptive effect on the implementation of our business strategy and the efficient running of our day-to-day operations. Also, as we continue to grow, we will need to hire additional personnel in all operational areas. In particular, we will need to hire additional sales people and technical staff. Competition for personnel throughout the health care, information technology and internet industries is intense. We may be unable to retain our key employees or attract, assimilate, retain or train other needed qualified employees in the future.

Our market is highly competitive, and we may not be able to compete effectively because many of our competitors have greater resources and better recognition in the marketplace.

We operate in a highly competitive environment and we may not be able to compete effectively. Many of our competitors are larger than we are, have been in business longer than we have, and have greater financial, technical, research and development, and sales and marketing resources than we do. Further, additional internet-based products and services providers may enter into the market for products and services that improve the workflow of medical imaging. Larger competitors may have the resources to offer competitive products at greatly discounted prices or at no charge, sometimes in connection with the sale of related or complementary products or systems. Customer decisions to purchase our products are often influenced by the perceived stability and market recognition of the vendor. We may be at a disadvantage because many of our competitors are better known and may be perceived as less risky than we are. For additional information, please see the section "Business -- Competition."

We may be unable to sell new products and services to our installed user base, which is a key part of our growth strategy.

A key part of our strategy is to sell to our existing installed user base additional products and services that we currently offer, as well as products and services that we intend to develop. We expect that this effort will require intensive marketing and sales efforts. Customers that have invested substantial resources in other products may be reluctant to adopt a new product that may replace or make redundant their existing systems. Because we acquired a large portion of our installed user base when we acquired the medical imaging business of E-Systems Medical Electronics, a division of Raytheon, in November 1998, we have limited experience with these users, and we cannot predict what our success will be in selling new products and services to them.

Our future growth may suffer if we do not achieve broad acceptance of our internet-based products and services by radiologists, technicians, referring physicians and other health care professionals.

Our success, in part, depends upon our ability to gain acceptance of our internet-based products and services by a large number of radiologists, technicians, referring physicians and other health care professionals. Achieving market acceptance for our internet-based applications will require substantial marketing efforts and the expenditure of significant financial and other resources to create brand awareness and demand by physicians and health care organizations. In addition, the rate at which physicians and health care organizations will replace existing medical imaging management products and systems with more advanced technologies is uncertain. Failure to achieve broad acceptance of our internet-based applications by physicians and health care organizations as a preferred medium for medical imaging would have a material adverse effect on our operating results.

We may be unable to sell our planned eMed_Web service if our target customers do not accept our subscription fee pricing model.

Our new subscription fee pricing model for internet-based offerings is untested and will require our target customers to make recurring subscription fee payments. Currently, customers buy medical systems as a one-time capital investment with a yearly fee for maintenance and support. Accepting our subscription fee pricing model may be particularly difficult for larger health care institutions. If we are unable to convince our existing base and new target customers to accept this new pricing model, sales of our new internet-based offerings could suffer.

Our business may be difficult for you to evaluate because the internet component of our business model is evolving and is unproven.

We only began offering internet products in June 1999 with the introduction of our FrameWave Web product. We intend to begin marketing our eMed_Web internet-based service later this year. We have not yet offered or implemented any of the subscription services we expect to include for use with the eMed_Web offering. In extending our business into internet-based products and services, we are significantly changing our business operations, sales and marketing strategies, pricing models and management focus. We are also facing new risks and challenges, including a lack of meaningful historical financial data upon which to plan future budgets and the other risks described in this prospectus.

You must consider our prospects in light of the uncertainties encountered by companies adopting a modified business strategy, particularly one that depends on the internet.

Any future strategic acquisitions and partnerships may result in disruptions to our business and/or the distraction of our management.

Engaging in strategic acquisitions and relationships is a key part of our strategy. We cannot assure you that we will be able to identify suitable acquisition candidates, or if we do identify suitable candidates, that we will be able to make such acquisitions on commercially acceptable terms or at all. If we acquire another company,

we will only receive the anticipated benefits if we successfully integrate the acquired business into our existing business in a timely and non-disruptive manner. We may have to devote a significant amount of time and management and financial resources to do so. Even with this investment of management and financial resources, an acquisition may not produce the revenue, earnings or business synergies that we anticipated. If we fail to integrate the acquired business effectively or if key employees of that business leave, the anticipated benefits of the acquisition would be jeopardized. The time, capital, management and other resources spent on an acquisition that failed to meet our expectations could cause our business and financial condition to be materially and adversely affected. In addition, from an accounting perspective, acquisitions can involve non-recurring charges and amortization of significant amounts of goodwill that could adversely affect our results of operations.

If our strategic relationship with AWARE is disrupted, our ability to use important technologies could be halted or delayed.

We currently have arrangements in place with AWARE, Inc. for elements of our technology for compressing large data files and our web server technology. These technologies are an integral component of our offerings. Any disruption in our relationship with AWARE could limit our ability to use these technologies and could increase our costs or have a material adverse effect on our revenue. For more information about our relationship with AWARE, please see the section entitled "Business--Production."

Technological change may render our products and services obsolete.

We expect that the market for our offerings will continue to be characterized by rapidly changing technology, evolving industry standards, frequent new product announcements and enhancements and changing customer demands. The introduction of new products and services embodying new technologies and the emergence of new industry standards can render existing products and services obsolete. Our success depends on our ability to adapt to rapidly changing technologies and to improve the performance, features and reliability of our products and services in response to changing customer and industry demands. Furthermore, we may experience difficulties that could delay or prevent the successful design, development, testing, introduction or marketing of our products and services. Our new products and services, or enhancements to our existing products and services, may not adequately meet the requirements of our current and prospective customers or achieve any degree of significant market acceptance.

Concerns about integrating our products into their networks may cause customers to decide not to buy our products or services.

We often must integrate our products with the networks that exist either at a customer site or between customer sites. We do not control these proprietary networks. Concerns about the risks of integrating our products into their networks may cause customers to decide not to buy our products or services.

If our computer systems upon which we depend to provide our services fail or overload, we could lose customers.

The success of our network-based comprehensive customer service depends on the uninterrupted, efficient operation of our computer network. The servers that will host eMed_Web sites will be located at customer sites and supported by us at our headquarters. The occurrence of fires, floods, earthquakes, power losses and similar events could cause damage or cause interruptions in these systems. Computer viruses, worms, electronic break ins or similar disruptions could also adversely affect our network and, if highly publicized, could materially damage our reputation and efforts to build brand awareness. If our systems are affected by any of these occurrences, our business could be

materially and adversely affected. Our insurance policies may not adequately cover any losses.

Fluctuations in our quarterly and annual results and any failure to meet market expectations may adversely affect the price of our common stock.

Our operating results may fluctuate significantly on a quarterly basis due to a variety of factors, including our plans to devote significant additional financial resources to expand our business and to introduce our new eMed_Web service. Other factors which may cause our operating results to fluctuate include the size and timing of significant orders, variations in filling orders, the demand for and market acceptance of our products and services, the length of our sales cycles, and possible delays or deferrals of customer implementation. Also, our revenue and other financial and operating results may not meet the expectations of securities analysts and our stockholders. Our revenue is not predictable with any significant degree of certainty. Revenue is difficult to forecast because, among other things, the market for our products is rapidly evolving, sales cycles are long and vary substantially from customer to customer and we are initiating a new subscription fee pricing model for our eMed_Web service. The sales cycle is subject to a number of factors over which we have little or no control, including customers' budgetary constraints, the timing of budget cycles, concerns about the introduction of new products by us or our competitors. Potential downturns in general economic conditions may cause reductions in demand for medical imaging workflow management systems. As a result of such fluctuation or failure to meet expectations, the price of our common stock could be materially adversely affected.

We may need additional capital in the future to support our growth and such additional financing may not be available to us.

We expect that the net proceeds from this offering, combined with our current cash resources, will be sufficient to meet our funding requirements for at least the next 12 months. However, as we continue our efforts to grow our business in a rapidly changing and highly competitive market, we may need to raise additional financing to support expansion, develop new or enhanced products and services, respond to competitive pressures, acquire complementary businesses or technologies or take advantage of unanticipated business opportunities. We may need to raise additional funds by selling debt or equity securities, by entering into strategic relationships or through other arrangements. We may be unable to raise any additional amounts on reasonable terms when they are needed. Any additional equity financing may cause investors to experience dilution, and any additional debt financing may result in restrictions on our operations or our ability to pay dividends in the future.

Any disruption of our relations with our suppliers could increase our costs and adversely affect our assembling process.

We purchase a number of the proprietary software and hardware components of our offerings from limited sources. Any disruption of our relationships with any of our suppliers of these components could increase our costs and adversely affect our assembling operations and delay or halt our filling customer orders.

We have substantial product liability risk and our insurance coverage may not be adequate to cover any claims.

Our business entails significant risks of product liability claims. Although no such claims have ever been asserted against us, we cannot assure you that our insurance coverage limits would be adequate to protect us against any product liability claims that may arise. We may require additional product liability insurance coverage as we commercialize new or improved products. This insurance is expensive and may not be available on acceptable terms, or at all. Uninsured product liability claims could have a material adverse effect on our business, results of operations and financial condition.

We may not be able to successfully protect our intellectual property rights.

We cannot assure you that the steps we have taken to protect our intellectual property rights will prevent misappropriation of our technology. These intellectual property rights, which we rely upon to develop and

maintain our competitive position, are important elements of our products and services. We rely partly on unpatented trade secrets and know-how to protect our intellectual property. No assurance can be given that others will not independently develop or otherwise acquire comparable trade secrets or know-how or otherwise gain access to our proprietary technology or disclose such technology or that we can meaningfully protect our rights to such unpatented proprietary technology. Although we generally require our employees, contractors and consultants who may have access to our confidential information, and parties to collaboration agreements to execute confidentiality agreements to protect our unpatented trade secrets and other know-how, these agreements may be breached by the other party to the agreement or may otherwise be of limited effectiveness. Misappropriation of our intellectual property could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, we may have to engage in litigation in the future to enforce or protect our intellectual property rights or to defend against claims of invalidity, and we may incur substantial costs as a result. For more information, please see the section "Business -- Intellectual Property."

If we are forced to defend against intellectual property infringement claims, we could incur significant expenses and our business could be adversely affected.

Our products include our proprietary intellectual property and intellectual property rights licensed from others. We may become subject to claims alleging that we infringe the proprietary rights of others. In the United States, a significant number of software and business method patents have been issued over the past decade and the holders of these patents have been actively seeking out potential infringers. If any element of our products or services violates third party proprietary rights, we might not be able to obtain licenses on commercially reasonable terms to continue offering our products or services without substantial reengineering and any effort to undertake such reengineering might not be successful. In addition, any claim of infringement could cause us to incur substantial costs defending against the claim, even if the claim is invalid, and could distract our management from our business. Any judgment against us could require us to pay substantial damages and could also include an injunction or other court order that could prevent us from offering our products and services.

We may be liable for information retrieved from or transmitted over the internet.

We may be sued for defamation, negligence, personal injury or other legal claims relating to information that is published or made available on our websites. These types of claims have been brought against providers of internet-based services in the past. We could also be sued for the content that is accessible from our websites through links to other internet websites. We could incur significant costs in investigating and defending such claims, even if we ultimately are not found liable. Our insurance coverage limits may not be adequate to protect us against liability.

Our business may be adversely affected by Year 2000 problems.

In conducting our business, we rely on computer systems to manage our business and to service our customers. Further, all of our products include computer hardware and/or software components. Year 2000 problems may adversely affect our operations and increase our costs. Among other things, Year 2000 problems could cause us to:

- fail to fulfill our contractual obligations with our customers;
- face substantial claims by such customers and loss of revenue;
- fail to bill our customers accurately and on a timely basis; and
- be subject to the inability by customers and others to pay, on a timely basis or at all, obligations owed to us.

Although the effects of any or all of these events are not quantifiable at this time, any of these events could have a material adverse effect on our business and operating results.

Risks Related to Our Industry

If the internet is not accepted as a medium for medical imaging, our sales will suffer.

Our future success depends upon the acceptance of the internet as a medium for medical imaging. Because the internet-based medical imaging market is new, we cannot yet gauge its effectiveness as compared to current electronic medical imaging distribution methods. Most physicians and health care organizations have little or no experience using the internet for medical imaging transmission and distribution. The adoption of internet-based medical imaging systems requires radiologists and other health care professionals to accept a new way of conducting business and exchanging information. If these users believe that internet-based medical imaging systems are less effective than traditional medical imaging distribution methods, our sales will suffer.

Security concerns may keep physicians and health care organizations from allowing confidential patient information to be made available on the internet.

Internet security remains a critical concern to many consumers. Physicians and health care organizations may be reluctant to allow confidential medical images and related patient information to be made available to healthcare professionals through the eMed_Web sites. Any well publicized compromise of security on the internet, or on any of the eMed_Web sites in particular, could deter people from using the internet or from using the eMed_Web sites. Any reluctance for security reasons on the part of physicians or health care organizations to use the internet or the eMed_Web sites for internet-based medical imaging would adversely affect our business.

Uncertainty associated with the regulation of the health care industry may cause our target customers to curtail or delay purchases of our products.

The health care industry is highly regulated and is subject to changing political, economic and regulatory influences that may affect the procurement practices and operation of health care organizations. Changes in current health care financing and reimbursement systems could result in delays or cancellations of orders. Federal and state legislatures have periodically considered programs to reform or amend the U.S. health care system at both the federal and state level. These programs may contain proposals to increase governmental involvement in health care, lower reimbursement rates or otherwise change the environment in which the health care industry participants operate. Health care industry participants may react to these proposals and the uncertainty surrounding such proposals by curtailing or deferring investments, including investments in our products and services. We cannot predict what impact, if any, such proposals or health care reforms might have on us.

Consolidation in the health care industry may adversely affect our business.

Many health care providers are consolidating to create integrated health care delivery systems with greater market power. As the number of health care delivery enterprises decreases due to further industry consolidation, each new customer will become more significant and competition for these customers will become greater. These larger health care enterprises could have greater bargaining power, which might lead to price erosion for our products and services.

We may be unable to introduce new products or services if we fail to obtain regulatory clearances and approvals.

Because our products and services are subject to regulation as Class II medical devices in the United States by the Food and Drug Administration and in other countries by corresponding regulatory authorities, our ability to market new products and improvements to existing products will depend upon when we receive premarket clearance or approval from the Food and Drug Administration or any foreign counterparts. Failure to

comply with applicable domestic or foreign regulatory requirements at any time during the production, marketing or distribution of products regulated by the Food and Drug Administration or its foreign counterparts could result in, among other things, warning letters, seizures of products, total or partial suspension of production, refusal of the Food and Drug Administration to grant clearances or approvals, withdrawal of existing clearances or approvals, or criminal prosecution. See "Business -- Government Regulation."

Government regulation of the internet could limit our operations or increase our costs.

Laws and regulations directly applicable to internet communications, commerce and advertising are becoming prevalent, but the legislative and regulatory treatment of the internet remains largely unsettled. The U.S. Congress recently adopted internet laws regarding copyrights, taxation and the protection of children. In addition, a number of other legislative and regulatory proposals under consideration by federal, state, local and foreign governments could lead to additional laws and regulations affecting the right to collect and use personally identifiable information, internet-based content, user privacy, taxation, access charges and liability for third party activities, among other things. For example, the growth and development of the market for internet commerce may prompt calls for more stringent consumer protection laws, both in the United States and abroad, that may impose additional burdens on companies conducting business over the internet. These measures could decelerate the growth in use of the internet and could reduce the demand for our services or increase our cost of doing business.

State governments or foreign countries might attempt to regulate the content of our websites or levy sales or other taxes relating to our activities. The European Union recently enacted its own privacy regulations that may result in limits on the collection and use of user information. Courts may seek to apply existing laws not explicitly relating to the internet in ways that could impact the internet, and it may take years to determine whether and how laws such as those governing intellectual property, privacy, libel and taxation will affect the internet and the internet-based medical imaging workflow management industry.

Risks Related to This Offering

We may allocate the proceeds of this offering in ways with which you may not agree.

Our management will have significant flexibility in applying the net proceeds of this offering, including ways with which you may disagree. You will not have the opportunity to evaluate the economic, financial or other information on which we base our decisions on how to use the proceeds.

Our stock price is likely to be highly volatile and could drop unexpectedly and investors may not be able to resell their shares at or above the offering price.

Following this offering, the price at which our common stock will trade is likely to be highly volatile and may fluctuate substantially. We cannot predict the extent to which investors' interest in us will lead to the development of a trading market or how liquid the market might become. If you purchase shares of our common stock in this offering, you will pay a price that was not established in a competitive market, but was negotiated between us and the underwriters. The price of the common stock that will prevail in the market after the offering may be higher or lower than the price you pay, depending on several factors, including our quarterly variations in results of operations, estimates of securities analysts, competitive developments and general economic conditions. In addition, the stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of health care and technology companies, particularly internet companies. As a result, investors in our common stock may experience a decrease in the value of their common stock regardless of our operating performance or prospects. Fluctuations in our common stock price may affect our visibility and credibility in our market and may affect our ability to secure additional financing on acceptable terms, if at all.

Shares eligible for public sale after this offering could adversely affect our stock price.

The market price of our common stock could decline as a result of sales of shares by our existing stockholders after this offering, or the perception that such sales will occur. These sales also might make it difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate. Approximately % of our total outstanding shares of common stock will be freely tradable, subject to Securities Act rules, 180 days after the date of this prospectus. You should refer to the information in the section entitled "Shares Eligible for Future Sale" for more information.

Our charter documents and Delaware law may inhibit a takeover that stockholders may consider favorable.

The health care industry has recently experienced significant consolidation. There are provisions in our charter and by-laws that may have the effect of delaying or preventing a change of control or changes in our management that stockholders consider favorable or beneficial. You should refer to the information in the section entitled "Description of Capital Stock" for more information. If a change of control or change in management is delayed or prevented, the market price of our common stock could suffer.

A small group of existing stockholders, whose interests may differ from other stockholders, will be able to exert significant influence over us.

After this offering, our officers and directors and parties related to them will own approximately % of the outstanding shares of our common stock. Accordingly, they will have significant influence in determining the outcome of any corporate transaction or other matter submitted to the stockholders for approval, including mergers, consolidations and the sale of all or substantially all of our assets, and also the power to prevent or cause a change in control. The interests of these stockholders may differ from the interests of the other stockholders.

Forward-looking statements are inherently uncertain.

Certain statements about us and our industry under the captions "Prospectus Summary," "Risk Factors," "Use of Proceeds," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business" and elsewhere in this prospectus are "forward-looking statements." These forward-looking statements include, but are not limited to, statements about our plans, objectives, expectations, intentions and assumptions, the industry in which we operate and other statements in this prospectus that are not historical facts. When we use the words "estimate," "project," "believe," "anticipate," "intend," "plan," "expect" and similar expressions in this prospectus, we generally intend to identify forward-looking statements. Because these forward-looking statements involve risks and uncertainties, including those described in this "Risk Factors" section, actual results could differ materially from those expressed or implied by these forward-looking statements. We caution you not to place undue reliance on these forward-looking statements. These forward-looking statements speak only as of the date of this prospectus. We do not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect new information, future events or otherwise.

USE OF PROCEEDS

We estimate that the net proceeds from our sale of the shares of common stock we are offering will be approximately $ million, assuming an initial public offering price of $ per share and after deducting estimated underwriting discounts and our estimated offering expenses. If the underwriters exercise their over-allotment option in full, we estimate that the net proceeds would be approximately $ million. Our principal reasons for this offering are to provide us working capital, to create a public market for our common stock and to facilitate our future access to public capital markets.

We intend to use approximately $3.0 million of the net proceeds of this offering to repay indebtedness outstanding under our credit facility. We have used borrowings incurred under this facility within the past 12 months to fund our working capital requirements as well as a portion of the purchase price for the medical imaging business of E-Systems Medical Electronics, a division of Raytheon, that we acquired in November 1998. As of June 30, 1999, the interest rate on the working capital portion of this facility was 9.75% and the interest rate on the equipment line portion was 8.75%.

We intend to use the remaining net proceeds from this offering for general corporate purposes, including the expansion of our sales, marketing and development efforts, and for potential acquisitions and partnerships. We are not currently participating in any active negotiations and have no commitments or agreements with respect to any acquisition, partnership or investment. We have not determined the amount of net proceeds to be used for each of the specific purposes indicated. Accordingly, our management will have significant flexibility in applying the net proceeds of the offering. Pending any use, we plan to invest the net proceeds of this offering in short-term, investment-grade interest-bearing securities.

DIVIDEND POLICY

We have never declared or paid a cash dividend on our common stock and we do

not intend to do so in the foreseeable future. We currently intend to retain earnings to finance future operations.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 1999 on an actual basis and as adjusted to reflect (1) the conversion of all of our outstanding classes of preferred stock into common stock, and (2) the sale of the shares of common stock offered by us at an assumed initial public offering price of $ per share, after deducting the estimated underwriting discount and our estimated offering expenses. The following table assumes no exercise of the underwriters' over-allotment option. This table contains unaudited information and should be read in conjunction with the financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" appearing elsewhere in this prospectus.

<TABLE>
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	June 30, 1999	
	Actual	As Adjusted
	(dollars in thousands)	
<S>	<C>	<C>
Long-term debt	$ 210	
Stockholders' equity:		
Convertible preferred stock, $0.01 par value, 15,000,000 shares authorized; 11,877,492 shares issued and outstanding; no shares issued and outstanding as adjusted	119	
Common stock, $0.01 par value, 35,000,000 shares authorized; 1,153,213 shares issued and outstanding; shares issued and outstanding as adjusted	12	
Additional paid-in capital	28,796	
Deferred compensation	(2,598)	
Treasury stock	(50)	
Accumulated deficit	(20,967)	
Total stockholders' equity	5,312	
Total capitalization	$ 5,522	

</TABLE>

The share information in the table is based on our shares of common stock outstanding as of June 30, 1999. This table excludes:

- 3,970,694 shares of our common stock subject to options outstanding as of June 30, 1999 at a weighted average exercise price of $0.61 per share; and

- 1,785,906 shares of our common stock subject to 1,376,815 warrants to purchase common stock and 409,091 warrants to purchase Series J preferred stock outstanding as of June 30, 1999 at exercise prices from $0.01 to $1.10 per share. Upon completion of this offering, the warrants to purchase Series J preferred stock will become warrants to purchase 409,091 shares of common stock.

DILUTION

Our pro forma net tangible book value as of June 30, 1999 was approximately $5.2 million or $0.26 per share of common stock. Our pro forma net tangible book value per share represents our total tangible assets less total liabilities divided by the pro forma total number of shares of common stock outstanding at such date, assuming the conversion of all outstanding classes of our preferred stock into an aggregate of 18,855,068 shares of common stock.

After giving effect to the sale of the shares of common stock offered by us at an assumed initial public offering price of $ per share, after deducting the estimated underwriting discount and our estimated offering expenses, our

pro forma net tangible book value as of June 30, 1999 would have been approximately $ million or $ per share. This amount represents an immediate increase in pro forma net tangible book value of $ per share to the existing stockholders and an immediate dilution in pro forma net tangible book value of $ per share to new investors purchasing shares in this offering. If the initial public offering price is higher or lower, the dilution to new investors will be greater or less. The following table illustrates the dilution in pro forma net tangible book value per share to new investors.

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of June 30, 1999	$	
Increase in net tangible book value per share attributable to new investors		
Pro forma net tangible book value per share after the offering		
Dilution per share to new investors		$

The following table summarizes on a pro forma basis, as of June 30, 1999, the number of shares of common stock purchased from us, the aggregate cash consideration paid to us and the average price per share paid by existing stockholders and to be paid by new investors purchasing the shares of common stock in this offering at an assumed initial public offering price of $ per share, before deducting estimated underwriting discounts and our estimated offering expenses.

	Shares Purchased		Total Consideration		Average Price
	Number	Percent	Amount	Percent	Per Share
Existing stockholders	20,008,281	%	$25,685,000	%	$1.28
New investors					
Total		%	$	%	$

The above information assumes no exercise of (1) the underwriters' over-allotment option and (2) stock options or warrants after June 30, 1999. As of June 30, 1999, we had reserved 3,970,694 shares of our common stock for issuance upon exercise of outstanding options at a weighted average exercise price of $0.61 per share and 1,785,906 shares for issuance upon exercise of outstanding warrants at exercise prices from $0.01 to $1.10 per share. To the extent any of those options or warrants are exercised, there will be further dilution to new investors.

SELECTED FINANCIAL DATA

The selected financial data set forth below should be read in conjunction with our financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. The statement of operations data for the years ended December 31, 1996, 1997 and 1998, and the balance sheet data as of December 31, 1997 and 1998, are derived from and are qualified by reference to the audited financial statements included elsewhere in this prospectus. The statement of operations data for the two years ended December 31, 1994 and 1995, and the balance sheet data as of December 31, 1994, 1995 and 1996, have been derived from audited financial statements of eMed that do not appear in this prospectus. The statement of operations data for the six months ended June 30, 1998 and 1999 and the balance sheet data as of June 30, 1999 are derived from unaudited financial statements included elsewhere in this prospectus. The unaudited financial statements have been prepared on the same basis as the audited financial statements and, in the opinion of our management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information set forth therein. The historical results are not necessarily indicative of the operating results to be expected in the future.

<TABLE>
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	Year Ended December 31,					Six Months Ended June 30,	
	1994	1995	1996	1997	1998	1998	1999
	(in thousands, except per share data)					(unaudited)	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data							
Revenue	$ 139	$ 466	$ 1,009	$ 8,027	$12,594	$ 6,218	$11,369
Cost of revenue	(141)	(313)	(1,404)	(7,012)	(8,976)	(4,131)	(6,351)
Gross margin	(2)	153	(395)	1,015	3,618	2,087	5,018
Operating expenses:							
Research and development	--	239	610	1,300	2,362	1,031	1,655
Sales and marketing	423	571	1,319	2,912	3,498	1,764	2,519
General and administrative	1,443	1,476	1,331	1,982	2,722	1,121	1,851
Total operating expenses	1,866	2,286	3,260	6,194	8,582	3,916	6,025
Loss from operations	(1,868)	(2,133)	(3,655)	(5,179)	(4,964)	(1,829)	(1,007)
Interest income (expense), net	(14)	(119)	(70)	(204)	(106)	(19)	(68)
Other income (expense)	(15)	218	(21)	(242)	(43)	(6)	(82)
Net loss	$(1,897)	$(2,034)	$(3,746)	$(5,625)	$(5,113)	$(1,854)	$(1,157)
Basic and diluted net loss per share	$ (3.79)	$ (2.12)	$ (3.50)	$ (5.19)	$ (4.88)	$ (1.79)	$ (1.03)
Shares used in computing basic and diluted net loss per share	501	960	1,071	1,084	1,049	1,034	1,121
Unaudited pro forma basic and diluted net loss per share					$ (0.32)		$ (0.06)
Shares used in computing unaudited pro forma basic and diluted net loss per share					15,761		19,976

<CAPTION>

	As of December 31,					As of June 30, 1999
	1994	1995	1996	1997	1998	
	(in thousands)					(unaudited)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance Sheet Data:						
Cash and cash equivalents	$ 326	$ 42	$ 2,201	$ 4,421	$ 2,259	$ 5,118
Working capital (deficit)	193	(124)	1,889	5,541	(1,248)	4,573
Total assets	1,057	1,022	3,978	9,890	11,506	13,559
Total long-term liabilities	961	1,278	177	963	342	210
Total stockholders' equity (deficit)	(343)	(810)	2,549	5,503	388	5,312

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our financial statements and notes thereto. The following discussion contains forward-looking statements. Our actual results could differ materially from those discussed in forward-looking statements. See "Risk Factors."

Overview

We are a leading provider of workflow solutions that improve the process of electronically managing medical images and related patient information. Our products permit the capture, compression, transmission, routing, review and storage of medical images and the coordinated transmission and review of related patient information over both proprietary networks and the internet. Prior to 1996, our business consisted primarily of providing network management services for systems that permit healthcare professionals to access, transmit and review medical images at remote locations. We began selling FrameWave products in late 1996.

Product sales currently constitute a substantial portion of our revenue. We recognize revenue from the sale of our products upon shipment to the customer. Revenue from our recently introduced FrameWave Web product has not been material to date. We also derive revenue from installing our products at customer sites. Our standard installation fee is based on a percentage of the product sales price. We provide a one year warranty on all products. We generate recurring revenue from contracts to provide network-based comprehensive support and post-warranty product maintenance to customers. We recognize revenue from these contracts ratably over their lives. Recurring fees constituted approximately 10% of revenue for the year ended December 31, 1998 and 14% of revenue for the six months ended June 30, 1999. As our customer base grows, we expect recurring fees from service contracts to increase more quickly than our product sales.

Most of our products are sold under written contracts with our customers. These contracts generally provide for payment of a portion of the purchase price upon signing, an additional installment upon shipment, and a final payment, generally 10% of the purchase price, upon acceptance. Sales to independent sales and service organizations require payment in full upon delivery.

We intend to offer our eMed_Web service, which we expect to introduce later this year, on a subscription fee basis to our current installed base and to new customers. The result, we believe, will be the gradual decrease of non-recurring revenue from system sales as a percentage of revenue and the gradual increase of recurring subscription fees derived from our eMed_Web service as a percentage of revenue. However, we expect to continue to generate a material portion of revenue from sales of FrameWave products and our support and other services, which we anticipate will be used with our internet products. Customers using our internet services will continue to need products like our image acquisition devices, servers, workstations and archive products. We believe we will ultimately derive additional revenue from expanding the medical imaging workflow management capabilities of our eMed_Web sites.

Costs of product revenue consist primarily of costs of purchased material and license fees. Costs of service revenue consist primarily of employee-related costs and the cost of outsourcing services. Historically, our operating expenses have consisted principally of employee-related costs associated with the sales, marketing, and research and development of our FrameWave products. As we seek to increase our customer base and implement our internet strategy, we expect our operating expenses to increase significantly.

We have incurred net operating losses and negative cash flows since our inception. As a result, we have recorded no income tax expense or benefit to date. We expect to continue to incur net losses and negative cash flows as we seek to rapidly grow our business and continue to implement our internet-based strategy. We cannot assure you that our customer base or revenue will grow or that we will achieve or sustain net operating income or positive cash flow.

During the six-month period ended June 30, 1999, we issued stock options to non-employees and to employees which are exercisable at less than the fair market value on the date of grant. The issuance of these stock options results in non-cash compensation charges in the period that the options were granted and will result in additional non-cash charges over future periods as the options vest. These charges will be allocated across the various expense categories as appropriate.

In November 1998, we acquired the assets of the medical imaging business of E-Systems Medical Electronics, a division of the Raytheon Company, for an aggregate purchase price of $3.2 million. E-Systems Medical Electronics and its predecessors have been providing medical imaging products since 1985. The E-Systems Medical Electronics installed base primarily consists of users who capture and transmit medical images from an imaging facility to a radiologist's home for off-hours review. The acquisition was accounted for using the purchase method of accounting. In February 1999, we sold some non-core assets which we

acquired as part of the transaction for $861,000. The E-Systems Medical Electronics business, excluding the non-core assets we sold, had net sales of approximately $8.1 million and a net loss of approximately $6.0 million for the period from January 1, 1998 to November 23, 1998. Since acquiring E-Systems Medical Electronics, we have integrated its operations into our existing business and have eliminated redundant functions. In connection with this action, we established a reserve of approximately $412,000, of which we have utilized approximately $331,000 as of June 30, 1999. In addition, we have discontinued the practice of selling the PACSPro product line at margins below levels acceptable to us. We generally provide PACSPro products only to existing users that wish to expand their systems. Therefore, the revenue of E-Systems Medical Electronics prior to acquisition is not indicative of the incremental revenue to be generated by us as a result of this acquisition.

Results of Operations

Six Months Ended June 30, 1999 Compared to Six Months Ended June 30, 1998

Revenue. Revenue increased by 83% to $11.4 million for the six months ended June 30, 1999 from $6.2 million for the six months ended June 30, 1998. Product revenue increased by 71% to $9.8 million for the six months ended June 30, 1999 from $5.7 million for the six months ended June 30, 1998. This increase was attributable to the increased sale of our FrameWave products as well as the sale of PACSPro products, a product line that we acquired in the E-Systems Medical Electronics transaction described above. Service revenue increased by 223% to $1.6 million for the six months ended June 30, 1999 from $487,000 for the six months ended June 30, 1998. This increase was primarily due to the growth in our installed user base. Approximately $840,000, or 77% of the service revenue increase is due to increased sales of service to users of our FrameWave products.

Gross Margin. Gross margin increased to $5.0 million, or 44% of revenue, for the period ended June 30, 1999 from $2.1 million, or 34% of revenue, for the period ended June 30, 1998. Gross margin from product revenue increased to $5.1 million, or 52% of product revenue, for the period ended June 30, 1999 from $2.3 million, or 41% of product revenue, for the period ended June 30, 1998. The increase in gross margin is attributable to a reduction in the material cost of products sold and an increase in the selling price of products sold. We achieved material cost reductions through our negotiations with suppliers and by re-engineering our products to incorporate better and less expensive components and sub-assemblies. Gross margin from service revenue improved to a loss of $76,000 for the period ended June 30, 1999 from a loss of $242,000 for the period ended June 30, 1998. This improvement is primarily the result of an increase in the volume of products sold, which resulted in an increase in recurring revenue generated from service contracts.

Research and Development Expense. Research and development expense increased by 61% to $1.7 million for the six months ended June 30, 1999 from $1.0 million for the six months ended June 30, 1998. This increase was primarily the result of personnel added to expand our internet-based product and service offerings. As a percentage of revenue, research and development expense decreased to 15% of revenue for the six months ended June 30, 1999 from 17% of revenue for the six months ended June 30, 1998.

Sales and Marketing Expense. Sales and marketing expense increased by 43% to $2.5 million for the six months ended June 30, 1999 from $1.8 million for the six months ended June 30, 1998. This increase was primarily the result of the expansion of our sales force and related support staff. As a percentage of revenue, sales and marketing expense decreased to 22% for the six months ended June 30, 1999 from 28% of revenue for the six months ended June 30, 1998.

General and Administrative Expense. General and administrative expense increased by 65% to $1.8 million for the six months ended June 30, 1999 from $1.1 million for the six months ended June 30, 1998. Approximately $240,000, or 33%, of this increase is due to a non-cash compensation charge relating primarily to the issuance of stock options to employees and non-employees exercisable at less than the fair market value on the date of grant. The remainder of this increase results primarily from increased personnel cost, recruiting expense and facilities expense. As a percentage of revenue, general and administrative expense decreased to 16% for the six months ended June 30, 1999 from 18% of revenue for the six months ended June 30, 1998.

Interest Expense -- Net. Interest expense, net, increased to $69,000 for the six months ended June 30, 1999 from $19,000 for the six months ended June 30,

1998. This increase was primarily a result of increased borrowing under lines of credit, which was partially offset by interest earned on short-term investments.

Year Ended December 31, 1998 Compared with Year Ended December 31, 1997

Revenue. Revenue increased by 57% to $12.6 million for the year ended December 31, 1998 from $8.0 million for the year ended December 31, 1997. Product revenue increased by 58% to $11.3 million for the year ended December 31, 1998 from $7.2 million for the year ended December 31, 1997. This increase was a result of continued growth in shipments of our FrameWave products. Service revenue increased by 50% to $1.3 million for the year ended December 31, 1998 from $863,000 for the year ended December 31, 1997. This increase was primarily due to the growth in our installed user base.

Gross Margin. Gross margin increased to $3.6 million, or 29% of revenue, for the period ended December 31, 1998 from $1.0 million, or 13% of revenue, for the period ended December 31, 1997. Gross margin from product revenue increased to $4.1 million, or 36% of product revenue, for the year ended December 31, 1998 from $1.6 million, or 22% of product revenue for the year ended December 31, 1997. The increase in gross margin was attributable to an increase in the volume of products sold. Gross margin from service revenue improved to a loss of $458,000 for the year ended December 31, 1998 from a loss of $596,000 for the year ended December 31, 1997. This improvement was primarily the result of an increase in the volume of products sold which resulted in an increase in recurring revenue generated from service contracts.

Research and Development Expense. Research and development expense increased by 82% to $2.4 million for the year ended December 31, 1998 from $1.3 million for the year ended December 31, 1997. This increase was primarily the result of personnel added to continue the development of our FrameWave products. As a percentage of revenue, research and development expense increased to 19% for the year ended December 31, 1998 from 16% of revenue for the year ended December 31, 1997.

Sales and Marketing Expense. Sales and marketing expense increased by 20% to $3.5 million for the year ended December 31, 1998 from $2.9 million for the year ended December 31, 1997. This increase was primarily the result of our sales force expansion. As a percentage of revenue, sales and marketing expense decreased to 28% for the year ended December 31, 1998 from 36% of revenue for the year ended December 31, 1997.

General and Administrative Expense. General and administrative expense increased by 37% to $2.7 million for the year ended December 31, 1998 from $2.0 million for the year ended December 31, 1997. This increase was primarily the result of our increased personnel cost and facilities expenses. As a percentage of revenue, general and administrative expense decreased to 22% for the year ended December 31, 1998 from 25% of revenue for the year ended December 31, 1997.

Interest Expense -- Net. Interest expense, net, decreased to $106,000 for the year ended December 31, 1998 from $204,000 for the year ended December 31, 1997. This decrease was primarily a result of an increase in interest earned on short-term investments, which was partially offset by increased borrowing under lines of credit.

Year Ended December 31, 1997 Compared with Year Ended December 31, 1996

Revenue. Revenue increased to $8.0 million for the year ended December 31, 1997 from $1.0 million for the year ended December 31, 1996. Product revenue increased to $7.2 million for the year ended December 31, 1997 from $570,000 for the year ended December 31, 1996. This increase was primarily the result of the successful launch of our FrameWave products. Service revenue increased by 96% to $863,000 for the year ended December 31, 1997 from $439,000 for the year ended December 31, 1996. This increase was primarily due to the growth in our installed user base.

Gross margin. Gross margin increased to $1.0 million or 13% of revenue for the period ended December 31, 1997 from a loss of $394,000 for the period ended December 31, 1996. Gross margin from product revenue increased to $1.6 million for the year ended December 31, 1997 from $198,000 for the year ended December 31, 1996. As a percentage of product revenue, gross margin decreased to 22% for the year ended December 31, 1997 from 35% for the year ended December 31, 1996. The increase in gross margin was attributable to an increase in the volume of

products sold. The decrease in gross margin as a percentage of revenue was attributable to the fixed costs of establishing and operating a full-scale assembly and test operation. Gross margin from service revenue decreased to a loss of $596,000 for the year ended December 31, 1997 from a loss of $592,000 for the year ended December 31, 1996. The incremental revenue generated from service activities was offset by an increase in personnel related costs.

Research and Development Expense. Research and development expense increased by 113% to $1.3 million for the year ended December 31, 1997 from $610,000 for the year ended December 31, 1996. This increase was primarily the result of personnel added to continue the development of our FrameWave products. As a percentage of revenue, research and development expense decreased to 16% for the year ended December 31, 1997 from 60% of revenue for the year ended December 31, 1996.

Sales and Marketing Expense. Sales and marketing expense increased by 121% to $2.9 million for the year ended December 31, 1997 from $1.3 million for the year ended December 31, 1996. This increase was primarily the result of our sales force expansion. As a percentage of revenue, sales and marketing expense decreased to 36% for the year ended December 31, 1997 from 131% of revenue for the year ended December 31, 1996.

General and Administrative Expense. General and administrative expense increased by 49% to $2.0 million for the year ended December 31, 1997 from $1.3 million for the year ended December 31, 1996. This increase was primarily the result of increased personnel expenses. As a percentage of revenue, general and administrative expense decreased to 25% for the year ended December 31,1997 from 132% of revenue for the year ended December 31, 1996.

Interest Expense -- Net. Interest expense, net, increased to $204,000 for the year ended December 31, 1997 from $70,000 for the year ended December 31, 1996. This increase was primarily a result of increased borrowing under lines of credit, which was partially offset by interest earned on short-term investments.

Liquidity and Capital Resources

Since inception, we have financed our operations primarily through private equity and debt financings. During the period from inception through June 30, 1999, we received net proceeds from the sale of our capital stock and convertible notes of $25.7 million. None of the convertible notes remain outstanding. As of June 30, 1999, we had $5.1 million of cash and cash equivalents and approximately $674,000 was available under our credit facility.

Cash used in operating activities for the six months ended June 30, 1999 of $1.2 million consisted primarily of net operating losses of $1.2 million and an increase in accounts receivable of $1.3 million, offset in part by a decrease in inventories. The increase in accounts receivable is attributable to the increase in revenue and the decrease in inventory resulted from our ability to liquidate inventory acquired as part of our acquisition of E-Systems Medical Electronics. Cash used in operating activities for the six months ended June 30, 1998 of $1.9 million was due primarily to net operating losses of $1.9 million and an increase in accounts receivable of $853,000, offset by a decrease in prepaid expenses and other current assets of $513,000. The increase in accounts receivable is attributable to the increase in revenue, and the decrease in prepaid expenses and other current assets is attributable to a reduction in prepaid software licenses. Cash used in operating activities for the year ended December 31, 1998 of $2.7 million was due primarily to net operating losses of $5.1 million offset by a decrease in inventories and prepaid expenses of $638,000 and $554,000, respectively, and an increase in deferred revenue of $690,000. The decrease in inventory is attributable to improvements in the materials purchasing process and the decrease in other current assets is attributable to a reduction in prepaid software licenses. The increase in deferred revenue is primarily due to an increase in customer deposits related to a single customer order. Cash used in operating activities for the year ended December 31, 1997 of $6.1 million was due primarily to net operating losses of $5.6 million and an increase in accounts receivable, prepaid expenses and inventories of $2.5 million, $715,000, and $399,000, respectively, offset by increases in accounts payable, accrued expenses and deferred revenue of $1.3 million, $677,000 and $284,000, respectively. These increases are the result of the increased sales activity during the period.

Cash provided by investing activities for the six months ended June 30, 1999 of $569,000 consisted primarily of proceeds from the sale of non-core assets that we acquired as part of the acquisition of E-Systems Medical Electronics,

offset in part by capital expenditures for computer equipment and other fixed assets. Cash used in investing activities for the six months ended June 30, 1998 of $315,000 consisted primarily of capital expenditures for computer equipment and other fixed assets. Cash used in investing activities for the year ended December 31, 1998 of $1.5 million consisted primarily of $999,000 used for the acquisition of E-Systems Medical Electronics and $465,000 used to fund capital expenditures for computer equipment and other fixed assets. Cash used in investing activities for the year ended December 31, 1997 of $841,000 consisted primarily of capital expenditures for computer equipment and other fixed assets.

Cash provided by financing activities for the six months ended June 30, 1999 of $3.5 million consisted primarily of $5.8 million received from the issuance of 4,142,857 shares of Series K preferred stock and warrants to purchase 1,121,333 shares of common stock. This amount was offset in part by $2.2 million payment of the remaining purchase price owed to Raytheon for our purchase of E-Systems Medical Electronics. The Series K preferred stock will be converted into 4,142,857 shares of common stock upon the closing of this offering. Cash provided by financing activities of $1.1 million for the six months ended June 30, 1998 consisted primarily of $1.2 million received from additional bank borrowing from lines of credit, offset by debt repayment. Cash provided by financing activities of $2.1 million for the year ended December 31, 1998 consisted primarily of $2.4 million received from additional bank borrowing from lines of credit. Cash provided by financing activities for the year ended December 31, 1997 of $9.2 million consisted primarily of $8.4 million received from the issuance of 7,730,909 shares of Series J preferred stock and warrants to purchase 409,091 shares of Series J preferred stock and $885,000 from additional bank borrowings from lines of credit. The Series J preferred stock will be converted into 7,730,909 shares of common stock and the Series J warrants will become warrants to purchase 409,091 shares of common stock upon the closing of this offering. During 1996, we received $5.8 million from
the issuance of 2,216 shares of preferred stock and 155,482 warrants, all of which preferred stock will be converted into 6,208,382 shares of common stock upon the closing of this offering.

We currently anticipate that our available cash resources combined with the net proceeds from this offering will be sufficient to meet our anticipated working capital and capital expenditure requirements for at least 12 months after the date of this prospectus. We may require additional capital in the future. Our capital requirements are expected to include the funding of operating losses, working capital requirements and other general corporate purposes, including expansion of our network, advertising and content development. We intend to repay our current credit facility and may pursue one or more strategic alliances, partnerships, or acquisition transactions, although, as of the date of this prospectus, we have no agreement to enter into any material investment or acquisition transaction. We may need to raise additional funds, however, to respond to business contingencies which may include the need to:

- fund more rapid expansion;
- fund additional marketing expenditures;
- develop or acquire content, technology or services;
- enhance our operating infrastructure;
- respond to competitive pressures; or
- acquire complementary businesses.

Inflation

We do not believe that inflation has had a material adverse impact on our business or operating results during the periods reflected above.

Year 2000 Disclosure

Many existing computer programs use only two digits, rather than four, to represent a year. Accordingly, date-sensitive software or hardware written or developed in this fashion may not be able to distinguish between 1900 and 2000, and programs written in this manner that perform arithmetic operations, comparisons or sorting of date fields may yield incorrect results when processing a Year 2000 date. This Year 2000 problem could potentially cause

system failures or miscalculations that could disrupt operations.

Our State of Readiness

We have completed an initial analysis and risk assessment aimed at identifying Year 2000 issues. Though it is impossible to be certain, we believe that our mission critical systems and equipment are Year 2000 compliant.

Financial, Information Technology and Non-Information Technology Systems. We have assessed all of our key financial, information technology and non-information technology systems, and we believe that the actions required to correct any non-compliant financial, information technology and non-information technology systems have been completed. There can be no assurance that we have identified all Year 2000 problems in these systems or that any necessary corrective actions have been successfully completed.

Third Party Vendors, Suppliers and Customers. We continue to contact all of our significant suppliers and customers to determine the extent to which our networks and systems are vulnerable to the failure of those third parties to resolve their own Year 2000 issues. We have not received any responses that indicate our networks and systems are vulnerable to such failures. We are continuing to comply with federal guidelines related to the registration and availability of Year 2000 status information for our products. We have completed and made available all planned software and system upgrades related to Year 2000 readiness for fielded products. We believe that all of our current products are Year 2000 compliant and we have available upgrades for our fielded legacy systems that represent the highest risk for Year 2000 non-compliance. We have sent

notices to known customers with appropriate information relative to Year 2000 non-compliance of these legacy systems, and instructions on how to contact us. We have not and do not plan to evaluate the risks to us presented by noncompliant fielded products. We have not undertaken, and will not undertake, an in-depth evaluation of the Year 2000 preparedness of our suppliers and customers or such other third parties, as their ability to adequately address Year 2000 issues is outside our control. There can be no guarantee that their systems will be timely converted, or that any such converted systems will interact properly with our systems, or that such conversions, if not completed or improperly implemented, would not have a material adverse effect on our systems.

Our Year 2000 Risk

Based on the efforts described above, we currently believe that our systems are Year 2000 compliant. If our systems or those of our suppliers, vendors or other third parties on which we rely are not Year 2000 compliant, we could, among other things, fail to fulfill our contractual obligations with customers in new or existing markets, face substantial claims by such customers and loss of revenue, fail to bill our customers accurately and on a timely basis, experience increased expenses associated with litigation, stabilization of operations after critical systems failures and execution of contingency plans, and be subject to the inability by customers and others to pay, on a timely basis or at all, obligations owed to us. Although the adverse effects of any or all of these events are not quantifiable at this time, any of these events could have a material adverse effect on our business and operating results.

Our Contingency Plans

We have begun to develop contingency plans which anticipate our most likely worst case Year 2000 scenarios, which have not yet been identified fully. We intend to take appropriate actions to mitigate the effects of Year 2000 issues. Such actions may include having arrangements for alternate suppliers and using manual intervention where necessary. If it becomes necessary for us to take these corrective actions, it is uncertain whether this would result in significant interruptions in service or delays in business operations or whether it would have a material adverse effect on our results of operations, financial position or cash flow.

Our Year 2000 Remediation Costs

Our costs incurred to date in addressing the Year 2000 problem have not been material. We have not deferred information technology projects due to Year 2000 expenses, and we do not expect our costs associated with remediating any Year 2000 problems to have a material adverse impact on our business. However, there

can be no assurance that the costs associated with the Year 2000 problem will not be material.

New Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board, or FASB, issued a Statement of Financial Accounting Standards, or SFAS, No. 133, "Accounting for Derivative Instruments and Hedging Activities." The new standard establishes accounting and reporting standards for derivative instruments, including certain derivative instruments imbedded in other contracts (collectively referred to as derivatives), and for hedging activities. In June 1999, the FASB issued SFAS No. 137 which deferred the effective date of SFAS No. 133 for one year. SFAS No. 133 is now effective for all fiscal quarters of fiscal years beginning after June 15, 2000. We do not expect SFAS No. 133 to have a material effect on our financial position or results of operations.

In February 1998, the Accounting Standards Executive Committee (AcSEC) issued Statement of Position (SoP) 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SoP 98-1 establishes the accounting for costs of software products developed or purchased for internal use, including when such costs should be capitalized. SoP 98-1 will be effective for us beginning in fiscal 1999, and we do not expect adoption of this SoP to have a material effect on our financial position or results of operations.

In April 1998, the AcSEC issued SoP 98-5, "Reporting on the Costs of Start-Up Activities." Start-up activities are defined broadly as those one-time activities related to the opening of a new facility, introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer, commencing some new operation or organizing a new entity. SoP 98-5 requires that the cost of start-up activities be expensed as incurred. SoP 98-5 is effective for us beginning in 1999, and we do not expect adoption of this SoP to have a material effect on our financial position or results of operations.

BUSINESS

Overview

We are a leading provider of workflow solutions for electronically managing and distributing medical images and related patient information. Our products and services are used by radiologists, technicians, referring physicians and other health care professionals to improve the efficiency of the practice of medicine by allowing them to access, transmit and review medical images and related patient information quickly and easily. Our products capture, compress, transmit, route and store medical images, including x-rays, MRIs, CTs and ultrasounds. Our offerings also permit the coordinated transmission and review of images and related patient information over both proprietary networks and the internet. Our customers are providers of radiology imaging and interpretive services, including radiologists, hospitals and outpatient imaging facilities, and often operate as part of complex health care networks. We believe that we have the largest installed user base of any company in our business. Our products are installed in approximately one of four U.S. imaging facilities and provide image viewing capabilities in one of four U.S. radiologists' homes.

Our FrameWave products are modular in design and allow us to tailor solutions to our customers' needs. This could entail providing an entire image management workflow solution or individual applications that can be integrated with the customer's existing products. FrameWave incorporates our advanced proprietary software including our compression technology. We believe our FrameWave technology provides us with a significant competitive advantage. Building from this FrameWave technology, we have developed internet-based offerings that provide secure access to images and other medical information quickly and easily using any commercially available internet browser. Our internet-based offerings take advantage of the internet's open architecture and universal accessibility to provide expanded access to medical images and related information. This functionality allows various health care professionals to securely access medical images and related information in an organized and efficient manner from any location. We believe it will also expand the use of electronic image management tools.

Our internet offerings enable our customers to reduce costs and improve

their service. We recently introduced FrameWave Web and intend to introduce eMed_Web later this year. FrameWave Web permits a customer to manage and make available medical images and related information over the internet. eMed_Web is a website development and hosting service, through which we intend to establish and manage individual websites for our customers. Through these eMed_Web sites, our customers will have FrameWave Web's integrated image and report management capabilities as well as the opportunity to incorporate other clinically relevant information and marketing information targeted at their customers. In addition, we intend eMed_Web to serve as a platform for offering additional workflow solutions.

As part of our solutions, we provide our customers remote comprehensive support services through our network operations center, which is fully staffed 24 hours a day, seven days a week. Because medical imaging is critical to patient diagnosis and care, we believe that our customers highly value comprehensive support services that increase the reliability of their medical image management systems. Our network operations center personnel are able to remotely monitor and manage customer systems in order to identify and resolve system problems. These support services include the ability to remotely diagnose problems related to portions of a customer's system provided by third parties. The level of service we provide enables many customers to outsource the technical management of their image distribution and management systems to us.

Strategy

Our objective is to become the leading supplier of comprehensive, medical imaging workflow solutions to health care providers by leveraging our advanced technology and experience. Elements of our strategy to achieve this objective include:

- Introducing eMed_Web websites. We intend to introduce our eMed_Web website development and hosting service later this year. We believe that eMed_Web will increase our market penetration, build a recurring revenue base and generate other sources of revenue. We believe that offering the ability to cost-effectively manage the accessibility and distribution of imaging, marketing and other information over the internet will drive the adoption of our eMed_Web sites.

- Expanding our sales by continuing to develop additional medical imaging workflow solutions. We intend to expand our suite of medical imaging workflow products and services. For example, the reports that accompany medical images are generally prepared and stored through inefficient dictation and transcription procedures. To address this inefficiency, we intend to incorporate a speech-to-text transcription capability into our workflow solutions. Also, reporting, scheduling and billing are currently maintained on separate information systems from medical images. We believe that efficiencies can be achieved by eliminating the need for redundant information systems. We intend eMed_Web to serve as a platform for offering these additional workflow solutions.

- Leveraging our relationships with our installed users to increase sales. We recently acquired E-Systems Medical Electronics in order to access a significant installed user base which we believe is ripe for upgrade. We will continue to aggressively market our internet-based and other products to our installed user base. We believe that our installed base of over 1,800 hospitals and outpatient imaging centers and over 7,000 radiologists provides us with a significant advantage in gaining acceptance of and selling our current products and services, the eMed_Web service and planned enhancements to our current workflow solutions.

- Expanding our sales and marketing efforts. We believe there is a significant opportunity for us to increase our revenues through expanded sales and marketing efforts. Our success to date has been achieved with modest sales and marketing efforts and we believe that by investing additional resources, we can increase sales significantly. We intend to devote significant additional resources to market and sell our products and services to both new customers and our installed user base. We also intend to expand the scope of our sales and marketing efforts into promising international markets.

- Engaging in strategic acquisitions and relationships. We intend to engage in acquisitions and enter into strategic relationships to accelerate the implementation of elements of our strategy. We may pursue

acquisitions, partnerships or licensing arrangements to obtain technology if we determine that to do so would be more cost effective or timely than developing our own. We also may selectively continue to broaden our user base through acquisitions to improve our economies of scale.

Market Opportunity

Growing Market for Radiology Services. According to the Health Care Financing Administration, or HCFA, total expenditures on health care services in the United States were approximately $1.1 trillion in 1997 and are expected to reach approximately $2.1 trillion by the year 2007. Industry studies estimate that the 1998 U.S. market for radiology services was approximately $69 billion. Based on historical data, we believe that over 350 million radiology studies are conducted annually. The number of studies has grown due to the increasing usefulness of radiology as a non-invasive diagnostic technique and the general aging of the U.S. population. Medical imaging is critical to patient diagnosis and care across a broad spectrum of health care

procedures and disease states. Moreover, an increasing proportion of these studies is produced in digital format from devices such as MRIs and CTs. All states have record retention regulations which require radiology images to be stored for several years.

Fragmented Industry Complicates Communications and Transactions. Radiology images and information are used by a broad cross-section of industry participants including radiologists, referring physicians, hospitals and outpatient imaging centers. Today there are over 29,000 radiologists organized into approximately 3,200 radiology practice groups serving more than 2,800 imaging centers and over 5,000 hospitals. Referring physicians are a particularly disparate group. Of the 740,000 physicians in the United States, 60% of them are either sole practitioners or practice in partnerships of only two physicians. Efficient systems for the distribution, management and storage of radiology images and information is critical to all of these constituencies. The inability to easily access and the failure to appropriately manage this information can result in unnecessary expense. HCFA estimates that approximately 10% of all health care expenditures are the result of a duplication of care due to missing patient information.

Inefficiencies in Workflow and Information Technology. Radiology images, even those generated in a digital format, are typically printed to film for the radiologist's interpretation. The current paradigm for a typical radiology procedure is as follows: a technician produces the radiology images; the images are printed to film and copies of the images are provided to the radiologist for review and diagnosis; the radiologist dictates a report into a recorder; a clerk transcribes the oral report into a first draft written report for the radiologist's review; a final report is generated and distributed to the referring physician and any consulting specialist; duplicate copies of the images are produced and are delivered by courier to the referring physician and any consulting specialist. Under this paradigm, it often takes 2 to 3 days to produce a final report and to deliver the images and related report to the referring physician. The significant costs associated with creating duplicate film images for multiple users, delivering images to remote locations by courier, creating reports using conventional transcription services, storing reports and storing images on film represent inefficiencies in medical imaging workflow which can be rectified with improved use of information and workflow technology. Based on a 1996 Mayo Clinic report, for radiology images generated each year, more than $5.6 billion is spent on radiology film and processing costs and costs associated with the handling and storing of these films over their lifetime. We estimate that the cost of conventional transcription of dictated reports is approximately $950 million annually.

Competitive Pressure on Radiology Providers. Radiology, like other medical specialties, has been fundamentally affected by change in the structure and economics of U.S. health care. Health care payors and providers are forcing radiologists and imaging facilities to reduce unit fees, improve the timeliness and availability of interpretations and related patient images, and ensure the availability of sub-specialist radiologists. This pressure has driven radiology providers to look for ways to enhance their efficiency and to provide better service to referring physicians and other constituencies. Many of these improvements can be achieved through the use of electronic medical imaging workflow solutions.

Growth of the Internet. The internet's open architecture, universal accessibility and growing acceptance make it an increasingly important

environment for business-to-business and business-to-consumer interaction. Use of the internet is rapidly expanding from simple information publishing, messaging, and data gathering to critical business transactions and confidential communications. The power and ability of the internet to connect various participants in the health care industry, from physicians, to hospitals, to patients, creates an opportunity to advance the state of information technology in the health care industry. Internet-based workflow solutions permit more efficient distribution of information over a broader range of remote locations than proprietary dedicated networks. We believe that physicians are increasingly using internet-based medical applications. We believe that medical imaging workflow management is uniquely suited to benefit from internet-based tools, given the fragmentation of the health care industry, the amount and complexity of the data produced and the need for timely access to medical imaging information.

eMed Solutions

We have worked with providers of radiology imaging and interpretive services since 1992 to understand the inefficiencies in medical imaging workflow and to design cost-effective solutions. Based on this insight, we have been able to focus our efforts on solutions that provide our customers with cost savings, increased efficiencies and competitive advantages. Our products and services incorporate advanced technology and offer our customers the following advantages:

Our advanced technology improves our customers' cost effectiveness. Our advanced proprietary technology allows our customers to reduce their costs. For example, we have pioneered the utilization in medical imaging of a file compression technology known as "wavelet." This compression technology permits users to compress very large data files required for film images like x-rays into files as small as one-fiftieth the original size, without visible loss of image quality. Other compression technologies typically achieve compression ratios of one-half or one-third of their original size. Our compression technology significantly reduces our customers' network transmission and data storage costs. Using our FrameWave products, a medical image transmission which would otherwise take up to 27 minutes in uncompressed form can be completed in as little as 30 seconds.

Our products and services enable our customers to enhance their competitiveness. Our products and services are designed to enhance our customers' ability to market their services and to serve their customer base of referring physicians. By designing our products to operate over the internet with any commercially available internet browser, we enable our customers to quickly and easily:

- provide remote access to medical images and related information; and
- communicate medical and marketing information to their referring physicians and other constituencies.

We believe this enhanced access to images and information will allow our customers to provide faster, higher quality and more responsive service to their referring physicians and other constituencies.

The modularity of our products and services permits us to tailor solutions to our customers' needs. Our FrameWave products and eMed_Web are modular in design and allow us to conform our products and services to our customers' functionality and budget requirements. We can provide an entire image management workflow solution. Alternatively, customers can integrate our products and services on an application-by-application basis with systems previously acquired from other vendors. For example, customers can obtain the benefits of our internet offerings without replacing their existing medical imaging management systems, modalities, or film printer networks.

We provide our customers with comprehensive support. Our comprehensive support services increase the cost effectiveness and reliability of our customers' medical imaging information systems. Because medical imaging is critical to patient diagnosis and care, we believe that our customers highly value comprehensive support services that increase the reliability of their medical image management systems. Our network operations center personnel are able to remotely monitor and manage customers' systems and identify and resolve system problems. These services include the ability to remotely diagnose problems throughout a customer's image distribution and management system, including components of a system provided by the customer or other third party vendors. Our comprehensive support service enables many customers to outsource

the technical management of their image distribution and management systems to us.

Products and Services

Our products and services are sold as solutions tailored to the specific needs of our customers. Our products generally consist of industry standard, third-party hardware, elements of third party software and our proprietary software. Our flagship products and services described below are currently marketed and sold under the FrameWave brand name. In addition, we market PACSPro image acquisition devices which we acquired through the E-Systems Medical Electronics acquisition. Our internet-based offerings are designed to enhance our customers' image management systems. Image management systems are typically comprised of image acquisition devices, image management servers, image review workstations and electronic image archives, all of which can be purchased from us individually or in larger configurations.

FrameWave Products

FrameWave Web. Our FrameWave Web product is an internet-based image and report distribution system which enables access to images, together with reports about the images, in an integrated presentation. FrameWave Web also includes multiple security features for protection of the confidentiality of patient information, including access control, information control and transaction logging.

Image Acquisition Devices. Our image acquisition devices that convert hard-copy x-rays into digital form include high-resolution scanners and our proprietary software. Others use our proprietary software to directly obtain images from equipment that creates them in electronic format. These images can then be electronically distributed and managed in compliance with industry standards. All of our image acquisition products feature graphical user interfaces for ease of use.

Servers. We offer a variety of servers with advanced proprietary software that compress, decompress, store and manage medical images and interface with different medical information systems to provide an integrated view of related patient information over a variety of networks. Our servers can be configured in a variety of ways to meet the workflow and budget requirements of our customers.

Clinical Image Viewers. Our viewers are self-installable software products that permit users to view medical images on personal computers while at home or in the office through a telephone connection to a hospital. FrameWave viewers support direct telephone connections to our network operations center enabling remote support service.

Diagnostic Workstations. We offer high performance image display workstations suitable for primary diagnostic use. Diagnostic workstations consist of two or more high resolution, grayscale monitors and a workstation running proprietary image manipulation and display software. Our workstations offer a wide variety of image manipulation tools and are designed to comply with the American College of Radiology Standards for Teleradiology. Our workstation products are intended for use in a hospital, imaging center or similar facility where patient diagnosis is performed.

Archives. We offer archives that provide cost-effective storage of digital images. An archive includes a database management application for the organization and retrieval of medical images. An archive permits short-term and long-term storage capacity, both of which may be expanded through upgrades following an initial purchase. The archives serve as economical alternatives to the storage of hard copy films that health care professionals are required by law to retain for several years.

Services

eMed_Web. eMed_Web is a website development and hosting service which incorporates our FrameWave Web image and report management technology. With our eMed_Web service, we intend to establish and manage individual customer websites. Through these eMed_Web sites, our customers will be able

to make available images and related patient information remotely over the internet. Health care professionals, including radiologists, will be able to access these images and information with authorizing passwords. Also, eMed_Web sites will provide customers the opportunity to incorporate other clinically relevant information and marketing information targeted at their customers. In addition, we intend eMed_Web to serve as a platform from which we can offer additional workflow solutions and other information of interest to health care professionals. The servers that will host the eMed_Web sites will be located at customer sites and supported from our headquarters in Lexington, Massachusetts.

Customer Service and Training. Comprehensive, system-wide support is an integral part of the solutions we offer our customers. Our network operations center is staffed 24 hours a day, 7 days a week with engineers, application specialists and clinical coordinators. Our products include remote diagnostics technology which permits our network operations center to remotely assume operation of a customer's equipment. This permits us to offer a high level of support at relatively low cost. We market this comprehensive network-based support service as a separate, purchasable offering, not included in the customer's first-year warranty. Approximately 85% of our FrameWave customers have purchased this enhanced service offering.

Our products are typically sold with a one year warranty. After the expiration of the warranty, we encourage our customers to purchase annual service contracts. Approximately 75% of our customers with FrameWave applications have purchased post-warranty annual service contracts.

We sell installation services in connection with the sale of our products. Upon completion of installation, we conduct formal training at the customer's site in group settings and teach our customers through "hands on" instruction on our products. We are certified by the American Association of Radiology Technologists to train customer technologists in the use of our medical imaging management systems. Because of this certification, training provided by our employees satisfies three hours of required continuing education certification. The average time from the beginning of installation through acceptance testing is less than two weeks.

We outsource a portion of the on-site installation, training and repair services described above to third party contractors as well as our independent sales and service organizations.

Sales and Marketing

We employ a direct sales force and we utilize independent sales and service organizations. We manage our independent sales and service organizations to complement our direct sales force. Members of our direct sales force are assigned to regional territories and are responsible for customer activity within their regions.

The independent sales and service organizations purchase products from us and resell to their customers at prices they determine. Their customers execute contracts directly with us covering warranty and other service and support. We have also begun to train and engage some of these organizations to provide on-site service to customers under our supervision. These services include installation, training and on-site repair.

Our marketing activities include telemarketing, advertisements in trade journals and news releases to the trade press. The focus of our telemarketing efforts is our installed user base. We also present our products at multiple trade shows throughout the year. The most significant of these trade shows is the Radiological Society of North America meeting held in late November of each year.

Technology

We have historically developed products and services through our own research and development, acquisitions and strategic relationships. As of August 1, 1999, our engineering group included approximately one-fourth of our employees. We will continue to pursue product and service development internally as well as through strategic relationships.

The core technology employed in our internet application is what is referred to as dynamic HTML, which is integrated with our compression technology. This technology, which we license from AWARE Corporation, differs from typical HTML-based applications due to the number, size, and grayscale characteristics of

the images. For example, one 14"X17" film, digitized at the resolution standard adopted by the American College of Radiology Standards for Teleradiology, results in excess of ten megabytes of data. Our internet server technology delivers images, text, and voice over any internet connection, including dial-up modem connections, with acceptable clinical performance. Our internet server technology is browser-independent and employs layered security defenses against unauthorized access, as well as secure socket layers, to ensure secure transfer of information over the internet. Our internet server technology has been jointly developed under an exclusive relationship with AWARE Corporation.

All of our products except our archive products operate on computers with Intel Pentium processors that run the Microsoft Windows NT or Windows SQL Server operating systems. Our archive products are built on the Sun Sparc platform. We believe that the use of a well known and highly developed hardware and operating system platform simplifies manufacturing and support, encourages customer acceptance, and reduces the risks of technological obsolescence.

All of our FrameWave products are fully DICOM-compliant and all of our current PACSPro products can be upgraded to be DICOM-compliant. DICOM, or Digital Imaging Communications for Medicine, is an industry standard network communications protocol that allows DICOM-compliant imaging modalities and other image-related devices to directly communicate with each other without proprietary interfaces or translations. In addition, our products comply with the benchmarks for quality and professional practice established by the American College of Radiology Standards for Teleradiology. Our comprehensive support services facilitate our customers' quality assurance requirements within these standards.

Production

Most of our products include some hardware components, our proprietary software, and software licensed from others. All of the hardware components of our products are acquired from third parties. We assemble and test components and sub-assemblies acquired from vendors, and integrate our proprietary and licensed application software programs. We operate under FDA Good Manufacturing Practices rules, and we have registered with the FDA as a medical device manufacturer. We have elected to rely on a limited number of suppliers for certain components in order to achieve more advantageous pricing through increased volume. However, we believe that additional suppliers are available for our hardware components.

Our licensing agreement with AWARE regarding jointly developed web server technology provides that we will have exclusive rights to this technology for medical use through its termination on December 31, 2005 and have non-exclusive rights for a period following termination. This agreement also provides that, until the same date, AWARE will be our exclusive supplier of web-based image viewing and distribution software for use in our products. We have agreed to pay license fees to AWARE based upon the sales we make to our customers. We have agreed to devote resources to marketing, support and further development of our web product, and AWARE has agreed to devote engineering resources to develop new features, applications and technology at our request. The web server technology agreement provides that AWARE will have exclusive rights to this technology for non-medical use, and will make royalty payments to us for any licenses granted by AWARE to customers for non-medical use.

We license compression technology from AWARE under a separate agreement that provides that we will have rights to this technology for medical use on a non-exclusive basis through December 31, 2004. We have agreed to pay license fees for compression technology to AWARE based upon the sales we make to our customers.

Our licensing agreement for our image viewing software expires on March 31, 2000. Other software included in our products is licensed under a long-term agreement which terminates on December 31, 2004. Both of these agreements provide for payment of license fees based upon the number of copies of the software

we use, and require us to obtain signed agreements from our customers containing specified software licensing provisions. In some cases we have prepaid, or committed to pay, license fees for software not yet utilized in order to obtain improved pricing or other benefits. If any of these agreements expire or are terminated, we believe we would be able to obtain suitable replacement vendors or internally develop substitute software.

Intellectual Property

We generally do not rely on patent protection for our products and services. Instead, we rely on a combination of copyright and trade secret law, employee and third party nondisclosure agreements, and other protective measures to protect our intellectual property rights. Our policy is to require our employees, contractors and consultants who may have access to our confidential information, and parties to collaboration agreements to execute confidentiality agreements upon the commencement of employment, consulting relationships or collaborations. We also seek to continuously develop and improve our products and services in order to offer features not available from our competitors. We also rely on licensing opportunities to develop and maintain our competitive positions.

We have registered the names "eMed," "FrameWave" and "PACSPro" as trademarks with the United States Patent and Trademark Office and have reserved the internet address: www.eMed.com.

We own three issued U.S. patents covering automated distribution of medical images over data processing networks. Since this functionality is not yet necessary in the way medical imaging applications are currently utilized, we have not yet incorporated these into our products and services.

Competition

Competition in the medical image management market is intense. Competition in our markets is based on price, functionality, reliability, reputation of the vendor, and service. Our ability to maintain our competitive position will depend on our ability to continue to innovate while maintaining quality and customer satisfaction.

A large number of companies offer medical imaging management and distribution products that are competitive with ours, including internet-based products. A number of smaller vendors offer products which compete with a portion of our current product line. In addition, many of our competitors are larger than we are, have been in business longer than we have, and have greater financial, technical, research and development and sales and marketing resources than we do. Several large multinational corporations, including Agfa, Siemens, General Electric Medical Systems and Kodak compete in our market. Many of our competitors have the resources to offer their products at greatly discounted prices, or to offer functionality competitive with our products at no charge in connection with the sale of related or complementary products or systems. Customer decisions to purchase our products are often influenced by the perceived stability and market recognition of the vendor. We may be at a disadvantage because many of our competitors are better known and perceived as less risky than we are.

Our current and future internet-based products and services will compete in a market that is rapidly growing and not yet fully defined. A number of companies have recently entered the field of medically related internet services including Healtheon, CareInsite, and Medscape. We expect this trend to continue. We also expect our business plan and the business plans of these companies to overlap in time, creating both increased competition and opportunities for strategic relationships.

Government Regulation

The manufacturing and marketing of our products are subject to FDA medical device regulations in the United States and to similar regulations in other countries by corresponding regulatory authorities. The FDA regulations govern the testing, manufacture, labeling, record keeping, approval, advertising and promotion of our products and services. The process of obtaining and maintaining required regulatory clearances and approvals is lengthy, expensive and uncertain. Our ability to market new products and improvements to existing products will depend on obtaining new clearances and approvals in the future.

The FDA requires that a manufacturer seeking to market a new medical device or an existing medical device for a new indication obtain either a premarket notification clearance under section 510(k) of the Federal Food, Drug and Cosmetic Act or the approval of a premarket approval application under this Act prior to the marketing of the new device or commercializing the new indication. Material changes to existing medical devices are also subject to FDA review and clearance or approval prior to commercialization in the United States. Although it is believed to be a shorter, less costly regulatory path than the process to obtain approval of a premarket approval application, the process of obtaining a

510(k) clearance generally requires supporting data, which can be extensive and can extend the regulatory review process for a considerable length of time. All of our commercially available products have received 510(k) clearance from the FDA.

We are also required to register as a medical device manufacturer with the FDA and as a medical device distributor with the Texas Department of Health. The FDA requires us to maintain detailed manufacturing records, device history records and complaint logs. We are subject to inspection and audit by the FDA for compliance with Good Manufacturing Practices (as defined by FDA rules) and other applicable regulations. Our most recent FDA inspection and audit was completed in the second quarter of 1999 and did not identify material problems.

Even after market introduction, the FDA continues to regulate the design, manufacture and labeling of our medical products. Failure to comply with applicable regulatory requirements could result in, among other things, warning letters, seizures of products, total or partial suspension of production, refusal of the FDA to grant clearances or approvals, withdrawal of existing clearances or approvals, or criminal prosecution.

Sales of our products and services outside of the United States, which has been minimal to date, are subject to foreign regulatory requirements that vary widely from country to country. In Europe, we will be required to obtain the certificates necessary to enable the CE Mark, an international symbol of adherence to quality assurance standards and compliance with applicable European Union Medical Device Directives, to be affixed to our products for sales in member countries.

Employees

As of August 1, 1999, we employed 111 persons. None of our employees are represented by unions.

Properties

We maintain our headquarters and assembling facility in approximately 25,500 square feet of leased space in Lexington, Massachusetts. We also maintain a sales and service facility in approximately 8,000 square feet of leased space in San Antonio, Texas. We can provide all of our support services from either our Lexington or San Antonio location. We believe that our properties are adequate and suitable for their intended purposes.

Litigation

We are party to suits and regulatory proceedings arising in the ordinary course of our business, none of which we believe are material.

MANAGEMENT

The following table sets forth information concerning our executive officers and directors.

<TABLE>
<CAPTION>

Name	Age	Position
<C>	<C>	<S>
Scott S. Sheldon.....	38	Chief Executive Officer, President and Director
Christine L. Chung.....	32	Vice President -- Business Operations, Corporate Secretary
Jerry Froelich, M.D.....	47	Chief Medical Officer
Gary A. Lortie.....	40	Chief Financial Officer, Vice President -- Finance and Administration
David J. Mahoney.....	36	Vice President -- Sales
Howard Pinsky.....	45	Chief Technology Officer
John Strauss.....	44	Vice President -- Marketing
James J. Bochnowski.....	56	Director, Chairman of the Board

Thomas B. Neff.....	45	Director
Thomas O. Pyle.....	59	Director
Michael Schmertzler.....	47	Director
Donald E. Strange.....	55	Director

</TABLE>

Scott S. Sheldon has served as our President, Chief Executive Officer, and a Director since he co-founded eMed in March 1992. From 1987 through 1992, he held various positions in the Mergers and Acquisitions and Corporate Finance Departments at Morgan Stanley.

Christine L. Chung has served in various senior capacities since joining eMed in September 1992. She currently serves as Vice President of Business Operations and Corporate Secretary. Prior to joining eMed, she served as a strategy consultant for Monitor Company.

Jerry Froelich, M.D. has served as our Chief Medical Officer since August 1999. From 1990 until joining eMed, Dr. Froelich had been a partner in Radiology Imaging Associates in Denver, Colorado. Radiology Imaging Associates is a group of 42 sub-specialty radiologists which provides radiology service to 10 hospitals and 15 clinics. He was Medical Director of Radiology at the Columbia Swedish Medical Center in Englewood, Colorado, and a Clinical Associate Professor of Medicine at the University of Colorado.

Gary A. Lortie has served as our Chief Financial Officer and Vice President of Finance and Administration since May 1998. From 1997 until joining eMed, Mr. Lortie served as the Director of Corporate Development for the Biomedical Division of Thermo Electron Corporation. From 1996 to 1997, Mr. Lortie served as President for the Moisture Systems Division of Thermo Electron. From 1993 to 1995, he served as Director of Finance and Administration for Thermedics Detection, a subsidiary of Thermo Electron. Mr. Lortie is a certified public accountant.

David J. Mahoney has served as our Vice President of Sales since February 1998. Since 1988, Mr. Mahoney has held various sales and sales management positions in the electronic medical imaging management industry. From 1997 until joining eMed, Mr. Mahoney was America's Sales Manager for General Electric's Medical Systems Integrated Imaging Solutions Division. From 1996 to 1997, Mr. Mahoney held the position of Vice President of Sales for Lockheed Martin's Medical Systems business until it was acquired by General Electric. From 1995 to 1996, Mr. Mahoney held the position of National Sales Manager with Loral's Medical Imaging Systems business until it was acquired by Lockheed Martin. From 1988 until 1995, Mr. Mahoney held various positions with Advanced Video Products/E-Systems, a predecessor company to eMed.

Howard Pinsky has served as our Chief Technology Officer since January 1993. From 1992 until joining eMed, Mr. Pinsky was Vice President of Customer Service for RSTAR, Inc., an electronic medical imaging management technology spin-off of the Massachusetts General Hospital Department of Radiology. From 1987 to 1992, Mr. Pinsky was Senior Systems Consultant for Digital Equipment Corporation's health care group.

John Strauss has served as our Vice President of Marketing since May 1999. From 1990 until joining eMed, Mr. Strauss was Director of Marketing, Imaging and Information Networks for Fuji Medical Systems U.S.A., Inc. and was responsible for the electronic medical imaging and computed radiography product lines.

James J. Bochnowski has served as one of our directors since July 1996 and currently serves as our Chairman. Mr. Bochnowski has been a General Partner with Delphi Ventures, a private venture capital firm providing financing and supportive business expertise to young biomedical and health care companies, since he co-founded Delphi Ventures in 1988.

Thomas B. Neff has served as one of our directors since November 1995. Mr. Neff has been Chairman and Chief Executive Officer of FibroGen, Inc. which produces recombinant collagen and gelatin and develops anti-fibrosis therapies, since 1993. Mr. Neff has also been General Partner of Three Arch Bay Health Sciences Fund, a private investment fund focused on emerging biomedical companies, since 1993. Mr. Neff has also been General Partner of Pharmaceutical Partners I and Pharmaceutical II Partners since 1993 and 1994.

Thomas O. Pyle has served as one of our directors since June 1993. He has been the Chairman of Interstudy, a leading health policy organization, and Chairman of its affiliate, The Jackson Hole Group. From 1972 to 1991, Mr. Pyle held various senior management positions at Harvard Community Health Plan, becoming its President, Chief Executive Officer and a member of its Board of Directors in 1978. From October 1993 to September 1994, Mr. Pyle served as Chief Executive Officer of MetLife HealthCare Management Corp., Inc. He serves as a director of Millipore Corporation, Lincare Holdings Inc. and various other private companies.

Michael Schmertzler has served as a director since he co-founded eMed in March 1992. Since 1997, Mr. Schmertzler has served as a Managing Director of Credit Suisse First Boston and co-head of the United States and Canadian investment activities of its Private Equity Division. From 1992 to 1994, Mr. Schmertzler was a Managing Director of MS Partners Inc., a general partner of MSX Public Life Sciences Fund. Prior to that, he was a Managing Director of Morgan Stanley and Lehman Brothers Kuhn Loeb.

Donald E. Strange has served as one of our directors since June 1993. From 1996 until 1998, Mr. Strange served as Chief Executive Officer, President and Chairman of the Board of First New England Dental Centers, Inc. Prior thereto, Mr. Strange served as Chairman and Chief Executive Officer of TRANSCare, a leading provider of patient transportation services. Since 1974, Mr. Strange has served in various senior management capacities at Hospital Corporation of America, Avon's Health Care Group, and EPIC Health Care Group. He currently serves on the Board of Directors of Bon Secours Health System Inc. First New England Dental Centers, Inc. filed for bankruptcy in February 1998.

Board of Directors

Upon consummation of this offering, our board of directors will be divided into three classes, with each class of directors to serve three-year staggered terms (after their initial terms), subject to election and qualification of their successors or their earlier death, resignation or removal. Messrs. Sheldon and Schmertzler will serve for an initial one-year term expiring at our annual meeting in 2000. Messrs. Bochnowski and Pyle will serve for an initial two-year term expiring at our annual meeting in 2001. Messrs. Neff and Strange will serve for an initial three-year term expiring in 2002. Our executive officers are elected by the board of directors and serve at the discretion of the Board.

Committees

The board of directors has established a compensation committee and an audit committee. The compensation committee, consisting of Messrs. Bochnowski, Neff and Strange recommends salaries and bonuses and other compensation matters for our officers and makes recommendations regarding our stock plans. None of these members has served as an officer of eMed. The audit committee, consisting of Messrs. Pyle and Schmertzler, has the authority to recommend the appointment of our independent auditors and to review the results and scope of audits, internal accounting controls and tax and other accounting-related matters.

Director Compensation

Non-employee directors are reimbursed for their expenses of attending meetings, but currently do not receive any cash compensation for their services. We expect, however, that in the future, non-employee directors will be paid an annual cash retainer in addition to being reimbursed for all reasonable expenses incurred in attending meetings. On February 4, 1999, we granted Messrs. Bochnowski, Neff, Pyle, Schmertzler and Strange options to purchase 15,000 shares of our common stock at a purchase price of $0.50 per share. On June 30, 1999, we granted Messrs. Bochnowski, Neff, Pyle, Schmertzler and Strange options to purchase 15,000 shares of our common stock at a purchase price of $0.85 per share.

