

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

Radius Inc.  
(Name of Issuer)

Common Stock, No Par Value  
(Title of Class of Securities)

750470 20 5  
(CUSIP Number)

Raymond Sadowski  
Senior Vice President and  
Chief Financial Officer  
Avnet, Inc.  
80 Cutter Mill Road  
Great Neck, New York 11021  
(516) 466-7000  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

September 27, 1996  
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box. [ ]

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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CUSIP No. 750470 20 5

- 1 NAME OF REPORTING PERSON: Avnet, Inc.  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON: 11-1890605
- 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) [ ]  
(b) [X]
- 3 SEC USE ONLY
- 4 SOURCE OF FUNDS 00
- 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT  
TO ITEMS 2(d) OR 2(e): [ ]
- 6 CITIZENSHIP OR PLACE OF ORGANIZATION: New York
- |   |    |  |
|---|----|--|
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON WITH | 7  | SOLE VOTING POWER: 1,275,000 shares      |
|   | 8  | SHARED VOTING POWER: -0-                 |
|   | 9  | SOLE DISPOSITIVE POWER: 1,275,000 shares |
|   | 10 | SHARED DISPOSITIVE POWER: -0-            |
- 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:  
1,275,000 shares (See Items 4 and 5.)
- 12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN  
SHARES. [ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11): 2.33%

14 TYPE OF REPORTING PERSON: CO

Item 1. Security and Issuer.

This statement relates to the Common Stock, no par value (the "Common Stock"), of Radius Inc. (the "Company"), a California corporation having its principal executive office at 215 Moffett Park Drive, Sunnyvale, California 94089.

Item 2. Identity and Background.

This statement is being filed by Avnet, Inc. ("Avnet"), a New York corporation whose principal business is the distribution of electronic components and computer products principally to industrial customers. The address of Avnet's principal business and principal office is 80 Cutter Mill Road, Great Neck, New York 11021.

The names, business addresses and present principal occupations of the directors and executive officers of Avnet are listed below. All such directors and executive officers are citizens of the United States except Keith Williams, who is a citizen of the United Kingdom. Unless otherwise indicated below, the principal business address of each such director and executive officer is Avnet, Inc., 80 Cutter Mill Road, Great Neck, New York 11021.

Name and Principal  
Business Address  
-----

Principal Occupation  
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Eleanor Baum\*  
The Cooper Union  
51 Astor Place  
New York, NY 10003

Dean of the School of Engineering of The Cooper  
Union, New York, NY.

Gerald J. Berkman\*

Retired Senior Partner of Berkman & Leff,  
stock brokers.

J. Veronica Biggins\*  
Heidrick & Struggles  
303 Peachtree Street NE  
Atlanta GA 30308

Consultant to Heidrick & Struggles, an  
executive search firm.

Joseph F. Caligiuri\*

Retired Executive Vice President of Litton  
Industries, Inc., a provider of resource  
exploration services, industrial automation  
systems and advanced electronic and  
defense systems.

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\*Director of Avnet.

Name and Principal  
Business Address

Principal Occupation

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Sylvester D. Herlihy\*

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Senior Vice President and Secretary of Avnet and  
President of Avnet's Channel Master division.

Ehud Houminer\*  
Columbia Graduate School  
of Business  
Room 526, Uris Hall  
3022 Broadway  
New York, NY 10027

Professor and Executive-in-Residence at Columbia  
Graduate School of Business, Columbia University,  
New York, NY, and a principal of Lead, Yavitz and  
Associates, a management consulting firm.

Leon Machiz\*

Chairman of the Board and Chief Executive Officer  
of Avnet.

Salvatore J. Nuzzo\*  
Datron Inc.  
8 Griffin Road North  
Windsor, CT 06095

Chairman and CEO of Datron Inc., a manufacturer of  
aerospace and defense products; Chairman of the  
Board of Marine Mechanical Corp., a manufacturer  
of defense products; Chairman of the Board and  
director of SL Industries, Inc., a manufacturer of  
industrial/communications products.

Frederic Salerno\*  
1095 Avenue of the  
Americas  
New York, NY 10013

Vice Chairman, Finance and Business Development,  
NYNEX Corporation, a telecommunications company.

