

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2004

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-28132

LANVISION SYSTEMS, INC.  
(Exact name of registrant as specified in its charter)

Delaware	31-1455414
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5481 Creek Road  
Cincinnati, Ohio 45242-4001  
(Address of principal executive offices) (Zip Code)

(513) 794-7100  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as  
defined in Rule 12b-2 of the Exchange Act). Yes  No

Number of shares of Registrant's Common Stock (\$.01 par value per share)  
issued and outstanding, as of September 1, 2004: 9,081,701.

TABLE OF CONTENTS

	Page
Part I. FINANCIAL INFORMATION	
Item 1. Condensed Consolidated Financial Statements (Unaudited).....	3
Condensed Consolidated Balance Sheets at July 31, 2004 and January 31, 2004.....	3
Condensed Consolidated Statements of Operations for the three and six months ended July 31, 2004 and 2003.....	5
Condensed Consolidated Statements of Cash Flows for the six months ended July 31, 2004 and 2003.....	6
Notes to Condensed Consolidated Financial Statements.....	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations .....	11
Item 4. Controls and Procedures.....	24
Part II. OTHER INFORMATION	
Item 1. Legal Proceedings.....	25
Item 3. Defaults Upon Senior Securities.....	25
Item 6. Exhibits.....	26
Signatures.....	27

PART I. FINANCIAL INFORMATION  
Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

LANVISION SYSTEMS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

Assets

	(Unaudited) July 31, 2004	(Audited) January 31, 2004
	-----	-----
Current assets:		
Cash and cash equivalents (restricted by long - term debt agreement)	\$ 4,538,655	\$ 6,227,236
Accounts receivable, net of allowance for doubtful accounts of \$400,000 and \$400,000, respectively	1,036,999	2,386,723
Contract receivables	1,826,147	2,972,356
Prepaid expenses related to unrecognized revenue	29,532	32,224
Other	394,829	325,697
	-----	-----
Total current assets	7,826,162	11,944,236
Property and equipment:		
Computer equipment	2,660,267	2,588,749
Computer software	947,654	812,591
Office furniture, fixtures and equipment	1,167,497	1,166,377
Leasehold improvements	157,492	157,492
	-----	-----
	4,932,910	4,725,209
Accumulated depreciation and amortization	(3,941,069)	(3,672,442)
	-----	-----
	991,841	1,052,767
Capitalized software development costs, net of accumulated amortization of \$2,916,728 and \$2,600,228, respectively	1,873,201	1,689,701
Other, including deferred taxes	633,036	603,750
	-----	-----
	\$ 11,324,240	\$ 15,290,454
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

Liabilities and Stockholders' Equity

	(Unaudited) July 31, 2004	(Audited) January 31, 2004
	-----	-----
Current liabilities:		
Accounts payable	\$ 294,021	\$ 637,222
Accrued compensation	253,537	265,095
Accrued other expenses	626,451	928,097
Deferred revenues	2,102,374	2,357,531
Current portion of capitalized leases	227,644	220,199
Current portion of long-term debt	1,166,667	1,000,000
Accrued interest on long-term debt	-	4,635,169
	-----	-----
Total current liabilities	4,670,694	10,043,313
Capitalized leases	52,406	168,121
Long-term debt	2,333,333	-
Stockholders' equity:		
Convertible redeemable preferred stock, \$.01 par value per share 5,000,000 shares authorized	-	-
Common stock, \$.01 par value per share, 25,000,000 shares authorized, 9,081,701 and 9,030,032 shares issued, respectively	90,817	90,300
Capital in excess of par value	34,999,709	34,928,047
Accumulated (deficit)	(30,822,719)	(29,939,327)
	-----	-----
Total stockholders' equity	4,267,807	5,079,020
	-----	-----
	\$ 11,324,240	\$ 15,290,454
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Three and Six Months Ended July 31,

(Unaudited)

	Three Months		Six Months	
	2004	2003	2004	2003
<b>Revenues:</b>				
Systems sales	\$ 165,467	\$ 889,963	\$ 452,350	\$ 1,512,459
Services, maintenance and support	1,755,512	1,630,309	3,477,170	3,199,553
Application-hosting services	637,316	446,318	1,270,330	874,560
	-----	-----	-----	-----
<b>Total revenues</b>	<b>2,558,295</b>	<b>2,966,590</b>	<b>5,199,850</b>	<b>5,586,572</b>
<b>Operating expenses:</b>				
Cost of systems sales	241,238	443,307	600,150	905,770
Cost of services, maintenance and support	711,236	667,540	1,391,481	1,330,417
Cost of application-hosting services	221,147	214,128	437,795	429,496
Selling, general and administrative	924,805	534,043	1,838,273	1,478,241
Product research and development	543,791	461,013	1,057,790	1,044,106
	-----	-----	-----	-----
<b>Total operating expenses</b>	<b>2,642,217</b>	<b>2,320,031</b>	<b>5,325,489</b>	<b>5,188,030</b>
Operating income (loss)	(83,922)	646,559	(125,639)	398,542
<b>Other income (expense):</b>				
Interest income	15,091	17,316	39,194	36,350
Interest expense	(393,497)	(450,279)	(796,946)	(897,088)
	-----	-----	-----	-----
Net earnings ( loss )	\$ (462,328)	\$ 213,596	\$ (883,391)	\$ (462,196)
	-----	-----	-----	-----
Basic net earnings ( loss ) per common share	\$ (0.05)	\$ 0.02	\$ (0.10)	\$ (0.05)
	-----	-----	-----	-----
Diluted net earnings ( loss ) per common share	\$ (0.05)	\$ 0.02	\$ (0.10)	\$ (0.05)
	-----	-----	-----	-----
Number of shares used in per common share computations:				
Basic	9,067,700	8,991,517	9,051,973	8,978,207
	-----	-----	-----	-----
Diluted	9,067,700	9,179,751	9,051,973	8,978,207
	-----	-----	-----	-----

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Six Months Ended July 31,

(Unaudited)

	2004	2003
	-----	-----
Operating activities:		
Net (loss)	\$ (883,391)	\$ (462,196)
Adjustments to reconcile net (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	585,127	538,717
Increase (decrease) in long-term accrued interest	-	690,651
Cash provided by (used for) provided by assets and liabilities:		
Accounts and contract receivables	2,495,933	(107,546)
Other current assets	(66,442)	(70,353)
Accounts payable and accrued expenses	(656,406)	(515,019)
Deferred revenues	(255,157)	(82,923)
	-----	-----
Net cash provided by (used for) operating activities	1,219,664	(8,669)
	-----	-----
Investing activities:		
Purchases of property and equipment	(207,701)	(122,797)
Capitalization of software development costs	(499,998)	(400,000)
Other	(29,286)	60,625
	-----	-----
Net cash (used for) investing activities	(736,985)	(462,172)
	-----	-----
Financing activities:		
Repayment of long-term debt	(1,000,000)	(1,000,000)
Payment of long-term accrued interest	(4,635,169)	-
Proceeds from issuance of long-term debt	3,500,000	-
Payment of capitalized leases	(108,270)	(101,317)
Exercise of stock options and employee stock purchase plan	72,179	64,242
	-----	-----
Net cash (used for) financing activities	(2,171,260)	(1,037,075)
	=====	=====
(Decrease) in cash and cash equivalents	(1,688,581)	(1,507,916)
Cash and cash equivalents at beginning of period	6,227,236	7,242,230
	-----	-----
Cash and cash equivalents at end of period	\$ 4,538,655	\$ 5,734,314
	=====	=====
Supplemental cash flow disclosures:		
Income taxes paid	\$ 105,570	\$ -
	=====	=====
Interest paid	\$ 5,411,785	\$ 184,631
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

LANVISION SYSTEMS, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Note 1 - BASIS OF PRESENTATION

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared by the Company without audit, in accordance with accounting principles generally accepted in the United States for interim financial information, pursuant to the rules and regulations applicable to quarterly reports on Form 10-Q of the U. S. Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Condensed Consolidated Financial Statements have been included. These Condensed Consolidated Financial Statements should be read in conjunction with the financial statements and notes thereto included in the most recent LanVision Systems, Inc. Annual Report on Form 10-K, Commission File Number 0-28132. Operating results for the three or six months ended July 31, 2004, are not necessarily indicative of the results that may be expected for the fiscal year ending January 31, 2005.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Company's significant accounting policies is presented beginning on page 37 of its fiscal year 2003 Annual Report to Stockholders on Form 10-K. Users of financial information for interim periods are encouraged to refer to the footnotes contained in the Annual Report to Stockholders when reviewing interim financial results. There has been no material change in the accounting policies followed by the Company during fiscal year 2004.

Note 3 - CHANGES IN BALANCE SHEET ACCOUNT BALANCES

The decrease in cash and cash equivalents results primarily from the payment of the accrued interest on the long-term debt, and the final payment on the long-term debt.

The decrease in accounts receivable, net, is due to the seasonality of the revenues, particularly system sales.

The decrease in contract receivables is due to the collection of receivables with deferred payment provisions.

Other current assets consist of software and hardware awaiting installation (related to unrecognized revenue) and other prepaid expenses, including commissions.

The decrease in property and equipment, net, is primarily the result of the acquisition of replacement equipment and software, offset by normal depreciation and amortization.

Other non-current assets consist primarily of the deferred federal income tax assets relating to the net operating loss carry forward.

The decrease in accounts payable results primarily from the payment during the first quarter of invoices for hardware sales to new customers in late January.

The decrease in accrued other expenses results primarily from the decrease in the accrual for bonuses payable under the employee bonus plans and the payment of certain estimated taxes and accrued liabilities subsequent to January 31, 2004.

The decrease in deferred revenues results primarily from the recognition of revenue related to maintenance billings to customers recorded prior to revenue recognition.

The increase in the current portion of long-term debt results from the issuance of \$3,500,000 of new working capital debt in the second quarter of 2004, net of the final payment of \$1,000,000 on the 1998 term loan made during the first two quarters. (See Note 6, Contractual Obligations, Long-term Debt.)

The decrease in accrued interest on long-term debt results from the payment, at maturity, of the deferred interest on the 1998 term loan.

The increase in long-term debt results from the proceeds from the issuance of \$3,500,000 of new working capital debt in the second quarter of 2004. (See Note 6, Contractual Obligations, Long-term Debt.)

#### Note 4 - STOCK OPTIONS

During the first six months of the current fiscal year, the Company granted 10,000 stock options, at \$2.80 under all Stock Option Plans. During the same period, no options were forfeited and 30,201 options were exercised under all plans during the first two quarters.

Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation, establishes a fair value method of financial accounting and reporting for stock-based compensation plans. LanVision elected to continue to account for stock options under the intrinsic value method prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees and, accordingly, has adopted the disclosure only provisions of Statement 123. At July 31, 2004, LanVision had three stock-based compensation plans, which are more fully disclosed in Note 7 of the Notes to Consolidated Financial Statements in the Form 10-K for the Fiscal year ended January 31, 2004. No stock-based compensation cost is reflected in the net earnings (loss), as all options granted under the plans had exercise prices equal to the fair market value of the underlying common stock on the date of grant. The following table illustrates the effect on net earnings and earnings per share as if LanVision had applied the fair



value recognition provisions of Statement of Financial Accounting Standards No. 123, to stock-based employee compensation.

	Three 2004	Months 2003	Six 2004	Months 2003
Net earnings (loss), as reported	\$ (462,328)	\$ 213,596	\$ (883,391)	\$ 462,196)
Deduct: Total stock based compensation expense determined under the fair value based methods for all awards, net of tax related effects	(16,052)	(1,004)	(31,125)	(1,004)
Pro forma net earnings(loss)	\$ (478,380)	\$ 212,592	\$ (914,516)	\$ (463,200)
Earnings per share				
Basic - as reported	\$ (0.05)	\$ 0.02	\$ (0.10)	\$ (0.05)
Basic - pro forma	\$ (0.05)	\$ 0.02	\$ (0.10)	\$ (0.05)
Earnings per share				
Diluted - as reported	\$ (0.05)	\$ 0.02	\$ (0.10)	\$ (0.05)
Diluted - pro forma	\$ (0.05)	\$ 0.02	\$ (0.10)	\$ (0.05)

The assumptions used to calculate the fair value of options granted are evaluated and revised, as necessary, to reflect current market conditions and prior experience.

#### Note 5 - EARNINGS PER SHARE

The basic net earnings (loss) per common share is calculated using the weighted average number of common shares outstanding during the period.

The 2004 diluted net (loss) per common share calculation is based on the weighted average number of common shares outstanding during the period. The diluted net (loss) per common share calculation excludes common stock equivalents (stock options and the employee stock purchase plan), as the inclusion thereof would be antidilutive.

The 2003 diluted net earnings per common share calculation, for the second quarter, is based on the weighted average number of common shares outstanding adjusted for the dilutive effect of the common stock equivalents (stock options and the employee stock purchase plan) of 390,673 shares. The 2003 diluted net (loss) per common share calculation, for the six months, excludes the effect of the common stock equivalents, as the inclusion thereof would be antidilutive. The Company had approximately 177,775 option shares outstanding at July 31, 2003 that were not included in the second quarter diluted net earnings per share calculation as the inclusion thereof would be antidilutive.

Note 6 - CONTRACTUAL OBLIGATIONS

The following table details the remaining obligations, by fiscal year, as of the end of the quarter for the capitalized leases, long-term debt, other commitments and the operating leases.

	Total	2004	2005	2006	2007	Thereafter
	-----	-----	-----	-----	-----	-----
Capitalized leases	\$ 293,183	\$ 119,947	\$ 173,236	\$ -	\$ -	\$ -
Long-term debt	3,500,000	-	1,166,667	1,166,667	1,166,666	-
Other commitments	50,000	25,000	25,000	-	-	-
Operating leases	1,928,736	343,930	226,014	297,986	290,346	770,460
	-----	-----	-----	-----	-----	-----
Total	\$ 5,771,919	\$ 488,877	\$ 1,590,917	\$ 1,464,653	\$ 1,457,012	\$ 770,460
	=====	=====	=====	=====	=====	=====

Capitalized Leases

During fiscal year 2002, LanVision acquired computer equipment and related software for a new application-hosting services data center, which are accounted for as capitalized leases. The amount of the leased assets by category is computer equipment \$372,705; computer software \$196,799; and prepaid maintenance and expenses \$84,626, for a total of \$654,130 in new assets. The leases are payable monthly in installments of \$19,991, through August 2005 and an additional amount of \$8,323, through December 2005. The present value of the future lease payments upon lease inception was \$654,130 using the interest rates implicit in the lease agreements at the inception of the leases.

Long-term Debt

In July 2004, the LanVision entered into a new three year working capital term loan agreement. The long-term debt of \$3,500,000 is secured by all of the assets of LanVision and the loan agreement restricts LanVision from incurring additional indebtedness for borrowed money, including capitalized leases, etc. without lender consent. The loan is repayable in three annual installments, and interest is payable quarterly, at the bank prime rate plus 2% (currently 6.50%). In addition, LanVision is required to meet certain financial covenants, including; minimum level of tangible net worth, fixed charge coverage ratio and funded indebtedness to earnings before interest, taxes, depreciation and amortization. Also, LanVision has agreed to maintain a minimum cash balance of \$2,000,000 through the maturity of the loan. LanVision complied with all of the provisions of its loan agreements during the quarter.

Warrants

In connection with the 1998 long-term debt agreement, LanVision issued Warrants to purchase 750,000 shares of Common Stock of LanVision at \$3.87 per share at any time through July 16, 2008. The Warrants are subject to customary antidilution and registration rights provisions.

## Warranties and Indemnities

LanVision provides for the estimated cost of the product warranties at the time revenue is recognized. Should products fail to meet certain performance standards for an initial warranty period, LanVision's estimated warranty liability might need to be increased. LanVision bases its warranty estimates on the nature of any performance complaint, the effort necessary to resolve the issue, customer requirements and any potential concessions, which may be required to be granted to a customer, which result from performance issues. LanVision's ASPeN application-hosting services guarantees specific "up-time" and "response time" performance standards, which, if not met may result in reduced revenues, as a penalty, for the month in which the standards are not met. LanVision's standard agreements with its customers also usually include provisions to indemnify them from and against third party claims, liabilities, damages, and expenses arising out of LanVision's operation of its business or any negligent act or omission of LanVision. To date, LanVision has always maintained the ASPeN performance standards and has not been required to make any material penalty payments to customers or indemnify any customers for any material third party claims. At July 31, 2004 and January 31, 2004, LanVision had a warranty reserve in the amount of \$250,000. Each contract is reviewed quarterly with the appropriate LanVision Client Manager to determine the need for a warranty reserve based upon the most currently available information as to the status of the contract, the customer comments, if any, and the status of any open or unresolved issues with the customer.

## Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In addition to historical information contained herein, this Quarterly Report on Form 10-Q contains forward-looking statements. The forward-looking statements contained herein are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in the forward-looking statements, included herein. These risks and uncertainties include, but are not limited to, the impact of competitive products and pricing, product demand and market acceptance, new product development, key strategic alliances with vendors that resell LanVision products, the ability of LanVision to control costs, availability of products obtained from third-party vendors, the healthcare regulatory environment, healthcare information system budgets, availability of healthcare information systems trained personnel for implementation of new systems, as well as maintenance of legacy systems, fluctuations in operating results and other risk factors that might cause such differences including those discussed herein. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Registrant undertakes no obligation to publicly revise these forward-looking statements, to reflect events or circumstances that arise after the date hereof. Readers should carefully review the risk factors described in other documents LanVision files from time to time with the Securities and Exchange Commission, including Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K.

LanVision's discussion and analysis of its financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial

statements requires LanVision to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses, and related disclosure of contingent liabilities. On an ongoing basis, LanVision evaluates its estimates, including those related to product revenues, bad debts, capitalized software development costs, income taxes, warranty obligations, support contracts, contingencies, and litigation. LanVision bases its estimates on historical experience and on various other assumptions that LanVision believes are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and revenue recognition. Actual results may differ from these estimates under different assumptions or conditions.

#### Current Regulatory Matters

The U. S. Department of Health and Human Services (HSS) has asked the Institute of Medicine to design a standardized model of an electronic health record, in a move that may help spur nationwide acceptance of Electronic Medical Records. The tentative date for the completed design is 2004. The impact of such change, if implemented by HSS, on current LanVision products and services is unknown at this time. However, LanVision believes that its software and systems are sufficiently flexible to accommodate changing regulatory requirements. Also, in April 2004, President Bush put forth the goal of establishing electronic medical records for most Americans within 10 years. According to a Wall Street Journal article dated April 27, 2004, a new national health-technology coordinator has been appointed who reports to the Secretary of Health and Human Services. His responsibility is specifically to create a plan to guide the highly fragmented industry toward an interoperable electronic medical records system. The HSS Secretary has also announced incentives for healthcare providers to speed up the conversion to electronic medical records, with possible regional grants, low-rate loans and various pilot programs. The Bush administration made \$50 million available for electronic-records demonstration projects in 2004. The President's 2005 budget doubles that amount to \$100 million. As noted in a Wall Street Journal article dated July 21, 2004, "Putting such a system in place can cost a major hospital \$20 million or more. HSS estimates that in the U.S., only about 13% of hospitals have adopted electronic health records for patients. As a result the health-care industry lags far behind most other industries in using computers."

President's Information Technology Advisory Committee

On June 30, 2004, the President's Information Technology Advisory Committee issued its report entitled Revolutionizing Health care Through Information Technology, which focused on one of the "most fundamental and pervasive problem of healthcare delivery: the paper-based medical record." In the report they stated "the potential of information technology to reduce the number of medical errors, reduce cost, and improve patient care is enormous. The essence of our recommendations is a frame work for 21st century health care information infrastructure that revolutionizes medical records systems. The four core elements of this framework are:

1. Electronic health records for all Americans that provide every patient and his or her caregivers the necessary information required for optimal care while reducing costs and administrative overhead.
2. Computer-assisted clinical decision support to increase the ability of health care providers to take advantage of State-of-the-art medical knowledge as they make treatment decisions (enabling the practice of evidenced-based medicine).
3. Computerized provider order entry - such as for tests, medicine, and procedures - both for outpatient care and within the hospital environment.
4. Secure, private, interoperable, electronic health information exchange, including both highly specific standards for capturing new data and tools for capturing non-standard-compliant electronic information from legacy systems."