Executive Compensation

The following table shows the cash compensation paid or accrued for the year ended December 31, 1998, to our Chief Executive Officer and to each of our three highest paid executive officers other than the Chief Executive Officer who received more than $100,000 in salary and bonus during the year ended December 31, 1998 (the "Named Executive Officers"). No other executive officer received more than $100,000 in salary and bonus during this period.

<TABLE>
<CAPTION>

Name and Principal Position	Annual Compensation Salary($)	Long-Term Compensation Shares of Common Stock Underlying Options (#)	All Other Compensation ($)
<S>	<C>	<C>	<C>
Scott S. Sheldon..... Chief Executive Officer and President	$160,500	400,000	$ 1,538(3)
Howard Pinsky..... Chief Technology Officer	$136,800	300,000	$ 8,656(4)
David J. Mahoney(1)..... Vice-President -- Sales	$107,100	60,000	$12,880(5)
Howard B. Kaufman(2)..... Vice-President -- Operations	$106,700	10,000	$ 1,143(3)

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(1) Mr. Mahoney joined eMed in February 1999.

(2) Mr. Kaufman resigned his position as an officer of eMed in March 1999.

(3) Represents premiums paid on term life insurance policies.

(4) Represents an annual car allowance of $7,200 and premiums of $1,456 paid on a term life insurance policy.

(5) Represents commissions of $11,747 and premiums of $1,133 paid on a term life insurance policy.

Option Grants in Last Fiscal Year

The following table sets forth grants of stock options to the Named Executive Officers for the year ended December 31, 1998. We have not granted any stock appreciation rights during 1998. The potential realizable value is calculated based on the term of the option at its date of grant. It is calculated assuming that the fair market value of our common stock on the date of grant appreciates at the indicated annual rates compounded annually for the entire term of the option and that the option is exercised and sold on the last day of its term for the appreciated stock price. These numbers are calculated based on the requirements of the Securities and Exchange Commission and do not reflect our estimate of future stock price growth. The percentage of total options granted to employees in the last fiscal year is based on options to purchase an aggregate of shares of common stock granted to employees for the year ended December 31, 1998. All options were granted at fair market value on the date of grant as determined by the board of directors, unless otherwise indicated.

<TABLE>
<CAPTION>

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	Shares of Common Stock Underlying Options Granted	Percent of Total Options Granted to Employees in Fiscal Year	Exercise Price Per Share	Expiration Date	5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Scott S. Sheldon.....	400,000(1)	30%	$0.50	3/31/08	124,000	320,000
Howard Pinsky.....	300,000(1)	22%	$0.50	3/31/08	93,000	240,000

David J. Mahoney.....	60,000(2)	5%	$0.50	1/1/06	14,400	34,200
Howard B. Kaufman.....	10,000(3)	1%	$0.50	3/31/08	3,100	8,000

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(1) Options vest 6.25% each fiscal quarter following the date of grant.
(2) Options vest 100% on the fourth anniversary of the date of grant, provided that, if Mr. Mahoney is terminated without cause, a portion of the options will vest equal to 6.25% multiplied by the number of fiscal quarters since the date of grant to termination.
(3) 3,125 of the options vested and were exercised by Mr. Kaufman. The remaining 6,875 options were canceled on March 31, 1999.

Fiscal Year-End Option Values

The table below sets forth information for the Named Executive Officers with respect to options exercised during the fiscal year ended December 31, 1998 and options held as of December 31, 1998. There was no public trading market for our common stock as of December 31, 1998. Accordingly, the values in the table have been calculated on the basis of an initial public offering price of $ per share less the applicable exercise price.

	Common Stock Acquired on Exercise (#)	Value Realized	Number of Shares of Common Stock Underlying Unexercised Options at Fiscal Year End (#)		Value of Unexercised In-the-Money Options at Fiscal Year End	
Name			Exercisable	Unexercisable	Exercisable	Unexercisable
Scott S. Sheldon.....	0	--	203,050	334,844		
Howard Pinsky.....	0	--	179,932	278,438		
David J. Mahoney.....	0	--	0	60,000		
Howard B. Kaufman.....	0	--	2,500	7,500		

Compensation Committee Interlocks and Insider Participation

Series G Preferred Stock From March through June 1996, we sold an aggregate of 771 shares of Series G preferred stock for net proceeds of $3,848,000 including $217,000 in face amounts of convertible debt and redeemable preferred stock that were exchanged for shares of Series G preferred stock. On the closing of this offering, each share of Series G preferred stock will convert into 3,333.33 shares of common stock. The early investors in the Series G financing also received warrants to purchase an aggregate of 155,482 shares of common stock at an exercise price of $0.50 per share. Three Arch Bay Health Sciences Fund, which holds more than 5% of our common stock and for which Thomas Neff, our director, has management authority, and related persons purchased an aggregate of 540 shares of Series G preferred stock, together with warrants to purchase 120,000 shares of common stock.

1997 Convertible Note Transaction, Series J Preferred Stock In June 1997, we sold $1.5 million in principal amount of convertible subordinated notes for aggregate proceeds of $1.5 million. These notes were automatically convertible, upon our sale of new equity securities for gross proceeds of at least $1.5 million, into securities having the same price and terms as the new equity securities. Purchasers of the notes also received warrants to purchase an additional amount of the new equity securities having an aggregate purchase price of 30% of the amount of the purchaser's note, in exchange for their commitments to purchase the notes, at the same price that such new equity securities were issued to other investors. The notes had a maturity date of October 31, 1997 and bore interest at the rate of 6.0% per annum. Accrued interest converted on the same terms as the principal amount of the notes. In September 1997, these notes were automatically converted into 1,384,460 shares of our Series J preferred stock at a conversion price of $1.10 per share of Series J preferred stock. The warrants issued with the notes became warrants to purchase 409,091 shares of Series J preferred stock at an exercise price of $1.10 per share. On the closing of this offering, each share of Series J preferred stock will convert into one share of common stock and the Series J warrants will become rights to purchase common stock.

Three Arch Bay and related persons received warrants to purchase 204,545 shares of Series J preferred stock at an exercise price of $1.10 per share in

connection with their commitment to purchase $750,000 in principal amount of the convertible subordinated notes. These convertible notes were converted into 691,240 shares of Series J preferred stock. Delphi Ventures III, L.P. and Delphi Bioinvestments III, L.P., which collectively hold more than 5% of our common stock and for each of which James Bochnowski, our director, has management authority, purchased an aggregate of $525,000 in principal amount of convertible subordinated notes, which were converted into 477,273 shares of Series J preferred stock, and received warrants exercisable for 143,182 shares of Series J preferred stock at an exercise price of $1.10 per share.

Series K Preferred Stock In July 1998, various investors entered into commitments with us to purchase shares of our Series K preferred stock for an aggregate price of $2.5 million if we notified them of our election to sell the shares. These commitments provided that the Series K preferred stock would be issued at a price per share of either $1.40 or $1.50 per share depending on when we delivered notice of our election to sell. On the closing of this offering, each share of Series K preferred stock will convert into one share of our common stock. The investors who made these commitments were eligible to receive warrants at the time of their commitments to purchase in the aggregate 483,333 shares of our common stock at an exercise price of $0.01 per share as consideration for their commitments. The exercisability of the warrants was made subject to satisfaction of the Series K preferred stock purchase commitment if we elected to sell the shares. Three Arch Bay committed to purchase shares of Series K preferred stock for an aggregate of $500,000 and was eligible to receive as consideration warrants to purchase 96,666 shares of common stock.

In January 1999, we elected to draw upon the initial investors' commitments to purchase Series K preferred stock. We sold additional shares of Series K preferred stock together with warrants to purchase additional shares of our common stock at an exercise price of $0.01 per share to other investors. In January we sold, in the aggregate, 2,500,000 shares of Series K preferred stock together with warrants to purchase 676,667 shares of common stock. Delphi Ventures and Delphi Bioinvestments purchased 178,571 shares of Series K

preferred stock and warrants to purchase 48,333 shares of common stock for aggregate consideration of $250,000. We and Three Arch Bay amended Three Arch Bay's commitment to purchase Series K preferred stock to release Three Arch Bay from its obligation to purchase Series K preferred stock and to void the warrants previously issued to it.

Employment Contracts

Scott S. Sheldon. We are a party to an employment agreement with Scott S. Sheldon. The term of the agreement is until December 31, 2000, although we may, by mutual agreement, extend the agreement for successive one-year terms. Pursuant to the agreement, we are obligated to pay Mr. Sheldon an annual salary of at least $175,000 beginning in April 1999. Mr. Sheldon is eligible to earn incentive compensation in an amount and on terms mutually agreed upon. In the event that we elect not to renew Mr. Sheldon's agreement or he is terminated without cause or other events which would constitute a constructive termination without cause, he would receive a severance payment of $95,000. However, if that termination occurs within 12 months after a change in control, he would receive 12 monthly installments of his base salary. If Mr. Sheldon's employment terminates due to his death, his beneficiaries would receive six monthly installments of his base salary after his death. If Mr. Sheldon's employment is terminated for any of the foregoing reasons, or if his employment is terminated due to disability, then he or his legal representative would maintain the right to exercise any stock option which is then exercisable, other than an incentive stock option, for the remainder of its term.

Howard Pinsky. We are a party to an employment agreement with Howard Pinsky. The term of the agreement is until December 31, 2000, although we may, by mutual agreement, extend the agreement for successive one-year terms. Pursuant to the agreement, we are obligated to pay Mr. Pinsky an annual salary of at least $160,000 beginning in April 1999. Mr. Pinsky is eligible to earn incentive compensation in an amount and on terms mutually agreed upon. In the event that we elect not to renew Mr. Pinsky's agreement or he is terminated without cause or other events which would constitute a constructive termination without cause, he would receive a severance payment of $86,000. However, if that termination occurs within 12 months after a change in control, he would receive 12 monthly installments of his base salary. If Mr. Pinsky's employment terminates due to his death, his beneficiaries would receive six monthly installments of his base salary after his death. If Mr. Pinsky's employment is

terminated for any of the foregoing reasons, or if his employment is terminated due to disability, then he or his legal representative would maintain the right to exercise any stock option which is then exercisable, other than an incentive stock option, for the remainder of its term.

1994 Stock Plan

Our 1994 Stock Plan provides for the grant of incentive stock options and non-qualified stock options, stock awards and stock purchase rights for the purchase of shares of our common stock. The number of shares issuable pursuant to the 1994 Stock Plan is 4,950,000. Our board of directors is responsible for the administration of the plan and determines the term of each option, the option exercise price, the number of shares for which each option may be granted and the rate at which each option is exercisable. The board may grant incentive stock options only to employees, at an exercise price per share of not less than the fair market value per share on the date of grant and not less than 110% of fair market value in the case of holders of more than 10% of our voting stock. Non-qualified stock options, awards and stock purchase rights may be granted to any officer, employee, consultant or director. Grants under the 1994 Stock Plan cannot be made after August 10, 2004. As of August 17, 1999, 657,991 options are available for grant under the 1994 Stock Plan.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock as of August 17, 1999 and as adjusted to reflect the sale of the shares offered by us in this offering for (1) each person who is known by us to own beneficially more than five percent (5%) of our outstanding shares of common stock, (2) each director and Named Executive Officer, and (3) all directors and executive officers as a group. As of August 17, 1999, there were 20,095,281 shares of outstanding common stock. The table assumes the conversion of all outstanding preferred stock into common stock. Unless otherwise indicated below, to our knowledge, all persons listed below have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law. Unless otherwise indicated, each entity or person listed below maintains a mailing address of c/o eMed Technologies, 25 Hartwell Avenue, Lexington, MA 02421.

<TABLE>
<CAPTION>

Name of Beneficial Owner	Shares Beneficially Owned	Percentage of Common Stock Beneficially Owned Prior to Offering	Percentage of Common Stock Beneficially Owned After the Offering
<S>	<C>	<C>	<C>
Scott S. Sheldon(1)	621,644	3.0%	%
Howard Pinsky(2)	269,620	1.3%	%
Howard B. Kaufman	0	*	*
David J. Mahoney	0	*	*
James J. Bochnowski Delphi Ventures III, L.P. and affiliated entities(3) 3000 Sand Hill Road Building 1, Suite 135 Menlo Park, CA 94025	2,247,348	11.0%	%
Thomas B. Neff Three Arch Bay Health Sciences Fund and affiliated entities(4) c/o FibroGen, Inc. 225 Gateway Blvd. South San Francisco, CA 94080	2,232,607	11.0%	%
Thomas O. Pyle(5)	75,774	*	*
Michael Schmertzler(6)	767,333	3.8%	%

Donald E. Strange(7).....	80,536	*	*
Bedrock Capital Partners I, L.P. and affiliated entities(8)..... One Maritime Plaza, Suite 500 San Francisco, CA 94111	2,067,586	10.3%	%
Bessemer Venture Partners IV L.P. and related entities(9)..... 83 Walnut Street Wellesley Hills, MA 02481	1,681,450	8.3%	%
Pacific Venture Group, L.P. and an affiliated entity(10)..... 15635 Alton Parkway, Suite 230 Irvine, CA 92618	3,181,083	15.8%	%
Seaflower BioVenture Fund II, LLC and an affiliated entity(11)..... 1000 Winter Street, Suite 1000 Waltham, MA 02451	1,455,749	7.1%	%
All directors and executive officers as a group (12 persons)(12).....	6,459,368	30.0%	%

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* Less than one percent

The number of shares beneficially owned by each stockholder is determined in accordance with the rules of the Securities and Exchange Commission and are not necessarily indicative of beneficial ownership for any other purpose. Under these rules, beneficial ownership includes those shares of common stock that the stockholder has sole or shared voting or investment power and any shares of common stock that the stockholder has right to acquire within 60 days after August 17, 1999 through the exercise of any option, warrant or other right. The percentage ownership of the outstanding common stock, however, is based on the assumption, expressly required by the rules of the Securities and Exchange Commission, that only the person or entity whose ownership is being reported has converted options or warrants into shares of common stock.

(1) Includes 349,144 shares issuable to Mr. Sheldon upon the exercise of options exercisable within 60 days of August 17, 1999, 200,000 shares held by Scott Sheldon and Kimberly Howard-Sheldon as joint tenants with right of survivorship and 72,500 shares held by the Sheldon Children's 1999 Irrevocable Trust.

(2) Includes 269,620 shares issuable to Mr. Pinsky upon the exercise of options exercisable within 60 days of August 17, 1999.

(3) Represents:

- 58,750 shares issuable to Mr. Bochnowski upon the exercise of options exercisable within 60 days of August 17, 1999.
- 1,961,776 shares held by Delphi Ventures III, L.P. and 188,128 shares issuable to Delphi Ventures III, L.P. upon the exercise of warrants exercisable within 60 days of August 17, 1999.
- 35,307 shares held by Delphi Bioinvestments III, L.P. and 3,387 shares issuable to Delphi Bioinvestments III, L.P. upon the exercise of warrants exercisable within 60 days of August 17, 1999.

Mr. Bochnowski, a director of eMed and a managing member of Delphi Management Partners III, L.L.C., which is the general partner of the partnerships listed above, may be deemed to share voting and dispositive power with respect to the shares listed above and not held by him individually, and disclaims beneficial ownership of such shares.

(4) Represents:

- 98,524 shares held by Mr. Neff.
- 61,250 shares issuable to Mr. Neff upon the exercise of options exercisable within 60 days of August 17, 1999.

. 1,740,925 shares held by Three Arch Bay Health Sciences Fund.

. 204,018 shares held by Thomas B. Neff Family Partnership and 127,890 shares issuable to Thomas B. Neff Family Partnership upon the exercise of warrants exercisable within 60 days of August 17, 1999.

Mr. Neff is a director of eMed and general partner of Three Arch Bay Health Sciences Fund and Thomas B. Neff Family Partnership.

(5) Includes 75,774 shares issuable to Mr. Pyle upon the exercise of options exercisable within 60 days of August 17, 1999.

(6) Includes 129,631 shares issuable to Mr. Schmertzler upon the exercise of options and warrants exercisable within 60 days of August 17, 1999.

(7) Includes 75,774 shares issuable to Mr. Strange upon the exercise of options exercisable within 60 days of August 17, 1999.

(8) Represents:

. 1,802,928 shares held by Bedrock Capital Partners I, L.P. and 45,083 shares issuable to Bedrock Capital Partners I, L.P. upon the exercise of warrants exercisable within 60 days of August 17, 1999.

. 97,888 shares held by Credit Suisse First Boston Bedrock Fund, L.P. and 1,889 shares issuable to Credit Suisse First Boston Bedrock Fund, L.P. upon the exercise of warrants exercisable within 60 days of August 17, 1999.

. 95,937 shares held by VBW Employee Bedrock Fund, L.P. and 1,361 shares issuable to VBW Employee Bedrock Fund, L.P. upon the exercise of warrants exercisable within 60 days of August 17, 1999.

. 22,500 shares issuable to Jason Rosenbluth upon the exercise of options exercisable within 60 days of August 17, 1999.

All of the partnerships listed above are managed by Bedrock General Partner I, LLC. Bedrock Capital Partners I shares voting and dispositive power over the shares held by Mr. Rosenbluth pursuant to contractual arrangements and therefore may be considered the beneficial owner of these shares.

(9) Represents:

. 573,911 shares held by Bessemer Venture Partners IV L.P. and 17,554 shares issuable to Bessemer Venture Partners IV L.P. upon the exercise of warrants exercisable within 60 days of August 17, 1999.

. 572,850 shares held by Bessec Ventures IV L.P. and 17,267 shares issuable to Bessec Ventures IV L.P. upon the exercise of warrants exercisable within 60 days of August 17, 1999.

. 163,312 shares held by Bessemer Venture Investors L.P. and 4,833 shares issuable to Bessemer Venture Investors L.P. upon the exercise of warrants exercisable within 60 days of August 17, 1999.

. 68,511 shares held by BVP IV Special Situations L.P. and 2,028 shares issuable to BVP IV Special Situations L.P. upon the exercise of warrants exercisable within 60 days of August 17, 1999.

. An aggregate of 254,534 shares held by, and 6,650 shares issuable to upon the exercise of warrants exercisable within 60 days of August 17, 1999 William T. Burgin, Neill H. Brownstein, Robert H. Buescher, G. Felda Hardymon, Christopher Gabrieli, the Gabrieli Family Foundation, Michael I. Barach, David J. Cowan, Bruce K. Graham, Ravi B. Mhatre, Gautam A. Prakash, Robi L. Soni, Joanna A. Strober, Craighall Corporation, Richard R. Davis, Conaly Partners, Lindsay 1994 Family Partnership, L.P., Rothfeld 1994 Family Partnership, L.P., John G. MacDonald, Howard S. Markowitz, Edward Park, Robert J.S. Roriston, Steven L. Williamson, and Woods 1994 Family Partnership, L.P.

Deer IV & Co. LLC is the general partner of each of the partnerships listed in the first four paragraphs of this footnote. The individuals and entities listed in the fifth paragraph of this footnote are managers, members, former members or employees of, or otherwise associated with, Deer IV &

Co., Deer II & Co. LLC (a company engaging in activities similar to those of Deer IV & Co.) or Bessemer Securities Corporation, or entities in which such persons hold beneficial interests. Bessemer Securities Corporation and its related entities comprise the limited partners of Bessemer Venture Partners IV and Bessec Ventures IV. The limited partners of BVP IV Special Situations are non-employee directors of Bessemer Securities Corporation. Pursuant to the rules of the Securities and Exchange Commission, each of the above individuals and entities may be deemed to be members of a group.

(10) Represents:

- 2,946,289 shares held by Pacific Venture Group, L.P. and 92,336 shares issuable to Pacific Venture Group, L.P. upon the exercise of warrants exercisable within 60 days of August 17, 1999.

- 138,127 shares held by PVG Associates, L.P. and 4,331 shares issuable to PVG Associates, L.P. upon the exercise of warrants exercisable within 60 days of August 17, 1999.

PVG Equity Partners, L.L.C. is the general partner of both of the partnerships listed above.

(11) Represents:

- 696,429 shares held by Seaflower BioVenture Fund II, LLC and 188,500 shares issuable to Seaflower BioVenture Fund II, LLC upon the exercise of warrants exercisable within 60 days of August 17, 1999.

- 505,578 shares held by Seaflower Health and Technology Fund, LLC and 65,242 shares issuable to Seaflower Health and Technology Fund, LLC upon the exercise of warrants exercisable within 60 days of August 17, 1999.

James Sherblom is the general manager of both of the limited liability companies listed above.

(12) Represents:

- Shares described in notes 1, 2, 3, 4, 5, 6 and 7 above.

- 52,705 shares held by, and 111,801 shares issuable to upon exercise of options exercisable within 60 days of August 17, 1999, officers of eMed not listed in the table above.

CERTAIN TRANSACTIONS

In addition to the transactions described under "Compensation Committee Interlocks and Insider Participation" the following describes transactions in which our directors and principal shareholders have participated.

Series G Preferred Stock

In 1996, Michael Schmertzler received 23.3 shares of Series G preferred stock and warrants to purchase 4,666 shares of common stock in exchange for $117,000 in face amount of our Series A redeemable preferred stock then held by Mr. Schmertzler.

Series K Preferred Stock

Pursuant to their July 1998 commitments, in January 1999 Bedrock Capital Partners I, L.P., VBW Employee Bedrock Fund, L.P. and Credit Suisse First Boston Bedrock Fund L.P., which collectively own more than 5% of our common stock and for each of which Jason Rosenbluth, who was at the time a director, has management authority, purchased 178,571 shares of Series K preferred stock and warrants to purchase 48,333 shares of common stock for aggregate consideration of $250,000. Pacific Venture Group, L.P. and PVG Associates, L.P., which collectively hold more than 5% of our common stock, purchased 357,142 shares of Series K preferred stock and warrants to purchase 96,666 shares of common stock for aggregate consideration of $500,000. Bessemer Venture Partners IV, L.P., Bessec Ventures IV, L.P., and certain associated

investors, who collectively hold more than 5% of our common stock, purchased 178,571 shares of Series K preferred stock and warrants to purchase 48,333 shares of common stock for aggregate consideration of $250,000.

DESCRIPTION OF CAPITAL STOCK

General

Our amended and restated certificate of incorporation, which will become effective upon the closing of this offering, authorizes the issuance of up to 35,000,000 shares of common stock, par value $0.01 per share and 15,000,000 shares of preferred stock, par value $0.01 per share, the rights and preferences of which may be established from time to time by our board of directors. As of August 17, 1999, 20,095,281 shares of common stock were outstanding, held of record by 161 stockholders. As of August 17, 1999, options were outstanding which are exercisable for 4,145,694 shares of common stock at a weighted average exercise price of $0.65 per share. Also as of August 17, 1999, there were outstanding 1,289,815 warrants to purchase common stock and 409,091 warrants to purchase Series J preferred stock at exercise prices from $0.01 to $1.10 per share. Upon the closing of this offering, the warrants to purchase Series J preferred stock will become warrants to purchase 409,091 shares of common stock. Also, as of August 17, 1999, 657,991 additional shares of our common stock had been reserved for issuance under our stock plans.

Common Stock

Under our amended and restated certificate of incorporation, holders of our common stock are entitled to one vote for each share held of record on all matters submitted to a vote of the stockholders, including the election of directors. They do not have cumulative voting rights. Subject to preferences that may be applicable to any outstanding series of preferred stock, holders of our common stock are entitled to share ratably in any dividends that may be declared by the board of directors out of legally available funds. In case of a liquidation, dissolution or winding up of eMed, the holders of common stock will be entitled to share ratably in the net assets legally available for distribution to shareholders, in each case after payment of all of our liabilities and subject to preferences that may be applicable to any series of preferred stock then outstanding. The holders of common stock have no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of holders of common stock are subject to the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future. After the closing of this offering, there will be no shares of preferred stock outstanding.

Preferred Stock

Under our amended and restated certificate of incorporation, our board of directors has the authority, without further action by the stockholders, to issue from time to time, shares of preferred stock in one or more series. The board of directors may fix the number of shares, designations, preferences, powers and other special rights of the preferred stock. The preferences, powers, rights and restrictions of different series of preferred stock may differ. The issuance of preferred stock could decrease the amount of earnings and assets available for distribution to holders of common stock or affect adversely the rights and powers, including voting rights, of the holders of common stock. The issuance may also have the effect of discouraging, delaying or preventing a change in control of eMed, regardless of whether the transaction may be beneficial to stockholders. We have no current plans to issue any additional shares of preferred stock.

Liability of Directors

Our amended and restated certificate of incorporation provides that our directors shall not be liable to eMed or its stockholders for monetary damages for any breach of fiduciary duty, except to the extent otherwise required by the Delaware General Corporation Law. This provision will not prevent our stockholders from obtaining injunctive or other relief against our directors. This provision also does not shield our directors from liability under federal or state securities laws.

Antitakeover Effects of Delaware Law and Our Amended and Restated Certificate of Incorporation and By-laws

Certain provisions of the Delaware General Corporation Law and our amended and restated certificate of incorporation and amended and restated by-laws may be deemed to have an antitakeover effect and may discourage, delay or prevent a tender offer or takeover attempt that a stockholder might consider to be in its best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders. These provisions are summarized in the following paragraphs.

Delaware Anti-Takeover Laws. We will be subject to Section 203 of the Delaware General Corporation Law. This statute will prohibit us from engaging in a "business combination" with an "interested stockholder" for a period of three years after the time of the transaction in which one person became an interested stockholder, unless:

- the business combination or the transaction which resulted in the stockholder becoming an interested stockholder was approved by our board of directors before the stockholder became an interested stockholder,

- upon consummation of the transaction that made the stockholder an interested stockholder, the interested stockholder owns at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding shares owned by directors who are also officers or held in employee benefit plans in which the employees do not have a confidential right to tender stock held by the plan in a tender or exchange offer, or

- the business combination is approved by the board of directors of the corporation and authorized at a meeting by two-thirds of the voting stock, other than voting stock owned by the interested stockholder.

A "business combination" generally includes mergers or consolidations between us and an interested stockholder, transactions with an interested stockholder involving our assets or stock or assets or stock of our majority-owned subsidiaries, if any, and transactions which increase an interested stockholder's percentage ownership of stock.

An "interested stockholder" generally includes those stockholders who become beneficial owners of 15% or more of our voting stock, together with affiliates or associates of that stockholder.

Cumulative Voting. Our amended and restated certificate of incorporation does not provide stockholders the right to cumulate votes in the election of directors.

Stockholder Action; Special Meeting of Stockholders. Our amended and restated certificate of incorporation eliminates the ability of stockholders to act by written consent. Our by-laws provide that special meetings of our stockholders may be called only by the chairman of the board of directors, the chief executive officer or a majority of the board of directors or at the direction of stockholders holding in the aggregate at least 20% of our common stock. These provisions could have the effect of delaying for 90 days or until the next annual meeting of stockholders those actions which are favored by the holders of a majority of our outstanding voting securities. These provisions may also discourage another person from making a tender offer for our common stock, because that person, even if it acquired a majority of our outstanding voting securities, would be able to take action as a stockholder, such as electing new directors or approving a merger, only at a duly called meeting of stockholders and not by written consent.

Advance Notice Requirements for Stockholder Proposals and Directors Nominations. Our amended and restated by-laws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders, must provide timely notice thereof in writing. To be timely, a stockholder's notice must be received at our principal executive

offices not less than (1) 60 days in advance of the meeting if it is held within 30 days before the anniversary of the previous year's annual meeting or (2) 90 days in advance of the meeting if it is held on or after the anniversary of the previous year's annual meeting. In any other event, in order to be timely, notice from the stockholder must be received no later than the

fifteenth day following the date on which notice of the annual meeting was mailed to stockholders or made public, whichever occurred earlier. Our amended and restated by-laws also specify certain requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders. However, in the case of any meeting called at the direction of stockholders, the stockholders requesting the meeting be called must give us at least 90 days notice of any matter to be presented at that meeting.

Authorized but Unissued Shares. The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Classified Board of Directors. Our amended and restated certificate of incorporation provides that our board of directors shall be divided into three classes which serve staggered three-year terms (after their initial terms). As a result of this classification, no more than one third of the board of directors will be elected each year. This may make it more difficult for an acquiring party to take control of the board of directors.

Amendments; Supermajority Vote Requirements. The Delaware General Corporation Law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or by-laws, unless a corporation's certificate of incorporation or by-laws, as the case may be, requires a greater percentage. Our amended and restated certificate of incorporation imposes supermajority vote requirements in connection with the amendment of provisions of our amended and restated certificate of incorporation relating to the classification of our board of directors. Our by-laws impose supermajority vote requirements in connection with the amendment of various provisions of our by-laws related to our corporate structure.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is expected to be American Stock Transfer & Trust Company.

Listing

We have applied to list our common stock on the Nasdaq National Market under the trading symbol "EMDT."

SHARES ELIGIBLE FOR FUTURE SALE

The sale of a substantial amount of our common stock in the public market after this offering could adversely affect the prevailing market price of our common stock. Furthermore, because few shares will be available for sale shortly after this offering due to the contractual and legal restrictions on resale described below, the sale of a substantial amount of common stock in the public market after these restrictions lapse could adversely affect the prevailing market price of our common stock and our ability to raise equity capital in the future.

Upon completion of this offering, we will have outstanding an aggregate of shares of our common stock, assuming no exercise of the underwriters' overallotment option and no exercise of outstanding options. Of these shares, all of the shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, unless the shares are purchased by "affiliates" as that term is defined in Rule 144 under the Securities Act. Any shares purchased by an affiliate may not be resold except pursuant to an effective registration statement or an applicable exemption from registration, including an exemption under Rule 144 of the Securities Act. The remaining shares of common stock held by existing stockholders are "restricted securities" as that term is defined in Rule 144 under the Securities Act. These restricted securities may be sold in the public market only if they are registered or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act. These rules are summarized below.

Upon the expiration of the lock-up agreements described under "Underwriting"

and subject to the provisions of Rule 144 and Rule 701, restricted shares totaling 18,365,352 will be available for sale in the public market 180 days after the date of this prospectus. Of those shares, 6,432,130 will be available pursuant to Rule 144(k) and 159,117 will be available pursuant to Section 701. The sale of restricted securities is subject, in the case of shares held by affiliates and shares held by non-affiliates for between one and two years, to the volume restrictions contained in those rules.

Rule 144

In general, under Rule 144 as currently in effect, beginning 90 days after the date of this prospectus, a person who has beneficially owned shares of our common stock for at least one year from the later of the date those shares of common stock were acquired from us or from an affiliate of ours would be entitled to sell within any three month period a number of shares that does not exceed the greater of:

(1) one percent of the number of shares of common stock then outstanding, which will equal approximately shares immediately after this offering; or

(2) the average weekly trading volume of the common stock on the Nasdaq National Market during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale of any shares of common stock.

The sales of any shares of common stock under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us. Affiliates may sell shares not constituting restricted securities in accordance with the foregoing volume limitations and other restrictions, but without regard to the one-year holding period.

Rule 144(k)

Under Rule 144(k), a person who is not one of our affiliates at any time during the three months preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years from the later of the date such shares of common stock were acquired from us or from an affiliate of ours, including the holding period of any prior owner other than an affiliate, is entitled to sell those shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144. Therefore, unless otherwise restricted pursuant to the lock-up agreements or otherwise, those shares may be sold immediately upon the completion of this offering.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchased shares from us in connection with a compensatory stock plan or other written agreement is eligible to resell those shares 90 days after the effective date of this offering in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

No precise prediction can be made as to the effect, if any, that market sales of shares or the availability of shares for sale will have on the market price of our common stock prevailing from time to time. We are unable to estimate the number of our shares that may be sold in the public market pursuant to Rule 144 or Rule 701 because this will depend on the market price of our common stock, the personal circumstances of the sellers and other factors. Nevertheless, sales of significant amounts of our common stock in the public market could adversely affect the market price of our common stock.

Stock Plans

We intend to file a registration statement under the Securities Act covering 4,950,000 shares of common stock reserved for issuance under the eMed 1994 Stock Plan. This registration statement is expected to be filed as soon as practicable after the effective date of this offering.

At August 17, 1999, there were options to purchase 4,145,694 shares outstanding under our stock option plans and otherwise. All of these shares will be eligible for sale in the public market from time to time, subject to vesting provisions, Rule 144 volume limitations applicable to our affiliates and, in the case of some of the options, the expiration of lock-up agreements.

Registration Rights

We have entered into two agreements with groups of holders of approximately 14,824,567 shares of our common stock that entitle those holders to require us to register their shares for resale under the Securities Act of 1933.

Under the agreement with holders of our Series J preferred stock, holders of at least 30% of the common stock issued on conversion of the Series J preferred stock can require us to register the sale of their common stock two separate times. We only must register those shares if they would have an aggregate offering price of at least $15 million and if the request is made after 180 days following the effective date of this prospectus. After we have satisfied the requirements for using the shorter S-3 registration form, holders offering to sell at least $500,000 of common stock can require us to register their common stock on that form. We would not be required to file more than two of these registrations in any 12 month period. These holders also have the right to require us to include their shares in any future registered offering of securities by us, subject to market conditions.

Under our other registration rights agreement, other holders of our equity securities have rights similar to those described in the previous paragraph. However, this agreement provides that if in any registered offering, shares must be excluded from the offering because of marketing factors, shares covered by this agreement will be excluded before any shares issuable on conversion of the Series J preferred stock are excluded.

UNDERWRITING

General

Bear, Stearns & Co. Inc., Donaldson, Lufkin & Jenrette Securities Corporation, SG Cowen Securities Corporation and Wit Capital Corporation are acting as representatives of each of the underwriters named below. Subject to the terms and conditions set forth in an underwriting agreement among us and the underwriters we have agreed to sell to the underwriters, and each of the underwriters severally and not jointly has agreed to purchase from us the number of shares of common stock set forth opposite its name below.

<TABLE>
<CAPTION>

Underwriter	Number of Shares
<S>	<C>
Bear, Stearns & Co. Inc.	
Donaldson, Lufkin & Jenrette Securities Corporation	
SG Cowen Securities Corporation	
Wit Capital Corporation	
Total	

</TABLE>

In the underwriting agreement, the several underwriters have agreed, subject to the terms and conditions set forth in the underwriting agreement, to purchase all of the shares of common stock being sold under the terms of the underwriting agreement if any of the shares of common stock being sold under the terms of the agreement are purchased. In the event of a default by an underwriter, the underwriting agreement provides that, in certain circumstances, the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated.

We have agreed to indemnify the underwriters against some liabilities, including some liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of those liabilities.

The shares of common stock are being offered by the several underwriters, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of certain legal matters by counsel for the underwriters and certain other conditions. The underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part.

Commissions and Discounts and Public Offering Price

The representatives have advised us that the underwriters propose initially to offer the shares of common stock to the public at the initial public offering price set forth on the cover page of this prospectus, and to certain dealers at such price less a concession not in excess of $ per share of common stock. The underwriters may allow, and such dealers may reallow, a discount not in excess of $ per share of common stock to certain other dealers. After the initial public offering, the public offering price, concession and discount may change.

The following table shows the per share and total public offering price, underwriting discount to be paid by us to the underwriters and the proceeds before expenses to us. This information is presented assuming either no exercise or full exercise by the underwriters of their over-allotment options.

<TABLE>
<CAPTION>

	Per Share	Without Option	With Option
<S>	<C>	<C>	<C>
Public offering price.....	$	$	$
Underwriting discount.....	$	$	$
Proceeds, before expenses, to eMed.....	$	$	$

</TABLE>

We estimate our offering expenses, exclusive of the underwriting discount, will be $.

Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives. The factors to be considered in determining the initial public offering price, in addition to prevailing market conditions, are the valuation multiples of publicly traded companies that the representatives believe to be comparable to us, certain of our financial information, the history, of, and the prospects for, our company and the industry in which we compete, and an assessment of our management, its past and present operations, the prospects for, and timing of, future revenues of our company, the present state of our development, and the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours. There can be no assurance that an active trading market will develop for our common stock or that our common stock will trade in the public market subsequent to the offering at or above the initial public offering price.

The underwriters do not expect sales of the common stock to any accounts over which they exercise discretionary authority to exceed five percent of the number of shares being offered in this offering.

Over-allotment Option

We have granted an option to the underwriters, exercisable for 30 days after the date of this prospectus, to purchase up to an aggregate of additional shares of our common stock at the public offering price set forth on the cover page of this prospectus, less the underwriting discount. The underwriters may exercise this option solely to cover over-allotments, if any, made on the sale of our common stock offered hereby. To the extent that the underwriters exercise this option, each underwriter will be obligated, subject to certain conditions, to purchase a number of additional shares of our common stock proportionate to such underwriter's initial amount reflected in the foregoing table.

Lock-up Agreements

We, our directors and executive officers and our stockholders have entered into lock-up agreements with the underwriters. Under those agreements, neither we nor any of our directors or executive officers nor any of those stockholders may dispose of or hedge any shares of common stock or securities convertible into or exchangeable for shares of common stock. These restrictions will be in effect for a period of 180 days after the date of this prospectus, subject to limited exceptions. At any time and without notice, Bear, Stearns & Co. Inc. may, in its sole discretion, release all or some of the securities from these lock-up agreements.

Price Stabilization, Short Positions and Penalty Bids

In order to facilitate this offering, certain persons participating in this

offering may engage in transactions that stabilize, maintain or otherwise affect the price of the common stock during and after this offering. Specifically, the underwriters may over-allot or otherwise create a short position in the common stock for their own account by selling more shares of common stock than we have sold to them. The underwriters may elect to cover any such short position by purchasing shares of common stock in the open market or by exercising the over-allotment option granted to the underwriters. In addition, the underwriters may stabilize or maintain the price of the common stock by bidding for or purchasing shares of common stock in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in this offering are reclaimed if shares of common stock previously distributed in this offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the common stock to the extent that it discourages resales thereof. No representation is made as to the magnitude or effect of any such stabilization or other transactions. Such transactions may be effected on the Nasdaq National Market or otherwise and, if commenced, may be discontinued at any time.

Internet Distribution

A prospectus in electronic format is being made available on an internet website maintained by Wit Capital Corporation. In addition, all dealers purchasing shares from Wit Capital in this offering have agreed to make a prospectus in electronic format available on websites maintained by each of these dealers. Purchases of shares from Wit Capital are to be made through an account at Wit Capital in accordance with Wit Capital's procedures for opening an account and transacting in securities.

Wit Capital, a member of the National Association of Securities Dealers, Inc., will participate in the offering as one of the underwriters. The National Association of Securities Dealers, Inc., approved the membership of Wit Capital on September 4, 1997. Since that time, Wit Capital has acted as an underwriter, e-Manager or selected dealer in over 120 public offerings. Except for its participation as a manager in this offering, Wit Capital has no relationship with us, or any of its founders or significant stockholders.

LEGAL MATTERS

The validity of the common stock offered hereby will be passed upon for eMed by Ropes & Gray, Boston, Massachusetts. Various legal matters in connection with this offering will be passed upon for the underwriters by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York.

EXPERTS

The financial statements of eMed at December 31, 1997 and 1998 and for the three years in the period ended December 31, 1998, included in this prospectus, and the financial statements of E-Systems Medical Electronics, a division of Raytheon, at December 31, 1997 and November 23, 1998 and for the year ended December 31, 1997 and the period from January 1, 1998 through November 23, 1998, included in this prospectus, have been so included in reliance on the reports of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a Registration Statement on Form S-1, including exhibits and schedules, under the Securities Act with respect to the common stock to be sold in this offering. This prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement or the exhibits and schedules which are part of the registration statement. Any statements made in this prospectus as to the contents of any contract, agreement or other document are not necessarily complete. With respect to each such contract, agreement or other document filed as an exhibit to the Registration Statement, we refer you to the exhibit for a more complete description of the matter involved, and each statement in this prospectus shall be deemed qualified in its entirety by this reference.

You may read and copy all or any portion of the Registration Statement or any reports, statements or other information in the files at the public

reference facilities of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C., 20549 and at the regional offices of the Commission located at Seven World Trade Center, 13th Floor, New York, New York 10048 and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You can request copies of these documents upon payment of a duplicating fee by writing to the Commission. You may call the Commission at 1-800-SEC-0330 for further information on the operation of its public reference rooms. Our filings, including the Registration Statement, will also be available to you on the internet website maintained by the Commission at http://www.sec.gov.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Accountants

To the Board of Directors and Stockholders of
eMed Technologies Corporation:

In our opinion, the accompanying balance sheet and the related statements of operations, of changes in stockholders' equity and of cash flows present fairly, in all material respects, the financial position of eMed Technologies Corporation at December 31, 1997 and 1998 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
Boston, Massachusetts
March 22, 1999, except for the last paragraph of
Note 7, as to which the date is August 10, 1999

eMed Technologies Corporation

Balance Sheet

<TABLE>
<CAPTION>

	December 31,		June 30,	Pro Forma June 30,
	1997	1998	1999	1999
			(unaudited)	
<S>	<C>	<C>	<C>	<C>
Assets				
Current assets:				
Cash and cash equivalents	$ 4,420,714	$ 2,259,052	$ 5,117,591	
Accounts receivable, net of allowance for doubtful accounts of $35,000 and $487,073 at December 31, 1997 and 1998, respectively, and $422,461 at June 30, 1999 (unaudited)	2,665,415	4,926,216	6,217,453	
Inventories	1,080,264	2,011,410	961,823	
Prepaid expenses and other current assets	798,442	330,641	313,134	
Total current assets	8,964,835	9,527,319	12,610,001	
Fixed assets, net	892,450	991,181	816,027	
Goodwill	--	77,016	72,523	
Other assets	32,756	49,810	60,888	
Assets held for sale	--	861,000	--	
Total assets	$ 9,890,041	$ 11,506,326	$ 13,559,439	
Liabilities and Stockholders' Equity				
Current liabilities:				
Current portion of capital lease obligations	$ 153,356	$ 45,796	$ 12,347	
Short-term debt	--	2,797,359	2,797,359	
Note payable to Raytheon	--	2,200,000	--	
Accounts payable	1,971,964	2,372,307	1,815,838	
Accrued employee benefits	244,871	351,150	542,978	
Accrued warranty expenses	100,657	478,888	629,112	
Other accrued expenses	668,413	811,470	900,983	
Accrued acquisition reserves	--	335,842	81,136	
Deferred revenue	284,375	1,382,887	1,257,464	
Total current liabilities	3,423,636	10,775,699	8,037,217	
Capital lease obligations	78,707	6,521	--	
Long-term debt	884,527	335,893	210,164	
Total liabilities	4,386,870	11,118,113	8,247,381	
Commitments (Note 12)				
Stockholders' equity:				
Convertible preferred stock, $0.01 par value	77,346	77,346	118,775	$ --
Common stock, $0.01 par value; Authorized: 35,000,000 shares;				

Issued: 1,085,584 and 1,165,572 shares at December 31, 1997 and 1998, respectively, and 1,253,213 shares at June 30, 1999 actual (unaudited): 20,108,281 shares issued at June 30, 1999 pro forma (unaudited); Outstanding: 1,085,584 and 1,065,572 shares at December 31, 1997 and 1998, respectively, 1,153,213 shares at June 30, 1999 actual (unaudited): 20,008,281 shares outstanding at June 30, 1999 pro forma (unaudited).....	10,856	11,656	12,532	201,083
Additional paid-in capital.....	20,120,082	20,159,276	28,796,488	28,726,712
Deferred compensation...	(8,002)	--	(2,598,296)	(2,598,296)
Treasury stock.....	--	(50,000)	(50,000)	(50,000)
Accumulated deficit.....	(14,697,111)	(19,810,065)	(20,967,441)	(20,967,441)
Total stockholders' equity.....	5,503,171	388,213	5,312,058	5,312,058
Total liabilities and stockholders' equity..	$ 9,890,041	$ 11,506,326	$ 13,559,439	$ 13,559,439

</TABLE>

The accompanying notes are an integral part of these financial statements.

eMed Technologies Corporation

Statement of Operations

<TABLE>
<CAPTION>

	Year ended December 31,			Six months ended June 30,	
	1996	1997	1998	1998	1999
					(unaudited)
<S>	<C>	<C>	<C>	<C>	<C>
Revenue:					
Product.....	$ 570,273	$ 7,164,242	$11,299,756	$ 5,730,260	$ 9,793,624
Service.....	439,182	862,762	1,294,411	487,242	1,575,777
Total revenue.....	1,009,455	8,027,004	12,594,167	6,217,502	11,369,401
Cost of revenue:					
Product.....	372,681	5,553,543	7,223,230	3,401,750	4,698,982
Service.....	1,031,107	1,458,579	1,752,909	729,125	1,652,093
Total cost of revenue.....	1,403,788	7,012,122	8,976,139	4,130,875	6,351,075
Gross margin.....	(394,333)	1,014,882	3,618,028	2,086,627	5,018,326
Operating expenses:					
Research and development.....	610,189	1,300,360	2,361,430	1,030,630	1,654,635
Sales and marketing...	1,318,696	2,912,125	3,498,169	1,763,734	2,519,051
General and administrative.....	1,331,297	1,981,861	2,722,340	1,120,800	1,851,731
Total operating expenses.....	3,260,182	6,194,346	8,581,939	3,915,164	6,025,417
Loss from operations....	(3,654,515)	(5,179,464)	(4,963,911)	(1,828,537)	(1,007,091)

Interest expense, net...	(69,686)	(203,566)	(105,611)	(19,243)	(68,518)
Other expense.....	(21,560)	(242,139)	(43,432)	(6,125)	(81,767)
Net loss.....	$(3,745,761)	$(5,625,169)	$(5,112,954)	$(1,853,905)	$(1,157,376)
Basic and diluted net loss per share.....	$ (3.50)	$ (5.19)	$ (4.88)	$ (1.79)	$ (1.03)
Shares used in computing basic and diluted net loss per share.....	1,071,427	1,084,022	1,048,678	1,034,024	1,121,334
Unaudited pro forma basic and diluted net loss per share.....			$ (0.32)		$ (0.06)
Shares used in computing unaudited pro forma basic and diluted net loss per share.....			15,760,889		19,976,402

</TABLE>

The accompanying notes are an integral part of these financial statements.

eMed Technologies Corporation

Statement of Changes in Stockholders' Equity

<TABLE>
<CAPTION>

	Convertible preferred stock		Common stock						Total stockholders'
	Shares	Par value	Shares	Par value	Additional paid-in capital	Deferred compensation	Treasury stock	Accumulated deficit	equity (deficit)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1995.....	1,510	$ 15	1,054,000	$10,540	$ 4,505,830	$ --	$ --	$ (5,326,181)	$ (809,796)
Exercise of common stock options....			27,834	278	13,639				13,917
Issuance of 1,000 shares of Series F convertible preferred stock..	1,000	10			999,990				1,000,000
Issuance of 816 shares of Series G convertible preferred stock..	816	8			4,070,341				4,070,349
Issuance of 400 shares of Series H convertible preferred stock..	400	4			1,999,997				2,000,001
Issuance of stock options to nonemployees.....					20,000				20,000
Net loss.....								(3,745,761)	(3,745,761)
Balance, December 31, 1996.....	3,726	37	1,081,834	10,818	11,609,797	--	--	(9,071,942)	2,548,710
Exercise of common stock options....			3,750	38	1,837				1,875
Issuance of 409,091 warrants to purchase Series J convertible preferred stock..					161,000				161,000
Issuance of 7,730,909 shares of Series J convertible preferred stock..	7,730,909	77,309			8,333,868				8,411,177
Issuance of stock options to nonemployees.....					13,580	(8,002)			5,578
Net loss.....								(5,625,169)	(5,625,169)

Balance, December 31, 1997.....	7,734,635	77,346	1,085,584	10,856	20,120,082	(8,002)	--	(14,697,111)	5,503,171
Exercise of common stock options....			79,988	800	39,194				39,994
Purchase of common stock held as treasury shares..							(50,000)		(50,000)
Amortization of deferred compensation.....						8,002			8,002
Net loss.....								(5,112,954)	(5,112,954)
Balance, December 31, 1998.....	7,734,635	77,346	1,165,572	11,656	20,159,276	--	(50,000)	(19,810,065)	388,213
Exercise of common stock options (unaudited).....			87,641	876	42,944				43,820
Issuance of 4,142,857 shares of Series K convertible preferred stock (unaudited).....	4,142,857	41,429			5,756,037				5,797,466
Issuance of stock options (unaudited).....					2,838,231	(2,838,231)			--
Amortization of deferred compensation (unaudited).....						239,935			239,935
Net loss (unaudited).....								(1,157,376)	(1,157,376)
Balance, June 30, 1999 (unaudited).....	11,877,492	$118,775	1,253,213	$12,532	$28,796,488	$(2,598,296)	$(50,000)	$(20,967,441)	$ 5,312,058

</TABLE>

The accompanying notes are an integral part of these financial statements.

eMed Technologies Corporation

Statement of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

<TABLE>
<CAPTION>

	Year ended December 31,			Six months ended June 30,	
	1996	1997	1998	1998	1999
				(unaudited)	
<S>	<C>	<C>	<C>	<C>	<C>
Cash flows from operating activities:					
Net loss.....	$(3,745,761)	$(5,625,169)	$(5,112,954)	$(1,853,905)	$(1,157,376)
Adjustments to reconcile net loss to net cash used in operating activities:					
Depreciation and amortization.....	364,946	469,488	521,006	259,844	374,725
Amortization of debt discount.....	--	119,000	--	--	--
Loss on disposal of fixed assets.....	20,032	236,764	50,933	12,339	85,763
Compensation expense associated with issuance of stock options.....	20,000	5,578	8,002	--	239,935
Preferred stock issued in lieu of					

cash payment for interest.....	5,381	22,906	--	--	--
Changes in operating assets and liabilities, net of effects from acquisition of E-Systems Medical Electronics:					
Accounts receivable..	(2,389)	(2,489,335)	36,664	(853,039)	(1,291,237)
Inventories.....	(681,064)	(399,200)	638,428	293,751	1,049,587
Prepaid expenses and other current assets.....	12,874	(715,014)	553,719	512,581	17,507
Accounts payable.....	669,905	1,302,059	19,673	(296,930)	(556,469)
Accrued employee benefits.....	35,193	209,678	(19,382)	50,858	191,828
Accrued warranty expenses.....	--	100,657	178,231	40,017	150,224
Other accrued expenses.....	145,183	366,210	(302,859)	(146,547)	89,513
Accrued acquisition reserves.....	--	--	--	--	(254,706)
Deferred revenue.....	--	284,375	689,532	110,830	(125,423)
Net cash used in operating activities.....	(3,155,700)	(6,112,003)	(2,739,007)	(1,870,201)	(1,186,129)
Cash flows from investing activities:					
Purchases of fixed assets.....	(532,796)	(853,122)	(465,274)	(335,838)	(280,841)
Change in other assets.....	15,935	11,596	(17,054)	21,192	(11,078)
Cash paid for the acquisition of E-Systems Medical Electronics, net of cash acquired.....	--	--	(999,300)	--	--
Proceeds from sale of assets held for sale.....	--	--	--	--	861,000
Net cash (used in) provided by investing activities.....	(516,861)	(841,526)	(1,481,628)	(314,646)	569,081
Cash flows from financing activities:					
Proceeds from sale-leaseback transactions.....	138,709	--	--	--	--
Principal payments of capital lease obligations.....	(174,897)	(189,842)	(179,746)	(92,067)	(39,970)
Cash received for fixed assets.....	5,600	46,028	--	--	--
Proceeds from issuance of convertible notes and warrants.....	--	1,500,000	--	--	--
Borrowings from lines of credit.....	--	884,527	2,390,039	1,242,522	--
Principal payments of debt.....	--	--	(141,314)	(55,756)	(125,729)
Payment of note payable due to Raytheon for the acquisition of E-Systems Medical Electronics.....	--	--	--	--	(2,200,000)
Proceeds from issuance of convertible preferred stock.....	5,848,302	6,930,271	--	--	5,797,466
Proceeds from exercise of common stock options.....	13,917	1,875	39,994	35,655	43,820

Purchase of common stock held in treasury.....	--	--	(50,000)	(50,000)	--
Net cash provided by financing activities.....	5,831,631	9,172,859	2,058,973	1,080,354	3,475,587
Net increase (decrease) in cash and cash equivalents.....	2,159,070	2,219,330	(2,161,662)	(1,104,493)	2,858,539
Cash and cash equivalents, beginning of period.....	42,314	2,201,384	4,420,714	4,420,714	2,259,052
Cash and cash equivalents, end of period.....	$ 2,201,384	$ 4,420,714	$ 2,259,052	$ 3,316,221	$ 5,117,591
Supplemental cash flow disclosures:					
Cash paid for interest.....	$ 148,573	$ 122,458	$ 240,343	$ 100,721	$ 148,953

</TABLE>

Non-cash financing and investing activities:

During 1996, eMed incurred capital lease obligations of $138,709 in connection with the sale and leaseback of fixed assets.

During 1996, eMed exchanged $116,667 of redeemable preferred stock for convertible preferred stock.

During 1996 and 1997, eMed converted $1,105,381 and $1,480,906, respectively, of convertible notes and long-term debt into convertible preferred stock.

During 1998, in connection with the acquisition of E-Systems Medical Electronics, eMed issued $2,200,000 of notes payable, acquired assets of $5,020,053 and assumed liabilities of $1,897,069.

The accompanying notes are an integral part of these financial statements.

eMed Technologies Corporation

Notes to Financial Statements

1. Nature of Business

eMed Technologies Corporation ("eMed"), formerly known as ACCESS Radiology Corporation, was incorporated under the laws of Delaware in March 1992. As a provider of workflow solutions for electronically managing and distributing medical images and related patient information, eMed markets and sells electronic medical imaging systems and provides related support services to healthcare providers primarily within the United States. eMed operates in one business segment.

2. Summary of Significant Accounting Policies

Cash Equivalents

eMed invests its excess cash in money market funds of major financial institutions. These investments are subject to minimal credit and market risk. eMed considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Cash equivalent investments are classified as available-for-sale and are carried at cost, which approximates fair value.

Fair Value of Financial Instruments

The carrying amounts of eMed's financial instruments, which include cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and short- and long-term debt, approximate their fair values at December 31, 1997 and 1998.

Revenue Recognition, Significant Customers and Concentration of Credit Risk

Revenue from product sales is recognized upon shipment to the customer provided that risk of loss has passed to the customer and collection of the related receivable is probable. Customer payments received in advance of product shipments are recorded as deferred revenue. eMed typically provides a one-year warranty on all products sold. eMed accrues the estimated costs to be incurred in connection with product warranty upon product shipment.

Service revenue consists of customer fees from installation and training, network-based comprehensive support and post-warranty product maintenance. Revenue from installation and training is recognized as the work is performed. Revenue from support agreements and post-warranty product maintenance contracts is deferred and recognized ratably over the applicable periods.

Financial instruments which potentially expose eMed to concentration of credit risk include accounts receivable. eMed performs ongoing evaluations of customers' financial condition and does not generally require collateral. At December 31, 1997 and 1998, accounts receivable from one customer accounted for approximately 13% and 11%, respectively, of the total amounts due to eMed. There were no customers with accounts receivable greater than 10% of the total amounts due to eMed at June 30, 1999.

In 1996, sales with three customers accounted for approximately 23%, 20% and 13% of eMed's total revenue. In 1997, sales with one customer accounted for approximately 18% of eMed's total revenue. In 1998, sales with two customers accounted for approximately 10% and 11% of eMed's total revenue. During the six months ended June 30, 1999, no customers accounted for greater than 10% of eMed's total revenue.

Inventories and Concentration of Suppliers

Inventories are stated at the lower of cost or market, cost being determined using the first-in, first-out (FIFO) method.

eMed purchases certain components of eMed's products from limited suppliers. A change in or loss of these suppliers could cause a delay in filling customer orders and a possible loss of sales, which could adversely affect results of operations; however, management believes that suitable replacement suppliers could be obtained in such an event.

Fixed Assets

Fixed assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives. Repair and maintenance costs are expensed as incurred.

Research and Development and Software Development Costs

Costs incurred in the research and development of eMed's products are expensed as incurred. Costs associated with the development of computer software are expensed prior to establishing technological feasibility, as defined by SFAS No. 86, and capitalized thereafter until commercial release of the products. Software development costs eligible for capitalization have not been significant to date.

Stock-Based Compensation

eMed accounts for stock-based awards to employees using the intrinsic value method as prescribed by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. eMed has adopted the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," for disclosure purposes only (Note 9).

Advertising Costs

Advertising costs are charged to operations as incurred. Advertising costs were approximately $31,000, $114,000 and $106,000 in the years ended December 31, 1996, 1997 and 1998, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Unaudited Pro Forma Balance Sheet

Upon the closing of eMed's anticipated initial public offering, all shares of convertible preferred stock outstanding at June 30, 1999 (Note 7) will automatically convert into 18,855,068 shares of common stock. This conversion has been reflected in the unaudited pro forma balance sheet as of June 30, 1999.

Unaudited Interim Financial Data

The interim financial data as of June 30, 1999 and for the six months ended June 30, 1998 and 1999 have been derived from unaudited financial statements of eMed. Management believes eMed's unaudited financial statements have been prepared on the same basis as the audited financial statements and include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations in such periods. Results for the six months ended June 30, 1999 are not necessarily indicative of results to be expected for the full fiscal year.

Actual and Unaudited Pro Forma Net Loss Per Share

Net loss per share is computed in accordance with SFAS No. 128, "Earnings Per Share." Basic net loss per share is computed by dividing net loss attributable to common stockholders by the weighted average number of shares of common stock outstanding. Diluted net loss per share does not differ from basic net loss per share since potential common shares from conversion of preferred stock and exercise of stock options and warrants are anti-dilutive for all periods presented. Unaudited pro forma basic and diluted net loss per share have been calculated assuming the conversion of all outstanding shares of preferred stock into common shares, as if the shares had converted immediately upon their issuance.

Recently Issued Accounting Pronouncements

In June 1998, the FASB issued SFAS No. 133 "Accounting for Derivative Instruments and Hedging Activities." The new standard establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. In June 1999, the FASB issued SFAS No. 137 which deferred the effective date of SFAS No. 133 for one year. SFAS No. 133 is now effective for all fiscal quarters of fiscal years beginning after June 15, 2000. eMed does not expect SFAS No. 133 to have a material effect on its financial position or results of operations.

In February 1998, the Accounting Standards Executive Committee ("AcSEC") issued Statement of Position ("SoP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." SoP 98-1 establishes the accounting for costs of software products developed or purchased for internal use, including when such costs should be capitalized. SoP 98-1 will be effective for eMed beginning in 1999, and eMed does not expect adoption of this SoP to have a material effect on its financial position or results of operations.

In April 1998, the AcSEC issued SoP 98-5, "Reporting on the Costs of Start-Up Activities." Start- up activities are defined broadly as those one-time activities related to the opening of a new facility, introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer, commencing some new operation or organizing a new entity. SoP 98-5 requires that the cost of start-up activities be expensed as incurred. SoP 98-5 is effective for eMed beginning in 1999 and eMed does not expect adoption of this SoP to have a material effect on its financial position

or results of operations.

3. Acquisition

On November 23, 1998, eMed purchased certain assets and assumed certain liabilities of E-Systems Medical Electronics, a division of Raytheon, for total consideration of $3,200,000. E-Systems Medical Electronics was engaged in the business of designing, manufacturing and marketing electronic medical imaging hardware and software systems and providing technical and network services to healthcare providers within the United States. The acquisition was funded by a $2,200,000 note payable to Raytheon (Note 6) and $1,000,000 in cash which was obtained from eMed's working capital facility (Note 6).

The acquisition was accounted for under the purchase method of accounting and, accordingly, operating results of this business subsequent to the date of acquisition have been included in eMed's financial statements. The purchase price was allocated to the assets acquired and liabilities assumed based on their fair values at the date of acquisition. The excess of the purchase price over the fair value of the net assets acquired of $77,016 was recorded as goodwill and is being amortized over a period of ten years using the straight-line method. In February 1999, certain assets, primarily inventory, purchased in the acquisition were sold for total consideration of $861,000. These assets were classified as assets held for sale at December 31, 1998.

The following unaudited pro forma data summarizes the results of operations for the years ended December 31, 1997 and 1998 as if the acquisition of E-Systems Medical Electronics had been completed on January 1, 1997 and 1998, respectively. The pro forma data gives effect to actual operating results prior to the acquisition with adjustments for interest expense and amortization of goodwill and the sale of assets held for sale at December 31, 1998. These pro forma amounts do not purport to be indicative of the results that would have actually been obtained if the acquisition had occurred on January 1, 1997 and 1998 or that may be obtained in the future.

<TABLE>
<CAPTION>

	Year ended December 31,	
	1997	1998
	(Unaudited)	
<S>	<C>	<C>
Revenue	$19,451,507	$20,708,044
Net loss	(16,302,719)	(11,457,663)
Net loss per share:		
Basic and diluted	($15.04)	($10.93)

</TABLE>

In connection with the acquisition of E-Systems Medical Electronics, eMed has undertaken a restructuring of the acquired business. In accordance with Emerging Issues Task Force ("EITF") No. 95-3 "Recognition of Liabilities in Connection with a Purchase Business Combination," eMed established a reserve of approximately $412,000, primarily related to severance and other employee related costs of $339,000 and other exit costs of $73,000. The restructuring plan consists of the sale of certain monitor inventory and the exit of related activities and a reduction in acquired headcount. eMed has terminated the direct sales activity of the acquired company and discontinued shipping and manufacturing certain acquired product lines. From the date of acquisition through December 31, 1998, eMed has paid approximately $76,000 of the planned costs which related solely to severance payments. As of June 30, 1999, eMed has paid approximately $331,000 of the planned costs which is comprised of $73,000 of other exit costs and $258,000 of severance and other employee related costs. The remaining reserve of $81,000 at June 30, 1999 is related to the settlement of certain employment agreements and is expected to be paid in December 1999.

4. Inventories

<TABLE>
<CAPTION>

	December 31,		June 30,
	1997	1998	1999
			(Unaudited)
<S>	<C>	<C>	<C>
Raw materials and purchased components...	$ 678,005	$1,545,650	$789,264
Work-in-process.....	20,654	107,336	126,396
Finished goods.....	381,605	358,424	46,163
	$1,080,264	$2,011,410	$961,823

</TABLE>

5. Fixed Assets

<TABLE>
<CAPTION>

	Estimated Useful lives (years)	December 31, 1997	December 31, 1998
<S>	<C>	<C>	<C>
Furniture and fixtures.....	5	$ 152,181	$ 194,503
Office equipment and computers.....	3	368,070	256,957
Electronic medical imaging equipment.....	3	1,205,597	1,558,018
Leasehold improvements.....	Lease term	57,066	90,940
		1,782,914	2,100,418
Less - Accumulated depreciation and amortization.....		890,464	1,109,237
		$ 892,450	$ 991,181

</TABLE>

At December 31, 1997 and 1998, furniture and electronic medical imaging equipment held under capital leases totaled $499,425 and $321,770, respectively. Accumulated amortization of furniture and electronic medical imaging equipment held under capital leases was $420,096 and $319,074 at December 31, 1997 and 1998, respectively. Depreciation and amortization expense on fixed assets was $364,946, $469,488 and $521,006, of which $244,824, $187,838 and $54,727 related to amortization of assets held under capital leases in 1996, 1997 and 1998, respectively.

6. Borrowings

Notes Payable

In connection with the acquisition of certain assets and liabilities of E-Systems Medical Electronics (Note 3), eMed issued a $2,200,000 short-term note payable to Raytheon. In accordance with the terms of the note, a payment of $1,500,000 was made in January 1999. The remaining balance of $700,000 was paid in May, 1999.

At various dates through September 1997, eMed issued $1,500,000 in 6.0% convertible subordinated notes ("Notes") maturing on October 31, 1997. On September 30, 1997, in connection with the Series J convertible preferred stock offering, the Notes, together with accrued interest, were converted into 1,384,460 shares of Series J convertible preferred stock. In connection with the issuance of the Notes, eMed issued warrants to purchase 409,091 shares of Series J convertible preferred stock at an exercise price of $1.10. The warrants expire on June 30, 2002. These warrants were ascribed a value of approximately $161,000 which was reflected as a debt discount to be amortized to interest expense over the term of the Notes. Approximately $119,000 of the debt discount was amortized to interest expense for the year ended December 31, 1997.

Loan Facilities

In May 1997, eMed entered into an agreement with a bank under which it may

borrow up to $2,000,000 for working capital purposes ("Working Capital Facility") and $500,000 for purchases of fixed assets ("Equipment Facility"), subject to certain limitations. All borrowings under the agreement are collateralized by substantially all of eMed's assets. Under the terms of the agreement, eMed is required to comply with certain restrictive covenants, including the maintenance of certain financial ratios and limitations on indebtedness, liens, guaranties, mergers and payments of dividends.

In April 1998, the terms of the Working Capital Facility were amended whereby eMed can borrow up to $3,000,000, subject to certain limitations, through March 31, 1999, at which time, all outstanding principal and interest is due. The interest rate on outstanding borrowings under the new Working Capital Facility fluctuates monthly between the bank's prime rate plus 0.5% to 1.75% based on certain financial ratios. The interest rate at December 31, 1998 was 9.3%. Additionally, eMed is required to pay a fee equal to 0.75% of the average unused Working Capital Facility, payable quarterly (the "Facility Fee"). Borrowings under the Working Capital Facility totaled $550,000 and $2,550,000 at December 31, 1997 and 1998, respectively.

In January and March 1999, the terms of the Working Capital Facility were further amended whereby eMed can borrow up to $4,000,000, subject to certain limitations, through September 30, 1999, at which time all outstanding principal and interest is due. The amended interest rate on outstanding borrowings fluctuates monthly between the bank's prime rate plus 0.5% to 2.0% based on certain financial ratios and the Facility Fee was increased to 1.0%. Additionally, the amended Working Capital Facility requires eMed to raise $2.0 million of additional capital by June 30, 1999. This additional capital was obtained as discussed in Note 7.

Borrowings under the Equipment Facility bear interest, payable monthly, at the bank's prime rate plus 1.0% (8.8% at December 31, 1998). In April 1998, the terms of the Equipment Facility were amended whereby eMed could borrow up to $750,000, subject to certain limitations. At December 31, 1998, outstanding

borrowings of $583,252 under the Equipment Facility converted to a three-year term loan payable in 36 monthly installments of principal and interest.

As of December 31, 1998, future minimum principal payments under the Equipment Facility are as follows:

<TABLE>
<CAPTION>

Year ending December 31,	
<S>	<C>
1999	$247,359
2000	247,359
2001	88,534
	$583,252

</TABLE>

7. Preferred Stock

Shares authorized, issued and outstanding and the carrying values of eMed's preferred stock are as follows:

<TABLE>
<CAPTION>

	December 31,		June 30,
	1997	1998	1999
<S>	<C>	<C>	<C>
Series B:			
716 shares authorized, issued and outstanding at December 31, 1997 and 1998 and June 30, 1999	$ 700,228	$700,228	$ 700,228
Series C:			

450 shares authorized, issued and outstanding at December 31, 1997 and 1998 and June 30, 1999	2,245,000	2,245,000	2,245,000
Series E:			
345 shares authorized at December 31, 1997 and 1998 and June 30, 1999; 344 shares issued and outstanding at December 31, 1997 and 1998 and June 30, 1999	1,566,656	1,566,656	1,566,656
Series F:			
1,000 shares authorized, issued and outstanding at December 31, 1997 and 1998 and June 30, 1999	1,000,000	1,000,000	1,000,000
Series G:			
816 shares authorized, issued and outstanding at December 31, 1997 and 1998 and June 30, 1999	4,070,349	4,070,349	4,070,349
Series H:			
400 shares authorized , issued and outstanding at December 31, 1997 and 1998 and June 30, 1999	2,000,001	2,000,001	2,000,001
Series J:			
8,140,000 shares authorized at December 31, 1997 and 1998 and June 30, 1999; 7,730,909 shares issued and outstanding at December 31, 1997 and 1998 and June 30, 1999	8,411,177	8,411,177	8,411,177
Series K:			
No shares authorized, issued or outstanding at December 31, 1997; 1,785,800 and 4,145,000 shares authorized at December 31, 1998 and June 30, 1999, respectively; 0 and 4,142,857 shares issued and outstanding at December 31, 1998 and June 30, 1999, respectively	--	--	5,797,466
Undesignated:			
6,856,275 shares authorized at December 31, 1997;			
5,070,475 shares authorized at December 31, 1998;			
and 2,711,275 shares authorized at June 30, 1999	--	--	--

</TABLE>

The convertible preferred stock has the following characteristics:

Dividends

No dividends have been declared or paid by eMed through December 31, 1998. The holders of Series B, Series C, Series E, Series F, Series G and Series H convertible preferred stock ("Series Preferred") are entitled to receive noncumulative dividends whenever eMed declares a dividend on its common stock, in such an amount as they would be entitled to receive if the convertible preferred stock had been converted into common stock on the date the dividend was declared. The holders of Series J convertible preferred stock ("Series J") are entitled to receive noncumulative, annual cash dividends of $0.11 per share when and if declared by eMed, in preference to the holders of Series Preferred or common stock.

Voting

The holders of Series Preferred and Series J are entitled to vote, together with holders of common stock, as a single class on all matters. Each stockholder is entitled to the number of votes equal to the number of shares of common stock into which such holder's shares are convertible.

Conversion

Each share of Series B, Series C, Series E, Series F, Series G, Series H, and Series J convertible preferred stock may be converted at any time, at the option of the stockholder, into 240, 952.38, 952.38, 2,000, 3,333.33, 3,333.33 and one shares of common stock, respectively, subject to certain anti-dilution adjustments. All outstanding shares of Series Preferred automatically convert

into common stock, at their respective conversion rate, upon the closing of an initial public offering of eMed's common stock or, in the case of Series H convertible preferred stock and Series J, automatically upon the closing of an initial public offering of eMed's common stock with gross proceeds of at least $15,000,000 to eMed and at a price to the public of at least $3.00 per common share.

Liquidation Preference

In the event of any liquidation, dissolution or winding-up of eMed, the holders of Series J are entitled to receive, prior to any distribution to holders of Series Preferred or common stock, up to the amount of $1.10 per share, plus any declared but unpaid dividends. After the payment of the full liquidation preference of Series J, the holders of Series B, Series C, Series E, Series F, Series G and Series H are entitled to receive, prior to any distribution to holders of common stock, up to the amount of $1,000, $5,000, $5,000, $1,000, $5,000 and $5,000 per share, respectively, plus any declared but unpaid dividends. The aggregate liquidation preference of the convertible preferred stock is approximately $20,265,000 at December 31, 1998.

Subsequent Preferred Stock Issuance

In January and May 1999, eMed sold 4,142,857 shares of Series K Convertible Preferred Stock ("Series K") for net proceeds of $5,797,466. Each share of Series K is convertible into one share of common stock subject to certain anti-dilution adjustments. The holders of Series K will participate on an as-converted basis in any dividends paid on common stock and are entitled to vote together with all other classes of voting stock as a single class on all matters. The liquidation preference is equal to the issue price. In connection with the Series K issuance, eMed issued 1,121,333 warrants to purchase common stock at an exercise price of $0.01. The warrants expire in 2009.

8. Common Stock

Each share of common stock entitles the holder to one vote on all matters submitted to a vote of eMed's stockholders. Common stockholders are entitled to receive dividends, if any, as may be declared by the Board of Directors, subject to any preferential dividend rights of the preferred stockholders.

Reserved Shares

As of December 31, 1998 and June 30, 1999, eMed has 21,453,073 and 24,844,659 shares of common stock reserved for issuance upon the exercise of common stock options and warrants and conversion of the outstanding convertible preferred stock, respectively.

9. Stock Plans

Prior to adoption of the 1994 Stock Plan described below, eMed granted 70,558 non-qualified stock options to certain employees, directors and consultants of eMed of which 1,000 options have been exercised and 8,330 have been canceled. The stock options vested at various dates through January 1998.

In 1994, eMed adopted the 1994 Stock Plan (the "1994 Plan") which provides for the grant of incentive stock options and non-qualified stock options, stock awards and stock purchase rights for the purchase of shares of eMed's common stock by officers, employees, consultants and directors of eMed. At December 31, 1998, the number of shares issuable pursuant to the 1994 Plan was 2,850,000. In February 1999, the stockholders approved an increase in the number of shares issuable pursuant to the 1994 Plan to 4,350,000. The Board of Directors is responsible for administration of the 1994 Plan. The Board determines the term of each option, the option exercise price, the number of shares for which each option is granted and the rate at which each option is exercisable. Incentive stock options may be granted to any employee at an exercise price per share of not less than the fair value per common share on the date of the grant (not less than 110% of fair value in the case of holders of more than 10% of eMed's voting stock) and with a term not to exceed ten years from the date of the grant (five years for incentive stock options granted to holders of more than 10% of eMed's voting stock).

No compensation cost has been recognized for employee stock-based compensation in 1996, 1997 or 1998. Had compensation cost attributable to the 1994 Plan and other options been determined based on the fair value of the options at the grant date consistent with the provisions of FAS 123, eMed's net loss and net loss per share would have been increased to the pro forma amounts indicated below:

<TABLE>
<CAPTION>

	Year ended December 31,		
	1996	1997	1998
<S>	<C>	<C>	<C>
Net loss			
As reported	$(3,745,761)	$(5,625,169)	$(5,112,954)
Pro forma	(3,782,260)	(5,653,283)	(5,180,199)
Basic and diluted net loss per share			
As reported	$ (3.50)	$ (5.19)	$ (4.88)
Pro forma	(3.53)	(5.22)	(4.94)

</TABLE>

Because the determination of the fair value of all options granted after eMed becomes a public entity will include an expected volatility factor, additional option grants are expected to be made subsequent to December 31, 1998, and most options vest over several years, the above pro forma effects are not necessarily indicative of the pro forma effects on future years.

Under SFAS No. 123, the fair value of each employee option grant is estimated on the date of grant using the Black-Scholes option pricing model to apply the minimum value method with the following weighted-average assumptions used for grants made during the years ended December 31, 1996, 1997 and 1998:

<TABLE>
<CAPTION>

	Year ended December 31,		
	1996	1997	1998
<S>	<C>	<C>	<C>
Expected option term (years)	5	5	5
Risk-free interest rate	6.2%	6.4%	5.0%
Dividend yield	0.0%	0.0%	0.0%

</TABLE>

A summary of the status of eMed's stock options as of December 31, 1996, 1997 and 1998, and changes during the years then ended is presented below:

<TABLE>
<CAPTION>

	Year ended December 31,					
	1996		1997		1998	
	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price	Shares	Weighted-average exercise price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	265,085	$0.88	565,948	$0.48	1,224,472	$0.49
Granted	568,169	$0.50	795,687	$0.50	1,355,274	$0.50
Exercised	(27,834)	$0.50	(3,750)	$0.50	(79,988)	$0.50
Canceled	(239,472)	$0.98	(133,413)	$0.50	(130,237)	$0.50
Outstanding at end of year	565,948	$0.48	1,224,472	$0.49	2,369,521	$0.50
Options exercisable at end of year	390,060		627,705		1,131,257	

</TABLE>

Weighted-average fair value of options granted during the year.....	$ 0.13	$ 0.14	$ 0.14
Options available for grant at end of year...	789,331	1,600,522	421,805

</TABLE>

The following table summarizes information about stock options outstanding at December 31, 1998:

<TABLE>
<CAPTION>

Exercise price	Options outstanding	Weighted-average remaining contractual life	Options exercisable
<S>	<C>	<C>	<C>
$0.01	15,952	4.4	15,952
$0.42	34,286	4.1	34,286
$0.50	2,319,283	7.5	1,081,019
	2,369,521		1,131,257

</TABLE>

Deferred Compensation

During the six months ended June 30, 1999, eMed granted stock options to purchase 425,750 shares of its common stock with an exercise price of $0.50 per share and 1,323,250 shares of its common stock with an exercise price of $0.85 per share. eMed recorded deferred compensation relating to these options totaling approximately $2,838,231, representing the differences between the estimated fair market value of the common stock on the date of grant and the exercise price. Compensation expense related to these options is being amortized over the related vesting periods. For the six months ended June 30, 1999, eMed recorded approximately $240,000 of compensation expense related to these options.

10. Income Taxes

Deferred tax assets consist of the following:

<TABLE>
<CAPTION>

	December 31, 1997	December 31, 1998
<S>	<C>	<C>
Deferred tax assets:		
Net operating loss carryforwards.....	$ 5,914,557	$ 7,532,342
Other.....	134,336	624,489
Deferred tax assets.....	6,048,893	8,156,831
Deferred tax asset valuation allowance.....	(6,048,893)	(8,156,831)
	$ --	$ --

</TABLE>

Realization of deferred tax assets is dependent upon the generation of future taxable income. eMed has provided a valuation allowance for the full amount of its deferred tax assets since realization of these future benefits is not sufficiently assured.

At December 31, 1998, eMed has net operating loss carryforwards of

approximately $18,371,000 to offset future federal taxable income. If not utilized, these carryforwards will expire at various dates ranging from 2013 to 2018. Under the provisions of the Internal Revenue Code, certain substantial changes in eMed's ownership may have limited, or may limit in the future, the amount of net operating loss carryforwards which could be used annually to offset future taxable income and income tax liability. The amount of any annual limitation is determined based upon eMed's value prior to an ownership change.

11. 401(k) Plan

During 1995, eMed established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. This plan covers substantially all employees who meet minimum age and service requirements and allows participants to defer a portion of their annual compensation on a pre-tax basis. eMed contributions to the plan may be made at the discretion of the Board of Directors. There were no contributions made to the plan by eMed during the years ended December 31, 1996, 1997 and 1998.

12. Commitments

Leases

eMed leases office space and certain fixed assets under noncancelable operating and capital leases. The future minimum lease commitments under all noncancelable leases at December 31, 1998 are as follows:

<TABLE>
<CAPTION>

	Operating Lease	Capital Leases
<S>	<C>	<C>
1999	$ 641,239	$52,919
2000	584,980	6,966
2001	567,780	--
2002	520,465	--
Total minimum lease payments	$2,314,464	59,885
Less--amount representing interest		7,568
Present value of minimum lease payments		$52,317

</TABLE>

Total rent expense under noncancelable operating leases was approximately $257,000, $287,000 and $562,000 in 1996, 1997 and 1998, respectively.

Report of Independent Accountants

To the Board of Directors and Stockholders of
eMed Technologies Corporation:

In our opinion, the accompanying balance sheet and the related statements of operations and accumulated deficit and of cash flows present fairly, in all material respects, the financial position of E-Systems Medical Electronics (a division of Raytheon E-Systems, Inc.) at December 31, 1997 and November 23, 1998 and the results of its operations and its cash flows for the year ended December 31, 1997 and for the period from January 1, 1998 through November 23, 1998 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP
Boston, Massachusetts
August 9, 1999

E-Systems Medical Electronics
(a division of Raytheon E-Systems, Inc.)

Balance Sheet

<TABLE>
<CAPTION>

	December 31, 1997	November 23, 1998
<S>	<C>	<C>
Assets		
Current assets:		
Cash	$ 90,888	$ 1,009
Accounts receivable, net of allowance for doubtful accounts of $46,000 and $150,000 at December 31, 1997 and November 23, 1998, respectively	2,978,522	2,332,937
Inventories	1,175,196	2,430,573
Prepaid expenses and other current assets	363,432	54,653
Total current assets	4,608,038	4,819,172
Fixed assets, net	681,576	205,398
Other assets	37,200	--
Total assets	$ 5,326,814	$ 5,024,570
Liabilities and Accumulated Deficit		
Current liabilities:		
Accounts payable	$ 1,363,258	$ 1,156,310
Accrued employee benefits	253,010	161,798
Accrued warranty	200,000	200,000
Other accrued expenses	575,679	390,958
Deferred revenue	465,322	432,035
Total current liabilities	2,857,269	2,341,101
Long-term payable to Raytheon	29,993,246	36,213,392
Total liabilities	32,850,515	38,554,493
Commitments (Note 7)		
Accumulated deficit	(27,523,701)	(33,529,923)
Total liabilities and accumulated deficit	$ 5,326,814	$ 5,024,570

</TABLE>

The accompanying notes are an integral part of these financial statements.

E-Systems Medical Electronics
(a division of Raytheon E-Systems, Inc.)

Statement of Operations and Accumulated Deficit

<TABLE>
<CAPTION>

	Year ended December 31, 1997	Period from January 1, 1998 through November 23, 1998
<S>	<C>	<C>
Revenue	$ 15,006,266	$ 11,217,121
Cost of revenue	16,055,320	9,928,411
Gross margin	(1,049,054)	1,288,710
Operating expenses:		
Research and development	2,369,445	3,365,301
Sales and marketing	3,145,504	2,599,950

General and administrative	2,277,301	1,323,836
Total operating expenses	7,792,250	7,289,087
Loss from operations	(8,841,304)	(6,000,377)
Other expense	(80,895)	(5,845)
Net loss	(8,922,199)	(6,006,222)
Accumulated deficit, beginning of period	(18,601,502)	(27,523,701)
Accumulated deficit, end of period	$(27,523,701)	$(33,529,923)

</TABLE>

The accompanying notes are an integral part of these financial statements.

