

ATTACHMENT I

Initial Rate 0.0 %
 Due Date 12-23-98
 Note No. _____
 This Note renews Note
 No. 192596 192732 203679
 Dated 204160 194967 203679

For value received, the undersigned (if more than one, jointly and severally) promise(s) to pay to the order of

Northern State Bank of Thief River Falls
THIEF RIVER FALLS, MN 56701

(the "Bank"), at its office in _____ or at any other place designated in writing by the holder hereof, in lawful money of the United States of America, the principal sum of

Five Hundred Fifty Thousand and no/100## Dollars
 (\$ 50,000.00), together with interest (calculated on the basis of actual days elapsed and a 365 day year) on the unpaid principal hereof, from the date hereof until this Note is fully paid at the following rate:

- an annual rate of 9.0 %; a variable annual rate equal to _____ % above the Base Rate (the term "Base Rate" means the rate of interest established by _____ from time to time as its "base" or "prime" rate);
- a variable annual rate equal to _____ % in excess of the Discount Rate (the term "Discount Rate" means the discount rate on 90-day commercial paper in effect from time to time at the Minneapolis Federal Reserve Bank); other: _____

If checked, the interest rate on this note is authorized under Chapter 53 of Minnesota Statutes.

VARIABLE RATE. If this note evidences a variable rate loan, the following provisions shall also apply:

- If the \$100,000 exemption to the usury law does not apply and the borrower is not a corporation, the annual rate of interest hereon shall never exceed _____ % a rate that is _____ % in excess of the Discount Rate.
- This note shall bear the same rate of interest after it becomes due as was in effect on the Due Date unless the \$100,000 exemption to the usury law applies to the loan evidenced by this note and different arrangements have been made between the Bank and the undersigned.
- The rate of interest shall initially be determined as of the date hereof and shall thereafter be adjusted: daily on the same day the Index Rate changes; daily on the day following the day the Index Rate changes; monthly, on the _____ day of each calendar month with the rate being determined based on the Index Rate in effect on the day of change; or, as follows: _____

The term "Index Rate" means the Base Rate, the Discount Rate, or the rate described in the "other" paragraph, as applicable.

PAYMENTS. The undersigned promise(s) to pay principal and interest as follows:

- Principal and interest shall be paid together in 96 consecutive installments of \$ 7,500.00 each, beginning April 1, 1999, and on the same day of each Bi-Weekly thereafter until 12-5-02 (Fin Pmt, \$447,746.23), when the entire unpaid principal and accrued and unpaid interest hereon shall become due and payable. Each such installment, when paid, shall be applied first in payment of accrued interest and the balance thereof shall be applied in reduction of principal. Int Paid on 2-1-99 in the amount of \$9370.00; interest paid in the amount of \$6,559.00 on 3-1-99
 - Principal only shall be paid in _____ consecutive installments of \$ _____ each, beginning _____, 19____, and on the same day of each _____ thereafter until _____, 19____, when the entire unpaid principal shall become due and payable. Interest that accrues from time to time is payable on the same days as principal; as follows: _____, and also on demand.
 - Principal shall be paid as follows:
 \$ _____ on _____, 19____; \$ _____ on _____, 19____;
 \$ _____ on _____, 19____; \$ _____ on _____, 19____;
 \$ _____ on _____, 19____; \$ _____ on _____, 19____.
- Interest that accrues from time to time is payable on the same days as principal as follows: _____, and also on demand.

As used herein, "Due Date" means the final maturity date hereof (whether it be the stated final maturity date or such earlier date by reason of acceleration).

INSURANCE. If property insurance is required in connection with this loan, such insurance may be obtained through any person. If property insurance is obtained through the Bank, the term of the policy will be _____ and the initial premium will be \$ _____. Credit life insurance and accident and health insurance are not required to obtain this loan.

The cost of such insurance for the term of _____ is: Credit life insurance \$ _____ Accident & health insurance \$ _____

The undersigned wants credit life insurance wants accident and health insurance does not want credit life insurance or accident and health insurance.
 _____, December 23, 19____
 This signature pertains to insurance only)

SECURITY. (check applicable boxes and complete):

- This Note is unsecured, except for Secured Party's right of set-off.
- To secure payment of the indebtedness evidenced by this Note and all other indebtedness, liabilities and obligations of the undersigned to Secured Party, whether now existing or hereafter arising and whether direct or indirect, due or to become due, absolute or contingent, primary or secondary, or several or joint and several (all such indebtedness, liabilities and obligations are herein collectively called "Obligations"), the undersigned hereby grants to Secured Party a security interest (hereinafter called "Security Interest") in the following property (hereinafter collectively called "Collateral") (check applicable boxes and complete): all equipment; all inventory; all accounts receivable and other rights to payment; the following property: _____

This note is secured by a separate mortgage security agreement assignment.

Address of Borrower 1225 Edgewood Drive
Thief River Falls, MN 56701

THIS NOTE IS SUBJECT TO THE ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF.

Purpose of Loan refinance #192596 192732 203679,
204160 194967 203679

X _____
X _____

Northwest Eye Center / Lakes Eye Clinic merger proposal

Mahnomen NWEK moves to LEC location or vice versa
DL LEC moves to NWEK location.

Dr. Dicken will ~~sublease~~ locations to LEC at agreed upon rent.