LanVision current products and services can currently be used to implement some of the recommendations, or provide interim solutions to some of the aspects recommended in items 1, 3 & 4 above, especially with regard to legacy, paper-based, medical information, order entry systems, other then medication, and security etc. of exchanging health information.

Based on the two Federal initiatives noted above, LanVision believes that its product and services are able to support these, and other similar initiatives, and are currently available and installed at leading healthcare facilities throughout the U.S.

RESULTS OF OPERATIONS

GENERAL

LanVision Systems, Inc. (LanVision(TM) or the Company) is a healthcare information technology company focused on solutions that improve document-centric information flows and complement enhance existing transaction-centric healthcare information systems. The Company's workflow and document management solutions bridge the gap between current, predominantly paper-based processes and transaction-based healthcare information systems by 1) electronically capturing document-centric information from disparate sources, 2) electronically directing that information through vital business processes, and 3) providing access to the information to authenticated users (such as physicians, nurses, administrative and financial personnel and payers) across the continuum of care.

The Company's workflow solutions and services offer solutions to specific healthcare business processes within the revenue cycle, such as remote coding, abstracting and chart completion, remote physician order processing, pre-admission registration scanning, insurance verification, denial management, secondary billing services, explanation of benefits processing and release of information processing.

LanVision's products and services also create an integrated document-centric repository of historical health information that is complementary and can be seamlessly "bolted on" to existing transaction-centric clinical, financial and management information systems, allowing healthcare providers to aggressively move toward fully Electronic Medical Record processes while improving service levels and convenience for all stakeholders. These integrated systems allow providers and administrators to dramatically improve the availability of patient information while decreasing direct costs associated with document retrieval, work-in-process, chart completion, document retention and archiving.

LanVision's systems can be provided on a subscription basis via remote application-hosting services or installed locally. LanVision provides its ASPeN(SM), Application Service Provider-based remote hosting services to, among others, The University Hospital, a member of The Health Alliance of Greater Cincinnati, M.D. Anderson Cancer Center and Children's Medical Center of Columbus, OH among others. In addition, LanVision has installed its workflow and document management solutions at leading healthcare providers including Stanford Hospital and Clinics, the Albert Einstein Healthcare Network, Beth Israel Medical Centers, the University of Pittsburgh Medical Center, Medical University Hospital Authority of South Carolina, and Memorial Sloan-Kettering Cancer Center.

LanVision's applications allow authenticated users, such as physicians, nurses, administrative and financial personnel, and payers, with access to patient healthcare information that exists in disparate systems across the continuum of care and improve operational efficiencies through business process re-engineering and automating labor-intensive and demanding paper environments. LanVision's applications and services are complementary to existing clinical and financial systems, and use document imaging and advanced workflow solutions to ensure users can electronically access both "structured" and "unstructured" patient data and all the various forms of clinical and financial healthcare information from a single permanent and secure repository, including clinician's handwritten notes, laboratory reports, photographs, insurance cards, etc.

LanVision's solutions offer value to all of the constituents in the healthcare delivery process by enabling them to simultaneously access and utilize LanVision's advanced technological workflow solutions to process the document-centric information, on a real-time basis from virtually any location, including the Physician's desktop, using Web-based technology. LanVision's solutions integrate its own proprietary imaging platform, workflow solutions and image and web-enabling tools that allow for the seamless merger of "back office" functionality with existing Clinical and Financial Information Systems at the desktop.

LanVision offers its own document imaging/management infrastructure (Foundation Suite) that

is built for high volume transaction processing and is specifically designed for the healthcare industry. In addition to providing access to information not previously available at the desktop, LanVision's applications fulfill the administrative and legal needs of the Medical Records and Patient Financial Services departments. Furthermore, these systems have been specifically designed to integrate with any Clinical Information System. For example, LanVision has integrated its products with selected systems from Siemens Medical Solutions Health Services Corporation (Siemens), Cerner Corporation and IDX Information Systems Corporation (IDX) applications. By offering electronic access to all the patient information components of the medical record, this integration completes one of the most difficult tasks necessary to provide a true Electronic Medical Record. LanVision's systems deliver on-line enterprisewide access to fully updated patient information, which historically was maintained on a variety of media, including paper, magnetic disk, optical disk, and microfilm.

LanVision operates in one segment as a provider of health information technology solutions that streamline document-centric information flows.

Historically, LanVision has derived most of its revenues from systems sales, recurring application-hosting services, recurring maintenance fees and professional services involving the licensing, either directly or through remarketing partners, of its Medical Record and Revenue Cycle Management solutions to Integrated Healthcare Delivery Networks (IDN). In a typical transaction, LanVision, or its remarketing partners, enter into a perpetual license or fee-for-service subscription agreement for LanVision's software application suite and may license or sell other third-party software and hardware components to the IDN. Additionally, LanVision, or its remarketing partners provide professional services, including implementation, training, and product support.

With respect to systems sales, LanVision earns its highest margins on proprietary LanVision software or application-hosting services and the lowest margins on third-party hardware. Systems sales to customers may include different configurations of LanVision software, hardware and professional services, resulting in varying margins among contracts. The margins on professional services revenues fluctuate based upon the negotiated terms of the agreement with each customer and LanVision's ability to fully utilize its professional services, maintenance, and support services staff.

Beginning in 1998, LanVision began offering customers the ability to obtain its solutions on an application-hosting basis as an Application Service Provider (ASP). LanVision established a hosting data center and installed LanVision's suite of solutions, called ASPeN (Application Service Provider eHealth Network) within the hosting data center. Under this arrangement, customers electronically capture information and securely transmit the data to the hosting data center. The ASPeN services store and manage the data using LanVision's suite of applications, and customers can view, print, fax, and process the information from anywhere using the LanVision Web-based applications. LanVision charges and recognizes revenue for these ASPeN services monthly on a per transaction or subscription basis as information is captured, stored, retrieved and processed.

The decisions by a healthcare provider to replace, substantially modify, or upgrade its information systems is a strategic decision and often involves a large capital commitment requiring an extended approval process. Since inception, LanVision has experienced extended sales cycles, which has adversely affected revenues. It is not uncommon for sales cycles to take six to eighteen months from initial contact to the execution of an agreement. As a result, the sales cycles can cause significant variations in quarter-to-quarter operating results. These agreements cover the entire implementation and maintenance of the system and specify the installation schedule, which typically takes place in one or more phases. The licensing agreements generally provide for the licensing of LanVision's proprietary software and third-party software with a perpetual or term license fee that is adjusted depending on the number of concurrent users or workstations using the software. Third-party hardware is sold outright, with a one-time fee charged for installation and training. Site-specific customization, interfaces with existing customer systems and other consulting services are sold on a fixed fee or a time and materials basis. Alternatively, with LanVision's ASPeN services solution, the application-hosting services agreements generally provide for utilizing LanVision's software and third-party software on a fee per transaction or recurring subscription basis.

ASPeN services was designed to overcome obstacles in the buying decision such as large capital commitment, length of implementation, and the scarcity of time for Healthcare Information Systems personnel to implement new systems. LanVision believes that IDN's and smaller healthcare providers are looking for this type of ASP application because of the ease of implementation and lower entry-level costs. LanVision believes its business model is especially well suited for the medium to small acute care facility marketplace as well as the ambulatory marketplace and is actively pursuing remarketing agreements, in addition to those discussed below, with other Healthcare Information Systems (HIS) and staff outsourcing providers to distribute LanVision's workflow solutions.

Generally, revenues from systems sales are recognized when an agreement is signed and products are made available to end-users. Revenue recognition related to routine installation, integration and project management are deferred until the work is performed. If an agreement requires LanVision to perform services and modifications that are deemed significant to system acceptance, revenues are recorded either on the percentage-of-completion method or revenue related to the delivered hardware and software components is deferred until such obligations are deemed insignificant, depending on the contractual terms. Revenues from consulting, training, and application-hosting services are recognized as the services are performed. Revenues from short-term support and maintenance agreements are recognized ratably over the term of the agreements. Billings to customers recorded prior to the recognition of the revenue are classified as deferred revenues. Revenues recognized prior to progress billings to customers are recorded as contract receivables.

LanVision has entered into third party agreements to market, remarket or refer business to LanVision, including, in 2002, a five year Remarketing Agreement with IDX Information Systems Corporation. Under the terms of the agreement, IDX was granted a non-exclusive worldwide license to distribute all LanVision software and ASPeN application-hosting services to IDX customers and prospective customers, as defined in the Remarketing Agreement; and a Marketing and Referral Agreement with the 3M Health Information Systems, a division of



Minnesota Mining & Manufacturing Co., whereby 3M Health Information Systems and LanVision entered into a referral marketing agreement for its new product codingANYware.

LanVision's quarterly operating results have varied in the past and may continue to do so in the future because of various reasons including: demand for LanVision's products and services, long sales cycles, and extended installation and implementation cycles based on customer's schedules. Sales are often delayed because of customers' budgets and competing capital expenditure needs as well as personnel resource constraints within an integrated delivery network.

Delays in anticipated sales or installations may have a significant impact on LanVision's quarterly revenues and operating results, because substantial portions of the operating expenses are relatively fixed.

#### UNEVEN PATTERNS OF QUARTERLY OPERATING RESULTS

The Company's revenues from systems sales have varied, and may continue to vary, significantly from quarter-to-quarter because of the volume and timing of systems sales and delivery. Professional services revenues also fluctuate from quarter to quarter because of the timing of the installation of software and hardware, project management and customized programming. Revenues from maintenance services do not fluctuate significantly from quarter to quarter, but have been increasing as the number of customers increase. Revenues from ASP application-hosting services operations are expected to increase over time, as more hospitals outsource services to LanVision's ASPeN ASP Division, or its remarketing partners begin to utilize the software, and existing customers increase the volume of documents stored on the systems, and the number of retrievals increase.

The Company's revenues and operating results may vary significantly from quarter-to-quarter because of a number of other factors, many of which are outside the Company's control. These factors include the relatively high purchase price of a system, unpredictability in the number and timing of systems sales, length of the sales cycle, delays in the installation process and changes in the customer's financial condition or budget and the sales activities of the remarketing partners. As a result, period-to-period comparisons may not be meaningful with respect to the past operations of the Company nor are they necessarily indicative of the future operations of the Company.

#### REVENUES

Revenues for the second fiscal quarter ended July 31, 2004, were \$2,558,295, compared with \$2,966,590 reported in the comparable quarter of 2003. The decrease was primarily the result of a decline in high margin add-on software licensing revenues to existing customers and the delayed purchasing decisions on new customer sales, offset to some extent with increased application-hosting revenues, when compared to the prior comparable period.

Revenues for the first six months ended July 31, 2004, were \$5,199,850, compared with \$5,586,572 reported in the comparable period of 2003. The decrease was primarily the result of a decline in high margin add-on software licensing revenues to existing customers and the delayed purchasing decisions on new customer sales, offset to some extent with increased application-hosting revenues, when compared to the prior comparable period.

Traditionally, the first two quarters are the most challenging because of the historical seasonality of software licensing revenues, which the Company has experienced in the past, with a greater portion of the annual revenues recorded in the later two quarters. The increase in the application-hosting revenues during the first two quarters resulted from increased revenues from existing and new clients when compared to 2003.

#### OPERATING EXPENSES

##### Cost of Systems Sales

The cost of systems sales includes amortization of capitalized software development costs on a straight-line basis, royalties and the cost of third party software and hardware. Cost of systems sales as a percentage of systems sales may vary from period to period depending on the mix of hardware and software of the systems or add-on sales delivered.

The cost of systems sales as a percentage of systems sales for the second quarter of fiscal 2004 and 2003 were 146% and 50%, respectively. The higher percentage of cost of sales reflects lower software and hardware revenues during the current period compared to the comparable prior period.

The cost of systems sales as a percentage of systems sales for the first six months of fiscal 2004 and 2003 were 132% and 60%, respectively. The higher percentage of cost of sales reflects lower software and hardware revenues during the current period compared to the comparable prior period.

#### Cost of Services, Maintenance and Support

The cost of services, maintenance and support includes compensation and benefits for support and professional services personnel and the cost of third party maintenance contracts. The Company's support margins are highest on LanVision's proprietary software. Accordingly, margins improve as more customers are added.

As a percentage of services, maintenance and support revenues, the cost of such services, maintenance and support was 40% and 41% for the first quarter of fiscal 2004 and 2003, respectively.

As a percentage of services, maintenance and support revenues, the cost of such services, maintenance and support was 40% and 41% for the first six months of fiscal 2004 and 2003, respectively.

#### Cost of Application-hosting services

The cost of application-hosting services includes compensation and benefits for hosting center personnel, the cost of third party maintenance contracts, occupancy and depreciation on the hosting center equipment. The cost of application-hosting services operations remained approximately the same for 2004 when compared to 2003, as the cost of providing these services is relatively fixed.

As a percentage of application-hosting revenues, the cost of application-hosting was 35% and 48% for the first quarter of fiscal 2004 and 2003, respectively.

As a percentage of application-hosting revenues, the cost of application-hosting was 34% and 49% for the first six months of fiscal 2004 and 2003, respectively.

The decline in the cost percentage reflects the higher revenues from existing clients without a corresponding increase in operating costs.

#### Selling, General and Administrative

Selling, General and Administrative expenses consist primarily of compensation and related benefits and reimbursable travel and living expenses related to the Company's sales, marketing and administrative personnel; advertising and marketing expenses, including trade shows and similar type sales and marketing expenses; and general corporate expenses, including occupancy costs.

During the second quarter of fiscal 2004, Selling, General and Administrative expenses were \$924,805 compared with \$534,043 in the comparable prior period. The increase when compared with the comparable prior quarter was primarily because of the reimbursement during the second

quarter of the prior year of legal expenses in conjunction with the settlement of certain litigation initiated by LanVision to defend its intellectual property.

During the first six months of fiscal year 2004, Selling, General and Administrative expenses were \$1,838,273 compared with \$1,478,241 in the comparable prior period. The net increase is the result of the litigation expense reduction and settlement in the second quarter of fiscal 2003, as noted above.

Demand for Medical Record technologies and healthcare information access systems is growing and the frequency of requests for proposals received is increasing. Accordingly, Company has increased its direct sales force to take advantage of current market opportunities.

#### Product Research and Development

Product research and development expenses consist primarily of compensation and related benefits; the use of independent contractors for specific development projects; and an allocated portion of general overhead costs, including occupancy.

During the second quarter, research and development expenses of \$ 543,791 increased compared with \$461,013 in the comparable prior quarter. The increase results primarily from additional staff associated with new Patient Financial Services products under development in 2004.

During the six months, research and development expenses were \$ 1,057,790 compared with 1,044,106 in the comparable prior period.

The Company monitors closely and augments its Research and Development staff, as necessary, with outside contractors to assist with the development and testing of new products. The Company capitalized, in accordance with Statement of Financial Accounting Standards No. 86, approximately \$250,000 and \$200,000 of product research and development costs in the second quarter of fiscal 2004 and 2003, respectively, and approximately \$500,000 and \$400,000 of product research and development costs in the first six months of fiscal 2004 and 2003, respectively.

#### Operating income (loss)

The operating (loss) for the second quarter of fiscal 2004 was (\$83,922) compared with operating income of \$646,559 in the second quarter of fiscal 2003. The decrease in operating income is primarily the result of a decline in system sales software licensing revenues and the increase in selling, general and administrative expenses in the current quarter, as noted above.

The operating (loss) for the first six months of fiscal year 2004 was (\$125,639) compared with operating income of \$398,542 in the first six months of 2003. The decrease results primarily from a decrease in system sales software licensing revenues and the increase in selling, general and administrative expenses in the current quarter, as discussed above.

Interest income consists primarily of interest on invested cash. The change in interest income results from changes in the cash balances.

Interest expense relates primarily to the 1998 high interest rate long-term debt and includes the interest expense on the capitalized leases. Interest expense will be significantly less in the remaining six months as a result of the repayment of the 1998 debt, which was replaced with a working capital term-loan at a significantly reduced interest rate. See Note 6 to the Financial Statements for additional information on the working capital term-loan.

#### Net earnings (loss)

The net (loss) for the second quarter of fiscal 2004 was (\$462,328) (\$0.05 per share loss) compared with a net earnings of \$213,596 (\$0.02 per share earnings) in the second quarter of fiscal 2003. This decrease results primarily from a decrease in system sales software licensing revenues and the increase in selling, general and administrative expenses in the current quarter as noted above.

The net (loss) for the first six months of fiscal year 2004 was (\$883,391) or (\$0.10 per share loss) compared with net (loss) of (\$462,196) or (\$0.05 per share loss) in the first six months of fiscal year 2003. This decrease is primarily the result of primarily lower revenues as noted above.

Notwithstanding the less than anticipated number of new customer agreements signed by the Company and its resellers in the first and second quarters, management continues to believe that the healthcare document imaging and workflow solutions market is going to be a significant market. Management believes it has made, and continues to make, the investments in the talent and technology necessary to establish the Company as a leader in this marketplace, and continues to believe the Company is well positioned to experience significant revenue growth primarily through third party distributors and remarketing partners.

Since commencing operations in 1989, the Company has incurred operating losses. Although the Company achieved profitability in fiscal years 1992, 1993, and 2000 through 2003, the Company incurred a net (loss) in fiscal years 1994 through 1999. In view of the Company's prior operating history, there can be no assurance that the Company will be able to achieve consistent profitability on a quarterly or annual basis or that it will be able to sustain or increase its revenue growth in future periods. Based upon the expenses associated with current and planned staffing levels, profitability is dependent upon increasing revenues.

#### LIQUIDITY AND CAPITAL RESOURCES

During the last five fiscal years, LanVision has funded its operations, working capital needs, and capital expenditures primarily from a combination of cash generated by operations, and loans. LanVision's liquidity is dependent upon numerous factors including the timing and amount of revenues and collection of contractual amounts from customers, amounts invested in research

and development and capital expenditures, and the level of operating expenses.

LanVision's customers typically have been well-established hospitals or medical facilities or major Healthcare Information Systems companies that resell LanVision' products which have good credit histories and payments are received within normal time frames for the industry. However, some healthcare organizations have experienced significant operating losses because of limits on third-party reimbursements from insurance companies and governmental entities. Agreements with customers often involve significant amounts and contract terms typically require customers to make progress payments.

LanVision has no significant obligations for capital resources, other than as noted in note 6 to the financial statements included herein.

Over the last four years, LanVision has expended significant amounts for capital expenditures, product research and development, sales, support and consulting expenses. This resulted in significant net cash outlays over the last four years. Although LanVision has reduced expenses, increased revenues and improved operating performance, LanVision's expenses will continue to increase. Accordingly, to continue to achieve increasing profitability, and positive cash flow, it is necessary for LanVision to increase revenues or reduce expenses. LanVision believes that the requirement for healthcare organizations to become compliant with the Health Insurance Portability and Accountability Act of 1996 (HIPAA), and the signing of the IDX Information Systems Corporation Remarketing Agreement and the 3M Marketing and Referral Agreement should offer significant opportunities to increase revenues. LanVision believes that market opportunities are such that LanVision should be able to increase its revenues. However, there can be no assurance LanVision will be able to do so.

In July, the Company retired its existing high interest debt and the associated deferred interest. Based on the current prime rate and the anticipated outstanding loan balance during the second half of the current fiscal year, the anticipated interest expense will be \$109.6 thousand compared with \$955.8 thousand in the second half of the prior fiscal year or a reduction in interest expense of \$846.2 thousand, or approximately \$0.09 per share, pretax, for the second half of the current fiscal year. For the next fiscal year (2005), the annual interest expense is anticipated to be approximately \$148.0 thousand compared with \$908.0 thousand anticipated for the current fiscal-year (2004), or a reduction of approximately \$760.0 thousand in interest expense.