E-Systems Medical Electronics
(a division of Raytheon E-Systems, Inc.)

Statement of Cash Flows
Increase (Decrease) in Cash

<TABLE>
<CAPTION>

	Year ended December 31, 1997	Period from January 1, 1998 through November 23, 1998
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	$ (8,922,199)	$ (6,006,222)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	649,650	517,453
Loss on disposal of fixed assets	--	3,730
Allocation of costs by Raytheon	5,057,882	3,551,205
Changes in operating assets and liabilities:		
Accounts receivable	2,132,522	645,585
Inventories	834,282	(1,255,377)
Prepaid expenses and other current assets	(346,327)	308,779
Accounts payable	815,510	(206,948)
Accrued employee benefits	23,112	(91,212)
Accrued warranty	118,300	--
Other accrued expenses	463,955	(184,721)
Deferred revenue	(611,628)	(33,287)
Cash provided by Raytheon	18,406,307	15,008,634
Cash remitted to Raytheon	(17,222,106)	(12,339,693)
Net cash (used in) provided by operating activities	1,399,260	(82,074)
Cash flows from investing activities:		
Purchases of fixed assets	(629,604)	(45,005)
Change in other assets	(37,200)	37,200
Net cash used in investing activities	(666,804)	(7,805)
Cash flows from financing activities:		
Cash paid in reorganization (Note 1)	(9,545,942)	--
Decrease in cash	(8,813,486)	(89,879)
Cash, beginning of period	8,904,374	90,888
Cash, end of period	$ 90,888	$ 1,009

Supplemental cash flow disclosure:
</TABLE>

No cash was paid for interest or taxes for the year ended December 31, 1997 or for the period from January 1, 1998 through November 23, 1998.

The accompanying notes are an integral part of these financial statements.

E-Systems Medical Electronics (a division of Raytheon E-Systems, Inc.)

Notes to Financial Statements

1. Organization and Nature of Business

E-Systems Medical Electronics markets and sells electronic medical imaging systems and provides related services to healthcare providers primarily within the United States. E-Systems Medical Electronics operates in one business segment.

E-Systems Medical Electronics was established as a wholly owned subsidiary of E-Systems. In 1995, E-Systems was acquired by Raytheon Company ("Raytheon") and subsequently became Raytheon E-Systems, Inc., a wholly owned subsidiary of Raytheon. In February 1997, E-Systems Medical Electronics was reorganized as a division of Raytheon E-Systems, Inc. As part of the reorganization, the assets, liabilities and capital of E-Systems Medical Electronics were transferred to Raytheon E-Systems, Inc. E-Systems Medical Electronics operated as a division of Raytheon E-Systems, Inc. from the date of transfer through November 23, 1998.

2. Summary of Significant Accounting Policies

Cash

E-Systems Medical Electronics maintains minimal levels of cash. Cash needs are funded by Raytheon and cash receipts are remitted to Raytheon on a regular basis.

Fair Value of Financial Instruments

The carrying amount of E-Systems Medical Electronics's financial instruments, which include cash, accounts receivable, accounts payable, accrued expenses and long-term payable, approximate their fair values at December 31, 1997 and November 23, 1998.

Revenue Recognition, Significant Customers and Concentration of Credit Risk

Revenue from the sale of electronic medical imaging systems and equipment is recognized upon shipment to the customer provided that the risk of loss has passed to the customer and collection of the related receivable is probable. Service revenue, consisting of installation, training, and support services, is recognized as the work is performed.

Financial instruments that potentially expose E-Systems Medical Electronics to concentration of credit risk include accounts receivable. E-Systems Medical Electronics performs ongoing evaluations of customers' financial condition and does not generally require collateral. At December 31, 1997 and November 23, 1998, accounts receivable from one customer accounted for 13% and 26%, respectively, of the total amounts due to E-Systems Medical Electronics.

In 1997, sales with two customers accounted for approximately 15% and 11% of E-Systems Medical Electronics's total revenue. In 1998, sales with one customer accounted for approximately 12% of E-Systems Medical Electronics's total revenue.

Inventories

Inventories are stated at the lower of cost or market, cost being determined using the first-in, first-out (FIFO) method.

E-Systems Medical Electronics (a division of Raytheon E-Systems, Inc.)

Notes to Financial Statements--(Continued)

Fixed Assets

Fixed assets are recorded at cost and depreciated using the straight-line method over their estimated useful lives. Repair and maintenance costs are expensed as incurred.

Advertising Costs

Advertising costs are charged to operations as incurred. Advertising costs were approximately $121,000 and $32,000 in the year ended December 31, 1997 and the period ended November 23, 1998, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

As a division of Raytheon, E-Systems Medical Electronics does not operate as a stand-alone taxable entity; however, for purposes of these financial statements, income tax information has been calculated in accordance with Statement of Accounting Standards No. 109, "Accounting for Income Taxes", as if E-Systems Medical Electronics were a stand-alone taxable entity (Note 6).

Recently Issued Accounting Pronouncements

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The new standard establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, (collectively referred to as derivatives) and for hedging activities. In June 1999, the FASB issued SFAS No. 137 which deferred the effective date of SFAS No. 133 for one year. SFAS No. 133 is now effective for all fiscal quarters of fiscal years beginning after June 15, 2000. E-Systems Medical Electronics does not expect SFAS No. 133 to have a material effect on its financial position or results of operations.

In April 1998, the AcSEC issued SoP 98-5, "Reporting on the Costs of Start-Up Activities." Start-up activities are defined broadly as those one-time activities related to the opening of a new facility, introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer, commencing some new operation or organizing a new entity. SoP 98-5 requires that the cost of start-up activities be expensed as incurred. SoP 98-5 is effective for E-Systems Medical Electronics beginning in 1999, and E-Systems Medical Electronics does not expect adoption of this SoP to have a material effect on its financial position or results of operations.

3. Inventories

<TABLE>
<CAPTION>

	December 31, 1997	November 23, 1998
<S>	<C>	<C>
Raw materials and purchased components	$1,053,037	$2,430,573
Work-in-process	91,646	--
Finished goods	30,513	--
	$1,175,196	$2,430,573

</TABLE>

4. Fixed Assets

<TABLE>
<CAPTION>

	Estimated Useful life (years)	December 31, 1997	November 23, 1998
<S>	<C>	<C>	<C>

Furniture and fixtures..	5	$ 70,330	$ 63,156
Office equipment and computers.....	3	613,085	620,720
Electronic imaging equipment.....	3	2,368,227	2,231,065
		3,051,642	2,914,941
Less -- Accumulated depreciation.....		2,370,063	2,709,543
		$ 681,579	$ 205,398

5. Intercompany Transactions

E-Systems Medical Electronics had a liability due to Raytheon in the amount of $29,993,246 and $36,213,392 at December 31, 1997 and November 23, 1998, respectively. The average balance of the liability due to Raytheon during the year ended December 31, 1997 and the period ended November 23, 1998 was $29,303,294 and $32,377,065, respectively. The liability due to Raytheon results from cash transfers between E-Systems Medical Electronics and Raytheon and the allocation of costs to E-Systems Medical Electronics consisting of direct costs, such as insurance premiums, payroll services and legal services, and other allocated services. Other allocated services consist of indirect costs related to E-Systems Medical Electronics, such as corporate governance and other general and administrative activities. Such allocations are based upon estimated support provided to E-Systems Medical Electronics. Management believes these estimates are reasonable. No interest has been charged on intercompany liabilities.

The following table summarizes intercompany transactions during the year ended December 31, 1997 and the period January 1, 1998 through November 23, 1998

Balance at December 31, 1996.....	$ 23,751,163
Allocation of costs to E-Systems Medical Electronics.....	5,057,882
Cash transferred from Raytheon to E-Systems Medical Electronics.....	18,406,307
Cash transferred from E-Systems Medical Electronics to Raytheon.....	(17,222,106)
Balance at December 31, 1997.....	29,993,246
Allocation of costs to E-Systems Medical Electronics.....	3,551,205
Cash transferred from Raytheon to E-Systems Medical Electronics.....	15,008,634
Cash transferred from E-Systems Medical Electronics to Raytheon.....	(12,339,693)
Balance at November 23, 1998.....	$ 36,213,392

6. Income Taxes

Deferred tax assets are comprised of the following:

	December 31, 1997	November 23, 1998
Deferred tax assets:		
Net operating loss carryforwards.....	$ 6,062,000	$ 8,482,000
Other.....	19,000	62,000
Deferred tax assets.....	6,081,000	8,544,000
Deferred tax asset valuation allowance.....	(6,081,000)	(8,544,000)
	$ --	$ --

Realization of deferred tax assets is dependent upon the generation of future taxable income. E-Systems Medical Electronics has provided a valuation allowance for the full amount of its deferred tax assets since realization of these future benefits is not sufficiently assured.

7. Commitments

Leases

E-Systems Medical Electronics leases office space under noncancelable operating leases. Future minimum lease payments under these leases are as follows:

Year ending December 31,	
1999	$73,191
2000	20,483
2001	274
Total minimum lease payments	$93,948

Total rent expense was approximately $579,348 and $538,683 in 1997 and 1998, respectively.

8. Subsequent Event

On November 23, 1998, E-Systems Medical Electronics was purchased by eMed Technologies Corporation for $3,200,000. The acquisition was funded by a $2,200,000 note payable to Raytheon and $1,000,000 in cash.

UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS

The following unaudited pro forma statement of operations gives effect to the acquisition by eMed Technologies Corporation ("eMed") of E-Systems Medical Electronics, a division of Raytheon E-Systems, Inc., in a transaction accounted for as a purchase. The unaudited pro forma statement of operations is based on the individual statements of operations of eMed and E-Systems Medical Electronics appearing elsewhere in this registration statement, and combines the results of operations of eMed and of E-Systems Medical Electronics (acquired by eMed as of November 23, 1998) for the year ended December 31, 1998 as if the acquisition occurred on January 1, 1998. The unaudited pro forma statement of operations for the year ended December 31, 1998 should be read in conjunction with the historical financial statements and notes thereto of eMed and E-Systems Medical Electronics included elsewhere in this registration statement.

The pro forma information is presented for illustrative purposes only and is not indicative of the operating results that would have occurred had the acquisition been consummated at the beginning of the period presented, nor is it indicative of future operating results.

Pro Forma Combined Statement of Operations
Year ended December 31, 1998
(Unaudited)

	eMed	E-Systems Medical Electronics	Pro forma Adjustments	Pro forma Combined
<S>	<C>	<C>	<C>	<C>

Revenue	$12,594,167	$11,217,121	$(3,103,244)a	$ 20,708,044
Cost of Revenue	8,976,139	9,928,411	(3,093,517)a	15,811,033
Gross margin	3,618,028	1,288,710	(9,727)	4,897,011
Operating expenses:				
Research and development	2,361,430	3,365,301	--	5,726,731
Sales and marketing	3,498,169	2,599,950	--	6,098,119
General and administrative	2,722,340	1,323,836	7,704 b	4,053,880
Total operating expenses	8,581,939	7,289,087	7,704	15,878,730
Loss from operations	(4,963,911)	(6,000,377)	(17,431)	(10,981,719)
Interest expense, net	(105,611)	--	(321,056)c	(426,667)
Other expense	(43,432)	(5,845)	--	(49,277)
Net loss	$(5,112,954)	$(6,006,222)	$ (338,487)	$(11,457,663)
Pro forma basic and diluted net loss per share	$ (4.88)	--	--	$ (10.93)
Shares used in computing pro forma basic and diluted net loss per share	1,048,678	--	--	1,048,678

</TABLE>

NOTES TO PRO FORMA COMBINED STATEMENT OF OPERATIONS
(unaudited)

The unaudited pro forma combined statement of operations gives effect to the following pro forma adjustments necessary to reflect the acquisition as if it had occurred on January 1, 1998:

a. Elimination of revenue and cost of revenue directly associated with certain assets acquired by eMed as part of E-Systems Medical Electronics and classified as assets held for sale by eMed at December 31, 1998. These assets were subsequently sold in February 1999.

b. Additional amortization of goodwill on a straight-line basis over 10 years.

c. Increase in interest expense on debt incurred in connection with the acquisition of E-Systems Medical Electronics. A change in the interest rate on variable rate debt by 1/8% would not have a material effect on the pro forma combined statement of operations.

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<CAPTION>

</TABLE>

Dealer Prospectus Delivery Obligation:

Until , 1999 (25 days after the date of this prospectus), all dealers that buy, sell, or trade these shares of common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

Shares

eMed Technologies Corporation

Common Stock

PROSPECTUS

Bear, Stearns & Co. Inc.

Donaldson, Lufkin & Jenrette

SG Cowen

Wit Capital Corporation

, 1999

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the various expenses in connection with the sale and distribution of the securities being registered, other than the underwriting discounts and commissions. All amounts shown are estimates, except the Securities and Exchange Commission registration fee and the National Association of Securities Dealers, Inc. filing fee.

<TABLE>
<CAPTION>
Item	Amount

<S>	<C>
Securities and Exchange Commission Registration Fee	$15,985
National Association of Securities Dealers Filing Fee	6,250
Nasdaq National Market Listing Fee	*
Blue Sky Fees and Expenses	*
Transfer Agent and Registrar Fees	*
Accounting Fees and Expenses	*
Legal Fees and Expenses	*
Printing Expenses	*
Miscellaneous	*
Total	$ *

</TABLE>

* To be filed by amendment

Item 14. Indemnification of Directors and Officers

The Registrant's Amended and Restated Certificate of Incorporation provides that the Registrant's Directors shall not be liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent that the exculpation from liabilities is not permitted under the Delaware General Corporation Law as in effect at the time such liability is determined. The Amended and Restated By-Laws provide that the Registrant shall indemnify its directors to the full extent permitted by the laws of the State of Delaware. Each of the Registrant's Directors has entered into an agreement with the Registrant whereby the Registrant has agreed to indemnify such Director to the full extent permitted by the laws of the State of Delaware.

Item 15. Recent Sales of Unregistered Securities

The following information is furnished with regard to all Securities sold by the Registrant within the past three years which were not registered under the Securities Act.

(a) From August 1, 1996 to August 17, 1999, the Registrant issued a total of 252,129 shares of common stock for an aggregate consideration of $126,065 pursuant to the exercise of stock options and warrants by employees, directors, consultants and their affiliates.

(b) In June 1997, the Registrant sold $1,500,000 in principal amount of convertible subordinated notes for aggregate proceeds of $1,500,000. These notes were issued to Delphi Ventures III, L.P., Seaflower Health and Technology Fund, LLC and certain other private investors. These notes were automatically convertible, upon the Registrant's sale of new equity securities for gross proceeds of at least $1,500,000, into securities having the same price and terms as the new equity securities. Purchasers of the notes also received warrants to purchase an additional amount of the new equity securities having an aggregate purchase price of 30% of the amount of the purchaser's note, at the same price that such new equity securities were issued to other investors. The notes had a maturity date of October 31, 1997 and

bore interest at the rate of 6% per annum. Accrued interest converted on the same terms as the principal amount of the notes. In September 1997, these notes were automatically converted into 1,384,460 shares of Series J preferred stock at a conversion price of $1.10 per share of Series J preferred stock. The warrants issued with the notes became warrants to purchase 409,091 shares of Series J preferred stock at an exercise price of $1.10 per share. The Series J preferred stock will be converted into 7,730,909 shares of common stock and the Series J warrants will become warrants to purchase 409,091 shares of common stock upon the closing of this offering.

(c) In September through December of 1997, the Registrant sold an aggregate of 6,346,449 shares of Series J preferred stock (excluding the shares issued upon the conversion of the notes described above) for aggregate proceeds of $6,981,094. These shares were issued to Bedrock Capital Partners, Pacific Venture Group, L.P., Bessemer Venture Partners IV L.P., and certain other private investors.

(d) In July 1998, various investors entered into commitments with the Registrant to purchase shares of Series K preferred stock for an aggregate price of $2,500,000 if the Registrant notified them of its election to sell the shares. The investors who made these commitments also received warrants to purchase in the aggregate 483,333 shares of common stock at an exercise price of $.01 per share as consideration for their commitments.

In January 1999, the Registrant elected to draw upon the initial investors' commitments to purchase Series K preferred stock and sold additional shares of Series K preferred stock together with warrants to purchase additional shares of our common stock at an exercise price of $.01 per share to other investors. In the aggregate (including the securities discussed in the preceding paragraph), the Registrant issued 2,500,000 shares of Series K preferred stock together with warrants to purchase 676,667 shares of common stock for proceeds of $3,500,000. These shares and warrants were issued to Bedrock Capital Partners, Pacific Venture Group, L.P., Delphi Ventures III, L.P., Seaflower Bioventure Fund II, LLC, Bessemer Venture Partners IV L.P., and certain other private investors.

In May 1999, the Registrant sold 1,642,856 additional shares of Series K preferred stock and warrants to purchase an additional 444,667 shares of common stock for aggregate proceeds of $2,300,000. These shares and warrants were issued to Zero Stage Capital VI, L.P. and certain other private investors.

All of the above securities were issued in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and Rule 506 of the Securities and Exchange Commission promulgated thereunder, as transactions by an issuer not involving a public offering.

Item 16. Exhibits and Financial Statement Schedules

The following is a list of exhibits filed as a part of this registration statement.

(a) Exhibits

<TABLE>
<CAPTION>

Exhibit Number	Description
1	Form of underwriting agreement.*
3.1	Form of Amended and Restated Certificate of Incorporation.
3.2	Form of Amended and Restated By-Laws.
4.1	Specimen Certificate for Common Stock.*
5	Opinion of Ropes & Gray.*
10.1	eMed 1994 Stock Plan.**
10.2	Securities Purchase Agreement dated as of September 30, 1997 between the Registrant and each of the investors named therein.

</TABLE>

<TABLE>
<CAPTION>

Exhibit Number	Description
10.3	Investors Rights Agreement dated as of September 30, 1997 among the Registrant and each of the holders of the Company's Series J Preferred Stock parties thereto.**
10.4	Amendment No. 1 dated as of November 13, 1997 to the Investors Rights Agreement.**
10.5	Securities Purchase Agreement dated as of July 28, 1998 between the Registrant and each of the investors named therein.
10.6	Amendment to Securities Purchase Agreement dated as of January 14, 1999.**
10.7	Securities Purchase Agreement dated as of January 20, 1999 between the Registrant and each of the investors named therein.
10.8	Amendment to the Securities Purchase Agreement dated as of May 7, 1999.**
10.9	Registration Rights Agreement dated as of July 28, 1998 between the Registrant and the parties named therein.**
10.10	Acquisition Agreement dated as of November 23, 1998 by and between

	Raytheon E-Systems, Inc. and the Registrant.
10.11	Commercial Lease as of September 26, 1997 by and between Hartwell Group LLC and the Registrant.
10.12	Amendment 1 to Commercial Lease dated as of November 28, 1997.**
10.13	Employment Agreement dated as of March 31, 1999 by and between Scott S. Sheldon and the Registrant.**
10.14	Employment Agreement dated as of April 30, 1999 by and between Howard Pinsky and the Registrant.**
10.15	Form of Director Indemnity Agreement.**
10.16	Form of Director Work Product Agreement.**
10.17	Form of Director Confidentiality Agreement.**
10.18	Form of Common Stock Warrant.**
10.19	Form of Series K Common Stock Warrant.**
10.20	Form of Series J Preferred Warrant.**
10.21	Web Software Licensing and Development Agreement dated as of September 10, 1999 between the Registrant and AWARE, Inc.***
10.22	Software Licensing and Development Agreement dated as of May 30, 1997 between the Registrant and AWARE, Inc.***
10.23	Amended and Restated Reseller Agreement dated as of May 30, 1997 between the Registrant and ISG Technologies, Inc.***
10.24	Amendment No. 1 to Amended and Restated Reseller Agreement dated as of April 30, 1998 between the Registrant and ISG Technologies, Inc.***
10.25	Letter Agreement dated as of December 29, 1998 between the Registrant and ISG Technologies, Inc.***
10.26	Access Radiology Corporation Confidentiality Agreement dated as of March 31, 1995 between the Registrant and ISG Technologies, Inc.
10.27	OEM Development Software Agreement dated as of November 9, 1995 between the Registrant and Mitra Imaging Incorporated.***
10.28	Amendment to OEM Development Software Agreement dated as of May 20, 1995 between the Registrant and Mitra Imaging Incorporated.***
10.29	Amendment to OEM Development Software Agreement dated as of April 28, 1999 between the Registrant and Mitra Imaging Incorporated.***
23.1	Consent of Ropes & Gray (Exhibit 5).*
23.2	Consent of PricewaterhouseCoopers LLP.
23.3	Consent of PricewaterhouseCoopers LLP.
24	Power of Attorney (included on page II-5).**
27.1	Financial Data Schedule.**

*To Be Filed by Amendment

**Previously Filed

*** Portions have been omitted pursuant to a request for confidential treatment dated September 10, 1999

(b) Financial Statement Schedules

Schedule II--Valuation and Qualifying Accounts.

Description	Balance at beginning of period	Charged to Operations	Deductions	Balance at end of period
<S>	<C>	<C>	<C>	<C>
Year ended December 31, 1996				
Reserves and allowances deducted from asset accounts.....				
Allowance for doubtful accounts.....	$ --	25,000	--	$ 25,000
Year ended December 31, 1997				
Reserves and allowances deducted from asset accounts				
Allowances for doubtful accounts	$25,000	10,000	--	$ 35,000
Year ended December 31, 1998				
Reserves and allowances dededucted from asset accounts				
Allowances for doubtful				

accounts	$35,000	460,000	(7,927)(1)	$487,073

</TABLE>

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(1) Uncollectible accounts written off.

All other schedules are omitted because they are not applicable or the required information is shown in the other Financial Statements or Notes thereto.

Item 17. Undertakings

(a) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described under "Item 14--Indemnification of Directors and Officers" above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(b) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(c) The undersigned Registrant hereby undertakes to provide to the underwriter at the closing specified in the purchase agreements, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lexington, MA on this 10th day of September 1999.

eMed Technologies Corporation

By: /s/ Scott S. Sheldon
Scott S. Sheldon
Chief Executive Officer and President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and the dates indicated.

<TABLE>
<CAPTION>

Signature	Title	Date

/s/Scott S. Sheldon Scott S. Sheldon	President, Chief Executive Officer and Director	September 10, 1999
/s/Gary A. Lortie Gary A. Lortie	Chief Financial Officer	September 10, 1999
* James J. Bochnowski	Director	September 10, 1999
* Thomas B. Neff	Director	September 10, 1999
* Thomas O. Pyle	Director	September 10, 1999
* Michael Schmertzler	Director	September 10, 1999
* Donald E. Strange	Director	September 10, 1999

By: /s/ Gary A. Lortie

Attorney in fact

EXHIBIT INDEX

Exhibit Number	Description
1	Form of underwriting agreement.*
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24	Power of Attorney (included on page II -5).**
27.1	Financial Data Schedule.**

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*To Be Filed by Amendment

**Previously Filed

*** Portions have been omitted pursuant to a request for confidential treatment dated September 10, 1999.

EXHIBIT 3.1

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF eMED TECHNOLOGIES CORPORATION

Scott S. Sheldon and Christine Chung hereby certify that:

A. They are the duly elected and acting President and Secretary, respectively, of eMed Technologies Corporation, a Delaware corporation.

B. The original name of this corporation is Teleradiology Services Incorporated and the date of filing the original Certificate of Incorporation of this corporation with the Secretary of State of the State of Delaware is March 17, 1992.

C. The Certificate of Incorporation of this corporation is hereby amended and restated to read as follows:

1. CORPORATE NAME.

The name of the corporation is eMed Technologies Corporation (the "Company").

2. REGISTERED AGENT.

The address of the registered office of the Company in the State of Delaware is 1013 Centre Road, in the City of Wilmington, New Castle County, Delaware 19805. The name of the Company's registered agent at said address is Corporation Service Company.

3. CORPORATE PURPOSE.

The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

4. CAPITAL STOCK

4.1 Authorized Stock. This Company is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares that the Company is authorized to issue is 50,000,000 shares, 35,000,000 shares of which will be Common Stock (the "Common Stock") and 15,000,000 shares of which will be Preferred Stock. The Preferred Stock will have a par value of $0.01 per share and the Common stock will have a par value of $0.01 per share.

4.2 Undesignated Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, within the

limitations and restrictions stated in this Restated Certificate of Incorporation, to fix or alter the dividend rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, the liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or any of them; and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series will be so decreased, the shares constituting such decrease will resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

5. BYLAWS.

The Board of Directors will have the power to adopt, amend or repeal the bylaws of the Company, subject to any consent or approval that may be required by the terms of any Preferred Stock.

6. ELECTIONS OF DIRECTORS.

Election of directors need not be by written ballot unless the bylaws of the Company so provide. Except as otherwise provided in this Restated Certificate of Incorporation, the directors shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible. One class shall originally serve for a term expiring a the annual meeting of stockholders to be held in 2000, another class shall originally serve for a term expiring at the annual meeting of stockholders to be held in 2001, and another class shall originally serve for a term expiring at the annual meeting of stockholders to be held in 2002, with each member of each class to hold office until a successor is elected and qualified. At each annual meeting of stockholders of the Company and except as otherwise provided in this Restated Certificate of Incorporation, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term of three years. Notwithstanding any other provisions of this Restated Certificate of Incorporation or the bylaws of the Company, the provisions of this Section 6 may not be altered, amended or repealed in any respect, nor may any provision inconsistent therewith be adopted, unless such alteration, amendment, repeal or adoption is approved by the affirmative vote of at least 75% of the combined voting power of the then outstanding shares of the Company's capital stock entitled to vote generally, voting together as a single class.

7. LIMITATION ON LIABILITY; INDEMNITY.

7.1 Liability. A director of the Company will not be liable to the Company

or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by Delaware law.

7.2 Indemnity.

(a) Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Company or is or was serving at the request of the Company as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, will be indemnified and held harmless by the Company to the fullest extent permitted by Delaware law; provided, however, that the foregoing will not require the Company to indemnify or advance expenses to any person in connection with any action, suit, proceeding, claim or counterclaim initiated by or on behalf of such person. The right to indemnification conferred in this Section 7.2 will include the right to be paid by the Company the expenses incurred in connection with any such proceeding in advance of its disposition to the fullest extent permitted by Delaware law. The right to indemnification conferred in this Section 7.2 will be a contract right. Any person seeking indemnification under this Section 7.2 will be deemed to have met the standard of conduct required for indemnification unless the contrary will be established.

(b) The Company may, by action of its Board of Directors, provide indemnification to such of the employees and agents of the Company to such extent and to such effect as the Board of Directors will determine to be appropriate and permitted by Delaware law.

(c) The Company will have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of his or her status as such, whether or not the Company would have the power to indemnify such person against such liability under Delaware law.

(d) The rights and authority conferred in this Section 7 will not be exclusive of any other right which any person may otherwise have or hereafter acquire.

(e) Neither the amendment nor repeal of this Section 7, nor the adoption of any provision of the Restated Certificate of Incorporation or the bylaws of the Company, nor, to the fullest extent permitted by Delaware law, any modification of law, will eliminate or reduce the effect of this Section 7 in respect of any acts or omissions occurring prior to such amendment, repeal, adoption or modification.

8. AMENDMENTS.

The Company reserves the right to amend this Restated Certificate of Incorporation in any manner permitted by Delaware law.

9. BOOKS.

The books of the Company may (subject to any statutory requirements) be kept outside the State of Delaware as may be designated by the board of directors or in the by-laws of this corporation.

10. ACTION BY CONSENT.

If at any time the Company shall have a class of stock registered pursuant to the provisions of the Securities Exchange Act of 1934, for so long as such class is so registered, any action by the stockholders of such class must be taken at an annual or special meeting of stockholders and may not be taken by written consent.

D. This Amended and Restated Certificate of Incorporation has been duly approved by the Board of Directors of this Company.

E. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 228 and 245 of the General Corporation Law of the State of Delaware by the Board of Directors and the stockholders of the Company. A majority of the outstanding shares of Common Stock and at least 2/3 of the outstanding shares of each outstanding series of Preferred Stock approved this Amended and Restated Certificate of Incorporation by written consent in accordance with Section 228 of the General Corporation Law of the State of Delaware and written notice of such was given by the Company in accordance with said Section 228.

The Company has caused this Amended and Restated Certificate of Incorporation to be signed by the President and the Secretary in Lexington, Massachusetts, this __ day of _____, 1999.

eMED TECHNOLOGIES CORPORATION

By:_____
Name: Scott S. Sheldon
Title: President

ATTEST:

By:_____
Name: Christine Chung
Title: Secretary

EXHIBIT 3.2

eMed Technologies Corporation

* * * * *

BY-LAWS

* * * * *

ARTICLE 1

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. All meetings of the stockholders shall be held at such place within or without the State of Delaware as may be fixed from time to time by the board of directors or the chief executive officer, or if not so designated, at the registered office of the corporation.

Section 2. Annual Meeting. Annual meetings of stockholders shall be held on the 1st Monday in May in each year if not a legal holiday, and if a legal holiday, then on the next secular day following, at 10:00 a.m., or at such other date and time as shall be designated from time to time by the board of directors or the chief executive officer, at which meeting the stockholders shall elect by a plurality vote a board of directors and shall transact such other business as may properly be brought before the meeting. If no annual meeting is held in accordance with the foregoing provisions, the board of directors shall cause the meeting to be held as soon thereafter as convenient, which meeting shall be designated a special meeting in lieu of annual meeting.

Section 3. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, may, unless otherwise prescribed by statute or by the certificate of incorporation, be called by the board of directors, the chairman of the board of directors or the chief executive officer and shall be called by the chief executive officer or secretary at the request in writing of a majority of the members of the board of directors, or at the request in writing of stockholders owning at least 20% in amount of the entire capital stock of the corporation issued and outstanding and entitled to vote, provided that a special meeting called at the request of stockholders shall be held not sooner than 90 days after delivery of a request otherwise complying with this Section. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

Section 4. Notice of Meetings. Except as otherwise provided by law,

written notice of each meeting of stockholders, annual or special, stating the place, date and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is

called, shall be given not less than ten or more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 5. Voting List. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city or town where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 6. Quorum. The holders of a majority in amount of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business, except as otherwise provided by statute, the certificate of incorporation or these by-laws. Where a separate vote by a class or classes is required, a majority of the outstanding shares of such class or classes, present or in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter.

Section 7. Adjournments. Any meeting of stockholders may be adjourned from time to time to any other time and to any other place at which a meeting of stockholders may be held under these by-laws, which time and place shall be announced at the meeting, by a majority of the stockholders present in person or represented by proxy at the meeting and entitled to vote, though less than a quorum, or, if no stockholder is present or represented by proxy, by any officer entitled to preside at or to act as secretary of such meeting, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Action at Meetings. When a quorum is present at any meeting, the vote of holders of capital stock of the corporation representing a majority in voting power of the stock present in person or by proxy and entitled to vote on the matter shall decide any matter brought before such meeting, unless the matter is one upon which by express provision of law, the certificate of incorporation or these by-laws, a different vote is required, in which case such express provision shall govern and control the decision of such matter.

Section 9. Voting and Proxies. Unless otherwise provided in the certificate of incorporation, each stockholder shall at every meeting of the stockholders be entitled to one vote for each share of capital stock having voting power held of record by such stockholder. Each stockholder entitled to vote at a meeting of stockholders, or to express consent or dissent to corporate action in writing without a meeting, may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 10. Action Without Meeting. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be (1) signed and dated by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and (2) delivered to the corporation within sixty days of the earliest dated consent by delivery to its registered office in the State of Delaware (in which case delivery shall be by hand or by certified or registered mail, return receipt requested), its principal place of business, or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent be given to those stockholders who have not consented in writing.

Section 11. Annual Meetings. At an annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting as (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors, (b) otherwise properly brought before the meeting by or at the direction of the board of directors, or (c) otherwise properly brought before the meeting by a stockholder by the stockholder giving timely notice thereof in writing to the secretary of the corporation. To be timely, a stockholder's notice must be received at the principal executive offices of the corporation: (1) not less than 60 days in

advance of such meeting if such meeting is to be held on a day which is within 30 days preceding the anniversary of the previous year's annual meeting or 90 days in advance of such meeting if such meeting is to be held on or after the anniversary of the previous year's annual meeting; and (2) with respect to any other annual meeting of stockholders, on or before the close of business on the 15th day following the earliest date of public disclosure of the date of such meeting. For purposes of this section, the date of public disclosure of a meeting shall include, but not be limited to, the date on which disclosure of the date of the meeting is made in a press release reported by the Dow Jones News Services, Associated Press or a comparable national news service, or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) (or the rules and regulations thereunder) of the Securities Exchange Act of 1934, as amended. A stockholder's notice to the secretary shall set forth as

to each matter the stockholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name, age and business and residential address, as they appear on the corporation's records, of the stockholder proposing such business, (c) the class and number of shares of the corporation which are beneficially owned by the stockholder, and (d) any material interest of the stockholder in such business. Notwithstanding anything in the by-laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth herein. The chairman of the annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions hereof and if the chairman should so determine, the chairman shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

Nominations. Subject to the rights of any class or series of stock having
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a preference over the common stock as to dividends or upon liquidation to elect directors under specified circumstances, nominations for the election of directors may be made by the board of directors or a committee appointed by the board of directors or by any stockholder entitled to vote in the election of directors generally. However, any stockholder entitled to vote in the election of directors generally may nominate one or more persons for election as director at a meeting only if timely written notice of such stockholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the secretary of the corporation. To be timely, a stockholder's notice must be received at the principal executive offices of the corporation: (1) not less than 60 days in advance of such meeting if such meeting is to be held on a day which is within 30 days preceding the anniversary of the previous year's annual meeting or 90 days in advance of such meeting if such meeting is to be held on or after the anniversary of the previous year's annual meeting; and (2) with respect to any other annual meeting

of stockholders, on or before the close of business on the 15th day following the earliest date of public disclosure of the date of such meeting. For purposes of this section, the date of public disclosure of a meeting shall include, but not be limited to, the date on which disclosure of the date of the meeting is made in a press release reported by the Dow Jones News Services, Associated Press or a comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) (or the rules and regulations thereunder) of the Securities Exchange Act of 1934, as amended. Each such notice shall set forth: (a) the name, age and business and residential address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the board of directors; and (e)

the written consent of each nominee to serve as a director of the corporation if so elected. The chairman of the meeting shall refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedures.

Section 12. Inspectors. The directors or the person presiding at the meeting may, and shall if required by applicable law, appoint one or more inspectors of election and any substitute inspectors to act at the meeting or any adjournment thereof. Each inspector, before entering upon the discharge of his duties, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of his ability. The inspectors, if any, shall determine the number of shares of stock outstanding and the voting power of each, the shares of stock represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. On request of the person presiding at the meeting, the inspectors shall make a report in writing of any challenge, question or matter determined by them and execute a certificate of any fact found by them.

ARTICLE 2

DIRECTORS

Section 1. Number, Election, Tenure and Qualification. The number of

directors which shall constitute the whole board shall be not less than one. Within such limit, the number of directors shall be determined by resolution of the board of directors or by the stockholders at the annual meeting or at any special meeting of stockholders. Except as otherwise provided in the Restated Certificate of Incorporation, the directors shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible. One class shall originally serve for a term expiring a the annual meeting of stockholders to be held in 2000, another class shall originally serve for a term expiring at the annual meeting of stockholders to be held in 2001, and another class shall originally serve for a term expiring at the annual meeting of stockholders to be held in 2002, with each member of each class to hold office until a successor is elected and qualified, or until a director's earlier removal or resignation. At each annual meeting of stockholders of the Company and except as otherwise provided in this Restated Certificate of Incorporation, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term of three years. Directors need not be stockholders.

Section 2. Enlargement. The number of the board of directors may be increased at any time by vote of a majority of the directors then in office.

Section 3. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute. In the event of a vacancy in the board of directors, the remaining directors, except as otherwise provided by law or these by-laws, may exercise the powers of the full board until the vacancy is filled.

Section 4. Resignation and Removal. Any director may resign at any time upon written notice to the corporation at its principal place of business or to the chief executive officer or secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event. Any director or the entire board of directors may be removed, only with cause, by the holders of two-thirds of the shares then entitled to vote at an action of directors, unless otherwise specified by law or the certificate of incorporation.

Section 5. General Powers. The business and affairs of the corporation shall be managed by its board of directors, which may exercise all powers of the

corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or by these by-laws directed or required to be exercised or done by the stockholders.

Section 6. Chairman of the Board. If the board of directors appoints a chairman of the board, he shall, when present, preside at all meetings of the board of directors. He shall perform such duties and possess such powers as are customarily vested in the office of the chairman of the board or as may be vested in him by the board of directors.

Section 7. Place of Meetings. The board of directors may hold meetings, both regular and special, either within or without the State of Delaware.

Section 8. Regular Meetings. Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board; provided that any director who is absent when such a determination is made shall be given prompt notice of such determination. A regular meeting of the board of directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

Section 9. Special Meetings. Special meetings of the board may be called by the chief executive officer, secretary, chairman, three or more directors or by one director in the event that there is only one director in office. Two days' notice to each director, either personally or by telegram, cable, telecopy, commercial delivery service, telex or similar means sent to his business or home address, or by mail upon receipt, shall be given to each director

by the secretary or by the officer or one of the directors calling the meeting. A notice or waiver of notice of a meeting of the board of directors need not specify the purposes of the meeting.

Section 10. Quorum, Action at Meeting, Adjournments. At all meetings of the board a majority of directors then in office shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by law or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 11. Action by Consent. Unless otherwise restricted by the

certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

Section 12. Telephonic Meetings. Unless otherwise restricted by the certificate of incorporation or these by-laws, members of the board of directors or of any committee thereof may participate in a meeting of the board of directors or of any committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 13. Committees. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the certificate of incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in subsection (a) of Section 151 of the General Corporation Law of the State of Delaware, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the corporation, or the conversion into, or the exchange of such shares for, shares of any other class or series or any other series of the same or any other class or classes of any other stock of the corporation or

fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series), adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the bylaws of the corporation; and, unless the resolution designating such committee or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors. Each committee shall keep

regular minutes of its meetings and make such reports to the board of directors as the board of directors may request. Except as the board of directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these by-laws for the conduct of its business by the board of directors.

Section 14. Compensation. Unless otherwise restricted by the certificate of incorporation or these by-laws, the board of directors shall have the authority to fix from time to time the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and the performance of their responsibilities as directors and may be paid a fixed sum for attendance at each meeting of the board of directors and/or a stated salary as director. No such payment shall preclude any director from serving the corporation or its parent or subsidiary corporations in any other capacity and receiving compensation therefor. The board of directors may also allow compensation for members of special or standing committees for service on such committees.

ARTICLE 3

OFFICERS

Section 1. Enumeration. The officers of the corporation shall be chosen by the board of directors and shall be a president, a secretary and a treasurer and such other officers with such titles, terms of office and duties as the board of directors may from time to time determine, including a chairman of the board, one or more vice-presidents, and one or more assistant secretaries and assistant treasurers. If authorized by resolution of the board of directors, the chief executive officer may be empowered to appoint from time to time assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Section 2. Election. The board of directors at its first meeting after each annual meeting of stockholders shall choose a president, a secretary and a treasurer. Other officers

may be appointed by the board of directors at such meeting, at any other meeting, or by written consent.

Section 3. Tenure. The officers of the corporation shall hold office until its successors are chosen and qualify, unless a different term is specified in

the vote choosing or appointing him, or until his earlier death, resignation or removal. Any officer elected or appointed by the board of directors or by the chief executive officer may be removed at any time by the affirmative vote of a majority of the board of directors or a committee duly authorized to do so, except that any officer appointed by the chief executive officer may also be removed at any time by the chief executive officer. Any vacancy occurring in any office of the corporation may be filled by the board of directors, at its discretion. Any officer may resign by delivering his handwritten resignation to the corporation at its principal place of business or to the chief executive officer or the secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

Section 4. President. The president shall be the chief operating officer of the corporation. He shall also be the chief executive officer unless the board of directors otherwise provides. The president shall, unless the board of directors provides otherwise in a specific instance or generally, preside at all meetings of the stockholders and, in the chairman's absence, the board of directors, have general and active management of the business of the corporation and see that all orders and resolutions of the board of directors are carried into effect. The president shall execute bonds, mortgages, and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation.

Section 5. Vice-Presidents. In the absence of the president or in the event of his inability or refusal to act, the vice-president, or if there be more than one vice-president, the vice-presidents in the order designated by the board of directors or the chief executive officer (or in the absence of any designation, then in the order determined by their tenure in office) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. The vice-presidents shall perform such other duties and have such other powers as the board of directors or the chief executive officer may from time to time prescribe.

Section 6. Secretary. The secretary shall have such powers and perform such duties as are incident to the office of secretary. He shall maintain a stock ledger and prepare lists of stockholders and their addresses as required and shall be the custodian of corporate records. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be for that purpose and shall perform like duties for the

standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be from time to time prescribed by the board of directors or chief executive officer, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of such assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 7. Assistant Secretaries. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors, the chief executive officer or the secretary (or if there be no such determination, then in the order determined by their tenure in office), shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors, the chief executive officer or the secretary may from time to time prescribe. In the absence of the secretary or any assistant secretary at any meeting of stockholders or directors, the person presiding at the meeting shall designate a temporary or acting secretary to keep a record of the meeting.

Section 8. Treasurer. The treasurer shall perform such duties and shall have such powers as may be assigned to him by the board of directors or the chief executive officer. In addition, the treasurer shall perform such duties and have such powers as are incident to the office of treasurer. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the chief executive officer and the board of directors, when the chief executive officer, chairman or board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation.

Section 9. Assistant Treasurers. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors, the chief executive officer or the treasurer (or if there be no such determination, then in the order determined by their tenure in office), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the board of directors, the chief executive officer or the treasurer may from time to time

prescribe.

Section 10. Bond. If required by the board of directors, any officer shall give the corporation a bond in such sum and with such surety or sureties and upon such terms and conditions as shall be satisfactory to the board of directors, including without limitation a bond for the faithful performance of the duties of his office and for the restoration to the corporation of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control and belonging to the corporation.

ARTICLE IV

NOTICES

Section 1. Delivery. Whenever, under the provisions of or of the certificate of incorporation or these by-laws, written notice is required to be given to any director or stockholder, such notice may be given by mail, addressed to such director or stockholder, at his address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Unless written notice by mail is required by law, written notice may also be given by telegram, cable, telecopy, commercial delivery service, telex or similar means, addressed to such director or stockholder at his address as it appears on the records of the corporation, in which case such notice shall be deemed to be given when delivered into the control of the persons charged with effecting such transmission, the transmission charge to be paid by the corporation or the person sending such notice and not by the addressee. Oral notice or other in-hand delivery (in person or by telephone) shall be deemed given at the time it is actually given.

Section 2. Waiver of Notice. Whenever any notice is required to be given under the provisions of law or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

INDEMNIFICATION

Section 1. Actions other than by or in the Right of the Corporation. The corporation shall indemnify any person who was threatened or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative

(other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement

actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful. Notwithstanding the foregoing, the corporation shall not indemnify any agent of the corporation in any action, suit or proceeding arising from such agent's own negligence.

Section 2. Actions by or in the Right of the Corporation. The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery of the State of Delaware or such other court shall deem proper.

Section 3. Success on the Merits. To the extent that any person described in Section 1 or 2 of this Article V has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in said Sections, or in defense of any claim, issue or matter therein, he shall be

indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 4. Specific Authorization. Any indemnification under Section 1 or 2 of this Article V (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of any person as described in said Sections is proper in the circumstances because he has met the applicable standard of conduct set forth in said Sections. Such determination shall be made (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or even if obtainable a quorum of

disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders of the corporation.

Section 5. Advance Payment. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of any person described in said Section to repay such amount if it shall ultimately be determined that he is not entitled to indemnification by the corporation as authorized in this Article V.

Section 6. Non-Exclusivity. The indemnification and advancement of expenses provided by, or granted pursuant to, the other Sections of this Article V shall not be deemed exclusive of any other rights to which those provided indemnification or advancement of expenses may be entitled under any by-law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

Section 7. Insurance. The board of directors may authorize the corporation to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article V.

Section 8. Continuation of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant

to, this Article V shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 9. Severability. If any word, clause or provision of this Article V or any award made hereunder shall for any reason be determined to be invalid, the provisions hereof shall not otherwise be affected thereby but shall remain in full force and effect.

Section 10. Intent of Article. The intent of this Article V is to provide for indemnification and advancement of expenses to the fullest extent permitted by Section 145 of the General Corporation Law of Delaware. To the extent that such Section or any successor section may be amended or supplemented from time to time, this Article V shall be amended automatically and construed so as to permit indemnification and advancement of expenses to the fullest extent from time to time permitted by law.

ARTICLE VI

CAPITAL STOCK

Section 1. Certificates of Stock. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the chairman or vice-chairman of the board of directors, or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. Certificates may be issued for partly paid shares and in such case upon the face or back of the certificates issued to represent any such partly paid shares, the total amount of the consideration to be paid therefor, and the amount paid thereon shall be specified.

Section 2. Lost Certificates. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or

destroyed certificate or certificates, or his legal representative, to give reasonable evidence of such loss, theft or destruction, to advertise the same in such manner as it be required and/or to give the corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged have been lost, stolen or destroyed or the issuance of such new certificate.

Section 3. Transfer of Stock. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares, duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and proper evidence of compliance with other conditions to rightful transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 4. Record Date. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the board of directors may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which shall not be more than sixty days nor less then ten days before the date of such meeting. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting. If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of

stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the board of directors may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the board of directors. If no record date is fixed, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the board of directors is required by statute, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation as provided under Section 10 of Article I. If no record date is fixed and prior action by the board of directors is required, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the board of directors adopts the resolution taking such prior action. In order that the corporation may determine the stockholders entitled to receive payment of any

dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the board of directors may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted, and which shall be not more sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating to such purpose.

Section 5. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as a provided by the laws of Delaware.

ARTICLE VII

CERTAIN TRANSACTIONS

Section 1. Transactions with Interested Parties. No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or office is present at or participates in the meeting of the board or committee thereof which authorizes the contract or transaction or solely because his or their votes are counted for such purpose, if the material

facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors or the committee, and:

(a) The board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or

(b) The contract or transaction is specifically approved in good faith by vote of the stockholders; or

(c) The contract or transaction is on terms no less fair as to the corporation than those offered by non-affiliated third parties as of the time it is authorized, approved or ratified, by the board of directors, a committee thereof, or the stockholders.

Section 2. Quorum. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or of a committee which authorizes the contract or transaction.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the corporation, if any, may be declared by the board of directors at any regular or special meeting or by written consent, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation.

Section 2. Reserves. The directors may set apart out of any funds of the corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

Section 3. Checks. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

Section 4. Fiscal Year. The fiscal year of the corporation shall be fixed by resolution of the board of directors.

Section 5. Seal. The board of directors may, by resolution, adopt a corporate seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the word "Delaware". The seal may be used by causing it or a facsimile

thereof to be impressed or affixed or reproduced or otherwise. The seal may be altered from time to time by the board of directors.

ARTICLE IX

AMENDMENTS

These by-laws may be adopted, amended or repealed by vote of a majority of the directors then in office or by vote of a majority of the voting power of the stock outstanding and entitled to vote, provided, however, a vote of 66 and 2/3% of the voting power of the stock outstanding and entitled to vote shall be required for the stockholders to amend Article I, Sections 1, 2, 3, 6, 9, 10 or 11 or Article II, Sections 1, 2, 3, 4 or 10 or this Article IX . Any by-law,

whether adopted, amended or repealed by the stockholders or directors, may be amended or reinstated by the stockholders or the directors.

EXHIBIT 10.2

ACCESS RADIOLOGY CORPORATION

SERIES J PREFERRED STOCK PURCHASE AGREEMENT

SEPTEMBER 30, 1997

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ACCESS RADIOLOGY CORPORATION

SERIES J PREFERRED STOCK PURCHASE AGREEMENT

This Series J Preferred Stock Purchase Agreement (this "Agreement") is made as of September 30, 1997 by and between Access Radiology Corporation, a Delaware corporation (the "Company"), and each of the persons and entities listed on Exhibit A (individually, an "Investor" and collectively, the "Investors").

The parties agree as follows:

1. Purchase And Sale Of Stock.

1.1 Sale And Issuance Of Series J Preferred Stock.

(a) The Company will adopt and file with the Secretary of State of the State of Delaware on or before the Initial Closing (as defined in Section 1.2(a)) an Amended and Restated Certificate of Incorporation in the form attached hereto as Exhibit B (the "Restated Certificate").

(b) On the terms and subject to the conditions of this Agreement, each Investor will purchase and the Company will sell and issue to each Investor that number of shares of the Company's Series J Preferred Stock set forth opposite each Investor's name on Exhibit A at a purchase price of $1.10 per share. The Series J Preferred Stock will have the rights, preferences, privileges and restrictions set forth in the Restated Certificate. The obligations of the Investors under this Agreement are several and not joint.

1.2 Closing.

(a) The purchase and sale of the Series J Preferred Stock, by the Investors listed on Exhibit A as of the date hereof, will take place at the offices of Cooley Godward LLP, One Maritime Plaza, 20th Floor, San Francisco, California at 10:00 a.m. on the date hereof or at such other time and place as the Company and Bedrock Capital Partners I, L.P. mutually agree, either orally or in writing (which time and place are designated as the "Initial Closing"). In addition, the purchase and sale of the Series J Preferred Stock by and to the Additional Investors (as defined in Section 1.3) in accordance with Section 1.3 will take place at the offices of the Company or at such other places and at such times as the Company and Additional Investors mutually agree, either orally

or in writing (together with the Initial Closing, each such time and place is designated as a "Closing").

(b) At each Closing, the Company will deliver to each Investor a certificate representing the shares of Series J Preferred Stock that such Investor is purchasing at such

Closing against payment of the purchase price therefor by check, wire transfer or as otherwise set forth on Exhibit A.

1.3 Subsequent Sale of Series J Preferred Stock.

If less than all of the authorized number of shares of Series J Preferred Stock are sold at the Initial Closing, then, subject to the terms and conditions of this Agreement, the Company may sell, on or before the 45th day after the date hereof, up to the balance of the authorized but unissued Series J Preferred Stock to such persons as the Board of Directors of the Company may determine at the same price per share as the Series J Preferred Stock purchased and sold at the Initial Closing. Any such sale shall be made upon the same terms and conditions as those contained herein, and such persons or entities ("Additional Investors") shall become parties to this Agreement and the Investors Rights Agreement (as defined in Section 2.1), and will be an Investor for all purposes hereunder and thereunder.

2. REPRESENTATIONS AND WARRANTEES OF THE COMPANY.

The Company hereby represents and warrants to each Investor that, except as set forth on the schedule of exceptions attached as Exhibit C (the "Schedule of Exceptions"):

2.1 Organization; Good Standing; Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified and authorized to transact business and is in good standing as a foreign corporation in each jurisdiction in which the failure so to qualify would have a material adverse effect on the business, properties or financial condition of the Company and its Subsidiaries (as defined in Section 2.6) taken as a whole (a "Material Adverse Effect"). The Company has no material assets or properties owned or leased by it situated in, or employees or representatives authorized to bind it by contract resident in jurisdictions other than Massachusetts, Georgia and Texas. The Company's sales are made F.O.B. at the Company's principal offices in Massachusetts. Each of the Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation, and is duly qualified and authorized to transact business and is in good standing as a foreign corporation in each jurisdiction in which the failure to so qualify would have a Material Adverse Effect. Each of the Company and its Subsidiaries has all requisite corporate power and authority to own and operate its properties and assets and to carry on its business as now conducted and as presently proposed to be conducted. The Company has all requisite corporate power and authority to execute and deliver this Agreement and at each Closing will have all requisite corporate power and authority to execute and deliver the Investors Rights Agreement attached hereto as Exhibit D (the "Investors Rights Agreement"), to issue and sell the Series J Preferred Stock pursuant to this Agreement and the Common Stock (as defined in Section 2.5) issuable upon conversion thereof and to carry out the provisions of this Agreement, the Investors Rights Agreement and the Restated Certificate.

2.2 Authorization. All corporate action on the part of the Company and its officers, directors and stockholders necessary for the authorization, execution and delivery of this Agreement and the Investors Rights Agreement, the performance of all obligations of the Company hereunder and thereunder and the authorization, issuance (or reservation for issuance), sale and delivery of the Series J Preferred Stock being sold hereunder and the Common Stock issuable upon conversion thereof has been taken or will be taken prior to the Initial Closing. This Agreement and the Investors Rights Agreement, when executed and delivered, will constitute valid and legally binding obligations of the Company,

enforceable in accordance with their respective terms, except as limited by applicable bankruptcy, reorganization, insolvency or other laws affecting creditors' rights generally or by general principles of equity.

2.3 Valid Issuance Of Preferred And Common Stock. The Series J Preferred Stock that is being purchased by the investors hereunder, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and nonassessable and will be free of restrictions on transfer other than restrictions on transfer under this Agreement and the Investors Rights Agreement and under applicable state and federal securities laws. The Common Stock issuable upon conversion of the Series J Preferred Stock being purchased under this Agreement at each Closing will have been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Restated Certificate, will be duly and validly issued, fully paid and nonassessable and will be free of restrictions on transfer other than restrictions on transfer under this Agreement and the Investors Rights Agreement and under applicable state and federal securities laws.

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

2.5 Capitalization And Voting Rights. The authorized capital of the Company will consist immediately prior to the Initial Closing of:

(a) 35,000,000 shares of common stock, par value $0.01 per share ("Common Stock"), of which 1,081,834 shares are issued and outstanding.

(b) 15,000,000 shares of Preferred Stock, par value $0.01 per share ("Preferred Stock"): (1) 716 of which have been designated as Series B Preferred Stock (all of

which are issued and outstanding); (2) 450 of which have been designated as Series C Preferred Stock (all of which are issued and outstanding); (3) 345 of which have been designated as Series E Preferred Stock (344.39 of which are issued and outstanding); (4) 1,000 of which have been designated as Series F Preferred Stock (all of which are issued and outstanding); (5) 816 of which have been designated as Series G Preferred Stock (815.87 of which are issued and outstanding); (6) 400 of which have been designated as Series H Preferred Stock (all of which are issued and outstanding); and (7) 7,230,000 of which have been designated as Series J Preferred Stock (none of which will be issued or outstanding immediately prior to the Initial Closing and up to 6,820,909 of which will be sold pursuant to this Agreement).

(c) The outstanding shares of Common Stock and Preferred Stock are owned by the stockholders and in the numbers specified in Section 2.5 of the Schedule of Exceptions.

(d) The outstanding shares of Common Stock and Preferred Stock have been duly authorized and validly issued, are fully paid and nonassessable and were issued in accordance with the registration or qualification provisions of the Securities Act and any relevant state securities laws or pursuant to valid exemptions therefrom.

(e) Except for (1) the conversion privileges of the Preferred Stock, (2) the rights provided in the Investors Rights Agreement and (3) currently outstanding options to purchase 1,267,657 shares of Common Stock granted to

employees pursuant to the Company's 1994 Stock Plan (the "Option Plan") and currently outstanding options to purchase 59,228 shares of Common Stock granted to employees outside of the Option Plan, there are not outstanding any options, warrants, rights (including conversion or preemptive rights and rights of first refusal), proxy or stockholder agreements or agreements of any kind for the purchase or acquisition from the Company of any of its securities. In addition to the aforementioned options, the Company has reserved an additional 1,582,343 shares of its Common Stock for purchase upon exercise of options to be granted in the future under the Option Plan. The Company is not a party or subject to any agreement or understanding, and to the Company's knowledge there is no agreement or understanding between any other persons, that affects or relates to the voting or giving of written consents with respect to any security of the Company or the voting by a director of the Company.

2.6 Subsidiaries. Set forth in Section 2.6 of the Schedule of Exceptions is a description of each corporation owned by the Company (collectively, the "Subsidiaries") and the security ownership thereof. The Company does not own or control, directly or indirectly, any interest in any other corporation, partnership, limited liability company, association or other business entity. The Company is not a participant in any joint venture, partnership or similar arrangement. All of the outstanding equity securities (including securities or instruments exercisable for or convertible into equity securities) of each of the Subsidiaries are owned by the Company beneficially and of record and are not subject to any mortgages, liens, claims or encumbrances. There are not outstanding any options, warrants, rights (including conversion or preemptive rights and rights of first refusal), proxy or stockholder agreements or agreements of

any kind for the purchase or acquisition from the Company or any of the Subsidiaries of any securities of any of the Subsidiaries.

2.7 Contracts And Other Commitments. Neither the Company nor any of its Subsidiaries has or is bound by any contract, agreement, lease or commitment, written or oral, absolute or contingent, other than (a) contracts for the purchase of supplies and services that were entered into in the ordinary course of business, do not involve more than $50,000 and do not extend for more than one year beyond the date hereof, (b) sales contracts entered into in the ordinary course of business and (c) contracts terminable at will by the Company on no more than 30 days' notice without cost or liability to the Company or one of its Subsidiaries that are not material to the conduct of the business of the Company and its Subsidiaries. For the purpose of this Section 2.7, employment and consulting contracts, contracts with labor unions, license agreements and any other agreements relating to the acquisition or disposition of Intangibles (as defined in Section 2.18) other than standard end-user license agreements will not be considered to be contracts entered into in the ordinary course of business.

2.8 Related Party Transactions. No employee, officer, consultant, stockholder or director of the Company or any of its Subsidiaries or member of his or her immediate family is indebted to the Company, nor is the Company or any of its Subsidiaries indebted (or committed to make loans or extend or guarantee credit) to any of them, other than for (a) payment of salary for services rendered, (b) reimbursement for reasonable expenses incurred on behalf of the Company or any of its Subsidiaries and (c) other standard employee benefits made generally available to all employees (including stock option agreements outstanding under the Option Plan). To the Company's knowledge (without making an investigation as to persons who are not officers or directors), none of such persons has any direct or indirect ownership interest in any firm or corporation with which the Company or any of its Subsidiaries is affiliated or with which the Company or any of its Subsidiaries has a business relationship, or any firm or corporation that competes with the Company or any of its Subsidiaries, except that employees, stockholders, consultants, officers or directors of the Company or any of its Subsidiaries and members of their immediate families may own stock in publicly traded companies that may compete with the Company or any of its Subsidiaries. To the Company's knowledge, no officer, director, consultant, employee or stockholder of the Company or any of its Subsidiaries or any member of his or her immediate family is, directly or indirectly, interested in any material contract with the Company or any of its Subsidiaries (other than such contracts as relate to any such person's

employment with the Company or one of its Subsidiaries or ownership of capital stock or other securities of the Company).

2.9 Registration Rights. Except as provided in the Investors Rights Agreement, the Company is presently not under any obligation and has not granted any rights to register under the Securities Act any of its presently outstanding securities or any of its securities that may subsequently be issued.

2.10 Clearances, Approvals, Etc. The Company and its Subsidiaries have all clearances, approvals, franchises, permits, licenses and any similar authority including, without limitation, all approvals and clearances from the U.S. Food and Drug Administration necessary for the conduct of their business as now being conducted, and the Company believes they can obtain, without undue burden or expense, any similar authority for the conduct of the business of the Company and its Subsidiaries as presently proposed to be conducted. Neither the Company nor any of its Subsidiaries is in default in any material respect under any of such franchises, permits, licenses or other similar authority.

2.11 Compliance With Other Instruments. Neither the Company nor any of its Subsidiaries is in violation or default of (a) any provision of its certificate of incorporation or bylaws, (b) any provision of any mortgage, indenture, agreement, instrument or contract to which it is a party or by which it is bound or (c) to the best of the Company's knowledge, any judgment, order, writ, decree, statute, rule, regulation or restriction applicable to it including, without limitation, the U.S. Federal Food, Drug and Cosmetic Act, as amended, and regulations promulgated thereunder, which default or violation has had or could reasonably be expected to have a Material Adverse Effect. The execution, delivery and performance by the Company of this Agreement and the Investors Rights Agreement and the consummation of the transactions contemplated hereby and thereby will not result in any such violation or be in material conflict with or constitute, with or without the passage of time or giving of notice, either a material default under any such provision or an event that results in the creation of any material lien, charge or encumbrance upon any assets of the Company or any of its Subsidiaries or the suspension, revocation, impairment, forfeiture or nonrenewal of any material franchise, permit, license or similar authority applicable to the Company or any of its Subsidiaries, any of their business or operations or any of their assets or properties.

2.12 Litigation. There is no action, suit, proceeding or investigation pending or, to the Company's knowledge, currently threatened against the Company or any of its Subsidiaries that questions the validity of this Agreement or the Investors Rights Agreement or the right of the Company to enter into such agreements, or to consummate the transactions contemplated hereby or thereby, or that might result, either individually or in the aggregate, in a Material Adverse Effect or in any change in the current equity ownership of the Company. Neither the Company nor any of its Subsidiaries is a party to or, to the best of its knowledge, named in or subject to any order, writ, injunction, judgment or decree of any court, government agency or instrumentality. There is no action, suit, proceeding or investigation by the Company currently pending or that the Company currently intends to initiate.

2.13 Disclosure. The Company has provided each Investor with all information reasonably available to it without undue expense that such Investor has requested in writing for deciding whether to purchase the Series J Preferred Stock. To the best of the Company's knowledge after reasonable investigation, neither this Agreement nor the Investors Rights Agreement nor the other written materials made or delivered in connection with the transactions contemplated hereby, taken as a whole, contain any untrue statement of a material fact or omit to

state a material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made or otherwise, not misleading.

2.14 Offering. Subject in part to the truth and accuracy of each Investor's representations set forth in this Agreement, the offer, sale and

issuance of the Series J Preferred Stock as contemplated by this Agreement are exempt from the registration requirements of the Securities Act, and neither the Company nor any authorized agent acting on its behalf will take any action hereafter that would cause the loss of such exemption.

2.15 Title To Property And Assets; Leases. Except for (a) liens reflected in the Financial Statements (as defined in Section 2.16), (b) liens for current taxes not yet due or payable, (c) liens imposed by law and incurred in the ordinary course of business for obligations not past due to carriers, warehousemen, laborers, materialmen and the like, (d) liens in respect of pledges or deposits under workers' compensation laws or similar legislation or (e) minor defects in title, none of which, individually or in the aggregate, materially interferes with the use of such property, the Company and its Subsidiaries have good and marketable title to their property and assets free and clear of all mortgages, liens, claims and encumbrances. With respect to the property and assets they lease, the Company and its Subsidiaries are in compliance with such leases and, to the best of the Company's knowledge, hold a valid leasehold interest free of any mortgages, liens, claims or encumbrances, subject to clauses (a)-(d) above.

2.16 Financial Statements. The Company has delivered to each Investor its audited consolidated financial statements (balance sheet and profit and loss statement, statement of stockholders' equity and statement of cash flows including notes thereto) at December 31, 1996 and for the fiscal years then ended and its unaudited financial statements (balance sheet and profit and loss statement and statement of cash flows) at June 30, 1997 and for the six months then ended (the "Financial Statements"). The Financial Statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods indicated, except that the unaudited Financial Statements omit notes thereto required by generally accepted accounting principles. The Financial Statements fairly present the financial condition and operating results of the Company and each of the Subsidiaries on a consolidated basis as of the dates and for the periods indicated therein (subject in the case of unaudited financial statements to normal year end adjustments). Except as set forth in the Financial Statements, neither the Company nor any of its Subsidiaries has any material liabilities, contingent or otherwise, other than (a) liabilities incurred in the ordinary course of business subsequent to June 30, 1997 and (b) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in the Financial Statements that in both cases, individually or in the aggregate, are not material to the business, properties or financial condition of the Company and its Subsidiaries, taken as a whole. Except as disclosed in the Financial Statements, neither the Company nor any of its Subsidiaries is a guarantor or indemnitor of any indebtedness of any other person or entity. Each of the Company and its Subsidiaries maintains and will continue to

maintain a standard system of accounting established and administered in accordance with generally accepted accounting principles.

2.17 Changes. Since June 30, 1997 there has not been:

(a) any change in the assets, liabilities, financial condition or operating results of the Company or any of its Subsidiaries from that reflected in the Financial Statements, except changes in the ordinary course of business that have not had a Material Adverse Effect;

(b) any damage, destruction or loss, whether or not covered by insurance, that could reasonably be expected to have a Material Adverse Effect;

(c) any waiver or compromise by the Company or any of its Subsidiaries of a valuable right or of a material debt owed to it;

(d) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company or any of its Subsidiaries, except to the extent such satisfaction or discharge will not have a Material Adverse Effect;

(e) any material change to a material contract or arrangement by

which the Company or any of its Subsidiaries or any of their assets is bound or subject;

(f) any material change in any compensation arrangement or agreement with any employee, officer, consultant, director or stockholder of the Company or any of its Subsidiaries;

(g) any sale, assignment or transfer of any material Intangibles of the Company or any of its Subsidiaries;

(h) any resignation or termination of employment of any key employee or key consultant of the Company or any of its Subsidiaries;

(i) any receipt of notice that there has been a loss of, or material order cancellation by, any major customer of the Company or any of its Subsidiaries;

(j) any mortgage, lien, claim, encumbrance, pledge or security interest created by the Company or any of its Subsidiaries with respect to any of its material properties or assets, except liens for taxes not yet due or payable;

(k) any declaration, setting aside or payment of any dividend or other distribution of the Company's assets in respect of any of the Company's capital stock, or any direct or indirect redemption, purchase or other acquisition of any of such stock by the Company;

(l) to the Company's knowledge, any other event or condition of any character that could reasonably be expected to have a Material Adverse Effect; or

(m) any agreement or commitment by the Company or any of its Subsidiaries to do any of the things described in this Section 2.17.

2.18 Intangibles. To the best of its knowledge, the Company and its Subsidiaries own or possess sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and proprietary rights and processes (collectively, "Intangibles") necessary for their business as now conducted and as proposed to be conducted without any conflict with or infringement of the rights of others. Except for standard end-user license agreements and licenses set forth in Section 2.18 of the Schedule of Exceptions (the "Material Licenses"), there are no outstanding options, licenses or agreements of any kind relating to the foregoing, nor is the Company or any of its Subsidiaries bound by or a party to any options, licenses or agreements of any kind with respect to the Intangibles of any other person or entity. To the Company's knowledge, each Material License is valid and in full force and effect, and is enforceable by the Company or one of its Subsidiaries in accordance with its terms. To the Company's knowledge, no person or entity has violated or breached, or declared or committed any default under, any Material License. To the Company's knowledge, no event has occurred, and no circumstance or condition exists, that might (with or without notice or lapse of time) (a) result in a violation or breach of any of the provisions of any Material License, (b) give any person or entity the right to declare a default or exercise any remedy under any Material License, (c) give any person or entity the right to accelerate the maturity or performance of any Material License or (d) give any person or entity the right to cancel, terminate or modify any Material License. Neither the Company nor any of its Subsidiaries has received any communications alleging that the Company or any of its Subsidiaries has violated or breached any provision of a Material License or misappropriated or by conducting its business as proposed would misappropriate any of the Intangibles of any other person or entity.

2.19 Employees; Employee Compensation. To the best of the Company's knowledge, there is no strike, labor dispute or union organization activities pending or threatened between the Company or any of its Subsidiaries and any of their employees. None of the employees of the Company or any of its Subsidiaries belongs to any union or collective bargaining unit. To the best of the Company's knowledge, the Company and its Subsidiaries have complied in all material respects with all applicable state and federal equal opportunity and other laws

related to employment. To the best of the Company's knowledge, no employee of the Company or any of its Subsidiaries is or will be in violation of any judgment, decree or order, or any term of any employment contract, patent disclosure agreement or other contract or agreement relating to the relationship of any such employee with the Company or any of its Subsidiaries, or any other party because of the nature of the business conducted or presently proposed to be conducted by the Company or any of its Subsidiaries or to the use by the employee of his or her best efforts with respect to such business. Neither the execution nor delivery of this Agreement or the Investor Rights Agreement nor the carrying on of the business of the Company and its

Subsidiaries by their employees nor the conduct of such business as proposed will, to the Company's knowledge, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any of such employees is now obligated. Neither the Company nor any of its Subsidiaries is a party to or bound by any currently effective employment contract, deferred compensation agreement, bonus plan, incentive plan (other than the Option Plan), profit sharing plan, retirement agreement or other employee compensation agreement. The Company is not aware that any officer or key employee or consultant, or that any group of key employees or consultants, of the Company or any of its Subsidiaries intends to terminate their employment or service with the Company or any of its Subsidiaries, nor does the Company or any of its Subsidiaries have a present intention to terminate the employment or service of any of the foregoing. Subject to general principles related to wrongful termination of employees, the employment of each employee of the Company or any of its Subsidiaries is terminable at the will of the employer.

2.20 Tax Returns, Payments, And Elections. The Company and each of its Subsidiaries have timely filed all tax returns and reports (federal, foreign, state and local) as required by law. These returns and reports are true and correct in all material respects. The Company and each of its Subsidiaries have paid all takes and other assessments due, except those contested in good faith. The provision for taxes as shown in the Financial Statements is adequate for taxes due or accrued as of the dates thereof. Neither the Company nor any of its Subsidiaries has elected pursuant to the Internal Revenue Code of 1986, as amended (the "Code"), to be treated as an S corporation or a collapsible corporation pursuant to Section 1362(a) or Section 341(f) of the Code, nor has it made any other elections pursuant to the Code (other than elections that relate solely to methods of accounting, depreciation, or amortization) that would have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries has had any tax deficiency proposed or assessed against it or has executed any waiver of any statute of limitations on the assessment or collection of any tax or governmental charge. None of the income tax returns of the Company or any of its Subsidiaries and none of their state income or franchise tax or sales or use tax returns has ever been audited by governmental authorities . Since the end of the Company's last fiscal year, the Company and its Subsidiaries have made adequate provisions on its books of account for all taxes, assessments and governmental charges with respect to their business, properties and operations. The Company and its Subsidiaries have withheld or collected from each payment made to each of its employees the amount of all taxes including, but not limited to, federal income taxes, Federal Insurance Contribution Act taxes and Federal Unemployment Tax Act taxes required to be withheld or collected therefrom, and has paid the same to the proper tax receiving officers or authorized depositaries.

2.21 Insurance. The Company and its Subsidiaries have in full force and effect fire and casualty insurance policies sufficient in amount (subject to reasonable deductibles) to allow them to replace any properties that might be damaged or destroyed, the loss of which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect. The Company and its Subsidiaries have in full force and effect products liability and errors and omissions insurance in amounts customary for companies similarly situated.

2.22 Environmental And Safety Laws. To the Company's knowledge, neither the Company nor any of its Subsidiaries is in violation of any applicable

statute, law or regulation relating to the environment or occupational health and safety, which violation has had or could reasonably be expected to have a Material Adverse Effect. To the Company's knowledge, no material expenditures are or will be required in order to comply with any such existing statute, law, or regulation.

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

3. Representations And Warranties Of The Investors.

Each Investor hereby represents and warrants to the Company that:

3.1 Authorization. Such Investor has full power and authority to enter into this Agreement and the Investors Rights Agreement, and this Agreement and the Investors Rights Agreement, when executed and delivered, will constitute valid and legally binding obligations of such Investor.

3.2 Purchase Entirely For Own Account. The Series J Preferred Stock to be purchased by such Investor and the Common Stock issuable upon conversion thereof (collectively, the "Securities") will be acquired for investment for such Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in or otherwise distributing the same. Such Investor does not have any contract, undertaking, agreement or arrangement with any person or entity to sell, transfer or grant participations to such person or to any third party with respect to any of the Securities.

3.3 Reliance Upon Investors' Representations. Such Investor understands that the Series J Preferred Stock is not, and any Common Stock acquired on conversion thereof at the time of issuance may not be, registered under the Securities Act on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the Securities Act pursuant to Section 4(2) thereof, and that the Company's reliance on such exemption is predicated on the Investors' representations set forth herein. Such Investor realizes that the basis for the exemption may not be present if, notwithstanding such representations, the Investor has in mind merely acquiring shares of the Series J Preferred Stock for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. Such Investor has no such intention.

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

3.5 Investment Experience. Such Investor is experienced in evaluating and investing in private placement transactions of securities of companies in a similar stage of development and acknowledges that such Investor is able to fend for itself, can bear the economic risk of such Investor's investment and has such knowledge and experience in financial and business matters that such Investor is capable of evaluating the merits and risks of the investment in the Series J Preferred Stock. If other than an individual, such Investor has not been organized for the purpose of acquiring the Series J Preferred Stock.

3.6 Accredited Investor. Such Investor is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

3.7 Restricted Securities. Such Investor understands that the Securities may not be sold, transferred or otherwise disposed of without registration under the Securities Act or an exemption therefrom, and that in the absence of an effective registration statement covering the Securities or an available exemption from registration under the Securities Act, the Securities must be held indefinitely. In particular, such Investor is aware that the Securities may not be sold pursuant to Rule 144 promulgated under the Securities Act unless all of the conditions of that rule are met. Among the conditions for use of Rule 144 may be the availability of current information to the public about the Company. Such information is not now available and the Company has no present plans to make such information available.

4. Conditions Of Investors' Obligations At Closing.

The obligations of each Investor under Section 1.1(b) of this Agreement are subject to the fulfillment on or before the Closing of such Investor's purchase of each of the following conditions, the waiver of which will not be effective against any Investor who does not consent in writing thereto:

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

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

4.3 Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Series J Preferred Stock pursuant to this Agreement will be duly obtained and effective as of such Closing, except for the filing of a Form D pursuant to Regulation D promulgated under the Securities Act and for the filing of any required state securities or blue sky filings.

4.4 Proceedings And Documents. All corporate and other proceedings in connection with the transactions contemplated at the Initial Closing and all documents incident thereto will be reasonably satisfactory in form and substance to Cooley Godward LLP, which will have received all such counterpart original and certified or other copies of such documents as it may reasonably request.

4.5 Board Of Directors. Effective as of the Initial Closing, the directors of the Company will be James Bochnowski, Thomas Neff, Thomas Pyle, Michael Schmertzler, Scott Sheldon, Donald Strange and Dr. Jason Rosenbluth.

4.6 Opinions Of Counsel. Each Investor purchasing on the date hereof will have received from Ropes & Gray, corporate counsel for the Company, an opinion, dated the date of the Initial Closing, in form and substance satisfactory to Cooley Godward LLP.

4.7 Investors Rights Agreement. The Company and each Investor will have entered into the Investors Rights Agreement.

4.8 Officer's Certificate. The President of the Company will have delivered to each Investor purchasing on the date hereof a certificate, dated as of the Initial Closing, to the effect that the conditions specified in Sections 4.1, 4.2, 4.3 and 4.5 have been fulfilled with respect to the Initial Closing.

4.9 Good Standing Certificates. The Company will have delivered to Cooley Godward LLP good standing certificates, dated as of the Initial Closing, from each jurisdiction in the United States in which the ownership of its property or the conduct of its business requires qualification as a foreign corporation and where the failure to so qualify would have a Material Adverse Effect.

5. Conditions Of The Company's Obligations At Closing.

The obligations of the Company to each Investor under Section 1.1(a) of this Agreement are subject to the fulfillment on or before the Closing of such Investor's purchase of each of the following conditions by that Investor:

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

5.2 Performance. The Investors will have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before such Closing.

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

5.4 Proceedings And Documents. All corporate and other proceedings in connection with the transactions completed at such Closing and all documents incident thereto will be reasonably satisfactory in form and substance to Ropes & Gray, which will have received all such counterpart original and certified or other copies of such documents as it may reasonably request.

5.5 Investors Rights Agreement. The Company and each Investor will have entered into the Investors Rights Agreement.

6. Miscellaneous.

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

6.2 Survival. The representations, warranties, covenants and agreements made herein will survive any investigation made by any Investor and for two years after the closing of the transactions contemplated hereby. All statements as to factual matters contained in any certificate delivered by or on behalf of the Company pursuant hereto at the Initial Closing in connection with the transactions contemplated hereby will be deemed to be representations and warranties by the Company hereunder solely as of the date of such certificate or instrument.

6.3 Successors And Assigns. Except as otherwise expressly provided herein, the provisions hereof will inure to the benefit of, and be binding upon, the successors, assigns, heirs, executors, and administrators of the parties hereto.

6.4 Severability. In case any provision of this Agreement is invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

6.5 Amendment And Waiver.

(a) Except as otherwise expressly provided, this Agreement may be amended or modified only upon the written consent of the Company and the holders of at least 66 2/3% of the Series J Preferred Stock sold hereunder.

(b) Except as otherwise expressly provided, (1) the obligations of the Company and the rights of the Investors under this Agreement may be waived by any Investor only in writing and for all Investors only with the written consent of the holders of at least 66 2/3% of the Series J Preferred Stock sold hereunder, and (2) the obligations of the Investors and the rights of the Company under this Agreement may be waived only with the written consent of the Company.

6.6 Delays Or Omissions. No delay or omission to exercise any right, power

or remedy accruing to any party hereto upon any breach, default or noncompliance of any other party under this Agreement will impair any such right, power or remedy, nor will it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. Any waiver, permit, consent, or approval of any kind or character on the part of any party hereto of any breach, default or noncompliance under the Agreement or any waiver on such Investor's part of any provisions or conditions of this Agreement must be in writing and will be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law or otherwise afforded to the parties hereto, will be cumulative and not alternative.

6.7 Notices. All notices required or permitted hereunder will be in writing and will be deemed effectively given: (1) upon personal delivery to the party to be notified, (2) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (3) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (4) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications will be sent to the party to be notified at the address as set forth on the signature pages hereof or at such other address as such party may designate by 10 days' advance written notice to the other parties hereto.

6.8 Attorneys' Fees. In the event that any dispute among the parties to this Agreement should result in litigation, the prevailing party in such dispute will be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement including, without limitation, reasonable fees and expenses of attorneys and accountants, which will include, without limitation, all fees, costs and expenses of appeals.

6.9 Titles And Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument.

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

6.12 Finder's Fees. Each party represents that it neither is nor will be obligated for any finder's fee or commission in connection with this transaction. Each Investor will indemnify and hold harmless the Company from any liability for any commission or compensation in the nature of a finder's fee (and the cost and expenses of defending against such liability or asserted liability) for which the Investor or any of its officers, partners, employees, or representatives is responsible. The Company will indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against such liability or asserted liability) for which the Company or any of its officers, employees, or representatives is responsible.

6.13 Expenses. Irrespective of whether the Initial Closing is effected, the Company will pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement. If the Initial Closing is effected, the Company will, at the Initial Closing, reimburse the reasonable fees of Cooley Godward LLP and will, upon receipt of a reasonably detailed bill therefor, reimburse the reasonable out-of-pocket expenses of such counsel.

[THIS SPACE INTENTIONALLY LEFT BLANK]

The parties have executed this Agreement as of the date first above written.

Access Radiology Corporation

Signature:

_____

Printed Name:

_____

Title:

_____

Address:

_____

_____

Bedrock Capital Partners I, L.P.

By: Volpe Brown Whelan & Company, LLC,
Its General Partner

Signature:

_____

Printed Name:

_____

Title:

_____

Address:

_____

_____

Bedrock Capital Partners Side-By-Side, L.P.

By: Volpe Brown Whelan & Company, LLC,
Its General Partner

Signature:

_____

Printed Name:

_____

Title:

_____

Address:

_____

_____

VBW Partners, L.P.

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

Seaflower Health and Technology
Fund, LLC

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

J&L Sherblom Family, LLC

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

Privat Kredit Bank

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

SIGNATURE PAGE TO SERIES J PREFERRED STOCK PURCHASE AGREEMENT

Pictet Bank

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

Pictet Bank

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

ICD, Ltd.

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

Guadamur LTD.

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

SIGNATURE PAGE TO SERIES J PREFERRED STOCK PURCHASE AGREEMENT

Privat Kredir Bank

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

Rigel Investment Corp.

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

Rigel Investment Corp. #2

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

Privat Kredir Bank

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

SIGNATURE PAGE TO SERIES J PREFERRED STOCK PURCHASE AGREEMENT

Gole Inc. A

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

SIGNATURE PAGE TO SERIES J PREFERRED STOCK PURCHASE AGREEMENT

Pacific Venture Group, L.P.

By: PVG Equity Partners, L.L.C
Its General Partner

Signature: _____
Printed Name:
Title: Member

Address: _____
_____
_____

PVG Associates, L.P.

By: PVG Equity Partners, L.L.C.
Its General Partner

Signature: _____
Printed Name:
Title: Member

Address: _____
_____
_____

Delphi Ventures III, L.P.

Signature: _____
Printed Name: _____
Title: _____

Address: _____
_____
_____

Delphi BioInvestments III, L.P.