David Shaw\*

Consultant to Avnet and retired Senior Vice  
President of Avnet.

Roy Vallee\*  
2617 South 46th Street  
Phoenix, AZ 85034

Vice Chairman of the Board, President and Chief  
Operating Officer of Avnet.

Keith Williams\*  
6 Meadway Court  
Rutherford Close  
Meadway  
Stevenage, Herts  
England

Senior Vice President of Avnet and President of  
Avnet's International Electronic Marketing Group.

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\*Director of Avnet.

Name and Principal  
Business Address

Principal Occupation

Name and Principal Business Address	Principal Occupation
Frederick S. Wood*	Consultant to General Dynamics Corporation, a supplier to the United States Defense Department and the aerospace industry.
David R. Birk	Senior Vice President and General Counsel of Avnet.
Steven C. Church	Senior Vice President of Avnet and President of its OMG Marketing Group.
Anthony DeLuca	Senior Vice President and Chief Information Officer of Avnet.
Burton Katz	Senior Vice President of Avnet and President of its Time Electronics Division.
Raymond Sadowski	Senior Vice President, Chief Financial Officer and Assistant Secretary of Avnet.
Richard Ward	Senior Vice President of Avnet and President of its Computer Marketing Group.
Charles Smith	Vice President of Avnet and President of its Hamilton Hallmark division.
John T. Clark	Vice President of Avnet.
John F. Cole	Controller of Avnet.
Stephanie A. Wagoner	Vice President and Treasurer of Avnet.

During the past five years, neither Avnet nor (to the best knowledge of Avnet) any of its executive officers or directors listed above has been (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction, as a result of which proceeding it, he or she was or is subject to a judgment, decree or final order

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\*Director of Avnet.

enjoining future violations of, or prohibiting or mandating activities subject to, United States federal or state securities laws, or finding any violation with respect to such laws.

### Item 3. Source and Amount of Funds and Other Consideration

As more fully described in Item 4 herein, on September 27, 1996, Avnet acquired 3,188,966 shares of Common Stock (the "Shares"), and rights (the "Rights") to receive an additional 970,555 shares of Common Stock (the "Rights Shares"), in satisfaction of claims of approximately \$4,000,000. Such claims resulted from the Company's purchases from Avnet of electronic components for the Company's systems business.

### Item 4. Purpose of Transaction

As of June 30 1996, the Company was delinquent in its accounts payable and had a negative net worth, and several of its vendors had initiated legal action to collect allegedly delinquent accounts. As a result, the Company established an unofficial unsecured creditors committee (the "Committee") consisting of eight of the Company's larger unsecured creditors, in an effort to resolve the Company's delinquent accounts payable, capital deficiency and creditor litigation issues outside of insolvency or bankruptcy proceedings. Avnet is a member of the Committee. The Company, the Committee and IBM Credit Corporation, the Company's secured creditor ("IBM Credit"), agreed to a plan (the "Plan"), pursuant to which, among other things, (i) IBM Credit received 750,000 shares of the Company's Series A Convertible Preferred Stock (the "Preferred Stock") and warrants to purchase 600,000 shares of Common Stock, (ii) Mitsubishi Electronics America, Inc., an unsecured creditor and continuing supplier of the Company, received warrants to purchase 200,000 shares of Common Stock, and (iii) Mitsubishi and the Company's other unsecured creditors received either shares of Common Stock or, in the case of certain smaller creditors, a discounted cash payment, in satisfaction of their claims. Pursuant to the Plan, unsecured creditors received (a) an aggregate of 36,294,198 shares of Common Stock, or 60% of the outstanding Common Stock after consummation of the Plan, and (b) rights to receive an aggregate of 11,046,060 additional shares of Common Stock in the event that all the Preferred Stock is converted into Common Stock, so that the number of shares of Common Stock received by such unsecured creditors continues to represent 60% of the outstanding Common Stock after such conversion.