As discussed in footnote 6, to the enclosed financial statements, in July 2004, the LanVision entered into a new three year working capital term loan agreement. The long-term debt of \$3,500,000 is secured by all of the assets of LanVision and the loan agreement restricts LanVision from incurring additional indebtedness for borrowed money, including capitalized leases, etc. without lender consent. The loan is repayable in three annual installments, and interest is payable quarterly, at the bank prime rate plus 2% (currently 6.50%). In addition, LanVision is required to meet certain financial covenants, including; minimum level of tangible net worth, fixed charge coverage ratio and funded indebtedness to earnings before interest, taxes, depreciation and amortization. Also, LanVision has agreed to maintain a minimum cash balance

of \$2,000,000 through the maturity of the loan. Subsequent to the end of the quarter, LanVision repaid \$500,000 of the new term loan, leaving a current balance due of \$3,000,000.

At July 31, 2004, LanVision had cash of \$4,538,655. Cash equivalents, in prior periods, consisted primarily of short-term commercial paper. Under the terms of its loan agreement, LanVision has agreed to maintain a minimum cash balance of \$2,000,000 through the maturity of the loan. By July 30, 2005, a total of \$1,166,667 of long-term debt is required to be repaid to the lender. LanVision has the option of when and how much to repay prior to July 30, 2005, and can make prepayments at any time to satisfy the annual repayment requirement without penalty.

LanVision has carefully monitored operating expenses during the last five fiscal years, and believes it will continue to improve operating results in the future. Notwithstanding the level of revenues and operating profits in fiscal years 2001 through 2003, for the near future, LanVision will need to assess continually its revenue prospects compared to its then current expenditure levels. If it does not appear likely that revenues will increase, it may be necessary to reduce operating expenses or raise cash through additional borrowings, the sale of assets, or other equity financing. Certain of these actions will require lender approval. However, there can be no assurance LanVision will be successful in any of these efforts. If it is necessary to reduce significantly operating expenses, this could have an adverse effect on future operating performance.

LanVision believes that its present cash position, combined with cash generation anticipated from operations, will be sufficient to meet anticipated cash requirements during fiscal year 2004.

To date, inflation has not had a material impact on LanVision's revenues or expenses. In addition, LanVision does not have any significant market risk exposure at July 31, 2004.

#### SIGNED AGREEMENTS - BACKLOG

LanVision, or its remarketing partners, enter into master agreements with their customers to specify the scope of the system to be installed and services to be provided, the agreed upon aggregate price and the timetable for implementation. The master agreement typically provides that the Company, or its remarketing partner, will deliver the system in phases pursuant to the customer's purchase orders, thereby allowing the customer flexibility in the timing of its receipt of systems and to make adjustments that may arise based upon changes in technology or changes in customer needs. The master agreement also allows the customer to request additional components as the installation progresses, which additions are then separately negotiated as to price and terms. Historically, customers have ultimately purchased systems and services in addition to those originally contemplated by the master agreement. Although there can be no assurance that customers will continue in the future to expand their systems and purchase additional licenses and services, LanVision believes, based on its past experience, that its customers will expand their existing systems.

At July 31, 2004, LanVision has master agreements, purchase orders or royalty reports from remarketing partners for systems and related services (excluding support and maintenance, and transaction-based revenues for the application-hosting services) which have not been delivered, installed and accepted which, if fully performed, will generate future revenues of approximately \$2,200,000. The related products and services are expected to be delivered over the next two to three years. Furthermore, LanVision has entered into application-hosting agreements, which are expected to generate revenues in excess of \$2,100,000, through their respective renewal dates in fiscal 2006 through 2007.

LanVision's master agreements also generally provide for an initial maintenance period and give the customer the right to subscribe for maintenance and support services on a monthly, quarterly, or annual basis. Maintenance and support revenues for fiscal years 2003, 2002 and 2001 were approximately \$4,712,000, \$4,176,000 and \$4,032,000, respectively. Maintenance and support revenues are expected to increase in 2004. At July 31, 2004, LanVision had Maintenance Agreements, purchase orders or royalty reports from remarketing partners for maintenance, which if fully performed, will generate future revenues of approximately \$985,000, through their respective renewal dates in fiscal 2004 and 2005.

The commencement of revenue recognition varies depending on the size and complexity of the system; the implementation schedule requested by the customer, and the usage by customers of the application-hosting services. Therefore, LanVision is unable to predict accurately the revenue it expects to achieve in any particular period. LanVision's master agreements generally provide that the customer may terminate its agreement upon a material breach by LanVision, or may delay certain aspects of the installation. There can be no assurance that a customer will not cancel all or any portion of master agreement or delay installations. A termination or installation delay of one or more phases of an agreement, or the failure of LanVision to procure additional agreements, could have a material adverse effect on LanVision's business, financial condition, and results of operations.

#### Item 4. Controls and Procedures

LanVision maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in LanVision's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to LanVision's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure based closely on the definition of "disclosure controls and procedures" in Rule 13a-15(e). In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of LanVision's senior management, including the Chief



Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of LanVision's disclosure controls and procedures. Based on that evaluation, LanVision's management, including the Chief Executive and Chief Financial Officer, concluded that LanVision's disclosure controls and procedures were effective as of the end of the period covered by this report. There have been no significant changes in LanVision's internal control or in the other controls that could significantly affect internal controls subsequent to the date LanVision completed its evaluation. Therefore, no corrective actions were taken.

## Part II. OTHER INFORMATION

### Item 1. LEGAL PROCEEDINGS

LanVision is a party to various legal proceedings and claims, which arise, in the ordinary course of business from time to time. LanVision is not aware of any legal matters that will have a material adverse effect on LanVision's consolidated results of operations or consolidated financial position.

### Item 3. DEFAULTS ON SENIOR SECURITIES

The Company is not in default under its existing Loan Agreements.

Item 6. EXHIBITS

Exhibits

- 3.1 Certificate of Incorporation of LanVision Systems, Inc. (\*)
- 3.2 Bylaws of LanVision Systems, Inc. (\*)
- 10 # Employment Agreement among LanVision Systems, Inc., LanVision, Inc. and Paul W. Bridge, Jr. effective February 1, 2004
- 10.1 Lease agreement between LanVision, Inc. and The Western and Southern Life Insurance Company dated July 30, 2004
- 10.2 Registrant's Guarantee of Lease agreement between LanVision, Inc. and The Western and Southern Life Insurance Company dated July 30, 2004
- 10.3 Term Note, and associated documents, dated July 30, 2004, between LanVision, Inc. (a wholly owned subsidiary) and the Fifth Third Bank (\*\*)
- 11 Computation of Earnings (Loss) Per Common Share
- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a -14(a) and Rule 15d - 14(a) of the Securities Exchange Act, as Amended
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a -14(a) and Rule 15d - 14(a) of the Securities Exchange Act, as Amended
- 32.1 Certification of the Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of the Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

(\*) Incorporated by reference from the Registrant's Registration Statement on Form S-1, File Number 333-01494, as filed with the Commission on April 15, 1996.

(\*\*) Incorporated by reference from the Registrant's Form 8-K, as filed with the Commission on August 3, 2004.

# Management Contracts and Compensatory Arrangements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LANVISION SYSTEMS, INC.

DATE: September 10, 2004

By: /s/ J. BRIAN PATSY

-----  
J. Brian Patsy  
Chief Executive Officer and  
President

DATE: September 10, 2004

By: /s/ PAUL W. BRIDGE, JR.

-----  
Paul W. Bridge, Jr.  
Chief Financial Officer and  
Treasurer

INDEX TO EXHIBITS

Exhibit No.	Exhibit
3.1	Certificate of Incorporation of LanVision Systems, Inc. Previously filed with the Commission and incorporated herein by reference from, the Registrant's Registration Statement on Form S-1, File Number 333-01494, as filed with the Commission on April 15, 1996.
3.2	Bylaws of LanVision Systems, Inc. Previously filed with the Commission and incorporated herein by reference from, the Registrant's Registration Statement on Form S-1, File Number 333-01494, as filed with the Commission on April 15, 1996.
10	Employment Agreement among LanVision Systems, Inc., LanVision, Inc. and Paul W. Bridge, Jr. effective February 1, 2004
10.1	Lease agreement between LanVision, Inc. and The Western and Southern Life Insurance Company dated July 30, 2004
10.2	Registrant's Guarantee of Lease agreement between LanVision, Inc. and The Western and Southern Life Insurance Company dated July 30, 2004
10.3	Term Note, and associated documents, dated July 30, 2004, between LanVision, Inc. (a wholly owned subsidiary) and the Fifth Third Bank. Previously filed with the Commission and incorporated herein by reference from, the Registrant's Form 8-K, as filed with the Commission on August 3, 2004.
11	Computation of Earnings (Loss) Per Common Share

- 31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d - 14(a) of the Securities Exchange Act, as Amended
- 31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d - 14(a) of the Securities Exchange Act, as Amended
- 32.1 Certification of the Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002
- 32.2 Certification of the Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

LANVISION SYSTEMS, INC.

EMPLOYMENT AGREEMENT AMONG LANVISION SYSTEMS, INC., LANVISION, INC. AND PAUL W. BRIDGE, JR. EFFECTIVE FEBRUARY 1, 2004

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement") is entered into effective as of the 1st of February, 2004, by and among LanVision Systems, Inc., a Delaware corporation ("Parent"), LanVision, Inc., an Ohio corporation ("Company") and Paul W. Bridge, Jr. ("Employee").

RECITALS:

A. Parent and the Company mutually desire to employ Employee as Chief Financial Officer to perform services for Parent and the Company; and

B. Employee possesses certain skills and expertise and desires to provide services to Parent and the Company as Chief Financial Officer.

NOW, THEREFORE, in consideration of the premises and the agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which the parties hereby acknowledge, the parties agree as follows:

1. EMPLOYMENT

Parent and the Company hereby agree to employ Employee, and Employee, in consideration of such employment and other consideration set forth herein, hereby accepts employment, upon the terms and conditions set forth herein.

2. POSITION AND DUTIES

During the term of this Agreement, Employee shall be employed in the position of Chief Financial Officer of each of Parent and the Company. While employed hereunder, Employee shall do all things necessary, legal and incident to the above position, and otherwise shall perform such functions as the President of Parent or the Company may establish from time to time. Without limiting the foregoing, Employee shall be the Chief Financial Officer of each of Parent and the Company and will be responsible for, perform and direct all duties consistent therewith. Employee shall report to the Company's President and/or such other officers as designated by Parent in its discretion.

### 3. COMPENSATION

Subject to such modifications as may be approved from time to time by the Board of Directors or officers of Parent, the Employee shall receive the compensation and benefits listed on the attached Exhibit A. Such compensation shall be paid by Parent or the Company, at the discretion of Parent.

### 4. EXPENSES

Parent or the Company shall pay or reimburse Employee for all travel and out-of-pocket expenses reasonably incurred or paid by Employee in connection with the performance of Employee's duties as an employee of Parent or the Company, respectively, upon compliance with the Company's procedures for expense reimbursement including the presentation of expense statements or receipts or such other supporting documentation as the Company may reasonably require.

### 5. PRIOR EMPLOYMENT

The Employee warrants and represents to Parent and the Company (i) that the Employee will take no action in violation of any employment agreement or arrangement with any prior employer, (ii) that the Employee has disclosed to Parent and the Company all such prior written agreements, (iii) that any employment agreement or arrangement with any prior employer is null and void and of no effect, and (iv) that the Employee has the full right and authority to enter into this Agreement and to perform all of the Employee's obligations hereunder. The Employee agrees to indemnify and hold Parent and the Company harmless from and against any and all claims, liabilities or expenses incurred by Parent and/or the Company as a result of any claim made by any prior employer arising out of this Agreement or the employment of the Employee by Parent and the Company.

### 6. OUTSIDE EMPLOYMENT

Employee shall devote Employee's full time and attention to the performance of the duties incident to Employee's position with Parent and the Company, and shall not have any other employment with any other enterprise or substantial responsibility for any enterprise which would be inconsistent with Employee's duty to devote Employee's full time and attention to Parent and Company matters, provided that, the foregoing shall not prevent the Employee from participating in any charitable or civic organization that does not interfere with Employee's performance of the duties and responsibilities to be performed by Employee under this Agreement.

## 7. CONFIDENTIAL INFORMATION

Employee shall not, during the term of this Agreement or at any time thereafter, disclose, or cause to be disclosed, in any way Confidential Information, or any part thereof, to any person, firm, corporation, association, or any other operation or entity, or use the Confidential Information on Employee's own behalf, for any reason or purpose. Employee further agrees that, during the term of this Agreement or at any time thereafter, Employee will not distribute, or cause to be distributed, Confidential Information to any third person or permit the reproduction of the Confidential Information, except on behalf of Parent or the Company in Employee's capacity as an employee of Parent and the Company. Employee shall take all reasonable care to avoid unauthorized disclosure or use of the Confidential Information. Employee hereby assumes responsibility for and shall indemnify and hold Parent and/or the Company harmless from and against any disclosure or use of the Confidential Information in violation of this Agreement.

For the purpose of this Agreement, "Confidential Information" shall mean any written or unwritten information which specifically relates to and or is used in Parent's or the Company's business (including without limitation, Parent's or the Company's services, processes, patents, systems, equipment, creations, designs, formats, programming, discoveries, inventions, improvements, computer programs, data kept on computer, engineering, research, development, applications, financial information, information regarding services and products in development, market information including test marketing or localized marketing, other information regarding processes or plans in development, trade secrets, training manuals, know-how of the Company, and the customers, clients, suppliers and others with whom Parent and/or the Company does or has in the past done, business, regardless of when and by whom such information was developed or acquired) which Parent or the Company deems confidential and proprietary which is generally not known to others outside Parent or the Company and which gives or tends to give Parent or the Company a competitive advantage over persons who do not possess such information or the secrecy of which is otherwise of value to Parent and/or the Company in the conduct of its business -- regardless of when and by whom such information was developed or acquired, and regardless of whether any of these are described in writing, reduced to practice, copyrightable or considered copyrightable, patentable or considered patentable. Provided, however, that "Confidential Information" shall not include general industry information or information which is publicly available or is otherwise in the public domain without breach of this Agreement, information which Employee has lawfully acquired from a source other than Parent or the Company, or information which is required to be disclosed pursuant to any law, regulation, or rule of any governmental body or authority or court order. Employee acknowledges that the Confidential Information is novel, proprietary to and of considerable value to Parent and the Company.

Employee agrees that all restrictions contained in this Section 7 are reasonable and valid under the circumstances and hereby waives all defenses to the strict enforcement thereof by Parent and/or the Company.

Employee agrees that, upon the request of Parent or the Company, Employee will immediately deliver up to the requesting entity all Confidential Information in Employee's



possession and/or control, and all notes, records, memoranda, correspondence, files and other papers, and all copies, relating to or containing Confidential Information. Employee does not have, nor can Employee acquire any property or other right in the Confidential Information.

#### 8. PROPERTY OF PARENT AND THE COMPANY

All ideas, inventions, discoveries, proprietary information, know-how, processes and other developments and, more specifically improvements to existing inventions, conceived by the Employee, alone or with others, during the term of the Employee's employment, whether or not during working hours and whether or not while working on a specific project, that are within the scope of Parent's or the Company's business operations or that relate to any work or projects of Parent or the Company, are and shall remain the exclusive property of Parent and the Company. Inventions, improvements and discoveries relating to the business of Parent or the Company conceived or made by the Employee, either alone or with others, while employed with Parent and the Company are conclusively and irrefutably presumed to have been made during the period of employment and are the sole property of Parent and the Company. The Employee shall promptly disclose in writing any such matters to Parent and the Company but to no other person without the consent of Parent. The Employee hereby assigns and agrees to assign all right, title, and interest in and to such matters to the Company. The Employee will, upon request of Parent, execute such assignments or other instruments and assist Parent and the Company in the obtaining, at the Company's sole expense, of any patents, trademarks or similar protection, if available, in the name of the Company.

#### 9. NON-COMPETITION AGREEMENT

(A) During the term of this Agreement and for a period of one year after the termination date of this Agreement (whether such termination be with or without cause), Employee agrees that he will not directly or indirectly, own, operate or otherwise work for or participate in any competitive business in the United States which designs, develops, manufactures or markets any product or service that in any way competes with Parent's or the Company's business, products or services as conducted, or planned to be conducted, on the date of termination (a "Competitive Business").

(B) During the term of this Agreement and for a period ending one year from the termination of Employee's employment with Parent and the Company, whether by reason of the expiration of the term of this Agreement, resignation, discharge by Parent and the Company or otherwise, Employee hereby agrees that Employee will not, directly or indirectly:

(i) solicit, otherwise attempt to employ or contract with any current or future employee of Parent or the Company for employment or otherwise in any Competitive Business or otherwise offer any inducement to any current or future employee of Parent or the Company to leave Parent's or the Company's employ; or

(ii) contact or solicit any customer or client of Parent or the Company (an "Existing Customer"), contact or solicit any individual or business entity with whom Parent or the

Company has directly communicated for the purpose of rendering services prior to the effective date of such termination (a "Potential Customer"), or otherwise provide any other products or services for any Existing Customer or Potential Customer of Parent or the Company, on behalf of a Competitive Business or in a manner that is competitive to the Parent's or the Company's business; or

(iii) Use or divulge to anyone any information about the identity of Parent's or the Company's customers or suppliers (including without limitation, mental or written customer lists and customer prospect lists), or information about customer requirements, transactions, work orders, pricing policies, plans, or any other Confidential Information.

(C) For the purpose of this Agreement, Competitive Business shall mean any business operation (including a sole proprietorship) in the United States which designs, develops, manufactures or markets any product or service that in any way competes with Parent's or the Company's health information access system business, products or services as conducted, or contemplated to be conducted, on the date of termination.

#### 10. TERM

Unless earlier terminated pursuant to Section 11 hereof, the term of this Agreement shall be for the time period beginning February 1, 2004, the date hereof, and continuing through January 31, 2005 (the "Term"), unless, during the Term of this agreement, or any extension thereof, there is a change in control as defined in Section 13 herein, at which time the then current Expiration Date will be extended to be one year from the date of the change in control. On January 31, 2005, or the Expiration Date resulting from a change in control, whichever is later, and on each annual Expiration Date thereafter, ( each such date being hereinafter referred to as the "Renewal Date"), the term of employment hereunder shall automatically renew for an additional one (1) year period unless the Company notifies Employee in writing at least 90 days prior to the applicable Renewal Date that the Company does not wish to renew this agreement beyond the expiration of the then current term. Unless waived in writing by the Company, the requirements of Sections 7 (Confidential Agreement), 8 (Property of Parent and the Company) and 9 (Non-Competition Agreement) shall survive the expiration or termination of this Agreement for any reason.

#### 11. TERMINATION.

(A) Death. This Agreement and Employee's employment thereunder shall be terminated on the death of Employee, effective as of the date of Employee's death.

(B) Continued Disability. This Agreement and Employee's employment thereunder may be terminated, at the option of Parent, upon a Continued Disability of Employee, effective as of the date of the determination of Continued Disability as that term is hereinafter defined. For the purposes of this Agreement, "Continued Disability" shall be defined as the inability or incapacity (either mental or physical) of Employee to continue to perform Employee's duties hereunder for a continuous period of one hundred twenty (120) working days, or if, during any calendar year of

the Term hereof because of disability, Employee shall have been unable to perform Employee's duties hereunder for a total period of one hundred eighty (180) working days regardless of whether or not such days are consecutive. The determination as to whether Employee is unable to perform the essential functions of Employee's job shall be made by Parent's Board of Directors in its reasonable discretion; provided, however, that if Employee is not satisfied with the decision of the Board, Employee will submit to examination by three competent physicians who practice in the metropolitan area in which the Employee then resides, one of whom shall be selected by Parent, another of whom shall be selected by Employee, with the third to be selected by the physicians so selected. The decision of a majority of the physicians so selected shall supersede the decision of the Board and shall be final and conclusive.