Signature: _____
Printed Name: _____
Title: _____

Exhibit A

Schedule of Investors

<TABLE>
<CAPTION>

Investor Name	Total Investment*	Number of Shares of Series J Preferred Stock Purchased
<S>	<C>	<C>
Bedrock Capital Partners I, L.P.	$1,800,000.40	1,636,364
Bedrock Capital Partners Side-By-Side, L.P.	199,999.80	181,818
Pacific Venture Group, L.P.	2,865,660.60	2,605,146
PVG Associates, L.P.	134,339.70	122,127
Delphi BioInvestments III, L.P.	9,440.10	8,582
Delphi Ventures III, L.P.	524,255.48	476,596
J&L Sherblom Family, LLC	76,282.19	69,347

Privat Kredir Bank	101,561.64	92,329
Pictet Bank	101,479.45	92,254
Pictet Bank	101,512.33	92,284
ICD, Ltd.	50,608.22	46,007
Guadamur Ltd.	101,594.52	92,359
Privat Kredir Bank	50,904.11	46,276
Rigel Investment Corp.	50,180.82	45,619
Rigel Investment Corp. #2	50,180.82	45,619
Privat Kredir Bank	101,561.64	92,329
Gole Inc. A	50,780.82	46,164
TOTALS	6,522,907.04	5,929,915

</TABLE>

* Assumes conversion of certain convertible notes on September 30, 1997.

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Schedule of Investors

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<CAPTION>

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TOTALS	6,522,907.04	5,929,915

</TABLE>

* Assumes conversion of certain convertible notes on September 30, 1997.

EXHIBIT B

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF ACCESS RADIOLOGY CORPORATION

Scott S. Sheldon and Christine Chung hereby certify that:

A. They are the duly elected and acting President and Secretary, respectively, of ACCESS Radiology Corporation, a Delaware corporation.

B. The original name of this corporation is Teleradiology Services Incorporated and the date of filing the original Certificate of Incorporation of this corporation with the Secretary of State of the State of Delaware is March 17, 1992.

C. The Certificate of Incorporation of this corporation is hereby amended and restated to read as follows:

"1. CORPORATE NAME.

The name of the corporation is ACCESS Radiology Corporation (the "Company").

2. REGISTERED AGENT.

The address of the registered office of the Company in the State of Delaware is 1013 Center Road, in the City of Wilmington, New Castle County, Delaware 19805. The name of the Company's registered agent at said address is The Corporation Service Company.

3. CORPORATE PURPOSE.

The purpose of the Company is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware.

4. CAPITAL STOCK.

4.1 Authorized Stock. This Company is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock". The total number of shares that the Company is authorized to issue is 50,000,000 shares, 35,000,000 shares of which will be Common Stock (the "Common Stock") and 15,000,000 shares of which will be Preferred Stock. The Preferred Stock will have a par value of $0.01 per share and the Common Stock will have a par value of $0.01 per share.

4.2 Undesignated Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The Board of Directors is hereby authorized, within the limitations and restrictions stated in this Restated Certificate of Incorporation, to fix or alter the dividend

rights, dividend rate, conversion rights, voting rights, rights and terms of redemption (including sinking fund provisions), the redemption price or prices, the liquidation preferences of any wholly unissued series of Preferred Stock, and the number of shares constituting any such series and the designation thereof, or any of them; and to increase or decrease the number of shares of any series subsequent to the issue of shares of that series, but not below the number of shares of such series then outstanding. In case the number of shares

of any series will be so decreased, the shares constituting such decrease will resume the status that they had prior to the adoption of the resolution originally fixing the number of shares of such series.

4.3 Preferred Stock. The rights, preferences, privileges, restrictions and other matters relating to the Preferred Stock are as follows:

(a) Designation. 716 of the authorized shares of Preferred Stock are hereby designated "Series B Preferred Stock" (the "Series B Preferred"). 450 of the authorized shares of Preferred Stock are hereby designated "Series C Preferred Stock" (the "Series C Preferred"). 345 of the authorized shares of Preferred Stock are hereby designated "Series E Preferred Stock" (the "Series E Preferred"). 1,000 of the authorized shares of Preferred Stock are hereby designated "Series F Preferred Stock" (the "Series F Preferred"). 816 of the authorized shares of Preferred Stock are hereby designated "Series G Preferred Stock" (the "Series G Preferred"). 400 of the authorized shares of Preferred Stock are hereby designated "Series H Preferred Stock" (the "Series H Preferred"). 7,230,000 of the authorized shares of Preferred Stock are hereby designated "Series J Preferred Stock" (the "Series J Preferred"). References hereinafter to the "Series Preferred" means the Series B Preferred, the Series C Preferred, the Series E Preferred, the Series F Preferred, the Series G Preferred, the Series H Preferred and any future series so designated.

(b) Dividend Rights.

(1) Holders of Series J Preferred, in preference to the holders of Series Preferred or Common Stock, will be entitled to receive, when and as declared by the Board of Directors, but only out of funds that are legally available therefor, cash dividends at the rate of 10% of the Original Issue Price (as defined below) per annum on each outstanding share of Series J Preferred (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to such shares). The Original Issue Price of the Series J Preferred will be $1.10. Such dividends will be payable only when, as and if declared by the Board of Directors and will be non-cumulative.

(2) So long as any shares of Series J Preferred are outstanding, no dividend, whether in cash or property, will be paid or declared, nor will any other distribution be made, on any Series Preferred or Common Stock, nor will any shares of any Series Preferred or Common Stock be purchased, redeemed or otherwise acquired for value by the Company until all dividends on the Series J Preferred set forth in Section 4.3(b)(1) above have been paid or declared and set apart. In addition, in the event dividends are paid on any share of Series Preferred or Common Stock, an additional dividend will be paid with respect to all

outstanding shares of Series J Preferred in an amount equal per share (on an as-if-converted to Common Stock basis) to the amount paid or set aside for each such share (on an as if-converted to Common Stock basis). The provisions of this Section 4.3(b)(2) will not apply to (A) a dividend payable in Common Stock or (B) any repurchase of any outstanding securities of the Company that is unanimously approved by the Board of Directors.

(3) Whenever the Company declares a dividend on its Common Stock, the holders of Series Preferred will be entitled to receive dividends in an amount equal per share (on an as-if converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock. The provisions of this Section 4.3(b)(3) will not apply to (A) a dividend payable in Common Stock or (B) any repurchase of any outstanding securities of the Company that is unanimously approved by the Board of Directors.

(c) Voting Rights.

(1) Except as otherwise provided herein or as required by law, the Series Preferred and Series J Preferred will be voted equally with the shares of the Common Stock of the Company and not as a separate class at any annual or special meeting of stockholders of the Company, and may act by written consent in the same manner as the Common Stock. In either case, each holder of shares of Series Preferred and Series J Preferred will be entitled to such

number of votes as is equal to the whole number of shares of Common Stock into which such holder's aggregate number of shares of Series Preferred and Series J Preferred are convertible pursuant to Section 4.3(d) immediately after the close of business on the record date fixed for such meeting or the effective date of such written consent.

(2) In addition to any other vote or consent required herein or by law, the vote or written consent of the holders of 2/3 of the outstanding series of each respective Series Preferred will be necessary for effecting or validating the following actions with respect to such series:

(A) Creation or authorization of any additional class or series of shares of stock unless the same ranks junior to, or pari passu with, such Series Preferred as to the distribution of assets on the liquidation, dissolution or winding up of the Company, or an increase in the authorized amount of any additional class or series of shares of stock unless the same ranks junior to, or pari passu with, such Series Preferred as to the distribution of assets on the liquidation, dissolution or winding up of the Company, or creation or authorization of any obligation or security convertible into shares of any class or series of stock unless the same ranks junior to, or pari passu with, such Series Preferred as to the distribution of assets on the liquidation, dissolution or winding up of the Company, whether any such creation, authorization or increase will be by means of amendment to the Certificate of Incorporation or by merger, consolidation or otherwise;

(B) Amendment, alteration or repeal of the Certificate of Incorporation if the effect would be materially detrimental or adverse in any manner with respect to the rights of the holders of such Series Preferred; or

(C) Redemption or other acquisition of any shares of such Series Preferred except pursuant to a purchase offer made pro rata to all holders of the shares of such Series Preferred on the basis of the aggregate number of outstanding shares of such Series Preferred then held by each such holder.

(3) In addition to any other vote or consent required herein or by law, the vote or written consent of the holders of 2/3 of the outstanding Series J Preferred will be necessary for effecting or validating the following actions:

(A) Any amendment, alteration or repeal of any provision of the Certificate of Incorporation or Bylaws of the Company that adversely affects the voting powers, preferences or other special rights or privileges, qualifications, limitations or restrictions of the Series J Preferred;

(B) Any increase or decrease (other than by conversion) in the authorized number of shares of Common Stock or Series J Preferred;

(C) Any authorization or any designation, whether by reclassification or otherwise, of any new class or series of stock or any other securities convertible into equity securities of the Company ranking senior to the Series J Preferred in right of redemption, liquidation preference, voting or dividends or any increase in the authorized or designated number of any such new class or series;

(4) In addition to any other vote or consent required herein or by law, the vote or written consent of the holders of a majority of the outstanding Series Preferred and Series J Preferred, voting together as a single class on an as-if-converted to Common Stock basis, will be necessary for effecting or validating the following actions:

(A) Any redemption, repurchase, payment of dividends or other distribution with respect to Preferred Stock or Common Stock, except for acquisitions of Preferred Stock or Common Stock by the Company pursuant to and in compliance with agreements that permit the Company to repurchase such shares upon termination of services to the Company;

(B) Any agreement by the Company or its stockholders regarding an Asset Transfer or Acquisition (each as defined in Section

4.3(d)(6);

(C) Any amendment, modification or waiver of the Certificate of Incorporation or Bylaws of the Company relative to the rights, preferences, privileges, restrictions or other matters relating to any series of Preferred Stock;

(D) Any voluntary dissolution or liquidation of the Company; or

(E) Any issuance of equity securities as compensation to employees, officers, directors or consultants of the Company other than under the Option Plan (as defined in Section 4.3(f)(9)(D).

(5) For so long as any shares of Series J Preferred remain outstanding, the authorized number of directors of the Company will be seven and (A) the holders of Series J Preferred, voting as a separate class, will be entitled to elect one member of the Board of Directors at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such director and to fill any vacancy caused by the resignation, death or removal of such director and (B) the holders of Common Stock, Series Preferred and Series J Preferred, voting together as a class on an as-if-converted to Common Stock basis, will be entitled to elect all remaining members of the Board of Directors at each meeting or pursuant to each consent of the Company's stockholders for the election of directors, and to remove from office such directors and to fill any vacancy caused by the resignation, death or removal of such directors.

(d) Liquidation Preference.

(1) Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, with respect to which the Total Company Valuation (as defined below) is less than $26,000,000, before any distribution or payment is made to the holders of Series Preferred or Common Stock, the holders of Series J Preferred will be entitled to be paid out of the assets of the Company, for each share of Series J Preferred held by them, an amount per share of Series J Preferred equal to the Original Issue Price (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to the Series J Preferred) plus all declared but unpaid dividends on the Series J Preferred.

(2) If, upon any liquidation, distribution or winding up to which Section 4.3(d)(1) applies, the assets of the Company are insufficient to make payment in full to all holders of Series J Preferred of the liquidation preference set forth in Section 4.3(d)(1), then such assets will be distributed among the holders of Series J Preferred at the time outstanding ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

(3) After the payment of the full liquidation preference of the Series J Preferred as set forth in Section 4.3(d)(1) (if applicable), the assets of the Company legally available for distribution, if any, will be distributed to the holders of Series Preferred (and any other series of Preferred Stock designated by the Board of Directors as sharing with the Series Preferred on a pari passu basis in the event of a liquidation) on a pari passu basis as follows:

(A) $1,000 for each of share of Series B Preferred held by them;

(B) $5,000 for each of share of Series C Preferred held by them;

(C) $5,000 for each of share of Series E Preferred held by them;

(D) $1,000 for each of share of Series F Preferred held by them;

(E) $5,000 for each of share of Series G Preferred held by them;

(F) $5,000 for each of share of Series H Preferred held by them; and

(G) Any amount designated by the Board of Directors with respect to any other series of Preferred Stock designated by the Board of Directors as sharing with the Series Preferred on a pari passu basis in the event of a liquidation.

(4) If the assets to be distributed among the holders of the Series Preferred (and any other series of Preferred Stock designated by the Board of Directors as sharing with the Series Preferred on a pari passu basis in the event of a liquidation) are insufficient to permit payment in full to such holders of the amounts distributable pursuant to Section 4.3(d)(3), then such assets will be distributed ratably among such holders of outstanding shares of Series Preferred (and any other series of Preferred Stock designated by the Board of Directors as sharing with the Series Preferred on pari passu basis in the event of a liquidation).

(5) After the payment of the full liquidation preference of the Series Preferred as set forth in Section 4.3(d)(3), the remaining assets of the Company legally available for distribution, if any, will be distributed ratably to the holders of the Common Stock and Series J Preferred on an as-if-converted to Common Stock basis.

(6) The following definitions will apply under this Section 4.3(d):

(A) a "liquidation" of the Company will include (without limitation):

1) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such consolidation, merger or

reorganization own 50% or less of the Company's voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which the Company is a party in which 50% or more of the Company's voting power is transferred unless within ten days after receipt of notice that the event will occur, holders of a majority of the outstanding Series Preferred, voting together as a single class on an as-if-converted to Common Stock basis, and holders of a majority of the outstanding Series J Preferred elect in writing not to treat such event as a liquidation of the Company (an "Acquisition"); or

2) a sale, lease or other disposition of all or substantially all of the assets of the Company (an "Asset Transfer").

(B) "Total Company Valuation" means the aggregate Fair Market Value of the consideration received or to be received by all holders of capital stock of the Company in any liquidation, dissolution or winding up of the Company (including consideration received or to be received through the operation of this Section 4.3(d)). In the event of an Acquisition involving the transfer of less than all of the capital stock of the Company, the Total Company Valuation will be computed by multiplying the Fair Market Value of the consideration received or to be received by all holders of capital stock of the Company in such transaction by a fraction, the numerator of which is the total number of shares of capital stock of the Company then outstanding (on an as-if-converted to Common Stock basis and assuming the exercise of all outstanding stock options and warrants) and the denominator of which is the number of shares of the Company's capital stock (on an as-if-converted to Common Stock basis and assuming the exercise of all outstanding stock options and warrants) actually transferred.

(C) "Fair Market Value" means (1) with respect to consideration consisting of cash, the amount of such cash, (2) with respect to securities that are publicly traded, the average Current Market Price of such securities over the 20 consecutive trading days ending with and including the date prior to the date as of which Fair Market Value is to be determined, and (3) with respect to any other property, the value determined in good faith by the Board of Directors of the Company.

(D) "Current Market Price" of a security means, for any day, the last reported sales price, or if no sale takes place on such day, the average of the reported closing bid and asked prices, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which such security is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the Nasdaq National Market or, if such security is not quoted on the Nasdaq National Market, as reported by Nasdaq in the over the counter market or, if not reported by Nasdaq, the average of the bid and asked prices as furnished by any New York Stock Exchange member firm regularly making a market in such security selected for the purpose by the

Company's Board of Directors or, if there is no such firm, as determined in good faith by the Company's Board of Directors.

(e) Conversion Rights Of Series Preferred. The holders of each series of Series Preferred will have the following conversion rights:

(1) Right To Convert Series B Preferred. On the terms and subject to the conditions of this Section 4.3(e), the holder of any share or shares of Series B Preferred will have the right, at the holder's option at any time, to convert any such shares of Series B Preferred (except that upon any liquidation of the Company the right of conversion will terminate at the close of business on the business day fixed for payment of the amount distributable on the Series B Preferred) into such number of fully paid and nonassessable shares of Common Stock as is obtained by (A) multiplying the number of shares of Series B Preferred to be converted by $1,000 and (B) dividing the result by the conversion price of $4.16667 per share or, in case an adjustment of such price has taken place pursuant to the further provisions of this Section 4.3(e), then by the conversion price as last adjusted and in effect at the date any share or shares of Series B Preferred are surrendered for conversion (such price, or such price as last adjusted, being referred to as the "Series B Conversion Price").

(2) Right To Convert Series C Preferred. On the terms and subject to the conditions of this Section 4.3(e), the holder of any share or shares of Series C Preferred will have the right, at the holder's option at any time, to convert any such shares of Series C Preferred (except that upon any liquidation of the Company the right of conversion will terminate at the close of business on the business day fixed for payment of the amount distributable on the Series C Preferred) into such number of fully paid and nonassessable shares of Common Stock as is obtained by (A) multiplying the number of shares of Series C Preferred to be converted by $5,000 and (B) dividing the result by the conversion price of $5.25 per share or, in case an adjustment of such price has taken place pursuant to the further provisions of this Section 4.3(e), then by the conversion price as last adjusted and in effect at the date any share or shares of Series C Preferred are surrendered for conversion (such price, or such price as last adjusted, being referred to as the "Series C Conversion Price").

(3) Right To Convert Series E Preferred. On the terms and subject to the conditions of this Section 4.3(e), the holder of any share or shares of Series E Preferred will have the right, at the holder's option at any time, to convert any such shares of Series E Preferred (except that upon any liquidation of the Company the right of conversion will terminate at the close of business on the business day fixed for payment of the amount distributable on the Series E Preferred) into such number of fully paid and nonassessable shares of Common Stock as is obtained by (A) multiplying the number of shares of Series E Preferred to be converted by $5,000 and (B) dividing the result by the conversion price of $5.25 per share or, in case an adjustment of such price has taken place pursuant to the further provisions of this Section 4.3(e), then by

the conversion price as last adjusted and in effect at

the date any share or shares of Series E Preferred are surrendered for conversion (such price, or such price as last adjusted, being referred to as the "Series E Conversion Price").

(4) Right To Convert Series F Preferred. On the terms and subject to the conditions of this Section 4.3(e), the holder of any share or shares of Series F Preferred will have the right, at the holder's option at any time, to convert any such shares of Series F Preferred (except that upon any liquidation of the Company the right of conversion will terminate at the close of business on the business day fixed for payment of the amount distributable on the Series F Preferred) into such number of fully paid and nonassessable shares of Common Stock as is obtained by (A) multiplying the number of shares of Series F Preferred to be converted by $1,000 and (B) dividing the result by the conversion price of $0.50 per share or, in case an adjustment of such price has taken place pursuant to the further provisions of this Section 4.3(e), then by the conversion price as last adjusted and in effect at the date any share or shares of Series F Preferred are surrendered for conversion (such price, or such price as last adjusted, being referred to as the "Series F Conversion Price").

(5) Right To Convert Series G Preferred. On the terms and subject to the conditions of this Section 4.3(e), the holder of any share or shares of Series G Preferred will have the right, at the holder's option at any time, to convert any such shares of Series G Preferred (except that upon any liquidation of the Company the right of conversion will terminate at the close of business on the business day fixed for payment of the amount distributable on the Series G Preferred) into such number of fully paid and nonassessable shares of Common Stock as is obtained by (A) multiplying the number of shares of Series G Preferred to be converted by $5,000 and (B) dividing the result by the conversion price of $1.50 per share or, in case an adjustment of such price has taken place pursuant to the further provisions of this Section 4.3(e), then by the conversion price as last adjusted and in effect at the date any share or shares of Series G Preferred are surrendered for conversion (such price, or such price as last adjusted, being referred to as the "Series G Conversion Price").

(6) Right To Convert Series H Preferred. On the terms and subject to the conditions of this Section 4.3(e), the holder of any share or shares of Series H Preferred will have the right, at the holder's option at any time, to convert any such shares of Series H Preferred (except that upon any liquidation of the Company the right of conversion will terminate at the close of business on the business day fixed for payment of the amount distributable on the Series H Preferred) into such number of fully paid and nonassessable shares of Common Stock as is obtained by (A) multiplying the number of shares of Series H Preferred to be converted by $5,000 and (B) dividing the result by the conversion price of $1.50 per share or, in case an adjustment of such price has taken place pursuant to the further provisions of this Section 4.3(e), then by the conversion price as last adjusted and in effect at the date any share or shares of Series H Preferred are surrendered for conversion (such price, or such price as last adjusted, being referred to as the "Series H Conversion Price"). Each of the Series B Conversion Price, the Series C Conversion Price, the Series E Conversion Price, the Series F Conversion Price, the Series G Conversion Price and the Series H Conversion Price will hereinafter be referred to as the "Applicable Conversion Price".

(7) Issuance Of Certificates; Time Conversion Effected. Such rights of conversion set forth in Sections 4.3(e)(1) through 4.3(e)(6) will be exercised by a holder of Series Preferred by giving written notice that such holder elects to convert a stated number of shares of Series Preferred into Common Stock and by surrender of a certificate or certificates for the shares so to be converted to the Company at its principal office (or such other office or agency of the Company as the Company may designate by notice in writing to the holders of Series Preferred) at any time during its usual business hours on the date set forth in such notice, together with a statement of the name or names (with address) in which the certificate or certificates for shares of Common Stock will be issued. Promptly after the receipt of such written notice and

surrender of the certificate or certificates for the share or shares of Series Preferred to be converted, the Company will issue and deliver, or cause to be issued and delivered, to the holder, registered in such name or names as such holder may direct, a certificate or certificates for the number of whole shares of Common Stock issuable upon the conversion of such share or shares of Series Preferred. To the extent permitted by law, such conversion will be deemed to have been effected and the Applicable Conversion Price will be determined as of the close of business on the date on which such written notice has been received by the Company and the certificate or certificates for such share or shares have been surrendered as aforesaid, and at such time the rights of the holder of such share or shares of Series Preferred will cease, and the person or persons in whose name or names any certificate or certificates for shares of Common Stock will be issuable upon such conversion will be deemed to have become the holder or holders of record of the shares represented thereby.

(8) Fractional Shares; Dividends; Partial Conversion. At the time of each conversion, the Company will pay in cash an amount equal to all dividends declared but unpaid on the shares of such Series Preferred surrendered for conversion on the date upon which the conversion is deemed to take place as provided in Section 4.3(e)(7). In case the number of shares of Series Preferred represented by the certificate or certificates surrendered pursuant to Sections 4.3(e)(1) through 4.3(e)(6) exceeds the number of shares converted, the Company will, upon such conversion, execute and deliver to the holder, at the expense of the Company, a new certificate or certificates for the number of shares of such Series Preferred represented by the certificate or certificates surrendered that are not to be converted. If any fractional share of Common Stock would be delivered upon such conversion, the Company will pay to the holder surrendering such Series Preferred for conversion an amount in cash equal to the fair market value of such fractional share as determined in good faith by the Board of Directors of the Company.

(9) Subdivision Or Combination Of Common Stock. In case the Company at any time after the date of this certificate subdivides (whether before or after the issuance of any Series Preferred and whether by any stock split, stock dividend or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Applicable Conversion Price in effect immediately prior to such subdivision will be proportionately reduced and, conversely, in case the outstanding shares of Common Stock are combined into a

smaller number of shares, the Applicable Conversion Price in effect immediately prior to such combination will be proportionately increased.

(10) Reorganization Or Reclassification. If any capital reorganization or reclassification of the capital stock of the Company is effected in such a way that holders of Common Stock will be entitled to receive stock, securities or assets with respect to or in exchange for Common Stock, then, as a condition of such reorganization or reclassification, lawful and adequate provision will be made whereby each holder of a share or shares of Series Preferred will thereupon have the right to receive, upon the basis and upon the terms and subject to the conditions specified herein and in lieu of the shares of Common Stock immediately theretofore receivable upon the conversion of such share or shares of Series Preferred, such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Common Stock equal to the number of shares of such Common Stock immediately theretofore receivable upon such conversion had such reorganization or reclassification not taken place, and in any such case appropriate provisions will be made with respect to the rights and interests of such holder to the end that the provisions hereof (including without limitation provisions for adjustment of the Applicable Conversion Price) will thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter deliverable upon the exercise of such conversion rights.

(11) Notice Of Adjustment. Upon any adjustment of the Applicable Conversion Price, then and in each such case the Company will give written notice thereof, by delivery in person, certified or registered mail, return receipt requested, telecopier or telex, addressed to each holder of shares of Series Preferred at the address of such holder as shown on the books of the Company, which notice will state the Applicable Conversion Price resulting from such adjustment, setting forth in reasonable detail the method upon which such

calculation is based.

(12) Other Notices. In case at any time:

(A) the Company declares any dividend upon its Common Stock payable in cash or stock or makes any other distribution to the holders of its Common Stock;

(B) the Company offers for subscription pro rata to the holders of its Common Stock any additional shares of stock of any class or other rights;

(C) there is any capital reorganization or reclassification of the capital stock of the Company, or a consolidation or merger of the Company with or into another entity or entities, or a sale, lease, abandonment, transfer or other disposition of all or substantially all of the assets of the Company; or

(D) there is a voluntary or involuntary dissolution, liquidation or winding up of the Company;

then, in any one or more of said cases, the Company will give, by delivery in person, certified or registered mail, return receipt requested, telecopier or telex. addressed to each holder of any shares of Series Preferred at the address of such holder as shown on the books of the Company, (a) at least 20 days' prior written notice of the date on which the books of the Company will close or a record will be taken for such dividend, distribution or subscription rights or for determining rights to vote in respect of any such reorganization, reclassification, consolidation, merger, disposition, dissolution, liquidation or winding up and (b) in the case of such reorganization, reclassification, consolidation, merger, disposition, dissolution, liquidation or winding up, at least 20 days' prior written notice of the date when the same will take place. Such notice in accordance with the foregoing clause (a) will also specify, in the case of any such dividend, distribution or subscription rights, the date on which the holders of Common Stock will be entitled thereto and such notice in accordance with the foregoing clause (b) will also specify the date on which the holders of Common Stock will be entitled to exchange their Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, disposition, dissolution, liquidation or winding up, as the case may be.

(13) Stock To Be Reserved. The Company will at all times reserve and keep available out of its authorized Common Stock, solely for the purpose of issuance upon the conversion of Series Preferred as herein provided, such number of shares of Common Stock as are then issuable upon the conversion of outstanding shares of Series Preferred. The Company covenants that all shares of Common Stock that will be so issued will be duly and validly issued and fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof, and, without limiting the generality of the foregoing, the Company covenants that it will from time to time take all such action as may be requisite to assure that the par value per share of the Common Stock is at all times equal to or less than the Applicable Conversion Price in effect at the time. The Company will take all such action as may be necessary to assure that all such shares of Common Stock may be so issued without violation of any applicable law or regulation, or of any requirement of any national securities exchange upon which the Common Stock may be listed. The Company will not take any action that results in any adjustment of the Applicable Conversion Price if the total number of shares of Common Stock issued -and issuable after such action upon conversion of the Series Preferred would exceed the total number of shares of Common Stock then authorized by the Certificate of Incorporation.

(14) No Reissuance Of Series Preferred. Shares of Series Preferred that are converted into shares of Common Stock as provided herein will not be reissued.

(15) Issue Tax. The issuance of certificates for shares of Common Stock upon conversion of Series Preferred will be made without charge to the holders thereof for any such issuance tax in respect thereof, provided that the Company will not be required to pay any tax that may be payable in respect of

any transfer involved in the issuance and delivery of any certificate in a name other than that of the holder of such Series Preferred that is being converted.

(16) Closing Of Books. The Company will at no time close its transfer books against the transfer of any Series Preferred or of any shares of Common Stock issued or issuable upon the conversion of any shares of Series Preferred in any manner that interferes with the timely conversion of such Series Preferred, except as may otherwise be required to comply with applicable securities law.

(17) Definition Of Common Stock. As used in this Section 4.3(e), the term "Common Stock" means the Company's authorized Common Stock, par value $.01 per share, as constituted on the date of the filing of this Amended and Restated Certificate of Incorporation, and will also include any capital stock of any class of the Company thereafter authorized that will neither be limited to a fixed sum or percentage in respect of the rights of the holders thereof to participate in dividends nor entitled to a preference in the distribution of assets upon the voluntary or involuntary liquidation, dissolution or winding up of the Company; provided that the shares of Common Stock receivable upon conversion of the shares of Series Preferred will include only shares designated as Common Stock of the Company on the date of the filing of this instrument, or in case of any reorganization or reclassification of the outstanding shares thereof, the stock, securities or assets provided for in Section 4.3(e)(10).

(18) Mandatory Conversion Of Series Preferred. If at any time the Company effects a firm commitment underwritten public offering of shares of Common Stock, then effective upon the closing of the sale of such shares by the Company pursuant to such public offering, all outstanding shares of Series Preferred, except shares of Series H Preferred, will automatically convert to shares of Common Stock on the basis so forth in this Section 4.3(e). Holders of such shares of Series Preferred so converted may deliver to the Company at its principal office (or such other office or agency of the Company as the Company may designate by notice in writing to such holders) during its usual business hours, the certificate or certificates for the shares so converted. As promptly as practicable thereafter, the Company will issue and deliver to such holder a certificate or certificates for the number of whole shares of Common Stock to which such holder is entitled, together with any cash dividends and payment in lieu of fractional shares to which such holder may be entitled pursuant to Section 4.3(e)(8). Until such time as a holder of shares of Series Preferred surrenders his, her or its certificates, therefor as provided above, such certificates will be deemed to represent the shares of Common Stock to which such holder will be entitled upon the surrender thereof.

(19) Mandatory Conversion Of Series H Preferred. If at any time the Company effects a firm commitment underwritten public offering of shares of Common Stock at a price of at least $3.00 per share (subject to adjustment in the same manner as the Series H Conversion Price is subject to adjustment pursuant to Section 4.3(e)(9)) for gross proceeds of at least $15,000,000, then effective upon the closing of the sale of such shares by the Company pursuant to such public offering, all outstanding shares of Series H Preferred will automatically convert to shares of Common Stock on the basis set forth in this Section 4.3(e). If the Company effects a firm commitment underwritten public offering that does not meet the price and gross proceeds criteria set forth in the preceding sentence, and thereafter the Company

effects, in a transaction approved by the holders of a majority of the voting power of all shares of capital stock entitled to vote thereon voting together as a single class, a consolidation or merger of the Company into or with any other entity or entities that results in the exchange of outstanding shares of the Company for securities or other consideration issued or paid or caused to be issued or paid by any such entity or an affiliate thereof (other than a merger to reincorporate the Company in a different jurisdiction), or the sale, lease or other disposition by the Company of all or substantially all of its assets, then upon the closing of such transaction all outstanding shares of Series H Preferred will automatically convert to shares of Common Stock on the basis set forth in this Section 4.3(e) and the provisions of Section 4.3(d)(3) will not

apply to the Series H Preferred with respect to such transaction. Holders of shares of Series H Preferred converted pursuant to this Section 4.3(e)(19) may deliver to the Company at its principal office (or such other office or agency of the Company as the Company may designate by notice in writing to such holders) during its usual business hours, the certificate or certificates for the shares so converted. As promptly as practicable thereafter, the Company will issue and deliver to such holder a certificate or certificates of the number of whole shares of Common Stock to which such holder is entitled, together with any cash dividends and payment in lieu of fractional shares to which such holder may be entitled pursuant to Section 4.3(e)(8). Until such time as a holder of shares of Series H Preferred surrenders his, her or its certificates therefor as provided above, such certificates will be deemed to represent the shares of Common Stock to which such holder will be entitled upon the surrender thereof.

(f) Conversion Rights Of Series J Preferred. The holders of the Series J Preferred will have the following rights with respect to the conversion of the Series J Preferred into shares of Common Stock:

(1) Conversion Rate. The conversion rate in effect at any time for conversion of the Series J Preferred will be the quotient obtained by dividing the Original Issue Price by the Series J Conversion Price (as defined below). The conversion price for the Series J Preferred (the "Series J Conversion Price") will initially be the Original Issue Price. The Series J Conversion Price will be adjusted from time to time in accordance with this Section 4.3(f). All references to the Series J Conversion Price herein mean the Series J Conversion Price as so adjusted. The number of shares of Common Stock to which a holder of Series J Preferred will be entitled upon conversion will be the product obtained by multiplying the Series J Conversion Rate then in effect by the number of shares of Series J Preferred being converted.

(2) Optional Conversion.

(A) Subject to and in compliance with the provisions of this Section 4.3(f), any shares of Series J Preferred may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock.

(B) Each holder of Series J Preferred who desires to convert the same into shares of Common Stock pursuant to this Section 4.3(f)(2) will surrender the

certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series J Preferred, and will give written notice to the Company at such office that such holder elects to convert the same. Such notice will state the number of shares of Series J Preferred being converted. Thereupon, the Company will promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and will promptly pay in cash or, to the extent sufficient funds are not then legally available therefor, in Common Stock (at the Common Stock's fair market value determined by the Board of Directors as of the date of such conversion), any declared and unpaid dividends on the shares of Series J Preferred being converted. Such conversion will be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series J Preferred to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion will be treated for all purposes as the record holder of such shares of Common Stock on such date.

(3) Automatic Conversion.

(A) Each share of Series J Preferred will automatically be converted into shares of Common Stock (1) at any time upon the affirmative election of the holders of a majority of the then-outstanding shares of the Series J Preferred or (2) immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Company in which (A) the per share price to the public is at least $3.00 (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) and (B) the aggregate cash proceeds to the

Company (after deduction of underwriters' commissions and expenses) are at least $15,000,000 (a "Qualified IPO").

(B) Upon the first occurrence of an event specified in Section 4.3(f)(3)(A), the outstanding shares of Series I Preferred will be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent; provided, however, that the Company will not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series J Preferred are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates (and, if reasonably requested by the Company, obtains a bond therefor). Upon the occurrence of such automatic conversion of the Series J Preferred, the holders of Series J Preferred will surrender the certificates representing such shares at the office of the Company or any transfer agent for the Series J Preferred. Thereupon, there will be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series J Preferred surrendered were convertible on the date on which such automatic conversion

occurred, and any declared and unpaid dividends will be paid in accordance with the provisions of Section 4.3(f)(2)(B).

(4) Adjustment For Stock Splits And Combinations. If the Company at any time or from time to time after the date that the first share of Series J Preferred is issued (the "Original Issue Date") effects a subdivision of the outstanding Common Stock without a corresponding subdivision of the Preferred Stock, the Series J Conversion Price in effect immediately before that subdivision will be proportionately decreased. Conversely, if the Company at any time or from time to time after the Original Issue Date combines the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Preferred Stock, the Series J Conversion Price in effect immediately before the combination will be proportionately increased. Any adjustment under this Section 4.3(f)(4) will become effective at the close of business on the date the subdivision or combination becomes effective.

(5) Adjustment For Common Stock Dividends And Distributions. If the Company at any time or from time to time after the Original Issue Date makes a dividend or other distribution payable in additional shares of Common Stock, in each such event the Series J Conversion Price that is then in effect will be decreased as of the time of such issuance by multiplying the Series J Conversion Price then in effect by a fraction (A) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, and (B) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance.

(6) Adjustments For Other Dividends And Distributions. If the Company at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Company other than shares of Common Stock, in each such event provision will be made so that the holders of the Series J Preferred will receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of other securities of the Company that they would have received had their Series J Preferred been converted into Common Stock on the date of such event and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Section 4.3(f) with respect to the rights of the holders of the Series J Preferred or with respect to such other securities by their terms.

(7) Adjustment For Reclassification, Exchange And Substitution.

If at any time or from time to time after the Original Issue Date the Common Stock issuable upon the conversion of the Series J Preferred is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than an Acquisition or Asset Transfer or a stock dividend, combination, split,

recapitalization or other transaction for which adjustment to the Series J Conversion Price is provided elsewhere in this Section 4.3(f)), in any such event each holder of Series J Preferred will have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such shares of Series J Preferred could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

(8) Reorganizations. If at any time or from time to time after the Original Issue Date there is a capital reorganization of the Common Stock (other than an Acquisition or Asset Transfer or a stock dividend, combination, split, recapitalization or other transaction for which adjustment to the Series J Conversion Rate is provided elsewhere in this Section 4.3(f)), as a part of such capital reorganization, provision will be made so that the holders of the Series J Preferred will thereafter be entitled to receive upon conversion of the Series J Preferred the number of shares of stock or other securities or property of the Company to which a holder of the number of shares of Common Stock deliverable upon conversion would have been entitled on such capital reorganization, subject to adjustment in respect of such stock or securities by the terms thereof. In any such case, appropriate adjustment will be made in the application of the provisions of this Section 4.3(f) with respect to the rights of the holders of Series J Preferred after the capital reorganization to the end that the provisions of this Section 4.3(f) (including adjustment of the Series J Conversion Price then in effect and the number of shares issuable upon conversion of the Series J Preferred) will be applicable after that event and be as nearly equivalent as practicable.

(9) Sale Of Shares Below Series J Conversion Price.

(A) If at any time or from time to time after the Original Issue Date the Company issues or sells, or is deemed by the express provisions of this Section 4.3(f)(9) to have issued or sold, Additional Shares of Common Stock (as hereinafter defined), other than as an Acquisition or Asset Transfer or a stock dividend, combination, split, recapitalization or other transaction for which adjustment to the Series J Conversion Rate is provided elsewhere in this Section 4.3(f), for an Effective Price (as hereinafter defined) less than the then-effective Series J Conversion Price, then and in each such case the then-existing Series J Conversion Price will be reduced, as of the opening of business on the date of such issue or sale, to (1) if such issuance occurs on or prior to the second anniversary of the Original Issue Date, the Effective Price or (2) if such issuance occurs after the second anniversary of the Original Issue date, a price determined by multiplying the then-effective Series J Conversion Price by a fraction (A) the numerator of which will be (i) the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale, plus (ii) the number of shares of Common Stock that the aggregate consideration received (as hereinafter defined) by the Company for the total number of Additional Shares of Common Stock so issued would purchase at such Series J Conversion Price, and (B) the denominator of which will be the number of shares of Common Stock deemed outstanding

immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued. For the purposes of the preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date will be the sum of (1) the number of shares of Common Stock actually outstanding and (2) the number of shares of Common Stock into which the then-outstanding shares of Preferred Stock could be converted if fully converted on the day immediately preceding the given date.

(B) For the purpose of making any adjustment required under this Section 4.3(f)(9), the consideration received by the Company for any issue or sale of securities (1) to the extent it consists of cash, will be computed at the net amount of cash received by the Company after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Company in connection with such issue or sale but without deduction of any expenses payable by the Company, (B) to the extent it consists of property other than cash, will be computed at the fair value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities (as hereinafter defined) or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration that covers both, will be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(C) For the purpose of the adjustment required under this Section 4.3(f)(9), if the Company issues or sells any rights or options for the purchase of, or stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as "Convertible Securities") and if the Effective Price of such Additional Shares of Common Stock is less than the Series J Conversion Price, in each case the Company will be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Company for the issuance of such rights or options or Convertible Securities plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Company upon the exercise of such rights or options, plus, in the case of Convertible Securities, the minimum amounts of consideration, if any, payable to the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) upon the conversion thereof; provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of antidilution or similar protective clauses, the Company will be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence of specified events other than by reason of antidilution adjustments, the Effective Price will be recalculated using the figure to which such minimum

amount of consideration is reduced; provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price will be again recalculated using the increased minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities. No further adjustment of the Series J Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, will be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities will expire without having been exercised, the Series J Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities will be readjusted to the Series J Conversion Price that would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights or options or rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company upon such exercise, plus the consideration, if any, actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Company (other than by cancellation of liabilities or

obligations evidenced by such Convertible Securities) on the conversion of such Convertible Securities, provided that such readjustment will not apply to prior conversions of Series J Preferred.

(D) "Additional Shares of Common Stock" means all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 4.3(f)(9), whether or not subsequently reacquired or retired by the Company other than (1) shares of Common Stock issued upon conversion of the Preferred Stock; (2) up to 1,582,343 shares of Common Stock and/or options or other Common Stock purchase rights, and the Common Stock issued pursuant to such options or other rights (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) issued after the Original Issue Date to employees, officers or directors of or consultants or advisors to the Company or any subsidiary pursuant to a stock option plan that is approved unanimously by the Board of Directors (the "Option Plan"); (3) shares of Common Stock issued pursuant to the exercise of options, warrants or convertible securities outstanding as of the Original Issue Date; and (4) shares of Common Stock and/or warrants, options or other Common Stock purchase rights, and the Common Stock issued pursuant to such warrants, options or other rights (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) issued after the Original Issue Date pursuant to any equipment leasing arrangement or debt financing approved by the Board of Directors. The "Effective Price" of Additional Shares of Common Stock means the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Section 4.3(f)(9), into the aggregate consideration received, or deemed to have been received by the

Company for such issue under this Section 4.3(f)(9), for such Additional Shares of Common Stock.

(10) Certificate Of Adjustment. In each case of an adjustment or readjustment of the Series J Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series J Preferred, if the Series J Preferred is then convertible pursuant to this Section 4.3(f), the Company, at its expense, will compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and will mail such certificate, by first class mail postage prepaid, to each registered holder of Series J Preferred at the holder's address as shown in the Company's books. The certificate will set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (A) the consideration received or deemed to be received by the Company for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (B) the Series J Conversion Price at the time in effect, (C) the number of Additional Shares of Common Stock and (D) the type and amount, if any, of other property that at the time would be received upon conversion of the Series J Preferred.

(11) Notices Of Record Date. Upon (A) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution or (B) any Acquisition or other capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any merger or consolidation of the Company with or into any other corporation, any Asset Transfer or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company will mail to each holder of Series J Preferred at least 20 days prior to the record date specified therein a notice specifying (X) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (Y) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset, Transfer, dissolution, liquidation or winding up is expected to become effective, and (Z) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) will be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

(12) Fractional Shares. No fractional shares of Common Stock will be issued upon conversion of Series J Preferred. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series J Preferred by a holder thereof will be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Company will, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board of Directors) on the date of conversion.

(13) Reservation Of Stock Issuable Upon Conversion. The Company will at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series J Preferred, such number of its shares of Common Stock as from time to time will be sufficient to effect the conversion of all outstanding shares of the Series J Preferred. If at any time the number of authorized but unissued shares of Common Stock is not sufficient to effect the conversion of all then-outstanding shares of the Series J Preferred, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as will be sufficient for such purpose.

(14) Notices. Any notice required or permitted by the provisions of this Section 4.3(f) will be in writing and will be deemed effectively given: (A) upon personal delivery to the party to be notified, (B) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (C) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (D) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices will be addressed to each holder of record at the address of such holder appearing on the books of the Company.

(15) Payment Of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series J Preferred, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series J Preferred so converted were registered.

(16) No Dilution Or Impairment. Without the consent of the holders of then outstanding Series J Preferred as required under Section 43(c)(3), the Company will not amend its Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or take any other voluntary action for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series J Preferred against dilution or other impairment.

(g) No Reissuance Of Preferred Stock. No share or shares of Preferred Stock acquired by the Company by reason of redemption, purchase, conversion or otherwise will be reissued.

(h) No Preemptive Rights. Stockholders will have no preemptive rights except as granted by the Company pursuant to written agreements.

5. BYLAWS.

The Board of Directors will have the power to adopt, amend or repeal the bylaws of the Company, subject to any consent or approval that may be required by the terms of any Preferred Stock.

6. ELECTIONS.

Election of directors need not be by written ballot unless the bylaws of the Company so provide.

7. LIMITATION ON LIABILITY; INDEMNITY.

7.1 Liability. A director of the Company will not be liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by Delaware law.

7.2 Indemnity.

(a) Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Company or is or was serving at the request of the Company as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, will be indemnified and held harmless by the Company to the fullest extent permitted by Delaware law; provided, however, that the foregoing will not require the Company to indemnify or advance expenses to any person in connection with any action, suit, proceeding, claim or counterclaim initiated by or on behalf of such person. The right to indemnification conferred in this Section 7.2 will include the right to be paid by the Company the expenses incurred in connection with any such proceeding in advance of its disposition to the fullest extent permitted by Delaware law. The right to indemnification conferred in this Section 7.2 will be a contract right. Any person seeking indemnification under this Section 7.2 will be deemed to have met the standard of conduct required for indemnification unless the contrary will be established.

(b) The Company may, by action of its Board of Directors, provide indemnification to such of the employees and agents of the Company to such extent and to such effect as the Board of Directors will determine to be appropriate and permitted by Delaware law.

(c) The Company will have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense,

liability or loss incurred by such person in any such capacity or arising out of his or her status as such, whether or not the Company would have the power to indemnify such person against such liability under Delaware law.

(d) The rights and authority conferred in this Section 7 will not be exclusive of any other right which any person may otherwise have or hereafter acquire.

(e) Neither the amendment nor repeal of this Section 7, nor the adoption of any provision of the Certificate of Incorporation or the bylaws of the Company, nor, to the fullest extent permitted by Delaware law, any modification of law, will eliminate or reduce the effect of this Section 7 in respect of any acts or omissions; occurring prior to such amendment, repeal, adoption or modification.

8. AMENDMENTS.

The Company reserves the right to amend this Certificate of Incorporation in any manner permitted by Delaware law.

D. This Amended and Restated Certificate of Incorporation has been duly approved by the Board of Directors of this Company.

E. This Amended and Restated Certificate of Incorporation has been duly adopted in accordance with the provisions of Sections 228 and 245 of the General Corporation Law of the State of Delaware by the Board of Directors and the

stockholders of the Company. The total number of outstanding shares entitled to vote or act by written consent was 1,081,834 shares of Common Stock, 716 shares of Series B Preferred Stock, 450 shares of Series C Preferred Stock, 344.39 shares of Series E Preferred Stock, 1,000 shares of Series F Preferred Stock, 815.87 shares of Series G Preferred Stock and 400 shares of Series H Preferred Stock. A majority of the outstanding shares of Common Stock and at least 2/3 of the outstanding shares of each outstanding series of Preferred Stock approved this Amended and Restated Certificate of Incorporation by written consent in accordance with Section 228 of the General Corporation Law of the State of Delaware and written notice of such was given by the Company in accordance with said Section 228.

The Company has caused this Amended and Restated Certificate of Incorporation to be signed by the President and the Secretary in _____, Massachusetts, this __ day of September, 1997.

ACCESS RADIOLOGY CORPORATION

By: _____
Scott S. Sheldon
President

Attest:

By: _____
Christine Chung
Secretary

Exhibit C

SCHEDULE OF EXCEPTIONS

Capitalized terms used herein and not otherwise defined have the meanings set forth in the Series J Preferred Stock Purchase Agreement, dated September 30, 1997, to which this Schedule of Exceptions is attached as Exhibit C. Disclosure of any matter in any item of this Schedule is deemed to be disclosure of such matter for purposes of all items with respect to which such matter is required to be disclosed. Disclosure of any matter in this Schedule does not, by implication or otherwise, indicate that such matter is material. Copies or forms of all of the documents listed or described below have been provided to Cooley Godward LLP and any summary below is qualified by reference to such documents.

2.5(c) A list of the Company's shareholders has been provided to Cooley Godward LLP.

2.5(d) The Company has issued a certificate for five shares of Series C Preferred Stock to Joseph Tortorici, a holder who in fact subscribed and paid for four shares. The Company is in the process of contacting Mr. Tortorici to correct this error.

2.5(e) The Company has outstanding warrants to purchase 255,482 shares of Common Stock under various warrants issued in connection with private placements of the Company's equity securities. The Company also has outstanding an aggregate principal amount of $1,500,000 of Convertible Subordinated Notes (the "Notes") that are expected to be converted into Series J Preferred Stock on a dollar for dollar basis simultaneously with the Closing, and warrants to purchase an additional 409,091 shares of Series J Preferred Stock at an exercise price of $1.10 per share (the "Bridge Warrants"). The Bridge Warrants entitle

the holders of the Bridge Warrants, until June 30, 2002, to purchase from the Company that amount of securities of the type issued in the Equity Financing having an aggregate purchase price in the Equity Financing of $450,000. 10 for an aggregate exercise price of $450,000.10.

The Notes bear interest at the rate of 6% per annum, from the date of issuance. If at any time prior to October 31, 1997, the Company completes an Equity Financing (which for purposes of the Notes will be the sale of the Company's Series J Preferred Stock pursuant to the Purchase Agreement), each Note, effective on the closing of the Equity Financing, automatically converts into the amount of securities that a purchaser in the Equity Financing would receive upon payment of a purchase price equal to the outstanding principal and accrued interest of such Note.

Attached hereto as Exhibit C-1 are Post-Closing Capitalization Tables of the Company which show the fully diluted Common Stock equivalent holdings of its stockholders, assuming a $7,500,000 Series J Preferred Stock financing.

2.7 Contracts:

1. Vendor Program Agreement, dated as of September 5, 1996, between the Company and DVI Financial Services, Inc.

2. Master Lease Agreement, dated as of January 19, 1996 (renewed as of August 18, 1997), between the Company and LTI Ventures Leasing Corp.

3. Loan Agreement, dated as of May 16, 1997, between the Company and Fleet National Bank, and related documentation.

4. OEM Development Software Agreement, dated as of November 9, 1995 and amended May 20, 1997, between the Company and Mitra Imaging Incorporated.

5. Software Development and Licensing Agreement, dated as of May 30, 1997, between the Company and AWARE, Inc.

6. Amended and Restated Reseller Agreement, dated as of May 30, 1997, between the Company and ISG Technologies, Inc.

7. Sublease Agreement, dated as of April 1, 1996, between the Company and The Future Now, Inc. (principal office and manufacturing facility).

8. Purchase Agreement, dated as of September 1, 1996, between the Company and Lockheed Martin Medical Imaging Systems, Inc. (Note: The business of Lockheed Martin Medical Imaging Systems, Inc. was recently acquired by general Electric. The counterparty is now GE Medical Systems.)

9. Employment Agreement, dated as of August 28, 1997, between the Company and Scott Sheldon.

10. Employment Agreement, dated as of August 28, 1997, between the Company and Philip Holberton.

11. Employment Agreement, dated as of August 28, 1997, between the Company and Howard Pinsky.

12. Employment Agreement, dated as of August 28, 1997, between the Company and Diagnostic Imaging, Inc.

13. Various confidentiality agreements with industry participants, the form of which has been provided to Cooley Godward UP.

14. Stock option agreements with directors, employees and members of the Medical and Technical Advisory Board.

2.8 Mr. Gary Sadow, a member of the Company's Medical and Technical Advisory Board to whom stock options ha ve been granted, is an officer of Sterling Diagnostic Imaging, Inc. ("Sterling"). The Company and Sterling have entered into a letter of intent regarding the resale by Sterling of ACCESS

products. Mr. Sadow participated in the negotiation of definitive contractual documentation.

The Company was not in compliance with certain of the financial covenants contained in the Fleet Loan documentation as of June 30, 1997. The Company has obtained a written waiver from Fleet Bank. The Company expects that the conditions giving rise to this non-compliance will be cured by the closing of the financial contemplated by the Series J Preferred Stock Purchase Agreement referenced above.

2.12 The Company received a letter dated June 19, 1996 from counsel to American Telemedicine International ("ATI"), written on behalf of ATI and Massachusetts General Hospital ("MGH"). This letter states that ATI is "associated . . . through merger" with RSTAR, Inc. ("RSTAR"), which is a former employer of Howard Pinsky, an executive of the Company. The June 19th letter asserts that U.S. Patent No. 5,469,353, issued to Mr. Pinsky and others and assigned to the Company, is derived from proprietary information and trade secrets of NIGH and RSTAR, has been improperly assigned and is currently unenforceable due to incorrect ownership. The letter demands assignment of the patent to ATI and the addition of a current ATI employee as an inventor. The June 19th letter asserts that Mr. Pinsky had misappropriated proprietary information and trade secrets relevant to the patent that were provided to him while working for RSTAR. Counsel to ATI also made claims against Mr. Pinsky in a separate letter addressed to Mr. Pinsky personally. The Company has agreed to indemnify Mr. Pinsky against claims made against him in connection with this dispute.

The June 19th letter contained an offer to make documentation supporting the claims of RSTAR and NIGH available to the Company. In a responsive letter dated July 3, 1996, patent counsel to the Company (Lahive & Cockfield) stated that a preliminary investigation indicated that the assertions of the June 19th letter were incorrect, and requested copies of the offered documentation. In a subsequent letter dated July 31, counsel to ATI stated that deliver of such documentation would be conditioned on execution by the Company of an enclosed "Confidential disclosure Agreement", the terms of which are unacceptable to the Company. The July 31 letter also requested that ATI receive documentation relevant to the patent from the Company. In a further response dated August 21, counsel to the Company stated that the agreement proposed by ATI was not acceptable, that in any event no confidentiality agreement should be required for disclosure of material now included in an issued patent, and that the Company was not prepared to deliver any material to ATI prior to receiving some substantiation of ATI's claims. The August 21 letter further stated the belief of ACCESS that the claims of ATI and MGH are without merit.

Subsequent to August 21, 1996, counsel to the Company and counsel to ATI exchanged further letters and telephone calls regarding the terms on which ATI would be willing to make

material supporting ATI's claims available to the Company. No resolution to this matter was reached, and ATI and its counsel have not communicated with the Company or its counsel since December 19, 1996, the date of the last letter that counsel to the Company sent to counsel to ATI on this matter.

The Company believes that the claims of ATI and NIGH are without merit and intends to contest them vigorously.

2.15 Fleet National Bank has a security interest in substantially all of the Company's assets to secure loans outstanding under the Loan Agreement referred to in Item 2.7.3.

2.16 Reference is made to the matters disclosed in items 2.7 and 2.12.

2.17(a) The Company issued $1,500,000 in principal amount of Convertible Subordinated Notes, together with warrants to purchase 409,091 shares of Series J Preferred Stock, in June 1997.

The Company entered into a lease with Hartwell Group LLC for 25,404 square feet in Lexington, Massachusetts on September 26, 1997.

Reference is made to all other matters disclosed in response to Section 2.17.

2.17(b) The Company is a party to a Vendor Program Agreement with DVI Financial Services, Inc. ("DVI"), under which DVI had committed to provide financing to qualified customers for the purchase of ACCESS products. The Company has recently been informed that the business unit of DVI that provided this financing has been discontinued, and that DVI is therefore no longer in a position to continue the arrangements contemplated by the Vendor Program Agreement. The Company does not plan to take any action with respect to this matter.

GE Medical Systems is a business unit of General Electric that succeeded through an asset purchase to the business of Lockheed Martin Medical Imaging ("LMMIS") and the Purchase Agreement between the Company and LMMIS. GE Medical Systems has informed the Company that, as a matter of policy, GE Medical Systems will not honor certain provisions of the LMMIS contract calling for rebates of discounts granted by the Company if volume purchase targets are not met. The Company and GE Medical Systems are in the process of amending the LMMIS contract to, among other things, eliminate these rebates.

The Company has forgiven a loan of $10,000 to Dan Trott (Vice President of Sales and Marketing).

2.17(f) The Company has entered into employment contracts with Scott Sheldon and Philip Holberton since June 30, 1997 (see item 2.7).

2.18(h) Michael Schmertzler resigned as Chairman of the Board in July 1997.

2.19 Reference is made to Item 2.7.

2.20 The Company believes it is late in filing some of its state sales tax returns. The Company does not believe that these filings will have a Material Adverse Effect.

Exhibit D

See Exhibit 10.3 filed with this Registration Statement.

EXHIBIT 10.5

ACCESS RADIOLOGY CORPORATION
SECURITIES PURCHASE AGREEMENT

THIS Securities PURCHASE AGREEMENT (this "Agreement") is made as of July 28, 1998 by and between ACCESS RADIOLOGY CORPORATION, a Delaware corporation (the "Company"), and each of the persons and entities listed on the signature pages hereof (individually, an "Investor" and collectively, the "Investors").

The parties agree as follows:

1. PURCHASE AND SALE OF Securities.

Sale and Issuance of Securities.

(a) The Company has filed with the Secretary of State of the State of Delaware a Certificate of Designations, Preferences and Relative, Participating, Optional or Other Special Rights of the Series K Preferred Stock in the form attached hereto as Exhibit A (the "Certificate of Designation").

(b) On the terms of this Agreement, each Investor agrees to purchase, if the Company delivers a Drawdown Notice as provided in Section 1.2(a), shares of the Company's Series K Preferred Stock at a purchase price determined pursuant to subsection (c) below. Each Investor agrees to purchase a number of shares of the Company's Series K Preferred Stock equal to the amount of the commitment (the "Commitment") set forth opposite each Investor's name on the signature pages hereof divided by the Series K Purchase Price as defined in subsection (c) below (rounded downward to the nearest whole share). The Series K Preferred Stock will have the rights, privileges, and restrictions set forth in the Certificate of Designation and the Company's Certificate of Incorporation. The obligations of the Investors under this Agreement are several and not joint.

(c) If a Drawdown Notice is delivered on or before December 31, 1998, the Series K Purchase Price will be $1.40 per share. If a Drawdown Notice is delivered after December 31, 1998, the Series K Purchase Price will be $1.50 per share.

(d) Upon the execution of this Agreement, the Company is delivering to each Investor a warrant in the form of Exhibit B (each a "Warrant" and collectively the "Warrants") to purchase a number of shares of Common Stock of the Company equal to such Investor's Commitment multiplied by 290/1500 (rounded downward to the nearest whole share).

Closing.

(a) At any time on or after the date hereof and on or before March 31, 1999, the Company may deliver to each Investor a notice (the "Drawdown

Notice") stating that the Company has irrevocably elected to sell all of the shares of Series K Preferred Stock subject to this Agreement to the Investors. The closing of the purchase and sale of the Series K Preferred Stock (the "Closing") will take place at the principal offices of the Company at 10:00 a.m. (or at such other location and time of day as shall be agreed to by all of the parties hereto) on the date that is 45 calendar days after the date of the Drawdown Notice (or, if such 45th day is not a business day, on the next succeeding business day, or any other date agreed to by all of the parties hereto). If any Investor or Investors shall default on their obligations to purchase Series K Preferred Stock at the Closing, all other Investors shall nonetheless remain obligated to proceed with the Closing and to purchase Series K Preferred Stock as set forth herein. If any Investor or Investors shall default on their obligations to purchase Series K Preferred Stock at the Closing, the Company shall promptly notify the non-defaulting Investors, each of whom shall then have the option to take up and pay for (on the terms set forth in this Agreement) all or part of such non-defaulting Investor's pro-rata share (based upon the Commitments of all of the non-defaulting Investors) of the shares of Series K Preferred Stock that the defaulting Investor or Investors have failed to purchase.

(b) At the Closing, the Company will deliver to each Investor a certificate representing the shares of Series K Preferred Stock that such Investor is purchasing at Closing against payment of the purchase price therefore by check or wire transfer to be made at the Closing by each Investor.

1. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company hereby represents and warrants to each Investor as of the date of this Agreement that, except as set forth on the schedule of exceptions attached as Exhibit C (the "Schedule of Exceptions"):

2.1 Organization; Good Standing; Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified and authorized to transact business and is in good standing as a foreign corporation in each jurisdiction in which the failure so to qualify would have a material adverse effect on business, properties or financial condition of the Company (a "Material Adverse Effect"). The Company has all requisite corporate power and authority to own and operate its properties and assets and to carry on its business as now conducted and as now proposed to be conducted. The Company has all requisite corporate power and authority to execute and deliver the Registration Rights Agreement in substantially the form attached hereto as Exhibit D (the "Registration Rights Agreement"), to issue and sell the Series K Preferred Stock and the Warrants pursuant to this Agreement and the Common Stock (as defined in Section 2.5) issuable upon conversion or exercise thereof (as the case may be) and to carry out the provisions of this Agreement, the Warrants, the Registration Rights Agreement and the Certificate of Designation.

2.2 Authorization. All corporate action on the part of the Company and its officers, directors and stockholders for the authorization, execution and delivery of this Agreement, the Warrants and the Registration Rights Agreement, the performance of all of the obligations of the Company hereunder and thereunder and the authorization, issuance (or reservation for issuance), sale and delivery of the Series K Preferred Stock and the Warrants issued or issuable hereunder and the Common Stock issuable upon conversion or exercise thereof (as the case may be) has been taken or will be taken prior to the Closing. This Agreement, the Warrants and the Registration Rights Agreement, when executed and delivered, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their respective terms, except as limited by applicable bankruptcy, reorganization, insolvency or other laws affecting creditors' rights generally or by general principles of equity.

2.3 Valid Issuance Of Preferred And Common Stock. The Series K Preferred Stock to be purchased by the Investors hereunder, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and nonassessable and will be free of restrictions on transfer other than restrictions on transfer under this Agreement and the Registration Rights Agreement and under applicable state and federal securities laws. The Common Stock issuable upon conversion or exercise (as the case may be) of the Series K Preferred Stock and the Warrants issued or issuable under this Agreement will have been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Company's Certificate of Incorporation, will be duly and validly issued, fully paid and nonassessable and will be free of restrictions on transfer other than restrictions on transfer under this Agreement and the Registration Rights Agreement and under applicable state and federal securities laws.

2.4 Governmental Consents. No consent, approval, qualification, order or authorization of or filing with any local, state or federal governmental authority is required on the part of the Company for the execution, delivery or performance of this Agreement, the Warrants or the Registration Rights Agreement, and the offer, sale or issuance of the Series K Preferred Stock and the Warrants, except (a) the filing of the Certificate of Designation with the Secretary of State of the State of Delaware and (b) such filings as have been made prior to the date of this Agreement, except any notices of sale required to be filed with the Securities and Exchange Commission under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), and such post-closing filings as may be required under applicable state securities laws, all of which will be timely filed within the applicable periods therefor.

2.5 Capitalization And Voting Rights. The authorized capital of the Company consists on the date of this Agreement of:

(a) 35,000,000 shares of common stock, par value $0.01 per share ("Common Stock"), of which 1,056,698 shares are issued and outstanding.

(b) 15,000,000 shares of Preferred Stock, par value $0.01 per share ("Preferred Stock"): (1) 716 of which have been designated as Series B Preferred Stock (all of which are issued and outstanding); (2) 450 of which have been designated as Series C Preferred Stock (all of which are issued and outstanding); (3) 345 of which have been designated as Series E Preferred Stock (344.39 of which are issued and outstanding); (4) 1,000 of which have been designated as Series F Preferred Stock (all of which are issued and outstanding); (5) 816 of which have been designated as Series G Preferred Stock (815.87 of which are issued and outstanding); (6) 400 of which have been designated as Series H Preferred Stock (all of which are issued and outstanding); (7) 8,140,000 of which have been designated as Series J Preferred Stock (7,730,909 of which are issued and outstanding); and (8) 1,785,800 have been designated as Series K Preferred Stock (none of which are issued and outstanding).

(c) The capitalization table attached to the Schedule of Exceptions is accurate.

(d) The outstanding shares of Common Stock and Preferred Stock have been duly authorized and validly issued, are fully paid and nonassessable and were issued in accordance with the registration or qualification provisions of the Securities Act and any relevant state securities laws or pursuant to valid exemptions therefrom.

(e) Except for (1) this Agreement, (2) the conversion privileges of the Preferred Stock, (3) the Investors Rights Agreement dated as of September 30, 1997 among the Company and certain holders of the Company's Series J Preferred Stock, (4) currently outstanding options to purchase 2,334,706 shares of Common Stock granted to employees pursuant to the Company's 1994 Stock Plan (the "Option Plan") and currently outstanding options to purchase 52,898 shares of Common Stock granted to employees outside of the Option Plan, (5) warrants to purchase 255,482 shares of Common Stock (not including the Warrants) granted in connection with private placements of the Company's securities, and (6) warrants to purchase 409,091 shares of Series J Preferred Stock, there are not outstanding any options, warrants, rights (including conversion or preemptive rights and rights of first refusal), proxy or stockholder agreements or agreements of any kind for the purchase or acquisition from the Company of any of its securities. In addition to the aforementioned options, the company has reserved an additional 412,596 shares of Common Stock for purchase upon exercise of options to be granted in the future under the Option Plan. The Company is not a party or subject to any agreement or understanding, and to the Company's knowledge there is no agreement or understanding between any other persons, that affects or relates to the voting or giving of written consents with respect to any security of the Company or the voting by a director of the Company.

2.6 Subsidiaries. The Company does not own or control, directly or indirectly, any interest in any other business entity. The Company is not a participant in any joint venture, partnership or similar arrangement.

2.7 Contracts And Other Commitments. The Company is not bound by any contract, agreement, lease or commitment, written or oral, absolute or contingent, other than (a) contracts for the purchase or license of supplies, software and services that were entered into in the ordinary course of business that do not extend for more than one year from the date hereof, (b) sales contracts entered into the ordinary course of business and (c) contracts terminable at will by the Company on no more than 30 days' notice without cost or liability to the Company. For the purpose of this Section 2.7, employment and consulting contracts, contracts with labor unions, license agreements and any other agreements relating to the acquisition or disposition of Intangibles (as defined in Section 2.18) other than standard end-user license agreements will not be considered to be contracts entered into the ordinary course of business.

2.8 Related Party Transactions. No employee, officer, consultant, stockholder or director of the Company or member of his or her immediate family is indebted to the Company, nor is the Company indebted (or committed to make loans or extend or guarantee credit) to any of them, other than for (a) payment of salary for services rendered, (b) reimbursement for reasonable expenses incurred on behalf of the Company and (c) other standard employee benefits made generally available to all employees (including stock option agreements outstanding under the Option Plan). To the Company's knowledge, no officer, director, or employee of the Company or any member of his or her immediate family is, directly or indirectly, interested in any material contract with the Company (other than such contracts as relate to any such person's employment with the Company or ownership of capital stock or other securities of the Company).

2.9 Registration Rights. Except as provided in (1) the Investors Rights Agreement dated as of September 30, 1997 among the Company and certain holders of the Company's Series J Preferred Stock, and (2) Registration Rights Agreements in substantially the form of the Registration Rights Agreement attached hereto as Exhibit D, the Company is not under any obligation and has not granted any rights to register under the Securities Act any of its outstanding securities or any of its securities that may subsequently be issued.

2.10 Clearances, Approvals, Etc. The Company has all the clearances, approvals, franchises, permits, licenses and any similar authority including, without limitation, all approvals and clearances from the U.S. Food and Drug Administration, the absence of which would have a Material Adverse Effect, and the Company believes it can obtain, without undue burden or expense, any similar authority the absence of which would have a Material Adverse Effect with respect to the business of the Company as now proposed to be conducted. The Company is not in default in any material respect under any of such franchises, permits, licenses or other similar authority.

2.11 Compliance With Other Instruments. The Company is not in violation or default of (a) any provision of its certificate of incorporation or bylaws, (b) any provision of any mortgage, indenture, agreement, instrument or contract to which it is a party or by which

it is bound or (c) to the best of the Company's knowledge, any judgment, order, writ, decree, statute, rule, regulation or restriction applicable to it including, without limitation, the U.S. Federal Food, Drug and Cosmetic Act, as amended, and regulations promulgated thereunder, which default or violation has had or could reasonably be expected to have a Material Adverse Effect. The execution, delivery and performance by the Company of this Agreement, the Warrants and the Registration Rights Agreement and the consummation of the transactions contemplated hereby and thereby will not result in any such violation or be in material conflict with or constitute, with or without the passage of time or giving of notice, either a material default under any such provision or an event that results in the creation of any material lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture or nonrenewal of any material franchise, permit, license or similar authority applicable to the Company, its business, operations or any of its material assets or properties.

2.12 Litigation. There is no action, suit proceeding or investigation pending or, to the Company's knowledge, currently threatened against the Company that questions the validity of this Agreement, the Warrants or the Registration Rights Agreement or the right of the Company to enter into such agreements, or to consummate the transactions contemplated hereby or thereby, or that might result, either individually or in the aggregate, in a Material Adverse Effect or in any change in the current equity ownership of the Company. The Company is not a party to or, to its knowledge, named in or subject to any material order, writ, injunction, judgment or decree of any court, government agency or instrumentality. There is no action, suit, proceeding or investigation by the Company currently pending or that the Company currently intends to initiate.

2.13 Disclosure. The Company has provided each Investor with all information reasonably available to it without undue expense that such Investor has requested in writing for deciding whether to purchase the Series K Preferred Stock.

2.14 Offering. Subject in part to the truth and accuracy of each Investor's representations set forth in this Agreement, the offer, sale and issuance of the Series K Preferred Stock and the Warrants as contemplated by this Agreement are exempt from the registration requirements of the Securities Act, and neither the Company nor any authorized agent acting on its behalf will take action hereafter that would cause the loss of such exemption.

2.15 Title To Property And Assets; Leases. Except for (a) liens reflected in the Financial Statements (as defined in Section 2.16), (b) liens for current taxes not yet due or payable, (c) liens imposed by law and incurred in the ordinary course of business for obligations not past due to carriers, warehousemen, laborers, materialmen and the like, (d) liens in respect of pledges or deposits under workers' compensation laws or similar legislation, (e) liens securing money borrowed from a bank or other financial institution, or (f)

minor defects in title, the Company has good and marketable title to its property and assets free and

clear of all material mortgages, liens, claims and encumbrances. With respect to the property and assets it leases, the Company is in compliance with such leases in all material respects and, to the Company's knowledge, hold a valid leasehold interest free of any mortgages, liens, claims or encumbrances, subject to clauses (a)-(f) above.

2.16 Financial Statements. The Company has delivered to each Investor its audited financial statements (balance sheet and profit and loss statement, statement of stockholder's equity and statement of cash flows including notes thereto) at December 31, 1997 and for the fiscal year then ended and its unaudited financial statements (balance sheet and profit and loss statement and statement of cash flows) at March 31, 1998 and for the three months then ended (the "Financial Statements"). The Financial Statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods indicated, except that the unaudited Financial Statements omit notes thereto required by generally accepted accounting principles. The Financial Statements fairly represent the financial condition and operating results of the Company as of the dates and for the periods indicated therein (subject in the case of unaudited financial statements to normal year end adjustments). Except as set forth in the Financial Statements, the Company has no material liabilities, contingent or otherwise, other than (a) liabilities incurred in the ordinary course of business subsequent to March 31, 1998 and (b) obligations under contracts and commitments not required under generally accepted accounting principles to be reflected in the Financial Statements that in both cases, individually or in the aggregate, are not material to the business, properties or financial condition of the Company. Except as disclosed in the Financial Statements, the Company is not a guarantor or indemnitor of any indebtedness of any other person or entity. The Company maintains a standard system of accounting established and administered in accordance with generally accepted accounting principles.

2.17 Changes. Since March 31, 1998 there has not been:

(a) any change in the assets, liabilities, financial condition or operating results of the Company from that reflected in the Financial Statements, except changes in the ordinary course of business that have not had a Material Adverse Effect;

(b) any damage, destruction or loss, whether or not covered by insurance, that could reasonably be expected to have a Material Adverse Effect;

(c) any waiver of compromise by the Company of a valuable right or a material debt owed to it, other than in the ordinary course of business;

(d) any satisfaction or discharge of any lien, claim or encumbrance or

payment of any obligation by the Company, except to the extent such satisfaction or discharge will not have a Material Adverse Effect;

(e) any material change to a material contract or arrangement by which the Company or any of its assets is bound or subject;

(f) any material change in any compensation arrangement or agreement with any officer, consultant, director or stockholder of the Company or any of its Subsidiaries;

(g) any sale, assignment or transfer of any material Intangibles of the Company or any of its Subsidiaries, other than in the ordinary course of business;

(h) any resignation or termination of employment of any key employee or key consultant of the Company or any of its Subsidiaries;

(i) any mortgage, lien, claim encumbrance, pledge or security interest created by the Company with respect to any of its material properties or assets, except liens for taxes not yet due or payable and liens securing debt for money borrowed to a bank or other financial institution;

(j) any declaration, setting aside or payment of any dividend or other distribution of the Company's capital stock, or any direct or indirect redemption, purchase or other acquisition of any of such stock by the Company;

(k) to the Company's knowledge, any other event or condition of any character that could reasonably be expected to have a Material Adverse Effect; or

(l) any agreement or commitment by the Company or any of its Subsidiaries to do any of the things described in this Section 2.17.

2.18 Intangibles. To the best of its knowledge, the Company owns or possesses sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and proprietary rights and processes (collectively, "Intangibles") necessary for its business as now conducted and as now proposed to be conducted without any conflict with or infringement of the rights of others. Except for end-user license agreements, confidentiality agreements, and licenses set forth in Section 2.18 of the Schedule of Exceptions (the "Material Licenses"), there are no outstanding options, licenses or agreements of any kind relating to the foregoing, nor is the Company bound by or party to any options, licenses or agreements of any kind with respect to the Intangibles of any other person or entity. To the Company's knowledge, each Material License is valid and in full force and effect, and is enforceable by the Company in accordance with its terms. To the Company's knowledge, no person or entity has materially violated or breached, or declared or committed any default under, any Material License. To the Company's

knowledge, no event has occurred, and no circumstance or condition exists, that could reasonably be expected to (with or without notice or lapse of time) (a) result in a material violation or breach of any of the provisions of any Material License, (b) give any person or entity the right to declare a default or exercise any

remedy under any Material License, (c) give any person or entity the right to accelerate the maturity or performance of any Material License or (d) give any person or entity the right to cancel, terminate or modify any Material License. Neither the Company nor any of its Subsidiaries has received any communications alleging that the Company or any of its Subsidiaries has violated or breached any provision of a Material License or misappropriated or by conducting its business as proposed would misappropriate any of the Intangibles of any other person or entity.

2.19 Employees; Employee Compensation. To the Company's knowledge, there is no strike, labor dispute or union or union organization activities pending or threatened between the Company and any of its employees. None of the employees of the Company belongs to any union or collective bargaining unit. To the Company's knowledge, the Company has complied in all material respects with all applicable state and federal equal opportunity and other laws related to employment. To the Company's knowledge, no employee of the Company is or will be in violation of any judgment, decree or order, or any term of any employment contract, patent disclosure agreement or other contract or agreement relating to the relationship of any such employee with the Company, or any other party because of the nature of the business conducted or presently proposed to be conducted by the Company or to the use by the employee of his or her best efforts with respect to such business. Neither the execution nor delivery of this Agreement or the Registration Rights Agreement nor the carrying on of business of the Company nor the conduct of such business as proposed will, to the Company's knowledge, conflict with or result in a breach of terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any such employee is now obligated. The Company is not a party to or bound by any currently effective employment contract, deferred compensation agreement, bonus plan, incentive plan (other than the Option Plan), profit sharing plan, retirement agreement or other employee compensation agreement. The Company is not aware that any officer or key employee or consultant, or that any group of key employees or consultants, of the Company intends to terminate their employment or service with the Company, nor does the Company have a present intention to terminate the employment or service of any of the foregoing. Subject to general principles related to wrongful termination of employees, the employment of each employee of the Company or any of its Subsidiaries is terminable at the will of the employer.

2.20 Tax Returns, Payments, And Elections. The Company has timely filed all material tax returns and reports (federal, foreign, state and local) as required by law. These returns and reports are true and correct in all material

respects. The Company has paid all material taxes and other assessments due, except those contested in good faith. The provision for taxes as shown in the Financial Statements is adequate for taxes due or accrued as of the dates thereof. The Company has not elected pursuant to the Internal Revenue Code of 1986, as amended (the "code"), to be treated as an S corporation or a collapsible corporation pursuant to Section 1362(a) or Section 341(f) of the Code, nor has it made any other elections pursuant to Code (other than elections that relate solely to methods of accounting, depreciation, or amortization) that would have a Material Adverse Effect. The Company has

not had any tax deficiency proposed or assessed against it and has not has executed any waiver of any statute of limitations on the assessment or collection of any tax or governmental charge. None of the income tax returns of the Company and none of its state income or franchise tax or sales or use of tax returns has ever been audited by governmental authorities. Since the end of the Company's last fiscal year, the Company has made adequate provisions on its books of account for all taxes, assessments and governmental charges with respect to its business, properties and operations.

2.21 Environmental And Safety Laws. To the Company's knowledge, the Company is not in violation of any applicable statute, law or regulation relating to the environment or occupational health and safety, which violation has had or could reasonably be expected to have a Material Adverse Effect. To the Company's knowledge, no material expenditures are or will be required in order to comply with any such statute, law, or regulation.

3. REPRESENTATIONS AND WARRANTIES OF THE INVESTORS.

Each Investor hereby represents and warrants to the Company as of the date of this Agreement that:

3.1 Authorization. Such Investor has full power and authority to enter into this Agreement and the Registration Rights Agreement, and this Agreement and the Registration Rights Agreement, when executed and delivered, will constitute valid and legally binding obligations of such Investor.

3.2 Purchase Entirely For Own Account. The Series K Preferred Stock and Warrants to be purchased by such Investor and the Common Stock issuable upon conversion or exercise thereof (as the case may be) will be acquired for investment for such Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and such Investor has no present intention of selling, granting any participating in or otherwise distributing the same. Such Investor does not have any contract, undertaking, agreement or arrangement with any person or entity to sell, transfer or grant a participation to any third party with respect to any of such securities.

3.3 Reliance Upon Investors' Representations. Such Investor understands that the Series K Preferred Stock and the Warrants are not, and any Common Stock

acquired on conversion or exercise thereof (as the case may be) may not be, registered under the Securities Act on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the Securities Act pursuant to Section 4(2) thereof, and that the Company's reliance on such exemption is predicated on the Investors' representations set forth herein. Such Investor realizes that the basis for the exemption may not be present if, notwithstanding such representations, the Investor has in mind merely acquiring shares of the Series K Preferred Stock, Warrants, or Common Stock for a fixed or

determinable period in the future, or for a market rise, or for sale if the market does not rise. Such Investor has no such intention.

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

3.5 Investment Experience. Such Investor is experienced in evaluating and investing in private placement transactions of securities of companies in a similar stage of development to the Company and acknowledges that such Investor is able to fend for itself, can bear the economic risk of such Investor's investment and has such knowledge and experience in financial and business matters that such Investor is capable of evaluating the merits and risks of the investment in the Series K Preferred Stock. If other than an individual, such Investor has not been organized for the purpose of acquiring the Series K Preferred Stock.

3.6 Accredited Investor. Such Investor is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

3.7 Restricted Securities. Such Investor understands that the Series K Preferred Stock, the Warrants, and the Common Stock issuable upon conversion or exercise thereof (as the case may be) may not be sold, transferred or otherwise disposed of without registration under the Securities Act or exemption therefrom, and that in the absence of an effective registration statement covering such securities or an available exemption from registration under the Securities Act, such securities must be held indefinitely. In particular, such Investor is aware that such securities may not be sold pursuant to Rule 144 promulgated under the Securities Act unless all of the conditions of that rule

are met. Among the conditions for use of Rule 144 may be the availability of current information to the public about the Company. Such information is not now available and the Company has no present plans to make such information available.

4. DELIVERIES AT SIGNING.

The Company and the Investors have made the following deliveries to each other upon the execution of this Agreement:

4.1 Registration Rights Agreement. The Company and each Investor have executed and delivered the Registration Rights Agreement.

4.2 Officer's Certificate. The President of the Company has delivered to the Investors a certificate, dated as of the date of this Agreement, to the effect that the representations and warranties of the Company contained in this Agreement are true as of the date of this Agreement.

4.3 Secretary's Certificate. The Company has delivered to the Investors a certificate of the Secretary of the Company, dated the date of this Agreement, in form and substance satisfactory to the Investors.

4.4 Good Standing Certificate. The Company has delivered to the Investors a long form good standing certificate with respect to the Company from the State of Delaware dated as of a date not more than seven days prior to the date of this Agreement.

4.5 Opinion of Counsel. Ropes & Gray, counsel to the Company, has delivered to the Investors an opinion of counsel in form and substance satisfactory to Palmer & Dodge LLP.

5. MISCELLANEOUS.

5.1 Governing Law. This Agreement will be governed by and under the laws of the State of Delaware.

5.2 Successors And Assigns. Except as otherwise expressly provided herein, the provisions hereof will inure to the benefit of and be binding upon, the successors, assigns, heirs executors and administrators of the parties hereto.

5.3 Severability. In case any provision of this Agreement is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

5.4 Amendment And Waiver.

(a) Except as otherwise expressly provided, this Agreement may be

amended or modified only upon the written consent of the Company and Investors representing at least 66 2/3% of the Commitments hereunder.

(a)Except as otherwise expressly provided, (1) the obligations of the Company and the rights of the Investors under this Agreement may be waived by any Investor only in writing and for all Investors only with the written consent of Investors representing at least 66 2/3% of the Commitments hereunder, and (2) the obligations of the Investors and the rights

of the Company under this Agreement may be waived only with written consent of the Company.

5.5 Delays Or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party hereto upon any breach, default or noncompliance of any other party under this Agreement will impair any such right, power or remedy, nor will it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party hereto of any breach, default or noncompliance under the Agreement must be in writing and will be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law or otherwise afforded to the parties hereto, will be cumulative and not alternative.

5.6 Notices. All notices required or permitted hereunder will be in writing and will be deemed effectively given: (1) upon personal delivery to the party to be notified, (2) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (3) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (4) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of delivery. All communications will be sent to the party to be notified at the address as set forth on the signature pages hereof or at such other address as such party may designate by 10 days' advance written notice to the other parties hereto.