The Plan is set forth in (i) a Term Sheet executed effective July 11, 1996, by the Company, IBM Credit and the Committee (the "Term Sheet"), (ii) a letter dated July 11, 1996, from L. Morris Dennis to Garrett L. Cecchini and Harvey S. Schochet, and agreed to by the Company, IBM Credit and the Committee, which contained

additional terms and conditions of the Plan (the "Cover Letter"), and (iii) an Addendum to the Term Sheet executed in July 1996 by the Company, IBM Credit and the Committee, which changed certain terms of the Plan (the "Addendum"). The Term Sheet is filed herewith as Exhibit 1, the Cover Letter is filed herewith as Exhibit 2, and the Addendum is filed herewith as Exhibit 3, and each of such documents is hereby incorporated herein by reference.

Avnet received the Shares and the Rights upon consummation of the Plan on September 27, 1996, pursuant to a Subscription Agreement dated as of August 30, 1996, between Avnet and the Company (the "Subscription Agreement"). The Subscription Agreement is filed herewith as Exhibit 4 and is hereby incorporated herein by reference.

Avnet holds the Shares and the Rights solely for investment purposes and intends to sell them at the earliest appropriate opportunity. As more fully described in Item 5 herein, during the period from March 11, 1997, through April 18, 1997, Avnet disposed of an aggregate of 1,913,966 of the Shares in open market transactions on the Nasdaq SmallCap Market for gross proceeds of \$597,522. Avnet intends to dispose of the remainder of the Shares, and may consider disposing of the Rights and, if issued, the Rights Shares, when lawful at any time and from time to time, depending upon market conditions and prevailing prices for the Common Stock. See Item 6 of this Statement.

Apart from the foregoing, Avnet has no plan or proposal which may relate to or would result in: (a) the acquisition by any person of additional securities of the Company, or the disposition of securities of the Company; (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries; (c) a sale or transfer of a material amount of assets of the Company or of any of its subsidiaries; (d) any change in the present board of directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board; (e) any material change in the present capitalization or dividend policy of the Company; (f) any other material change in the Company's business or corporate structure; (g) changes in the Company's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person; (h) causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (i) a class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934; or (j) any action similar to any of those enumerated above. Avnet reserves the right to adopt such plans or proposals in the future.

Item 5. Interest in Securities of Issuer

(a) and (b) On September 27, 1996, pursuant to the Plan, Avnet became the beneficial owner, with sole voting and dispositive power, of (i) 3,188,966 shares of Common Stock (the "Shares"), which represented approximately 5.86% of the 54,408,000 shares of Common Stock outstanding on September 30, 1996, as reported in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1996, and (ii) Rights to receive an additional 970,555 shares of Common Stock upon conversion of the Preferred Stock into Common Stock, as described in the next paragraph. As a result of the sales of Common Stock described in Item 5(c) below, Avnet currently is the beneficial owner, with sole voting and dispositive power, of (i) 1,275,000 shares of the Common Stock, which represents approximately 2.33% of the 54,660,475 shares of the Common Stock outstanding on February 10, 1997, as reported in the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 28, 1996, and (ii) Rights to receive an additional 970,555 shares of Common Stock upon the conversion of the Preferred Stock into Common Stock, as described in the next paragraph.

Pursuant to the rules of the Securities and Exchange Commission, Avnet is not currently deemed to be the beneficial owner of the Rights Shares, but only if and when all of the 750,000 shares of Preferred Stock shall have been converted into Common Stock. Avnet has been advised that the Preferred Stock is subject to conversion from time to time, in whole or in part, at the option of the holder into an aggregate of 5,523,030 shares of Common Stock. In addition, a portion of the Preferred Stock is convertible at the Company's option into shares of Common Stock at any time if the trading price of the Common Stock exceeds, for a period of 15 consecutive trading days, a price per share equal to \$0.815 and a registration statement with respect to the Common Stock issuable upon conversion of the Preferred Stock is in effect. If the foregoing conditions are satisfied, 93,750 shares of Preferred Stock would be convertible at the option of the Company into an aggregate of 759,413 shares of Common Stock (or 8.1004 shares of Common Stock for each share of Preferred Stock). No more than 93,750 shares of Preferred Stock may be so converted in any fiscal quarter. The trading price of the Common Stock must then exceed \$0.815 per share for 15 trading days in a subsequent quarter before an additional 93,750 shares of Preferred Stock would be convertible.