(C) Termination For Good Cause. Notwithstanding any other provision of this Agreement, Parent may at any time immediately terminate this Agreement and Employee's employment thereunder for Good Cause. For this purpose, "Good Cause" shall include the following: the current use of illegal drugs; indictment for any crime involving moral turpitude, fraud or misrepresentation; commission of any act which would constitute a felony and which would adversely impact the business or reputation of Parent or the Company; fraud; misappropriation or embezzlement of Parent or Company funds or property; willful conduct which is materially injurious to the reputation, business or business relationships of Parent or the Company; or material violation of any of the provisions of this Agreement. Any alleged cause for termination shall be delivered in writing to Employee stating the full basis for such cause along with any notice of such termination.

(D) Termination Without Good Cause. Parent or the Company may terminate Employee's employment prior to the Expiration Date at any time, whether or not for Good Cause (as "Good Cause" is defined in Section 11(C) above). In the event Parent or the Company terminates Employee without cause, Parent or the Company will pay Employee a lump sum amount equal to seventy-five percent (75%) times the Employee's then current annual salary [to include only 75% of the then current base compensation and 75% of the higher of the bonuses paid to Employee during that prior fiscal year or earned in the then current fiscal year to date] at the time of termination. Such severance payment shall be paid within 90 days following the date of Employee's termination.

(E) Change of Employment Location. In the event that, during the term of this Agreement, Parent or Company notifies Employee that he must change the location of his principal place of employment hereunder to a location outside the greater Cincinnati, Ohio or greater Northern Kentucky areas ( Zip Codes 452XX or 410XX ) whether by reason of a change in the location of Parent or Company's principal corporate offices or otherwise, the employee may notify Parent or Company in writing within thirty (30) days of receipt by Employee of such notice in writing from Parent or Company, that he elects not to change the location of his principal place of employment hereunder, whereupon Employee's employment hereunder shall terminate on the date he so notifies Parent or Company and Employee shall be entitled to the severance provisions in accordance with Section 11 (D) above.

## 12. CHANGE IN CONTROL; ACCELERATED VESTING SCHEDULES

In the event that, within twelve months of a change in control of Parent, Employee's employment by Parent and the Company is terminated prior to the end of the Term or Employee terminates his employment due to a material reduction in his duties or compensation, (1) all stock options granted to Employee shall immediately vest in full, and (2) Parent or the Company will pay Employee a lump sum amount equal to seventy-five percent (75%) times the Employee's then current annual salary at the time of termination. For purposes of this Agreement, "change in control" means any of the following events:

(a) A change in control of the direction and administration of Parent's business of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), as in effect on the date hereof and any successor provision of the regulations under the 1934 Act, whether or not Parent is then subject to such reporting requirements; or

(b) Any "person" (as such term is used in Section 13(d) and Section 14(d)(2) of the 1934 Act but excluding any employee benefit plan of Parent) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the 1934 Act), directly or indirectly, of securities of Parent representing more than one half of the combined voting power of Parent's outstanding securities then entitled to vote for the election of directors; or

(c) Parent shall sell all or substantially all of the assets of Parent; or

(d) Parent shall participate in a merger, reorganization, consolidation or similar business combination that constitutes a change in control as defined in the 1996 LanVision Systems, Inc. Employee Stock Option Plan and/or results in the occurrence of any event described in clause (a), (b) or (c) above.

## 13. ACKNOWLEDGEMENTS

Parent, the Company and Employee each hereby acknowledge and agree as follows:

(A) The covenants, restrictions, agreements and obligations set forth herein are founded upon valuable consideration, and, with respect to the covenants, restrictions, agreements and obligations set forth in Sections 7, 8 and 9 hereof, are reasonable in duration and geographic scope;

(B) In the event of a breach or threatened breach by Employee of any of the covenants, restrictions, agreements and obligations set forth in Section 7, 8 and/or 9, monetary damages or the other remedies at law that may be available to Parent and/or the Company for such breach or threatened breach will be inadequate and, without prejudice to Parent's or the Company's right to pursue any other remedies at law or in equity available to it for such breach or threatened breach, including, without limitation, the recovery of damages from Employee, Parent

and/or the Company will be entitled to injunctive relief from a court of competent jurisdiction; and

(C) The time period and geographical area set forth in Section 9 hereof are each divisible and separable, and, in the event that the covenants not to compete contained therein are judicially held invalid or unenforceable as to such time period and/or geographical area, they will be valid and enforceable in such geographical area(s) and for such time period(s) which the court determines to be reasonable and enforceable. The Employee agrees that in the event any court of competent jurisdiction determines that the above covenants are invalid or unenforceable to join with Parent and the Company in requesting that court to construe the applicable provision by limiting or reducing it so as to be enforceable to the extent compatible with the then applicable law. Furthermore, any period of restriction or covenant herein stated shall not include any period of violation or period of time required for litigation to enforce such restriction or covenant.

#### 14. NOTICES

Any notice or communication required or permitted hereunder shall be given in writing and shall be sufficiently given if delivered personally or sent by telecopier to such party addressed as follows:

(A) In the case of Parent or the Company, if addressed to it as follows:

LanVision Systems, Inc.  
5481 Creek Road  
Cincinnati, Ohio 45242  
Attn: J. Brian Patsy

(B) In the case of Employee, if addressed to Employee at:

Paul W. Bridge, Jr.  
5583 Boomer Road  
Cincinnati, OH 45247-7922

Any such notice delivered personally or by telecopier shall be deemed to have been received on the date of such delivery. Any address for the giving of notice hereunder may be changed by notice in writing.

#### 15. ASSIGNMENT, SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns. Parent and the Company may assign or otherwise transfer their rights under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), but this Agreement may not be assigned, nor may the duties hereunder be delegated by Employee. In the event that Parent and the Company assign or otherwise transfer their rights

under this Agreement to any successor or affiliated business or corporation (whether by sale of stock, merger, consolidation, sale of assets or otherwise), for all purposes of this Agreement, "Parent" and the "Company" shall then be deemed to include the successor or affiliated business or corporation to which Parent and the Company, respectively, assigned or otherwise transferred their rights hereunder.

#### 16. MODIFICATION

This Agreement may not be released, discharged, abandoned, changed, or modified in any manner, except by an instrument in writing signed by each of the parties hereto.

#### 17. SEVERABILITY

The invalidity or unenforceability of any particular provision of this Agreement shall not affect any other provisions hereof, and this Agreement shall be construed in all respects as if any such invalid provision were omitted herefrom.

#### 18. COUNTERPARTS

This Agreement may be signed in counterparts and each of such counterpart shall constitute an original document and such counterparts, taken together, shall constitute one in the same instrument.

#### 19. DISPUTE RESOLUTION

Except as set forth in Section 13 above, any and all disputes arising out of or in connection with the execution, interpretation, performance, or non-performance of this Agreement or any agreement or other instrument between, involving or affecting the parties (including the validity, scope and enforceability of this arbitration clause), shall be submitted to and resolved by arbitration. The arbitration shall be conducted pursuant to the terms of the Federal Arbitration Act and the Commercial Arbitration Rules of the American Arbitration Association. Either party may notify the other party at any time of the existence of an arbitrable controversy by certified mail and shall attempt in good faith to resolve their differences within fifteen (15) days after the receipt of such notice. If the dispute cannot be resolved within the fifteen-day period, either party may file a written demand for arbitration with the American Arbitration Association. The place of arbitration shall be Cincinnati, Ohio.

#### 20. GOVERNING LAW

The provisions of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Ohio and the laws of the United States applicable therein. The Employee acknowledges and agrees that Employee is subject to personal jurisdiction in state and federal courts in Hamilton County, Ohio.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto effective as of the date first above written.

LANVISION SYSTEMS, INC.

By: /s/ J. Brian Patsy  
-----

Its: Chairman and CEO

LANVISION, INC.

By:/s/ J. Brian Patsy  
-----

Its: Chairman and CEO

EMPLOYEE

/s/ Paul W. Bridge, Jr.  
-----  
Paul W. Bridge, Jr.

EXHIBIT A - COMPENSATION AND BENEFITS

EMPLOYEE: Paul W. Bridge, Jr.

TERM: 2/1/04 to 1/31/05

SALARY: Minimum Annual Base Salary - \$148,005.00

Thereafter, the Parent's Board of Directors, or Compensation Committee thereof, may annually adjust Employee's base salary upward and Employee will be eligible to participate in any bonus plan implemented by the Parent's Board of Directors, or Compensation Committee thereof, at such level as the Board or Committee deems appropriate.

STOCK OPTIONS:

Parent agrees that Employee shall be eligible to participate in the LanVision Systems, Inc. Employee Stock Option Plan and to receive additional grants as the Parent's Board of Directors may determine appropriate from time to time hereafter.

BENEFITS:

Employee shall be eligible to participate in all other employee fringe benefit plans of Parent or the Company (but not both if Parent and Company have separate plans providing benefits that may be similar in nature), to the same extent and at the same levels as other officers of Parent or the Company are then participating.



EXHIBIT 10.1

LANVISION SYSTEMS, INC.

Lease agreement between LanVision, Inc. and The Western and Southern Life Insurance Company dated July 30, 2004

LEASE AGREEMENT

TENANT: LanVision, Inc.

LANDLORD: THE WESTERN AND SOUTHERN LIFE  
INSURANCE COMPANY

Table Of Contents

1. Premises and Term.....	43
2. Use.....	43
3. Base Rent and Security Deposit.....	44
4. Operating Costs.....	45
5. Parking.....	47
6. Construction.....	48
7. Alterations.....	48
8. Building Services.....	49
9. Landlord's Responsibilities.....	50
10. Tenant's Responsibilities.....	51
11. Signs.....	51
12. Inspections.....	51
13. Utilities.....	52
14. Assignment and Subletting.....	52
15. Fire and Casualty Damage.....	53
16. Insurance.....	54
17. Condemnation.....	55
18. Holding Over.....	55
19. Quiet Enjoyment.....	55
20. Events of Default by Tenant.....	56
21. Landlord Remedies.....	56
22. Mortgages.....	57
23. Events of Default by Landlord.....	58
24. Personal Property Taxes.....	58
25. Relocation.....	59
26. Notices.....	59
27. Successors.....	59
28. Estoppel Certificates.....	59
29. Survival of Obligations.....	60
30. Hazardous Materials.....	60
31. Exculpation.....	60
32. Financial Statements.....	61
33. Brokers.....	61
34. Inspection.....	61
35. Force Majeure.....	61
36. Miscellaneous.....	62
37. Additional Provisions.....	63
38. Entire Agreement.....	64
Rider A.....	66

Exhibit A.....	69
Exhibit B.....	70
Exhibit C.....	71
Exhibit D.....	72
Exhibit E.....	75

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease") is made and dated the 30 day of July, 2004 and is by and between The Western and Southern Life Insurance Company, an Ohio corporation ("Landlord"), and LanVision, Inc. ("Tenant").

WITNESSETH:

1. Premises and Term.

In consideration of the obligation of Tenant to pay rent as herein provided, and in consideration of the other terms, provisions and covenants hereof, Landlord hereby leases to Tenant, and Tenant hereby rents from Landlord certain premises consisting of 21,723 net rentable square feet of space (the "Premises") located in a building (the "Building") located at 10200 Alliance Road within the County of Hamilton, State of Ohio. For informational purposes, the Premises are outlined on a floor plan attached hereto as Exhibit A. The land on which the Building is situated, together with all improvements located thereon, (the "Property") are described on Exhibit B.

This Lease shall commence on the Commencement Date, as hereinafter defined, and shall extend for a period of 66 months thereafter (the "Term"); provided, however, that in the event the Commencement Date is a date other than the first day of a calendar month, the Term shall extend for said number of months in addition to the remainder of the calendar month following the Commencement Date.

The Commencement Date shall be December 1, 2004 or the date upon which the Premises are Substantially Completed, whichever occurs earlier; provided however, should the Premises not be Substantially Completed by the December 1, 2004 date for reasons not caused by Tenant then the Commencement Date shall be extended past the December 1, 2004 date. If the Premises are not Substantially Complete by January 31, 2005, Tenant may terminate this Lease upon written notice to Landlord. As used herein, "Substantially Completed" shall mean when improvements to the Premises have been completed in accordance with the plans and specifications described on Exhibit C attached hereto (the "Plans and Specifications"), subject to the completion of punch list items and the issuance of a final certificate of occupancy. Within five business days of receipt by Tenant, Tenant shall execute and deliver to Landlord an Amendment to this Lease prepared by Landlord and in form and substance substantially similar to that attached hereto as Exhibit D and incorporated herein by reference.

2. Use.

The Premises shall be used only for office space and for such other lawful purposes as may be incidental to such use. At its own cost and expense, Tenant shall obtain any and all licenses and permits, if any, necessary for any such use. Tenant agrees to comply with all rules and regulations for the Building as such may be modified or changed by Landlord from time to time, as long as such modifications or changes do not interfere with Tenant's use of the Premises as

provided herein and as long as such modifications and changes are uniformly applied to all tenants of the Building. A copy of the current rules and regulations for the Building is attached hereto as Exhibit E. Outside storage, including without limitation trucks and other vehicles, garbage containers and outdoor furniture, is prohibited without Landlord's prior written consent.

3. Base Rent and Security Deposit.

A. Base Rent. Tenant agrees to pay Landlord Base Rent ("Base Rent") for the Premises, without demand, deduction or set off, for the entire Term in monthly installments as follows:

Time Period -----	Monthly Installment -----
December 1, 2004 through January 31, 2005	\$13,486.36
February 1, 2005 through July 31, 2005	\$ 0.00
August 1, 2005 through November 30, 2006	\$13,486.36
December 1, 2006 through November 30, 2008	\$15,296.61
December 1, 2008 through May 31, 2010	\$17,106.86

The first monthly installment shall be due and payable on the Commencement Date. Thereafter, each such monthly installment shall be due and payable in advance and without demand on or before the first day of each calendar month following the Commencement Date during the Term hereof, except that the rental payment for any fractional calendar month at the commencement of the Term shall be prorated.

If Landlord, at Tenant's request, permits Tenant to enter the Premises prior to the Commencement Date to decorate, furnish, or otherwise equip the Premises, Tenant shall not interfere with Landlord's work. Landlord will allow Tenant access to the Premises, free of charge, two (2) weeks prior to the Commencement Date for the purpose of installing modular system furniture, fixtures and equipment as long as such access does not interfere with Landlord's work. Tenant's access to the Premises shall not create a landlord-tenant relationship; however, the provisions of paragraph 16 of this Lease shall apply. Tenant shall pay any additional and reasonable cost to Landlord caused by Tenant's activity on the Premises prior to the Commencement Date.

B. Security Deposit.

On the date hereof, Tenant agrees to deposit with Landlord the sum of \$13,486.36, which sum shall be held by Landlord, without interest, as security for the performance of Tenant's covenants and obligations under the Lease, it being expressly understood and agreed that such deposit is not an advance rental deposit or a measure of Landlord's damages in case of Tenant's default. Upon the occurrence of any event of default by Tenant, Landlord may, from time to time and without prejudice to any other remedy provided in this Lease by law, apply such deposit (i) to any arrears of Base Rent, Additional Rent (as hereinafter defined in paragraph 4B) or Other Charges (as hereinafter defined in paragraph 4F) due Landlord, and (ii) against any other damage, injury, expense or liability caused by such event of default. Within five days of receipt of written demand from Landlord, Tenant shall pay to Landlord the amount so applied in order to restore the security deposit to its original amount. Although the security deposit shall be deemed the property of Landlord, any remaining balance of such deposit shall be returned by Landlord to Tenant after termination of this Lease if all of Tenant's obligations under this Lease shall have been fulfilled. If the Property and Building are conveyed by Landlord, Landlord shall deliver said deposit to Landlord's grantee, and Landlord shall have no further liability to Tenant with respect to said deposit and its application or return.

4. Operating Costs.

A. Additional Rent. Upon demand, Tenant shall pay to Landlord, as Additional Rent (defined in paragraph 4B) during the Term of this Lease, Tenant's Proportionate Share (defined in paragraph 4E) of Operating Costs (hereinafter defined). Landlord acknowledges that the current Operating Costs and Real Estate Taxes for the Building for Calendar Year 2004 is \$5.75 per square foot and the actual cost for Calendar Year 2003 was approximately \$5.50 per square foot.

As used in this Lease, the term "Operating Costs" shall mean any and all expenses, costs and disbursements of any kind and nature whatsoever incurred by Landlord in connection with the ownership, management, maintenance, operation and repair of the Property and Building and which Landlord shall pay or become obligated to pay in respect of a calendar year (regardless of when such Operating Costs were incurred). Operating Costs shall include, but not be limited to: a) the costs of maintenance, repairs, and replacements to the Property, Building and Common Areas (as hereinafter defined), including roof, walls, downspouts, gutters, painting, and sprinkler and irrigation systems; b) the costs of maintaining and repairing parking lots, parking structures and easements; c) property and asset management fees, payroll, fringe benefits and related costs payable to employees and agents of Landlord whose duties are connected with the Property; d) all insurance costs; e) all heating and air conditioning costs; f) electricity, sewer and water and other utility costs not separately metered to tenants; g) the costs of maintaining landscaping, both interior and exterior; h) expenses for office space chargeable to the operation and management of the Building and Property; i) license permits and inspection fees; j) trash and snow removal costs; k) janitorial service costs; l) the cost of Real Estate Taxes (as hereinafter defined); m) costs and expenses incurred by Landlord in protesting the amount of Real Estate Taxes; n) the cost, as amortized by Landlord at an interest rate of prime plus two percent year, of any capital improvements made after completion of the Building that reduce Operating Costs, but only in an amount not to exceed such reduction for the relevant year; o) the cost of any structural repairs or replacements to the Building that are required under any governmental laws, regulations, or ordinances and that were not applicable to the Building at the time it was constructed; and p) all other expenses necessary for the operation and management of the Building and Property.

Common Areas ("Common Areas") shall include, but not be limited to, the sidewalks, lobbies, halls, passages, exits, entrances, elevators, stairways, restrooms, parking areas, driveways, and landscaped areas of the Building and Property. Landlord grants to Tenant, its employees, customers and invitees, a nonexclusive license to use, in common with all others to whom Landlord has granted or may hereafter grant a license to use, the Common Areas of the Building and Property, subject to such reasonable rules and regulations as Landlord may from time to time prescribe and uniformly apply to all tenants of the Building and Property. Neither Tenant nor its employees, invitees, or customers shall go upon the roof or into mechanical areas of the Building without the consent of Landlord, which consent shall not be unreasonably withheld.

Real Estate Taxes ("Real Estate Taxes") shall include all taxes and assessments, special or otherwise, exclusive of penalties or discounts, levied upon the Property by any federal, state, or local governmental agency, and including any use, occupancy, excise, sales or other like taxes. If at any time during the Term of this Lease, the present method of taxation shall be changed so that in lieu of the whole or any part of any taxes, assessments or governmental charges levied, assessed or imposed on real estate and the improvements thereon, there shall be levied, assessed or imposed on Landlord a capital levy or other tax directly on the rents received therefrom and/or a franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rents for the Building or any future building or buildings on the Property, then all such taxes, assessments, levies or charges, or the part thereof so measured or based, shall be deemed to be included within Real Estate Taxes for the purposes hereof. Landlord shall retain the sole right to participate in any proceedings to establish or contest the amount of Real Estate Taxes; provided however any contestment or proceedings that reduces the Real Estate Tax amount to be paid for the Building and Property shall be passed on to Tenant through a reduction in the applicable year's Operating Costs, if any.