5.7 Attorneys' Fees. In the event that any dispute among the parties to this Agreement should result in litigation, the prevailing party in such dispute will be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement including, without limitation, reasonable fees and expenses of attorneys and accountants, which will include, without limitation, all fees, costs and expenses of appeals.

5.8 Titles And Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

5.9 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument.

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

5.11 Finder's fees. Each party represents that it neither is nor will be obligated for any finder's fee or commission in connection with this transaction. Each Investor will indemnify and hold harmless the Company from any liability for any commission or compensation in the nature of a finder's fee (and the cost and expenses of defending against such liability or asserted liability) for which the Investor or any of its officers, partners, employees, or representatives is responsible. The Company will indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against liability or asserted liability) for which the Company or any of its officers, employees, or representatives is responsible.

5.12 Expenses. The Company will pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery and performance of this Agreement, and will pay the reasonable fees and expenses of Palmer & Dodge LLP in connection with this Agreement upon presentation of a written statement therefor and up to $2500 of the reasonable fees and expenses of Cooley Godward in connection with this Agreement.

The parties have executed this Agreement as of the date first above written.

ACCESS RADIOLOGY CORPORATION

Signature:_____

Printed Name:_____

Title:_____

NAME OF INVESTOR: Seaflower BioVenture Fund II, LLC

COMMITMENT: $1,600,000.00

Signature:_____

Printed Name: _____

Title:_____

Address For Notices: c/o Seaflower Associates, Inc.
1000 Winter Street, Ste. 1000
Waltham, MA 02451-1248

The parties have executed this Agreement as of the date first above written.

ACCESS RADIOLOGY CORPORATION

Signature:_____

Printed Name:_____

Title:_____

NAME OF INVESTOR: J and L Sherblom Family, LLC

COMMITMENT: $100,000

Signature:_____

Printed Name: _____

Title:_____

Address For Notices: c/o Seaflower Associates, Inc.
1000 Winter Street, Ste. 1000
Waltham, MA 02451-1248

The parties have executed this Agreement as of the date first above written.

ACCESS RADIOLOGY CORPORATION

Signature:_____

Printed Name:_____

Title:_____

NAME OF INVESTOR: Seaflower Health & Technology Fund, LLC

COMMITMENT: $100,000

Signature:_____

Printed Name: _____

Title:_____

Address For Notices: c/o Seaflower Associates, Inc.
1000 Winter Street, Ste. 1000
Waltham, MA 02451-1248

The parties have executed this Agreement as of the date first above written.

ACCESS RADIOLOGY CORPORATION

Signature:_____

Printed Name:_____

Title:_____

NAME OF INVESTOR: Three Arch Bay

COMMITMENT: $500,000

Signature:_____

Printed Name: _____

Title:_____

Address For Notices:

The parties have executed this Agreement as of the date first above written.

ACCESS RADIOLOGY CORPORATION

Signature:_____

Printed Name:_____

Title:_____

NAME OF INVESTOR: Sweetwater Partners

COMMITMENT: $125,000

Signature:_____

Printed Name: _____

Title:_____

Address For Notices:

The parties have executed this Agreement as of the date first above written.

ACCESS RADIOLOGY CORPORATION

Signature:_____

Printed Name:_____

Title:_____

NAME OF INVESTOR: Michael Schmertzler

COMMITMENT: $50,000

Signature:_____

Printed Name: _____

Title:_____

Address For Notices:

The parties have executed this Agreement as of the date first above written.

ACCESS RADIOLOGY CORPORATION

Signature:_____

Printed Name:_____

Title:_____

NAME OF INVESTOR: Paul Felton

COMMITMENT: $25,000

Signature:_____

Printed Name: _____

Title:_____

Address For Notices:

EXHIBIT A

CERTIFICATE OF DESIGNATIONS,
PREFERENCES AND RELATIVE,
PARTICIPATING, OPTIONAL OR OTHER SPECIAL
RIGHTS OF THE SERIES K CONVERTIBLE PREFERRED STOCK
BY RESOLUTION OF THE BOARD OF DIRECTORS

OF

ACCESS RADIOLOGY CORPORATION

Under Section 151 of the
Delaware General Corporation Law

I, Scott S. Sheldon, President of ACCESS Radiology Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Corporation"), in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, DO HEREBY CERTIFY:

That, pursuant to authority conferred upon the Board of Directors by the Certificate of Incorporation, said Board of Directors adopted a resolution dated July 10, 1998, providing for the authorization, designation and issuance of up to 1,785,800 shares of Series K Convertible Preferred Stock, which resolution is as follows:

RESOLVED: That, pursuant to Section 4.2 of the Certificate of Incorporation of the Corporation, as amended, there be and hereby is authorized and created a series of Preferred Stock, hereby designated as the Series K Preferred Stock, to consist of 1,785,800 shares, with a par value of $.01 per share, and that the designations, preferences and relative, participating,

optional or other special rights of the Series K Preferred Stock and the qualifications, limitations or restrictions thereof, be as hereby set forth. The Series K Preferred Stock is hereby designated as "Series Preferred", as that term is defined in the Certificate of Incorporation. Capitalized terms used in this Certificate and not otherwise defined have the meanings specified in the Certificate of Incorporation, as amended from time to time.

Series K Preferred Stock.
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1. Number of Shares. The series of Preferred Stock designated and known as
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"Series K Preferred Stock" shall consist of 1,785,800 shares.

2. Dividend Rights. Whenever the Company declares a dividend on its Common
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Stock, the holders of Series K Preferred Stock will be entitled to receive dividends in an amount equal per share

(on an as-if-converted to Common Stock basis) to the amount paid or set aside for each share of Common Stock. The provisions of this Section 2 will not apply to a dividend payable as Common Stock.

3. Voting Rights.

(a) Except as otherwise provided herein or as required by law, the Series K Preferred Stock will be voted together with the other Series Preferred and the Series J Preferred equally with the shares of Common Stock of the Company, and not as a separate class, at any annual or special meeting of stockholders of the Company, and may act by written consent in the same manner as the Common Stock. In either case, each holder of shares of Series K Preferred Stock will be entitled to such number votes as is equal to the whole number of shares of Common Stock into which such holder's aggregate number of shares of Series K Preferred Stock are convertible pursuant to Section 5 immediately after the close of business on the record date fixed for such meeting or the effective date of such written consent

(b) In addition to any other vote or consent required herein or by law, the vote or written consent of the holders of 2/3 of the outstanding Series J Preferred Stock and the outstanding Series K Preferred Stock, voting together as a single class on an as-if converted to Common Stock basis, will be necessary for effecting or validating the creation or authorization of any additional class or series of shares of stock unless the same ranks junior to, or pari passu with, the Series K Preferred Stock as to the distribution of assets on the liquidation, dissolution or winding up of the Company, or an increase in the authorized amount of any additional class or series of shares of stock unless the same ranks junior to, or pari passu with, the Series K Preferred Stock as to the distribution of assets on the liquidation, dissolution or winding up of the Company, or creation or authorization of any obligation or security convertible

into shares of any class or series of stock unless the same ranks junior to, or pari passu with, the Series K Preferred Stock as to the distribution of assets on the liquidation, dissolution or winding up of the Company, whether any such creation, authorization or increase will be by means of amendment to the Certificate of Incorporation or by merger, consolidation or otherwise. Any action requiring consent pursuant to this clause 3(b) is referred to herein as a "3(b) Consent Event."

(c) In addition to any other vote or consent required herein or by law, the vote or written consent of the holders of 2/3 of the outstanding Series K Preferred Stock, voting together as a single class on an as-if converted to Common Stock basis, will be necessary for effecting or validating the following actions:

(i) Any 3(b) Consent Event, if, and only if, all actions required to be taken under the terms of the Series J Preferred Stock to implement such 3(b) Consent Event have not been taken or consented to by the requisite holders of the outstanding Series J Preferred Stock prior to or concurrently with the consent obtained with respect to such 3(b) Consent Event pursuant to clause (3)(b);

(ii) Except for any 3(b) Consent Event, any amendment, alteration or repeal of the Certificate of Incorporation if the effect would be materially detrimental or adverse in any manner with respect to the rights of the holders of the Series K Preferred Stock;

(iii) Any redemption or other acquisition of any shares of Series K Preferred Stock except pursuant to a purchase offer made pro rata to all holders of the shares of Series K Preferred Stock on the basis of the aggregate number of outstanding shares of such Series Preferred then held by each such holder; or

(iv) Any increase or decrease (other than by conversion) in the authorized number of shares of Series K Preferred Stock.

(d) In addition to any other vote or consent required herein or by law, the vote or written consent of the holders of a majority of the outstanding Series Preferred (including the Series K Preferred Stock) and Series J Preferred, voting together as a single class on an as-if converted to Common stock basis, will be necessary for effecting or validating the following actions:

(i) Any redemption, repurchase, payment of dividends or other distribution with respect to Preferred Stock or Common Stock, except for acquisitions of Preferred Stock or Common Stock by the Company pursuant to and in compliance with agreements that permit the Company to repurchase such shares upon termination of services to the company;

(ii) Any agreement by the Company or its stockholders regarding an

Asset Transfer or Acquisition (each as defined in Section 4(d));

(iii) Any amendment, modification or waiver of the Certificate of Incorporation or Bylaws of the Company relative to the rights, preferences, privileges, restrictions or other matters relating to any series of Preferred Stock;

(iv) Any voluntary dissolution or liquidation of the Company; or

(v) Any issuance of equity securities as compensation to employees, officers, directors or consultants of the Company other than under the Option Plan (as defined in Section 5(j)(v)).

4. Liquidation Preference.

(a) Upon any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, with respect to which the Total Company Valuation (as defined below) is less than $26,000,000, before any distribution or payment is made to the holders of Common Stock, but after the payment of the full liquidation preference of (i) the Series J Preferred and (ii) any Senior Preferred (as defined below), in each case, as set forth in the Certificate of Incorporation, the holders of Series K Preferred Stock will be entitled to be paid out of the assets of the Company, for each

share of Series K Preferred Stock held by them, an amount per share of Series K Preferred Stock equal to the Series K Original Issue Price (as defined below and as adjusted for any stock dividends, combinations, splits, recapitalizations and the like with respect to the Series K Preferred). Such payment shall be made on a pari passu basis with the holders of the other Series Preferred (and any other series of Preferred Stock designated by the Board of Directors as sharing with the Series Preferred an a pari passu basis in the event of a liquidation). Upon payment in full of the liquidation preference specified in this Section 4(a), each share of the Series K Preferred Stock shall, automatically and without further action, be converted into Common Stock at the then effective Conversion Rate (as defined in Section 5(a)), and the Common Stock issuable upon such conversion shall participate in the proceeds of the liquidation of the Company as provided in Section 4(c). Any series of Preferred Stock which is designated as senior to the Series K Preferred Stock with respect to liquidation preferences and the creation or authorization of which was consented to in accordance with clause 3(b) and, if applicable, clause 3(c)(i) is referred to herein as "Senior Preferred."

(b) If the assets to be distributed among the holders of the Series K Preferred Stock, the other Series Preferred (and any other series of Preferred Stock designated by the Board of Directors as sharing with the Series Preferred on a pari passu basis in the event of a liquidation) are insufficient to permit

payment in full to such holders of the amounts distributable pursuant to the Certificate of Incorporation, then such assets will be distributed ratably among such holders of outstanding shares of Series K Preferred Stock, shares of other Series Preferred, and any other series of Preferred Stock designated by the Board of Directors as sharing with the Series Preferred on a pari passu basis in the event of a liquidation.

(c) After the payment of the full liquidation preference of the Series K Preferred Stock and the other Series Preferred, and any liquidation preference of the Series J Preferred pursuant to Section 4.3(d)(1) of the Company's Certificate of Incorporation, the remaining assets of the Company legally available for distribution, if any, will be distributed ratably to the holders of the Common Stock and Series J Preferred on an as-if-converted to Common Stock basis.

(d) The following definitions will apply under this Section 4:

(i) a "liquidation" of the Company will include (without limitation):

(A) any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization own 50% or less of the Company's voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which the Company is a party in which 50% or more of the Company's voting power is transferred unless within ten days after receipt of notice that the event will occur, holders of a majority of the outstanding Series Preferred (including the Series K Preferred Stock), voting together as a single class on an as-if-converted to Common Stock basis, and holders of a majority of the outstanding Series J Preferred elect in writing not to treat such event as a liquidation of the Company (an "Acquisition"); or

(B) a sale, lease or other disposition of all or substantially all of the assets of the Company (an "Asset Transfer").

(ii) "Total Company Valuation" means the aggregate Fair Market Value of the consideration received or to be received by all holders of capital stock of the Company in any liquidation, dissolution or winding up of the Company (including consideration received or to be received through the operation of this Section 4). In the event of an Acquisition involving the transfer of less than all of the capital stock of the Company, the Total Company Valuation will be computed by multiplying the Fair Market Value of the consideration received or to be received by all holders of capital stock of the Company in such transaction by a fraction, the numerator of which is the total number of shares of capital stock of the Company then outstanding (on an as-if-converted to Common Stock basis and assuming the exercise of all outstanding stock options and warrants) and the denominator of which is the number of shares of the

Company's capital stock (on an as-if-converted to Common Stock basis and assuming the exercise of all outstanding stock options and warrants) actually transferred.

(iii) "Fair Market Value" means (A) with respect to consideration consisting of cash, the amount of such cash, (B) with respect to securities that are publicly traded, the average Current Market Price of such securities over the 20 consecutive trading days ending with and including the date prior to the date as of which Fair Market Value is to be determined, and (C) with respect to any other property, the value determined in good faith by the Board of Directors of the Company.

(iv) "Current Market Price" of a security means, for any day, the last reported sale price, or if no sale takes place on such day, the average of the reported closing bid and asked prices, in either case as reported on the New York Stock Exchange Composite Tape or, if such security is not listed or admitted to trading on the New York Stock Exchange, on the principal national securities exchange on which such security is listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, on the Nasdaq National Market or, if such security is not quoted on the Nasdaq National Market, as reported by Nasdaq in the over the counter market or, if not reported by Nasdaq, the average of the bid and asked prices as furnished by any New York Stock Exchange member firm regularly making a market in such security selected for the purpose by the Company's Board of Directors or, if there is no such firm, as determined in good faith by the Company's Board of Directors.

(v) "Series K Original Issue Price" means, with respect to each share of Series K Preferred, the Series K Purchase Price (as defined in the Securities Purchase Agreement dated as of July 28, 1998 among the Company and the Investors named therein).

5. Conversion Rights of Series K Preferred Stock. The holders of the Series K Preferred Stock will have the following rights with respect to the conversion of the Series K Preferred Stock into shares of Common Stock:

(a) Conversion Rate. The Conversion Rate in effect at any time for conversion of the Series K Preferred will be the quotient obtained by dividing the Series K Original Issue Price by Series K Conversion Price (as defined below). The conversion price for the Series K Preferred Stock (the "Series K Conversion Price") will initially be the Series K Original Issue Price. The Series K Conversion Price will be adjusted from time to time in accordance with this Section 5. All references to the Series K Conversion Price herein mean the Series K Conversion Price as so adjusted. The number of shares of Common Stock to which a holder of Series K Preferred Stock will be entitled upon conversion will be the product obtained by multiplying the Series K Conversion Rate then in effect by the number of shares of Series K Preferred Stock being converted.

(b) Optional Conversion.

(i) Subject to and in compliance with the provisions of this Section 5(b), any shares of Series K Preferred Stock may, at the option of the holder, be converted at any time into fully-paid and nonassessable shares of Common Stock.

(ii) Each holder of Series K Preferred Stock who desires to convert the same into shares of Common Stock pursuant to this Section 5(b) will surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series K Preferred Stock, and will give written notice to the Company at such office that such holder elects to convert the same. Such notice will state the number of shares of Series K Preferred Stock being converted. Thereupon, the Company will promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled and will promptly pay in cash or, to the extent sufficient funds are not then legally available therefor, in Common Stock (at the Common Stock's fair market value determined by the Board of Directors as of the date of such conversion), any declared and unpaid dividends on the shares of Series K Preferred Stock being converted. Such conversion will be deemed to have been made at the close of business on the date of such surrender of the certificates representing the shares of Series K Preferred Stock to be converted, and the person entitled to receive the shares of Common Stock issuable upon such conversion will be treated for all purposes as the record holder of such shares of Common Stock on such date.

(c) Automatic Conversion.

(i) Each share of Series K Preferred Stock will automatically be converted into shares of Common Stock (A) at any time upon either of (1) the affirmative election of the holders of a majority of the then-outstanding shares of the Series K Preferred Stock and the then-outstanding shares of Series J Preferred Stock, voting together as a single class on an as-if converted to Common Stock basis; provided, however, that the effectiveness of such election shall be subject to the prior or concurrent conversion of (or irrevocable election to convert) the Series J Preferred Stock pursuant to Section 4.3(f)(3)(A) of the Certificate of Incorporation or (2) the affirmative election of the holders of a majority of the then-outstanding shares of the Series K Preferred Stock, voting together

as a single class on an as-if converted Common Stock basis, or (B) immediately upon the closing of a firmly underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933, as amended, covering the offer and sale of Common Stock for the account of the Company in

which (1) the per share price to the public is at least $3.00 and (2) the aggregate cash proceeds to the Company (after deduction of underwriters' commissions and expenses) are at least $15,000,000 (a "Qualified IPO").

(ii) Upon the first occurrence of an event specified in Section 5(c)(i), the outstanding shares of Series K Preferred Stock will be converted automatically without any further action by the holders of such shares and whether or not the certificates representing such shares are surrendered to the Company or its transfer agent; provided, however, that the Company will not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such conversion unless the certificates evidencing such shares of Series K Preferred Stock are either delivered to the Company or its transfer agent as provided below, or the holder notifies the Company or its transfer agent that such certificates have been lost, stolen or destroyed and executes an agreement satisfactory to the Company to indemnify the Company from any loss incurred by it in connection with such certificates (and, if reasonably requested by the Company, obtains a bond therefor). Upon the occurrence of such automatic conversion of the Series K Preferred Stock, the holders of Series K Preferred Stock will surrender the certificates representing such shares at the office of the company or any transfer agent for the Series K Preferred Stock. Thereupon, there will be issued and delivered to such holder promptly at such office and in its name as shown on such surrendered certificate or certificates, a certificate or certificates for the number of shares of Common Stock into which the shares of Series K Preferred Stock surrendered were convertible on the date on which such automatic conversion occurred, and declared and unpaid dividends will be paid in accordance with the provisions of Section 5(b)(ii).

(d) Adjustment For Stock Splits and Combinations. If the Company at any time from time to time after the date on which this Certificate of Designation is filed (the "Filing Date") effects a subdivision of the outstanding Common Stock without a corresponding subdivision of the Preferred Stock, the Series K Conversion Price in effect immediately before that subdivision will be proportionately decreased. Conversely, if the Company at any time or from time to time after the Filing Date combines the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Preferred Stock, the Series K Conversion Price in effect immediately before the combination will be in proportionately increased. Any adjustment under this Section 5(d) will become effective at the close of business on the date the subdivision or combination becomes effective; provided that if the initial Series K Conversion Price has not yet been determined as of such date, then such adjustment shall be made on the first day that the Series K Conversion Price may be determined.

(e) Adjustment For Common Stock Dividends And Distributions. If the Company at any time or from time to time after the Filing Date makes a dividend or other distribution payable in additional shares of Common Stock, in each such event the Series K Conversion Price that is then in effect will decreased as of the time of such issuance by multiplying the Series K Conversion Price

then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance, and (ii) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance; provided that if the initial Series K Conversion Price has not yet been determined as of date of such issuance, then such adjustment shall be made on the first day that the Series K Conversion Price may be determined.

(f) Adjustments For Other Dividends And Distributions. If the Company at any time or from time to time after the Filing Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in securities of the Company other than shares of Common Stock, in each such event provision will be made so that the holders of the Series K Preferred Stock will receive upon conversion thereof, in addition to the number of shares of Common Stock receivable thereupon, the amount of other securities of the Company that they would have received had their Series K Preferred Stock been converted into Common Stock on the date of such event (giving effect to the Series K Conversion Price in effect on that date or on the first date thereafter that the Series K Conversion Price may be determined) and had they thereafter, during the period from the date of such event to and including the conversion date, retained such securities receivable by them as aforesaid during such period, subject to all other adjustments called for during such period under this Section 5 with respect to rights of the holders of the Series K Preferred Stock or with respect to such other securities by their terms.

(g) Adjustments For Reclassification, Exchange And Substitution. If at any time or from time to time after the Filing Date the Common Stock issuable upon the conversion of the Series K Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than an Acquisition or Asset Transfer or a stock dividend, combination, split, recapitalization or other transaction for which adjustment to the Series K Conversion Price is provided elsewhere in this Section 5), in any such event each holder of Series K Preferred Stock will have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such shares of Series K Preferred Stock could have been converted immediately prior to such recapitalization, reclassification or change (giving effect to the Series Conversion Price in effect at that time or at the first time thereafter that the Series K Conversion Price may be determined), all subject to further adjustment as provided herein or with respect to such securities or property by the terms thereof.

(h) Reorganizations. If at any time or from time to time after the Filing

Date there is a capital reorganization of the Common Stock (other than an Acquisition or Asset Transfer or a stock dividend, combination, split, recapitalization or other transaction for which adjustment to the Series K Conversion Rate is provided elsewhere in this Section 5), as part of such capital reorganization, provision will be made so that the holders of the Series K Preferred Stock will thereafter be entitled to receive upon conversion of the Series K Preferred Stock the number of shares of stock or other securities or property of the Company to which a holder of the number of shares of Common Stock

deliverable upon conversion would have been entitled on such capital reorganization, subject to adjustment in respect of such stock or securities by the terms thereof. In any case, appropriate adjustment will be made in the application of the provisions of this Section 5 with respect to the rights of the holders of Series K Preferred Stock after the capital reorganization to the end that the provisions of this Section 5 (including adjustments of the Series K Conversion Price and the number of shares issuable upon conversion of the Series K Preferred Stock) will be applicable after that event and be as nearly equivalent as practicable.

(j) Sale Of Shares Below Series K Conversion Price.

(i) If at any time or from time to time after the Filing Date and on or prior to September 30, 1999 the Company issues or sells, or is deemed by the express provisions of this Section 5 to have issued or sold, Additional Shares of Common Stock (as hereinafter defined), other than as an Acquisition or Asset Transfer or a stock dividend, combination, split, recapitalization or other transaction for which adjustment to the Series K Conversion Rate is provided elsewhere in this Section 5, for an Effective Price (as hereinafter defined) less than the then-effective Series K Conversion Price, then and in each such case the then-effective Series K Conversion Price will be reduced (if necessary), as of the opening of business on the date of such issue or sale, to be equal to the lesser of the then-effective Series K Conversion Price and the Series K Conversion Price obtained by application of the following expression:

$$CP = \frac{1}{(1/EP - WF)}$$

Where CP is the Series K Conversion Price, EP is the Effective Price (as defined below), and WF is the Warrant Factor (as defined below).

(ii) If at any time or from time to time after September 30, 1999 the Company issues or sells, or is deemed by the express provisions of this Section 5 to have issued or sold, Additional Shares of Common Stock, other than as an Acquisition or Asset Transfer or a stock dividend, combination, split,

recapitalization or other transaction for which adjustment to the Series K Conversion Rate is provided elsewhere in this Section 5, for an Effective Price less than the then-effective Series K Conversion Price, then and in each such case the then-effective Series K Conversion Price will be reduced (if necessary) so that each holder of Series K Preferred Stock shall be entitled to receive upon conversion that number of shares of Common Stock equal to the greater of (X) the number of shares resulting from the application of the then effective Series K Conversion Price and (Y) the number of shares resulting from (A) applying a conversion price determined by multiplying the then-effective Series K Conversion Price by a fraction (q) the numerator of which will be (I) the number of shares of Common Stock deemed outstanding (as defined below) immediately prior to such issue or sale, plus (2) the number of shares of Common Stock that the aggregate consideration received (as hereinafter defined) by the Company for the total number of Additional Shares of Common Stock so issued would be purchase at such Series K Conversion Price, and (r) the denominator of which will be the number of shares of Common Stock deemed

outstanding immediately prior to such issue or sale plus the total number of Additional Shares of Common Stock so issued, and (B) subtracting, from the number of shares obtained by applying the conversion price determined in the forgoing clause (A), a number of shares obtained by multiplying the Warrant Factor by the product of the Series K Original Issue Price and the number of shares of Series K Preferred Stock held by the relevant holder. For the purposes of preceding sentence, the number of shares of Common Stock deemed to be outstanding as of a given date will be the sum of (1) the number of shares of Common Stock actually outstanding and (2) the number of shares of Common Stock into which the then-outstanding shares of Preferred Stock could be converted if fully converted on the day immediately preceding the given date.

(iii) For the purpose of making any adjustment required under this Section 5(j), the consideration received by the Company for any issue or sale of securities (A) to the extent it consists of cash, will be computed at the net amount of cash received by the Company after deduction of any underwriting or similar commissions, compensation or concessions paid or allowed by the Company in connection with such issue or sale but without deduction of any expense payable by the Company, (B) to the extent it consists of property other than cash, will be computed at the fair market value of that property as determined in good faith by the Board of Directors, and (C) if Additional Shares of Common Stock, Convertible Securities (as hereinafter defined) or rights or options to purchase either Additional Shares of Common Stock or Convertible Securities are issued or sold together with other stock or securities or other assets of the Company for a consideration that covers both, will be computed as the portion of the consideration so received that may be reasonably determined in good faith by the Board of Directors to be allocable to such Additional Shares of Common Stock, Convertible Securities or rights or options.

(iv) For the purpose of the adjustment required under this Section 5(j), if the Company issues or sells any rights or options for the purchase of,

or stock or other securities convertible into, Additional Shares of Common Stock (such convertible stock or securities being herein referred to as "Convertible Securities") and if the Effective Price of such Additional Shares of Common Stock is less than the Series K Conversion Price, then in each case the Company will be deemed to have issued at the time of the issuance of such rights or options or Convertible Securities the maximum number of Additional Shares of Common Stock issuable upon exercise or conversion thereof and to have received as consideration for the issuance of such shares an amount equal to the total amount of the consideration, if any, received by the Company for the issuance if such rights or options or Convertible Securities plus, in the case of such rights or options, the minimum amounts of consideration, if any, payable to the Company upon the exercise of such rights or options, plus, in the case of the Convertible Securities, the minimum amounts of consideration, if any, payable to the Company (other than by cancellation of liabilities or obligations evidenced by such Convertible Securities) upon the conversion thereof; provided that if in the case of Convertible Securities the minimum amounts of such consideration cannot be ascertained, but are a function of anti-dilution or similar protective clauses, the Company will be deemed to have received the minimum amounts of consideration without reference to such clauses; provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of rights, options or Convertible Securities is reduced over time or on the occurrence or non-occurrence

of specified events other than by reason of anti-dilution adjustments, the Effective Price will be recalculated using the figure to which such minimum amount of consideration is reduced; provided further that if the minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities is subsequently increased, the Effective Price will be again recalculated using the increased minimum amount of consideration payable to the Company upon the exercise or conversion of such rights, options or Convertible Securities. No further adjustment of the Series K Conversion Price, as adjusted upon the issuance of such rights, options or Convertible Securities, will be made as a result of the actual issuance of Additional Shares of Common Stock on the exercise of any such rights or options or the conversion of any such Convertible Securities. If any such rights or options or the conversion privilege represented by any such Convertible Securities will expire without having been exercised, the Series K Conversion Price as adjusted upon the issuance of such rights, options or Convertible Securities will be adjusted to the Series K Conversion Price that would have been in effect had an adjustment been made on the basis that the only Additional Shares of Common Stock so issued were the Additional Shares of Common Stock, if any, actually issued or sold on the exercise of such rights of conversion of such Convertible Securities, and such Additional Shares of Common Stock, if any, were issued or sold for the consideration actually received by the Company for the granting of all such rights or options, whether or not exercised, plus the consideration received for issuing or selling the Convertible Securities actually converted, plus the consideration, if any, actually received by the Company (other than by cancellation of liabilities or obligations evidenced by

such Convertible Securities) on the conversion of such Convertible Securities, provided that such readjustment will not apply to prior conversions of Series K Preferred Stock.

(v) "Additional Shares of Common Stock" means all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 5(j), whether or not subsequently reacquired or retired by the Company, other than (A) shares of Common Stock issued upon conversion of the Preferred Stock, (B) up to 2,850,000 shares (the "Cap") of the Company's Common Stock and/or options or other Common Stock purchase rights, and the Common Stock issued pursuant to such options or other rights (whether previously or hereafter issued and as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) issued to employees, officers, or directors of or consultants to the Company or any subsidiary pursuant to a stock option plan that is in effect on the Filing Date or that is approved unanimously by the Board of Directors after the Filing Date (the "Option Plan"), provided, however, that if any options or other rights to purchase Common Stock lapse unexercised, such options or rights will not be counted toward the Cap after such lapse; (C) shares of Common Stock issued pursuant to the exercise of options, warrants or convertible securities outstanding as of the Filing Date; (D) shares of Common Stock and/or warrants, options or other rights (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) issued after the Filing Date pursuant to any equipment leasing arrangement or debt financing approved by the Board of Directors; and (E) shares of Common Stock and/or warrants issued or deemed to be issued pursuant to the Securities Purchase Agreement dated as of July __, 1998 among the Company and the Investors named therein, as amended from time to time, and shares of Common Stock issuable upon the exercise of warrants issued or deemed to be issued, pursuant to such Agreement.

(vi) The "Effective Price" of Additional Shares of Common Stock means the quotient determined by dividing the total number of Additional Shares of Common Stock issued or sold, or deemed to have been issued or sold by the Company under this Section 5(j), into the aggregate consideration received, or deemed to have been received by the Company for such issue under this Section 5(j), for such Additional Shares of Common Stock.

(vii) "Warrant Factor" means 0.193333, subject to adjustment as provided herein. In case the Company shall at any time after the Filing Date subdivide (by any stock split, stock dividend or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Warrant Factor in effect immediately prior to such subdivision shall be proportionately increased, and, conversely, in case at any time after the Filing Date the outstanding shares of Common Stock shall be combined into a smaller number of shares, the Warrant Factor in effect immediately prior to such combination shall be proportionately decreased. Each calculation of the Warrant Factor will be made to at least six decimal places.

(k) Certificate of Adjustment. In each case of an adjustment or

readjustment of the Series K Conversion Price for the number of shares of Common Stock or other securities issuable upon conversion of the Series K Preferred Stock, if the Series K Preferred Stock is then convertible pursuant to this Section 5, the Company, at its expense, will compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and will mail such certificate, by first class mail, postage paid, to each registered holder of Series K Preferred Stock at the holder's address as shown in the Company's book's. The certificate will set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (A) the consideration received or deemed to be received by the Company for any Additional Shares of Common Stock issued or sold or deemed to have been issued or sold, (B) the Series K Conversion Price at the time in effect, (C) the number of Additional Shares of Common Stock and (D) the type and amount, if any, of other property that at the time would be received upon conversion of the Series K Preferred Stock.

(l) Notices Of Record Date. Upon (A) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders there of who are entitled to receive any dividend or other distribution or (B) any Acquisition or other capital reorganization of the Company, any reclassification of the capital stock of the Company, any merger or consolidation of the Company with or into any other corporation, any Asset Transfer or voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company will mail to each holder of Series K Preferred Stock at least 20 days prior to the record date specified therein a notice specifying (X) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (Y) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (Z) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) will be entitled

to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

(m) Fractional Shares. No Fractional Shares of Common Stock will be issued upon conversion of Series K Preferred Stock. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series K Preferred Stock by a holder thereof will be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would

result in the issuance of any fractional share, the Company will, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board of Directors) on the date of conversion.

(n) Reservation Of Stock Issuable Upon Conversion. The Company will at all times reserve and keep available out of it's authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series K Preferred Stock, such number of its shares of Common Stock as from time to time will be sufficient to effect the conversion of all outstanding shares of the Series K Preferred Stock. If at any time the number of authorized but unissued shares of Common Stock is not sufficient to effect the conversion of all then-outstanding shares of the Series K Preferred Stock, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as will be sufficient for such purpose.

(o) Notices. Any notice or required or permitted by the provisions of this Section 5 will be in writing and will be deemed effectively given: (A) upon personal delivery to the party to be notified, (B) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business day, (C) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (D) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All notices will be addressed to each holder of record at the address of such holder appearing on the book of the Company.

(p) Payment Of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series K Preferred Stock, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series K Preferred Stock so converted were registered.

(q) No Dilution or Impairment. Without the consent of the holders of then-outstanding Series K Preferred as required under Section 3(b), the Company will not amend its Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or take any other voluntary action for the purpose of avoiding

or seeking to avoid the observance or performance of any of the terms to be

observed or performed hereunder by the Company, but will at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series K Preferred Stock against dilution or other impairment.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, ACCESS Radiology Corporation has caused this Certificate to be signed by Scott S. Sheldon, its President.

ACCESS RADIOLOGY CORPORATION

By:_____
Scott S. Sheldon, President

EXHIBIT B

See Exhibit 10.18 filed with this Registration Statement.

Exhibit C

SCHEDULE OF EXCEPTIONS TO

ACCESS RADIOLOGY CORPORATION

SERIES K SECURITIES PURCHASE AGREEMENT

Capitalized terms used herein and not otherwise defined have the meanings set forth in the Securities Purchase Agreement. Disclosure of any matter in any item of this Schedule is deemed to be disclosure of such matter for purposes of all items with respect to which such matter is required to be disclosed. Disclosure of any matter in this Schedule does not, by implication or otherwise, indicate that such matter is material.

2.5(d) The Company has issued a certificate for five shares of Series C Preferred Stock to Joseph Tortorici, a holder who in fact subscribed and paid for four shares. The Company is in the process of contacting Mr. Tortorici to correct this error.

2.5(e) Certain nominee holders of capital stock of the Company that is beneficially owned by persons resident outside of the United States have granted proxies to an individual representative for purposes of voting on matters submitted to shareholders.

2.7. Contracts:

1. Master Lease Agreement with LTI Ventures Leasing Corp.

2. Loan Agreement and Related Documentation with Fleet National Bank.

3. OEM Development Software Agreement with Mitra Imaging Incorporated.

4. Software Development and Licensing Agreement with AWARE, Inc.

5. Amended and Restated Reseller Agreement with ISG Technologies, Inc.

6.Lease Agreement with Hartwell Group LLC (principal office and manufacturing facility).

7. Purchase Agreement originally with Lockheed Martin Medical Imaging Systems, Inc. (Note: The business of Lockheed Martin Medical Imaging Systems, Inc. has since been acquired by General Electric. The counterparty is now GE Medical Systems.)

8. Employment Agreement with Scott Sheldon.

9. Employment Agreement with Philip Holberton.

10. Employment Agreement with Howard Pinsky.

11. Letter of Intent with Sterling Diagnostic Imaging, Inc.

12. Various confidentiality agreements with industry participants.

13. Stock option agreements with directors, employees and members of the Medical and Technical Advisory Board.

14. Contract Tariff with ATT.

15. Master Software Agreement with Astea International, Inc.

16. Investors Rights Agreement with holders of Series J Preferred Stock.

17. Series J Preferred Stock Purchase Agreement.

18. Equipment Purchase Contract with Lumisys, Inc.

19. Reseller Agreement with IMNET Systems, Inc.

2.8. Mr. Gary Sadow, a member of the Company's Medical and Technical Advisory Board to whom stock options have been granted, is an officer of Sterling Diagnostic Imaging, Inc. ("Sterling"). ACCESS and Sterling have entered into a letter of intent regarding the resale by Sterling of ACCESS products. Mr. Sadow participated in the negotiation of this letter of intent and is expected to participate in the negotiation of definitive contractual documentation.

2.12. American Telemedicine International/ Massachusetts General Hospital.

ACCESS received a letter dated June 19, 1996 from counsel to American Telemedicine International ("ATI"), written on behalf of ATI and Massachusetts General Hospital ("MGH"). This letter states that ATI is "associated...through merger" with RSTAR, Inc. ("RSTAR"), which is a former employer of Howard Pinsky, an executive of ACCESS. The June 19th letter asserts that U.S. Patent No. 5,469,353, issued to Mr. Pinsky and others and assigned to ACCESS, is derived from proprietary information and trade secrets of MGH and RSTAR, has been improperly assigned, and is currently unenforceable due to incorrect ownership. The letter demands assignment of the patent to ATI and the addition of a current ATI employee as an inventor. The June 19th letter asserts that Mr. Pinsky had misappropriated proprietary information and trade secrets relevant to the patent which were provided to him while working for RSTAR. Counsel to ATI also made claims against Mr. Pinsky in a separate letter addressed to Mr. Pinsky personally. ACCESS has agreed to indemnify Mr. Pinsky against claims made against him in connection with this dispute.

The June 19th letter contained an offer to make documentation supporting the claims of RSTAR and MGH available to ACCESS. In a responsive letter dated July 3, 1996, patent counsel to ACCESS (Lahive & Cockfield) stated that a preliminary investigation indicated that the assertions of the June 19th letter were incorrect, and requested copies of the offered documentation. In a subsequent letter dated July 31, counsel to ATI stated that delivery of such documentation would be conditioned on execution by ACCESS of an enclosed "Confidential Disclosure Agreement", the terms of which are unacceptable to ACCESS. The July 31 letter also requested that ATI receive documentation relevant to the patent from ACCESS. In a further response dated August 21, counsel to ACCESS stated that the agreement proposed by ATI was not acceptable, that in any event no confidentiality agreement should be required for disclosure of material now included in an issued patent, and that ACCESS was not prepared to deliver any material to ATI prior to receiving some substantiation of ATI's claims. The August 21 letter further stated the belief of ACCESS that the claims of ATI and MGH are without merit.

Subsequent to August 21, 1996, counsel to ACCESS and counsel to ATI exchanged further letters and telephone calls regarding the terms on which ATI would be willing to make material supporting ATI's claims available to ACCESS. No resolution to this matter was reached, and ATI and its counsel have not

communicated with ACCESS or its counsel since December 19, 1996, the date of the last letter that counsel to ACCESS sent to counsel to ATI on this matter.

ACCESS believes that the claims of ATI and MGH are without merit and intends to contest them vigorously.

2.16. Reference is made to the matters disclosed in items 2.7 and 2.12.

2.17(a). The Company is currently experiencing losses on a cash basis of approximately $300,000 per month. Reference is made to all other matters disclosed in response to Section 2.17.

2.17(c). GE Medical Systems is a business unit of General Electric that succeeded through an asset purchase to the business of Lockheed Martin Medical Imaging ("LMMIS") and the Purchase Agreement between ACCESS and LMMIS. GE Medical Systems has informed ACCESS that, as a matter of policy, GE Medical Systems will not honor certain provisions of the LMMIS contract calling for rebates of discounts granted by ACCESS if volume purchase targets are not met. ACCESS and GE Medical Systems are in the process of amending the LMMIS contract to, among other things, eliminate these rebates.

2.17(e). The Fleet loan was renewed and amended as of April 10, 1998. ACCESS has amended its software agreement ISG Technologies since March 31. ACCESS is in the process of renegotiating its agreement for sales of services and equipment to TeleQuest, Inc., a customer undergoing financial stress, and has agreed to modify or cancel some of TeleQuest's purchase obligations

2.17(f). ACCESS finalized a new bonus plan for senior executives in May of 1998.

2.17(h). Calvin Head, the Company's Director of Customer Engineering, resigned in May of 1998.

2.17(j). ACCESS repurchased 100,000 shares of Common Stock from Scott Sheldon for $50,000 in April of 1998.

2.18. Reference is made to Item 2.7. The Company licenses various generally commercially available software from vendors (for example, Microsoft) under standard terms of such vendors.

2.19. Reference is made to Items 2.7 and 2.17(f).

2.20. ACCESS believes that it is late in filing some of its state sales tax returns. ACCESS does not believe that this will have a Material Adverse Effect. The Commonwealth of Massachusetts has audited ACCESS's Massachusetts sales tax returns through 1997 and has assessed additional sales tax as a result of this audit. ACCESS is contesting the amount of this assessment.

EXHIBIT D

See Exhibit 10.9 filed with this Registration Statement.

EXHIBIT 10.7

ACCESS RADIOLOGY CORPORATION

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "Agreement") is made as of January 20, 1999 by and between ACCESS RADIOLOGY CORPORATION, a Delaware corporation (the "Company"), and each of the persons and entities listed on Exhibit A (individually, an "Investor" and collectively, the "Investors").

The parties agree as follows:

1. Purchase And Sale Of Stock

1.1. Sale and Issuance of Securities.

(a) The Company will adopt and file with the Secretary of State of the State of Delaware on or before the Initial Closing (as defined in Section 1.2(a)) an Amendment to its Certificate of Incorporation in the form attached hereto as Exhibit B (the "Charter Amendment").

(b) On the terms and subject to the conditions of this Agreement, each Investor will purchase and the Company will sell and issue to each Investor a number of shares of the Company's Series K Preferred Stock, and a warrant (a "Warrant") to purchase a number of shares of Common Stock, in each case determined in accordance with this subsection (b). The aggregate amount of the purchase price to be paid by each Investor is set forth opposite the Investor's name on Exhibit A. The number of shares of Series K Preferred Stock purchased by each Investor shall be determined by dividing such Investor's aggregate purchase price by $1.40. The number of shares of Common Stock issuable upon exercise of the Warrant issued to each Investor shall be determined by multiplying such Investor's aggregate purchase price by a fraction equal to 290/1500 (rounded down to the nearest whole share). The Series K Preferred Stock will have the rights, privileges, and restrictions set forth in the Charter Amendment and the existing Certificate of Designations, Preferences and Relative, Participating, Optional or Other Special Rights of the Series K Preferred Stock (the "Series K Designation"). The Warrants will be in the form attached hereto as Exhibit C. The obligations of the Investors under this Agreement are several and not joint.

1.2. Closing.

(a) The purchase and sale of the Series K Preferred Stock and Warrants, by the Investors listed on Exhibit A as of the date hereof, will take place at the offices of the Company at 10:00 a.m. on the date hereof or at such other time and place as the Company and the Investors mutually agree, either orally or in writing (which time and place are designated as the "Initial

Closing"). In addition, the purchase and sale of Series K Preferred Stock and Warrants by and to the Additional Investors (as defined in Section 1.3) in accordance with

Section 1.3 will take place at the offices of the Company or at such other place and at such times as the Company and the Additional Investors mutually agree, either orally or in writing (together with the Initial closing, each such time and place is designated as a "Closing").

(b) At each Closing, the Company will deliver to each Investor a certificate representing the shares of Series K Preferred Stock that such Investor is purchasing at Closing, and a Warrant to purchase the number of shares of Common Stock determined in accordance with Section 1.1(b), against payment of the purchase price therefor by check, wire transfer or as otherwise set forth on Exhibit A.

1.3. Subsequent Sale of Securities.

If less than all of the authorized and unissued shares of Series K Preferred Stock are sold at the Initial Closing, then, subject to the terms and conditions of this Agreement, the Company may sell up to the balance of the authorized and unissued Series K Preferred Stock to such persons as the Board of Directors of the Company may determine at the same price per share as the Series K Preferred purchased and sold at the Initial Closing, together with warrants to purchase an amount of Common Stock determined in accordance with Section 1.1(b). Shares of Series K Preferred Stock and warrants so issued may include shares and warrants previously subject to the Securities Purchase Agreement dated as of July 28, 1998 that have not been purchased and paid for pursuant thereto. Any such sale shall be made pursuant to this Agreement upon the same terms and conditions as those contained herein, and the purchasing persons or entities ("Additional Investors") shall become parties to this Agreement, and will be Investors for all purposes hereunder and thereunder.

2. Representations and Warranties of the Company.

The Company hereby represents and warrants to each Investor as of the date of this Agreement that, except as set forth on the schedule of exceptions attached as Exhibit D (the "Schedule of Exceptions"):

2.1. Organization; Good Standing; Qualification. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and is duly qualified and authorized to transact business and is in good standing as a foreign corporation in each jurisdiction in which the failure so to qualify would have a material adverse effect on business, properties or financial condition of the Company (a "Material Adverse Effect"). The Company has all requisite corporate power and authority to own and operate its properties and assets and to carry on its business as now conducted and as now proposed to be conducted. The Company has all requisite corporate power and authority to execute and deliver the Registration Rights Agreement dated as of July 28, 1998 among the Company and certain holders of its equity

Securities (the "Registration Rights Agreement"), to issue and sell the Series K Preferred Stock and the Warrants pursuant to this Agreement and the Common Stock (as defined in Section 2.5) issuable upon conversion or exercise thereof (as the case may be) and

to carry out the provisions of this Agreement, the Warrants, the Registration Rights Agreement, the Charter Amendment and the Series K Designation.

2.2. Authorization. All corporate action on the part of the Company and its officers, directors and stockholders for the authorization, execution and delivery of this Agreement, the Warrants and the Registration Rights Agreement, the performance of all of the obligations of the Company hereunder and thereunder and the authorization, issuance (or reservation for issuance), sale and delivery of the Series K Preferred Stock and the Warrants issued or issuable hereunder and the Common Stock issuable upon conversion or exercise thereof (as the case may be) has been taken or will be taken prior to the Initial Closing. This Agreement, the Warrants and the Registration Rights Agreement, when executed and delivered, will constitute valid and legally binding obligations of the Company, enforceable in accordance with their respective terms, except as limited by applicable bankruptcy, reorganization, insolvency or other laws affecting creditors' rights generally or by general principles of equity.

2.3. Valid Issuance Of Preferred And Common Stock. The Series K Preferred Stock to be purchased by the Investors hereunder, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and nonassessable and will be free of restrictions on transfer other than restrictions on transfer under this Agreement and the Registration Rights Agreement and under applicable state and federal securities laws. The Common Stock issuable upon conversion or exercise (as the case may be) of the Series K Preferred Stock and the Warrants issued or issuable under this Agreement will have been duly and validly reserved for issuance and, upon issuance in accordance with the terms of the Company's Certificate of Incorporation, will be duly and validly issued, fully paid and nonassessable and will be free of restrictions on transfer other than restrictions on transfer under this Agreement and the Registration Rights Agreement and under applicable state and federal securities laws.

2.4. Governmental Consents. No consent, approval, qualification, order or authorization of or filing with any local, state or federal governmental authority is required on the part of the Company for the execution, delivery or performance of this Agreement, the Warrants or the Registration Rights Agreement, and the offer, sale or issuance of the Series K Preferred Stock and the Warrants, except (a) the filing of the Charter Amendment with the Secretary of State of the State of Delaware and (b) such filings as have been made prior to the date of this Agreement, except any notices of sale required to be filed with the Securities and Exchange Commission under Regulation D of the Securities Act of 1933, as amended (the "Securities Act"), and such post-closing filings as may be required under applicable state securities laws, all of which will be

timely filed within the applicable periods therefor.

2.5. Capitalization And Voting Rights. The authorized capital of the Company consists on the date of this Agreement of:

(a) 35,000,000 shares of common stock, par value $0.01 per share ("Common Stock"), of which 1,059,322 shares are issued and outstanding.

(b) 15,000,000 shares of Preferred Stock, par value $0.01 per share ("Preferred Stock"): (1) 716 of which have been designated as Series B Preferred Stock (all of which are issued and outstanding); (2) 450 of which have been designated as Series C Preferred Stock (all of which are issued and outstanding); (3) 345 of which have been designated as Series E Preferred Stock (344.39 of which are issued and outstanding); (4) 1,000 of which have been designated as Series F Preferred Stock (all of which are issued and outstanding); (5) 816 of which have been designated as Series G Preferred Stock (815.87 of which are issued and outstanding); (6) 400 of which have been designated as Series H Preferred Stock (all of which are issued and outstanding); (7) 8,140,000 of which have been designated as Series J Preferred Stock (7,730,909 of which are issued and outstanding); and (8) 3,935,000 will have been designated as Series K Preferred Stock upon filing of the Charter Amendment (1,428,571 of which are issued and outstanding giving effect to the closing under the Securities Purchase Agreement dated July 28, 1998).

(c) The capitalization table attached to the Schedule of Exceptions is accurate.

(d) The outstanding shares of Common Stock and Preferred Stock have been duly authorized and validly issued, are fully paid and nonassessable and were issued in accordance with the registration or qualification provisions of the Securities Act and any relevant state securities laws or pursuant to valid exemptions therefrom.

(e) Except for (1) this Agreement, (2) the conversion privileges of the Preferred Stock, (3) the Investors Rights Agreement dated as of September 30, 1997 among the Company and certain holders of the Company's Series J Preferred Stock, (4) currently outstanding options to purchase 2,316,623 shares of Common Stock granted to employees pursuant to the Company's 1994 Stock Plan (the "Option Plan") and currently outstanding options to purchase 52,898 shares of Common Stock granted to employees outside of the Option Plan, (5) warrants to purchase 1, 147,903 shares of Common Stock (not including the Warrants) granted in connection with private placements of the Company's securities, and (6) warrants to purchase 409,091 shares of Series J Preferred Stock, there are not outstanding any options, warrants, rights (including conversion or preemptive rights and rights of first refusal), proxy or stockholder agreements or agreements of any kind for the purchase or acquisition from the Company of any of its securities. In addition to the aforementioned options, the company has reserved an additional 420,805 shares of Common Stock for purchase upon exercise

of options to be granted in the future under the Option Plan. The Company is not a party or subject to any agreement or understanding, and to the Company's knowledge there is no agreement or understanding between any other persons, that affects or relates to the voting or giving of written consents with respect to any security of the Company or the voting by a director of the Company.

2.6. Subsidiaries. The Company does not own or control, directly or indirectly, any interest in any other business entity. The Company is not a participant in any joint venture, partnership or similar arrangement.

2.7. Contracts And Other Commitments. The Company is not bound by any contract, agreement, lease or commitment, written or oral, absolute or contingent, other than (a) contracts for the purchase or license of supplies, software and services that were entered into in the ordinary course of business that do not extend for more than one year from the date hereof, (b) sales contracts entered into the ordinary course of business and (c) contracts terminable at will by the Company on no more than 30 days' notice without cost or liability to the Company. For the purpose of this Section 2.7, employment and consulting contracts, contracts with labor unions, license agreements and any other agreements relating to the acquisition or disposition of Intangibles (as defined in Section 2.18) other than standard end-user license agreements will not be considered to be contracts entered into the ordinary course of business.

2.8. Related Party Transactions. No employee, officer, consultant, stockholder or director of the Company or member of his or her immediate family is indebted to the Company, nor is the Company indebted (or committed to make loans or extend or guarantee credit) to any of them, other than for (a) payment of salary for services rendered, (b) reimbursement for reasonable expenses incurred on behalf of the Company and (c) other standard employee benefits made generally available to all employees (including stock option agreements outstanding under the Option Plan). To the Company's knowledge, no officer, director, or employee of the Company or any member of his or her immediate family is, directly or indirectly, interested in any material contract with the Company (other than such contracts as relate to any such person's employment with the Company or ownership of capital stock or other securities of the Company).

2.9. Registration Rights. Except as provided in (1) the Investors Rights Agreement dated as of September 30, 1997 among the Company and certain holders of the Company's Series J Preferred Stock, and (2) the Registration Rights Agreement, the Company is not under any obligation and has not granted any rights to register under the Securities Act any of its outstanding securities or any of its securities that may subsequently be issued.

2.10. Clearances, Approvals, Etc. The Company has all the clearances, approvals, franchises, permits, licenses and any similar authority including, without limitation, all approvals and clearances from the U.S. Food and Drug Administration, the absence of which would have a Material Adverse Effect, and

the Company believes it can obtain, without undue burden or expense, any similar authority the absence of which would have a Material Adverse Effect with respect to the business of the Company as now proposed to be conducted. The Company is not in default in any material respect under any of such franchises, permits, licenses or other similar authority.

2.11. Compliance With Other Instruments. The Company is not in violation or default of (a) any provision of its certificate of incorporation or bylaws, (b) any provision of any mortgage, indenture, agreement, instrument or contract to which it is a party or by which it is bound or (c) to the best of the Company's knowledge, any judgment, order, writ, decree, statute, rule, regulation or restriction applicable to it including, without limitation, the U.S. Federal Food, Drug and Cosmetic Act, as amended, and regulations promulgated thereunder, which default or violation has had or could reasonably be expected to have a Material Adverse Effect. The execution, delivery and performance by the Company of this Agreement, the Warrants and the Registration Rights Agreement and the consummation of the transactions contemplated hereby and thereby will not result in any such violation or be in material conflict with or constitute, with or without the passage of time or giving of notice, either a material default under any such provision or an event that results in the creation of any material lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, impairment, forfeiture or nonrenewal of any material franchise, permit, license or similar authority applicable to the Company, its business, operations or any of its material assets or properties.

2.12. Litigation. There is no action, suit proceeding or investigation pending or, to the Company's knowledge, currently threatened against the Company that questions the validity of this Agreement, the Warrants or the Registration Rights Agreement or the right of the Company to enter into such agreements, or to consummate the transactions contemplated hereby or thereby, or that might result, either individually or in the aggregate, in a Material Adverse Effect or in any change in the current equity ownership of the Company. The Company is not a party to or, to its knowledge, named in or subject to any material order, writ, injunction, judgment or decree of any court, government agency or instrumentality. There is no action, suit, proceeding or investigation by the Company currently pending or that the Company currently intends to initiate.

2.13. Disclosure. The Company has provided each Investor with all information reasonably available to it without undue expense that such Investor has requested in writing for deciding whether to purchase the Series K Preferred Stock.

2.14. Offering. Subject in part to the truth and accuracy of each Investor's representations set forth in this Agreement, the offer, sale and issuance of the Series K Preferred Stock and the Warrants as contemplated by this Agreement are exempt from the registration requirements of the Securities Act, and neither the Company nor any authorized agent acting on its behalf will take action hereafter that would cause the loss of such exemption.

2.15. Title To Property And Assets; Leases. Except for (a) liens reflected in the Financial Statements (as defined in Section 2.16), (b) liens for current taxes not yet due or payable, (c) liens imposed by law and incurred in the ordinary course of business for obligations not past due to carriers, warehousemen, laborers, materialmen, landlords and the like, (d) liens in respect of pledges or deposits under workers' compensation laws or similar legislation, (e) liens securing money borrowed from a bank or other financial institution, or (f) minor defects in title,

the Company has good and marketable title to its property and assets free and clear of all material mortgages, liens, claims and encumbrances. With respect to the property and assets it leases, the Company is in compliance with such leases in all material respects and, to the Company's knowledge, hold a valid leasehold interest free of any mortgages, liens, claims or encumbrances, subject to clauses (a)-(f) above.

2.16. Financial Statements. The Company has delivered to each Investor its audited financial statements (balance sheet and profit and loss statement, statement of stockholder's equity and statement of cash flows including notes thereto) at December 31, 1997 and for the fiscal year then ended and its unaudited financial statements (balance sheet and profit and loss statement and statement of cash flows) at November 30, 1998 and for the eleven months then ended (the "Financial Statements"). The Financial Statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods indicated, except that the unaudited Financial Statements omit notes thereto required by generally accepted accounting principles and the unaudited statement of cash flows is not in a format consistent with generally accepted accounting principles. The Financial Statements fairly represent the financial condition and operating results of the Company as of the dates and for the periods indicated therein (subject in the case of unaudited financial statements to normal year end adjustments). Except as set forth in the Financial Statements, the Company has no material liabilities, contingent or otherwise, other than (a) liabilities incurred in the ordinary course of business subsequent to November 30, 1998 and (b) obligations under contracts and commitments not required under generally accepted accounting principles to be reflected in the Financial Statements that in both cases, individually or in the aggregate, are not material to the business, properties or financial condition of the Company. Except as disclosed in the Financial Statements, the Company is not a guarantor or indemnitor of any indebtedness of any other person or entity. The Company maintains a standard system of accounting established and administered in accordance with generally accepted accounting principles.

2.17. Changes. Since November 30, 1998 there has not been:

(a) any change in the assets, liabilities, financial condition or operating results of the Company from that reflected in the Financial

Statements, except changes in the ordinary course of business that have not had a Material Adverse Effect;

(b) any damage, destruction or loss, whether or not covered by insurance, that could reasonably be expected to have a Material Adverse Effect;

(c) any waiver Of Compromise by the Company of a valuable right or a material debt owed to it, other than in the ordinary course of business;

(d) any satisfaction or discharge of any lien, claim or encumbrance or payment of any obligation by the Company, except to the extent such satisfaction or discharge will not have a Material Adverse Effect;

(e) any material change to a material contract or arrangement by which the Company or any of its assets is bound or subject;

(f) any material change in any compensation arrangement or agreement with any officer, consultant, director or stockholder of the Company or any of its Subsidiaries;

(g) any sale, assignment or transfer of any material Intangibles of the Company or any of its Subsidiaries, other than in the ordinary course of business;

(h) any resignation or termination of employment of any key employee or key consultant of the Company or any of its Subsidiaries;

(i) any mortgage, lien, claim encumbrance, pledge or security interest created by the Company with respect to any of its material properties or assets, except liens for taxes not yet due or payable and liens securing debt for money borrowed to a bank or other financial institution;

(j) any declaration, setting aside or payment of any dividend or other distribution of the Company's capital stock, or any direct or indirect redemption, purchase or other acquisition of any of such stock by the Company;

(k) to the Company's knowledge, any other event or condition of any character that could reasonably be expected to have a Material Adverse Effect; or

(l) any agreement or commitment by the Company or any of its Subsidiaries to do any of the things described in this Section 2.17.

2.18. Intangibles. To the best of its knowledge, the Company owns or possesses sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information and proprietary rights and processes (collectively, "Intangibles") necessary for its business as now conducted and as now proposed to be conducted without any conflict with or

infringement of the rights of others. Except for end-user license agreements, confidentiality agreements, and licenses set forth in Section 2.18 of the Schedule of Exceptions (the "Material Licenses"), there are no outstanding options, licenses or agreements of any kind relating to the foregoing, nor is the Company bound by or party to any options, licenses or agreements of any kind with respect to the Intangibles of any other person or entity. To the Company's knowledge, each Material License is valid and in full force and effect, and is enforceable by the Company in accordance with its terms. To the Company's knowledge, no person or entity has materially violated or breached, or declared or committed any default under, any Material License. To the Company's knowledge, no event has occurred, and no circumstance or condition exists, that could reasonably be expected to (with or without notice or lapse of time) (a) result in a material violation or breach of any of the provisions of any Material

License, (b) give any person or entity the right to declare a default or exercise any remedy under any Material License, (c) give any person or entity the right to accelerate the maturity or performance of any Material License or (d) give any person or entity the right to cancel, terminate or modify any Material License. Neither the Company nor any of its Subsidiaries has received any communications alleging that the Company or any of its Subsidiaries has violated or breached any provision of a Material License or misappropriated or by conducting its business as proposed would misappropriate any of the Intangibles of any other person or entity.

2.19. Employees; Employee Compensation. To the Company's knowledge, there is no strike, labor dispute or union or union organization activities pending or threatened between the Company and any of its employees. None of the employees of the Company belongs to any union or collective bargaining unit. To the Company's knowledge, the Company has complied in all material respects with all applicable state and federal equal opportunity and other laws related to employment. To the Company's knowledge, no employee of the Company is or will be in violation of any judgment, decree or order, or any term of any employment contract, patent disclosure agreement or other contract or agreement relating to the relationship of any such employee with the Company, or any other party because of the nature of the business conducted or presently proposed to be conducted by the Company or to the use by the employee of his or her best efforts with respect to such business. Neither the execution nor delivery of this Agreement or the Registration Rights Agreement nor the carrying on of business of the Company nor the conduct of such business as proposed will, to the Company's knowledge, conflict with or result in a breach of terms, conditions or provisions of, or constitute a default under, any contract, covenant or instrument under which any such employee is now obligated. The Company is not a party to or bound by any currently effective employment contract, deferred compensation agreement, bonus plan, incentive plan (other than the Option Plan), profit sharing plan, retirement agreement or other employee compensation agreement. The Company is not aware that any officer or key employee or consultant, or that any group of key employees or consultants,

of the Company intends to terminate their employment or service with the Company, nor does the Company have a present intention to terminate the employment or service of any of the foregoing. Subject to general principles related to wrongful termination of employees, the employment of each employee of the Company or any of its Subsidiaries is terminable at the will of the employer.

2.20. Tax Returns, Payments, And Elections. The Company has timely filed all material tax returns and reports (federal, foreign, state and local) as required by law. These returns and reports are true and correct in all material respects. The Company has paid all material taxes and other assessments due, except those contested in good faith. The provision for taxes as shown in the Financial Statements is adequate for taxes due or accrued as of the dates thereof. The Company has not elected pursuant to the Internal Revenue Code of 1986, as amended (the "code"), to be treated as an S corporation or a collapsible corporation pursuant to Section 1362(a) or Section 341(f) of the Code, nor has it made any other elections pursuant to Code (other than elections that relate solely to methods of accounting, depreciation, or amortization) that would have a Material Adverse Effect. The Company has not had any tax

deficiency proposed or assessed against it and has not has executed any waiver of any statute of limitations on the assessment or collection of any tax or governmental charge. None of the income tax returns of the Company and none of its state income or franchise tax or sales or use of tax returns has ever been audited by governmental authorities. Since the end of the Company's last fiscal year, the Company has made adequate provisions on its books of account for all taxes, assessments and governmental charges with respect to its business, properties and operations.

2.21. Environmental And Safety Laws. To the Company's knowledge, the Company is not in violation of any applicable statute, law or regulation relating to the environment or occupational health and safety, which violation has had or could reasonably be expected to have a Material Adverse Effect. To the Company's knowledge, no material expenditures are or will be required in order to comply with any such statute, law, or regulation.

3. Representations and Warranties of the Investors.

Each Investor hereby represents and warrants to the Company that:

3.1. Authorization. Such Investor has full power and authority to enter into this Agreement and the Registration Rights Agreement, and this Agreement and the Registration Rights Agreement, when executed and delivered, will constitute valid and legally binding obligations of such Investor.

3.2. Purchase Entirely For Own Account. The Series K Preferred Stock and Warrant to be purchased by such Investor and the Common Stock issuable upon conversion or exercise thereof (collectively, the "Securities") will be acquired

for investment for such Investor's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that such Investor has no present intention of selling, granting any participation in or otherwise distributing the same. Such Investor does not have any contract, undertaking, agreement or arrangement with any person or entity to sell, transfer or grant participations to such person or to any third party with respect to any of the Securities.

3.3. Reliance Upon Investors' Representations. Such Investor understands that the Series K Preferred Stock and the Warrants are not, and any Common Stock acquired on conversion or exercise thereof at the time of issuance may not be, registered under the Securities Act on the ground that the sale provided for in this Agreement and the issuance of securities hereunder is exempt from registration under the Securities Act pursuant to Section 4(2) thereof, and that the Company's reliance on such exemption is predicated on the Investors' representations set forth herein. Such Investor realizes that the basis for the exemption may not be present if, notwithstanding such representations, the Investor has in mind merely acquiring shares of the Series K Preferred Stock or Warrants for a fixed or determinable period in the future, or for a market rise, or for sale if the market does not rise. Such Investor has no such intention.

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

3.5. Investment Experience. Such Investor is experienced in evaluating and investing in private placement transactions of securities of companies in a similar stage of development and acknowledges that such Investor is able to fend for itself, can bear the economic risk of such Investor's investment and has such knowledge and experience in financial and business matters that such Investor is capable of evaluating the merits and risks of the investment in the Series K Preferred Stock and Warrants. If other than an individual, such Investor has not been organized for the purpose of acquiring the Series K Preferred Stock and warrants.

3.6. Accredited Investor. Such Investor is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act.

3.7. Restricted Securities. Such Investor understands that the Securities

may not be sold, transferred or otherwise disposed of without registration under the Securities Act or exemption therefrom, and that in the absence of an effective registration statement covering the Securities or an available exemption from registration under the Securities, the Securities must be held indefinitely. In particular, such Investor is aware that the Securities may not be sold pursuant to Rule 144 promulgated under the Securities Act unless all of the conditions of that rule are met. Among the conditions for use of Rule 144 may be the availability of current information to the public about the Company. Such information is not now available and the Company has no present plans to make such information available.

4. Conditions Of Investors' Obligations At Closing

The obligations of each Investor under Section 1.1(b) of this agreement are subject to the fulfillment on or before the Closing of such Investor's purchase of each of the following conditions, the waiver of which will not be effective against any Investor who does not consent in writing thereto:

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

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

4.3. Qualifications. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful issuance and sale of the Series K Preferred Stock and Warrants pursuant to this Agreement will be duly obtained and effective as of such Closing, except for the filing of a Form D pursuant to Regulation D promulgated under the Securities Act and the filing of any required state securities or blue sky filings.

4.4. Proceedings And Documents. All corporate and other proceedings in connection with the transactions contemplated at the Closing and all documents incident thereto will be reasonably satisfactory in form and substance to Cooley Godward LLP, which will have received all such counterpart original and certified or other copies of such documents as it may reasonably request.

4.5. Registration Rights Agreement. The Company and each Investor that is not a party to the Registration Rights Agreement prior to such Closing will have executed counterpart signature pages to the Registration Rights Agreement.

4.6. Officer's Certificate. The President of the Company will have delivered to each Investor purchasing on the date hereof a certificate, dated as of the Initial Closing, to the effect that the conditions specified in Sections

4.1, 4.2, and 4.3 have been with respect to the Closing.

4.7. Good Standing Certificates. The Company will have delivered to Cooley Godward LLP good standing certificates, dated as of the Closing, from each jurisdiction in the United States in which the ownership of its property or the conduct of its business requires qualifications as a foreign corporation and where the failure to so qualify would have a Material Adverse Effect.

5. Conditions Of The Company's Obligations At Closing

The obligations of the Company to each Investor under Section 1 -1 (b) of this Agreement are subject to the fulfillment on or before the Closing of such Investor's purchase of each of the following conditions by that Investor:

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

5.2. Performance. The Investors will have performed and complied with all agreements, obligations and conditions contained in this Agreement that are required to be performed or complied with by them on or before such Closing.

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

5.4. Proceeding And Documents. All corporate and other proceedings in connection with the transactions completed at such Closing and all documents incident thereto will be reasonably satisfactory in form and substance to the Company, which will have received all such counterpart original and certified or other copies of such documents as it may reasonably request.

5.5. Registration Rights Agreement. Each Investor that is not a party to the Registration Rights Agreement prior to such Closing will have executed counterpart signature pages to the Registration Rights Agreement.

6. Miscellaneous.

6.1. Governing Law. This Agreement will be governed by and under the laws of the State of California as applied to agreements among California residents entered into and to be performed entirely within California.

6.2. Survival. The representations, warranties, covenants and agreements made herein will survive any investigation made by any Investor and for two years after the closing of the transactions contemplated hereby. All statements

as to factual matters contained in any certificate delivered by or on behalf of the Company pursuant hereto at the Initial Closing in connection with the transactions contemplated hereby will be deemed to be representations and warranties by the Company hereunder solely as of the date of such certificate or instrument.

6.3. Successors And Assigns. Except as otherwise expressly provided herein, the provisions hereof will inure to the benefit of and be binding upon, the successors, assigns, heirs executors and administrators of the parties hereto.

6.4. Severability. In case any provision of this Agreement is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

6.5 Amendment And Waiver.

(a) Except as otherwise expressly provided, this Agreement may be amended or modified only upon the written consent of the Company and the holders of at least 66 2/3% of the Series K Preferred Stock sold hereunder.

(b) Except as otherwise expressly provided, (1) the obligations of the Company and the rights of the Investors under this Agreement may be waived by any Investor only in writing and for all Investors only with the written consent of the holders of at least 66 2/3% of the Series K Preferred Stock sold hereunder, and (2) the obligations of the Investors and the rights of the Company under this Agreement may be waived only with written consent of the Company.

6.6. Delays Or Omissions. No delay or omission to exercise any right, power or remedy accruing to any party hereto upon any breach, default or noncompliance of any other party under this Agreement will impair any such right, power or remedy, nor will it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party hereto of any breach, default or noncompliance under this Agreement or any waiver on such Investor's part of any provisions or conditions of this Agreement must be in writing and will be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement, by law or otherwise afforded to the parties hereto, will be cumulative and not alternative.

6.7. Notices. All notices required or permitted hereunder will be in writing and will be deemed effectively given: (1) upon personal delivery to the party to be notified, (2) when sent by confirmed telex or facsimile if sent during normal business hours of the recipient; if not, then on the next business

day, (3) five days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (4) one day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications will be sent to the party to be notified at the address as set forth on the signature pages hereof or at such other address as such party may designate by 10 days' advance written notice to the other parties hereto.

6.8. Attorneys' Fees. In the event that any dispute among the parties to this Agreement should result in litigation, the prevailing party in such dispute will be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement including, without limitation, reasonable fees and expenses of attorneys and accountants, which will include, without limitation, all fees, costs and expenses of appeals.

6.9. Titles And Subtitles. The titles of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

6.10. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument.

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

6.12. Finder's fees. Each party represents that it neither is nor will be obligated for any finder's fee or commission in connection with this transaction. Each Investor will indemnify and hold harmless the Company from any liability for any commission or compensation in the nature of a finder's fee (and the cost and expenses of defending against such liability or asserted liability) for which the Investor or any of its officers, partners, employees, or representatives is responsible. The Company will indemnify and hold harmless each Investor from any liability for any commission or compensation in the nature of a finder's fee (and the costs and expenses of defending against liability or asserted liability) for which the Company or any of its officers, employees, or representatives is responsible

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6.13. Expenses. Irrespective of whether the Initial Closing is Effected, the Company will pay all costs and expenses that it incurs with respect to the

negotiation, execution, delivery and performance of this Agreement. If the Initial Closing is effected, the Company will reimburse the reasonable fees and expenses of Cooley Godward LLP upon receipt of a reasonably detailed bill therefor.

The parties have executed this Agreement as of the date first above written.

ACCESS RADIOLOGY CORPORATION

by: _____
Name:
Title:

Address:
25 Hartwell Avenue
Lexington, MA 02421

BEDROCK CAPITAL PARTNERS I, L.P.

by: BEDROCK GENERAL PARTNER I, LLC

by: _____
Title: Managing Member

Address:

VBW EMPLOYEE BEDROCK FUND, L.P.

by: BEDROCK GENERAL PARTNER I, LLC

by: _____
Title: Managing Member

Address:

CREDIT SUISSE FIRST BOSTON BEDROCK FUND, L.P.

by: BEDROCK GENERAL PARTNER I, LLC
Attorney in Fact

by: _____
Title: Managing Member

Address:

PACIFIC VENTURE GROUP, L.P.

by: PVG Equity Partners, L.L.C., General Partner

by:_____
Name:
Title:

Address:

PVG ASSOCIATES, L.P.

by: PVG Equity Partners, L.L.C., General Partner

by:_____
Name:
Title:

Address:

DELPHI VENTURES III, L.P.

by: Delphi Management Partners III, L.L.C., General Partner

by:_____
Name:
Managing Member

Address:

DELPHI BIOINVESTMENTS III, L.P.

by: Delphi Management Partners III, L.L.C., General Partner

by:_____
Name:
Managing Member

Address:

CHILD HEALTH INVESTMENT CORPORATION

by:_____
Name:
Title:

Address:

BESSEC VENTURES IV L.P.

by:_____
Name:
Title:

Address:

BESSEMER VENTURE PARTNERS IV, L.P.

by:_____
Name:
Title:

Address:

WILLIAM T. BURGIN

by:_____
Name:
Title:

Address:

NEIL H. BROWNSTEIN

by:_____
Name:
Title:

Address:

ROBERT H. BUESCHER

by:_____
Name:
Title:

Address:

G. FELDA HARDYMON

by:_____
Name:
Title:

Address:

CHRISTOPHER GABRIELI

by:_____
Name:
Title:

Address:

DAVID J. COWAN

by:_____
Name:
Title:

Address:

BRUCE K. GRAHAM

by:_____
Name:
Title:

Address:

GAUTAM A. PRAKASH

by:_____

Name:
Title:

Address:

ROBI L. SONI

by:_____
Name:
Title:

Address:

JOANNA A. STROBER

by:_____
Name:
Title:

Address:

CRAIGHILL CORPORATION

by:_____
Name:
Title:

Address:

RICHARD R. DAVIS

by:_____
Name:
Title:

Address:

CONALY PARTNERS

by:_____
Name:
Title:

Address:

LINDSAY 1994 FAMILY PARTNERSHIP, L.P.

by:_____
Name:
Title:

Address:

JOHN G. MACDONALD

by:_____
Name:
Title:

Address:

HOWARD S. MARKOWITZ

by:_____
Name:
Title:

Address:

EDWARD PARK

by:_____
Name:
Title:

Address:

ROBERT J.S. RORISTON

by:_____
Name:
Title:

Address:

STEVEN L. WILLIAMSON

by:_____
Name:

Title:

Address:

WOODS 1994 FAMILY PARTNERSHIP, L.P.

by:_____
Name:
Title:

Address:

BVP IV SPECIAL SITUATIONS L.P.

by:_____
Name:
Title:

Address:

BESSEMER VENTURE INVESTORS L.P.

by:_____
Name:
Title:

Address:

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated

July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

The closing of the purchase and sale of the Shares and the Warrant hereunder shall take place at the offices of the Company on May 17, 1999 or such later date as shall be designated by the Company. At the closing, the Investor will deliver payment of the purchase price set forth below by check or wire transfer, and the Company shall deliver the Warrant and a certificate for the Shares. The Company shall have no obligation to proceed with the closing if this executed Counterpart Signature Page and payment in full of the purchase price of the Shares and the Warrant have not been received by the Company on or before May 17, 1999.

Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: Zero Stage Capital VI, L.P.

Aggregate Purchase Amount: $1,000,000

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 10, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest

whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement') and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement'). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor" and a "Holder" thereunder.

The closing of the purchase and sale of the Shares and the Warrant hereunder shall take place at the offices of the Company on May 10, 1999 or such later date as shall be designated by the Company. At the closing, the Investor will deliver payment of the purchase price set forth below by check or wire transfer, and the Company shall deliver the Warrant and a certificate for the Shares. The Company shall have no obligation to proceed with the closing if this executed Counterpart Signature Page and payment in full of the purchase price of the Shares and the Warrant have not been received by the Company on or before May 10, 1999.

Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: S. Tyagi

Aggregate Purchase Amount: $50,000.00

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares

(the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

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Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: J. Andrew Bugas &
Maryann Horgan Bugas

Aggregate Purchase Amount: $50,000.00

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

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Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: David MacGregor Malcolm

Aggregate Purchase Amount: $200,000.00

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

The closing of the purchase and sale of the Shares and the Warrant hereunder shall take place at the offices of the Company on May 17, 1999 or such later date as shall be designated by the Company. At the closing, the Investor will deliver payment of the purchase price set forth below by check or wire transfer, and the Company shall deliver the Warrant and a certificate for the Shares. The Company shall have no obligation to proceed with the closing if this executed Counterpart Signature Page and payment in full of the purchase price of the Shares and the Warrant have not been received by the Company on or before May 17, 1999.

Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: Steven Ezzes

Aggregate Purchase Amount: $100,000

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 10, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement') and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement'). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor" and a "Holder" thereunder.

The closing of the purchase and sale of the Shares and the Warrant hereunder shall take place at the offices of the Company on May 10, 1999 or such later date as shall be designated by the Company. At the closing, the Investor will deliver payment of the purchase price set forth below by check or wire transfer, and the Company shall deliver the Warrant and a certificate for the Shares. The Company shall have no obligation to proceed with the closing if this executed Counterpart Signature Page and payment in full of the purchase price of the Shares and the Warrant have not been received by the Company on or before May 10, 1999.

Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: Ian Hardington

Aggregate Purchase Amount: $50,000.00

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

The closing of the purchase and sale of the Shares and the Warrant hereunder shall take place at the offices of the Company on May 17, 1999 or such later date as shall be designated by the Company. At the closing, the Investor will deliver payment of the purchase price set forth below by check or wire transfer, and the Company shall deliver the Warrant and a certificate for the Shares. The Company shall have no obligation to proceed with the closing if this executed Counterpart Signature Page and payment in full of the purchase price of the Shares and the Warrant have not been received by the Company on or before May 17, 1999.

Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: Nimil R. Parakh

Aggregate Purchase Amount: $220,000.00

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

The closing of the purchase and sale of the Shares and the Warrant hereunder shall take place at the offices of the Company on May 17, 1999 or such later date as shall be designated by the Company. At the closing, the Investor will deliver payment of the purchase price set forth below by check or wire transfer, and the Company shall deliver the Warrant and a certificate for the Shares. The Company shall have no obligation to proceed with the closing if this executed Counterpart Signature Page and payment in full of the purchase price of the Shares and the Warrant have not been received by the Company on or before May 17, 1999.

Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

Name of Investor: David M. Feinman

Aggregate Purchase Amount: $110,000.00

by_____ by_____

Scott S. Sheldon Name:

President Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

The closing of the purchase and sale of the Shares and the Warrant hereunder shall take place at the offices of the Company on May 17, 1999 or such later date as shall be designated by the Company. At the closing, the Investor will deliver payment of the purchase price set forth below by check or wire transfer, and the Company shall deliver the Warrant and a certificate for the Shares. The Company shall have no obligation to proceed with the closing if this executed Counterpart Signature Page and payment in full of the purchase price of the Shares and the Warrant have not been received by the Company on or before May 17, 1999.

Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: Stefan M. Selig

Aggregate Purchase Amount:

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

The closing of the purchase and sale of the Shares and the Warrant hereunder shall take place at the offices of the Company on May 17, 1999 or such later date as shall be designated by the Company. At the closing, the Investor will deliver payment of the purchase price set forth below by check or wire transfer, and the Company shall deliver the Warrant and a certificate for the Shares. The Company shall have no obligation to proceed with the closing if this executed Counterpart Signature Page and payment in full of the purchase price of the Shares and the Warrant have not been received by the Company on or before May 17, 1999.

Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights

Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: Kim S. Fennebresque

Aggregate Purchase Amount: $75,000.00

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

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Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: Curtis R. Welling

Aggregate Purchase Amount: $100,000.00

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

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the Shares and the Warrant have not been received by the Company on or before May 17, 1999.

Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: Matthew J. Grayson

Aggregate Purchase Amount: $100,000.00

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

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will deliver payment of the purchase price set forth below by check or wire transfer, and the Company shall deliver the Warrant and a certificate for the Shares. The Company shall have no obligation to proceed with the closing if this executed Counterpart Signature Page and payment in full of the purchase price of the Shares and the Warrant have not been received by the Company on or before May 17, 1999.

Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: Eric Cohen

Aggregate Purchase Amount: $50,000

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

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later date as shall be designated by the Company. At the closing, the Investor will deliver payment of the purchase price set forth below by check or wire transfer, and the Company shall deliver the Warrant and a certificate for the Shares. The Company shall have no obligation to proceed with the closing if this executed Counterpart Signature Page and payment in full of the purchase price of the Shares and the Warrant have not been received by the Company on or before May 17, 1999.

Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: Bradford C. Yates and Sarah M. Yates as JTWROS

Aggregate Purchase Amount: $100,000

by_____
Name:
Title (if any):

ACCESS RADIOLOGY CORPORATION

COUNTERPART SIGNATURE PAGE

SECURITIES PURCHASE AGREEMENT DATED JANUARY 20, 1999

REGISTRATION RIGHTS AGREEMENT

By execution of this Signature Page dated as of May 17, 1999, the undersigned (the "Investor") agrees to purchase, and ACCESS Radiology Corporation (the "Company") agrees to sell to the Investor, a number of shares (the "Shares") of Series K Preferred Stock of the Company equal to the aggregate purchase amount set forth below, divided by $1.40 per Share, together with a Warrant to purchase a number of shares of Common Stock determined by multiplying the purchase amount by a fraction equal to 290/1500 (rounded down to the nearest whole share). The purchase and sale of the Shares and Warrant shall be on the terms set forth in the Securities Purchase Agreement dated January 20, 1999, as amended (the "Purchase Agreement") and the Registration Rights Agreement dated July 28, 1998 (the "Registration Rights Agreement"). Copies of each of the Purchase Agreement and the Registration Rights Agreement have been delivered to the undersigned. By execution of this counterpart signature page to the Purchase Agreement and the Registration Rights Agreement, the Investor will become a party to the Purchase Agreement and the Registration Rights Agreement and will be bound by all the terms thereof as an "Investor"and a "Holder" thereunder.

The closing of the purchase and sale of the Shares and the Warrant hereunder shall take place at the offices of the Company on May 17, 1999 or such later date as shall be designated by the Company. At the closing, the Investor will deliver payment of the purchase price set forth below by check or wire transfer, and the Company shall deliver the Warrant and a certificate for the Shares. The Company shall have no obligation to proceed with the closing if this executed Counterpart Signature Page and payment in full of the purchase price of the Shares and the Warrant have not been received by the Company on or before May 17, 1999.

Capitalized terms used in this instrument and not otherwise defined have the meanings set forth in the Purchase Agreement and the Registration Rights Agreement.

IN WITNESS WHEREOF, the Investor and the Company have executed this Counterpart Signature Page as of the date set forth above.