LEC assumes any outstanding debt of NWEK in DL
LEC will become NWEK in name and will independently manage both locations

Dr. Dicken can retain a percentage of the practice. This will allow him to legally see patients in each office without paying rent. Percentage of the practice to be determined will not entitle Dr. Dicken to any of the net proceeds at either location.

Dr. Dicken will benefit from about 8 to 12 more cataract referrals each month.

Dr. Dicken will not be responsible for any overhead or business expenses in either location.

Dr. Morrison will give Dr. Dicken the right of first refusal to buy his share of the hard asset value in each location when Dr. Morrison retires.

LEC in DL grosses about \$316,000
NWEK in DL grosses about \$250,000

Advantages to Dr. Dicken

eliminates debt in DL

Eliminates overhead, staff and bookkeeping hassles

increases cash flow by increased cataract referrals with no rent obligations

maintains small percentage of ownership.

Finally locks in the DL and Mahnomen area solidly into the NWEK system.

insures future of NWEK {buy in agreed in advance}.

Advantages to Drs. Morrison and Tuhy

allows management of staff, marketing and the things we do best to

increase production in both locations.

Access to Dr. Dickens diplomatic skills in third party contracts such as Blue Plus.

Allows Dr. Tuhy to practice full time in DL ~~instead of~~ Fargo

DIKEN, PA

YEARLY REVENUES

1997	611,695.09
1998	508,390.7
1999	596,830.18
2000	530,748.21
2001	397,945.88
2002	363,097.80

June 4, 2003

Bob,

After the last several months and especially our last couple of discussions it surely must have become apparent to you, Paul and me that it is probably best that you and I not work together. At least we should not be on the same side of the ledger as partners. I actually still hold you in extremely high regard as a physician, businessman, family man and friend but I don't feel you appreciate me enough and I am equally as confident that you feel that I don't appreciate you enough. As I said recently, I think the loan you required had a lot to do with creating this situation but in all honesty I don't regret extending it to you. You were a friend in need and I could help. It served its purpose and you are more than back on your feet with only the sky your limit at this point.

The reality is one of us should buy out the other out of Xygent. I will gladly entertain any offer you would like to present, however, let me extend one to you here. Let me suggest the following basic formula:

$$[(\text{Value of Xygent} - \text{Debt of Xygent to TE}) \div 3] - [(\text{Value of OOC}_1 - \text{RD debt}) \div 3] = \text{Sum A}$$

I believe we should have Xygent professionally appraised. My usual formula is (.8) times sales as it was with Midwest but our business should be discounted since the revenues come from only seven surgeons. My experience analysts suggest you need to consider and discount for any account you may lose over the next three years, especially when Fischer et al are a real possibility. My guess its value will end up around \$900,000. $\times \frac{1}{3}$

We would also need to consider a value for the "original" business plan when OOC was conceptualized (the Dowhan ND business). I was going to be one-third partner until we were reminded I couldn't be a part since I wasn't a licensed eye care provider. Originally OOC's business plan was to provide total management services but minimally we were going to be performing the billing services. Total management would have been 25-40% of total billings i.e. Vision 21, et al. with the billing service being responsible for 8-12% as Jeremy's research of the ophthalmology market research has suggested. I have never realized any value for that and we should in this formula.

We then should apply your share to the current TE/RD loan, as follows:

$$\$360,000 - \text{Sum A} = \text{Remaining debt on outstanding loan or Sum B}$$

After that I believe we should establish a "Kolker" deal for you. We will pay you 10% for any and all cataracts done as a result of your efforts. For example, if you were to receive the business from Jamestown and Valley City, and you required a locum tenans

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surgeon, even though you didn't operate on those patients we will compensate you for them... and all the patients you personally operate on as well.

The "Kolker" payments would then first go to retire the Sum B and after that to you or your assigns directly. In concept any compensation to you has to be over a one-year period so we would have to hire you as a consultant and give you an annual salary. But your salary from year to year can fluctuate and be set at 10% of your previous year's revenue. For example, this year you are going to be responsible for ~\$364,000. Your compensation for next year would be ~\$36,400. This is only for starters. If you are able to bring any of the following accounts that we have discussed into Xygent your "Kolker" proceeds will increase appropriately:

Grand Forks	Crookston	Valley City
Jamestown	Dakota/Fargo	Detroit Lakes

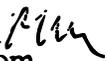
You would be able to determine how to receive this compensation either through salary or any other legitimate means. Obviously, with this "Kolker" proposal I would require Paul's approval as it involves ongoing business relations. But I have had a couple of conversations with him on this proposal and he is not far off.

Bob, I don't believe Xygent will ever be sold because all our customers are anti-LaserVision and we would lose their loyalty in any such sale. I do believe this opportunity provides you a big hit (and gets you almost out of debt), it gives you an additional revenue stream, and it opens you up to future investment possibilities that will truly have substantial upside potential. We should be able to structure a buyout for either you or me that will put a smile on all our faces. My position is that this outlined proposal is a good one, but I will entertain any fair proposal.

Now is the time to start bringing some closure to reconciling a deal as we are all spending an inordinate amount of time second guessing each others' actions.

I hope you take this good faith effort as it is meant to be.

Best personal regards,


Tom

Cc: P. Schmidt