B. Payment of Proportionate Share. For purposes of calculating Tenant's Proportionate Share for the first year of the Lease Term, Landlord has established that the Additional Rent to be paid by Tenant shall be \$5.75 per square foot; provided however, notwithstanding the foregoing, no Additional Rent shall be paid by Tenant for the period beginning February 1, 2005 through July 31, 2005. Promptly after the anniversary of the first year of the Lease Term and/or during December of each year (or as soon thereafter as practicable), Landlord shall give Tenant written notice of its estimated amounts payable under Paragraph 4A for the ensuing calendar year, as applicable. On or before the first day of each month thereafter, Tenant shall pay to Landlord one/twelfth (1/12th) of such estimated amounts, which monthly payments shall constitute "Additional Rent." If written notice is not given in December, Tenant shall continue to pay on the basis of the prior year's estimate until the first day of the month after the month in which such notice is given. If at any time it appears to Landlord that the amounts payable under paragraph 4A for the then current calendar year will vary from its estimate by more than five percent (5%), Landlord may, by written notice to Tenant, revise its estimate for such year, and subsequent payments by Tenant for such year shall be based upon such revised estimate.

Within ninety (90) days after the close of each calendar year or as soon thereafter as practicable, Landlord shall deliver to Tenant a summary of the total Operating Costs for the previous calendar year and Tenant's Proportionate Share thereof. If such summary shows an amount due from Tenant that is less than the estimated payments previously paid by Tenant, a refund of the excess shall accompany it to Tenant. If such summary shows an amount due from Tenant that is more than the estimated payments previously paid by Tenant, Tenant shall pay the deficiency to Landlord, as Additional Rent, within thirty (30) days after delivery of the summary. The obligation of Tenant with respect to the payment of Tenant's Proportionate Share of Operating Costs shall survive the termination of this Lease.

C. Dispute of Operating Costs. If Tenant questions in writing any such notice of reconciled Operating Costs, and if the question is not amicably settled between Landlord and Tenant within thirty (30) days after said notice has been given, Landlord shall, during the sixty (60) days following the expiration of such thirty (30) day period, employ an independent certified public accountant, mutually acceptable to Landlord and Tenant, to audit Operating Costs. The determination of such accountant shall be final, conclusive, and binding upon Landlord and Tenant. Tenant understands that the actual itemization of, and the amount of individual items constituting, Operating Costs are confidential. While Landlord shall keep and make available to such accountant all records in reasonable detail, and shall permit such accountant to examine and audit such of Landlord's records as may be reasonably required to verify such Operating Costs at reasonable times during business hours, Landlord shall not be required to (and the accountant shall not be permitted to) disclose to any person, firm or corporation, including to Tenant, any such details (it being the intent of the parties that such accountant shall merely certify to Landlord and Tenant the correct amount of adjusted additional Operating Costs for the calendar year). Any change in the reconciled Operating Costs required by such accountant's determination shall be made within thirty (30) days after such determination has been rendered. The expenses involved in such audit shall be borne by Tenant and deemed to be Other Charges (defined in paragraph 4F) under this Lease, unless the results of such audit determine that the difference between the Operating Costs as determined by the audit and the Operating Costs as determined by Landlord is greater than ten percent (10%) of the Operating Costs as determined by Landlord, in which case such expenses shall be borne by Landlord. If Tenant does not, in writing, question the reconciled Operating Costs within thirty (30) days after such notice of reconciled Operating Costs has been given, Tenant shall be deemed to have approved and accepted such reconciled Operating Costs.

D. Accounting Methods. If Landlord selects the accrual accounting method rather than the cash accounting method for operating expense purposes, Operating Costs shall be deemed to have been paid when such expenses have accrued.

E. Definition of Proportionate Share. As used in this Lease, "Proportionate Share" shall mean a percentage factor determined by dividing the net rentable square footage contained in the Premises (21,723 net rentable square feet) by the net rentable square footage contained in the Building (63,261 net rentable square feet), or thirty-four and 34/100 percent (34.34%).

F. Other Charges. All costs, expenses and other sums (other than Base Rent and Additional Rent) that Tenant assumes or agrees to pay to Landlord pursuant to this Lease shall be deemed "Other Charges."

G. Default Rate. If an installment of Base Rent, Additional Rent, Other Charges or any other payment due from Tenant is not received on or before the tenth (10th) day of the month in which it is due (other remedies for nonpayment notwithstanding) and five (5) days after receipt of written notice from Landlord that Tenant is in default, Tenant shall pay to Landlord a late charge equal to the Default Rate ("Default Rate"), which for the purposes of this Lease shall be the rate of interest equal to the prime rate as announced from time to time by The Fifth Third Bank (or its successor) plus three percent (3%) per year for each day from the first day of the month through the date such payment is received.

## 5. Parking.

Landlord hereby grants to Tenant the right to use, in a manner conducive to good business practice, the parking areas located on the Property at no charge for at least 400 parking spaces on a non-exclusive basis in common with the other tenants of the Building and in compliance with Exhibit E. Such parking, in conjunction with any visitors parking area, shall be for the use of the Tenant's officers, agents, employees and invitees on a non-reserved basis. Landlord reserves the

right to designate, for the specific account of Tenant and other tenants, specific parking areas or spaces within the Property. Landlord shall have no liability to Tenant for any damages or claims arising from the use of the parking area by Tenant, other tenants, customers, invitees or employees. Landlord shall not be liable for any vehicle of Tenant or its employees, customers, or invitees that Landlord shall have towed from the Property when parked in violation of Landlord's rules and regulations governing the Building or Property or any governmental laws, regulations, or ordinances.

#### 6. Construction.

A. Improvements to be Constructed. The Premises shall be prepared for the occupancy of Tenant in accordance with the Plans and Specifications attached as Exhibit C and outlined in Rider A, (the Work Letter Agreement).

B. Work Prior to Commencement Date. Before the Commencement Date, Landlord shall have substantially completed in the Premises the leasehold improvements described in Exhibit C and in accordance with Rider A of this Lease. Landlord shall provide an allowance of up to \$326,000 for the completion of improvements described in Exhibit C, which shall include without limitation architectural fees, engineering fees (if any), reasonable costs for construction goods and services, and any other reasonable and customary costs associated with the construction of the improvements. Landlord shall be required to get at least three (3) competitive bids for all the major sub-contractors performing the leasehold improvements, including but not limited to the HVAC Systems, electrical systems, plumbing work, drywall work; cabinetry and millwork, painting and flooring installations, and provide such competitive bids to Tenant. For purposes of this Section 6.B., "major sub-contractors" shall mean sub-contractors with contracts for the leasehold improvements in excess of \$50,000.00. Tenant shall be responsible for any improvement costs in excess of \$326,000. Landlord shall be under no obligation to begin preparation of the Premises for Tenant's occupancy prior to June 30, 2004.

C. Condition of Premises. The taking of possession of the Premises by Tenant shall be conclusive evidence that: a) Tenant accepts the Premises as suitable for the purposes for which same are leased, subject to "punch list" items to be installed or repaired by Landlord and contained in a punch list, which must be submitted, if at all, to Landlord by Tenant within thirty (30) days after the Commencement Date; b) Tenant accepts the Property as being in a good and satisfactory condition; and c) Tenant waives any defects in the Premises and its appurtenances and in all other parts of the Property, unless such defects are latent and could not be detected within thirty (30) days after the Commencement Date.

#### 7. Alterations.

A. Prohibition. Tenant shall not make any alterations, additions or improvements (collectively, "Alterations") to the Property, Building or Premises (including, but not limited to, roof and wall penetrations) without the prior written consent of Landlord, which consent shall not be unreasonably withheld. Before commencing any work in connection with Alterations, Tenant shall furnish to Landlord, for Landlord's approval, the following: a) detailed plans and specifications; b) names and addresses of the contractor(s) and subcontractor(s); c) copies of all contracts, subcontracts, and necessary permits; d) a payment and performance bond, or other indemnification, in form and amount satisfactory to Landlord, protecting Landlord against any and all claims, costs, damages, liabilities and expenses that may arise in connection with the Alterations; e) such documentation as is necessary to comply fully with the mechanics' lien law of the State of Ohio; and f) certificates of insurance, in form and amount satisfactory to Landlord, from all contractors and subcontractors who will perform labor or furnish materials, insuring Landlord against any and all liability for personal injury, including workers' compensation



claims and for property damage that may arise out of or be in any manner connected with the Alterations.

B. Indemnification. Tenant hereby specifically agrees to indemnify and hold harmless Landlord from and against any and all liabilities, costs and expenses of every kind and description, including attorneys' fees that may arise out of or in any manner be connected with any Alterations made by Tenant. Tenant shall pay the cost of all such Alterations and all costs associated with repairing and/or decorating the Premises that may be occasioned thereby. All Alterations made by Tenant shall be installed in a good and workmanlike manner, using only materials of the same or higher quality as those installed in the Building. All Alterations, whether placed in or upon the Property, Building or Premises by Landlord or Tenant, shall become Landlord's property and shall remain with the Property, Building or Premises at the termination of this Lease, without compensation, allowance, or credit to the Tenant; provided, however, that notwithstanding the foregoing, at the termination of this Lease, Landlord may request that any or all of said Alterations in or upon the Property, Building and Premises made by Tenant be removed by Tenant, if such requirement is specifically agreed to in writing by Landlord and Tenant when such Alterations are agreed to by Landlord in accordance with the provisions of section 7A, above.. If Landlord requests such removal or if Tenant removes its trade fixtures, Tenant shall remove the same prior to the termination of the Lease and shall repair all damage to the Premises, the Building, and the Property caused by such removal. If Tenant fails to remove any Alterations when requested by Landlord to do so, Landlord may remove the same and repair all damage caused thereby, and Tenant shall pay to Landlord the cost of such removal and repair immediately upon demand therefor by Landlord, plus fifteen percent (15%) of the cost of such removal to reimburse Landlord for its administrative expense. Tenant's obligation to observe or perform this covenant shall survive the expiration or termination of the Lease.

C. Mechanics' Liens. If, because of any act or omission of Tenant, any mechanic's lien or other lien, charge or order for the payment of money shall be filed against any portion of the Property, Building or Premises, Tenant, at its own cost and expense, shall cause the same to be discharged of record or bonded against within ten (10) days of the filing thereof unless Tenant shall contest the validity of such lien by appropriate legal proceedings diligently conducted in good faith and without expense to Landlord. Tenant shall indemnify and save harmless Landlord against and from all costs, liabilities, suits, penalties, claims and demands, including attorneys' fees, on account thereof. If Tenant shall fail to cause such liens to be discharged of record or bonded against within the aforesaid ten (10) day period or shall fail to satisfy such liens within ten (10) days after any judgment in favor of such lienholders from which no further appeal might be taken, then Landlord shall have the right to cause the same to be discharged. All amounts paid by Landlord to cause such liens to be discharged, plus interest on such amounts at the Default Rate, shall constitute Other Charges payable by Tenant to Landlord.

#### 8. Building Services.

A) Electric. Landlord shall provide electric power to the Premises. Such power is intended for normal office usage of lighting, heating, ventilating, and air conditioning equipment, server room/data center and for operating office and computer equipment. Landlord reserves the right, if Tenant's consumption of electricity exceeds that required for normal office and data center use, to include a charge for such electricity as Other Charges or to require Tenant to separately meter the electric usage for the Premises.

B) Water. Landlord shall provide water for drinking, lavatory and toilet purposes from the regular Building supply.

C) Janitorial Services. Landlord shall provide janitorial services for the Premises and Common Areas five evenings per week, except for weeks with Holidays (as hereinafter defined).

Such janitorial cleaning services shall be provided by Landlord at the same level or better that of which is provided by other landlords or owners of comparable buildings in the Cincinnati area. At Tenant's request, some areas within the Premises, including the server rooms/data centers, may be off limits to janitors unless an authorized employee is present.

D) Elevators. Landlord shall provide elevator service.

E) HVAC. Landlord shall provide heating and air conditioning during Normal Business Hours at such temperatures considered by Landlord to be reasonable and/or as regulated from time to time by governmental authorities. In addition, because the nature of Tenant's business is such that its personnel may need to work in the Premises outside of Normal Business Hours, Landlord agrees to provide up to an additional 10 hours per month of air conditioning outside the Normal Business Hours at no additional expense to Tenant (the "Additional Hours"). Air conditioning shall be provided within three hours of Tenant's request. In the event that Tenant requests Landlord to provide HVAC service for periods that are outside of Normal Business Hours and beyond the Additional Hours in any given month, then Tenant shall reimburse Landlord at the rate of \$30 per hour for each HVAC unit that is engaged during such period. Under no circumstances shall Tenant be obligated to pay supplemental charges for HVAC usage except upon Tenant's request for HVAC service for periods that are outside of Normal Business Hours and the Additional Hours. In addition to the foregoing, because Tenant has extensive data processing equipment, including computer server rooms, Landlord agrees that Tenant may install a separately metered, roof-top mounted air conditioning unit dedicated to Tenant's server room(s) to ensure that the temperature in Tenant's server rooms will not be lower than 67 degrees or higher than 75 degrees at all times. The allowance for improvements provided in Article 6B of this Lease may be applied toward the cost of installing such unit. The costs of maintaining such unit will be at Tenant's sole cost and expense, and the utility bills for such unit shall be Tenant's sole responsibility.

F) Interruption. Landlord does not warrant that building services to be provided by Landlord will be free from interruption due to causes beyond Landlord's reasonable control. Temporary interruption of services or unavoidable delay in the making of repairs for up to 72 hours shall not be deemed an eviction or disturbance of Tenant's use and possession nor shall render Landlord liable to Tenant for damage by abatement of rent or otherwise nor relieve Tenant from performance of its obligations under this Lease.

G) Normal Business Hours. "Normal Business Hours" shall be 7:00 a.m. to 7:00 p.m. weekdays and 8:00 a.m. to 1:00 p.m. on Saturdays except for Holidays.

H) Holidays. "Holidays" shall be New Years Day, Presidents Day, Memorial Day, July 4, Labor Day, Thanksgiving Day, and Christmas Day.

I) Limitation of Access. Landlord acknowledges that, for security reasons, certain areas of the Premises will be accessible only via keyless entry security system installed by Tenant. This may include key card access, biometrics or other currently acceptable security mechanisms. Landlord and Tenant agree to cooperate with each other to facilitate the provision of building services as they apply to such secure spaces.

## 9. Landlord's Responsibilities.

Landlord shall: (i) maintain the Building, including Tenant's Premises (except to the extent of Tenant's responsibilities under in Section 10.A. below), in good repair, reasonable wear and tear and any casualty covered by the provisions of paragraph 15 excepted, and make all necessary repairs and replacements to the Building and its components and operating systems, whether ordinary or extraordinary, structural or nonstructural; (ii) regularly mow any grass, remove weeds

and perform general landscape maintenance; and (iii) maintain and repair the parking lot and driveway areas. Tenant shall immediately give Landlord written notice of any defect or need for repairs after which Landlord shall have a reasonable opportunity to repair the same or cure such defect. Landlord's liability with respect to any defects, repairs or maintenance for which Landlord is responsible under any of the provisions of this Lease shall be limited to the cost of such repairs or maintenance or the curing of such defect. If any part of the Building or the Premises is damaged through the fault or negligence of Tenant, its agents, employees, invitees or customers, then Tenant shall promptly and properly repair the same at no cost to Landlord; provided, however, that Landlord may, at its option, make such repairs on behalf of Tenant, the reasonable cost of which shall constitute Other Charges payable by Tenant to Landlord.

10. Tenant's Responsibilities.

A. Maintenance of Premises. Tenant shall, at its own cost and expense, keep and maintain all parts of the Premises in good condition, promptly making all necessary repairs and replacements (including, but not limited to, windows, glass and plate glass, doors, any special entry, store fronts or lighting fixtures, floors and floor coverings) and shall keep the whole of the Premises in a clean and sanitary condition. Tenant shall not be obligated to repair any damage caused by fire, tornado or other casualty covered by the insurance to be maintained by Landlord pursuant to paragraph 15.

B. Prohibition against Damage. Tenant shall not damage any demising wall or disturb the integrity and support provided by any demising wall and shall, at its sole cost and expense, promptly repair any damage or injury to any demising wall caused by Tenant or its employees, agents or invitees.

C. Payment for Damage to Premises. Upon demand by Landlord, Tenant shall pay, as Other Charges, the cost and expense of repairing any damage to the Premises resulting from and/or caused in whole or in part by the negligence or misconduct of Tenant, its agents, servants, employees, patrons, customers, invitees, or any other person entering upon the Property as a result of Tenant's business activities or caused by Tenant's default under this Lease to the extent that 1) Tenant does not repair such damage, and 2) the cost of repairing such damage is not reimbursed by the insurance to be maintained by Landlord under paragraph 15.

11. Signs.

Tenant shall not, without the prior written consent of Landlord, install or affix any window coverings, blinds, draperies, signs, window or door lettering or advertising media of any type (collectively, "Signs") on the Property, the Building or in or on the Premises that are visible from the Common Areas (with the exception of external security related equipment and/or information related to entering the Premises). Any Signs shall be subject to any applicable governmental laws, ordinances, regulations and other requirements. Tenant shall remove any Signs and window coverings upon the termination of this Lease. Any such installations and removals shall be made in such manner as to avoid injury or defacement of the Building, Premises and other improvements, and Tenant shall repair any injury or defacement, including without limitation discoloration, caused by such installation and/or removal. Landlord reserves the right to install and maintain signage on the exterior or interior of the Building. Landlord agrees to post at the all entrances to Building signs prohibiting the carrying of firearms in accordance with the Ohio Revised Code.

12. Inspections.

Landlord and Landlord's agents and representatives shall have the right to enter and inspect the Premises, on a non emergency basis during Tenant's office hours, or in the case of an

emergency at any reasonable time for the purpose of ascertaining the condition of the Premises or in order to make such repairs as may be required or permitted to be made by Landlord under the terms of this Lease. Tenant shall give written notice to vacate to Landlord at least thirty (30) days prior to vacating the Premises and shall arrange to meet with Landlord for a joint inspection of the Premises prior to vacating. In the event of Tenant's failure to give such notice or arrange such joint inspection, Landlord's inspection at or after Tenant's vacating the Premises shall be conclusively deemed correct for purposes of determining Tenant's responsibility for repairs and restoration.

13. Utilities.

Tenant shall pay for all water, gas, heat, light, power, telephone, sewer and sprinkler charges and other utilities and services separately metered for the Premises, together with any taxes, penalties, surcharges or the like pertaining thereto and shall furnish and install all replacement electric light bulbs and tubes.

14. Assignment and Subletting.

A. Prohibition. Tenant shall not have the right to assign or pledge this Lease or to sublet the whole or any part of the Premises, whether voluntarily or by operation of law, or permit the use or occupancy of the Premises by anyone other than Tenant without the prior written consent of Landlord, which consent shall be in Landlord's sole discretion. In the event Tenant desires to sublet the Premises, or any portion thereof, or assign this Lease, Tenant shall give written notice thereof to Landlord sixty (60) days prior to the proposed commencement date of such subletting or assignment, which notice shall set forth the name of the proposed subtenant or assignee, the relevant terms of any sublease, and copies of financial reports and other relevant financial information of the proposed subtenant or assignee. Notwithstanding any permitted assignment or subletting, Tenant shall at all times remain directly, primarily and fully responsible and liable for the payment of Base Rent, Additional Rent and Other Charges herein specified and for compliance with all of its other obligations under the terms, provisions and covenants of this Lease. The restrictions and requirements of this paragraph 14 shall be binding upon any assignee or subtenant to which Landlord has consented. Upon the occurrence of an event of default as outlined in paragraph 20 of this Lease, if the Premises or any part thereof are then assigned or sublet, Landlord, at its option and in addition to any other remedies provided in this Lease or provided by law, may collect directly from such assignee or subtenant all rent due and becoming due to Tenant under such assignment or sublease and apply such rent against any sums due to Landlord from Tenant hereunder, and no such collection shall be construed to constitute a novation or release of Tenant from the further performance of Tenant's obligations under this Lease.