ACCESS Radiology Corporation

by_____
Scott S. Sheldon
President

Name of Investor: William B. Buchanan, Jr.

Aggregate Purchase Amount: $20,000.00

by_____
Name:
Title (if any):

EXHIBIT A

BEDROCK CAPITAL PARTNERS I, L.P.	$ 233,189.60
VBW EMPLOYEE BEDROCK FUND, L.P.	$ 7,039.20
CREDIT SUISSE FIRST BOSTON BEDROCK FUND, L.P.	$ 9,770.60
PACIFIC VENTURE GROUP, L.P.	$ 477,600
PVG ASSOCIATES, L.P.	$ 22,400
DELPHI VENTURES III, L.P.	$ 245,578.20
DELPHI BIOINVESTMENTS III, L.P.	$ 4,421.20
CHILD HEALTH CORPORATION OF AMERICA	$ 250,000
BESSEC VENTURES IV L.P.	$ 89,314.40
BESSEMER VENTURE PARTNERS IV, L.P.	$ 90,798.40
WILLIAM T. BURGIN	$ 1,719.20

NEILL H. BROWNSTEIN	$ 1,719.20
ROBERT H. BUESCHER	$ 1,171.80
G. FELDA HARDYMON	$ 1,563.80
CHRISTOPHER GABRIELI	$ 8,593.20
DAVID J. COWAN	$ 6,249.60
BRUCE K. GRAHAM	$ 344.40
GAUTAM A. PRAKASH	$ 1,873.20
ROBI L. SONI	$ 344.40
JOANNA A. STROBER	$ 781.20
CRAIGHILL CORPORATION	$ 714
RICHARD R. DAVIS	$ 1,904
CONALY PARTNERS	$ 714
LINDSAY 1994 FAMILY PARTNERSHIP, L.P.	$ 1,586.20
JOHN G. MACDONALD	$ 571.20
HOWARD S. MARKOWITZ	$ 317.80
EDWARD PARK	$ 793.80
ROBERT J.S. RORISTON	$ 634.20
STEVEN L. WILLIAMSON	$ 729.40
WOODS 1994 FAMILY PARTNERSHIP, L.P.	$ 2076.20
BVP IV SPECIAL SITUATIONS L.P.	$ 10,487.40
BESSEMER VENTURE INVESTORS L.P.	$ 24,999.80

EXHIBIT B

CERTIFICATE OF AMENDMENT TO

CERTIFICATE OF INCORPORATION

OF ACCESS RADIOLOGY CORPORATION

ACCESS Radiology Corporation, a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware (the "Company"), DOES HEREBY CERTIFY:

FIRST: That the Board of Directors of the Company, acting by unanimous written consent dated January 15, 1999 in accordance with Sections 141 and 242 of the General Corporation Law of the State of Delaware, duly adopted a resolution approving the amendments to the Company's Certificate of Incorporation set forth below.

SECOND: That the amendments to the Company's Certificate of Incorporation set forth below have been authorized, in accordance with Section 242 of the General Corporation Law of the State of Delaware, by the vote of the holders of a majority of all outstanding shares entitled to vote on amendments to the Company's Certificate of Incorporation.

THIRD: That the amendments to the Company's Certificate of Incorporation set forth below, insofar as they amend the terms of the Company's Series J Preferred Stock, have been authorized, in accordance with the Certificate of Incorporation and Section 242 of the General Corporation Law of the State of Delaware, by the written consent of the holders of at least two-thirds of the outstanding shares of Series J Preferred Stock.

FOURTH: That the amendments to the Company's Certificate of Incorporation set forth below, insofar as they amend the terms of the Company's Series K Preferred Stock, have been authorized, in accordance with the Certificate of Incorporation and Section 242 of the General Corporation Law of the State of Delaware, by the written consent of the holders of at least two-thirds of the outstanding shares of Series K Preferred Stock.

FIFTH: That the amendments to the Company's Certificate of Incorporation referred to above are as follows:

1. Section 1 of the Certificate of Designations, Preferences and Relative, Participating, Optional or Other Special Rights of the Series K Preferred Stock (the "Series K Designation") is amended to read in its entirety as follows:

"1. Number of Shares. The series of Preferred Stock designated and known as "Series K Preferred Stock" shall consist of 3,935,000 shares."

2. Section 4(d)(v) of the Series K Designation is amended to read in its entirety as follows:

"(v) "Series K Original Issue Price" means, with respect to each share of

Series K Preferred Stock, $1.40."

3. Section 5(j)(v) of the Series K Designation is amended to read in its entirety as follows:

"(v) "Additional Shares of Common Stock" means all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 5(j), whether or not subsequently reacquired or retired by the Company, other than (A) shares of Common Stock issued upon conversion of the Preferred Stock, (B) up to 2,850,000 shares (the "Cap") of the Company's Common Stock and/or options or other Common Stock purchase rights, and the Common Stock issued pursuant to such options or other rights (whether previously or hereafter issued and as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) issued to employees, officers, or

directors of or consultants to the Company or any subsidiary pursuant to a stock option plan that is in effect on the Filing Date or that is approved unanimously by the Board of Directors after the Filing Date (the "Option Plan"), provided, however, that if any options or other rights to purchase Common Stock lapse unexercised, such options or rights will not be counted toward the Cap after such lapse; (C) shares of Common Stock issued pursuant to the exercise of options, warrants or convertible securities outstanding as of the Filing Date; (D) shares of Common Stock and/or warrants, options or other rights (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) issued after the Filing Date pursuant to any equipment leasing arrangement or debt financing approved by the Board of Directors; (E) shares of Common Stock and/or warrants issued or deemed to be issued pursuant to the Securities Purchase Agreement dated as of July 28, 1998 among the Company and the Investors named therein, as amended from time to time, and shares of Common Stock issuable upon the exercise of warrants issued or deemed to be issued pursuant to such Agreement; and (F) shares of Common Stock and/or warrants issued or deemed to be issued pursuant to the Securities Purchase Agreement dated as of January 20, 1999 among the Company and the Investors named therein, as amended from time to time, and shares of Common Stock issuable upon the exercise of warrants issued or deemed to be issued pursuant to such Agreement.

4. The first sentence of Section 4.3(f)(9)(D) of the Certificate of Incorporation relating to the Series J Preferred Stock is amended to read in its entirety as follows:

"(D) "Additional Shares of Common Stock" means all shares of Common Stock issued by the Company or deemed to be issued pursuant to this Section 4.3(f)(9), whether or not subsequently reacquired or retired by the Company, other than (1) shares of Common Stock issued upon conversion of the Preferred Stock, (2) up to 2,850,000 shares (the "Cap") of the Company's Common Stock and/or options or other Common Stock purchase rights, and the Common Stock issued pursuant to such options or other rights (whether previously or hereafter issued and as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) issued to employees, officers, or directors of or consultants to the Company or any subsidiary pursuant to a stock option plan that is in effect onthe Original

Issue Date or that is approved unanimously by the Board of Directors after the Original Issue Date (the "Option Plan"), provided, however, that if any options or other rights to purchase Common Stock lapse unexercised, such options or rights will not be counted toward the Cap after such lapse; (3) shares of Common Stock issued pursuant to the exercise of options, warrants or convertible securities outstanding as of the Original Issue Date; (4) shares of Common Stock and/or warrants, options or other rights (as adjusted for any stock dividends, combinations, splits, recapitalizations and the like) issued after the Original Issue Date pursuant to any equipment leasing arrangement or debt financing approved by the Board of Directors; (5) shares of Common Stock and/or warrants issued or deemed to be issued pursuant to a Qualified Standby Financing, and shares of Common Stock issuable upon the exercise of warrants issued or deemed to be issued, pursuant to a Qualified Standby Financing; and (6) shares of Common Stock and/or warrants issued or deemed to be issued pursuant to the Securities Purchase Agreement dated as of January 20, 1999 among the Company and the Investors named therein, as amended from time to time, and shares of Common Stock issuable upon the exercise of warrants issued or deemed to be issued pursuant to such Agreement."

IN WITNESS WHEREOF, ACCESS Radiology Corporation has caused this Certificate to be executed by Scott S. Sheldon, its President, and attested by Christine Chung, its Secretary, as of the 27th day of January, 1999.

_____
Scott S. Sheldon
President

ATTEST:

_____
Christine Chung
Secretary

EXHIBIT C

See Exhibit 10.19 filed with this Registration Statement.

EXHIBIT D

SCHEDULE OF EXCEPTIONS TO

ACCESS RADIOLOGY CORPORATION

SECURITIES PURCHASE AGREEMENT

Capitalized terms used herein and not otherwise defined have the

meanings set forth in the Securities Purchase Agreement. Disclosure of any matter in any item of this Schedule is deemed to be disclosure of such matter for purposes of all items with respect to which such matter is required to be disclosed. Disclosure of any matter in this Schedule does not, by implication or otherwise, indicate that such matter is material.

2.5(d) The Company has issued a certificate for five shares of Series C Preferred Stock to Joseph Tortorici, a holder who in fact subscribed and paid for four shares. The Company is in the process of contacting Mr. Tortorici to correct this error.

2.5(e) Certain nominee holders of capital stock of the Company that is beneficially owned by persons resident outside of the United States have granted proxies to an individual representative for purposes of voting on matters submitted to shareholders.

2.7. Contracts:

1. Master Lease Agreement with LTI Ventures Leasing Corp.

2. Loan Agreement and Related Documentation with Fleet National Bank.

3. OEM Development Software Agreement with Mitra Imaging Incorporated.

4. Software Development and Licensing Agreement with AWARE, Inc.

5. Amended and Restated Reseller Agreement with ISG Technologies, Inc.

6. Lease Agreement with Hartwell Group LLC (principal office and manufacturing facility).

7. Master Sale and Service Agreement with GE Medical Systems.

8. Employment Agreement with Scott Sheldon.

9. Employment Agreement with Howard Pinsky.

10. Letter of Intent with Sterling Diagnostic Imaging, Inc.

11. Various confidentiality agreements with industry participants.

12. Stock option agreements with directors, employees and members of the Medical and Technical Advisory Board.

13. Contract Tariff with ATT.

14. Master Software Agreement with Astea International, Inc.

15. Investors Rights Agreement with holders of Series J Preferred Stock.

16. Series J Preferred Stock Purchase Agreement.

17. Equipment Purchase Contract with Lumisys, Inc.

18. Reseller Agreement with IMNET Systems, Inc.

19. Securities Purchase Agreement dated July 28, 1998 relating to Series K Preferred Stock and Warrants.

20. Registration Rights Agreement dated July 28, 1998.

21. Acquisition Agreement with Raytheon E-Systems, Inc. (E-Med Acquisition).

22. Lease Agreement with NWA Limited Partnership (principal facility of E-Med in San Antonio, Texas).

23. Lease Agreement with Commercial Realty Trust of Burlington (E-Med/MegaScan facility in Billerica, MA).

24. License Agreement between Raytheon E-Systems, Inc. and MITRA Imaging, Incorporated (acquired in E-Med transaction).

2.8. Mr. Gary Sadow, a member of the Company's Medical and Technical Advisory Board to whom stock options have been granted, is an officer of Sterling Diagnostic Imaging, Inc. ("Sterling"). ACCESS and Sterling have entered into a letter of intent regarding the resale by Sterling of ACCESS products. Mr. Sadow participated in the negotiation of this letter of intent and is expected to participate in the negotiation of definitive contractual documentation.

2.11. Compliance with Instruments.
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1. ACCESS is not in compliance with the covenants contained in its loan agreement with Fleet Bank. Fleet Bank has, however, continued to advance funds to ACCESS under the loan agreement and has orally promised to commence documentation of an amended facility, to be effective upon the closing of $4.5 million in additional equity financing (inclusive of that contemplated by this Securities Purchase Agreement and the Securities Purchase Agreement dated as of July 28, 1998 among the Company and the Investors parties thereto).

2. Most if not all of the customer contracts acquired in the E-Med transaction provide that they may not be assigned without the consent of the customer. ACCESS has not obtained any such consents. These contracts may therefore have been breached.

3. The lease of the principal E-Med facility in San Antonio, Texas, expired on December 31, 1998, and ACCESS is now holding over in the space. ACCESS is

negotiating a lease for new space for occupancy on February 1, 1999. Based on conversations with the landlord under the expired lease, ACCESS expects that the landlord will not take legal action if ACCESS vacates by February 1.

4. The lease of the MegaScan facility in Billerica Mass. (acquired in the E-Med acquisition) states that it may not be assigned without the landlord's consent. ACCESS has not obtained this consent and therefore is in breach of this lease. ACCESS anticipates opening discussions with the landlord promptly.

2.12. Litigation.

American Telemedicine International/ Massachusetts General Hospital. ACCESS received a letter dated June 19, 1996 from counsel to American Telemedicine International ("ATI"), written on behalf of ATI and Massachusetts General Hospital ("MGH"). This letter states that ATI is "associated...through merger" with RSTAR, Inc. ("RSTAR"), which is a former employer of Howard Pinsky, an executive of ACCESS. The June 19th letter asserts that U.S. Patent No. 5,469,353, issued to Mr. Pinsky and others and assigned to ACCESS, is derived from proprietary information and trade secrets of MGH and RSTAR, has been improperly assigned, and is currently unenforceable due to incorrect ownership. The letter demands assignment of the patent to ATI and the addition of a current ATI employee as an inventor. The June 19th letter asserts that Mr. Pinsky had misappropriated proprietary information and trade secrets relevant to the patent which were provided to him while working for RSTAR. Counsel to ATI also made claims against Mr. Pinsky in a separate letter addressed to Mr. Pinsky personally. ACCESS has agreed to indemnify Mr. Pinsky against claims made against him in connection with this dispute.

The June 19th letter contained an offer to make documentation supporting the claims of RSTAR and MGH available to ACCESS. In a responsive letter dated July 3, 1996, patent counsel to ACCESS (Lahive & Cockfield) stated that a preliminary investigation indicated that the assertions of the June 19th letter were incorrect, and requested copies of the offered documentation. In a subsequent letter dated July 31, counsel to ATI stated that delivery of such documentation would be conditioned on execution by ACCESS of an enclosed "Confidential Disclosure Agreement", the terms of which are unacceptable to ACCESS. The July 31 letter also requested that ATI receive documentation relevant to the patent from ACCESS. In a further response dated August 21, counsel to ACCESS stated that the agreement proposed by ATI was not acceptable, that in any event no confidentiality agreement should be required for disclosure of material now included in an issued patent, and that ACCESS was not prepared to deliver any material to ATI prior to receiving some substantiation of ATI's claims. The August 21 letter further stated the belief of ACCESS that the claims of ATI and MGH are without merit.

Subsequent to August 21, 1996, counsel to ACCESS and counsel to ATI

exchanged further letters and telephone calls regarding the terms on which ATI would be willing to make material supporting ATI's claims available to ACCESS. No resolution to this matter was reached, and ATI and its counsel have not communicated with ACCESS or its counsel since December 19, 1996, the date of the last letter that counsel to ACCESS sent to counsel to ATI on this matter.

ACCESS believes that the claims of ATI and MGH are without merit and intends to contest them vigorously.

White v ACCESS Radiology Corporation and David Tomczak. This is a wrongful termination lawsuit filed by a former support engineer who was terminated after working at ACCESS for approximately one month. The complaint seeks damages of $65,000 and alleges breach of what Mr. White claims was an employment contract, breach of an implied covenant of good faith, and various related causes of action. ACCESS believes that this action is without merit and is contesting the matter vigorously through its counsel, Ropes & Gray. ACCESS has filed an answer to the complaint and discovery has begun. ACCESS expects to file a motion for summary judgment during the first half of 1999.

Mohen v. E-Systems Medical Electronics, Inc., et a l. Liability for this lawsuit was expressly assumed by ACCESS as part of the E-Med acquisition. The complaint alleges that unpaid commissions of approximately $60,000 are due to Mr. Mohen for sales of E-Med equipment procured by him. Raytheon E-Systems took the position that, because the equipment in question was shipped and paid for after the termination of Mr. Mohen's employment, no commissions were due under the terms of Mr. Mohen's contract. Discovery is substantially complete and a pre-trial conference has been scheduled for March of 1999.

ACCESS has reviewed the matter and believes that valid defenses to Mr. Mohen's claims may exist. However, trial of the matter would involve substantial risk and expense, particularly because none of the parties or witnesses involved are now employed by ACCESS. ACCESS is therefore actively seeking to settle this matter.

ACCESS has made an offer of $30,000 to Mr. Mohen, who has countered with a demand for $45,000. ACCESS believes that the matter will be settled for an amount within this range.

2.16. Reference is made to the matters disclosed in items 2.7 and 2.12.

2.17 (a). The Company is currently experiencing losses on a cash basis of approximately $300,000 per month. Reference is made to all other matters disclosed in item 2.11.

2.17 (c). Three Arch Bay Health Sciences Fund ("Three Arch Bay") has informed the Company that it is unable at this time to fulfill its commitment to purchase

$500,000 of Series K Preferred Stock of the Company under the Securities Purchase Agreement dated July 28, 1998. The Company has agreed to amend the Securities Purchase Agreement to permit the closing of this purchase to be delayed until March 31, 1999. Three Arch Bay has agreed to make certain payments to the Company under this amendment. If the Three Arch Bay purchase is not consummated by March 31, 1999, the amendment provides that Three Arch Bay's unsatisfied commitment will lapse, and that warrants issued to Three Arch Bay in respect of the unsatisfied commitment will become void. Should this occur, the Company would seek alternative purchasers for the Series K Preferred Stock subject to Three Arch Bay's commitment and not purchased by Three Arch Bay.

2.18. Reference is made to Item 2.7. The Company licenses various generally commercially available software from vendors (for example, Microsoft) under standard terms of such vendors.

2.19. Reference is made to Item 2.7.

2.20. ACCESS believes that it is late in filing some of its state sales tax returns. ACCESS does not believe that this will have a Material Adverse Effect. The Commonwealth of Massachusetts has audited ACCESS's Massachusetts sales tax returns through 1997 and has assessed additional sales tax as a result of this audit. ACCESS is contesting the amount of this assessment.

EXHIBIT 10.10

ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT (the "Agreement"), dated as of November 23, 1998, is by and between Raytheon E-Systems, Inc., a Delaware corporation ("Seller"), and ACCESS Radiology Corporation, a Delaware corporation ("Buyer").

WHEREAS, Seller designs, develops and sells, among other things, hardware and software solutions for teleradiology and picture archiving and communications systems ("PACS") to health care providers through the E-Systems Medical Electronics (also known as "E-MED") product line; and

WHEREAS, Buyer desires to purchase certain assets of Seller and assume certain liabilities incurred by Seller relating to Seller's business, and Seller desires to sell such assets and assign such liabilities incurred by Seller to Buyer, upon the terms and conditions set forth herein (the "Asset Purchase');

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

Article 1.
Certain Definitions

As used herein, unless the context otherwise requires, the following terms (or any variant in the form thereof) have the following respective meanings. Terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa, and the reference to any gender shall be deemed to include all genders. Unless otherwise defined or the context otherwise clearly requires, terms for which meanings are provided herein shall have such meanings when used in any Schedule hereto and each collateral document and certificate executed or required to be executed pursuant hereto or thereto or otherwise delivered, from time to time, pursuant hereto or thereto.

"Acquired Assets" means the assets listed on Schedule I hereto.

"Action" means any action, suit, arbitration, inquiry, proceeding or investigation by or before any court, governmental or other regulatory or administrative agency, commission or tribunal.

"Adverse", "Adversely" when used in conjunction with "Affect," "Change" and "Effect shall mean, with respect to Seller or Buyer, whichever is the party in the context to which such term applies, any event which could reasonably be expected to (a) adversely affect the enforceability of this Agreement by such party or (b) adversely affect the properties, financial

condition or results of operation of such party, or (c) impair such party's ability to fulfill its obligations under the terms of this Agreement or (d)

adversely affect the aggregate rights and remedies of such party under this Agreement or (e) when used with respect to the Business, adversely affect the value of the Business; and, with respect to clauses (a) through (e), unless otherwise specifically set forth, in a material respect or manner or to a material degree (which, for the purposes of this Agreement shall, unless specifically stated to the contrary, be determined without regard to the fact that various provisions of this Agreement set forth specific dollar amounts or the basis for calculating such amounts).

"Affiliate" means, with respect to any Person, any other Person controlling, controlled by or under common control with, such Person, with "control" for such purpose meaning the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities or voting interests, by contract or otherwise.

"Asset Purchase" has the meaning set forth in the second recital hereto.

"Assumed Liabilities" means, except for the Retained Liabilities, all liabilities, known unknown, incurred or accrued in connection with the E-MED business, operations and the Acquired Assets.

"Business" means, collectively, the Acquired Assets and the Assumed Liabilities.

"Buyer Indemnified Parties" has the meaning set forth in Section 10.2 below.

"Closing" means the consummation of the transactions contemplated by Section 2.1 of

"Closing Date" means has the meaning set forth in Section 2.3 below.

"Code" means the Internal Revenue Code of 1986, as amended, and any successor thereto, and the rules and regulations promulgated thereunder.

"Contract" means any written note, bond, mortgage, indenture, lease, contract, instrument, license, agreement, sales order, purchase order, open bid or other obligation (oral or written) or binding commitment relating to the Business and all rights therein.

"Conversion Amount" means that number of shares equal to (i) the Final Installment divided by (ii) 50% of the Effective Price per share of the then most recent sale of equity securities by Buyer in a transaction or group of related transactions resulting in the receipt by Buyer of aggregate gross proceeds of at least $ 100,000 (excluding the exercise or conversion of any employee options or any warrants, options or convertible securities outstanding on the date of this Agreement). The "Effective Price" means (x) in any transaction in which only common stock is sold, the price per share of such common stock, and (y) in any transaction in which

warrants, convertible securities or other rights to acquire common stock are sold (whether or not in combination with common stock itself), the price

determined by dividing (q) the aggregate consideration that would be paid by an investor to purchase the relevant securities and to exercise all warrants, conversion privileges and other rights to acquire common stock included in such securities by (r) the aggregate number of shares of common stock that the investor would receive upon completion of the purchase and the exercise of all such warrants, conversion privileges and rights to acquire common stock.

"Covered Liabilities" has the meaning set forth in Section 10.2 below.

"Entity" means any Person other than a natural Person.

"Environmental Laws" means all Federal, state, local and foreign Laws relating to pollution or protection of the environment, including but not limited to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA "), 42 U.S.C. 9601 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq., the Federal Water Pollution Control Act, 33 U.S.C. 1251 et seq., the Clean Air Act, 42 U.S.C. 7401 et seq., and the Toxic Substances Control Act, 15 U.S.C. 2601 et seq., and all analogous state Laws.

"Estimated Balance Sheet" means the October 23, 1998 balance sheet, att Schedule 11 hereto.

"Excluded Assets" means those assets of Seller listed on Schedule III hereto.

"Final Determination" means (a) with respect to federal Income Taxes, a "determination" as defined in Section 1313(a) of the Code or execution of an Internal Revenue Service Form 870AD and, with respect to Taxes other than federal Income Taxes, any final determination of liability in respect of a Tax that, under applicable law, is not subject to further appeal, review or modification through proceedings or otherwise (including the expiration of a statute of limitations or a period for the filing of claims for refunds, amended returns or appeals from adverse determinations), or (b) the payment of Tax by Seller, Buyer or any of their Affiliates, whichever is responsible for payment of such Tax liability under applicable law, with respect to any item disallowed or adjusted by a Taxing Authority, provided that such responsible party determines that no action should be taken to recoup such payment and the indemnifying party, if any, agrees.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, any federal, state, local or foreign Entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any court, government authority, agency, department, board, commission, or instrumentality of the United States, any State of the United States or political subdivision thereof, and any tribunal or arbitral authority of competent jurisdiction, and any self regulatory organization.

"Income Tax" means any federal, state, local, or foreign income tax, including any interest, penalty or addition thereto, whether disputed or not.

"Income Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Income Taxes, including

any schedule or attachment thereto, and including any amendment thereof

"Intellectual Property' means all proprietary software, designs and documentation, patents, patent rights, copyrights, trade secrets, know-how, service marks, maskworks and trademarks, applications for any of the foregoing, in all countries in the world, and unfiled invention disclosures.

"Knowledge" (including the term "to the knowledge of') means the actual knowledge of the Persons named on Schedule IV hereto.

"Laws" means statutes, regulations, ordinances, rules and other laws promulgated by a Governmental Authority.

"Licenses" means permits, registrations, approvals, franchises or other authorizations.

"Lien" means a restriction on voting or transfer or pledge, lien, mortgage, hypothecation, collateral assignment, charge, encumbrance, easement, covenant, restriction, title defect, encroachment or security interest of any kind.

"MegaScan" means the series of high definition monitors manufactured and sold by Seller.

"Orders" means judgments, orders, injunctions, decrees, stipulations or awards (whether rendered by a court, administrative agency, arbitrator or other tribunal) and whether imposed or entered by consent.

"PACS" has the meaning set forth in the first recital hereto.

"Permits" has the meaning set forth in Section 3.15.

"Permitted Liens" means any Liens (i) for Taxes attributable to any taxable period beginning on or prior to the Closing Date and not yet due or payable or being contested in good faith, (ii) that are not material and constitute mechanics', carriers', workers' or like liens incurred in the ordinary course of business, or (iii) that, individually or in the aggregate, are not material.

"Person" means an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

"Purchase Price" means Three Million Eight Hundred Thousand Dollars ($3,800,000), subject to adjustment pursuant to Schedule 2.3(b) and Section 2.5.

"Retained Liabilities" means those liabilities of Seller listed on Schedule V hereto.

"Raytheon Indemnified Parties" has the meaning set forth in Section 10.3 below.

"Returns" means returns, reports and forms required to be filed with any Governmental Authority.

"Schedule" or "Scheduled" means any Schedule hereto or of or pertaining to any such Schedule.

"Taxes" means all taxes (whether federal, state, local or foreign) based upon or measured by income and any other tax whatsoever, including, but not limited to, gross receipts, profits, sales, use, occupation, value added, ad valorem, transfer, franchise, withholding, payroll, employment, excise or property taxes, together with any interest or penalties imposed with respect thereto.

"Third Party Claim" means any Action by or before any Governmental Authority asserted by a Person other than any party hereto or their respective Affiliates which gives rise to a right of indemnification hereunder.

Article II.
Sale of Assets: Closing

Section 2. 1. Purchase and Sale.

(a) On the basis of the representations, warranties, covenants and agreements and subject to the satisfaction or waiver of the conditions set forth herein, at the Closing, Buyer hereby agrees to purchase from Seller and Seller hereby agrees to sell, convey, transfer, assign and deliver to Buyer, free and clear of all Liens, other than Permitted Liens, the Acquired Assets, and Seller hereby agrees to assign and Buyer hereby agrees to unconditionally assume and agree to pay, satisfy and discharge when due in accordance with their terms, and Buyer shall fully and forever hold Seller and any of its Affiliates harmless against, any and all Assumed Liabilities. All transactions at the Closing shall be deemed to be effective as of the close of business on the Closing Date, and events taking place and periods ending thereafter shall be deemed to have taken place or ended after the Closing Date.

(b) Seller shall retain all rights under and liabilities with respect to the Excluded Assets and the Retained Liabilities and Buyer shall have no rights under, and no liabilities with respect to, the Excluded Assets and the Retained Liabilities and Seller shall fully and forever hold Buyer and any of its Affiliates harmless against any and all Retained Liabilities.

Section 2.2. Closing Documents, Payment of First Installment. At the Closing:

(a) Seller shall assign and transfer to Buyer the Acquired Assets, and Buyer shall assume from Seller the due payment, performance and discharge of the Assumed Liabilities by delivery of (i) a General Assignment, Assumption and Bill of Sale in substantially the form attached hereto as Exhibit A (the "Bill of Sale"), duly executed by Seller and Buyer, (ii) all such other good and sufficient instruments of conveyance, assignment and transfer, and such affidavits and other instruments in form and substance reasonably acceptable to Buyer's counsel, as shall be effective to transfer to Buyer the Acquired Assets, and (iv) such other good and sufficient instruments of assumption, in form and

substance reasonably acceptable to Seller's counsel, as shall be effective to cause Buyer to assume the Assumed Liabilities.

(b) Buyer shall pay to Seller by wire transfer One Million Dollars ($ 1,000,000) (the "First Installment"), in immediately available funds to the account specified by Seller.

(c) Seller and Buyer shall deliver the certificates and other documents required to be delivered under Articles VIII and IX.

Section 2.3. Post-Closing Installments of the Purchase Price. (a) Fifty (50) days following the Closing, Buyer shall pay to Seller by wire transfer One Million Five Hundred Thousand Dollars ($1,500,000), adjusted as provided in Section 2.5, of the Purchase Price (the "Second Installment").

(b) No later than the First Anniversary (as defined on Schedule 2.3(b)), Buyer shall pay by wire transfer to Seller the balance of the Purchase Price (the "Final Installment") in the amount obtained from Schedule 2.3(b). For the purposes of this Agreement, the Purchase Price shall consist of the First Installment, the Second Installment and the Final Installment.

(c) In the event that Buyer fails to pay to Seller the Final Installment prior to the First Anniversary, Seller may, within thirty days of the First Anniversary, elect to convert the Final Installment into the right to an amount of shares of capital stock of Seller equal to the Conversion Amount and, upon such election, and subject to customary securities laws and representations given by Seller, Buyer shall issue to Seller the Conversion Amount. Buyer shall furnish Seller such information concerning Buyer, its properties, financial condition and operations (subject to reasonable confidentiality undertakings), as Seller may reasonably request to evaluate the advisability of converting the Final Installment. In such event, the obligation of Buyer to pay to Seller the Final Installment shall be extinguished. Otherwise, the Final Installment shall be due and payable within five days from the date Seller notifies Buyer of its intent not to elect conversion or thirty days after the First Anniversary, whichever occurs first. The Final Installment shall bear interest until paid at three percent above the prime rate of The Bank of Boston, N.A. (or its successor) as of the First Anniversary, and Buyer shall indemnify and hold Seller harmless against all reasonable costs of collection (including counsel fees).

Section 2.4. Time and Place of Closing. The Closing shall take place on November 23, 1998 (the "Closing Date") at 10:00 A.M., local time, at the offices of Sullivan & Worcester LLP, or such other place or time as the parties may agree.

Section 2.5. Determination of Adjusted Purchase Price. As promptly as practicable, but in no event more than five (5) business days following the Closing, the Buyer shall deliver to Seller an unaudited balance sheet of the Business as of the close of business on the Closing Date (the "Closing Balance Sheet"). Buyer shall prepare the Closing Balance Sheet substantially consistent

with the format of, and in accordance with accounting principles, policies and practices of those used in the preparation of, the Estimated Balance Sheet. Within five days of Buyer's delivery of the Closing Balance Sheet to Seller, Buyer and Seller shall resolve any differences. The Second Installment shall be increased or decreased, as the case may be, by the amount by which the sum of line items specified on Schedule I in the Closing Balance Sheet are greater or less than the sum of the same line items on the Estimated Balance Sheet.

Section 2.6. Allocation of Asset Purchase Consideration. (a) The Purchase Price and the Assumed Liabilities and all other capitalizable costs (hereinafter, the "Consideration"), to the extent properly taken into account under Section 1060 of the Code, shall be allocated among each of the Acquired Assets in the manner set forth on Schedule 2.6(a) hereto (the"Allocation").

(b) Except as required by a Final Determination, Seller and Buyer agree to (i) be bound by the Allocation, (ii) act in accordance with the Allocation in the preparation of financial statements and filing of all Returns (including filing Form 8594 with its Income Tax Return for the taxable year that includes the Closing Date) and in the course of any Tax audit, Tax review or Tax litigation relating thereto, and (iii) take no position and cause their Affiliates to take no position inconsistent with the Allocation for federal and state Income Tax purposes.

(c) If an adjustment is made with respect to the Purchase Price pursuant to Section 2.5, the Allocation shall be adjusted in accordance with Code Section 1060 and the regulations promulgated thereunder, and in accordance with Schedule I or as otherwise mutually agreed by Seller and Buyer. Seller and Buyer agree to file any additional information return required pursuant to the regulations under Code Section 1060 and to reallocate the Purchase Price as adjusted pursuant to Section 2.5.

(d) Not later than thirty (30) days prior to the filing of their respective Forms 8594 relating to this transaction, Buyer and Seller shall deliver each to the other a copy of its Form 8594.

Section 2.7. Nonassignable Contracts. Anything in this Agreement to the contrary notwithstanding, this Agreement shall not require Seller to assign (prior to the time, if ever, assignment is otherwise consented to) any claim, contractual obligation, authorization of a Governmental Authority, lease, commitment, sales, service or purchase order, or any claim, right or benefit arising thereunder or resulting therefrom, if the Asset Purchase would be deemed an

attempted assignment thereof without the required consent of a third party thereto or Governmental Authority and would constitute a breach thereof or in any way affect the rights of Raytheon Company, Seller or Buyer thereunder. If such consent is not obtained, or if the consummation of the Asset Purchase would affect the rights of Seller thereunder so that Buyer would not in fact receive the benefit of all such rights, Seller shall cooperate with Buyer in any arrangement designed to provide for the benefits thereof to Buyer, including subcontracting, sublicensing or subleasing to Buyer or enforcement for the

benefit of Buyer of any and all rights of Seller against a third party thereto or Governmental Authority arising out of the performance, breach or cancellation by such third party or Governmental Authority or otherwise; and any assumption by Buyer of obligations thereunder whether by operation of Law in connection with the Asset Purchase which shall require the consent or approval of any third party shall be made subject to such consent or approval being obtained.

Section 2.8. Licenses. Buyer hereby grants Seller a non-exclusive, perpetual, irrevocable, royalty-free, fully paid up license, with the right to sublicense to third parties, to the Intellectual Property associated with the PACS Controller (the assembly described by E-MED Product Number 170-0226-6 Rev A and Raytheon Part Number 431-90000) for use in any nonmedical application (including commercial, non-commercial, aerial, spatial and hydrographical. applications). Seller may transfer this license to any successor in interest to all or substantially all of the business to which the license relates.

Article III.
Representations and Warranties of Seller

Seller hereby represents and warrants to Buyer as follows:

Section 3.1. Incorporation. Authorization, Etc. (a) Seller is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to transact business in each jurisdiction in which the nature of property leased by the Seller with respect to the Business or the conduct of Seller with respect to the Business requires it to be so qualified, except where the failure to be in good standing or to be duly qualified to transact business, would not, individually or in the aggregate, reasonably be expected to have an Adverse Effect on Seller.

(b) Seller has all requisite corporate power and authority to own the properties and assets employed by Seller, to carry on Seller's business as it is now being conducted, to execute and deliver this Agreement and to consummate the transactions contemplated hereby by Seller. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate proceedings on the part of Seller. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby will not (i) violate any provision of Seller's certificate of incorporation or bylaws, (ii) except as disclosed in Schedule 3.1 (b), violate any provision of, or be an event that is (or with the passage of time will result in) a

violation of, or result in the acceleration of or entitle any Person to accelerate (whether after the giving of notice or lapse of time or both) any obligation under, or result in the imposition of any Lien (except Permitted Liens) upon any of the Acquired Assets, pursuant to any Contract or Order to which Seller or any of its Affiliates is a party or by which it is bound, or (iii) except as listed on Schedule 3.1(b), violate or conflict with any other

material restriction of any kind or character to which Seller is subject, that, in the case of any of clauses (ii) and (iii), would, individually or in the aggregate, reasonably be expected to Adversely Affect the Business. This Agreement has been duly executed and delivered by Seller, and, assuming the due execution hereof by Buyer, this Agreement constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms.

(c) Except as otherwise provided in this Agreement, at the Closing, Seller will deliver to Buyer good title to the Acquired Assets free and clear of all Liens, except Permitted Liens.

Section 3.2. Financial Statements. Attached hereto as Schedule 3.2 are true and complete copies of the unaudited balance sheet and the related statements of income and cash flows of the Business for the year ended December 3 1, 1997 and for the ten (10) months ended October 23, 1998 (collectively, the "Financial Statements"). The Financial Statements have been prepared in each case in accordance with Seller's internal financial reporting policies and procedures.

Section 3.3. Properties: Title to Assets. With the exception of properties disposed of in the ordinary course of business, Seller has good title to, or holds by valid and existing lease or license, all tangible personal property, receivables and Contracts constituting Acquired Assets, free and clear of all Liens except Permitted Liens. The Acquired Assets constitute, and on the Closing Date will constitute, substantially all of the assets used or held for use in the operations of the Business.

Section 3.4. Litigation: Orders. Except as disclosed in Schedule 3.4, there are no Actions pending, or to Seller's knowledge, threatened against it that would, individually or in the aggregate, reasonably be expected to have an Adverse Effect on the Acquired Assets. Except as disclosed in Schedule 3.4, as of the date hereof, there are no Orders against Seller or its properties or business that would, individually or in the aggregate, reasonably be expected to have an Adverse Effect on the Business. Except as disclosed in Schedule 3.4. to Seller's knowledge, there. are no events or conditions' which would reasonably be expected to result in an Action against it that would, individually or in the aggregate, reasonably be expected to have an Adverse Effect on the Business.

Section 3.5. Contracts. Schedule 3.5 has been prepared by Buyer and, to Seller's knowledge, includes all of the Contracts which are material to the Business. Seller is not, and to Seller's knowledge, no other party to any such contract is in material breach thereof or material default thereunder, and there does not exist under any provision thereof, as of the date hereof, any event that, with the giving of notice or the lapse of time or both, would constitute such a breach or default, or would give rise thereunder to any indemnity obligation of Seller, except for

such breaches, defaults, indemnities and events as to which requisite waivers or consents have been or are obtained or which would not, individually or in the

aggregate, reasonably be expected to have an Adverse Effect on the Business.

Section 3.6. Environmental Matters. Except as set forth on Schedule 3.6:

(a) Seller is in compliance with all applicable Environmental Laws except where the failure to be in compliance would not, individually or in the aggregate, reasonably be expected to have an Adverse Effect on the Acquired Assets, or, to Seller's knowledge, would impose liability on Buyer under any Environmental Law for any act or omission of Seller prior to the Closing Date.

(b) Seller has or has applied for all Licenses required under Environmental Laws for the operation of Seller's business (to the extent such business relates to Seller's use of the Acquired Assets) as presently conducted (the "Environmental Permits") and there are no violations, and no pending, or, to the knowledge of Seller, threatened, investigations or proceedings with respect to such Environmental Permits except where the failure to have such Environmental Permits or where the violation, investigation or proceeding relating thereto would not, individually or in the aggregate, reasonably be expected to have an Adverse Effect on the Acquired Assets or, to Seller's knowledge, would impose liability on Buyer under any Environmental Law for any act or omission of Seller prior to the Closing Date.

(c) Since January 1, 1995, and, to Seller's knowledge, before that date, Seller has not received any written notice, notification, demand, request for information, citation, summons, complaint or Order, nor is there pending, or, to the knowledge of Seller, threatened by any Person against Seller in connection with Seller's business (to the extent such business relates to Seller's use of the Acquired Assets) nor has any material penalty been assessed against Seller for any alleged violation of any Environmental Law or liability thereunder, other than where such notice, notification, demand, request for information, citation, summons, complaint or Order has been fully resolved, or where resolution would not, individually or in the aggregate, reasonably be expected to have an Adverse Effect on the Acquired Assets.

(d) To the knowledge of Seller, no hazardous substance has been released in violation of Environmental Laws at, on or under any real property used in the Business. There has been no environmental investigation, study, audit, test, review or other analysis conducted of which Seller has knowledge in relation to any Acquired Asset which has not been delivered to Buyer.

Section 3.7. Consents, Approvals, Other Authorizations. No filing with, notice to or authorization, consent or approval of, any Governmental Authority is required to be made, filed, given or obtained by Seller or any of its Affiliates, in connection with the consummation of the Asset Purchase except for (i) those set forth on Schedule 3.7, (ii) those that become applicable solely as a result of the specific regulatory status of Buyer, or (iii) the failure to make, file, give

or obtain which would not, individually or in the aggregate, reasonably be expected to have an Adverse Effect on the Business.

Section 3.8. Condition of Assets. The Acquired Assets are in the state of repair and operating condition normally kept by Seller in the ordinary course of its business, reasonable wear and tear excepted.

Section 3.9. Intellectual Property. Schedule 3.9(i) lists, as of the date hereof, all material Intellectual Property of Seller constituting part of the Acquired Assets. Seller is the owner of all right, title and interest in and to all Scheduled Intellectual Property (other than the licensed third party Intellectual Property set forth on Schedule 3.9(ii)), free and clear of all Liens. Except as set forth on Schedule 3.2(iii), to Seller's knowledge, as of the date hereof, no claims of infringement of the intellectual property rights of any third parties exist based upon the use by Seller of the Scheduled Intellectual Property that would, individually or in the aggregate, reasonably be expected to have an Adverse Effect on the Acquired Assets.

Section 3.10. Inventory. The inventory included in the Acquired Assets was produced or acquired by Seller in the ordinary course of business and, except as disclosed in Schedule 3. 10, is in good and useable condition. The physical inventory schedule dated included in Schedule I is accurate, and no items of inventory identified on such list have been disposed of except in the ordinary course of business.

Section 3.11. Accounts Receivable. The accounts receivable included in the Acquired Assets arose from bona fide transactions.

Section 3.12. Brokers, Finders, Etc. Except for the services of Newbury, Piret & Company, Inc., the fees of which shall be paid by Seller, Seller has not employed nor is it subject to any valid claim of, any broker, finder, consultant or other intermediary in connection with the Asset Purchase who might be entitled to a fee or commission in connection therewith..

Section 3.13. No Implied Representation. Notwithstanding anything contained in this Agreement, it is the explicit intent of each party hereto that Seller is making no representation or. warranty whatsoever, express or implied, beyond those expressly given in this Agreement, including any implied warranty or representation as to condition, merchantability, or suitability as to any of the Acquired Assets and, subject to the representations and warranties given herein, it is understood that Buyer takes the Acquired Assets as is and where is. It is understood that any cost estimates, projections or other predictions contained or referred to in the Schedules or in the offering materials that have been provided to Buyer are not and shall not be deemed to be representations or warranties of Seller.

Section 3.14. Schedules. (a) Any matter set forth in any Schedule shall be deemed to be referred to on all other Schedules to which such matter logically relates and where such reference would

be appropriate and can reasonably be inferred from the matters disclosed on the first Schedule as if set forth on such other Schedules.

(b) The inclusion of any item on any Schedule to this Agreement shall not be construed as an indication that such item is material in any respect.

(c) Seller shall not be obligated to revise or update any Schedule attached hereto.

Section 3.15. Licenses and Permits. Schedule 3.15 sets forth each material license, franchise, permit or other similar authorization by a Governmental Authority relating to the operation of the E-MED PACS product line (the "Permits"), together with the name of the agency or authority issuing such Permit. Except as set forth on Schedule 3.15, all of the Permits are valid and in full force and effect and, assuming the consents referred to in Section 3.7 have been or will be obtained, are transferable to Buyer. Assuming the receipt of such consents, Buyer will have all right, title and interest of Seller in the Permits.

Article IV.
Representations and Warranties of Buyer

Buyer hereby represents and warrants to Seller as follows:

Section 4.1. Incorporation, Authorization, Etc. Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware. Buyer has all requisite corporate power to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement, the performance of Buyer's obligations hereunder and the consummation of the transactions contemplated hereby by Buyer have been duly and validly authorized by Buyer and no further corporate proceedings or actions on the part of Buyer, its Board of Directors or stockholders are necessary therefor. The execution, delivery and performance of this Agreement will not (i) violate any provision of the charter or bylaws or similar organizational instrument of Buyer, (ii) violate any provision of, or be an event that is (or with the passage of time will result in) a violation of, or result in the acceleration of or entitle any party to accelerate (whether after the giving of notice or lapse of time or both) any obligation under, or result in the imposition of any lien upon or the creation of a security interest in any of Buyer's assets or properties pursuant to, any Contract or Order to which Buyer is a party or by which Buyer is bound, or (iii) violate or conflict with any other material restriction of any kind or character to which Buyer is subject, that, in the case of clauses (ii) and (iii), would, individually or in the aggregate, reasonably be expected to have an Adverse Effect on Buyer or Buyer and its subsidiaries, taken as a whole. This Agreement has been duly executed and delivered by Buyer, and, assuming the due execution hereof by Seller, this Agreement constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms. Other than investors in Buyer, Buyer has no Affiliates.

Section 4.2. Brokers, Finders, Etc. Buyer has not employed, and is not

subject to the valid claim of, any broker, finder, consultant or other intermediary in connection with the transactions contemplated by this Agreement who might be entitled to a fee or commission from Seller in connection with such transactions.

Section 4.3. Consents, Approvals, Other Authorizations. No filing with, notice to or authorization, consent or approval of, any Governmental Authority is required to be made, filed, given or obtained by Buyer, in connection with the consummation of the Asset Purchase except for (i) those that become applicable solely as a result of the specific regulatory status of Seller, or (ii) the failure to make, file, give or obtain which would not, individually or in the aggregate, reasonably be expected to have an Adverse Effect on Buyer.

Section 4.4. Acquisition of Acquired Assets and Operation of the Business for Investment. Buyer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its purchase of the Acquired Assets and operation of the business acquired hereunder. Buyer confirms that Seller has made available to Buyer the opportunity to ask questions of the officers of Seller and management employees of Seller and to acquire additional information about the business and financial condition of Seller.

Section 4.5 Financial Capability. Buyer has immediately available cash in the amount the First Installment.

Article V.
Covenants of Seller and Buyer

Section 5.1. Investigation of Business, Access to Properties, Records and Employees. (a) Seller shall afford to representatives of Buyer reasonable access to the offices, plants, properties, books and records of Seller during normal business hours, in order that Buyer may have full opportunity to make such investigations as it desires of the affairs of Seller to the extent such affairs relate to the Acquired Assets or to the Assumed Liabilities; provided, however, that such investigation shall not unreasonably disrupt the personnel and operations of Seller. If, in the course of any investigation pursuant to this Section 5. 1, Buyer discovers any breach of any representation or warranty contained in this Agreement or any circumstance or condition that upon Closing would constitute such a breach, Buyer covenants and that it will promptly so inform Seller.

(b) Any information provided to Buyer or its representatives pursuant to this Agreement shall be held by Buyer and its representatives in accordance with, and shall be subject to the terms of, the Confidentiality Agreement dated July 13, 1998 by and between Raytheon and Buyer, which is hereby incorporated in this Agreement as though fully set forth herein.

(c) Buyer agrees to (i) hold all of the books and records of Seller acquired hereunder existing on the Closing Date and not to destroy or dispose of

any thereof for a period of four (4)

years from the Closing Date or such longer time as may be required by law, and thereafter, if it desires to destroy or dispose of such books and records, to offer first in writing at least sixty (60) days prior to such destruction or disposition to surrender them to Seller and (ii) following the Closing Date to afford Seller, its accountants and counsel, during normal business hours, upon reasonable request, full access to such books, records and other data to the extent that such access may be requested for any legitimate purpose, including without limitation preparation of filings under federal and state securities laws, responding to Governmental Authorities, defending or prosecuting litigation and preparation of Income Tax Returns and other tax filings, at no cost to Seller (other than for reasonable out-of-pocket expenses); provided, however, that nothing herein shall limit any of Seller's rights of discovery. Buyer shall have the same rights, and Seller the same obligations, as are set forth above in this Section 5. 1 (c), with respect to any material nonprivileged records of Seller pertaining to the Acquired Assets or to the Assumed Liabilities that are retained by Seller, with the exception of Returns relating to Taxes that are not the responsibility of Buyer or alleged by a Governmental Authority to be the responsibility of Buyer.

Section 5.2. Best Efforts, Obtaining Consents. (a) Subject to the terms and conditions herein provided, each of Seller and Buyer agrees to use its best efforts (whether before or after the Closing Date) to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable, the transactions contemplated by this Agreement and to cooperate with the other in connection with the foregoing, including using its best efforts (i) to obtain all necessary waivers, consents and approvals from other parties to material Contracts, (ii) to obtain all consents, approvals and authorizations that are required to be obtained under any Law, (iii) to lift or rescind any Order adversely affecting the ability of the parties hereto to consummate the Asset Purchase, (iv) to effect all necessary registrations and filings and submissions of information requested by Governmental Authorities, and (v) to fulfill all conditions to this Agreement (it being understood that such efforts shall not include any requirement of Buyer or Seller to expend more than commercially reasonable sums of money or grant any material financial or other accommodation, or of Buyer to accept any material modification of its rights hereunder). Seller and Buyer further covenant and agree, with respect to a threatened or pending Order or Law that would adversely affect the ability of the parties hereto to consummate the Asset Purchase, to use their respective best efforts to prevent the entry, enactment or promulgation thereof, as the case may be (it being understood that such efforts shall not include any requirement of Buyer or Seller to expend more than commercially reasonable sums of money or grant any material financial or other accommodation).

(b) In case at any time after the Closing any further action is necessary or desirable to carry out the purposes of this Section 5.2, the proper officers and/or directors of Buyer, including, to the extent applicable, any Entity designated to hold the Acquired Assets, shall take all such necessary action.

(c) Seller covenants to use its commercially reasonable efforts to effect

the assignment of any contract, permit, license, claim, demand or right which is not now transferred or assigned

and which is a part of the Business. In order that full value of every such unassigned contract, lease, interest in property, permit, license, claim, demand or right may be realized by and for the benefit of Buyer, Seller covenants and agrees with Buyer that Seller will use its commercially reasonable efforts to enforce every such contract, permit, license, claim, demand or right and to facilitate the collection of the moneys due and payable and to become -due and payable in and under every such contract and in respect of every such claim, demand or right; and Seller does hereby covenant to hold in trust for and promptly pay over to Buyer all moneys or things of value collected and paid to Seller, its successors or assigns, after the Closing Date in respect of every such contract, claim, demand or right. No amounts owing to Buyer by Seller under this Section 5.2(c) shall be subject to the limitation set forth in Section 10.2.

Section 5.3. Conduct of Business. From the date hereof through the Closing, except as disclosed on Schedule 5.3 or otherwise provided for in, or contemplated by, this Agreement, and, except as consented to or approved by Buyer in writing, Seller covenants and agrees that:

(a) Seller shall make use of the Acquired Assets in the ordinary and usual course in all material respects in accordance with past practices;

(b) Except as otherwise provided for in or contemplated by this Agreement, Seller shall not (i) assume, incur or guarantee, except in the ordinary course of business consistent with past practice, any obligation for borrowed money that would constitute, or increase Buyer's obligation respecting, an Assumed Liability, (ii) cancel or compromise, except in the ordinary course of business consistent with past practice, any debts owed to it that would constitute, or decrease the value of Buyer's right respecting, an Acquired Asset or (iii) waive or release any rights of material value relating to the Acquired Assets; and

(c) Except in the ordinary course of business, Seller shall not (i) sell, transfer, distribute as a dividend in kind or otherwise dispose of any material Acquired Asset (other than inventory in the- ordinary course of business consistent with past practice), (ii) create or permit to exist any new material security interest, lien or encumbrance on Acquired Assets, or (iii) enter into any joint venture, partnership or other similar arrangement or form any other new material arrangement for the conduct of the business relating to the Acquired Assets.

Section 5.4. Preservation of Business. From the date hereof to the Closing Date, subject to the terms and conditions of this Agreement, Seller shall use reasonable efforts (i) to preserve the Acquired Assets intact and (ii) to preserve the good will of customers and others having business relations with Seller to the extent such business relations relate to the Acquired Assets.

Section 5.5. Further Assurances. Seller and Buyer agree that, from time to

time, whether before, at or after the Closing Date, each of them will execute and deliver such further instruments; of conveyance and transfer and take such other action as may be reasonably required or desirable to carry out the purposes and intent of this Agreement, including (i) allocating rights and obligations under Contracts and other arrangements, if any, relating to

business of Seller and its Affiliates, on the one hand, and relating to the Acquired Assets on the other, (ii) allocating rights and obligations under Contracts and other arrangements, if any, relating to the Assumed Liabilities, and (iii) determining whether to enter into any service or other sharing agreements on a mutually acceptable arm's length basis that may be necessary to assure a smooth and orderly transition. In case at any time after the Closing Date, any further action is necessary or desirable to carry out the purposes of this Agreement, the proper officers and directors of each party to this Agreement shall take all such necessary or desirable action. In addition to the foregoing, Buyer shall, at Seller's sole cost and expense, cooperate with Seller in the defense or prosecution of any of the Retained Liabilities.

Section 5.6. Public Announcements. Seller and Buyer will consult with each other before issuing, or permitting any agent or Affiliate to issue, any press releases or otherwise making or permitting any agent or Affiliate to make, any public statements with respect to this Agreement and the transactions contemplated hereby, and, except as may be required by applicable law or any listing agreement with any securities exchange, will not issue any such press release or make any such public statement, unless the text of such statement shall have been agreed upon by the parties, such agreement not to be unreasonably withheld.

Section 5.7 Use of Raytheon Name. From and after the Closing, except for purposes of announcing Buyer's acquisition of the Acquired Assets or responding reasonably to inquiries with respect thereto, Buyer and its Affiliates shall not use or permit the use of the names or marks "E-Systems", "Raytheon E-Systems", "ESY", "RESY", "Raytheon", "RTN", or any other trademark or trade name of Seller or any Affiliate of Seller, for any commercial purpose or any trademarks or trade names confusingly similar thereto, nor shall Buyer use or permit the use of such names and marks in connection with the operation or disposition of the Acquired Assets or the proceeds thereof, provided, however, that (1) for a period of sixty (60) days, Buyer may make use of promotional and sales literature, stationery, cartons and other packaging material included in the Acquired Assets at Closing, provided, that to the extent practical such literature is stickered or otherwise marked to indicate the change of ownership, and (ii) nothing in this Section 5.7 shall require the amendment of any Contracts nor limit, where relevant, any accurate and complete statement of facts concerning ownership of the Acquired Assets prior to the Closing in any Action or in any filing with a Governmental Authority. Notwithstanding the foregoing, the Acquired Assets shall include, and after the Closing Date Buyer shall have, the right to unrestricted use of the name "E-Med".

Section 5.8. Performance of Certain Obligations. Buyer agrees from and after the Closing Date to perform and fulfill (or cause to be performed and

fulfilled) all obligations and commitments incurred by Seller or any of its Affiliates as such relate to the Business whether existing as of the Closing Date or arising or incurred thereafter. Seller agrees from and after the Closing Date to perform and fulfill (or cause to be performed and fulfilled) all obligations and commitments incurred by Buyer or any of its Affiliates as such relate to the Excluded Assets or Retained Liabilities whether existing as of the Closing Date or arising or incurred thereafter.

Section 5.9. Buyer's Warranty Obligation. Buyer covenants and agrees that it will fully honor and diligently perform all of Seller's product warranty, guaranty and product return obligations express or implied which arise from or are related to Seller's operation of the Acquired Assets prior to the Closing Date. If Buyer fails reasonably to perform such obligations, Seller may, at Buyer's expense, satisfy, or retain others to satisfy, such obligations.

Section 5.10. Sale of MegaScan. Buyer covenants and agrees that, for one (1) year following the Closing, it will use its best efforts to sell, assign or otherwise dispose of that portion of the Acquired Assets which consist of MegaScan (any such sale, assignment or disposition a "MegaScan Sale") as promptly following the Closing Date at the highest reasonable price and in a manner consistent with reasonable commercial practices; provided that Buyer may nonetheless dispose of and use the MegaScan assets in the ordinary course beginning on the Closing Date or terminate or liquidate the balance of the MegaScan business if Buyer deems such action appropriate. In the event of such a MegaScan Sale, if the proceeds (the "MegaScan Proceeds") thereof (net of (x) losses sustained by MegaScan during the period between the Closing Date and any such MegaScan Sale and (y) any fees and expenses incurred by Buyer in connection with such MegaScan Sale) exceed $900,000, then Buyer and Seller shall share equally in such excess. Buyer further covenants that it shall, within fifteen (15) days of any such MegaScan Sale, deliver to Seller by wire transfer such excess in immediately available funds.

Section 5.11. Non-competition. Seller agrees that for a period of two (2) years after the date hereof (the "Restricted Period "), Seller will not compete with Buyer in the manufacture or marketing of medical products, whether individually or as a consultant, partner, owner or stockholder owning more than five percent (5%) of an Entity in the business of manufacturing or marketing of medical products in competition with Buyer (the "Restricted Business"). Notwithstanding the foregoing, nothing herein shall prohibit Seller or any of its Affiliates from (a) owning, directly or indirectly, less than five percent (5%) of any class of securities of any issuer listed on a national securities exchange or traded publicly in the over-the-counter market, (b) directly or indirectly acquiring a business which engages in the Restricted Business if such business is twenty-five percent (25%) or less (measured by net revenues) of a larger business so acquired by Seller or any of its Affiliates, and (d) continuing to produce and sell those products now being produced and sold by Seller and its Affiliates (including within the foregoing all products that were under development as of the date hereof).

Section 5.12. Confidentiality. From and after the Closing Date, Seller

will hold confidential proprietary information constituting Acquired Assets or provided to Seller by Buyer with respect to the Business after the Closing Date, and, except to the extent Seller develops such information independently, obtains it lawfully from a third party or is ordered to disclose such information by a Governmental Authority, will not disclose any such information to any third party without the prior written consent of Buyer.

Article VI
Employees, Employee Benefits and Other Transitional Matters

Section 6.1. Hiring Employees, Comparable Benefits.

(a) Subject to Section 6.2(b) hereof, Buyer will continue the employment of those employees of Seller dedicated to the product lines being sold to Buyer as it deems advisable, (all such employees being "Assumed Employees'). To the extent employment of Assumed Employees is continued by Buyer during the first six (6) months following the Closing Date, such employment shall be on substantially the same terms and conditions in the aggregate under which the Assumed Employees worked for Seller immediately prior to the Closing Date. Seller represents and warrants that Schedule 6. 1 (a) is a true and complete list of all the employees of Seller dedicated to the product lines being sold to Buyer.

(b) Buyer agrees that, for a period of 60 days after the Closing Date, it will not cause any of the employees of Seller dedicated to the product lines being sold to Buyer, including the Assumed Employees, to suffer "employment loss" for purposes of the Worker Adjustment and Retraining Notification Act, 29 U.S.C. (S)(S) 2101-2109, and related regulations (the "WARN Act") if such employment loss could create any liability for Seller or its Affiliates, unless Buyer delivers notices under the WARN Act in such a manner and at such a time that Seller or its Affiliates bears no liability with respect thereto. For all employees other than the Assumed Employees, and for all Assumed Employees terminated within thirty (30) days of the Closing Date, Buyer will make the severance payments set forth on Schedule 6.1 (b).

Section 6.2. Medical Benefits. Commencing as of the Closing Date, Buyer shall provide the Assumed Employees and dependents and beneficiaries thereof medical and dental benefit coverage on the terms generally provided to the other employees of Buyer and their dependants and beneficiaries. Medical benefits to be provided to all other employees dedicated to the product lines being sold to Buyer are set forth on Schedule 6.2.

Section 6.3. Investment Plans. Buyer shall have no liability and responsibility for the disposition of interests under the E-Systems Employee Savings Plan (the "Savings Plan") with respect to those Assumed Employees (or

their beneficiaries) who, as of the Closing Date, are participants in the Savings Plan. No such participant will be eligible to make any contributions to the Savings Plan, and Raytheon will not be obligated to make any contribution with respect to any such participant in the Savings Plan, with respect to compensation earned by such employees on or after the Closing Date.

Section 6.4. Retention Plans. Seller has provided Buyer with information regarding Seller's retention plans established to encourage certain employees of Seller to remain with Seller until Closing and to accept employment and remain with Buyer after the Closing (the "Retention Plans"). Seller agrees to be responsible for all payments under the Retention Plans which accrue on or prior to the Closing Date with respect to the Assumed Employees and Buyer agrees be responsible for all payments under the Retention Plans which accrue after the Closing Date with respect to the Assumed Employees.

Section 6.5. Access to Books and Records. As soon as practicable, Buyer shall receive from Seller (i) such information concerning each Assumed Employee's period of employment with Raytheon and/or Seller as Buyer may reasonably require to determine service for eligibility and benefit accrual purposes and (ii) such information concerning the terms of Seller's welfare benefit plans and concerning each Assumed Employee's benefit utilization under welfare benefit plans as Buyer may reasonably require to comply with Sections 6.1 (b) and 6.2 of this Agreement.

Section 6.6 No Third Party Beneficiaries. No provision of this Article 6 shall create any third party beneficiary or other rights in any employee or former employee of Seller and no provision of this Article 6 shall create any such rights in any such employees in respect of any benefits that may be provided, directly or indirectly, under any employee plan or benefit arrangement that may be established or maintained by Buyer. No provision of this Agreement shall constitute a limitation on rights to amend, modify or terminate any employee plan or benefit arrangement of Buyer.

Article VII
Tax Matters

Seller covenants for the benefit of Buyer, and Buyer covenants for the benefit of Seller, as follows:

Section 7.1 Taxes and Refunds.

(a) Seller shall be responsible for all Taxes accruing on or before the Closing Date and Seller shall be entitled to any refunds or credits of Taxes attributable to or arising in all taxable periods ending on or before the Closing Date.

(b) Buyer shall be responsible for all Taxes accruing after the Closing Date with respect to the use of the Acquired Assets and Buyer shall be entitled

to any refunds or credits of Taxes attributable to or arising in taxable periods beginning on or after the Closing Date.

Section 7.2. Allocation of Transfer and Property Taxes.

(a) All excise, sales, use, value added, registration stamp, recording, documentary, conveyancing, franchise, property, transfer, gains and similar Taxes, levies, charges and fees including any deficiencies, interest, penalties, additions to tax or additional amounts excluding any Income Taxes (collectively, "Transfer Taxes") incurred in connection with the transactions contemplated by this Agreement shall be borne by Buyer. Buyer and Seller shall use reasonable efforts to minimize the amount of all Transfer Taxes and shall cooperate in providing each other with any appropriate resale exemption certifications and other similar documentation. The party that is required by applicable law to make the filings, reports, or returns and to handle any audits

or controversies with respect to any applicable Transfer Taxes shall do so, and the other party shall cooperate with respect thereto as necessary.

(b) All real property taxes, personal property taxes and similar ad valorem obligations levied with respect to the Acquired Assets for a taxable period which includes (but does not end on) the Closing Date (collectively, the "Apportioned Obligations") shall be apportioned between Seller and Buyer based on the number of days of such taxable period which fall on or before the Closing Date (this and any other tax period which includes one or more days falling on or before the Closing Date, a "Pre-Closing Tax Period") and the number of days of such taxable period after the Closing Date (a "Post-Closing Tax Period"). Seller shall be liable for the proportionate amount of such taxes that is attributable to the Pre-Closing Tax Period, and Buyer shall be liable for the proportionate amount of, such taxes that is attributable to the Post-Closing Tax Period. Upon receipt of any bill for real or personal property taxes relating to the Acquired Assets, each of Seller and Buyer shall present a statement to the other setting forth the amount of reimbursement to which each is entitled under this Section together with such supporting evidence as is reasonably necessary to calculate the proration amount. The proration amount shall be paid by the party owing it to the other within 30 days after delivery of such statement. In the event that either Seller or Buyer shall make any payment for which it is entitled to reimbursement under this Section, the other party shall make such reimbursement promptly but in no event later than ten (10) days after the presentation of a statement setting forth the amount or reimbursement to which the presenting party is entitled along with such supporting evidence as is reasonably necessary to calculate the amount of reimbursement.

Section 7.3. Cooperation. Buyer and Seller agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information and assistance relating to the Acquired Assets (including, without limitation, access to books and records) as is reasonably necessary for the filing of all Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any taxing authority, and the prosecution or

defense of any claim, suit or proceeding relating to any Tax. Buyer and Seller shall retain all books and records with respect to Taxes pertaining to the Acquired Assets for a period of at least six (6) years following the Closing Date. At the end of such period, each party shall provide the other with at least thirty (30) days prior written notice before destroying any such books and records, during which period the party receiving such notice can elect to take possession, at its own expense, of such books and records. Seller and Buyer shall cooperate with each other in the conduct of any audit or other proceeding relating to Taxes involving the Acquired Assets. If either party becomes aware of any pending or threatened assessment, official inquiry, examination or proceeding that could result in an official determination with respect to Taxes due or payable the responsibility for which rests with the other party hereto, such party shall promptly so notify the other party in writing.

Article VIII.
Conditions of Buyer's Obligation to Close

Buyer's obligation to consummate the Asset Purchase shall be subject to the satisfaction on or prior to the Closing Date of all of the following conditions:

Section 8.1. Representations, Warranties and Covenants of Seller. (a) The representations and warranties of Seller contained in this Agreement shall be true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of such date (except for representations and warranties that speak as of a specific date or time, which need only be true and correct as of such date or time), except, in the case of any representations or warranties other than those that contain a qualification as to "Adverse Effect," for such inaccuracies which have not had or would not reasonably be expected to have an Adverse Effect on the Acquired Assets.

(b) Seller shall have performed in all material respects each obligation and agreement and shall have complied in all material respects with each covenant to be performed and complied with by it hereunder at or prior to the Closing (other than Seller's covenants pursuant to Section 2.2 (a) and (b) with respect to delivery of documents of transfer of the Acquired Assets at the Closing, which shall be performed in all respects).

(c) Buyer shall receive at or prior to the Closing a certificate as to the matters set forth in paragraphs (a) and (b), dated the Closing Date, and validly executed by an authorized officer of Seller.

Section 8.2. Filings, Consents, Waiting Periods. All registrations, filings, applications, notices, consents, approvals, orders, qualifications and waivers required to be obtained or made as of the Closing Date shall have been filed, made or obtained, except for such registrations, filings, notices, consents, approvals, orders, qualifications and waivers the lack of which would not reasonably be expected to have an Adverse Effect on the Acquired Assets.

Section 8.3. No Injunction. At the Closing Date, there shall be no Order of any nature of any Governmental Authority of competent jurisdiction that is in effect that restrains or prohibits the consummation of all or any portion of the Asset Purchase, and no Law shall have been enacted by any Governmental Authority which prevents consummation of the Asset Purchase.

Article IX.
Conditions to Seller's Obligation to Close

Seller's obligation to consummate the Asset Purchase is subject to the satisfaction on or prior to the Closing Date of all of the following conditions:

Section 9.1. Representations, Warranties and Covenants of Buyer. (a) The representations and warranties of Buyer contained in this Agreement shall be true and correct on and as of the Closing Date with the same effect as though such representations and warranties had been made on and as of such date (except for representations and warranties that speak as of

a specific date or time, which need only be true and correct as of such date or time), except, in the case of any representations or warranties other than those that contain a qualification as to "Adverse Effect," for such inaccuracies which have not had or would not reasonably be expected to have an Adverse Effect on Buyer or Buyer and its subsidiaries, taken as a whole.

(b) Buyer shall have performed in all material respects each obligation and agreement and shall have complied in all material respects with each covenant to be performed and complied with by it hereunder at or prior to the Closing.

(c) Seller shall receive at or prior to the Closing a certificate as to the matters set forth in paragraphs (a) and (b), dated the Closing Date, and validly executed by an executive officer of Buyer on behalf of Buyer.

Section 9.2. Filings: Consents: Waiting Periods. All registrations, filings, applications, notices, consents, approvals, orders, qualifications and waivers required to be obtained or made as of the Closing Date shall have been filed, made or obtained, except for such registrations, filings, notices, consents, approvals, orders, qualifications and waivers the lack of which would not reasonably be expected to have an Adverse Effect on Buyer or Buyer and its subsidiaries, taken as a whole.

Section 9.3. No Injunction. At the Closing Date, there shall be no Order of any nature of any Governmental Authority of competent jurisdiction that is in effect that restrains or prohibits the consummation of all or any portion of the Asset Purchase, and no Law shall have been enacted by any Governmental Authority which prevents consummation of the Asset Purchase.

Article X.

Survival: Indemnification

Section 10.1. Survival Periods. The representations and warranties in this Agreement shall survive for a period of six (6) months following the Closing. A claim by any party hereunder shall survive if notice thereof is given in accordance with Section 10.4(a) within such six (6) month period.

Section 10.2. Indemnification by Seller. (a) From and after the Closing Date, Seller shall indemnify and hold harmless Buyer, its Affiliates, each of their respective directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Buyer Indemnified Parties") from and against any and all damages, claims, losses, expenses, costs, obligations and liabilities, including without limitation liabilities for all reasonable attorneys', accountants', and experts' fees and expenses including those incurred to enforce the terms of this Agreement (collectively, "Covered Liabilities"), suffered, directly or indirectly, by Buyer by reason of, or arising out of (i) any of the Retained Assets or the Retained Liabilities, including any liability based on negligence, gross negligence, strict liability or any other theory of liability, whether in law (whether common or statutory) or equity or (ii) any

breach of any representation, warranty, covenant or agreement of Seller contained herein; provided. however, that, Seller shall not be required to indemnify the Buyer Indemnified Parties with respect to any claim for indemnification under clause (ii) of this Section 10.2 unless and until the aggregate amount of all claims against Seller under clause (ii) of this Section 10.2 exceeds Two Hundred Thousand Dollars ($200,000) and then only to the extent such aggregate amount exceeds such amount, and provided, further that in no event shall Seller be required to pay or otherwise be liable for an amount in excess of One Million Dollars ($1,000,000) with respect to claims made under clause (ii) of this Section 10.2.

(b) Anything in this Section to the contrary notwithstanding, in the event that (i) based on a preponderance of the evidence, Seller shows that, on or prior to the Closing Date, Buyer had knowledge of any breach, untruth, inaccuracy of, or error in, any representation and warranty of Seller or (ii) Seller notifies Buyer, on or prior to the Closing Date, of any breach, untruth, inaccuracy of, or error in, any representation and warranty of Seller, and Buyer proceeds with the Closing, Buyer shall be deemed to have waived any right thereafter to assert any claim with respect to any such breach, untruth, inaccuracy or error, including without limitation any right to indemnification therefor. Except as set forth in the preceding sentence, Buyer's right to indemnification hereunder shall not be affected by any investigation or inquiry concerning the Business by Buyer, whether pursuant to Section 5.1 (a) hereof or otherwise in conducting its diligence.

Section 10.3. Indemnification by Buyer. (a) From and after the Closing Date, Buyer shall indemnify and hold harmless Seller, its Affiliates, each of

their respective directors, officers, employees and agents, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Raytheon Indemnified Parties") from and against any and all Covered Liabilities incurred by or asserted against any of the Raytheon Indemnified Parties in connection with or arising from any Assumed Liability or arising out of or in connection with (i) any of the Acquired Assets after the Closing Date, including any liability based on negligence, gross negligence, strict liability or any other theory of liability, whether in law (whether common or statutory) or equity or (ii) any breach of any representation, warranty, covenant or agreement of Buyer contained herein; provided. however, that Buyer shall not be required to indemnify the. Raytheon Indemnified Parties with respect to any claim made for indemnification under clause (ii) of this Section 10.3 unless and until the aggregate amount of all claims against Buyer under clause (ii) of this Section 10.3 exceeds Two Hundred Thousand Dollars ($200,000) and then only to the extent such aggregate amount exceeds such amount, and provided further, that in no event shall Seller be required to pay or otherwise be liable for an amount in excess of One Million Dollars ($1,000,000) with respect to claims made under clause (ii) of this Section 10.2; and provided further, however, that the deductible contained in the preceding provision shall not apply to (x) the obligations of Buyer to pay to Seller the Purchase Price pursuant to Section 2.3 or (y) any fees or expenses incurred by Seller in connection with the enforcement of the obligations of Buyer to pay the Purchase Price to Seller.

(b) Anything in this Section to the contrary notwithstanding, in the event that (1) based on a preponderance of the evidence, Buyer shows that, on or prior to the Closing Date, Seller had knowledge of any breach, untruth, inaccuracy of, or error in, any representation and warranty of Buyer or (ii) Buyer notifies Seller, on or prior to the Closing Date, of any breach, untruth, inaccuracy of, or error in, any representation and warranty of Buyer, and Seller proceeds with the Closing, Seller shall be deemed to have waived any right thereafter to assert any claim with respect to any such breach, untruth, inaccuracy or error, including without limitation any right to indemnification therefor.

Section 10.4. Indemnification Procedures. (a) If any indemnified party receives notice of the assertion of any Third Party Claim with respect to which an indemnifying party is obligated under this Agreement to provide indemnification, such indemnified party shall give such indemnifying party written notice thereof (together with a copy of such Third Party Claim, process or other legal pleading) promptly after becoming aware of such Third Party Claim; provided, however, that the failure of any indemnified party to give notice as provided in this Section 10.4 shall not relieve any indemnifying party of its obligations under this Section 10.4, except to the extent that such indemnifying party is actually prejudiced by such failure to give notice. Such notice shall describe such Third Party Claim in reasonable detail.

(b) An indemnifying party, at such indemnifying party's own expense and through counsel chosen by such indemnifying party (which counsel shall be reasonably acceptable to the indemnified party), may elect to defend any Third Party Claim. If an indemnifying party elects to defend a Third Party Claim, then, within ten (10) business days after receiving notice of such Third Party Claim (or sooner, if the nature of such Third Party claim so requires), such indemnifying party shall notify the indemnified party of its intent to do so,

and such indemnified party shall cooperate in the defense of such Third Party Claim (and pending such notice and assumption of defense, an indemnified party may take such steps to defend against such Third-Party Claim as, in such indemnified party's good-faith judgment, are appropriate to protect its interests). Such indemnifying party shall pay such indemnified party's reasonable out-of-pocket expenses incurred in connection with such cooperation. Such indemnifying party shall keep the indemnified party reasonably informed as to the status of the defense of such Third Party Claim. After notice from an indemnifying party to an indemnified party of its election to assume the defense of a Third Party Claim, such indemnifying party shall not be liable to such indemnified party under this Section 10.4 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than those expenses referred to in the preceding sentence; provided, however, that such indemnified party shall have the right to employ one law firm as counsel, together with a separate local law firm in each applicable jurisdiction ("Separate Counsel"), to represent such indemnified party in any action or group of related actions (which firm or firms shall be reasonably acceptable to the indemnifying party) if, in such indemnified party's reasonable judgment at any time, either a conflict of interest between such indemnified party and such indemnifying party exists in respect of such claim, or there may be defenses available to such indemnified party which are different from or in addition to those available to such indemnifying party and the representation of both parties by the same

counsel would be inappropriate, and in that event (i) the reasonable fees and expenses of such Separate Counsel shall be paid by such indemnifying party (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one Separate Counsel (excluding local counsel) with respect to any Third Party Claim (even if against multiple indemnified parties)), and (ii) each of such indemnifying party and such indemnified party shall have the right to conduct its own defense in respect of such claim. If an indemnifying party elects not to defend against a Third Party Claim, or fails to notify an indemnified party of its election as provided in this Section 10.4 within the period of ten (10) business days described above, the indemnified party may defend, compromise, and settle such Third Party Claim and shall be entitled to indemnification hereunder (to the extent permitted hereunder); provided, however, that no such indemnified party may compromise or settle any such Third Party claim without the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, the indemnifying party shall not, without the prior written consent of the indemnified party, (i) settle or compromise any Third Party Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the indemnified party of a written release from all liability in respect of such Third-Party Claim, or (ii) settle or compromise any Third Party Claim in any manner that would reasonably be expected to have a material adverse effect on the indemnified party.

Section 10.5. Certain Limitations. (a) The amount of any Covered Liabilities for which indemnification is provided. under this Agreement shall be net of any amounts actually recovered by the indemnified party from third parties (including amounts actually recovered under insurance policies) with

respect to such Covered Liabilities. Any indemnifying party hereunder shall be subrogated to the rights of the indemnified party upon payment in full of the amount of the relevant indemnifiable loss. An insurer who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provision hereof, have any subrogation rights with respect thereto. If any indemnified party recovers an amount from a third party in respect of an indemnifiable loss for which indemnification is provided in this Agreement after the full amount of such indemnifiable loss has been paid by an indemnifying party or after an indemnifying party has made a partial payment of such indemnifiable loss and the amount received from the third party exceeds the remaining unpaid balance of such indemnifiable loss, then the indemnified party shall promptly remit to the indemnifying party the excess of (A) the sum of the amount theretofore paid by such indemnifying party in respect of such indemnifiable loss plus the amount received from the third party in respect thereof, less (B) the full amount of such Covered Liabilities.

(b) No remedy under this Agreement or at law or in equity shall include, provide for or permit the payment of multiple, exemplary, punitive or consequential damages or any equitable equivalent thereof or substitute therefor, and the burden shall be on the party claiming loss to show actual loss in the amount claimed.

Article XI.
Termination

Section 11.1. Termination. This Agreement may be terminated at any time prior to the Closing by:

(a) the mutual written consent of Seller and Buyer;

(b) either Seller or Buyer if the Closing has not occurred by the close of business on November 23, 1998, and if the failure to consummate the Asset Purchase on or before such date did not result from the failure by the party seeking termination of this Agreement to fulfill any undertaking or commitment provided for herein that is required to be fulfilled prior to Closing;

(c) Seller, provided it is not then in breach of any of its obligations hereunder, if Buyer fails to perform in any material respect any covenant in this Agreement when performance thereof is due or Buyer shall have breached in any material respect any of the representations or warranties contained in this Agreement and does not cure the failure or breach within thirty (30) business days after Seller delivers written notice thereof, or

(d) Buyer, provided it is not then in breach of any of its obligations hereunder, if Seller fails to perform in any material respect any covenant in this Agreement when performance thereof is due or Seller shall have breached in any material respect any of the representations and warranties contained in this Agreement and does not cure the failure or breach within thirty (30) business days after Buyer delivers written notice thereof.

Section 11.2. Procedure and Effect of Termination. In the event of termination of this Agreement by either or both of Seller and Buyer pursuant to Section 11.1, written notice thereof shall forthwith be given by the terminating party to the other party hereto, and this Agreement shall thereupon terminate and become void and have no effect, and the transactions contemplated hereby shall be abandoned without further action by the parties hereto, except that the provisions of Sections 5.1(b) and 12.4 shall survive the termination of this Agreement; provided, however, that such termination shall not relieve any party hereto of any liability for any breach of this Agreement. If this Agreement is terminated as provided herein, all filings, applications and other submissions made pursuant to Sections 3.7 and 4.3 shall, to the extent practicable, be withdrawn from the agency or other persons to which they were made.

Article XII.
Miscellaneous

Section 12.1. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become

effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

Section 12.2. Governing Law, Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts without reference to the choice of law principles thereof. Buyer and Seller consent to and hereby submit to the jurisdiction of any state or federal court located in the Commonwealth of Massachusetts in connection with any action, suit or proceeding arising out of or relating to this Agreement, and each of the parties hereto irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

Section 12.3. Entire Agreement. This Agreement (including agreements incorporated he-rein) and the Schedules and Exhibits hereto contain the entire agreement between the parties with respect to the subject matter hereof and there are no agreements, understandings, representations or warranties between the parties other than those set forth or referred to herein.

Section 12.4. Expenses. Except as set forth in this Agreement, whether the Asset Purchase is or is not consummated, all legal and other costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses; provided that Buyer shall pay all fees relating to the transfer of the Acquired Assets and the Assumed Liabilities; provided further that if such fees exceed Two

Thousand Five Hundred Dollars ($2,500), then Buyer and Seller shall pay such fees equally.

Section 12.5. Notices. All notices hereunder shall be sufficiently given for all purposes hereunder if in writing and delivered personally, sent by documented overnight delivery service or, to the extent receipt is confirmed, telecopy, telefax or other electronic transmission service to the appropriate address or number as set forth below. Notices to Seller shall be addressed to:

Raytheon Company
141 Spring Street
Lexington, Massachusetts 02421
Attention: General Counsel
Telecopy No: (781) 860-2924

or at such other address and to the attention of such other Person as Seller may designate by written notice to Buyer. Notices to Buyer shall be addressed to:

ACCESS Radiology Corporation
25 Hartwell Avenue
Lexington, Massachusetts 02421
Attention: Scott Sheldon
Telecopy No: (781) 861-6360

or at such other address and to the attention of such other Person as Buyer may designate by written notice to Seller.

Section 12.6. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that no party hereto will assign its rights or delegate its obligations under this Agreement without the express prior written consent of each other party hereto, except that Seller may assign this Agreement to any Entity that succeeds to substantially all of Seller's assets and liabilities, and Buyer may assign this Agreement (i) to any Entity that succeeds to substantially all of Buyer's assets and liabilities, or (ii) as security to a bank or other financial institution.

Section 12.7. Headings: Definitions. The section and article headings contained in this Agreement are inserted for convenience of reference only and will not affect the meaning or interpretation of this Agreement. All references to Sections or Articles contained herein mean Sections or Articles of this Agreement unless otherwise stated.

Section 12.8. Amendment. This Agreement may not be amended, modified, superseded, canceled, renewed or extended except by a written instrument signed by the party to be charged therewith.