B. Excess Rent. If Landlord grants its consent to any sublease or assignment, Tenant shall pay to Landlord as Other Charges one hundred percent (100%) of any sums in excess of the Base Rent and Additional Rent payable under this Lease received by, or payable to, Tenant under the sublease or assignment.

C. Payment of Fees. If Landlord grants its consent to any sublease or assignment, Tenant shall pay as Other Charges reasonable attorneys' fees incurred by Landlord with respect to such assignment or sublease.

D. Options Not Assignable. If Tenant has any options to extend the Term of this Lease, such options shall not be available to any subtenant or assignee, directly or indirectly.

E. Option to Cancel. In addition to, but not in limitation of, Landlord's right to approve of any subtenant or assignee, Landlord shall have the option to terminate this Lease, in its sole discretion, in the event of any proposed subletting or assignment to terminate this Lease or, in the case of a proposed subletting of less than the entire Premises, to recapture the portion of the Premises to be sublet, as of the date the subletting or assignment is to be effective. The option shall be exercised, if at all, by Landlord giving Tenant written notice thereof within sixty (60) days following Landlord's receipt of Tenant's written notice as required in paragraph 14A. If this Lease shall be terminated with respect to the entire Premises pursuant to this paragraph 14E, the Term of this Lease shall end on the date stated in Tenant's notice as the effective date of the sublease or assignment as if that date had been originally fixed in this Lease for the expiration of the Term hereof. If Landlord recaptures only a portion of the Premises under this paragraph 14E, the Base Rent and Additional Rent during the unexpired Term shall abate proportionately.

15. Fire and Casualty Damage.

A. Coverage. Landlord agrees to maintain standard "all risk" property coverage insurance covering the Building in an amount not less than 80% of the replacement cost of the Building. "Replacement Cost" as used in this Lease shall be defined in the replacement cost endorsement attached to the all risk coverage policy, with such coverage to be at least equal to those defined, provided and limited in Insurance Services Office standard forms. Subject to the provisions of paragraphs 15B, 15C, 15D and 15E, such insurance shall be for the sole benefit of Landlord and under its sole control.

B. Destruction of Premises or Building. If the Premises or Building (or any substantial part of either) are damaged or destroyed by fire, tornado, or other casualty, and such damage or destruction in Landlord's sole judgment cannot be repaired within ninety (90) days after such damage or destruction, either Landlord or Tenant may terminate this Lease by written notice to the other within thirty (30) days after such damage or destruction. Such termination shall be effective as of the date of such damage or destruction.

C. Premises Rendered Untenantable. If the Common Areas are damaged or destroyed by fire, tornado, or other casualty to such an extent as to substantially interfere with Tenant's use of the Premises or if the Premises are rendered untenantable, and such damage or destruction in Landlord's sole judgment cannot be repaired within ninety (90) days of such damage or destruction, then Tenant may terminate this Lease by giving written notice to Landlord within thirty (30) days after such damage or destruction. Such termination shall be effective as of the date of such damage. If Tenant does not so terminate this Lease, Base Rent, Additional Rent, and Other Charges shall abate during any period of such damage or destruction.

D. Right to Rebuild. If the Building is damaged by any peril covered by the insurance to be provided by Landlord under this paragraph 15, but only to such extent that, in Landlord's sole judgment, rebuilding or repairs can be completed within ninety (90) days after the date of such damage (except that Landlord may elect not to rebuild if such damage occurs during the last year of the Lease), this Lease shall not terminate, and Landlord shall, at its sole cost and expense, proceed with reasonable diligence to rebuild and repair the Building to substantially the condition in which it existed prior to such damage, except that Landlord shall not be required to rebuild, repair or replace any part of the partitions, fixtures, additions, and other improvements that may have been placed in, on or about the Premises by Tenant.

E. Insurance Applied to Indebtedness. Notwithstanding anything herein to the contrary, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises or the Building requires that the insurance proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of

termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon all rights and obligations hereunder shall cease and terminate.

16. Insurance.

A. Indemnification. Except as otherwise provided in this Lease, Tenant shall protect, defend, indemnify, save and hold harmless Landlord and any fee owner, ground lessor, or underlying landlord of the Property or of the Building against and from any and all claims, liabilities, demands, fines, suits, actions, proceedings, orders, decrees and judgments of any kind or nature by, or in favor of, anyone whomsoever, and against and from any and all costs, damages and expenses, including attorney's fees, resulting from or in connection with, loss of life, bodily or personal injury, or property damage arising, directly or indirectly, out of, or from, or on account of: (i) any accident or other occurrence in, upon, at or from the Premises, or occasioned in whole or in part by the use and occupancy of the Premises or any improvements therein or appurtenances thereto (except to the extent caused by the negligence and willful misconduct of Landlord or Landlord's agents or employees), or by any act or omission of Tenant or any subtenant, concessionaire, or licensee of Tenant, or their respective employees, agents, contractors, or invitees, in, upon, at or from the Premises or its appurtenances or any common area; or (ii) any properly performed action of Landlord or Landlord's agents or employees that is taken in reasonable reliance upon any act, omission or statement of Tenant or any subtenant, concessionaire, or licensee of Tenant, or their respective employees, agents or contractors.

B. Tenant's Insurance. Tenant, at its sole cost and expense, shall obtain and maintain during the entire Term of this Lease the following types of insurance:

(i) Commercial general liability insurance providing coverage against claims of bodily injury or property damage occurring in, upon, or about the Premises, with minimum limits of one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) in the aggregate;

(ii) "All risk" property insurance coverage on all of Tenant's personal property, including trade fixtures, floor coverings, wall coverings, furnishings, furniture, and contents on a replacement cost basis;

(iii) Business interruption insurance in an amount equal to the aggregate of one (1) year's requirement of Base Rent, Additional Rent, and the insurance premiums necessary to comply with this paragraph 16; and

(iv) Both workers' compensation insurance in compliance with state law and employer's liability insurance with a minimum limit of \$500,000 per employee.

C. Landlord as Additional Insured. The commercial general liability insurance required to be maintained by Tenant shall identify Landlord and its assigns as additional insureds with respect to their liability arising out of Tenant's use, occupancy, and maintenance of the Premises and shall be written with a company or companies reasonably satisfactory to Landlord, having a policyholder rating of at least "A-" (A minus) as rated in the most recent edition of "Best's Key Rating Guide" for insurance companies, and authorized to engage in the business of insurance in the State of Ohio. Tenant shall deliver to Landlord customary insurance certificates evidencing such paid-up insurance. Such insurance shall further provide that the same may not be canceled, terminated or materially modified unless the insurer gives Landlord and Landlord's mortgagee(s) at least thirty (30) days' prior written notice thereof.

D. Waiver of Subrogation Rights. Anything in this Lease to the contrary notwithstanding, Landlord and Tenant shall waive, and shall cause their respective property insurance carriers to

waive, any and all subrogation rights of recovery, claim, action or cause of action against the other, its agents, officers or employees, for any loss or damage that may occur to the Premises, Building, Property, or any personal property of the other party, regardless of cause or origin. Tenant shall take necessary action to make this release effective and binding upon its insurance carriers so that its insurance is not invalidated or otherwise prejudiced by reason of this release.

E. Increase in Premiums. If insurance premiums payable by Landlord are increased as a result of any breach of Tenant's obligations under this Lease or as a result of Tenant's use and occupancy of the Premises, Tenant shall pay to Landlord as Other Charges an amount equal to any increase in such insurance premiums.

17. Condemnation.

A. Condemnation of Premises. If all or part of the Premises shall be taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, this Lease shall terminate as of the date of vesting. Landlord shall be entitled to receive the entire award paid for such taking or condemnation, and Tenant hereby assigns to Landlord all Tenant's right, title and interest therein.

B. Condemnation Exclusive of Premises. If 25% or more of the Building, exclusive of the Premises, shall be taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase in lieu thereof, then either Landlord or Tenant may terminate this Lease within sixty (60) days after the date of vesting of title. This Lease shall expire on the date specified in such notice of termination. Furthermore, in the event the holder of any indebtedness secured by a mortgage or deed of trust covering the Premises or the Building requires that the condemnation proceeds be applied to such indebtedness, then Landlord shall have the right to terminate this Lease by delivering written notice of termination to Tenant within fifteen (15) days after such requirement is made by any such holder, whereupon all rights and obligations hereunder shall cease and terminate.

C. Reduction of Rent. Any such taking that results in a termination of this Lease, or a reduction of the square footage of the Premises, shall be cause for a proportionate elimination, reduction, or diminution of Base Rent, Additional Rent, and Other Charges.

18. Holding Over.

Upon the termination of this Lease by lapse of time or otherwise, Tenant shall immediately surrender the Premises to Landlord. If Tenant retains possession of the Premises or any part thereof after such termination, then Landlord may, at its option, serve written notice upon Tenant that such holding over constitutes creation of a month-to-month tenancy upon the terms and conditions of this Lease; provided, however, that the monthly installment of Base Rent shall be 125% of the amount paid under this Lease immediately prior to such termination. Tenant shall indemnify Landlord for all damages, consequential as well as direct, sustained by reason of Tenant's retention of possession. The provisions of this paragraph 18 shall not constitute a waiver by Landlord of any right of re-entry as herein set forth, nor shall receipt of any rent or any other act in apparent affirmance of the tenancy operate as a waiver of the right to terminate this Lease for a breach of any of the terms, covenants, or obligations herein on Tenant's part to be performed.

19. Quiet Enjoyment.

Landlord represents and warrants that it has full right and authority to enter into this Lease and that Tenant, upon paying the rental herein set forth and performing its other covenants and agreements herein set forth, shall peaceably and quietly have, hold and enjoy the Premises for the

Term hereof without hindrance or molestation from Landlord, subject to the terms and provisions of this Lease.

20. Events of Default by Tenant.

The following events shall be deemed to be Events of Default by Tenant under this Lease:

A. Failure to Pay Rent. Tenant shall fail to pay any installment of Base Rent, Additional Rent, Other Charges, or any other payment or reimbursement to Landlord required herein when due, and such failure shall continue for a period of five (5) days after written notice thereof by Landlord to Tenant.

B. Chronic Failure of Prompt Payment. Tenant shall fail to make when due any payment of Base Rent, Additional Rent, or Other Charges more than two times within any twelve (12) month period and Landlord, because of these failures, has served upon Tenant within said twelve (12) month period two (2), ten (10) day written notices.

C. Insolvency or Fraud. Tenant shall become insolvent, or shall make a transfer in fraud of creditors, or shall make an assignment for the benefit of creditors.

D. Bankruptcy. Tenant shall file a petition under any section or chapter of the federal bankruptcy laws, or under any similar law or statute of the United States or any state thereof, whether now or hereafter in effect; or an order for relief shall be entered against Tenant in any such bankruptcy or insolvency proceedings filed against Tenant thereunder or Tenant shall be adjudged bankrupt or insolvent in proceedings filed against Tenant thereunder.

E. Appointment of Trustee. A receiver or trustee shall be appointed for all or substantially all of the assets of Tenant.

F. Failure to Operate. Intentionally Omitted.

G. Failure to Discharge Lien. Tenant shall fail to discharge any lien placed upon the Premises in violation of paragraph 7 hereof.

H. Failure to Cure. Tenant shall fail to comply with any other term, provision or covenant of this Lease and shall not cure such failure within thirty (30) days after written notice of such failure is received by Tenant. The 30-day notice provided herein shall not apply to paragraphs 20A and 20B above.

21. Landlord Remedies.

Upon the occurrence of any of such Events of Default described in paragraph 20 hereof, Landlord shall have the option to pursue any one or more of the following remedies without any further notice or demand whatsoever:

A. Termination Options. Landlord may, at its election, terminate this Lease or terminate Tenant's right to possession only without terminating the Lease. If Landlord elects to terminate Tenant's right to possession without terminating the Lease, Landlord shall take commercially reasonable steps to relet the Premises to a new tenant as soon as possible.

B. Repossession of Premises. Landlord may require Tenant to surrender possession and vacate the Premises immediately, and Landlord may enter the Premises in such event with or



without process of law and retake possession of the Premises and may expel or remove Tenant or any others who may be occupying or are within the Premises and remove all property therefrom without relinquishing Landlord's right to rent or any other right given to Landlord hereunder or by operation of law.

C. Accelerated Rents. Landlord may require Tenant to pay Termination Damages and other amounts due Landlord (as defined hereinafter). If this Lease is terminated by Landlord pursuant to this paragraph 21, Tenant nevertheless shall remain liable for any Base Rent, Additional Rent and Other Charges required to be paid under this Lease, for any damages that may be due or sustained prior to such termination, and for all reasonable costs, fees and expenses incurred by Landlord in pursuit of its remedies under this Lease, including attorneys' fees (all such rents, damages, costs, fees and expenses being referred to herein collectively as "Termination Damages"). Termination Damages shall be due and payable immediately upon demand by Landlord following any termination of this Lease pursuant to this paragraph 21.

D. Right to Redecorate and Relet. If Landlord reenters and takes possession of the Premises pursuant to this paragraph 21 without terminating this Lease, Landlord shall have the right, but not the obligation, to make repairs, alterations and additions in or to the Premises and redecorate the same to the extent deemed by Landlord to be necessary or desirable, and to relet the Premises or any part thereof. Upon demand, Tenant shall pay to Landlord the costs (the "Reletting Costs") of such repairs, alterations, additions, redecorating and all other costs of reletting the Premises or any part thereof, including without limitation attorneys', brokers' and other professional fees. If the consideration collected by Landlord upon any such reletting for the Tenant's account is insufficient to pay the full amount of Termination Damages and Reletting Costs, Tenant shall pay to Landlord, to the extent not already paid, the amount of such deficiency upon demand. If the consideration so collected from any such reletting is more than sufficient to pay the Termination Damages and Reletting Costs, Landlord shall account for the surplus to Tenant.

E. Removal of Property. If Landlord terminates this Lease or if Tenant's right to possession of the Premises terminates by lapse of time or as otherwise may be provided in this Lease, Tenant shall remove its property from the Premises. Any such property of Tenant, excluding Tenant's business records, not removed from the Premises by Tenant within seven (7) days after the end of the Term or of Tenant's right to possession of the Premises (however terminated), whichever occurs earlier, shall be conclusively deemed to have been forever abandoned by Tenant and either may be retained by Landlord as its property or may be disposed of in such manner as Landlord may see fit. Tenant's business records shall not become Landlord's property. Landlord shall return such business records to Tenant at Tenant's cost.

F. Performance of Terms. If Tenant at any time fails to make any payment or perform any other act on its part to be made or performed under this Lease, Landlord may, but shall not be obligated to, and after reasonable notice or demand and without waiving or releasing Tenant from any obligation under this Lease, make such payment or perform such other act to the extent Landlord may deem desirable, and in connection therewith to pay expenses and employ counsel. Tenant shall pay to Landlord immediately upon demand all costs associated with this paragraph 21F.

G. Remedies Cumulative. All rights and remedies of Landlord herein enumerated shall be cumulative and none shall exclude any other right or remedy allowed by law or this Lease.

## 22. Mortgages.

Tenant accepts this Lease subject and subordinate to any mortgage(s) now or at any time hereafter constituting a lien for charge upon the Property or the Premises; provided, however, that if the holder of any such mortgage elects to have Tenant's interest in this Lease superior to

any such instrument, then by notice to Tenant from such holder, this Lease shall be deemed superior to such lien, whether this Lease was executed before or after said mortgage. Tenant shall at any time hereafter on demand execute any instruments, releases or other documents that may be required by any mortgagee for the purpose of subjecting and subordinating this Lease to the lien of any such mortgage.

23. Events of Default by Landlord.

A. The following shall be deemed Events of Default by Landlord under the terms of this Lease:

1. Failure to comply with any material term, provision, or covenant of this Lease obligating Landlord, including without limitation Landlord's obligations under Sections 6 and 9, within any applicable cure periods; and
2. Failure of Landlord to comply with applicable laws, ordinances, or similar governmental regulations applicable to the Building whereby such failure adversely affects Tenant and/or Tenant's business operations at the Premises.

B. Upon an Event of Default by Landlord, Tenant's exclusive remedy shall be an action for damages (Tenant hereby waiving the benefit of any laws granting it a lien upon the property of Landlord and/or upon rent due Landlord). Prior to any such action, Tenant shall give Landlord written notice specifying such default with particularity, and Landlord shall, upon receipt of said notice, have thirty (30) days in which to cure any such default. Unless and until Landlord fails to so cure any default after such notice, Tenant shall not have any remedy or cause of action by reason thereof. All obligations of Landlord hereunder will be construed as covenants, not conditions; and all such obligations will be binding upon Landlord only during the period of Tenant's possession of the Premises and not thereafter. Tenant acknowledges and agrees that all liability of Landlord under this Lease or arising out of the relationship of the parties created thereby shall be limited to the insurance coverage described in this paragraph and Landlord's interest in the Building and Property and any judgments rendered against Landlord shall be satisfied solely out of the insurance proceeds and the proceeds of sale of its interest in the Building and Property as received by Landlord. No personal judgment shall lie against Landlord upon extinguishment of its rights in the Building and Property, and any judgment so rendered shall not give rise to any right of execution or levy against Landlord's assets. The provisions hereof shall inure to Landlord's successors and assigns.

C. Notwithstanding the foregoing, Landlord shall maintain at least \$2,000,000.00 in general liability insurance coverage to compensate Tenant, and any subtenant, concessionaire, or licensee of Tenant, or their respective employees, agents, contractors, or invitees, for damages for which Landlord is liable. The general liability insurance required to be maintained by Landlord shall be written with a company or companies reasonably satisfactory to Tenant, having a policyholder rating of at least "A-" as rated in the most recent edition of "Best's Key Rating Guide" for insurance companies, and authorized to engage in the business of insurance in the State of Ohio. Landlord shall deliver to Tenant customary insurance certificates evidencing such paid-up insurance. Such insurance shall further provide that the same may not be canceled, terminated, or materially modified unless the insurer gives Tenant at least 30 days' prior written notice thereof. If Landlord fails to obtain and maintain such insurance coverage during the Term, the provisions under this paragraph limiting Tenant's remedies and rights of recovery shall be void.

24. Personal Property Taxes.

Tenant shall be liable for all taxes levied or assessed against personal property, furniture or fixtures placed by Tenant in the Premises. If any such taxes for which Tenant is liable are levied

or assessed against Landlord or Landlord's property and if Landlord elects to pay the same, or if the assessed value of the Property is increased by inclusion of personal property, furniture or fixtures placed by Tenant in the Premises and Landlord elects to pay the taxes based on such increase, Tenant shall pay to Landlord as Other Charges that part of such taxes.

25. Relocation. Intentionally Omitted.

26. Notices.

All notices, demands, requests, consents, approvals and payments that may or are required to be given by Tenant to Landlord shall be a) delivered personally, b) sent by United States certified mail, postage prepaid, or c) sent by overnight courier to Eagle Realty Group, LLC, as Agent for The Western And Southern Life Insurance Company, 421 East Fourth Street, Cincinnati, OH 45202 Attn: Mail Station 47.

All notices, demands, requests, consents, approvals and payments that may or are required to be given by Landlord to Tenant shall be a) delivered personally, b) sent by United States certified or registered mail, postage prepaid, or c) sent by overnight courier to LanVision, Inc., attention Chief Financial Officer, 5481 Creek Road, Cincinnati, OH 45242 through the date of occupancy of the Premises and thereafter to LanVision, Inc., Attention Chief Financial Officer, 10200 Alliance Road, Cincinnati, Ohio 45242

Notice shall be deemed to have been given on the date personally delivered or, if addressed and mailed as otherwise provided herein, five (5) business days after deposit in United States mail or one (1) day after deposit with an overnight courier. Either party from time to time may designate a new address by notice to the other party.