Section 12.9. Waiver, Effect of Waiver. No provision of this Agreement may

be waived except by a written instrument signed by the party waiving compliance. No waiver by any party hereto of any of the requirements hereof or of any of such party's rights hereunder shall release the other parties from full performance of their remaining obligations stated herein. No failure to exercise or delay in exercising on the part of any party hereto any right, power or privilege of such party shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege by such party.

Section 12.10. Interpretation, Absence of Presumption. (a) For the purposes hereof, (i) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other gender as the context requires, (ii) the terms "hereof' "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules hereto) and not to any particular provision of this Agreement, and Article, Section, paragraph and Schedule references are to the Articles, Sections, paragraphs and Schedules to this Agreement unless otherwise specified, (iii) the word "including" and words of similar import when used in this Agreement means

"including, without limitation," unless the context otherwise requires or unless otherwise specified, (iv) the word "or" shall not be exclusive, (v) provisions shall apply, when appropriate, to successive events and transactions, and (vi) all references to any period of days shall be deemed to be to the relevant number of calendar days.

(b) This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

Section 12.11. Specific Performance. The parties hereto each acknowledge that, in view of the uniqueness of the subject matter hereof, the parties hereto would not have an adequate remedy at law for money damages in the event that this Agreement were not performed in accordance with its terms, and therefore agree that the parties hereto shall be entitled to specific enforcement of the terms hereof in addition to any other remedy to which the parties hereto may be entitled at law or in equity.

Section 12.12. Remedies Cumulative. Except as otherwise provided in Article X, all rights, powers and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise or beginning of the exercise of any thereof by any party shall not preclude the simultaneous or later exercise of any other such right, power or remedy by such party.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be

executed and delivered, as an instrument under seal, in their names and on their behalf by their respective officer, thereunto duly authorized, on and as of the date first set forth above,

RAYTHEON E-SYSTEMS. INC.

By: _____
Name:
Title:

ACCESS RADIOLOGY CORPORATION

By: _____
Name:
Title:

Schedule 2.3(b)

The Final Installment shall be the amount obtained from the following table:

Date	Final Installment
in or prior to the seventh (7th) month after the Closing Date	$ 700,000
in the eighth (8th) month after the Closing Date	$ 800,000
in the ninth (9th) month after the Closing Date	$ 900,000
in the tenth (10th) month after the Closing Date	$1,000,000
in the eleventh (11th) month after the Closing Date	$1,100,000
in the twelfth (12th) month after the Closing Date	$1,200,000

Upon the first anniversary (the "First Anniversary") of the Closing Date, the Final Installment shall be One Million Three Hundred Thousand Dollars ($1,300,000). If Buyer fails to pay to Seller the Final Installment by wire transfer in immediately available funds on or before the First Anniversary, then interest shall accrue with respect to the Final Installment at the rate of twenty percent (20%) per annum or at the maximum rate permitted by law, whichever is less.

Schedule I
Acquired Assets

Acquired Assets are those assets of Seller used or held in the ordinary course of business for the manufacture, marketing and sale of the product lines produced by Raytheon E-Systems under the name E-MED. These assets include,

without limitation:

1. Inventory listed in Attachment A and MegaScan inventory;

2. Intellectual property identified on Schedule 3.9(i);

3. Prepaid expenses listed on Attachment B;

4. Property, Plant and Equipment listed on Attachment C;

5. Leases at San Antonio, Texas and Billerica, Massachusetts;

6. All agreements entered into by Seller relating to the EMED product line;

7. All proposals outstanding relating to the EMED product line;

8. All books and records relating to the EMED product line; and,

9. All accounts receivable (including receivables from employee loans) and;

10. Work in progress related to the EMED product line.

Schedule II
Estimated Balance Sheet

Schedule II

EMED
ESTIMATED BALANCE SHEET
October 23, 1998

<TABLE>
<CAPTION>

Account #	Account Description	Account Balance	
<S>	<C>	<C>	<C>
ASSETS			
CURRENT ASSETS			
101**	Total Cash	$ --	Excluded
103**	Total Accounts Receivable	$ 2,330,059	
105**	Total Inventory (Excluding MegaScan)	$ 3,681,494	(a,b)
1091*	Total Prepaid-Miscellaneous	$ 14,417	
1092*	Prepaid-ISG Software Service	$ 67,501	
1093*	Prepaid Deposits	$ 42,519	
1094*	Total Prepaid Travel	$ 33,175	
1095*	Prepaid Third Party Warranty	$ 146,382	
1097*	Prepaid Expenses-Advertising	$ --	Excluded
1099*	Total Prepaid Fringe Benefits	$ --	Excluded

Total Current Assets		$	6,315,547	
13***	Total Property and Equipment	$	639,670	
183**	PACS Software Productization	$	4,032,420	
Total Assets		$	10,987,637	
LIABILITIES				
CURRENT LIABILITIES				
201*	Total Accounts Payable	$	1,207,163	
202*	Total Accrued Rent	$	(6,145)	
203**	Total Accrued Payroll	$	--	Excluded
2040*	Provision for Warranty Cost	$	81,700	
2041*	Total Accrued Commission/Margins	$	163,576	
2042*	Accrued Megascan Costs	$	--	Excluded
2045*	Accrued Workmans Comp	$	--	Excluded
2046*	Accrued Advertising (RSNA) Fee	$	49,501	
2049*	Accrued Taxes	$	--	Excluded
205**	Total Deposits and Deferred Revenues	$	241,084	
206**	Total E-Systems Intercompany Account	$	--	Excluded
Total Liabilities		$	1,736,879	
ACQUIRED NET BOOK VALUE		$	9,250,758	

</TABLE>

Notes:

(a) Excludes MegaScan inventory located at all EMED locations including Billerica and San Antonio, and at at vendor locations.

(b) Inventory on the closing balance sheet will be adjusted to reflect differences between the 11/20/98 perpetual inventory and the inventory physically on hand at that date as confirmed by Price Waterhouse Coopers for the following items: (1) Film digitizers and related film feeders (2) personal computers >266 MHz (adjusted at 75% of standard cost), (3) SUN workstations with the following part numbers - 490-0607-7, 490-0587-6, 490-0606-6, 490-0555-0, 490-0508-8, 490-0560-4, 495-0044-8 and 170-0231-1.

Schedule III
Excluded Assets

1. Seller will retain non-exclusive world-wide, royalty free right and license to use, modify, reproduce, release, perform, display, disclose, manufacture, market and sell the PACSPro 11 Graphics Controller (the capacity to reproduce and assemble the circuit cord EMED Part Number 170-0226-6 Rev A and Raytheon Part Number 431-90000) for all non-medical applications, including commercial, governmental, aerial, spatial, and hydrographical applications.

2. All cash of Seller.

3. All Contracts between Seller and ISG Technologies, Inc.

Schedule IV

Persons with Access Knowledge:
Mr. Scott Sheldon, President of Access
Mr. Gary Lortie, Access CFO

Persons with Raytheon Knowledge:

Mr. Ron Ford, EMED President
Mr. Robert Dryden, Division Counsel

Schedule V
Retained Liabilities

1. Liabilities for infringement of intellectual property arising from events occurring prior to the Closing Date.

2. All amounts payable by the EMED product line to Seller or its Affiliates.

3. Environmental liabilities relating to the leased properties arising prior to the Closing Date.

4. Liabilities of Seller for Taxes arising in connection with Seller's the operation of the product lines produced by Raytheon E-Systems under the name E-MED.

5. Liabilities attributable to the employment of the employees of Seller which arose prior to the Closing date, excluding accrued vacation benefits accrued by those employees that are Assumed Employees.

6. Liabilities under all Contracts between Seller and ISG Technologies, Inc.

Schedule 3.1(b)
Obligations breached as a result of the closure of this transaction

Many of the contracts, leases and licenses relating to the business have provisions precluding assignment without the consent of both parties to the Agreement.

Schedule 3.2
Financial Statements of the Product Line

Identified in Attachment D

Schedule 3.4

Litigation - Actual or Threatened

1. Christopher L. Mohen v. E-Systems Medical Electronics, Middlesex Superior Court Civil Action No. 97-2821

2. Potential litigation involving the Company's alleged infringement of TASC's PictureCom software

3. Issues previously discussed with Mr. Scott Sheldon relating to the claimed obligation for EMED to upgrade 5 workstations sold to the Boston Veteran's Hospital remain outstanding

4. Issues previously discussed with Mr. Scott Sheldon relating to return of equipment and refund of some portion of the purchase price of equipment sold to New England Baptist remain outstanding

Schedule 3.5

Attachment G presents those contracts delivered to, reviewed by, or available during due diligence to Access. Seller represents that this listing includes but is not limited to all contracts that are material to the acquired business. Buyer acknowledges that it has reviewed or had the opportunity to review all of the contracts included in Attachment G. This listing is not intended to represent outstanding backlog of the acquired business.

Schedule 3.6

Instances Where the Company is not in Compliance with Environmental Laws or Licenses

None

Schedule 3.9

(i) Intellectual property list

Identified in Attachment E

(ii) Intellectual property owned by third parties and included in the above list

ISG
Mitra
Aware
Mayo
DOS
Windows for Workgroups 3.11

WIN 95
WIN 98
WIN NT
Solaris Desktop
Solaris Server
Unixware
Sybase SLQ
Motif Unix
AMASS
Carbon Copy for Windows
Dome Calibrator Software
Powerchute

(iii) Infringement claims by third parties

Identified in Schedule IV

Schedule 3.10
Inventory not in Good and Usable Condition

The inventory identified to Stockroom 8 is either obsolete or unlocated. Remainder is good and usable. This is not to be construed as an assurance of valuation.

Schedule 3.15
Licenses and Permits

1. Texas Department of Health Medical Device Manufacturer license

2. FDA Annual Registration of Device Establishment

3. FDA 510(k) Registration Numbers K901679, K935498, K941086 , K931060, K931186, K931292S1, K922267B, K862158/D, K940859/S2 and K896223/A.

4. Registration to do business in those jurisdictions where the company's business is conducted.

Schedule 5.1
Instances Where Company shall not act in the Ordinary Course of Business

None

Schedule 6.1 (a)
List of EMED Employees

Identified in Attachment F

HARTWELL GROUP LLC
COMMERCIAL LEASE ADDENDUM

A. LESSEE OBLIGATIONS

1. LESSEE shall not change the color or appearance of the outside of the Leased Premises except upon the prior written consent of the LESSOR. However, LESSEE may install its own emergency power generator to the exterior rear of the building.

2. LESSEE shall not post signs on or about the Premises without LESSOR's prior approval, however LESSEE shall be entitled to reasonable signage to be erected at LESSEE's own cost and expense, and in compliance with any relevant municipal regulations.

3. The parking areas shall not be used for storage of unused, damaged or unregistered vehicles, nor shall the LESSEE store merchandise or other materials in the parking areas.

4. LESSEE shall not otherwise store vehicles, containers, or refuse outside the Leased Premises, except for routine parking of vehicles and delivery or pickup of products or materials.

5. LESSEE shall be responsible to dispose of LESSEE trash and refuse.

6. The LESSEE may maintain insurance required by this Lease under a blanket policy of insurance which insures the LESSEE and any affiliates of the LESSEE.

7. No animals, reptiles or pets of any kind shall be kept in or about the building, except for research purposes in accordance with applicable laws and regulations.

B. LESSOR OBLIGATIONS

1. LESSOR shall, at its own cost and expense, maintain in good condition and repair all structural components of the building containing the Leased Premises, including the foundation, floor, loadbearing walls, exterior walls, HVAC, plumbing and electrical service, roof, common area, if any, of the Building, landscaping, parking areas and access ways.

2. LESSOR shall remove snow and ice from the access roadway, the parking areas, and the walkways, which serve the building, provide exterior lighting, and LESSOR will remove snow or ice from the roof of the building if, as and when the conditions cause roof leakage or threaten ice falls over access ways.

3. LESSOR shall maintain with insurance companies, licensed in Massachusetts, all risk fire insurance policies with extended coverage insuring the property containing the Leased Premises against loss or damage caused by fire or casualty in an amount equal to the full replacement cost of the Building.

C. SUBLEASING PROVISION

The following provisions supplements the provisions of Section 13, "Assignment-Subleasing" above.

(i) The LESSOR shall be deemed to approve any assignment or sublease to a parent, subsidiary or affiliate of the LESSEE upon written assurance by LESSEE that the subsequent use will be in conformance with and subject to section 8, above, "USE OF LEASED PREMISES".

(ii) Provided that LESSEE pays all rent and other charges under this Lease, LESSEE shall have a right to sub lease or assign with approval of the LESSOR, and shall be entitled to all rents received up to the value of rent payable under this Lease, and the parties will share equally in any rental income realized in such an assignment or sublease which is in

excess of the rent under this lease. The LESSEE shall bear all costs or expenses of such sub leasing or assignment.

(iii) In the event the LESSEE seeks approval for sub lease or assignment for the entire premises, the LESSOR shall have the right to refuse approval for the purposes of recovering possession of the Leased Premises, in which case, if the LESSEE elects to vacate, the Lease term shall be deemed to expire at a mutually agreed date.

D. MARKET RATE RENT FOR EXTENSION OPTIONS

Upon receipt of written notice from the LESSEE of intent to extend, under Section 25(b) of the Lease, LESSOR shall respond within thirty days with a quotation for market rate rent. For this purpose "market rate" shall mean the rate for Class B office space in comparable buildings in the general area, and not for space with the specialized improvements installed by the LESSEE (the parties agreeing that LESSEE shall not be charged rent for or with respect to any laboratory, biotechnological, specialized or trade improvements which LESSEE make to the Leased Premises at LESSEE's own expense). Fair market rate shall reflect the provisions of this Lease for escalation of real estate taxes, operating costs and for utility charges. The LESSEE shall respond within thirty (30) days agreeing to the quotation, rejecting the extension or requesting third party determination of market rate. In the later event each party shall then appoint a realty broker who has at least ten years experience in commercial real estate brokerage and/or appraisal in the Greater Boston area, and who is familiar with similar commercial property in the Lexington area, they shall confer, and each shall recommend a market rate by writing to the parties. In the

event their recommendations are joint or equal, this shall be market rate. If the recommendations differ by 5% or less, their average shall be deemed market rate. In the event their rates differ by a greater amount they shall jointly nominate a third such broker who shall make an independent recommendation of market rate. The two closest of the three recommendations shall then be averaged to establish the market rate. Each party hereto shall pay the expense of its nominee broker, and each shall share equally the expense of a third, if required. However, in no event shall market rate, determined as aforesaid, be less than the rate then payable at the time of exercise of the option, by the LESSEE. The Market Rate shall be binding on both parties and shall be reflected in a Lease amendment.

EXHIBIT B.
BUILDOUT OBLIGATIONS

A. LESSOR's OBLIGATIONS

The LESSOR shall deliver the Leased Premises, on or before December 1, 1997, in conformance with plans and specifications agreed between the parties with respect to the layout and location of offices, rooms, corridors, lighting, bathrooms, plumbing, electrical services, floors, dock area and climate controls, as referenced in Exhibit A. ("Tenant Improvements"). The LESSOR shall deliver the premises completed, upon issuance of a Certificate of Occupancy, free and clear of all tenants or occupants, and in compliance with local laws, building codes and regulations. In event "Punch List" items remain to be completed, such as touch up paint, adjustments to doors etc., the LESSOR shall complete these items within ten days of the Commencement Date.

In the event, through no delay or fault of LESSEE, the LESSOR fails to deliver the premises by December 1, 1997 LESSOR agreed to share one half of the penalty in rental premium suffered by the LESSEE, due to hold over beyond November 30, 1997 in the lease of premises at Natick, up to Five Thousand ($5,000.00). If payable that amount will be credited to LESSEE upon occupancy.

In the event the premises are suitable for occupancy prior to December 1, 1997, LESSEE may have use and occupancy of the premises upon that Commencement Date. In that event rent will commence on December 1, 1997.

The Building, rest rooms and common areas, shall be in compliance with the Americans with Disabilities Act of 1990, as amended. LESSOR shall remedy any deficiencies in the building systems or in the Tenant Improvements at its sole cost, promptly following receipt of notice of any deficiency.

LESSOR shall afford LESSEE access to the premises prior to the Commencement Date for the purpose of installing cabling, telephone lines and equipment, subject to the prior conditions that such access shall not interfere with or impede the

LESSOR's work on Tenant Improvements, and such LESSEE work shall comply with schedules and in a manner agreed with the LESSOR's supervisor on site.

In the event that the LESSOR fails to deliver the premises for occupancy by the LESSEE prior to January 1, 1998, due to no fault or delay by LESSEE, the LESSEE may upon ten days written notice cancel this Lease Agreement without penalty or further obligation on either party.

B. LESSEE's OBLIGATIONS

LESSEE shall be responsible to provide architectural plans for the layout, design and specifications for construction of all tenant improvements and to obtain LESSOR's prior approval of such layout and design. Specifications for the kind, type and quality of material and finish shall be consistent with the kind, type and quality of materials and finish installed in the leased premises of Spectrum Medical Technologies, Inc. at 45 Hartwell Ave. Lexington.

In the event of changes in layout or specification by the LESSEE, such changes shall be defined in plans submitted to the LESSOR. In the event such changes would result in either delay in work completion or increase in costs of buildout LESSOR shall notify LESSEE, in writing, within five business days, and LESSEE may accept the delay or charges, or waive the changes, in writing, within three business days.

C. SPECIAL PROVISION FOR FINANCING

LESSEE may from time to time grant security interests in or make equipment leases with respect to LESSEE's current or future installations, fixtures, equipment, improvements, additions and property in the Leased Premises in order to finance the same or LESSEE's business, and LESSOR shall upon LESSEE's request execute and deliver reasonable instruments confirming the same.

EXHIBIT C
CLEANING SCHEDULE

INTENTIONALLY OMITTED FROM THIS LEASE

EXHIBIT D.

RIGHT OF FIRST REFUSAL ON ADDITIONAL SPACE

INTENTIONALLY OMITTED FROM THIS LEASE

EXHIBIT E

EXCLUSIONS FROM OPERATING COSTS

The following items shall be excluded in computing LESSEE'S share of Operating costs applicable to the Leased Premises:

1. Any ground lease rental;

2. Costs of capital repairs or capital replacements (except as specifically permitted in this paragraph 2), capital improvements and equipment; except those: (a) required by laws enacted on or after the date the temporary certificate of occupancy issued for the LESSEE work shall be validly issued with the cost of any such improvements and equipment depreciated or amortized over the usual life of the improvement and/or equipment, or (b) installed at the Leased Premises to reduce operating costs, with the cost of any such improvements and equipment depreciated or amortized at an annual rate reasonably calculated to equal the amount of operating costs to be saved in each calendar year throughout the term (as determined at the time LESSOR elected to proceed with the capital improvement or acquisition of the capital equipment to reduce operating costs); however, as respects (a) and (b) above, only depreciation or amortization attributable to a given calendar year shall be included in operating costs for such year. Depreciation or amortization shall be calculated on straight line basis and at interest rates calculated at market rates and terms then prevailing for borrowers similar to LESSOR.

3. Rentals for items (except when needed in connection with normal repairs and maintenance of the building which shall be permitted) which if purchased, rather than rented, would constitute a capital improvement specifically excluded in Subsection 2, above;

4. Costs incurred by LESSOR for the repair for replacement of damage to the building or its contents caused by fire or other casualty;

5. Depreciation, amortization, lender's fees and interest payments except as permitted pursuant to Subsection 2, above, and, if permitted, then determined in accordance with generally accepted accounting principles, consistently applied (as applied to commercial real estate) in accordance with the anticipated useful life of such item (as reasonably determined by LESSOR);

6. Overhead and profit increments paid to LESSOR or to subsidiaries or affiliates of LESSOR for goods and/or services in the building to the extent the same exceeds the cost of such goods and/or services rendered by unaffiliated third parties on a competitive basis;

7. Advertising and promotional expenditures, and the costs of acquiring and installing signs in or on the building identifying the owner of the building;

8. Interest, principal, points and fees on debts or amortization on any mortgage or mortgages or any other debt instrument encumbering the building or property;

9. Any costs associated with gift taxes, excise taxes, income taxes, transfer taxes or capital levies;

10. Costs incurred in connection with upgrading the building to comply with handicap, hazardous material, fire and safety codes which were in effect prior to the date of the lease or which become effective after date of the Lease;

11. Tax penalties incurred as a result of LESSOR's negligence, inability or unwillingness to make payments when due, not attributable to LESSEE's failure to make payments to LESSOR for such items in accordance with the lease;

12. Any and all costs arising from the presence of hazardous materials or substances (as defined by applicable Federal, Massachusetts and local laws) now or hereafter pertaining to the building ("Hazardous Substances") and property in or about the building including, without limitation, Hazardous Substances in the ground, water, or soil;

13. LESSOR's general corporate overhead and general and administrative expenses except as contained and allowed in the 5% Management Fee per provision in Clause 6.B, above;

14. Costs of any items for which LESSOR is reimbursed by insurance, or otherwise compensated by parties other than LESSEE's of the building;

15. Any legal fees associated with the sale or refinancing of the building;

16. Costs for any separate utility meters LESSOR may install in the building, unless the installation is required by a utility company or governmental entity;

17. Costs for construction for compliance with, or penalties assessed for non-compliance with the Americans with Disabilities Act of 1990 (42. U.S.C. 1281-1283);

18. Expenses incurred as a result of the LESSOR's negligence or the negligence of another lessee;

19. Costs of procuring tenants for the building, including without

limitation advertising, brokerage commissions and inducements paid or credited to such tenants for buildout costs;

20. Costs for special work or services to particular tenants.

CONFIDENTIAL TREATMENT EXHIBIT 10.21

WEB SOFTWARE LICENSING AND DEVELOPMENT AGREEMENT

This Web Software Licensing and Development Agreement is entered into as of September 10, 1999 (the "Effective Date") between AWARE, Inc. ("AWARE") and eMed Technologies Corporation ("EMED"), formerly known as ACCESS Radiology Corporation.

Background

1. EMED is in the business of providing integrated hardware and software systems and services with respect to the transmission and interpretation of medical images. AWARE develops and licenses proprietary computer software that is useful for compression and web-based viewing of digital images.

2. AWARE and EMED are parties to a Software Licensing and Development Agreement dated May 30, 1997 (the "1997 Agreement"). The 1997 Agreement provides for the licensing of various software by AWARE to EMED on the terms set forth therein. Among other things, the 1997 Agreement contemplated the development, licensing and marketing of certain new software, referred to in the 1997 Agreement as the "Joint Product". The 1997 Agreement sets forth procedures under which the Joint Product would be developed and licensed, royalties would be negotiated, and ownership of intellectual property would be determined.

3. The development efforts contemplated with respect to the Joint Product by the 1997 Agreement have now resulted in the initial commercial release of a software application for the web-based viewing and distribution of medical images and related information. This release having occurred, AWARE and EMED now wish to provide for definitive terms upon which this new software will be licensed and marketed, and upon which further development work relating to the new software will proceed.

NOW, THEREFORE, the parties agrees as follows:

I. MODIFICATION OF THE 1997 AGREEMENT.

1.01. Termination of Joint Product Provisions. Article III of the 1997 Agreement, which provides for various matters relating to the "Joint Product" as defined therein, shall terminate upon the execution of this Agreement. In

addition, references to the Joint Product in Articles IV, V and VI of the 1997 Agreement shall have no further force or effect upon the execution of this Agreement. The rights and obligations of AWARE and EMED with respect to the Web Product and the related Licensed Software (as defined in Section 2.01 of this Agreement), and with respect to the Joint Product (as defined Article III of this Agreement)shall be governed exclusively by this Agreement, and not by the 1997 Agreement. The rights and obligations of AWARE and EMED with respect to the "Compression Software" (as defined in the 1997 Agreement) shall be governed exclusively by the 1997 Agreement, and not by this Agreement.

1.02 Survival of the 1997 Agreement. The 1997 Agreement shall survive the execution of this Agreement and shall continue to govern the rights and obligations of the parties with respect to the "Compression Software" (as defined in the 1997 Agreement), except to the extent expressly modified by this Agreement. The references to "Schedule I" in Sections 1.01, 1.03(b), 1.04(a), and 2.02(b) of the 1997 Agreement are amended to refer to "the documentation separately supplied by AWARE".

II. LICENSING OF SOFTWARE; PAYMENTS.

2.01 Grant of License. Subject to the terms of this Agreement, AWARE grants to EMED the following rights, under any patent, copyright, trade secret or other proprietary right (other than any trademark) of AWARE, whether presently held or hereafter acquired, with respect to (i) the proprietary web-based image viewing and distribution software identified on Schedule I and any upgrades or modifications thereof (the "Web Product") and (ii) any other web-based image viewing or distribution software developed by AWARE pursuant to this Agreement (such software and the Web Product being referred to collectively as the "Licensed Software"):

(a) The right to use the Licensed Software for internal purposes and in support of users of EMED products for Medical Use, and to use and make available the Licensed Software as part of EMED's product line and for integration with other components of EMED products.

(b) The right to grant sublicenses of the Licensed Software for Medical Use to users of EMED products and to original equipment manufacturers or other parties which utilize toolkits to create derivative products for Medical Use which are in turn licensed to end users. Sublicenses of software will be granted in compliance with the procedures set forth in Section 6.01.

(c) The right to modify the Licensed Software to create new releases

and new products for Medical Use, and to grant sublicenses of software as modified for Medical Use to users and to original equipment manufacturers or other parties which utilize toolkits to create derivative products for Medical Use which will in turn be licensed to end users. Sublicenses of software will be granted in compliance with the procedures set forth in Section 6.01.

For purposes of the Agreement, "Medical Use" means the compression, transmission, viewing or other processing of medical images. The rights granted to EMED shall be exclusive to the extent set forth in Article III.

2.02. License Fees. (a) License fees payable to AWARE with respect to the Web Product will be determined based upon the terms on which the Web Product is made available to customers. [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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(b) With respect to each Subscription Sale of the Web Product, EMED will pay to AWARE [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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(c) With respect to sales of the Web Product other than Subscription Sales, [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.]

(d) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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(e) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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(f) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

] EMED will not make the Web Product available without charge

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except for (i) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999] and (ii) copies of client software provided to radiologists in connection with Subscription Sales, and EMED will not make the Web Product available without charge to assist in selling other products or in generating revenues from other sources.

2.03. Payments. (a) Promptly after the end of each calendar quarter, EMED will deliver to AWARE a statement setting forth, for such quarter, the number of copies of server software included in Subscription Sales, Net Client License Revenue, and Net Software License Revenue. Each quarterly statement shall be accompanied by payment of license fees due. EMED will use its best efforts to provide such statement and pay license fees due within 30 days of the end of each calendar quarter. Each quarterly statement and payment of license fees shall be provided no later than 60 days after the end of the relevant calendar quarter.

(b) EMED will keep complete books of account containing all particulars that may be necessary to determine the amounts payable to AWARE hereunder. Such books and supporting data shall be open for inspection for one year following the calendar year to which they pertain, at reasonable times and upon reasonable notice, by an independent auditor for purposes of verifying the statements delivered pursuant to subsection (a) above. AWARE will not conduct more than one such inspection for books and supporting data relating to any single calendar year. The results of any inspection shall be made available to EMED. If the agreed results of an inspection show an underpayment or overpayment, then EMED shall pay to AWARE the amount of any underpayment and AWARE shall pay to EMED the amount of any overpayment. [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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2.04. Other Products. With respect to Licensed Software that may be developed in the future, the parties will negotiate in good faith to determine definitive terms.

[*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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III. MARKETING FOR NON-MEDICAL USE.

3.01 AWARE shall have the exclusive right to market software and other components included in the Web Product and any other software developed pursuant to this Agreement (the "Joint Product"), under any patent, copyright, trade secret or other proprietary right of EMED (other than any trademark), whether presently held or hereafter acquired, for all uses other than Medical Use. AWARE shall have the following rights with respect to the Joint Product, which EMED hereby grants to AWARE.

(a) The right to use the Joint Product for internal purposes and in support of users of AWARE products, and to use and make available the Joint Product as part of AWARE's product line and for integration with other components of AWARE products, in all cases for uses other than Medical Use. Medical Use includes grants of licenses to indemnity insurance companies, and AWARE will not grant any such licenses.

(b) The right to make and have made, use and have used, and sell, lease or otherwise transfer the Joint Product, and to grant sublicenses of the software and other intellectual property included in the Joint Product to users of AWARE products in which such software is included, in all cases for uses other than Medical Use. Users to whom sublicenses are granted may include original equipment manufacturers or other parties which utilize toolkits to create derivative products for any use other than for Medical Use, which will in turn be licensed to end users. Sublicenses of software will be granted in compliance with the procedures set forth in Section 7.01.

(c) The right to modify the Joint Product and the software included in it to create new releases and new products, to make and have made, use and have used, and sell, lease or otherwise transfer products including modifications, and to grant sublicenses of

software as modified to users of AWARE products in which such software is

included, in all cases for uses other than Medical Use. Users to whom sublicenses are granted may include original equipment manufacturers or other parties which utilize toolkits to create derivative products for any use other than for Medical Use, which will in turn be licensed to end users. Sublicenses of software will be granted in compliance with the procedures set forth in Section 7.01.

[*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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IV. EXCLUSIVITY

4.01 Exclusivity Commitments. (a) EMED shall have the exclusive right to use and sublicense software developed or owned by AWARE for Medical Use to the extent set forth herein. From the date of this Agreement until the

termination of exclusivity as provided in Section 6.01, AWARE will not (except as expressly permitted by this Agreement) supply for Medical Use or permit any person to use for Medical Use (i) the Web Software or any modification or improvement of the Web Software or (ii) any other dynamic HTML or plug-in product that is developed, owned or licensed by AWARE. AWARE will take reasonable steps to assure compliance with this exclusivity commitment by third parties to whom AWARE provides software. Notwithstanding anything contained in this Agreement, AWARE may provide its ADSL, SDSL, HFC and any other general data communication product to third parties for Medical Use or any other purpose.

(b) From the date of this Agreement until the termination of exclusivity as provided in Section 6.01, AWARE will be the exclusive supplier to EMED of web-based image viewing and distribution software for use in EMED products. EMED will not independently develop any such software and will not include any such software (other than that developed by or in cooperation with AWARE under this Agreement) in the Web Product or any product that is competitive with the Web Product. The parties understand and agree that home, diagnostic and intensive care unit viewers are complementary to the Web Product and are therefore not within the scope of the foregoing restrictions.

4.02. Exceptions. (a) Licenses of software for Medical Use which have been previously granted and for which all license fees have been invoiced as of the date of this Agreement shall continue in effect notwithstanding Section 4.01. However, AWARE will not provide upgrades or new releases for any software

subject to such licenses except as expressly permitted in this Section 4.02.

(b) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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(c) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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4.03. Transition. Promptly after the date of this Agreement, AWARE will
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publicly announce that it has enlarged its exclusive relationship with EMED and that EMED and AWARE are making a commitment to the Web Product. This announcement will be subject to review by EMED before its release. EMED may disclose the relationship between AWARE and EMED contemplated by this Agreement in technical and product oriented marketing materials without review by AWARE. EMED may disclose this Agreement and the relationship contemplated hereby in filings with securities regulators to the extent set forth in Section 7.06. All other public announcements by EMED that refer to AWARE will be subject to review by AWARE prior to their release.

V. DUTIES OF EMED AND AWARE

5.01. Duties of EMED. EMED will use its best efforts to maximize the market
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and sales volume for the Web Product. [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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5.02. Duties of AWARE. AWARE will continue to provide primary engineering
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application development for EMED's web-based image viewing and distribution software for use in EMED products including the client software and dynamic HTML generation applications included in the Web Product. AWARE's responsibilities will specifically include bug fixes, work-arounds and other software support as needed to cause the Licensed Software to perform in accordance with its specifications. AWARE will also make available, upon request by EMED, additional applications, additional features on existing applications, and changes to core technology as specified by EMED. [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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5.03. Meetings. Management of AWARE and EMED will meet on a monthly basis to review technical and market progress towards meeting goals and objectives.

VI. TERM

6.01. Term; Effect of Expiration. (a) The initial term of this Agreement shall extend until December 31, 2005. The term of this Agreement may be renewed by mutual agreement of the parties.

(b) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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(c) AWARE and EMED agree that the royalties and license fees payable under this Agreement shall be modified effective upon modification of the licenses granted hereunder pursuant to subsection (b) above. AWARE and EMED further agree that the appropriate amount of such modified royalties and license fees cannot be determined as of the date of this Agreement. [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

] If, at any time after the end of such three month period, either party shall determine in its judgment that negotiations are unlikely to result in an acceptable outcome, such party may initiate arbitration to determine modified fees and royalties pursuant to the procedures specified in Section 8.01.

6.02. Termination for Breach. (a) If EMED shall materially breach its obligations under this Agreement, and such material breach shall be continuing for at least 60 days after delivery of a notice by AWARE describing such breach, then AWARE may by a separate notice terminate this Agreement for breach under this Section 6.02(a).

(b) If AWARE shall materially breach its obligations under this Agreement, and such material breach shall be continuing for at least 60 days after delivery of a notice by EMED describing such breach, then EMED may by a separate notice terminate this Agreement for breach under this Section 6.02(b).

(c) With respect to the obligations of AWARE and EMED under Sections 5.01 and 5.02, "material breach" means willful failure of a party to allocate the resources required by the Section 5.01 or 5.02 (as the case may be) to the performance of such party's responsibilities.

(d) Termination for breach under this Section 6.02 shall not be an exclusive remedy, but shall be in addition to any other remedies that either party may have.

6.03. Effect of Termination for Breach. (a) If AWARE shall terminate this
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Agreement for breach pursuant to Section 6.02, then the license granted to EMED pursuant to Section 2.01 shall immediately terminate and EMED shall cease using or marketing the Licensed Software and the Web Product; provided that EMED shall fulfill any maintenance obligations existing as of the effective date of such termination. Upon the effectiveness of such a termination, the exclusivity obligations of AWARE pursuant to Article III shall terminate.

(b) If EMED shall terminate this Agreement for breach pursuant to Section 6.02, then the license granted to EMED pursuant to Section 2.01 and the exclusivity provisions binding upon AWARE pursuant to Article IV shall remain in effect, and the exclusivity obligations of EMED pursuant to Article IV shall terminate. In such event, AWARE shall continue to provide bug fixes, work-arounds and other software support as needed to cause the Licensed Software to perform in accordance with its specifications. Also in such event, EMED shall retain source code delivered under Section 7.03, AWARE shall deliver to EMED any additional source code of the Licensed Software not previously delivered under Section 7.03, and EMED shall continue to have the right to modify the Licensed Software. For so long as the license granted under Section 2.01 continues in effect pursuant to this subsection (b), EMED shall pay license fees as provided in Section 2.02. Upon the effectiveness of any termination by EMED for breach under

Section 6.02(b), the license granted to AWARE under Article III shall terminate.

6.04. Additional Surviving Terms. All payment obligations accrued prior to
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any termination or expiration of this Agreement shall survive such termination or expiration. All sublicenses granted to any end user in accordance with this

Agreement prior to any termination or expiration of this Agreement shall survive such termination or expiration. If EMED holds a continuing license under this Agreement, EMED shall also continue to have the rights set forth in Section 7.03 with respect to such license. The provisions of Sections 6.05, 7.02, 7.05, 7.06, 8.01, 8.02, 8.03 and 8.12 shall survive any termination or expiration of this Agreement.

6.05. Intellectual Property. AWARE and EMED shall negotiate in good faith for at least three months after effectiveness of expiration or termination of this Agreement to reach agreement on specific definition of the intellectual property owned by each party in accordance with the principles set forth in Section 7.02. If, at any time after the end of such three month period, either party shall determine in its judgment that negotiations are unlikely to result in an acceptable outcome, such party may initiate arbitration to determine ownership of intellectual property pursuant to the procedures specified in Section 8.01.

VII. INTELLECTUAL PROPERTY

7.01. Software Licensing Procedures. (a) The procedures set forth in this Section 67.01 shall govern the granting of sublicenses of software under this Agreement.

(b) Each of AWARE and EMED shall assign a unique number to each copy made by it of Licensed Software or any other software provided to it by the other party, whether for internal use or for sublicense to a user. Each of AWARE and EMED shall keep full, clear and accurate records of all copies that it makes of any such software and the identity and location of each third party to whom any such software is provided. Each of EMED and AWARE may examine records of the other party not more than once in any calendar quarter, during normal business hours and upon reasonable notice.

(c) Sublicenses of software granted under this Agreement shall include the following provisions. Such terms may be set forth in a reasonably prominent printed or electronic document that accompanies the software being sublicensed and states that by use of such software, the user agrees to the terms set forth in the document. Sublicenses may be granted directly, or by a reseller or other intermediary. The provisions required by this subsection (c) are:

(i) a provision restricting the sublicensee's use of the licensed software to its own business and professional purposes, provided that any sublicensee of a toolkit may use it to create new applications to be licensed to end users as part of the sublicensee's product;

(ii) a provision requiring the sublicensee to take all reasonable precautions to keep the licensed software and any related documentation confidential;

(iii) a provision prohibiting the sublicensee from reproducing (except for backup copies), reverse engineering, translating or creating other versions of the licensed software, provided that any sublicensee of a toolkit may use it to create new applications to be licensed to end users as part of the sublicensee's product;

(iv) a provision acknowledging that ownership of the licensed software remains exclusively with the grantor of the license or its suppliers;

(v) a provision limiting the other party's liability to the sublicensee to at least the same extent that the liability of the grantor to the sublicensee is limited, and disclaiming warranties on behalf of the other party at least to the extent disclaimed on behalf of the grantor; and

(vi) a provision stating that AWARE or EMED (as the case may be) is an intended third party beneficiary of the foregoing to the extent any materials or information delivered to the sublicensee originated with or are derived from materials or information supplied by AWARE or EMED (as the case may be), and shall have the right to enforce and shall be entitled to the benefit of any of the foregoing provisions as they relate to such materials or information.

Each party will use reasonable efforts to enforce license agreements executed by its customers. In no event shall source code be released to any sublicensee.

(d) Notwithstanding this Section 7.01 or any other provision of this Agreement, software may be licensed to the Government of the United States of America, or an agency or instrumentality thereof, under an agreement containing software licensing terms generally used by the United States Government (or the agency or instrumentality to which the software is licensed) for procurement of commercial software.

7.02. Ownership. (a) As between EMED and AWARE, AWARE owns any software developed solely by AWARE or by any employee, consultant or other person acting on AWARE's behalf (other than EMED) under this Agreement, including any inventions, concepts, specifications, know-how and ideas embodied in such software, together with all proprietary rights therein ("AWARE Intellectual Property"). As between EMED and AWARE, EMED owns and shall continue to own those concepts, specifications, know-how, and ideas embodied in the design and functionality of the Web Product and conceived solely by EMED, and as applied in

the Web Product for Medical Use, and any software developed solely by EMED or by any employee, consultant or other person acting on EMED's behalf (other than AWARE) under this Agreement, including any inventions, concepts, specifications, know-how and ideas embodied in any of the foregoing, together with all proprietary rights therein ("EMED Intellectual Property"). As between EMED and AWARE, the parties shall jointly own any software or other intellectual property jointly developed by the parties under this Agreement and not allocated between them above, including any inventions, concepts, specifications, know-how and ideas embodied therein, together with all

proprietary rights therein ("Joint Intellectual Property"). Whether or not any intellectual property is jointly developed shall be determined in accordance with United States patent or copyright law as applicable; provided that in no event shall either party have an obligation to account to the other except as specifically provided in this Agreement.

(b) AWARE shall have the right to file and prosecute patent or copyright applications on AWARE Intellectual Property and EMED shall have the right to file and prosecute patent or copyright applications on EMED Intellectual Property. The parties will cooperate in the filing and prosecution of patent or copyright applications on Joint Intellectual Property, provided that neither party shall file any such patent or copyright application without the prior written consent of the other. Each party will cooperate with the other party in the filing and prosecution by the other party of any patent or copyright application that complies with this subsection (b), including by executing and delivering or causing its officers and employees to execute and deliver (all at the expense of the filing party) any documentation reasonably necessary or appropriate for the filing and prosecution of such an application and the vesting of rights as provided in this Agreement.

(c) The exclusivity obligations of the parties under Article IV shall not in any way be affected by the ownership of AWARE Intellectual Property, EMED Intellectual Property, or Joint Intellectual Property as provided in this Section 7.02, or by the filing of any patent or copyright application or the grant or issuance of any patent or copyright. Neither party shall market, sell, license or distribute any Joint Intellectual Property except to the extent that such Joint Intellectual Property is covered by a license granted to such party hereunder.

7.03 Source Code. Copies of source code of all Licensed Software will be made available to EMED by AWARE upon completion of each release or patch in which such source code is included. The fact that AWARE has provided access to source code shall in no way affect proprietary rights to source code or software, and all source code shall continue to be owned by the party that owned it prior to disclosure. All source code is "Confidential Information" as that

term is used in Section 7.06 and shall

be subject to the restrictions set forth in Section 7.06. EMED will maintain source code revision control procedures with which both AWARE and EMED will comply. These procedures will be designed to achieve, among other things, compliance with "Good Manufacturing Practices" as defined by the U.S. Food and Drug Administration and documentation of the ownership of source code disclosed by either party. Provision of source code to EMED shall not affect AWARE's obligations to provide engineering resources and support under Section 5.01. Should AWARE wish to utilize its license rights pursuant to Section 3.01, AWARE will notify EMED of such intentions and copies of source code of Joint Products will be made available to AWARE by EMED upon completion of each release or patch in which such source code is included. The fact that EMED has provided access to source code shall in no way affect proprietary rights to source code or software, and all source code shall continue to be owned by the party that owned it prior to disclosure. All source code is "Confidential Information" as that term is used in Section 7.06 and shall be subject to the restrictions set forth in Section 7.06.

7.04. Representations. (a) AWARE represents to EMED that AWARE has full authority to enter into this Agreement and grant the licenses and rights set forth herein.

(b) EMED represents to AWARE that EMED has full authority to enter into this Agreement and grant the licenses and rights set forth herein.

7.05. Indemnities. (a) AWARE will, at its expense, defend against, hold EMED harmless from, and pay any final judgment against EMED or any customer of EMED arising out of (x) any claim that the Licensed Software infringed a copyright, a patent or a trade secret of a third party, unless in the case of third party patent claims, (i) AWARE can show that the patent claimed to have been infringed was not known to Aware at the time of delivery to EMED of the infringing portion of Licensed Software or (ii) such patent was infringed in order to comply with an EMED design or specification or (iii)such patent would not be infringed by the use of Licensed Software alone and not in combination with any EMED software; or (y) out of marketing by AWARE of AWARE products (including any product liability claim unless such product liability claim is caused by designs, specifications or software provided by EMED); provided that (i) EMED notifies AWARE in writing of such claim or action,

and (ii) AWARE has sole control of the defense and settlement of such claim or action. In defending against such claim or action to the extent it relates to software provided by AWARE, AWARE may, at its option, agree to any settlement in which AWARE shall either (1) procure for EMED and all customers of EMED the right to continue using the software at issue; or (2) modify or replace such software so that it no longer infringes, to the extent that the exercise of such option does not result in a material adverse change in the operational characteristics of such software, and equivalent functions and performance provided by AWARE remain following implementation of such option. If AWARE concludes in its judgment that none of the foregoing options is reasonable, AWARE may remove the software at issue and any other component supplied by AWARE rendered unusable as a result of such removal and pay to EMED damages arising therefrom, including damages incurred by reason of EMED's inability to perform its obligations under sublicenses; [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.]

(b) EMED will, at its expense, defend against, hold AWARE harmless from, and pay any final judgment against AWARE or any customer of AWARE arising out of (x) any claim that any software licensed to AWARE by EMED hereunder infringed a copyright, a patent or a trade secret of a third party, unless in the case of third party patent claims, (i) EMED can show that the patent claimed to have been infringed was not known to EMED at the time of delivery to AWARE of the infringing software or (ii) such patent was infringed in order to comply with an AWARE design or specification or (iii) such patent would not be infringed by the use of the software licensed by EMED alone and not in combination with any AWARE software; or (y) out of marketing by EMED of EMED products (including any product liability claim unless such product liability claim is caused by designs, specifications or software provided by AWARE) provided that (i) AWARE notifies EMED in writing of such claim or action, and (ii) EMED has sole control of the defense and settlement of such claim or action. In defending against such claim or action to the extent it relates to software provided by EMED, EMED may, at its option, agree to any settlement in which EMED shall either (1) procure for AWARE and all customers of AWARE the right to continue using the software at issue; or (2) modify or

replace such software so that it no longer infringes, to the extent that the exercise of such option does not result in a material adverse change in the operational characteristics of such software, and equivalent functions and performance provided by EMED remain following implementation of such option. If EMED concludes in its judgment that none of the foregoing options is reasonable, EMED may remove the software at issue and any other component supplied by EMED rendered unusable as a result of such removal and pay to AWARE damages arising therefrom, including damages incurred by reason of AWARE's inability to perform its obligations under sublicenses; [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.]

(c) If EMED shall determine in its judgment that the concepts, specifications, know-how, and ideas embodied in the design and functionality of the Licensed Software infringe or conflict with a patent or copyright not known to EMED on the date of this Agreement, then EMED shall notify AWARE and the parties will discuss in good faith whether the Licensed Software can be modified or other steps may be taken to avoid such infringement. If EMED determines in its judgment that no such modification or other steps can be reasonably implemented, EMED may by notice terminate the obligations of AWARE and EMED under this Agreement with respect to the affected portion of the Licensed Software, and the indemnity of EMED in subsection (b) above shall apply only to those claims relating to the affected portion of the Licensed Software of which AWARE or EMED had notice prior to the date of the first notice regarding infringement delivered by EMED.

7.06. Confidentiality. As used in this Agreement, "Confidential Information" means (i) all confidential information, proprietary software, trade secrets, know-how, and all other intellectual property that is subject to the licenses granted in this Agreement and in which proprietary rights would be adversely affected by disclosure and (ii) all other confidential or proprietary information (including without limitation financial information and business information such as customer lists) that is or has been disclosed by AWARE to EMED or by EMED to AWARE. AWARE and EMED agree that they will not, and will not permit

their respective officers, employees, agents and representatives to, without first obtaining the written consent of the other party, use, sell or disclose any Confidential Information, except as expressly contemplated hereby and except that Confidential Information may be disclosed by the party that owns it unless such disclosure would adversely affect the proprietary nature of Confidential Information subject to any of the licenses granted hereunder. Either party may disclose Confidential Information to potential customers, and to other third parties to the extent necessary to permit any such third party to assist in manufacture or integration of the Web Product, provided that any such potential customer or third party to whom Confidential Information is disclosed shall execute a confidentiality agreement no less restrictive than this Section 7.06. "Confidential Information" does not include (i) information that is or becomes (other than by disclosure in violation of this Agreement) generally available to the public, (ii) information that the receiving party can show was known to the receiving party prior to its disclosure by the other party, or (iii) information required to be disclosed by law or regulation or by judicial process or administrative order, provided that prompt notice and an opportunity to seek a protective order is given to the other party prior to disclosure. AWARE and EMED agree that this Agreement and the Schedules hereto are Confidential Information subject to this Section 7.06. AWARE consents to the disclosure of the

relationship contemplated by this Agreement in filings by EMED with the U.S. Securities and Exchange Commission and state securities authorities, and the filing of this Agreement and the 1997 Agreement as related exhibits; provided that EMED shall diligently seek confidential treatment of all pricing information and shall promptly deliver a copy of all such filings to AWARE.

VIII. GENERAL.

8.01. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in Boston, Massachusetts under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Arbitration as specified in this Section 8.01 shall be the sole and exclusive procedure for the resolution of disputes

between the parties arising out of or relating to this Agreement or the breach thereof; provided, however, that a party, without prejudice to such procedure, may file a complaint to seek a preliminary injunction or other provisional judicial relief, if in its judgment such action is necessary to avoid irreparable damage or preserve the status quo. Despite such action the parties will continue to participate in good faith in the procedures specified in this Section 8.01. AWARE and EMED agree that any breach of Sections 4.01, 4.02, 7.01 or 7.06 would cause irreparable harm and that the aggrieved party shall be entitled to equitable relief in the nature of an injunction for any such breach, without posting of a bond or other surety.

8.02. Limitation of Warranties. THE OBLIGATIONS OF AWARE AND EMED EXPRESSLY STATED IN THIS AGREEMENT ARE IN LIEU OF ALL OTHER WARRANTIES OR CONDITIONS EXPRESS OR IMPLIED. TO THE EXTENT ALLOWABLE TO BY LAW, THIS EXCLUSION OF ALL OTHER WARRANTIES AND CONDITIONS EXTENDS TO IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABLE QUALITY AND FITNESS FOR A PARTICULAR PURPOSE, OR AGAINST INFRINGEMENT AND THOSE ARISING BY STATUTE OR OTHERWISE IN LAW, OR FROM A COURSE OF DEALING OR USAGE OF TRADE.

8.03. Limitation of Liability. EMED AND AWARE AGREE THAT, EXCEPT AS EXPRESSLY STATED OTHERWISE IN SECTION 7.05, THE LIABILITY OF EITHER OF THEM TO THE OTHER, IF ANY, UNDER ANY THEORY OF LAW OR EQUITY, ARISING OUT OF, OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE FULFILLMENT OF ANY OF THE OBLIGATIONS OF EITHER OF THEM UNDER THIS AGREEMENT, IS LIMITED TO MONEY DAMAGES NOT TO EXCEED THE TOTAL AMOUNT PAID OR PAYABLE BY EMED TO AWARE UNDER THIS AGREEMENT.

8.04. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

8.05. Assignment. (a) Subject to EMED's right to grant sublicenses hereunder, EMED may not assign this Agreement or any rights hereunder without the prior written consent of AWARE, except that, without such consent and upon notice to AWARE, (i) EMED may assign all of its rights hereunder to a corporation or other legal entity that acquires substantially all of EMED's assets or where EMED is consolidated or merged, but then only upon the express assumption by such transferee or its successor of the

obligations set forth in this Agreement and (ii) EMED may grant security interests in the rights of EMED under this Agreement to secure the obligations of EMED to a bank or other financial institution which has extended credit to EMED.

(b) AWARE may not assign this Agreement or any rights hereunder without the prior written consent of EMED, except that, without such consent and upon notice to EMED, (i) AWARE may assign all of its rights hereunder to a corporation or other legal entity that acquires substantially all of AWARE's assets or where AWARE is consolidated or merged, but then only upon the express assumption by such transferee or its successor of the obligations set forth in this Agreement and (ii) AWARE may grant security interests in the rights of AWARE under this Agreement to secure the obligations of AWARE to a bank or other financial institution which has extended credit to AWARE.

(c) This Agreement is binding upon, and inures to the benefit of, the successors and permitted assigns of the parties.

8.06. Effect of Waiver. The waiver or failure of either party to exercise in any respect any right provided for in this Agreement shall not be deemed a waiver of any further or future right hereunder.

8.07. Headings. The headings used in this Agreement are for convenience of reference only and are not to be used in interpreting the provisions of this Agreement.

8.08. Complete Agreement. This Agreement is the exclusive statement of the understanding between the parties with respect to its subject matter. It supersedes all prior agreements, negotiations, representations and proposals, written or oral, relating to the subject matter hereof. No provisions of this

Agreement may be changed or modified except by an agreement in writing signed by the party to be bound. No provision of any purchase order or other instrument issued by EMED or any invoice or other form issued by AWARE that is inconsistent with the provisions of this Agreement shall be binding or affect this Agreement unless signed by both parties.

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8.09. Severability. If any provision of this Agreement is invalid or unenforceable in any particular case, such case shall not invalidate or render unenforceable any other part of this Agreement. This Agreement shall be construed as not containing the particular provision or provisions held to be invalid or unenforceable to the extent of the particular case, and the rights and obligations of the parties hereto shall be construed and enforced accordingly.

8.10. Effectiveness of Agreement; Counterparts. This Agreement is effective when executed by both parties. This Agreement may be executed in counterparts, each of which shall constitute one and the same instrument.

8.11. Notices. All notices provided for in this Agreement shall be in writing or facsimile, addressed to the appropriate party at the respective address set forth below or to such other then-current address as is specified by notice, as follows:

to AWARE:

AWARE, Inc.
40 Middlesex Turnpike
Bedford, MA 01730
Facsimile: (617) 276-4001
Attention: Edmund Reiter

to EMED:

EMED Technologies Corporation
25 Hartwell Avenue
Lexington, MA 02421
Facsimile: (781) 861-6360
Attention: Howard Pinsky

Notices sent by certified mail, return receipt requested to the address specified pursuant to this Section 7.11 shall be effective three business days after deposit in the U.S. Mail with postage prepaid. Notice delivered by any other means shall be effective upon receipt.

7.12. No Agency. AWARE and EMED are independent contractors and separate legal entities and shall in no way be interpreted as partners, joint venturers, agents, employees or legal representatives of each other for any purposes. Neither party shall be responsible for or bound

by any act of the other party or the other party's agents, employees or any persons in any capacity in its service.

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

EMED TECHNOLOGIES CORPORATION	AWARE, INC.
By: /s/	By: /s/
Name:	Name:
Title:	Title:

Schedule I

Description of Technology

The Web Product accepts medical images, reports, and other information from various sources, and makes them available for distribution over the web to thin web clients. Reports are collected and linked with the original studies (images). The Web Product includes the application defined by EMED, and user interfaces, features, and web server technology developed by EMED which handles the image, text, voice and administrative input required for systems operation. The Web Product further includes HTML generation, web plug-in, compression, and end-user application software, using core components developed and owned by AWARE, Inc. In addition, the product consists of user and technical documentation which have been provided by both parties.

CONFIDENTIAL TREATMENT EXHIBIT 10.22

SOFTWARE LICENSING AND DEVELOPMENT AGREEMENT

This Software Licensing and Development Agreement is entered into as of May 30, 1997 (the "Effective Date") between AWARE, Inc. ("AWARE") and ACCESS Radiology Corporation ("ACCESS").

Background

1. ACCESS is in the business of providing integrated hardware and software systems and services with respect to the transmission and interpretation of medical images. AWARE develops and licenses proprietary computer software that is useful for compression and web based viewing of digital images.

2. ACCESS and AWARE are currently parties to a Software Supply Agreement dated as of November 8, 1995 (the "Old Agreement") under which ACCESS has licensed certain software from AWARE.

3. ACCESS and AWARE wish to modify the terms of the Old Agreement with respect to the software currently licensed to ACCESS, and to provide for the development of new products as described below.

NOW, THEREFORE, the parties agree as follows:

I. LICENSING OF COMPRESSION SOFTWARE; PAYMENTS.

1.01. Grant of Compression License. Subject to the terms of this Agreement, AWARE grants to ACCESS the following rights, under any patent, copyright, trade secret or other proprietary right of AWARE, whether presently held or hereafter acquired, with respect to the proprietary image compression software identified on Schedule I (the "Compression Software"). The rights granted to ACCESS shall be exclusive to the extent set forth in Article II.

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(a) The right to use the Compression Software for ACCESS's internal business purposes and for the support of ACCESS customers, and to use and

make available Compression Software, for integration solely with other components of ACCESS products provided to ACCESS customers and solely for Medical Use. ACCESS shall not resell toolkits or other applications included in the Compression Software except to the extent integrated in other ACCESS products with substantial ACCESS content.

(b) The right to grant sublicenses of the Compression Software for Medical Use, solely as integrated with ACCESS products, to users of ACCESS products. Sublicenses will be granted in compliance with the procedures set forth in Section 5.01.

For purposes of the Agreement, "Medical Use" means the compression, transmission, viewing or other processing of medical images.

1.02. Material Supplied for Compression Software. AWARE will make the following materials available to ACCESS.

(a) One copy of the latest object code or executable code for the Compression Software, with all upgrades as they are released. If the copy of the Compression Software initially provided is lost, damaged or destroyed, AWARE will provide at cost a replacement copy of the Compression Software, which may be a more recent release or version.

(a) One copy of documentation in English and documentation updates as they are prepared and released which, when taken together, constitute complete documentation of the Compression Software. Additional copies of documentation may be purchased at AWARE's then-current purchase price.

1.03. License Fees; Payments. (a) ACCESS [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.]

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(b) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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(c) Promptly after the end of each calendar quarter, ACCESS will deliver to AWARE a statement setting forth, for such quarter, (i) the number of sublicenses of Compression Software granted for compression of images, (ii) the utilization of Old Agreement Licenses, (iii) the amount of the Prepayment applied against

license fees due and (iv) any balance of license fees due. [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

] ACCESS will use its best efforts to provide such statement and pay license fees due within 10 days of the end of each calendar quarter. Each quarterly statement and payment of license fees shall be provided no later than 30 days after the end of the relevant calendar quarter.

(d) ACCESS will keep complete books of account containing all particulars that may be necessary to determine the amounts payable to AWARE hereunder. Such books and supporting data shall be open for inspection for one year following the calendar year to which they pertain, at reasonable times and upon reasonable notice, by an independent auditor for purposes of verifying the statements delivered pursuant to subsection (c) above. AWARE will not

conduct more than one such inspection for books and supporting data relating to any single calendar year. The results of any inspection shall be made available to ACCESS. If the agreed results of an inspection show an underpayment or overpayment, then ACCESS shall pay to AWARE the amount of any underpayment and AWARE shall pay to ACCESS the amount of any overpayment. [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

] AWARE shall otherwise bear the costs it incurs in performing any inspection.

1.04. Support of Compression Software. (a) AWARE warrants to ACCESS that the Compression Software will perform substantially in accordance with the specifications included in Schedule I. AWARE will use its best efforts to ensure such performance and, if necessary, to supply ACCESS with a corrected version of the Compression Software as soon as practical after AWARE is notified of any non-conformity. AWARE will provide maintenance releases, scheduled and reasonable improvements in functionality, bug fixes and work-arounds at no charge. This warranty will not apply to copies of Compression Software lost or damaged through no fault of AWARE. AWARE will provide technical training to a limited number of technically qualified ACCESS personnel without charge. ACCESS and AWARE shall mutually agree upon a reasonable schedule for training of ACCESS personnel.

(b) As between ACCESS and AWARE, ACCESS shall be solely responsible for installation of Compression Software at end user sites, integration of Compression Software into devices sold or otherwise provided by ACCESS, and support of ACCESS customers. The warranty and support obligations of AWARE under subsection (a) above shall be limited to support and service provided directly to ACCESS as contemplated by subsection (a).

II. EXCLUSIVITY

2.01 Exclusivity Commitments. (a) The rights of ACCESS to use and sublicense software developed, owned or licensed by AWARE for Medical Use shall be exclusive to the extent

set forth herein. From the Effective Date until the termination of exclusivity as provided herein, AWARE will not (except as expressly permitted by this Agreement) supply for Medical Use or permit any person to use for Medical Use (i) the Compression Software or any modification or improvement of the Compression Software, (ii) any other software developed, owned or licensed by AWARE that implements lossy compression of images, or (iii) any other software developed, owned or licensed by AWARE that provides functionality similar to the Joint Product contemplated by Article III. AWARE will take reasonable steps to assure compliance with this exclusivity commitment by third parties to whom AWARE provides software. Notwithstanding anything contained in this Agreement, AWARE may provide its ADSL, SDSL, HFC and any other general data communication product (not including lossy compression) to third parties for Medical Use or any other purpose.

(b) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

]

2.02. Exceptions. (a) Licenses of Compression Software for Medical Use which have been previously granted and for which all license fees have been invoiced as of the date of this Agreement shall continue in effect notwithstanding Section 2.01.

(b) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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AWARE shall not permit any customer to modify the Excepted Release (or any other version of the Compression Software) for Medical Use and shall not make the source code of the

Excepted Release (or any other version of the Compression Software) available to any third party.

(c) AWARE may provide support for Compression Software that is permitted to be licensed for Medical Use to the limited extent set forth in this subsection (c). This support may be provided only to customers to whom licensing of Compression Software for Medical Use is permitted by this Section 2.02. AWARE may provide corrections of reported defects in the operation of the Excepted Release with any versions of Netscape Navigator, Microsoft Internet Explorer, MAC OS System 7, Windows 95 and Windows NT that are current as of the date of this Agreement or are released within 18 months after the date of this Agreement. AWARE will not modify the Excepted Release for the purpose of enabling it to operate with any version of such browsers or operating systems released later than 18 months after the date of this Agreement. As used in this subsection (c), "defect" means a condition that causes run time errors or incorrect results. ACCESS and AWARE may mutually agree to permit a greater level of support for certain customers on a case by case basis, taking into account the willingness of the customer involved to purchase products of the development efforts contemplated by the Agreement, the level of resources required, and the nature and business activities of the customer requesting support. Except as expressly agreed in advance by ACCESS, AWARE will not make upgrades of the Excepted Release available for Medical Use to anyone other than ACCESS and its sublicensees.

2.03. Transition. Promptly after the date of this Agreement, AWARE will
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publicly announce that it has entered into an exclusive relationship with ACCESS and that ACCESS and AWARE are making a transition to the products contemplated by the development provisions of this Agreement. This announcement will be subject to review by ACCESS before its release.

III. DEVELOPMENT AND MARKETING OF NEW PRODUCTS

3.01. Development Project. (a) Promptly upon execution of this Agreement,
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AWARE and ACCESS will commence the joint development of a client/server product that provides for wide-spread distribution and web based viewing of compressed medical images, having substantially the functionality

described in Schedule II. Each of AWARE and ACCESS will use their best efforts to fulfill their respective development responsibilities set forth in Schedule II on the timetable set forth in Schedule II. Best efforts will include (without limitation) maintaining staffing available for the development project consistent with the responsibilities and timetable set forth in Schedule II. It is understood that Schedule II is a planning document that is subject to change as development work proceeds. AWARE and ACCESS will cooperate and consult in the development effort and share information as necessary and appropriate for timely completion of the development project. ACCESS will have final authority and responsibility for decisions concerning design, specifications and development of the Joint Product. The products, toolkits, concepts, inventions and applications arising out of the development work conducted by ACCESS and AWARE under this Agreement, including all software developed or contributed by either party, are collectively referred to as the "Joint Product". Each party will bear expenses it incurs in development of the Joint Product.

(b) AWARE and ACCESS shall each have access to the source code of software under development or included in the Joint Product. The fact that either AWARE or ACCESS has provided access to source code shall in no way affect proprietary rights to source code or software, and all source code shall continue to be owned by the party that owned it prior to disclosure. All source code is "Confidential Information" as that term is used in Section 5.06 and shall be subject to the restrictions set forth in Section 5.06. ACCESS will maintain source code revision control procedures with which both AWARE and ACCESS will comply. These procedures will be designed to achieve, among other things, compliance with "Good Manufacturing Practices" as defined by the U.S. Food and Drug Administration and documentation of the ownership of source code disclosed by either party.

3.02. Marketing; Licenses. ACCESS shall have following rights with respect to the Joint Product under any patent, copyright, trade secret or other proprietary right of AWARE, whether presently held or hereafter acquired, which AWARE hereby grants to ACCESS. The rights granted to ACCESS shall be exclusive to the extent set forth in Article II.

(a) The right to use the Joint Product for internal purposes and in support of users of ACCESS products for Medical Use, and to use and make available the Joint Product as part of ACCESS's product line and for integration with other components of ACCESS products.

(b) The right to make and have made, use and have used, and sell, lease or otherwise transfer the Joint Product, and to grant sublicenses of the software and other intellectual property included in the Joint Product, to users of ACCESS products for Medical Use in which such

software is included. Users to whom sublicenses are granted may include original equipment manufacturers or other parties which utilize toolkits to create derivative products for Medical Use which will in turn be licensed to end users. Sublicenses of software will be granted in compliance with the procedures set forth in Section 5.01.

(c) The right to modify the Joint Product and the software included in it to create new releases and new products for Medical Use, to make and have made, use and have used, and sell, lease or otherwise transfer products including modifications for Medical Use, and to grant sublicenses of software as modified to users of ACCESS products in which such software is included, in all cases for Medical Use. Users to whom sublicenses are granted may include original equipment manufacturers or other parties which utilize toolkits to create derivative products for Medical Use which will in turn be licensed to end users. Sublicenses of software will be granted in compliance with the procedures set forth in Section 5.01.

3.03. Royalties. (a) In consideration of AWARE's contributions to the Joint Product, ACCESS will pay royalties to AWARE as determined pursuant to this Section 3.03. [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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(b) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

] Promptly upon completion of the functional product descriptions and design specifications for the Joint Product, AWARE and ACCESS will negotiate in good faith to reach agreement on the [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.]

(c) Promptly after the end of each calendar quarter after commencement of marketing of the Joint Product, ACCESS will deliver to AWARE a statement setting forth in reasonable detail the calculation of [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.] and royalties due. Each quarterly statement shall be accompanied by payment of license fees due. ACCESS will use its best efforts to provide such statement within 10 days of the end of each calendar quarter. Each quarterly statement and payment of license fees shall be provided no later than 30 days after the end of the relevant calendar quarter.

(d) [*Redacted pursuant to a Confidential Treatment Request dated

September 10, 1999.

] ACCESS will cooperate with AWARE in marketing efforts and keep AWARE informed of market developments in general and ACCESS marketing programs in particular.

(e) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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] ACCESS will not make the Joint Product available without charge except for the purposes described in the preceding sentence and will not make the Joint Product available without charge to assist in selling other products or in generating revenues from other sources. ACCESS and AWARE will negotiate a reduced royalty rate for users who migrate to the Joint Product after having previously purchased ACCESS products including the Compression Software.

3.04. Support. AWARE will have responsibilities for support of software
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developed by AWARE and included in the Joint Product that are substantially similar to AWARE's responsibilities for support of Compression Software pursuant to Section 1.04. [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

] AWARE and ACCESS will negotiate in good faith to reach agreement on calculation of support fees payable to AWARE at the same time that they negotiate [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.]

3.05. Marketing for Non-Medical Use. AWARE shall have the right to market
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software and other components included in the Joint Product under any patent, copyright, trade secret or other proprietary right of ACCESS, whether presently held or hereafter acquired, for all uses other than medical uses. AWARE shall have the following rights with respect to the Joint Product, which ACCESS hereby grants to AWARE.

(a) The right to use the Joint Product for internal purposes and in support of users of AWARE products, and to use and make available the Joint Product as part of AWARE's product line and for integration with other components of AWARE products, in all cases for uses other than Medical Uses. ACCESS agrees that "Medical Uses" for purposes of this Section

3.05 [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

]

(b) The right to make and have made, use and have used, and sell, lease or otherwise transfer the Joint Product, and to grant sublicenses of the software and other intellectual property included in the Joint Product to users of AWARE products in which such software is included, in all cases for uses other than Medical Uses. Users to whom sublicenses are granted may include original equipment manufacturers or other parties which utilize toolkits to create derivative products for any use other than Medical Uses which will in turn be licensed to end users. Sublicenses of software will be granted in compliance with the procedures set forth in Section 5.01.

(c) The right to modify the Joint Product and the software included in it to create new releases and new products, to make and have made, use and have used, and sell, lease or otherwise transfer products including modifications, and to grant sublicenses of software as modified to users of AWARE products in which such software is included, in all cases for uses other than Medical Uses. Users to whom sublicenses are granted may include original equipment manufacturers or other parties which utilize toolkits to create derivative products for any use other than Medical Uses which will in turn be licensed to end users. Sublicenses of software will be granted in compliance with the procedures set forth in Section 5.01.

[*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.
] Except as agreed in writing with ACCESS, AWARE will not make the Joint Product available without charge.

IV. TERM OF RIGHTS AND OBLIGATIONS

4.01. Term of Exclusivity. (a) The exclusivity provisions of Article II and
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the other obligations of the

parties under this Agreement shall remain in effect unless and until terminated in accordance with this Article IV.

(b) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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(c) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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(d) [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

]

4.02. Effect of Termination of Exclusivity or Expiration of Initial Term.

(a) If the exclusivity obligations of AWARE and ACCESS shall terminate pursuant to Section 4.01, AWARE and ACCESS will discuss in good faith whether an extension of exclusivity or other modifications to this Agreement may be appropriate. [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

] If development of the Joint Product has not been completed at the time of termination of exclusivity pursuant to Section 4.01, then rights under such licenses shall apply to such portions of the Joint Product as shall be in existence on the date of termination (including any applications that are incomplete).

(b) AWARE and ACCESS agree that the royalties and license fees payable under this Agreement shall be modified effective upon modification of the licenses granted hereunder pursuant to subsection (a) above. AWARE and ACCESS further agree that the appropriate amount of such modified royalties and license fees cannot be determined as of the date of this Agreement. [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

] If, at any time after the end of such three month period, either party shall determine in its judgment that negotiations are unlikely to result in an acceptable outcome, such party may initiate arbitration to determine modified fees and royalties pursuant to the procedures specified in Section 6.02.

4.03. Termination for Breach. (a) If ACCESS shall materially breach its obligations under this Agreement, and such material breach shall be continuing for at least 60 days after delivery of a notice by AWARE describing such breach, then AWARE may by a separate notice terminate this Agreement for breach under this Section 4.03(a).

(b) If AWARE shall materially breach its obligations under this Agreement, and such material breach shall be continuing for at least 60 days after delivery of a notice by ACCESS describing such breach, then ACCESS may by a separate notice terminate this Agreement for breach under this Section 4.03(b).

(c) With respect to the obligations of AWARE and ACCESS to participate in development of the Joint Product pursuant to Section 3.01(a), "material breach" means willful failure of a party to devote best efforts to the development project or to allocate sufficient resources to perform such party's responsibilities.

(d) Termination for breach under this Section 4.03 shall not be an exclusive remedy, but shall be in addition to any other remedies that either party may have.

4.04. Effect of Termination for Breach. (a) If AWARE shall terminate this agreement for breach pursuant to Section 4.03, then (i) the licenses granted to ACCESS pursuant to Sections 1.01 and 3.02 shall immediately terminate and ACCESS shall cease using or marketing the Compression Software and the Joint Product and (ii) the license granted to AWARE pursuant to Section 3.05 shall remain in effect.

(b) If ACCESS shall terminate this agreement for breach pursuant to Section 4.04, then (i) the license granted to AWARE pursuant to Section 3.05 shall immediately terminate, and AWARE shall cease using or marketing the Joint Product (ii) the licenses granted to ACCESS pursuant to Sections 1.01 and 3.02 shall remain in effect and (iii) the exclusivity obligations of ACCESS under Article II shall immediately terminate.

(c) If development of the Joint Product has not been completed at the time of termination for breach pursuant to Section 4.03, then rights under continuing licenses shall apply to such portions of the Joint Product as shall be in

existence on the date of termination (including any applications that are incomplete).

(d) For so long as the license granted under Section 1.01 continues in effect, ACCESS shall pay royalties as provided in Section 1.03. To the extent that licenses of the Joint Product under Sections 3.02 and 3.05 remain in effect, royalties payable with respect to the Joint Product will be determined by agreement between the parties or, failing such agreement, by arbitration under Section 6.02.

4.06. Additional Surviving Terms. All payment obligations accrued prior to any termination shall survive such termination. All sublicenses granted to any end user by either party in accordance with this Agreement prior to any termination of this Agreement shall survive such termination. Either party which holds a continuing license under this Agreement shall also continue to have the rights set forth in Sections 1.02, 1.04. 3.01(b) and 3.04 with respect to such license. The provisions of Sections 5.02,

5.03, 5.06, 6.02, 6.04, 6.05 and 6.14 shall survive any termination of this Agreement.

V. INTELLECTUAL PROPERTY

5.01. Software Licensing Procedures. (a) The procedures set forth in this Section 5.01 shall govern the granting of sublicenses of software to users under this Agreement. In this Section 5.01, the party granting a sublicense to a user is referred to as the "Licensor".

(b) Each of AWARE and ACCESS shall assign a unique number to each copy made by it of software comprising the Joint Product or any other software developed or provided by the other party, whether for internal use or for sublicense to a user. Each of AWARE and ACCESS shall keep full, clear and accurate records of all copies that it makes of any such software and the identity and location of each third party user to whom any such software is provided. Each of ACCESS and AWARE may examine records of the other party not more than once in any calendar quarter, during normal business hours and upon reasonable notice.

(c) Upon granting a sublicense of software comprising the Joint Product or any other software developed or provided by the other party, the Licensor shall require that the user execute an agreement including the software licensing terms set forth below. Such agreement may be between the user and the Licensor, or between the user and a reseller or other intermediary authorized by the

Licensor.

(i) a provision restricting the sublicensee's use of the licensed software to its own business and professional purposes, provided that any sublicensee of a toolkit may use it to create new applications to be licensed to end users as part of the sublicensee's product;

(ii) a provision requiring the sublicensee to take all reasonable precautions to keep the licensed software and any related documentation confidential;

(iii) a provision prohibiting the sublicensee from reproducing (except for backup copies), reverse engineering, translating or creating other versions of

the licensed software, provided that any sublicensee of a toolkit may use it to create new applications to be licensed to end users as part of the sublicensee's product;

(iv) a provision acknowledging that ownership of the licensed software remains exclusively with the Licensor or its suppliers; and

(v) a provision limiting the other party's liability to the sublicensee to at least the same extent that the liability of the Licensor to the sublicensee is limited, and disclaiming warranties on behalf of the other party at least to the extent disclaimed on behalf of the Licensor.

Each party will use reasonable efforts to enforce license agreements executed by its customers. AWARE agrees that any license of Compression Software granted by ACCESS prior to the Effective Date need not be altered if it complied with the requirements of the Old Agreement.

(d) Notwithstanding this Section 5.01 or any other provision of this Agreement, software may be licensed to the Government of the United States of America, or an agency or instrumentality thereof, under an agreement containing software licensing terms generally used by the United States Government (or the agency or instrumentality to which the software is licensed) for procurement of commercial software.

5.02. Ownership. (a) As between ACCESS and AWARE, AWARE owns and shall continue to own the Compression Software (including without limitation AWARE's AccuRad product) and any other software developed solely by AWARE or by any employee, consultant or other person acting on AWARE's behalf under this Agreement, including any inventions, concepts, specifications, know-how and ideas embodied in such software, together with all proprietary rights therein

("AWARE Intellectual Property"). As between ACCESS and AWARE, ACCESS owns and shall continue to own the concepts, specifications, know-how, and ideas embodied in the design and functionality of the Joint Product, and as applied in the Joint Product for Medical Use, and any software developed solely by ACCESS or by any employee, consultant or other person acting on ACCESS's behalf under this Agreement, including any inventions, concepts,

specifications, know-how and ideas embodied in any of the foregoing, together with all proprietary rights therein ("ACCESS Intellectual Property"). As between ACCESS and AWARE, the parties shall jointly own any software or other intellectual property jointly developed by the parties under this Agreement and not allocated between them above, including any inventions, concepts, specifications, know-how and ideas embodied therein, together with all proprietary rights therein ("Joint Intellectual Property"). Whether or not any intellectual property is jointly developed shall be determined in accordance with the United States patent laws.

(b) AWARE shall have the right to file and prosecute patent or copyright applications on AWARE Intellectual Property and ACCESS shall have the right to file and prosecute patent or copyright applications on ACCESS Intellectual Property. The parties will cooperate in the filing and prosecution of patent or copyright applications on Joint Intellectual Property, provided that neither party shall file any such patent or copyright application without the prior written consent of the other. Each party will cooperate with the other party in the filing and prosecution by the other party of any patent or copyright application that complies with this subsection (b), including by executing and delivering or causing its officers and employees to execute and deliver (all at the expense of the filing party) any documentation reasonably necessary or appropriate for the filing and prosecution of such an application and the vesting of rights as provided in this Agreement.

(c) The exclusivity obligations of the parties under Article II shall not in any way be affected by the ownership of AWARE Intellectual Property, ACCESS Intellectual Property, or Joint Intellectual Property as provided in this Section 5.02, or by the filing of any patent or copyright application or the grant or issuance of any patent or copyright. Neither party shall market, sell, license or distribute any Joint Intellectual Property except to the extent that such Joint Intellectual Property is covered by a license granted to such party hereunder.

5.03. Trademarks. (a) The terms specified in Schedule 5.03 to this Agreement are trademarks or tradenames owned by AWARE and may not be used without specific written permission. Nothing herein shall confer upon ACCESS any proprietary interest in the trademarks or tradenames, except

the right to use the same in accordance with the terms hereof. All use of such marks or names, and the goodwill associated therewith, shall inure to the benefit of AWARE. ACCESS agrees not to, at any time during the term of this Agreement or thereafter, directly or indirectly (i) dispute or contest the validity or enforceability of AWARE's trademarks or tradenames, or (ii) take any action that would dilute the value of the goodwill attaching to the trademarks or tradenames.

(b) ACCESS shall exclusively own the trademarks or trade names under which the Joint Product is sold for Medical Use or otherwise provided by ACCESS, and may file and prosecute trademark applications on such trademarks and tradenames. AWARE agrees not to, at any time during the term of this Agreement or thereafter, directly or indirectly dispute or contest the validity or enforceability of such trademarks or tradenames.

5.04. Representations. (a) AWARE represents to ACCESS that:

(i) AWARE has full authority to enter into this Agreement and grant the licenses and rights set forth herein.

(ii) To the best of AWARE's knowledge, the documentation and code of the Compression Software have not been published under circumstances which have caused loss of proprietary rights therein, and to the best of AWARE's knowledge, the documentation and code of the Compression Software do not infringe upon any patent, copyright or other proprietary right of any third party.

(iii) AWARE is not aware of any claim of infringement of any patent, copyright or other proprietary right having been made or pending against AWARE relative to the documentation or code of the Compression Software.

(b) ACCESS represents to AWARE that:

(i) ACCESS has full authority to enter into this Agreement and grant the licenses and rights set forth herein.

(ii) To the best of ACCESS's knowledge, the specifications and functionality of the Joint Product, as set forth in Schedule II, do not infringe upon any patent, copyright or other proprietary right of any third party.

5.05. Indemnities. (a) AWARE will, at its expense, defend against, hold
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ACCESS harmless from, and pay any final judgment against ACCESS or any customer of ACCESS arising (x) out of any claim that AWARE Intellectual Property infringed a copyright, a patent or a trade secret or (y) out of marketing by AWARE of AWARE products (including any product liability claim unless such product liability claim is caused by designs, specifications or software provided by ACCESS); provided that (i) ACCESS notifies AWARE in writing of such claim or action, and (ii) AWARE has sole control of the defense and settlement of such claim or action. In defending against such claim or action to the extent it relates to software provided by AWARE, AWARE may, at its option, agree to any settlement in which AWARE shall either (1) procure for ACCESS and all customers of ACCESS the right to continue using the software at issue; or (2) modify or replace such software so that it no longer infringes, to the extent that the exercise of such option does not result in a material adverse change in the operational characteristics of such software, and equivalent functions and performance provided by AWARE remain following implementation of such option. If AWARE concludes in its judgment that none of the foregoing options is reasonable, AWARE may remove the software at issue and any other component supplied by AWARE rendered unusable as a result of such removal and pay to ACCESS damages arising therefrom, including damages incurred by reason of ACCESS's inability to perform its obligations under sublicenses; [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

]

(b) ACCESS will, at its expense, defend against, hold ACCESS harmless from, and pay any final judgment against AWARE or any customer of AWARE arising out of (x) any claim that ACCESS Intellectual Property infringed a copyright, a patent or a trade secret or (y) out of marketing by ACCESS of ACCESS products (including any product liability claim unless such product liability claim is caused by designs, specifications or software provided by AWARE) provided that (i) AWARE notifies ACCESS in writing of such claim or

action, and (ii) ACCESS has sole control of the defense and settlement of such claim or action. In defending against such claim or action to the extent it relates to software provided by ACCESS, ACCESS may, at its option, agree to any settlement in which ACCESS shall either (1) procure for AWARE and all customers of AWARE the right to continue using the software at issue; or (2) modify or replace such software so that it no longer infringes, to the extent that the exercise of such option does not result in a material adverse change in the operational characteristics of such software, and equivalent functions and performance provided by ACCESS remain following implementation of such option. If ACCESS concludes in its judgment that none of the foregoing options is reasonable, ACCESS may remove the software at issue and any other component supplied by ACCESS rendered unusable as a result of such removal and pay to

AWARE damages arising therefrom, including damages incurred by reason of AWARE's inability to perform its obligations under sublicenses; [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

]

(c) If ACCESS shall determine in its judgment that the concepts, specifications, know-how, and ideas embodied in the design and functionality of the Joint Product infringe or conflict with a patent, copyright, trade secret or other proprietary right not known to ACCESS on the date of this Agreement, then ACCESS shall notify AWARE and the parties will discuss in good faith whether the Joint Product can be modified or other steps may be taken to avoid such infringement. If ACCESS determines in its judgment that no such modification or other steps can be reasonably implemented, ACCESS may by notice terminate the obligations of AWARE and ACCESS under this Agreement with respect to the Joint Product, and the indemnity of ACCESS in subsection (b) above shall apply only to those claims relating to the Joint Product of which AWARE or ACCESS had notice prior to the date of the first notice regarding infringement delivered by ACCESS.

5.06. Confidentiality. As used in this Agreement, "Confidential Information" means (i) all confidential information, proprietary software, trade secrets, know-how, and all other intellectual property that is subject to the licenses granted in this Agreement and in which proprietary rights would be adversely affected by disclosure and (ii)

all other confidential or proprietary information (including without limitation financial information and business information such as customer lists) that is or has been disclosed by AWARE to ACCESS or by ACCESS to AWARE. AWARE and ACCESS agree that they will not, and will not permit their respective officers, employees, agents and representatives to, without first obtaining the written consent of the other party, use, sell or disclose any Confidential Information, except as expressly contemplated hereby and except that Confidential Information may be disclosed by the party that owns it unless such disclosure would adversely affect the proprietary nature of Confidential Information subject to any of the licenses granted hereunder. Either party may disclose Confidential Information to potential customers, and to other third parties to the extent necessary to permit any such third party to assist in manufacture or integration of the Joint Product, provided that any such potential customer or third party to whom Confidential Information is disclosed shall execute a confidentiality agreement no less restrictive than this Section 5.06. "Confidential Information" does not include (i) information that is or becomes (other than by disclosure in violation of this Agreement) generally available to the public, (ii) information that the receiving party can show was known to the receiving party prior to its disclosure by the other party, or (iii) information required to be disclosed by

law or regulation or by judicial process or administrative order, provided that prompt notice and an opportunity to seek a protective order is given to the other party prior to disclosure. AWARE and ACCESS agree that this Agreement and the Schedules thereto are Confidential Information subject to this Section 5.06.

VI. GENERAL.

6.01. Regulatory Matters. ACCESS shall make and prosecute all filings and take such other actions as ACCESS shall consider appropriate to obtain clearance for commercial marketing of the Joint Products from the FDA and such other authorities as may be appropriate for marketing of the Joint Product. AWARE will cooperate with ACCESS in providing information and assistance with respect to such filings and other actions and may review and comment on filings made by ACCESS. AWARE shall take such actions to comply with regulatory requirements (including without

limitation "good manufacturing practices" as defined by the FDA, and standards and procedures specified in filings made with the FDA) as ACCESS shall reasonably request, including without limitation use of identified development, design and specification methodologies.

6.02. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in Boston, Massachusetts under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. Arbitration as specified in this Section 6.02 shall be the sole and exclusive procedure for the resolution of disputes between the parties arising out of or relating to this Agreement or the breach thereof; provided, however, that a party, without prejudice to such procedure, may file a complaint to seek a preliminary injunction or other provisional judicial relief, if in its judgment such action is necessary to avoid irreparable damage or preserve the status quo. Despite such action the parties will continue to participate in good faith in the procedures specified in this Section 6.02. AWARE and ACCESS agree that any breach of Sections 2.01, 2.02, 4.04, 5.01, 5.03 or 5.06 would cause irreparable harm and that the aggrieved party shall be entitled to equitable relief in the nature of an injunction for any such breach, without posting of a bond or other surety.

6.03. Public Announcements. AWARE and ACCESS will cooperate in all public disclosure concerning this agreement, and neither party shall make any such

disclosure without the approval of the other. Approval of disclosure required by law or regulation shall not be unreasonably withheld; provided that it may be a condition of such approval that the party making such disclosure seek confidential treatment.

6.04. Limitation of Warranties. THE OBLIGATIONS OF AWARE AND ACCESS EXPRESSLY STATED IN THIS AGREEMENT ARE IN LIEU OF ALL OTHER WARRANTIES OR CONDITIONS EXPRESS OR IMPLIED. TO THE EXTENT ALLOWABLE TO BY LAW, THIS EXCLUSION OF ALL OTHER WARRANTIES AND CONDITIONS EXTENDS TO IMPLIED WARRANTIES OR CONDITIONS OF MERCHANTABLE QUALITY AND FITNESS FOR A PARTICULAR PURPOSE, AND THOSE ARISING BY STATUTE OR OTHERWISE IN LAW, OR FROM A COURSE OF DEALING OR USAGE OF TRADE.

6.05. Limitation of Liability. ACCESS AND AWARE AGREE THAT, EXCEPT AS EXPRESSLY STATED OTHERWISE IN THIS AGREEMENT, THE LIABILITY OF EITHER OF THEM TO THE OTHER, IF ANY, UNDER ANY THEORY OF LAW OR EQUITY, ARISING OUT OF, OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE FULFILLMENT OF ANY OF THE OBLIGATIONS OF EITHER OF THEM UNDER THIS AGREEMENT, IS LIMITED TO MONEY DAMAGES NOT TO EXCEED THE TOTAL AMOUNT PAID OR PAYABLE BY ACCESS TO AWARE OR BY AWARE TO ACCESS (AS THE CASE MAY BE) UNDER THIS AGREEMENT.

6.06. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

6.07. Assignment. (a) Subject to ACCESS's right to grant sublicenses hereunder, ACCESS may not assign this Agreement or any rights hereunder without the prior written consent of AWARE, except that, without such consent and upon notice to AWARE, (i) ACCESS may assign all of its rights hereunder to a corporation or other legal entity that acquires substantially all of ACCESS's assets or where ACCESS is consolidated or merged, but then only upon the express assumption by such transferee or its successor of the obligations set forth in this Agreement and (ii) ACCESS may grant security interests in the rights of ACCESS under this Agreement to secure the obligations of ACCESS to a bank or other financial institution which has extended credit to ACCESS.

(b) Subject to AWARE's right to grant sublicenses hereunder, AWARE may not assign this Agreement or any rights hereunder without the prior written consent of ACCESS, except that, without such consent and upon notice to ACCESS, (i) AWARE may assign all of its rights hereunder to a corporation or other legal entity that acquires substantially all of AWARE's assets or where AWARE is consolidated or merged, but then only upon the express assumption by such transferee or its successor of the obligations set forth in this Agreement and

(ii) AWARE may grant security interests in the rights of AWARE under this Agreement to secure the obligations of AWARE to a bank or other financial institution which has extended credit to AWARE.

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(c) This Agreement is binding upon, and inures to the benefit of, the successors and permitted assigns of the parties.

6.08. Effect of Waiver. The waiver or failure of either party to exercise in any respect any right provided for in this Agreement shall not be deemed a waiver of any further or future right hereunder.

6.09. Headings. The headings used in this Agreement are for convenience of reference only and are not to be used in interpreting the provisions of this Agreement.

6.10. Complete Agreement. This Agreement is the exclusive statement of the understanding between the parties with respect to its subject matter. It supersedes all prior agreements, negotiations, representations and proposals, written or oral, relating to the subject matter hereof, including without limitation the Old Agreement. No provisions of this Agreement may be changed or modified except by an agreement in writing signed by the party to be bound. No provision of any purchase order or other instrument issued by ACCESS or any invoice or other form issued by AWARE that is inconsistent with the provisions of this Agreement shall be binding or affect this Agreement unless signed by both parties.

6.11. Severability. If any provision of this Agreement is invalid or unenforceable in any particular case, such case shall not invalidate or render unenforceable any other part of this Agreement. This Agreement shall be construed as not containing the particular provision or provisions held to be invalid or unenforceable to the extent of the particular case, and the rights and obligations of the parties hereto shall be construed and enforced accordingly.

6.12. Effectiveness of Agreement; Counterparts. This Agreement is effective when executed by both parties. This Agreement may be executed in counterparts, each of which shall constitute one and the same instrument.

6.13. Notices. All notices provided for in this Agreement shall be in writing or facsimile, addressed to the appropriate party at the respective

address set forth below or to such other then-current address as is specified by notice, as follows:

(b) to AWARE:

Aware, Inc.
One Oak Park
Bedford, MA 01730
Facsimile: (617) 276-4001
Attention: Edmund Reiter

(c) to ACCESS:

ACCESS Radiology Corporation
313 Speen Street
Natick, MA 01760
Facsimile: (508) 647-9350
Attention: Howard Pinsky

Notices sent by certified mail, return receipt requested to the address specified pursuant to this Section 6.13 shall be effective three business days after deposit in the U.S. Mail with postage prepaid. Notice delivered by any other means shall be effective upon receipt.

6.14. No Agency. AWARE and ACCESS are independent contractors and separate legal entities and shall in no way be interpreted as partners, joint venturers, agents, employees or legal representatives of each other for any purposes. Neither party shall be responsible for or bound by any act of the other party or the other party's agents, employees or any persons in any capacity in its service.

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

ACCESS RADIOLOGY CORPORATION	AWARE, INC.
By: /s/ Edmund C. Reiter	By: /s/ Howard Pinsky
Name: Edmund C. Reiter	Name: Howard Pinsky
Title:	Title: Vice President of Technology

CONFIDENTIAL TREATMENT EXHIBIT 10.23

AMENDED AND RESTATED RESELLER AGREEMENT

This Amended and Restated Reseller Agreement is made as of May 30, 1997, between ISG TECHNOLOGIES, INC., a corporation incorporated under the laws of the Province of Ontario, Canada (hereinafter called "ISG"), and ACCESS RADIOLOGY CORPORATION, a corporation incorporated in the State of Delaware (hereinafter called "ACCESS").

B A C K G R O U N D :

1. ACCESS and ISG are parties to a Reseller Agreement dated May 17, 1996, as amended by a Supplemental Agreement dated as of September 30, 1996, (as so amended, the "Old Reseller Agreement"), under which ACCESS and ISG have agreed that ACCESS will resell certain medical devices (including software) developed by ISG.

2. ACCESS and ISG wish to amend the Old Reseller Agreement in certain respects.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth the parties agree that the Old Reseller Agreement shall be amended and restated to read in its entirety as follows:

1. Definitions.

1.1 In this Agreement, each of the following terms has the meaning set out below:

1.1.1 "Carryover Amount" has the meaning set forth in Section 4.2.

1.1.2 "Committed Amount" has the meaning set forth in Section 4.2.

1.1.3 "FDA" means the United States Food and Drug Administration.

1.1.4 "Food and Drug Act" means the United States Federal Food, Drug and Cosmetic Act, 21 U.S.C. et seq., as amended from time to time.
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1.1.5 "GMA Release" means, with respect to any VRS Application or VRS Option, compliance with all of the conditions set forth below. The date of GMA Release for any release of any VRS Application or VRS Option shall be the first date on which the conditions set forth below are satisfied for such release.

(i) The VRS Application or VRS Option, when installed on ISG Devices, shall perform all of the functions described for such software on Schedule I and shall perform reasonably free from bugs material to such software's intended use.

(ii) ISG shall have certified such VRS Application or VRS Option for installation on ISG Devices consisting of at least the types of systems and related equipment required by Section 5.3 as of the date of GMA Release.

(iii) ISG Devices on which the VRS Application or VRS Option is installed shall all have been cleared for commercial marketing by the FDA.

(iv) All ISG Devices including such VRS Application or VRS Option that are to be resold as contemplated by this Agreement shall be in compliance with all relevant filings made by ISG with the FDA and with "good manufacturing practices" as defined in the Food and Drug Act and the regulations or other measures promulgated by the FDA thereunder.

(v) ISG shall have notified ACCESS that GMA Release of the VRS Application or VRS Option has occurred.

1.1.6 "ISG Devices" means medical imaging workstations consisting of Licensed Works provided by ISG, installed by ACCESS in accordance with instructions provided by ISG on computer hardware and video monitors in configurations certified by ISG as contemplated by Section 5.3.

1.1.7 "Licensed Works" means all or any part of the VRS Applications and the VRS Options.

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1.1.8 [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

]

1.1.9 "Support Period" means, with respect to any ISG Device, a period of five years from the date of installation of such ISG Device.

1.1.11 "UNIX Termination Date" has the meaning set forth in Section 5.3(ii).

1.1.10 "Utilization Amount" has the meaning set forth in Section 4.2.

1.1.11 "VRS Applications" means each of the medical imaging software applications developed by ISG having the capabilities and service features described in Schedule I. The features of each VRS Application included at the base unit price and the VRS Options available for each VRS Application at additional cost are shown on Schedule I.

1.1.12 "VRS Options" means the options for the VRS Applications having the capabilities and service features described in Schedule I.

1.1.13 "VRS NT Software" means the VRS Applications and the VRS Options for use with the Windows NT operating system, as indicated on Schedule I.

1.1.14 "VRS UNIX Software" means the VRS Applications and the VRS Options for use with the Sun Solaris operating system, as indicated on Schedule I.

2. Grant of Rights.

2.1 Effective upon execution of this Agreement and subject to the conditions set forth below, ISG hereby appoints ACCESS a non-exclusive reseller of ISG Devices and grants to ACCESS the following non-exclusive rights:

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2.1.1 The right to make ISG Devices available to customers, whether on a monthly fee basis or through outright sales. Such sales may be made through a prime contractor or systems integrator so long as (i) the end user shall enter into an agreement containing licensing provisions complying with Section 3, and (ii) such sales shall be Qualifying Contractor Sales.

2.1.2 The right to include copies of the Licensed Works in ISG Devices made available by ACCESS to customers and to sublicense Licensed Works included in such devices in the regular course of business.

2.1.3 The right to use copies of the Licensed Works without charge for internal purposes of ACCESS, which shall be limited to demonstration and technical support of customers only.

2.2 ACCESS shall not have any right to distribute the source code of any of the Licensed Works.

3. Customer License Agreements.

3.1 No customer shall receive any Licensed Works unless such customer shall have signed an agreement (with ACCESS or with a prime contractor or systems integrator) containing software licensing provisions complying with Section 3.2 below.

3.2 Each customer agreement shall set out the name of the customer and the identity and location of the ISG Devices on which the customer is licensed to use a copy of the Licensed Works. Such a customer agreement shall comply with this Section 3.2 if it contains:

(i) in the case of any user, substantially the provisions set forth in Schedule II (it being understood that ISG need not be identified by name), or

(ii) in a case where the end user is the Government of the United States of America or an agency or instrumentality thereof, substantially the provisions set forth in Schedule IIA, or such other licensing terms as such Government, agency or instrumentality shall then generally prescribe for the procurement of commercial software.

3.3 ACCESS shall use reasonable efforts to enforce all the licensing provisions of customer agreements.

4. Payments.

4.1 ACCESS agrees to pay to ISG the following license fees:

4.1.1 A license fee as set forth in Table 1 of Schedule I for each copy of the GMA Release version of any VRS Application installed on an ISG Device made available by ACCESS to a customer in accordance with this Agreement, except as provided in Section 4.1.2 below.

4.1.2 [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

]

4.1.3 A license fee as set forth in Table 1 of Schedule I for each copy of the GMA Release version of each VRS Option installed on an ISG Device made available by ACCESS to a customer in accordance with this Agreement.

4.1.4 All prices specified in this Section 4.1 are subject

to adjustment as provided in Section 4.2 below.

4.2 ACCESS and ISG agree to the following purchase commitments and pricing options:

4.2.1. ACCESS agrees, subject to the termination options set forth below, to pay the Committed Amounts of license fees for each quarter shown in Schedule I. ACCESS will issue a purchase order at the beginning of each quarter for the Committed Amount for that quarter. The Committed Amounts shall be invoiced and paid on the dates set forth in Schedule I. During each quarter, ACCESS and ISG will record the installation of each copy of the Licensed Works for which license fees are payable, using the procedures described in Section 4.4. After the end of each quarter, ISG will deliver to ACCESS a statement setting forth the calculation of the Utilization Amount, the Committed Amount and the Carryover Amount for the quarter. ACCESS will pay to ISG within 45 days of receipt of such statement the amount, if any,

by which (i) the Utilization Amount for the quarter minus the Carryover Amount
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for the quarter exceeds (ii) the Committed Amount for the quarter.

4.2.2. The following terms used in Section 4.2.1 have the following meanings:

"Committed Amount" means, for any quarter, the amount so designated for such quarter in Schedule I.

"Utilization Amount" means, for any quarter, the amount of license fees that would be payable for all copies of Licensed Works installed during the quarter, calculated in accordance with Section 4.1 and reflecting any increase or decrease pursuant to Section 4.2.3.

"Carryover Amount" means, for any quarter, the amount (if any) by which (i) the sum of the Committed Amounts for all preceding quarters exceeds (ii) the sum of the Utilization Amounts for all preceding quarters. The Carryover Amount shall be retroactively adjusted to reflect any retroactive price adjustments required by Section 4.2.3.

4.2.3. The obligation of ACCESS to pay Committed Amounts shall be subject to compliance by ISG with its obligations hereunder and shall terminate upon any termination of this Agreement. ACCESS shall have the following options to change its obligations to pay the Committed Amounts and the pricing of Licensed Works.

Option 1. ACCESS may cancel its obligations to pay the Committed
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Amounts for the quarter ended June 30, 1998 and all subsequent quarters upon notice to ISG delivered on or before June 29, 1997. The obligations of ACCESS to pay the Committed Amounts for the quarter ending on March 31, 1998 and all prior quarters will be unaffected by exercise of this option. Upon exercise of this option, the license fees for Licensed Works will be changed from those shown in Table 1 of Schedule I to those shown in Table 2 of Schedule I, and Utilization Amounts and the Carryover Amount shall be calculated on this basis. This change will apply retroactively to all copies of Licensed Works installed after the effective date of this Amended and Restated Reseller Agreement and ACCESS will pay, upon invoice by ISG following exercise of this Option 1, the amount (if any) by which (i) the payments that would have been made under Section 4.2.1 for prior quarters based upon Table 2 of Schedule I exceed (ii) the amounts actually paid by ACCESS during such prior quarters.

Option 2. ACCESS may cancel its obligations to pay the Committed
----
Amounts for the quarter ended June 30, 1999 and all subsequent quarters upon notice to ISG delivered on or before September 15, 1998. The obligations of ACCESS to pay the Committed Amounts for the quarter ending on March 31, 1999 and all prior quarters will be unaffected by exercise of this option. Upon exercise of this option, the license fees for copies of Licensed Works installed after March 31, 1998 will be changed from those shown in Table 1 of Schedule I to those shown in Table 2 of Schedule I, and Utilization Amounts and the Carryover Amount shall be calculated on this basis. This change will not be retroactive.

If neither Option 1 nor Option 2 is exercised, the license fee for the VRS NT 200 (v1.1) application will be reduced to zero for all copies installed after September 15, 1998. If ACCESS shall deliver to ISG an irrevocable waiver of ACCESS's rights to exercise Option 1 and Option 2 (which may be delivered after Option 1 has expired), the license fee for the VRS NT 200 (v1.1) application will be reduced to zero for all copies installed after the date of the waiver. ACCESS may at any time elect to reduce the license fee for the VRS NT 200 (v1.1) application to zero by notice to ISG accompanied by payment of a reduction fee of [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.] Such a reduction will be effective for all copies of the VRS NT 200 (v1.1) application installed after the date of notice and payment.

4.3 After termination of the obligations of ACCESS to pay Committed Amounts ACCESS shall nonetheless have the rights to resell ISG Devices and license the Licensed Works as set forth herein for the remaining term of this Agreement. After any termination of the Committed Amount obligations, license fees for the Licensed Works shall be calculated in accordance with Sections 4.1 and 4.2.3 and shall be paid monthly upon invoice by ISG for Licensed Works installed during each month. Any Carryover Amount remaining after termination of the Committed Amount obligations shall be applied on a first dollar basis to reduce license fees otherwise payable.

4.4 Within 15 business days of the end of each month, ACCESS will deliver to ISG a written statement setting forth a list of all ISG Devices shipped or installed during the month, the Licensed Works included in such ISG Devices, the name and address of the end user site for each device, a contact name and telephone number for each end user, and the host ID of each system on which Licensed Works are installed. These statements

will be the basis for quarterly statements of utilization required by Section 4.2.1 and the monthly invoices required by Section 4.3. Terms and conditions for all ISG Devices ordered hereunder shall be in accordance with this Agreement and shall not be modified by any terms of ACCESS's purchase order or other forms or ISG's invoice, bill of lading, installation certificate or other forms. Payment of all invoices shall be due 45 days from receipt of invoice. Amounts overdue beyond this limit will bear interest at the rate of 1% per month.

4.5 ACCESS shall maintain complete and accurate records of each ISG Device sold and each copy of Licensed Works installed hereunder, including without limitation all records required for compliance with FDA regulations. ISG may, not more often than twice in any period of twelve consecutive months, conduct a review of the records of ACCESS relating to ISG Devices and Licensed Works, at reasonable times and upon reasonable notice. ISG shall bear its own costs incurred for any such audit unless the audit results in a determination of a discrepancy of more than 10% between license fees payable as originally reported by ACCESS and license fees actually payable for Licensed Works installed by ACCESS for the period covered by the audit, in which case ACCESS shall pay the reasonable out of pocket costs of the audit. All information made available by ACCESS under Section 4.4 or this section 4.5 shall be treated as confidential in accordance with Section 6.2 and shall not be used for any purpose other than determination of the amounts payable under this Agreement.

4.6 Prices do not include sales tax or similar taxes. ACCESS shall

pay such taxes either directly or when invoiced by ISG, or shall supply appropriate tax exemption certificates in a form satisfactory to ISG.

4.7 Payments to ISG shall not be deemed to have been made until the funds are available to ISG in Mississauga, Ontario, Canada. Alternatively, if ACCESS is prevented by government regulations from transferring funds to Canada, ISG shall have the right to require ACCESS to deposit the blocked funds or an equivalent amount denominated in another currency due to ISG in a bank and country designated by ISG and for ISG's account.

4.8 ACCESS shall be responsible, at its own expense, for obtaining all necessary import permits and for the payment of any and all taxes and duties imposed on the delivery, importation, sale or license of the ISG Devices and Licensed Works in locations designated by ACCESS; except that ISG shall be

responsible for complying with all regulations or other measures promulgated by the FDA under the Food and Drug Act which are required to be complied with for the importation of ISG Devices into the United States.

4.9 If any copy of Licensed Works installed on an ISG Device is lost or is so damaged as to be unusable prior to delivery of such ISG Device to the customer, ISG will permit installation of a replacement copy of such lost or damaged Licensed Works without payment of an additional license fee.

5. Support.

5.1 ISG will supply the following materials to ACCESS:

5.1.1 Five copies of the latest object code or executable code for the GMA Release version of each item included in the Licensed Works, with updates as provided in Section 5.2.3. Each copy of Licensed Works will enable ACCESS to install and integrate such Licensed Works on ISG Devices, and will enable users to use such ISG Devices for an unlimited time, without requiring any activation or other action by ISG. If a copy of the Licensed Works initially provided is lost, damaged or destroyed, ISG will provide at cost a replacement copy, which may be a more recent release or version.

5.1.2 Either (i) for each ISG Device for which a license fee is recorded, one copy of documentation in English and documentation updates as they are prepared and released which, when taken together, constitute complete documentation for the ISG Devices complying with the requirements of the Food and Drug Act and the regulations and other measures promulgated by the FDA thereunder or (ii) all materials necessary to permit ACCESS to produce documentation as set forth in clause (i), which will include soft copy of text and updates as well as art work for covers, backs and spines of user manuals.

5.1.3 Five copies of all installation scripts and procedures necessary or appropriate for installation of the GMA Release version of each item of Licensed Software on ISG Devices.

5.1.4 Five copies of any modifications to the Licensed Works (with revisions to the documentation to reflect such modifications) which are provided to other customers of ISG without charge and are not proprietary to such customers.

5.2 ISG will provide the following support:

5.2.1 ISG will make support as provided in this Section 5.2 available for each ISG Device for the duration of the Support Period for such

device, subject to payment of support fees as provided herein. ISG will at all times support the current release of each of the Licensed Works and the immediately preceding Major Release of each of the Licensed Works. ISG will support each Major Release of VRS UNIX Software for at least 12 months from the date of GMA Release, regardless of the number of additional releases during such period. After June 30, 1998, ISG will support each Major Release of VRS NT Software for at least 12 months from the date of GMA Release, regardless of the number of additional releases during such period. A "Major Release" is a release of a Licensed Work which has undergone full GMA Release procedures and is identified by the first two numerals in a version number (that is, "x.y").

5.2.2 ACCESS will provide first line support to its customers. In the event of a problem, ACCESS's end customer will contact ACCESS with problems, queries and/or help line requests. Trained ACCESS customer service personnel will respond to calls and attempt to diagnose and repair problems according to procedures defined in ISG's training courses and documentation. ACCESS will contact ISG only after having done so without resolving the problem, with such contact being made as defined for the relevant geographical territory and the problem being logged in accordance with an agreed procedure. ISG will then provide second line support. ISG will issue a Customer Service Order Number and one or more of the following courses of action will be taken as deemed appropriate by ISG technical support staff:

i) Technical or applications support via telephone to trained ACCESS service personnel.

ii) In depth problem investigation and analysis via modem to end customer system. This support is provided only where direct high speed modem access is available via a dedicated telephone line.

iii) A monthly problem report will be provided to ACCESS detailing the Customer Service Order Number, date and type of call and resolution of each support call.

iv) On site consultation is available upon request at then applicable ISG standard time and materials

rates and is subject to availability of technical or applications support personnel.

v) Five master copies of software updates will be provided from time to time to ACCESS, as provided in Section 5.2.3 below.

5.2.3 In providing maintenance support, ISG shall:

i) Respond to and verify any alleged errors in the documentation or code upon notification by ACCESS; and

ii) Provide resolution of defects as detailed below:

1. Safety - Deficiency affects patient safety or FDA reportable defects.

2. Critical - Deficiency causes the VRS application to fail catastrophically.

3. Urgent - Deficiency causes the VRS application to give erroneous, distorted or severely deficient function from which users must be isolated.

4. Serious to Minor - Deficiency similar to level 3 above, but for which a work-around can be implemented allowing the user to achieve the desired accuracy or function, with minor inconvenience, or deficiency causes minor inconvenience, but is a definite deficiency against specification.

5. Improvements - ACCESS requests new functionality not covered by specification.

For priority levels 1, 2 and 3, ISG will immediately take corrective action and provide a validated bug fix, in the form of an update, within a reasonably expeditious time frame.

For priority level 4, ISG will take corrective action and provide a validated bug fix, in the form of an update, without charge, within a reasonable time frame.

For priority level 5, ISG will determine in its good faith judgment whether the requested functionality is appropriate for inclusion in the next general release to customers. If

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ISG so determines, ISG will provide an update to ACCESS without charge. If ISG does not so determine, ISG will provide the requested modification at ISG's standard charges.

5.2.4 ACCESS will pay support fees [*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

] ISG will in any event make support available after that date to the extent provided in this Agreement at ISG's then applicable time and materials charges.

5.3 ISG hereby certifies the compatibility only of the hardware and systems configurations listed in Schedule I for inclusion in ISG Devices on which Licensed Works are installed. ISG will cause the Licensed Works to be compatible with, and will certify to ACCESS that ISG Devices may include:

(i) At all times during the term of this Agreement prior to the UNIX Termination Date, the release of the Sun Solaris operating system immediately prior to the then most current release.

(ii) At all times during the term of this Agreement on or after the UNIX Termination Date, the most current release of the Sun Solaris operating system as of the UNIX Termination Date; provided that if support of a newer release of the Sun Solaris operating system is necessary to correct a defect of Level 3 or higher (as defined in Section 5.2.3(ii)), ISG will provide the necessary support. The "UNIX Termination Date" means a date of which ACCESS is notified at least twelve months in advance, on which ISG shall cease to make VRS UNIX Software available to customers.

(iii) At all times during the term of this Agreement, the release of the Windows NT operating system immediately prior to the then most current release.

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ISG Devices including any of the systems and components set forth above, and Licensed Works installed thereon, shall be covered by all support obligations, representations, warranties and agreements of ISG contained herein.

5.4 While it is acknowledged that the ISG Devices may be used in certain surgical, medical life support or other applications of a similar degree of potential hazard, ACCESS acknowledges that ISG Devices are not designed or intended to substitute for or override the training, experience and knowledge of

end users.

1. Additional Covenants.

6.1 ACCESS shall include in all copies of Licensed Works made by ACCESS any copyright or similar notice as furnished by ISG to ACCESS.

6.2 Each party hereto covenants that it shall keep confidential any confidential information relating to the other party's business, finances, marketing and technology to which it obtains access (including without limitation the Licensed Works and the pricing and other terms of this Agreement) and that it shall take all reasonable precautions to protect such confidential information of the other party or any part thereof from any use, disclosure or copying except as expressly authorized by this Agreement. The obligations of the parties under this Section 6.2 are in addition to, and not in substitution of, their respective obligations under the Confidentiality Agreement dated as of March 31, 1995 between ACCESS and ISG.

6.3 The parties agree as follows with respect to proprietary rights:

6.3.1 ACCESS acknowledges that, except as set forth in Section 6.3.2 below, the Licensed Works and all related information and documentation are the property of ISG and/or third parties from whom ISG has acquired certain rights under license.

6.3.2 ISG acknowledges that ACCESS has provided and will provide to ISG certain software applications, know-how and trade secrets relating to wavelet compression and decompression of images, which are included in Licensed Works made available to ACCESS under this Agreement. ISG agrees that it will treat the particular specifications ACCESS has provided

regarding compression and decompression as proprietary information of ACCESS. This applies to the specifications and concepts including the following:

1. Non-standard DICOM transport mechanisms for image transmission

2. Controls over the number of images in a study

3. The use of progressive decompression

4. Modifications to the DICOM header elements reflecting changes in certain data such as image matrix size and compression status

5. Error and exception handling

6. PPP server transmission methodologies

ISG agrees that it will not provide other customers for its workstation products with the above information and know-how (or devices or applications including them). Nothing in this paragraph will be construed so as to restrict ISG from developing and/or marketing a solution similar to any or all of the ACCESS solutions specified in items 1 to 6 above, provided that ISG has received the specifications and/or know-how for such similar solutions from a third party without solicitation or assistance from ISG and without any knowledge on ISG's part that such third party is in violation of any confidentiality obligation or proprietary right.

6.4 ACCESS at all times will comply with all provisions of the Food and Drug Act and the regulations and other measures promulgated by the FDA thereunder which are applicable to ACCESS as a distributor of ISG Devices as contemplated by this Agreement.

6.5 ISG represents that the ISG Devices, when configured and marketed as contemplated by this Agreement and assuming compliance by ACCESS with its covenant set forth in Section 6.4, will at all times comply with all applicable

provisions of the Food and Drug Act, the regulations and other measures promulgated by the FDA thereunder, and all filings made by ISG thereunder, and will have all necessary FDA clearances or approvals for commercial marketing in the United States of America. ISG will at all times comply with all provisions of the

Food and Drug Act, the regulations and other measures promulgated by the FDA thereunder, and all filings made by ISG thereunder, which are applicable to ISG as the manufacturer of ISG Devices distributed as contemplated by this Agreement.

6.6 The parties agree to the following indemnity provisions:

6.6.1 ACCESS shall indemnify and save harmless ISG from and against any and all liabilities, damages, costs or expenses (including attorney's fees as incurred) resulting from any negligence or misconduct of ACCESS in marketing or installing ISG Devices or failure to comply with ACCESS's obligations set forth in Section 6.4.

6.6.2 ISG shall indemnify and save harmless ACCESS from and against any and all liabilities, damages, costs or expenses (including attorney's fees as incurred) resulting from any negligence or misconduct of ISG in manufacturing ISG Devices, any defect in ISG Devices installed and configured as instructed by ISG, or any inaccuracy or failure of compliance with ISG's representations and obligations set forth in Section 6.5.

6.6.3 Any party seeking indemnification hereunder shall promptly inform the indemnifying party in writing upon becoming aware of any claim for which indemnity may be sought. Such notice shall include a statement of the facts and circumstances relevant to such claim. Following such notice, the indemnifying party may participate in the defense. Neither party shall settle or compromise any claim for which indemnity is sought hereunder without the prior written consent of the indemnifying party.

6.7 At least two qualified ACCESS employees will attend two days of service training at ISG's facility annually. ACCESS will pay a charge of $3,000 per person per year for such training. Attendance by ACCESS personnel for whom the training charge has been paid in any year at additional new training courses during that year will be free of charge.

6.8 ISG agrees to the following development obligations.

6.8.1 ISG will release for resale by ACCESS hereunder either a software patch for VRS UNIX 2.1 or a release of VRS UNIX 2.2 , which will in either case include additional functionality as set forth in Schedule I. This patch or release

will be released in a beta test version by June 30, 1997 and a GMA Release version by October 31, 1997.

6.8.2 ISG will release for resale by ACCESS hereunder a GMA Release version of the VRS NT-200 Release 1.1 application, having the functionality specified in Schedule I, by May 30, 1997.

6.8.3 ISG will release for resale by ACCESS hereunder a GMA Release version of the VRS NT Software having the decompression functionality specified in Schedule I by June 30, 1997.

6.8.4 If ISG does not release any of the applications set forth above by the date specified, payment of all Committed Amounts falling due after the specified release date will be deferred until release occurs. During any

period of deferral, ACCESS will pay license fees as provided in Section 4.3. Upon resumption of payment of Committed Amounts, payments made during the deferral period will be credited on a first dollar basis against Committed Amounts payable.

7. Warranties.

7.1 ISG warrants and agrees that:

7.1.1 ISG has the full authority to grant the license and rights set forth in this Agreement.

7.1.2 To the best of ISG's knowledge, the documentation and code of the Licensed Works have not been published under circumstances which have caused loss of copyright therein, and to the best of the ISG's knowledge the documentation and code of the Licensed Works do not infringe upon any copyright or other proprietary right of any third party.

7.1.3 ISG is not aware of any claim of infringement of any copyright or other proprietary right having been made or pending against ISG relative to the documentation or code of the Licensed Works.

7.1.4 ISG will, at its expense, defend against, hold ACCESS harmless from, and pay any final judgment against ACCESS or any ACCESS customer arising out of any claim that the use of any Licensed Work as contemplated by this Agreement infringed a copyright, a patent or a trade secret provided that (i) ACCESS notifies ISG in writing of such claim or action, and (ii) ISG has sole control of the defense and settlement of such

claim or action. In defending against such claim or action, ISG may, at its option, agree to any settlement in which ISG shall either (1) procure for ACCESS and all ACCESS customers the right to continue using the Licensed Works; or (2) modify or replace the Licensed Works so that they no longer infringe, to the extent that the exercise of such option does not result in a material adverse change in the operational characteristics of the Licensed Works, and equivalent functions and performance provided by ISG remain following implementation of such option. If ISG concludes in its judgment that none of the foregoing options is reasonable, ISG may remove the Licensed Works and any other components supplied by ISG rendered unusable as a result of such removal and repay to ACCESS all amounts paid with respect to the infringing products by ACCESS to ISG under this Agreement. Any such payment shall be in addition to, and shall not diminish, ISG's obligation to defend and indemnify against claims for infringement. Each party shall promptly notify the other in the event that it becomes aware of a claim covered by this Section 7.1.

7.2 The ISG Devices, when properly installed and configured, will meet all applicable standards of the American College of Radiology for diagnostic images and are appropriate for diagnostic radiological examinations, and ISG has no knowledge of existing problems which would cause the ISG Devices to fail to comply with the foregoing warranty.

8. Term and Termination.

8.1 This agreement shall have an initial term ending on March 31, 2000, subject to earlier termination as provided below.

8.2 If there shall be any material breach of this Agreement by ACCESS which shall not be cured within 30 days of ISG giving written notice thereof to ACCESS, then at any time thereafter that such breach shall be continuing ISG may terminate this Agreement by delivery of a separate written termination notice to ACCESS.

8.3 If there shall be any material breach of this Agreement by ISG which shall not be cured within 30 days of ACCESS giving notice thereof to ISG, then at any time thereafter that such breach shall be continuing ACCESS may terminate this Agreement by delivery of a separate written termination notice to

ISG.

8.4 If either party to this Agreement shall wind up or discontinue its business, shall make an assignment for the

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benefit of creditors, shall have a receiver appointed for its assets, shall commence bankruptcy or insolvency proceedings, or shall have bankruptcy or insolvency proceedings commenced against it which shall not be dismissed or stayed within 60 days, the other party may terminate this Agreement upon notice to the affected party.

8.5 If this Agreement shall be terminated under Section 8.2, Section 8.3 or Section 8.4, then:

8.5.1 ACCESS's right to resell ISG Devices and to furnish Licensed Works to customers and to use and make copies of the Licensed Works shall immediately terminate ;

8.5.2 ISG's support obligations hereunder shall immediately terminate;

8.5.3 ACCESS shall pay, within ten (10) days, all amounts which have accrued to ISG;

8.5.4 ACCESS shall immediately deliver the master copy of the Licensed Works and all other copies in the possession of ACCESS to ISG at ACCESS's expense; and

8.5.5 ACCESS shall provide a list of names and addresses of customers who have entered into sublicenses with ACCESS since the date of this Agreement.

8.6 Notwithstanding any termination or expiration of this Agreement, any sublicense granted to an ACCESS customer prior to such termination or expiration shall survive such termination or expiration, and Sections 6.2, 6.3, 6.6 and 7.1 shall survive any such termination or expiration. The rights of ACCESS under Section 9.10 and the Escrow Agreement referred to therein shall survive any termination of this Agreement by ACCESS. The obligations of ISG to provide support set forth in Section 5.2 and the obligations of ISG under Section 9.10 shall survive expiration of the term of this Agreement for the remainder of the Support Period for any ISG Device, subject to continued payment of support fees by ACCESS.

8.7 The remedies set forth in Sections 8.1 through 8.5 shall not be exclusive, but shall be in addition to any other remedies available to either party at law or in equity.

9. General.

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9.1.1 ACCESS and ISG are independent contractors and separate legal entities and shall in no way be interpreted as partners, joint-venturers, agents, employees or legal representatives of each other for any purpose. ACCESS shall solicit orders for ISG Devices only as an independent contractor. The parties shall not be responsible for or bound by any act of the other party or such other party's agents, employees or any person in any capacity in its service.

9.2 Assignment:

9.2.1 Subject to ACCESS's right to grant sublicenses hereunder, ACCESS may not assign this Agreement or any rights hereunder without the prior written consent of ISG except that, without such consent and upon notice to ISG,

ACCESS may assign all of its rights hereunder to a corporation or other legal entity that acquires substantially all of ACCESS's assets or where ACCESS is consolidated or merged but then only upon the express assumption by such transferee or its successor of the obligations set forth in this Agreement.

9.2.2 ISG may not assign this Agreement or any rights hereunder without the prior written consent of ACCESS, except that, without such consent and upon notice to ACCESS, ISG may assign all of its rights hereunder to a corporation or other legal entity that acquires substantially all of ISG's assets or where ISG is consolidated or merged, but then only upon the express assumption by such transferee or its successor of the obligations set forth in this Agreement.

9.2.3 This Agreement is binding upon, and inures to the benefit of, the successors and permitted assigns of the parties.

9.3 The waiver or failure of either party to exercise in any respect any right provided for in this Agreement shall not be deemed a waiver of any further or future right hereunder.

9.4 The headings used in this Agreement are for convenience of reference only and are not to be used in interpreting the provisions of this Agreement.

9.5 If any provision of this Agreement is invalid or unenforceable in any particular case, such case shall not invalidate or render unenforceable any other part of this Agreement. The Agreement shall simply be construed as not

containing the particular provision or provisions held to be invalid or unenforceable to the extent of the particular case, and the rights and obligations of the parties hereto shall be construed accordingly.

9.6 This Agreement is effective when executed by both parties. This Agreement may be executed in counterparts, each of which shall constitute one and the same instrument.

9.7 This Agreement and the Confidentiality Agreement dated March 31, 1995 constitute the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties pertaining to such subject matter.

9.8 Unless otherwise indicated, all dollar amounts referred to in this Agreement are in U.S. funds.

9.9 This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

9.10 ISG shall place a copy of the source code for the Licensed Works (the "Escrow Materials") it has the authority to so deliver, in escrow with Fort Knox Escrow Services, Inc. (the "Escrow Agent") under an Escrow Agreement in the form of Schedule IV. The Escrow Agent shall be authorized to release the Escrow Materials to ACCESS if and when ACCESS is deemed to have the right thereto as determined below.

9.10.1 Provided that ACCESS is not then in material default under the terms of this Agreement, the Escrow Agent shall provide to ACCESS the Escrow Materials upon notification by ACCESS to the Escrow Agent, with a copy to ISG, of the occurrence of any of the following events (each a "Release Condition"):

(a) The undisputed failure by ISG, following not less than 90 days written notice from ACCESS, clearly indicating the nature of the default, to maintain the Licensed Works and such failure results in the occurrence or continuance of a defect classified as Level 1 Safety, Level 2 Critical or Level 3 Urgent under Section 5.2.3 above, or if such failure

is disputed, the notice must be supplemented by a court order resolving the dispute; or

(b) Proceedings shall be commenced by or against ISG under the United States Bankruptcy Code or the Canadian Bankruptcy and Insolvency Act and (in the case of a proceeding commenced against ISG) shall not be dismissed or discharged within 90 days of commencement.

9.10.2 Upon taking possession of the Escrow Materials due to the occurrence of a Release Condition, ACCESS agrees that such source code shall be subject to restrictions on use, transfer, sales and reproduction placed on the Licensed Works themselves by this Agreement.

9.10.3 The Escrow Agreement will continue in full force and effect, except that this Agreement shall govern any inconsistencies between this Agreement and the Software Escrow Agreement.

9.10.4 ACCESS shall use the Escrow Materials only for what would otherwise be obligations of ISG to provide support of the Licensed Works. It is expressly understood that the Software Escrow Agreement pertains to the right to use the Escrow Materials and that no rights to ownership of the Escrow Materials pass from ISG to ACCESS. It is also expressly understood that the Escrow Materials are confidential and secret assets of ISG and the Escrow Materials will be held by ACCESS and not reproduced or copied, or made available to any third party, except in accordance with this Agreement. It is expressly understood that the Escrow Materials will be either returned to ISG or destroyed once the default giving rise to a Release Condition is cured and adequate assurances of ISG's future performance are given to ACCESS. UNDER NO CIRCUMSTANCES IS THE SOURCE CODE TO BE SOLD, TRANSFERRED OR COPIED BY ACCESS OR ITS DISTRIBUTORS. This Agreement shall be deemed to be a "License Agreement" referred to in the Escrow Agreement and Section 365(n) of the United States Bankruptcy Code.

9.11 EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT (INCLUDING WITHOUT LIMITATION ARTICLE 5), ISG MAKES NO WARRANTIES OF ANY KIND WITH RESPECT TO THE ISG DEVICES, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Except as otherwise set forth in this Agreement, in no event shall ISG be liable to ACCESS for any indirect, special, incidental or consequential damages of any nature or kind whatsoever or for any damages (whether caused directly or indirectly) related to loss of profits, loss of

revenue, loss of data or other economic loss in connection with, or arising out of, the use or supply or non-supply of the ISG Devices. Except as otherwise set forth in this Agreement (including without limitation Articles 6 and 7), the liability of ISG to ACCESS under this Agreement or resulting from this Agreement under any theory of law or equity is limited to money damages not to exceed the total amount paid by ACCESS to ISG hereunder.

9.12 Notices:

All notices provided for in this Agreement shall be in writing or facsimile, addressed to the appropriate party at its respective address set forth below or to such other then-current address as is specified by notice, as follows:

(a) to ISG: ISG Technologies, Inc.
6509 Airport Road
Mississauga, Ontario
CANADA L4V 1S7
Facsimile: (905) 672-0360

Attention: VP Finance

(b) to ACCESS: ACCESS Radiology Corporation
313 Speen Street
Natick, MA 01760
Facsimile: (508) 647-9350
Attention: Howard Pinsky

Notices shall be deemed to be received upon actual delivery, upon confirmation of receipt of a facsimile, or five days after mailing with first class postage prepaid.

9.13. This Amended and Restated Reseller Agreement shall become effective when executed by ISG and ACCESS. All references to "this Agreement", "herein", "hereby" and similar references shall refer to this Amended and Restated Reseller Agreement.

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

ACCESS RADIOLOGY CORPORATION

By: /s/ David Lang

By: _____

Name: David Lang

Title: Vice President of Business Operations

ISG TECHNOLOGIES, INC.

/s/ Peter Bak

Name: Peter Bak

Title: Vice President of Product Development

SCHEDULE I

Licensed Works Description and Pricing

Pricing Table 1

<TABLE>
<CAPTION>

Product Feature	VRS-NT-200 (v1.1)	VRS-NT-600	VRS-NT-ICU	VRS-NT-DX	VRS-NT-XS	VRS-UNIX DX	VRS-UNIX XS
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Base Pricing							
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Options Pricing							

[*]	[*]	[*]	[*]	[*]	[*]	[*]	
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]

</TABLE>

*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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Pricing Table 2

<TABLE>
<CAPTION>

Product Feature	VRS-NT-200 (v1.1)	VRS-NT-600	VRS-NT-ICU	VRS-NT-DX	VRS-NT-XS	VRS-UNIX-DX	VRS-UNIX XS
Base Pricing							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
Options Pricing							
[*]	[*]	[*]	[*]	[*]	[*]	[*]	
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]
[*]	[*]	[*]	[*]	[*]	[*]	[*]	[*]

</TABLE>

*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

Base Unit Feature Content:

[*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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]

Options Pricing Legend:

[*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

]

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Commitment Table

<TABLE>
<CAPTION>

Quarter	Amount	Invoice Date (On or Before)	Paid Date (On or Before)
<S>	<C>	<C>	<C>
Q1	[*]	-	-
Q2	[*]	June 30/th/ 1997	August 14/th/ 1997
Q3	[*]	September 30/th/ 1997	November 14/th/ 1997
Q4	[*]	December 31/st/ 1997	February 14/th/ 1998
Q5	[*]	March 31/st/ 1998	May 15/th/ 1998
Q6	[*]	June 30/th/ 1998	August 14/th/ 1998
Q7	[*]	September 30/th/ 1998	November 14/th/ 1998
Q8	[*]	December 31/st/ 1998	February 14/th/ 1999
Q9	[*]	March 31/st/ 1999	May 15/th/ 1999
Q10	[*]	June 30/th/ 1999	August 14/th/ 1999
Q11	[*]	September 30/th/ 1999	November 14/th/ 1999
Q12	[*]	December 31/st/ 1999	February 14/th/ 2000
Q13	[*]	March 31/st/ 2000	May 15/th/ 2000

</TABLE>

*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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VRS UNIX Release 2.1 Patch / Release 2.2
ACCESS Radiology Corporation Additional Features to VRS

UNIX Release 2.1

The following additional features to VRS UNIX Release 2.1 will be provided to ACCESS Radiology Corporation in the form of either a patch to VRS UNIX Release 2.1 or a new version VRS UNIX Release 2.2.

<TABLE>
<CAPTION>

Feature	Description
<S> [*]	<C> [*]
[*]	[*]
[*]	[*]

</TABLE>

<TABLE>

<S> [*]	<C> [*]
[*]	[*]
[*]	[*]

</TABLE>

*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

VRS-NT 200 Release 1.1
ACCESS Radiology Corporation Additional Features to VRS-NT 200 Release 1.0

The following features, in addition to those already provided in VRS-NT 200 Release 1.0, will be provided to ACCESS Radiology Corporation in VRS-NT 200 Release 1.1.

<TABLE>
<CAPTION>

Feature	Description
<S> [*]	<C> [*
	]
[*]	[*
	]
[*]	[*
	]
[*]	[*
	]
[*]	[*
	]

</TABLE>

*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

VRS-NT Software
ACCESS Radiology Corporation Additional Features to VRS-NT Software

The following features, in addition to those stated in VRS NT marketing Specifications Document Revision 12, #1997-00295, will be provided to ACCESS Radiology Corporation.

<TABLE>
<CAPTION>

Feature	Description
<S> [*]	<C> [*
	]
[*]	[*
	]
[*]	[*

]
==========
</TABLE>

*Redacted pursuant to a Confidential Treatment Request dated September 10, 1999.

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SCHEDULE II

Standard Form Sublicensing Provisions

Each customer agreement shall provide:

1. That the customer is granted a non-exclusive, nontransferable license to operate, at the location specified in the customer agreement and for its own business and professional purposes only, a copy or copies of the object code form of the software.

2. That title, ownership rights, intellectual property rights and all other rights associated with the software and applicable under law shall remain vested in ISG.

3. That the obligations (if any) of ISG are limited to those expressly stated in the sublicense, are in lieu of all other warranties or conditions expressed or implied, including without limitation warranties of merchantability or fitness for a particular use, or those arising by statute or otherwise in law, or from a course of dealing or usage of trade.

4. That the liability of ISG under any theory of law or equity is limited to money damages not to exceed the total amount paid by the customer for ISG Devices.

5. That ISG shall have no liability to the customer with respect to any claim of patent or copyright infringement to the extent that such claim is based upon (i) the combination of licensed software with machines, systems or devices other than those included in the ISG Devices sold to the customer, (ii) modification of the licensed software by the customer, or (iii) use of the licensed software not in accordance with its specifications.

6. That the customer shall:

(a) maintain the software in confidence, utilizing at least the same degree of care used by the customer to protect its own confidential information;

(b) not transfer the software to any other party, except in connection with a sale of the ISG Device in which it is installed;

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(c) not attempt to produce any work derived from the software or modify the software in any manner whatsoever;

(d) not attempt to decode, decipher, decompile, decompose, disassemble, reverse engineer or otherwise render the software to a human-perceivable form; and

(e) not attempt to defeat the mechanisms which control the number of copies of the software which are allowed to operate simultaneously during any particular time period.

7. That the customer acknowledges that, although the software may be used in certain surgical, medical life support or other applications of a similar degree of potential hazard, the software is not designed or intended to substitute for or override the training, experience and knowledge of end users.

8. That the customer acknowledges that ISG Devices are resold to the customer by agreement of ISG, and that the customer is agreeing to the foregoing provisions in consideration of ISG making the ISG Devices available under such agreement.

CONFIDENTIAL TREATMENT EXHIBIT 10.24

AMENDMENT NO. 1

TO

AMENDED AND RESTATED RESELLER AGREEMENT

This is Amendment No. 1, dated as of April 30, 1998, to the Amended and Restated Reseller Agreement (the "Reseller Agreement") dated as of May 30, 1997 between ACCESS Radiology Corporation ("ACCESS")and ISG Technologies, Inc. ("ISG").

WHEREAS, ACCES and ISG wish to amend the Reseller Agreement to reflect the replacement of the VRS NT 200 Product with the VRS 300 Product, and to address certain related matters,

NOW, THEREFORE, the parties agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise defined have the meanings set forth in the Reseller Agreement. Upon the effectiveness of this Amendment No. 1, references in the Reseller Agreement to "this Agreement", "hereof", "hereunder", and the like shall refer to the Reseller Agreement as amended by this Amendment No. 1. The reference to "the VRS NT 200 application" in section 1.1.8 of the definitions is changed to "the VRS 300 Product". The following new definition is added to Section 1.1 of the Reseller Agreement:

1.1.2A "Execution Date" means the later of (i) April 30, 1998 and (ii) the thirtieth day after GMA Release of the VRS 300 Product.

2. Schedules. The pricing for VRS-NT-200 (v1.1) appearing in Pricing Table 1 and Pricing Table 2 of Schedule I shall cease to apply as of the effectiveness of this Amendment No.1.[*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.

] The portion of Schedule I titled "VRS-NT 200 Release 1.1" and the Marketing Specifications Document for the VRS NT 200 Product included in Schedule I are replaced in their entirety by the pages attached to this Amendment No. 1. Schedule IIA attached to this Amendment No. 1 is hereby made a Schedule to the Reseller Agreement.

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3. Amendment of Section 4.1.2. Section 4.1.2 of the Reseller Agreement is amended to read in its entirety as follows:

4.1.2 [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.

]

4. Addition of Section 4.1.5. A new Section 4.1.5 is added to the Reseller Agreement to read as follows:

4.1.5 Prior to the Execution Date, ACCESS has paid an aggregate of [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.] in prepaid license fees for the VRS NT 200 Product. Following the Execution Date, any balance of this prepayment not applied to license fees for installed copies of the VRS NT 200 Product will be applied on a first dollar basis to license fees payable hereunder for the VRS 300 Product. This prepayment and its application will be accounted for separately from the accounting for the application of Committed Payments under Section 4.2. The balance of this prepayment remaining as of April 30, 1998 is [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.] A detailed calculation of this remaining balance is set forth in Schedule IIA.

5. Amendment of Section 4.2.3. The last paragraph of Section 4.2.3 is deleted.

6. Amendment of Section 5.1.1. A new sentence is added to Section 5.1.1, to read as follows:

Materials provided under this Section will include materials for the upgrade of VRS NT 200 Products installed for existing users to the VRS 300 Product. ISG will provide a CD-ROM for each copy of the VRS 300 Product to be installed (including upgrades from the VRS 200), or in the alternative will enable ACCESS to produce such CD-ROMS from an original

supplied by ISG.

7. Addition of Section 5.5. A New Section 5.5 is added to the Reseller

Agreement, to read as follows:

5.5 Notwithstanding anything else contained in this agreement, ISG shall have no responsibility for support of the VRS NT 200 Product after the Execution Date.

8. General. This Amendment No. 1 will become effective as of April 30, 1998 when executed and delivered by both parties. This Amendment No. 1 may be executed in counterparts, all of which taken together shall constitute one and the same instrument.

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

ACCESS RADIOLOGY CORPORATION	ISG TECHNOLOGIES, INC.
By:/s/ David Lang	By: /s/ Peter Bak
Name: David Lang	Name: Peter Bak
Title: Vice President of Business Operations	Title: Vice President of Product Development

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Revision III

CONFIDENTIAL TREATMENT EXHIBIT 10.25

[ISG LOGO]

December 29, 1998

Mr. Howard Pinsky
Vice President of Technology
Access Radiology Corporation
25 Hartwell Avenue
Lexington, MA 02173

Dear Howard:

This letter outlines the general terms and conditions around which ISG will agree to provide the VRS 300 Workstation software to Access Radiology at a reduced cost. This letter, upon your signature, will constitute an amendment to the Reseller Agreement dated May 30, 1997. All other terms and conditions of the Reseller Agreement shall continue to apply.

1) [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.

]

2) 2) Access agrees to assist ISG with obtaining and implementing Aware's wavelet compression, and ISG plans to make it available for use on all products and components developed and owned by ISG, including but not limited to the IAP Tool Kit. Specifically, ACCESS will release AWARE, Inc. of competitive restrictions on AWARE products (that are the sole property of AWARE, Inc.) to ISG, so that ISG can use the AWARE.DLL and AWARE plug-ins in their products as defined above. Furthermore:

i) ISG may ask Access to provide advice to ISG in matters relating to ISG's obtaining FDA market clearance; although ACCESS in no way warrants any specific legal expertise in FDA regulatory matters. If appropriate, ACCESS will allow ISG to take advantage of the Access's FDA clearance of the Aware Compression/Decompression solution through either

reference of substantial equivalence, or through re-packaging and re-licensing of ACCESS software components.

ii) Access and ISG will work cooperatively in developing decompression mechanisms that provide for optimal performance in receiving and displaying compressed images.

3) iii) [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.

]

3) Access also agrees to have the ISG name and logo included in conjunction with the Access "Splash Screen," when the software is started. The software copyrights will also make appropriate reference to ISG and contain the ISG logo in the "About VR" window under the Help Menu. ISG requests that a copy of the software be sent to ISG, so that ISG, can verify that the correct information and logo are incorporated into the software before it is shipped.

4) Access agrees to continue to promote the ISG workstation products in sales to customers that have installed the VRS 300 and Access Servers.

5) ISG will provide Access with a method of accessing the ISG "Install Wizard" to allow Access to modify the program to suit its specific installation requirements. ISG acknowledges that ACCESS plans to provide VRS 300 (as a part of an ACCESS solutions package) as software only, and plans to use the Install Wizard to accomplish this. Further, ACCESS plans to run software on operating systems certified by ISG, including Windows 95 and Windows NT.ISG will work toward releasing the VRS 300 as quickly as possible under Windows 98.

6) The current implementation of the VR WIN suite of products does not support different configuration for GDI and Diagnostic Quality (DICOM) printing. If the print feature is enabled, both GDI (postscript) and DICOM printing are available. For the purpose of this agreement:

a) Access Radiology may purchase as an option, on any VRS 300 license covered by this agreement, the full print feature. Access must accept legal responsibility for enforcing with their end users that the software's additional print features, beyond postscript, are not activated. If future ISG VR WIN releases separate the DICOM and the

postscript print features, the new version may be substituted for the full version. The cost of this option is [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.] per license.

b) [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.]

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Revision III

]

7) [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.

]

8) In addition, ACCESS plans to include additional applications (report viewing and network diagnostics) available through the VRS 300 product. Currently using the default configuration with the small toolbar there is no way to access reports. This can be modified by changing the registry to turn on the next size toolbar to get access to reports (this is because changing to the next size toolbar brings up the study bar which is where the report button is). This is not optimum. ISG will therefore add either a report button to the toolbar and/or have report accessible from the menu bars.

Please indicate your agreement to these general terms and conditions with your signature below.

Agreed to this 31st day of December 1998.

ISG TECHNOLOGIES INC.	ACCESS RADIOLOGY CORPORATION
By: /s/ Maxwell Rutherford	By: /s/ Howard Pinsky
Name: Maxwell Rutherford	Name: Howard Pinsky

Title: President & Chief Operating Officer

Title: Vice President of Technology

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EXHIBIT 10.26

ACCESS RADIOLOGY CORPORATION

CONFIDENTIALITY AGREEMENT

This is a Confidentiality Agreement dated as of March 31, 1995 between ACCESS Radiology Corporation ("ACCESS") and ISG Technologies, Inc. (the "Counterparty").

WHEREAS, each of ACCESS and the Counterparty possesses and will possess confidential and proprietary information relating its business;

WHEREAS, such information of ACCESS is valuable in the business of ACCESS and has been developed at ACCESS's expense and such information of the Counterparty is valuable in the business of the Counterparty and has been developed at the Counterparty's expense;

WHEREAS, information has been or will be exchanged by ACCESS and the Counterparty in connection with DECOM and non-DECOM based workstation strategies and business;

NOW, THEREFORE, the parties agree as follows:

1. As used in this Agreement, "Confidential Information" means all trade secrets, know-how, business and financial information and other proprietary information or data disclosed to one party by the other or incorporated in materials or products provided to one party by the other and marked or indicated to be confidential.

2. Each party acknowledges and agrees that Confidential Information received from the other party is the sole and exclusive property of the disclosing party. Each party will not use any Confidential Information received from the other party except in connection with the business relationship described above or otherwise with the prior written agreement of the disclosing party.

3. Each party will hold all Confidential Information received from the other party in strict confidence and will not disclose any such Confidential Information other than to its employees and agents who need to know such Confidential Information for the purposes permitted by Paragraph 2 and are bound to maintain its confidentiality. Each party will be responsible for any use, disclosure, copying or analysis of Confidential Information inconsistent with

this Agreement by any of such party's employees or agents or any of such party's affiliates or their employees or agents.

4. Each party will not make copies or perform analyses of Confidential Information received from the other party except for the purposes permitted by Paragraph 2. Each party will, upon the request of the other party, return all tangible Confidential Information (including copies thereof) provided by the requesting party and will either return or destroy all notes, summaries and other material containing or derived from Confidential Information disclosed by the requesting party, any such destruction to be confirmed by the requesting party in writing.

5. Each party acknowledges and agrees that no license, implied or otherwise, is granted hereby under any patent, copyright, trademark, any application for any of the foregoing or any other intellectual property right. If Confidential Information is or becomes the subject of a patent, copyright, trademark or any application for any of the foregoing, the party originating such Confidential Information will have all the rights and remedies available under such patent, copyright, trademark or application.

6. The limitations on disclosure and use of Confidential Information contained in this Agreement shall not apply to any information that:

a. is in the public domain at the time of disclosure to the receiving party hereunder or thereafter becomes in the public domain through no fault of the receiving party;

b. can be shown by the receiving party has been in its possession prior to disclosure by the disclosing party; or

c. is furnished to the receiving party by a third party that has a bona fide right to do so.

7. Each party shall be held to the same standard of care with respect to Confidential Information under this Agreement as such party normally applies to its own confidential information of similar kind.

8. Each party and its affiliates will not, directly or indirectly, solicit, interfere with, or endeavor to entice away from the other party any of its suppliers, dealers, employees, board members or members of any advisory board.

9. Each party acknowledges and agrees that damages would not be an adequate remedy for any breach of this Agreement with respect to Confidential Information received hereunder, that any such breach of this Agreement would cause irreparable harm to the party that originated such information, and that in addition to any other available remedies the aggrieved party shall be entitled to one or more injunctions against any such breach without requirement of a board or other surety.

10. The restrictions on use and disclosure of Confidential Information contained in the Agreement shall extend for five years from the date hereof unless sooner terminated by written agreement of the parties. This Agreement shall be binding upon an inure to the benefit of the parties and their successors and assigns and may not be amended except by written agreement of the parties.

11. The invalidity or unenforceability of any provision of this Agreement shall not affect any other provisions hereof.

12. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

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

Access Radiology Corporation

By /s/

Title _____

ISG Technologies, Inc.

By /s/

Title _____

CONFIDENTIAL TREATMENT EXHIBIT 10.27

OEM DEVELOPMENT SOFTWARE AGREEMENT

This agreement is made as of the 9th day of November, 1995, between MITRA IMAGING INCORPORATED, a corporation incorporated under the laws of the Province of Ontario, Canada (hereinafter called "Mitra), and ACCESS RADIOLOGY CORPORATION, a corporation incorporated in the State of Delaware (hereinafter called "ACCESS").

B A C K G R O U N D

1. ACCESS desires to develop application-specific software using software products marketed by Mitra and to distribute Mitra Software to third party end users (hereinafter called "Customers") ; and

2. Mitra has agreed to license ACCESS to do so,

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth the parties hereto agree as follows:

1. Interpretation.

1.1 In this Agreement, each of the following terms has the meaning set out below:

1.1.1 "DAP for Windows" means all or any portion of the computer programs in object code format, described as such in the user's manual entitled "Mitra Imaging Incorporated DICOM Application Platform Revision 1.0 " dated A---)--il 29, 1995, and conforming to the specifications set forth therein.

1.1.2 "DAP for UNIX" means all or any portion of the computer programs in object code format, described as such in the user's manual entitled "Mitra Imaging Incorporated DICOM Application Platform Revision 1.011 dated April 29, 1995, and conforming to the specifications set forth therein.

1.1.3 "FDA" means the United States Food and Drug Administration.

1.1.4 "Food and Drug Art" means the United States Pure Food and Drug Act, as amended from time to time.

1.1.5 "Lumiscan" means all or any portion of the computer programs in object code format, described in the User's Manual for Lumisys DICOM 3.0 Tookit Version 0-4.2 dated August 3, 1995, and conforming to the specifications set forth therein.

1.1.6 "Mitra Software" means all or any portion of DAP for Windows, DAP for UNIX, Lumiscan and the server software.

1.1.7 "Server Software" means all or any portion of the computer programs in object code for-mat, listed on Schedule A and conforming to the specifications set forth therein.

1.2 Entire Agreement. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral Or written, of the parties pertaining to such subject matter.

1.3 Currency. Unless otherwise indicated, all dollar amounts referred to in this Agreement are in U.S. funds.

1.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

2. Grant of Rights.

2.1 Effective upon execution of this Agreement, Mitra hereby appoints ACCESS a non-exclusive reseller of Mitra Software products and grants to ACCESS the following nonexclusive rights:

2.1.1 The right to use DAP for Windows and DAP for UNIX to develop application-specific software and to sublicense such software incorporated in such ACCESS-developed software to ACCESS customers in the regular course of business;

2.1.2 The right to include copies of the Lumiscan and Server Software in software or devices made available by ACCESS to its customers and to sublicense Lumiscan and Server Software included in such software or devices to ACCESS customers in the regular course of business; and

2.1.3 The right to use copies of the Mitra Software for internal purposes of ACCESS, including software

support of ACCESS customers and processing of data in the regular course of 1~ACCESS's business.

3. Customer License Agreements.

3.1 ACCESS shall develop standard form customer sublicensing provisions acceptable to Mitra for use with Mitra Software. No customer shall receive any Mitra Software unless such customer shall have signed an agreement containing the standard form customer sublicensing provisions.

3.2 Each customer agreement shall set out the name and address of the customer and the identity and location of the devices on which the customer is licensed to use a copy of Mitra Software, and shall include standard form customer sublicensing provisions which provide:

3.2.1 that only a personal, non-transferable and non-exclusive right to use each copy of Mitra Software solely for the customer's business or professional purposes is granted to the customer;

3.2.2 that no title to the Mitra Software is transferred to the customer; and

3.2.3 that the customer shall not transfer, provide or disclose Mitra Software to any other third par-y.

3.3 ACCESS shall assign a unique internal number to each sublicense granted to a customer and shall place this number clearly in the customer agreement.

3.4 ACCESS shall use reasonable efforts to all the licensing provisions of customer agreements.

3.5 ACCESS shall demonstrate to Mitra that its software applications that include Mitra Software have. sufficient mechanisms for tracking usage and preventing unauthorized copying. Without this ACCESS is required to distribute a copy-protected version of the Mitra Software administrated by Mitra at installation.

4. License Fees.

4.1 ACCESS agrees to pay to Mitra the following license fees:

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4.1.1 [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.]

4.1.2 [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.]

4.1.3 [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.]

4.1.4 [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.]

4.2 License and upgrade fees under Sections 4.1.2 through 4.1.4 shall be payable quarterly within 30 days of the end of each calendar quarter for sublicenses granted to ACCESS Customers during such quarter. Each payment of such license fees shall be accompanied by a statement setting forth in reasonable detail the calculation of the license fees payable. License fees do not include any customs or import duties, or sales, use or similar taxes, which shall be the responsibility of ACCESS.

4.3 ACCESS shall keep full, clear and accurate records of the number of copies of Mitra Software furnished by it to customers or used by it internally, and the identity and location of each customer to whom Mitra Software is furnished by ACCESS.

4.4 Mitra shall have the right to make an examination and audit not more than twice per calendar year, of all records kept pursuant to Section 4.3.

5. Support.

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5.1 Mitra will supply the following materials to ACCESS:

5.1.1 One copy of the latest object code or executable code for each item of Mitra Software, with upgrades as provided in Section 5.2. If a copy of the Mitra Software initially provided is lost, damaged or

destroyed, Mitra will provide at cost a replacement copy, which may be a more recent release or version; and

5.1.2 One copy of documentation in English and documentation updates as they are prepared and released which, when taken together, constitute complete documentation of the Mitra Software complying with Good Manufacturing Practices as defined in the Food and Drug Act and the rules, regulations and orders of the FDA thereunder.

5.2 For so long as ACCESS is current in the payment of support costs as provided in Section 5.3, Mitra warrants to ACCESS that the Mitra Software will perform in accordance with its specifications. Mitra will use its best efforts to ensure if with a such performance and, corrected version of the Mitra Software as soon as practical after Mitra is notified of any non-conformity. Mitra will provide generally available upgrades, maintenance releases, bug fixes and work-arounds at no charge (except as provided in Section 5.2). Mitra will support the version of DAP for Windows used by ACCESS as of the date of this Agreement only until ACCESS upgrades to the next available version, which ACCESS will do as soon as practicable.

5.3 ACCESS will pay to Mitra aggregate annual support costs of [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.] per year with respect to Mitra Software. Support costs will be payable in advance on the execution of this Agreement and each anniversary thereof during the term of this Agreement.

5.4 Notwithstanding Section 5.2, if an upgrade of DAP for Windows compatible with Windows 95 or Windows NT shall become available and ACCESS shall request such an upgrade from Mitra, then upon delivery of such an upgraded version, ACCESS shall pay to Mitra a one time upgrade fee. [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.]

Following delivery of any such upgraded versions, the term "DAP for Windows" as used in this Agreement shall be deemed to include such upgraded version for all purposes, it being understood that the obligations of ACCESS and Mitra with respect to the previously existing version of DAP for Windows shall also remain in full force and effect.

6. Additional Covenants.

6.1 ACCESS shall include in all copies of Mitra Software made by ACCESS any copyright notice as furnished by Mitra to ACCESS.

6.2 Each party hereto covenants that it shall keep confidential any confidential information relating to the other party's business, finances, marketing and technology, to which it obtains access (including without limitation DAP for windows, DAP for UNIX and the pricing and other terms of this Agreement) and that it shall take all reasonable precautions to Protect such confidential information of the other party or any part thereof from any use, disclosure or copying except as expressly authorized by this Agreement.

6.3 ACCESS acknowledges that Mitra Software and all related information and documentation are the property of Mitra and/or third parties from whom Mitra has acquired certain rights under license.

6.4 ACCESS shall indemnify and save harmless Mitra from and against any and all liabilities, damages, costs or expenses awarded against or incurred or suffered by Mitra arising out of any action or proceeding commenced or maintained by any third party in respect of any acts or omissions of ACCESS in marketing or distributing the Mitra Software.

7. Warranties.

7.1 Mitra warrants and agrees that:

7.1.1 Mitra has the full authority to grant the license and rights set forth in this Agreement.

7.1.2 To the best of Mitra's knowledge, the documentation and code of the Mitra Software have not been published under circumstances which have caused loss of copyright therein, and to the best of Mitra's's knowledge, the documentation and code of the Mitra

Software do not infringe upon any copyright or other proprietary right of any third party.

7.1.3 Mitra is not aware of any claim of infringement of any copyright or other proprietary right having been made or pending against Mitra relative to the documentation or code of the Mitra Software.

7.1.4 Mitra will, at its expense, defend against, hold ACCESS harmless from, and pay any final judgment against ACCESS or any ACCESS customer arising out of any claim that any Mitra Software infringed a copyright, a patent or a trade secret provided that (i) ACCESS notifies Mitra in writing of such claim or action, and (ii) Mitra has sole control of the defense and settlement of such claim or action. In defending against such claim or action, Mitra may, at its option, agree to any settlement in which Mitra shall either (1) procure for ACCESS and all ACCESS customers the right to continue using the Mitra Software; and (2) modify or replace the Mitra Software so that it no longer infringes, to the extent that the exercise of such option does not result in a material, adverse change in the operational characteristics of the Mitra Software, and equivalent functions and performance provided by Mitra remain following implementation of such option. If Mitra concludes in its judgment that none of the foregoing options is reasonable, Mitra may remove the Mitra Software and any other components supplied by Mitra rendered unusable as a result of such removal and pay to ACCESS all damages arising therefrom, including damages incurred by reason of ACCESS's inability to perform its obligations to ACCESS customers, but without diminishing Mitra's obligations under this Section 7.1.4. Each party shall promptly notify the other in the event that it becomes aware of a claim covered by this Section 7.1.

7.2 Mitra warrants and agrees that the Mitra Software, when properly installed and configured, will meet all applicable standards of the American College of Radiology for diagnostic images and is appropriate for diagnostic radiological examinations, and Mitra has no knowledge of existing problems which would cause the Mitra Software to fail to comply with the foregoing warranty.

7.3 The express warranties set forth in Sections 5.21, 7.1 and 7.2 are the only warranties made by Mitra with respect to the Mitra software and other services provided by Mitra. Mitra makes no other warranties expressed or

implied or arising by custom or trade usage and specifically makes no warranty of merchantability.

8. Term and Termination.

8.1 This agreement shall have an initial term of three years, subject to earlier termination as provided below.

8.2 If there shall be any material breach of this Agreement by ACCESS which shall not be cured within 30 days of Mitra giving written notice thereof to ACCESS, then at any time that such breach shall be continuing Mitra may terminate this Agreement by delivery of a separate written termination notice to ACCESS.

8.3 If there shall be any material breach of this Agreement by Mitra which shall not be cured within 30 days of ACCESS giving notice thereof to Mitra, then at any time that such breach shall be continuing ACCESS may terminate this Agreement by delivery of a separate written termination notice to Mitra.

8.4 If this Agreement shall be terminated under Section 8.2 or Section 8.3, then:

8.4.1 ACCESS's right to develop application specific software using Mitra Software and to furnish Mitra Software to customers and to make copies of the Mitra Software shall immediately terminate;

8.4.2 Mitra's maintenance and support obligations hereunder shall immediately terminate;

8.4.3 ACCESS shall pay, within ten (10) days, all amounts which have accrued to Mitra;

8.4.4 ACCESS shall immediately deliver the master copy of Mitra Software and all other copies to Mitra at ACCESS's expense; and

8.4.5 ACCESS shall provide a list of names and addresses of customers who have entered into sublicenses with ACCESS since the date of this Agreement.

8.5 Notwithstanding any termination or expiration of this Agreement, any sublicense granted to an ACCESS customer prior to such termination or

expiration shall survive such termination or expiration, and Sections 6.2, 6.3 and 7.1 shall survive any such termination or expiration.

8.6 The remedies set forth in Sections 8.1 through 8.5 shall not be exclusive, but shall be in addition to any other remedies available to either party at law or in equity.

9. General.

9.1 Mitra agrees for one year from the date of this Agreement not to itself incorporate wavelet-based compression in its acquisition software.

9.2 Assignment:

9.2.1 Subject to ACCESS's right to grant sublicenses hereunder, ACCESS may not assign this Agreement or any rights hereunder without the prior written consent of Mitra, except that, without such consent and upon notice to Mitra, Mitra may assign all of its rights hereunder to a corporation or other legal entity that acquires substantially all of ACCESS's assets or where ACCESS is consolidated or merged but then only upon the express assumption by such transferee or its successor of the obligations set forth in this Agreement.

9.2.2 Mitra may not assign this Agreement or any rights hereunder without the prior written consent of ACCESS, except that, without such consent and upon notice to ACCESS, Mitra may assign all of its rights hereunder to a corporation or other legal entity that acquires substantially all of Mitra's assets or where Mitra is consolidated or merged, but then only upon the express assumption by such transferee of its successor of the obligations set forth in this Agreement.

9.2.3 This Agreement is binding upon, and inures to the benefit of, the successors and permitted assigns of the parties.

9.3 The waiver or failure of either party to exercise in any respect any right provided for in this Agreement shall not be deemed a waiver of any further or future right hereunder.

9.4 The headings used in this Agreement are for convenience of reference only and are not to be used in interpreting the provisions of this Agreement.

9.5 If any provision of this Agreement is invalid or unenforceable in any particular case, such case shall not invalidate or render unenforceable any other part of this Agreement. The Agreement shall simply be construed as not containing the particular provision or provisions held to be invalid or unenforceable to the extent of the particular case, and the rights and obligations of the parties hereto shall be construed accordingly.

9.6 This Agreement is effective when executed by both parties. This Agreement may be executed in counterparts, each of which shall constitute one and the same instrument.

9.7 Notices:

All notices provided for in this Agreement shall be in writing or facsimile, addressed to the appropriate party at the respective address set forth below or to such other then-current address as is specified by notice, as follows:

(a) to Mitra: Mitra Imaging Inc.
115 Randall Drive
Waterloo, Ontario N2V 1C5 CANADA
Facsimile: (519) 746-3745
Attention: Eric Peterson

(b) to ACCESS: ACCESS Radiology Corporation
Bay Colony Corporate Center
950 Winter Street Waltham, MA 02154
Facsimile: (617) 890-0110
Attention: Howard Pinsky

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

ACCESS RADIOLOGY CORPORATION	MITRA IMAGING INCORPORATED
By: /s/ Eric Petersen	By: /s/ Howard Pinsky
Name: Eric Petersen	Name: Howard Pinsky
President	Vice President of Technology
Title	Title

SCHEDULE A

The MITRA TTY interface is intended to provide end-user functionality to a set of functions employing a VT style interface. The functionality includes:

- the capability to manually delete a stud
- the capability to set the autopurge functions, including the software which executes the autopurge of patient studies
- the capability to protect a study from autopurge and delete
- the ability to set up DICOM Query/Retrieval Class nodes
- the ability to manually route a study to a DICOM node demographics
- the ability of the above sorted by date and name.
- any additional functionality provided in the interface not listed above

The interface is relevant to the UNIX implementation of the DAP database.

CONFIDENTIAL TREATMENT EXHIBIT 10.28

AMENDMENT
TO
OEM DEVELOPMENT SOFTWARE AGREEMENT

This Amendment to OEM Development Software Agreement is made as of May 20, 1997, between MITRA Imaging Incorporated ("MITRA"), and ACCESS Radiology Corporation ("ACCESS").

ACCESS and MITRA are parties to an OEM Development Software Agreement (the "OEM Agreement") dated as of November 9, 1995. ACCESS and Mitra wish to amend the OEM Agreement as set forth below.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth the parties hereto agree as follows:

1. Definitions. Capitalized terms used herein and not otherwise delined have the meanings set forth in the OEM Agreement. The term "DTK", for purposes of this Agreement and the OEM Agreement, shall mean all or any portion of the computer programs in object code format, described in Schedule B attached hereto and conforming to the specifications set forth in Schedule B. The term "Mitra Software" is amended to include DTK.

2. Amendment of Section 2.1.1. Section 2.2.1 is amended to read as follows:

2.2.1. The right to use DAP for Windows, DAP for UNIX and DTK to develop application-specific software and to sublicense such software incorporated in such ACCESS-developed software to ACCESS customers in the regular course of business.

3. Amendment of Section 3.1. Section 3.1. is amended to read as follows:

3.1 ACCESS shall develop standard form customer licensing provisions acceptable to Mitra for use with Mitra Software. No customer shall receive any Mitra Software unless such customer shall have signed an Agreement (with ACCESS or with a reseller of ACCESS Systems authorized by ACCESS) containing the standard form customer sublicensing provisions.

4. Addition of Section 3.6. Section 3 is amended by adding the following Section 3.6:

3.6 Notwithstanding Section 3.2 or any other provision of this Agreement, Mitra Software may be licensed to the Government of the United States of America, or an agency or instrumentality thereof, under an Agreement containing software licensing terms generally used by the United States Government (or the agency or instrumentality to which the Mitra Software is licensed) for procurement of commercial software.

5. Addition of Section 4.1.5. Section 4.1 is amended by adding the following Section 4.1.5:

4.1.5. [*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.

]

6. Amendment of Section 8.1. Section 8.1 is amended to read as follows:

8.1. This Agreement shall have an initial term ending on December 31, 2001, subject to earlier termination as provided below.

7. Counterparts; Effectiveness. This Amendment shall become effective when executed by MITRA and ACCESS. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Upon the effectiveness of this Agreement, all references in the OEM Agreement to the "Agreement", "hereof", "hereunder" and similar references shall be deemed to refer to the OEM Agreement as amended hereby. Except as expressly amended hereby, all terms of the OEM Agreement shall remain in full force and effect.

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

ACCESS RADIOLOGY CORPORATION	MITRA IMAGING INCORPORATED
By: /s/ Eric Petersen	By: /s/ Howard Pinsky
Name: Eric Petersen	Name: Howard Pinsky
President	Vice President of Technology
Title:	Title:

CONFIDENTIAL TREATMENT EXHIBIT 10.29

AMENDMENT TO OEM DEVELOPMENT SOFTWARE AGREEMENT

This Amendment to OEM Development Software Agreement is made as of 4/28/99 between Mitra Imaging Inc. ("MITRA") and ACCESS Radiology Corporation ("ACCESS").

ACCESS and MITRA are parties to an OEM Development Software Agreement dated as of November 9, 1995 and a subsequent Amendment dated May 20, 1997 ("the OEM Agreement"). ACCESS and MITRA wish to amend the OEM Agreement as set forth below.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth the parties hereto agree as follows:

1. Addition of Section 4.1.5 Section 4 is amended by adding the following item:

[*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.

]

The license fee paid under this section is for any combination of DTK for Windows and DTK for UNIX licenses that are incorporated into each copy of application software by ACCESS, for which the total number of licenses used is three hundred(300).

[*Redacted pursuant to Confidentiality Treatment Request dated September 10, 1999.]

ACCESS agrees to continue reporting license usage on a monthly basis for the period beginning December 1, 1998.

If MITRA terminates this agreement in accordance with Section 8.2 of the Agreement, MITRA will reimburse ACCESS an amount equal to the value of the prepaid licenses that are unreported as of the termination date.

2. Amendment of Section 8.1 Section 8.1 is amended to read as follows:

8.1 This Agreement shall have an initial term ending on December 31, 2004, subject to earlier termination as provided below.

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

ACCESS RADIOLOGY CORPORATION	MITRA IMAGING INC.
BY: /s/ ----------	By: /s/ ----------
Name	Name
Title	Title

Confidential Treatment

Exhibit 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in the Prospectus constituting part of this Registration Statement on Form S-1 of our report dated March 22, 1999, except for the last paragraph of Note 7 which is as of August 10, 1999, relating to the financial statements of eMed Technologies Corporation, which appears in such Prospectus. We also consent to the application of such report to the Financial Statement Schedule for the three years ended December 31, 1998 listed under Item 16(b) of this Registration Statement when such schedule is read in conjunction with the financial statements referred to in our report. The audits referred to in such report also included this schedule. We also consent to the reference to us under the headings "Experts" in such Prospectus.

PricewaterhouseCoopers LLP
Boston, Massachusetts

September 10, 1999

Exhibit 23.3

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in the Prospectus constituting part of this Registration Statement on Form S-1 of our report dated August 9, 1999 relating to the financial statements of E-Systems Medical Electronics (a division of Raytheon E-Systems, Inc.) which appears in such Prospectus.

PricewaterhouseCoopers LLP
Boston, Massachusetts

September 10, 1999