27. Successors.

The terms, provisions, covenants and conditions contained in this Lease shall apply to, inure to the benefit of, and be binding upon the parties hereto and upon their respective heirs, legal representatives, successors and permitted assigns, except as otherwise herein expressly provided. Landlord shall have the right to assign any of its rights and obligations under this Lease. The term "Landlord" shall mean only the owner at any time of the Premises. In the event of the transfer by such owner of its interest in the Premises, Landlord's grantee or Landlord's successor shall upon such transfer become "Landlord" under this Lease, thereby freeing and relieving the grantor or assignor of all covenants and obligations of "Landlord" hereunder; such covenants and obligations shall be binding during the term upon each new owner only for the duration of such owner's ownership. Tenant agrees to furnish promptly upon demand a corporate resolution, proof of due authorization by partners, or other appropriate documentation evidencing the due authorization of Tenant to enter into this Lease. Nothing herein contained shall give any other tenant in the Building any enforceable rights either against Landlord or Tenant as a result of the covenants and obligations of either party set forth herein.

28. Estoppel Certificates.

Tenant agrees from time to time and within ten (10) days after request of Landlord to deliver to Landlord or Landlord's designee an estoppel certificate in a form and substance substantially similar to that attached as Exhibit F and incorporated herein by reference. Tenant shall make

such modifications to such estoppel certificate as may be necessary to make such certificate true and accurate, it being understood that any such statement may be relied upon by any mortgagee, prospective mortgagee, prospective purchaser, or land lessor of the Property. It is understood and agreed that the Tenant's obligation to furnish such estoppel certificates in a timely fashion is a material inducement for Landlord's execution of this Lease. If Tenant fails to provide such estoppel certificate within ten (10) days after Landlord's written request, Tenant shall be deemed to have approved the contents of any such certificate submitted to Tenant by Landlord and Landlord is hereby authorized to so certify.

29. Survival of Obligations.

All obligations of Tenant hereunder not fully performed as of the expiration or earlier termination of this Lease shall survive the expiration or earlier termination of the Lease, including without limitation all payment obligations with respect to Base Rent, Additional Rent, Other Charges and all obligations concerning the condition of the Premises.

30. Hazardous Materials.

A. Prohibition. Tenant shall not receive, store or otherwise handle in or on the Premises, Building or Property any Hazardous Materials (as hereinafter defined), nor shall Tenant permit its agents, servants, employees, officers and directors to handle any Hazardous Materials on the Premises. For the purposes of this Lease, "Hazardous Materials" shall mean any substance or waste containing hazardous substances, pollutants, or contaminants as those terms are defined in Section 101 (14) of the Comprehensive Environmental Response Compensation and Liability Act of 1980 ("CERCLA"), as it may be amended from time to time. This definition includes friable asbestos and petroleum or petroleum-based products.

B) Indemnification. Tenant shall fully and promptly pay, perform, discharge, defend, indemnify and hold harmless Landlord from any and all claims, orders, demands, causes of action, proceedings, judgments, or suits and all liabilities, losses, costs or expenses (including, without limitation, technical consultant fees, court costs, expenses paid to third parties and reasonable legal fees), and any damages arising out of, or as a result of, a) any "release" (as defined in Section 101 (22) of CERCLA) by Tenant or Tenant's agents, servants, employees, officers or directors of any Hazardous Materials from the Premises; b) any contamination of the Property's soil or groundwater or damage to the environment and natural resources of the Property that result from actions by Tenant or Tenant's agents, servants, employees, officers or directors occurring after the date of this Lease, whether arising under CERCLA or other statutes and regulations, or common law; or c) any toxic, explosive or otherwise dangerous materials or hazardous materials that have been buried beneath, concealed within or released on or from the Property by Tenant or Tenant's agents, servants, employees, officers or directors after the date of this Lease.

C) Tenant Environmental Audit. Tenant shall, on demand, pay for the reasonable out-of-pocket costs and expenses incurred by Landlord for any environmental assessment (including without limitation any inspection or testing) of the Premises, Building or Property required by any mortgagee or any governmental authority by reason of the use or occupancy of the Premises, Building or Property by Tenant or Tenant's agents, servants, employees, officers or directors. Landlord acknowledges and agrees that Tenant's current intended use and occupancy of the Premises as provided herein is not a currently recognized environmental problem or hazard and Tenant's current intended use and occupancy of the Premises as provided herein is acceptable to Landlord.

31. Exculpation.

This Lease is executed by certain representatives of Landlord and Tenant, not individually, but solely on behalf of Landlord or Tenant, and in consideration for entering into this Lease, Tenant and Landlord hereby waive any rights to bring a cause of action against the individuals executing this Lease on behalf of Landlord or Tenant. All persons dealing with Landlord or Tenant must look solely to Landlord's or Tenant's assets for enforcement of any claim against Landlord or Tenant, and the obligations hereunder are not binding upon, nor shall resort be had to, the private property of any of the trustees, officers, directors, employees or agents of Landlord or Tenant.

32. Financial Statements.

Within five (5) business days of a written request by Landlord, Tenant shall provide Landlord with its most recent financial statements, certified to be true and correct by either Tenant's chief financial officer or an independent certified public accountant; provided, however, Landlord may share such statements only with its mortgagee, ground lessor, prospective mortgagees and ground lessors, purchasers and partners, and attorneys, accountants and other advisors of Landlord and each of the foregoing. Financial statements shall include income statements, balance sheets and statements of cash flows for each of the previous two fiscal years and the most recent fiscal year-to-date. Landlord acknowledges that the financial statements provided by Tenant, and its parent company, LanVision Systems, Inc., under this provision will be limited only to financial statements that have been filed with the U.S. Securities and Exchange Commission on Form 10-K or Form 10-Q.

33. Brokers.

Tenant represents and warrants that it has dealt with no broker, agent or other person in connection with this transaction or that no broker, agent or other person brought about this transaction, other than JHB Real Estate Services, LLC and Tenant agrees to indemnify and hold harmless Landlord from and against any claims by any other broker, agent or other person claiming a commission or other form of compensation by virtue of having dealt with Tenant with regard to this leasing transaction.

34. Inspection.

During the period that is nine (9) months prior to the end of the Term, Landlord and Landlord's agents and representatives shall have the right to enter the Premises during Tenant's normal business hours by providing prior notice to Tenant for the purpose of showing the Premises and shall have the right to erect on or in the Building a sign, the form, size and expense of which shall be at the sole discretion of Landlord, indicating that the Premises are available.

35. Force Majeure.

If Landlord or Tenant shall be delayed or hindered in or prevented from the performance of any act required under this Lease by reason of strikes, lockouts, labor troubles, inability to procure materials, power failure, natural disaster, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under the terms of this Lease, then performance of such act shall be excused for the period of delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay. The provisions of this paragraph 35 shall not excuse Tenant from the prompt payment of Base Rent, Additional Rent, Other Charges or any other payment required under the terms of this Lease. For any material obligation under this Lease, if the period of delay is greater than 90 days, the non-delayed party may terminate this Lease upon written notice to the other party.

36. Miscellaneous.

A. Gender and Number. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

B. Topics and Headings. The topics and headings inserted in this Lease are for convenience only and in no way define, limit or otherwise describe the scope or intent of this Lease, or any provision hereof, or in any way affect the interpretation of this Lease.

C. Prohibition on Lease Alteration. This Lease may not be altered, changed or amended except by an instrument in writing signed by both parties hereto.

D. Governing Law. This Lease shall be subject to and governed by the laws of the State of Ohio.

E. Invalidity of Any Provisions. If any clause or provision of this Lease shall to any extent be invalid or unenforceable, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby.

F. Compliance with Laws. Tenant shall comply with all governmental laws, ordinances and regulations applicable to the use of the Premises and shall promptly comply with all governmental orders and directives for the correction, prevention and abatement of nuisance in or upon, or connected with, the Premises, all at Tenant's sole expense.

G. Noise/Odors. Tenant shall not permit any objectionable or unpleasant odor, smoke, dust, gas, vibrations, or noise to emanate from the Premises, nor take any other action that would constitute a nuisance or would disturb or endanger any other tenants of the Building or unreasonably interfere with the use of their premises.

H. Recording. The parties agree that this Lease shall not be recorded, either in this present form or in a short form, without the prior written consent of Landlord. Landlord acknowledges that this lease will be filed as an Exhibit to the financial statements of LanVision Systems, Inc. filed with the U.S. Securities and Exchange Commission.

I. Examination of Lease. Submission of this instrument for examination or signature does not constitute a reservation of or option for lease and this instrument is not effective as a lease or otherwise until execution and delivery by Landlord.

J. Duplication of Original. Landlord may reproduce this Lease and all documents relating to this Lease by any photographic, photostatic, microfilm, microcard, miniature photographic or other similar process and Landlord may destroy any original document ("Master") so reproduced. Tenant agrees and stipulates that any such reproduction is an original and shall be admissible in evidence as the Master in any judicial or administrative proceeding (whether or not the Master is in existence and whether or not such reproduction was made or preserved by Landlord in the regular course of business) and any enlargement, facsimile or further reproduction of such a reproduction shall be no less admissible.

K. Rights Reserved by Landlord. Landlord shall retain the right to a) change the name or street address of the Building, b) to have pass keys to the Premises, c) to approve the size and location of articles or equipment exceeding 50 pounds per square foot live load and 20 pounds per square foot partition load in and about the Premises, and d) to regulate the movement of office furniture and equipment into and out of the Building.

L. Building Signage. With the prior written consent of Landlord with regard to location, size, and design, Tenant shall be granted the non-exclusive right to install a sign featuring Tenant's name and logo on the facade of the Building, which shall be similar in size and location of the sign shown in Exhibit G hereto. Such signage shall be fabricated and installed in accordance with standard industry practice with respect to building signage. Tenant shall install a meter to measure electric consumption associated with such signage and shall promptly pay for electric consumption associated therewith. Within 30 days of the conclusion of the term of this Lease, whether by expiration or otherwise, Tenant shall remove its building signage and return the facade of the Building to a condition substantially similar to its condition prior to the installation of the signage. Should Tenant fail to remove the signage in a timely manner, Landlord may remove the signage, and Tenant shall reimburse Landlord for the cost of such removal.

M. Termination Right. Tenant shall have a one-time right to terminate this Lease by delivering written notice to Landlord at any time prior to 5:00 pm on July 30, 2004. Within ten days of receipt of such termination notice, Landlord shall provide to Tenant an invoice consisting of the sum of all costs associated with architectural drawings, engineering fees, and space planning fees incurred by Landlord between June 30, 2004 and the termination date and related to the preparation of the Premises for Tenant's occupancy, if any (the "Termination Fee"). Tenant shall pay to Landlord the Termination Fee within ten days of receipt of notice from Landlord.

Notwithstanding the foregoing, Tenant understands and agrees that Landlord shall continue to offer the Premises for occupancy to other prospective tenants through July 30, 2004. Should Landlord receive a bona fide offer from another prospective tenant to lease no less than 10,000 square feet of the Premises at any time through July 16, 2004, then Landlord shall notify Tenant of such offer. Within seven business days of receipt of such notice, Tenant shall notify Landlord of its election either to 1) terminate this Lease, or 2) waive its right to terminate this Lease. Should Tenant elect to terminate this Lease, then Tenant shall pay Landlord the Termination Fee as described above; if any. Tenant's failure to respond to Landlord's notice within seven business days shall constitute Tenant's waiver of its right to terminate this Lease, and Landlord shall proceed to prepare the Premises for Tenant's occupancy as if Tenant had no termination right.

37. Additional Provisions.

See the attached rider for additional provisions that are a part of this Lease.

38. Entire Agreement.

This Lease contains the entire agreement between the parties and supersedes all previous understandings and agreements between the parties, if any. No oral or implied representation or understandings shall vary the terms of this Lease, which may not be amended except by a written instrument executed by both parties hereto.

LANDLORD: The Western and Southern Life  
Insurance Company

TENANT: LanVision, Inc.

By /s/ Mario San Marco

By /s/ Paul W. Bridge, Jr.

-----  
Mario San Marco  
Its Vice President

-----  
Paul W. Bridge, Jr.  
Its Chief Financial Officer

By /s/ D. J. Wuebbling

-----  
D. J. Wuebbling  
Its Senior Vice President



STATE OF OHIO )  
 ) ss:  
COUNTY OF HAMILTON )

On this, the 10 day of August, 2004, before me, a Notary Public, the undersigned officers, personally appeared Mario San Marco and D.J. Wuebbling, who acknowledged themselves to be the vice president and senior vice president (respectively) of The Western and Southern Life Insurance Company, an Ohio corporation, and that they, as such officers, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of said corporation as such officers.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ Robert Brinkley  
-----  
Notary Public

My commission expires: June 18, 2005

Robert Brinkley  
-----  
Print Name

NOTARY SEAL

Hamilton  
-----  
County of Residence

STATE OF OHIO )  
 ) ss:  
COUNTY OF HAMILTON )

On this, the 30 day of July, 2004, before me, a Notary Public, the undersigned officer, personally appeared Paul W. Bridge, Jr., who acknowledged himself/herself to be the Chief Financial Officer of LanVision, Inc., an Ohio corporation, and that he/she, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of said corporation as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

/s/ Melissa Vincent  
-----  
Notary Public

My commission expires: June 8, 2009

Melissa Vincent  
-----  
Print Name

Butler  
-----

NOTARY SEAL

County of Residence

Rider A

WORK LETTER AGREEMENT  
THE WESTERN AND SOUTHERN LIFE INSURANCE COMPANY  
AS LANDLORD, AND  
LanVision, Inc  
AS TENANT

RE: Approximately 21,723 square feet of net rentable area located at 10200 Alliance Road in the Blue Ash Office Center.

Tenant and Landlord are executing, simultaneously with the Lease, this Work Letter Agreement ("Work Letter Agreement") covering the Premises.

To induce Tenant to enter into the Lease and in consideration of the mutual covenants hereinafter contained, Landlord and Tenant mutually agree as follows:

1. All work to be completed in accordance with the Plans and Specifications (the "Work") shall be carried out by a contractor selected by and under the direction of Landlord, subject to the requirements of Paragraph 6.B of this Lease. Landlord must consider, within reason, vendors requested by the Tenant.
2. Any increases in construction costs caused by Tenant's changes to the Plans and Specifications shall be paid for by Tenant as Other Charges to the extent that such costs exceed the allowance provided for by Landlord pursuant to Article 6C of this Lease. Any such changes must receive the prior written approval of both Landlord and Tenant.
3. Tenant shall cooperate with Landlord to promote the efficient and expeditious completion of all work.
4. Any delay caused by Tenant in connection with the completion of the Work shall in no event delay the Commencement Date or the payment of Base Rent, Additional Rent, and Other Charges; provided, however, that any such delay shall extend the time allowed for Landlord to complete the Work.
5. All design, construction, and installation shall conform to the requirements of applicable building, plumbing, electrical, and fire codes and the requirements of any authority having jurisdiction over or with respect to such work, as such codes and requirements may from time to time be amended, supplemented, changed, or interpreted.
6. Tenant agrees that in the event of a default of payment hereof, Landlord (in addition to all other remedies) has the same rights as in the event of default of payment of Base Rent under the Lease. Notwithstanding any provision contained herein to the contrary, it is understood and agreed that Landlord shall have no obligation to commence the Work until Tenant and Landlord shall have approved a space plan or architectural drawings consistent with the Plans and Specifications.
7. The costs of modifications and changes to the space plan or architectural drawings either 1) in excess of the Plans and Specifications or 2) after mutual approval of the space plan

or architectural drawings shall include any additional costs for architectural and engineering design and construction. All such additional costs shall be borne by Tenant.

Agreed and acknowledged effective the date stated herein.

LANDLORD: The Western and Southern Life  
Insurance Company

TENANT: LanVision, Inc.

By /s/ Mario San Marco  
-----  
Mario San Marco  
Its Vice President

By /s/ Paul W. Bridge, Jr.  
-----  
Paul W. Bridge, Jr.  
Its Chief Financial Officer

By /s/ D. J. Wuebbling  
-----  
D. J. Wuebbling  
Its Senior Vice President

Exhibit A

Premises outline map attached

Exhibit B

LEGAL DESCRIPTION

Situated in Section 16, Town 4, Entire Range 1, Sycamore Township, Hamilton County, State of Ohio, in the City of Blue Ash, Lot 24 of Tract 6, and being more particularly described as follows:

From the northeast corner of Section 16, measure North 85 degrees 37' 00" West along the North line of Section 16, 382.29 ft. to the northwest corner of Tract III of land conveyed to Connecting Railway Company by deed recorded in Deed Book 3814, Page 422, of Hamilton County Records; thence South 9 degrees 40' 20" West, 354.95 ft; thence South 85 degrees 37' 00" East, 10.04 ft; thence South 9 degrees 40' 20" West, 397.07 ft; thence tangent to the last described course and along a curve deflecting to the left with a radius of 2773.32 ft. for a distance of 405.12 ft. (the chord of said curve has a bearing of South 5 degrees 29' 13" West and a length of 404.76 ft.) to the POINT OF BEGINNING; thence continuing along the last described curve and deflecting to the left with a radius of 2773.32 ft. for a distance of 562.67 ft. (the chord of said curve has a bearing of South 4 degrees 30' 34" East and a length of 561.71 ft.); thence tangent to the last described curve, South 10 degrees 19' 20" East, 76.55 ft.; thence North 86 degrees 42' 20" West, 10.29 ft.; thence South 10 degrees 19' 20" East, 132.54 ft; thence North 85 degrees 32' 51" West, 885.80 ft; thence North 6 degrees 24' 30" East, 444.31 ft; thence South 87 degrees 11' 10" East, 197.58 ft; thence tangent to the last described course along a curve deflection to the left with a radius of 75.00 ft. for the distance of 50.78 ft. (the chord of said curve has a bearing of North 73 degrees 24' 46" East of a length of 49.82 ft); thence tangent to the last described curve, North 54 degrees 00' 52" East, 398.89 ft; thence tangent to the last described course along a curve deflecting to the right with a radius of 75.00 ft. for a distance of 46.33 ft. (the chord of said curve has a bearing of North 71 degrees 42' 25" East and a length of 45.60 ft); thence tangent to the last described curve, North 89 degrees 24' 16" East, 151.05 ft. to the POINT OF BEGINNING and containing 10.990 acres, more or less.

Together with all easements of record including, but not limited to, the easement recorded at Deed Book 4318, Page 192 of the Hamilton County, Ohio Records.

Exhibit C  
Plans and Specifications

Landlord and Tenant agree that work on Plans and Specifications shall commence on or soon after August 1, 2004. Tenant agrees to cooperate fully with Landlord's space planner and architect to complete mutually agreeable plans no later than September 1, 2004. Both Landlord and Tenant shall initial final drawings prior to the commencement of construction as contemplated by Article 6B and the Work Letter Agreement.

Exhibit D

FIRST AMENDMENT TO LEASE AND  
ACCEPTANCE OF DELIVERY

This FIRST AMENDMENT OF LEASE AND ACCEPTANCE OF DELIVERY (the "Amendment") is made effective as of \_\_\_\_\_, 2004 and is by and between The Western and Southern Life Insurance Company ("Landlord"), whose address is 400 Broadway, Cincinnati, Ohio, 45202 and LanVision, Inc. ("Tenant"), whose address is 10200 Alliance Road, Suite \_\_\_\_\_, Cincinnati, Ohio 45252.

WITNESSETH:

WHEREAS, Landlord and Tenant executed a certain lease agreement (the "Lease") dated \_\_\_\_\_, 2004; and

WHEREAS, the Lease provides that the Lease shall commence on the date that Landlord delivers possession of the Premises (as defined in the Lease) to Tenant; and

WHEREAS, Landlord and Tenant now desire to (i) amend the Lease as described below and (ii) state Tenant's acceptance of delivery of the Premises pursuant to Section 6C of the Lease.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein and other valuable consideration, Landlord and Tenant agree as follows:

1. The Lease Commencement Date shall be \_\_\_\_\_, 2004 and the Lease termination date shall be \_\_\_\_\_, 20\_\_.
2. Tenant hereby acknowledges and accepts delivery of the Premises pursuant to Section 6C of the Lease and reaffirms the provisions of same Section 6C as if fully rewritten herein.

IN WITNESS WHEREOF, Landlord and Tenant have caused this First Amendment of Lease and Acceptance of Delivery to be executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 2004 and to be effective as of the date first written above.

LANDLORD: The Western and Southern Life Insurance Company

TENANT:

By \_\_\_\_\_  
Mario San Marco  
Its Vice President

By \_\_\_\_\_  
Paul W. Bridge, Jr.  
Its Chief Financial Officer

By \_\_\_\_\_  
D. J. Wuebbling  
Its Senior Vice President



STATE OF OHIO )  
 ) ss:  
COUNTY OF HAMILTON )

On this, the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_, before me, a Notary Public, the undersigned officers, personally appeared Mario San Marco and D.J. Wuebbling, who acknowledged themselves to be the vice president and senior vice president (respectively) of The Western and Southern Life Insurance Company, an Ohio corporation, and that they, as such officers, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of said corporation as such officers.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires:

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
County of Residence

STATE OF OHIO )  
 ) ss:  
COUNTY OF Hamilton )

On this, the \_\_\_\_\_ day of \_\_\_\_\_, 2004, before me, a Notary Public, the undersigned officer, personally appeared Paul W. Bridge, Jr., who acknowledged himself/herself to be the Chief Financial Officer of LanVision, Inc., an Ohio corporation, and that he/she, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of said corporation as such officer.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

My commission expires:

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
County of Residence

Exhibit E

Rules and Regulations

1. Walk and Passageway Obstruction

The sidewalks, entries, passages, court(s), corridor(s), stairways, and elevators shall not be obstructed by Tenant, Tenant's employees, or Tenant's agents, nor used by them for purposes other than for ingress or egress to and from their respective suites.

2. Heavy Equipment

All safes and other heavy articles shall be carried up or into the Premises only at such times and in such manner as shall be prescribed by Landlord, and Landlord shall in all cases have the right to specify the proper weight and position of any such safe or heavy article. Tenant shall pay any damage done to the Building by taking in or removing any safe or from overloading any floor in any way. Maximum live floor loads for second floor and above shall not exceed fifty (50) pounds per square foot. Defacing or injuring in any way any part of the Building by Tenant, his agent or servants shall be paid by Tenant.

3. Signs and Directories

No sign, advertisement or notice shall be inscribed, painted or affixed on any part of the inside or outside of the Building unless of such color, size and style, and in such place upon or in said Building as shall be first designated by Landlord; provided, however, that there shall be no obligation or duty on the part of Landlord to allow any sign, advertisement or notice to be inscribed, painted or affixed on any part of the inside or outside of the Building. Tenant shall not mark, paint, drill into, or in any way deface the walls, ceiling, partitions, or floors of the building and shall not put therein any spikes, hooks, screws, or nails. Name plates and number plates on doors will be provided by Landlord. Tenant shall pay the cost of name plates. A building directory shall be provided by Landlord in a conspicuous place with the names of Building tenants; any necessary revision in such directory shall be made by Landlord within a reasonable time after written notice from Tenant of the change making the revision necessary, but Landlord shall not be responsible for any inconvenience or damage caused to Tenant as a result of any error in such directory. Initial directory listings shall be at the cost of Landlord. Changes or revisions in a directory listing shall be at the expense of Tenant.

4. Display Cases

No showcases or any other fixture or objects whatsoever shall be placed in front of the Building or in any court or corridor by Tenant without the prior written consent of Landlord.

5. Fire Protection

Tenant shall not do or permit anything to be done in Tenant's Premises, or bring or keep anything therein that will in any way increase the rate of fire insurance on the Building, or on property therein, or obstruct or interfere with the right of other tenants, or in any way injure or annoy them, or conflict with (i) the laws relating to fire or with any regulations of the fire department, (ii) any insurance policy upon the Building or any part thereof, or (iii) any of the rules or ordinances of the local health department. Tenant shall not use or keep in the Building kerosene, camphene, burning fluid or other combustible materials.

6. Janitorial Service

Tenant shall not employ any person or persons other than the Landlord's janitor for the purpose of cleaning or taking charge of the Premises without the prior written consent of Landlord, it being understood and agreed that Landlord in no way shall be responsible to any tenant for any loss of property from Tenant's Premises, however occurring, or for any damage done to the furniture by the janitor or any of his employees, or by any other person or persons whomever. Any person or persons employed by Tenant, with the written consent of Landlord, must be subject to and

under the control and direction of the janitor of the Building, in all things, in the Building and outside of the Premises. The janitor of the Building may at all times keep a pass key, and he shall be allowed admittance to the Premises as reasonably necessary to perform his or her duties. For security reasons, some areas, including the server rooms/data centers will be off limits to the Janitors unless an authorized employee is present. Tenant shall not hinder landlord's janitors after 5:30 p.m.

#### 7. Locks

No additional locks shall be placed upon any doors without the written consent of Landlord, nor shall any duplicate keys be made. Landlord shall furnish all necessary keys, and the same shall be surrendered upon the termination of the Lease, and Tenant shall then give to Landlord or his agent explanation of the combination of all locks upon the doors of vaults. Two keys only shall be provided as each lockset is installed or as Tenant's space is occupied. All additional keys requested by Tenant shall be at the expense of Tenant. Additional locksets provided by Landlord upon request of Tenant shall be at the expense of Tenant. Tenant assumes full responsibility for protecting its space from theft, robbery and pilferage, which includes keeping doors locked and windows and other means of entry to the Premises closed. . For security reasons, certain areas will be accessible only via the keyless entry security system installed by Tenant. This may include key card access, biometrics or other currently acceptable security mechanisms.

#### 8. Building Hours

On Sunday and Holidays, and on other days between the hours of 6pm and 8am, access to the Building, or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the watchman of the Building in charge and has a pass or is properly identified. Landlord shall in no case be liable for damages for the admission to or exclusion from the Building of any person whom Landlord has the right to exclude under this rule. In case of invasion, mob, riot, public excitement or other commotion, Landlord reserves the right to prevent access to the Building during the continuance of the same by closing the doors or otherwise, for the safety of the tenants or Landlord and protection of property in the Building.

#### 9. Light and Air Passageways

The doors, skylights and windows that reflect or admit light and air into the corridors and passageways, or to any place in the Building, shall not be covered or obstructed by Tenant.

#### 10. Utilities

The water closets and other water fixtures shall not be used for any purpose other than those for which they were constructed, and any damage resulting to them from misuses, or the defacing or injury of any part of the Building shall be paid for by Tenant, excepting only where the defacing or injury is by Landlord or an agent of Landlord. Tenant shall not waste water by interfering with the faucets or otherwise. Landlord reserves the right to make such rules and regulations as it may see fit concerning the use of electric current, gas, water and other supplies of the Building.

#### 11. Bicycles

Tenant shall not bring any bicycles or similar vehicles into the building.

#### 12. Debris

Tenant shall not throw debris out of the doors of the Building, or down the stairways or other passages.

#### 13. Elevator Service

Landlord shall not be liable for any damages from stoppage of elevators for necessary or desirable repairs or improvements, or delays of any sort of duration in connection with the elevator service.

#### 14. Electric Service

If Tenant desires telegraphic, telephonic or other electric connections, Landlord or its

agents shall direct electricians where and how wires may be introduced. No boring or cutting of wires shall be permitted without Landlord's prior written consent with exceptions for the server room/data center and designated computer work areas.

15. Owner Right of Entry

Landlord or its agents shall have the right to enter the Premises, only Tenant's normal business hours, except in an emergency situation, to examine the same or to make such repairs, alterations or additions as Landlord shall deem necessary for the safety, preservation or improvement of the Building.

16. Use of Premises

Tenant, Tenant's employees, clerks or servants, shall not use the Premises for the purpose of lodging rooms or for any immoral or unlawful purposes.

17. Upkeep of Premises

All glass, locks and trimmings in or about the doors and windows, and all electric globes and shades belong to the Building and shall be kept whole, and whenever broken by Tenant shall be immediately replaced or repaired and put in order by Tenant under the direction and to the satisfaction of Landlord and, on removal, shall be left whole and in good repair.

18. Soliciting

Canvassing, soliciting and peddling in the Building is prohibited, and Tenant shall cooperate to prevent the same.

19. Additional Rules

Landlord reserves the right to make such other and further reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care, and cleanliness of the Premises and for the preservation of good order therein.

20. Lost Items

Landlord shall not be responsible for lost or stolen property, equipment, money, or any article taken from the Premises, Building, or Property regardless of how loss occurs.

21. Unattended Premises

Before leaving the Premises unattended, Tenant, its agents, servants, and employees shall close and lock all doors and shut off all lights.

22. Excess Trash

In the event Tenant must dispose of crates, boxes, etc., which will not fit into office wastepaper baskets, it shall be the responsibility of Tenant to dispose of same. In no event shall Tenant set such items in the public hallways or other areas of the Building or Property, excepting Tenant's own Premises for disposal.

23. Recycling

Tenant is responsible for recycling office waste as required by law. Landlord may provide removal service at Tenant's expense.

24. Contractor Approval

All contractors and/or technicians performing work for Tenant relating to the Building shall be referred to Landlord for approval. [Note we have technicians performing work a lot and it would not affect the Building or Premises. Xerox Technician, PC Technician, Telephone System Technician etc.]

25. Use of Hand Trucks

There shall not be used in any space or in the public halls of the Building, either by Tenant, any jobbers, or others in the delivery or receipt of merchandise, any hand trucks, except those equipped with rubber tires and side guards.

26. Carpet Damage

Tenant shall be responsible for any damage to carpeting and flooring as a result of rust or corrosion of file cabinets, pot holders, roller chairs, and metal objects.

27. Extra Utility Usage

In the event Tenant desires utility or air conditioning service at other than normal operating hours, the request must be made through the property manager's office at a

reasonable length of time prior to the need for this service. This service will be made available at the then-prevailing rate established on an hourly basis. This regulation is subject to the provisions set forth in Paragraph 8.E of the Lease.

28. Parking Areas

All persons parking in the parking areas shall observe posted signs and markings regarding speed, stop signs, traffic lanes, reserved parking, visitor parking, no parking, parking stripes, etc. Tenants shall be responsible for enforcement of parking regulations among its employees.

29. Parking

All vehicles will be parked within striped lanes. Parking across stripes or in unmarked areas, and the blocking of walkways, loading areas, entrances or driveways will not be permitted. Should such a situation exist, Landlord, in its sole discretion, shall have the right to tow such vehicles away at owner's expense.

30. Visitor Parking

The parking areas designated for visitors are zoned to allow parking for a maximum of two consecutive hours per vehicle. Any vehicles in violation of this regulation will be subject to having a notice of violation affixed to said vehicle upon the first offense. Subsequent violations will subject the offending vehicle to be removed from the Property and a towing and/or storage charge levied against the owner of the vehicle in violation.

31. Employee Disclosure

Tenant shall be responsible for informing its employees of all rules and regulations of the Building.

Exhibit F  
Estoppel Certificate

RE: Premises: 10200 Alliance Road  
Lease Date: \_\_\_\_\_  
Amendments Dated:  
Between The Western and Southern Life Insurance Company (Landlord) and  
LANVISION,  
Inc.  
Square Footage Leased: 21,723  
Floor/Suite #: \_\_\_\_\_

The undersigned Tenant under the above reference lease ("Lease"), certifies to the following:

1. We have taken possession of and accepted the Premises described above, except as follows:

2. The lease terms as described below are true and accurate, and the Lease is in full force and effect:

Base Rent:  
CAM:  
Taxes:  
Commencement Date:  
Expiration Date:  
TI Construction:

3. No part of the Premises has been subleased or assigned except as follows:

NONE

4. The rent has been paid through:

5. The security deposit is:  
\$13,486.36

6. We are not in default of our obligations under the Lease. Landlord, to the best of our knowledge, is not in default of its obligations under the Lease. There exists no defense or counterclaim to rent or other sums required to be paid by us under or pursuant to the Lease.

If Tenant is a corporation, the undersigned is a duly appointed officer of the corporation signing this certificate and is the incumbent in the office indicated under his/her name. In any event, the undersigned individual is duly authorized to execute this certificate.

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

LanVision, Inc.  
By: Paul W. Bridge, Jr.  
Chief Financial Officer

LANVISION SYSTEMS, INC.

Registrant's Guarantee of Lease agreement between LanVision, Inc. and The Western and Southern Life Insurance Company dated July 30, 2004

GUARANTY OF LEASE

For and in consideration of the execution of a certain lease dated July 30, 2004 by and between The Western and Southern Life Insurance Company, an Ohio corporation, as Landlord, and LanVision, Inc., an Ohio corporation, as Tenant (the "Lease"), whereby certain space located in 10200 Alliance Road, in the County of Hamilton and State of Ohio, is demised to Tenant upon the terms and conditions contained in the Lease, and other good and valuable consideration, the receipt, adequacy, and sufficiency of which are hereby acknowledged, the undersigned, ("Guarantor"), hereby covenants and agrees as follows:

1. Guarantor hereby guarantees to Landlord, and Landlord's successors and assigns, the prompt payment of rent and other sums of money and the full performance of the covenants and agreements to be made and performed by Tenant under the Lease. If Tenant shall at any time and in any manner default in the payment of rent and other sums or charges to be paid by Tenant under the Lease, and such default is not fully cured within the applicable time period specified in the Lease, then Guarantor shall, within five days of Landlord's written request to Guarantor, (i) pay to Landlord all of said rent and other charges, (ii) fully satisfy such covenants and agreements, and (iii) pay to Landlord the amount of damages and expenses incurred by Landlord by reason of such default to the extent that Tenant is required under the Lease to pay such amount.
2. This Guaranty is absolute and unconditional and shall continue in full force and effect without in any way being affected by (i) the bankruptcy or insolvency of Tenant, its successors or assigns, (ii) the lack of notice to Guarantor of any default by Tenant under the Lease, (iii) modifications or amendments to the Lease, or (iv) the disaffirmance or abandonment by any trustee, including any bankruptcy trustee, or receiver of Tenant, its successors or assigns.
3. The obligations of Guarantor hereunder shall in no way be affected or impaired by Landlord's assertion of any rights against Tenant.
4. Guarantor does hereby expressly waive notice of non-payment, non-performance or non-observance and proof, notice and demand of or for the foregoing. Guarantor agrees that the validity of this instrument and all obligations of Guarantor hereunder shall continue as to any modification of the Lease and during any period that Tenant shall occupy the Premises described in the Lease even if beyond the term of said

Lease.

- 5. Guarantor shall be liable under this Guaranty notwithstanding the assignment or transfer of the Lease or the subletting of the Premises, by operation of law or otherwise, but only to the extent that Tenant remains liable therefor.
- 6. Guarantor hereby submits to the jurisdiction of the courts of the State of Ohio and hereby irrevocably appoints the following individuals and firms as Guarantor's agents for the service of process in any action arising hereunder: Tenant; any manager, assistant manager or acting manager of the Premises; and (if Tenant is a corporation, trustee or partnership) all agents of Tenant authorized by law or otherwise to receive service of process upon Tenant. Action may be brought in any county within the State of Ohio. The foregoing shall not affect any right to serve process upon Guarantor in any manner permitted by law.
- 7. This Guaranty may not be amended, modified, discharged or terminated in any manner unless in writing signed by Landlord and Guarantor.
- 8. Anything contained herein or in the Lease to the contrary notwithstanding, the liability of Guarantor hereunder shall be primary and not secondary or as a guarantor. In any right, claim or action that shall accrue to Landlord hereunder or under the Lease, Landlord may, at its option, proceed against Guarantor regardless of the action, if any, that Landlord has taken against Tenant. The title of this instrument and use of the words "Guaranty," "Guarantor," and "guarantees" shall in no manner limit the primary ability of Guarantor hereunder.

GUARANTOR:

Signed in the presence of:

LanVision Systems, Inc.

/s/ Melissa Vincent

By: /s/ J. Brian Patsy

-----

Its: President

Don Vick

By: /s/ Paul W. Bridge, Jr.

-----

Its: Chief Financial Officer

STATE OF OHIO )  
 ) ss:  
COUNTY OF HAMILTON )

On this, the 30 day of July, 2004, before me, a Notary Public, the undersigned officer, personally appeared Paul W. Bridge, Jr., who acknowledged himself/herself to be the Chief



Financial officer of LanVision Systems, Inc., an Ohio corporation, and that he/she, as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing on behalf of said corporation as such officer.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at Blue Ash, Ohio, this 30 day of July, 2004.

/s/ Melissa Vincent

-----

Notary Public

NOTARY SEAL

My Commission expires June 8, 2009

## EXHIBIT 11

LANVISION SYSTEMS, INC.  
COMPUTATION OF EARNINGS (LOSS) PER COMMON SHARE

For the three and six months ended July 31, 2004 and 2003

	Three Months		Six Months	
	2004	2003	2004	2003
Net earnings(loss)	\$ (462,328)	\$ 213,596	\$ (883,391)	\$ (462,196)
Average shares outstanding	9,067,700	8,991,517	9,051,973	8,978,207
Stock options & purchase plan:				
Total options & purchase plan shares	-	390,673	-	-
Assumed treasury stock buyback	-	(202,439)	-	-
Warrants assumed converted	-	-	-	-
Convertible redeemable preferred stock assumed converted	-	-	-	-
Number of shares used in per common share computation	9,067,700	9,179,751	9,051,973	8,978,207
Basic net earnings ( loss ) per share of common stock	\$ (0.05)	\$ 0.02	\$ (0.10)	\$ (0.05)
Diluted net earnings ( loss ) per share of common stock	\$ (0.05)	\$ 0.02	\$ (0.10)	\$ (0.05)

LANVISION SYSTEMS, INC.

Certification of Chief Executive Officer pursuant to Rule 13a -14(a) and Rule 15d - 14(a) of the Securities Exchange Act, as Amended

CERTIFICATIONS

I, J. Brian Patsy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of LanVision Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)), for the registrant and we have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrants internal control over

financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
- a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

September 10, 2004

/s/ J. Brian Patsy

-----  
Chief Executive Officer and  
President

LANVISION SYSTEMS, INC.

Certification of Chief Financial Officer pursuant to Rule 13a -14(a) and Rule 15d - 14(a) of the Securities Exchange Act, as Amended

I, Paul W. Bridge, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of LanVision Systems, Inc.;
2. Based on my knowledge, this report does not contain any untrue statements of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a - 15(e) and 15d - 15(e)), for the registrant and we have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls, as of the end of the period covered by this report based on such evaluation; and
  - c. Disclosed in this report any change in the registrants internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
- a. All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

September 10, 2004

/s/ Paul W. Bridge, Jr.  
-----  
Chief Financial Officer and  
Treasurer

LANVISION SYSTEMS, INC.

Certification of the Chief Executive Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

I, J. Brian Patsy, Chairman of the Board, Chief Executive Officer and President of LanVision Systems, Inc. "(the Company)", certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended July 31, 2004 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

September 10, 2004

/s/ J. Brian Patsy  
Chairman of the Board,  
Chief Executive Officer and  
President

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

LANVISION SYSTEMS, INC.

Certification of the Chief Financial Officer Pursuant to 18 U.S.C. 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002

I, Paul W. Bridge, Jr., Chief Financial Officer of LanVision Systems, Inc. "(the Company)", certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (3) The Quarterly Report on Form 10-Q of the Company for the quarter ended July 31, 2004 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and
- (4) The information contained in the Report fairly presents, in all material respects, the financial condition, and results of operations of the Company.

September 10, 2004

/s/ Paul W. Bridge, Jr.  
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.