(c) The following table sets forth all transactions by Avnet in the Common Stock since September 27, 1996, the date on which Avnet acquired the Shares. All such transactions were sales of the Shares in open market transactions on the Nasdaq SmallCap Market. Merrill Lynch, Pierce, Fenner & Smith, Inc. acted as Avnet's broker



in all these sales. To Avnet's best knowledge, none of its directors and executive officers identified in Item 2 of this Statement have engaged in any transactions in the Common Stock since September 27, 1996.

Trade date -----	Shares -----	Price -----
03/11/97	15,000	\$0.37500
03/12/97	150,000	0.31250
03/13/97	173,966	0.28125
03/14/97	75,000	0.28125
03/17/97	50,000	0.31250
03/18/97	25,000	0.31250
03/19/97	25,000	0.31250
03/20/97	25,000	0.31250
03/21/97	50,000	0.31250
03/24/97	100,000	0.31250
03/27/97	50,000	0.31250
04/02/97	25,000	0.28125
04/03/97	125,000	0.28125
04/04/97	75,000	0.28125
04/07/97	25,000	0.31250
04/07/97	250,000	0.28125
04/08/97	25,000	0.31250
04/09/97	25,000	0.31250
04/10/97	75,000	0.31250
04/11/97	50,000	0.31250
04/14/97	100,000	0.31250
04/15/97	25,000	0.37500
04/15/97	75,000	0.34375
04/16/97	25,000	0.37500

Trade date -----	Shares -----	Price -----
04/16/97	25,000	\$0.34375
04/17/97	50,000	0.37500
04/17/97	50,000	0.34375
04/18/97	25,000	0.40625
04/18/97	125,000	0.37500
	-----	
Total	1,913,966	
	=====	
Gross Proceeds:		\$597,522

Avnet intends to dispose of the remainder of the Shares, and may consider disposing of the Rights and, if issued, the Rights Shares, when lawful at any time and from time to time, depending upon market conditions and prevailing prices for the Common Stock.

(d) Not applicable.

(e) As a result of the sales described in paragraph (c) of this Item 5, Avnet has ceased to be the beneficial owner of more than five percent of the outstanding shares of Common Stock and thus is no longer subject to the requirements of Section 13(d) of the Securities Exchange Act of 1934 with respect to its beneficial ownership of Common Stock.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

The Company and Avnet are parties to a Registration Rights Agreement dated as of August 30, 1996, (the "Registration Rights Agreement"). The Registration Rights Agreement is being filed herewith as Exhibit 5 and is hereby incorporated herein by reference. Pursuant to the Registration Rights Agreement, on September 20, 1996, the Company filed with the Securities and Exchange Commission a Registration Statement on Form S-1, Registration No. 333-12417 (the "Registration Statement"), for an offering to be made on a continuous basis, covering, among other things, the resale by Avnet of the Shares and the Rights Shares. The Registration Statement was declared effective by the Securities and Exchange Commission as of November 12, 1996. Pursuant to the Registration Rights Agreement, the Company is obligated to keep the Registration Statement effective until September 12, 1998, subject to earlier termination in certain events.

Reference is made to Item 4 of this Statement for a description of additional agreements, to which Avnet is a party, with respect to the securities of the Company.

Item 7. Material to be Filed as Exhibits

1. Term Sheet executed effective July 11, 1996, by Radius Inc., IBM Credit Corporation, and the Unofficial Creditors Committee of Radius Inc.

2. Letter dated July 11, 1996, from L. Morris Dennis to Garrett L. Cecchini and Harvey S. Schochet, and agreed to by Radius, Inc., IBM Credit Corporation and the Unofficial Creditors Committee of Radius Inc.

3. Addendum to Term Sheet executed in July 1996 by Radius Inc., IBM Credit Corporation and the Unofficial Creditors Committee of Radius Inc.

4. Subscription Agreement dated as of August 30, 1996, by and between Radius Inc. and Avnet, Inc.

5. Registration Rights Agreement dated as of August 30, 1996, between Radius, Inc. and Avnet, Inc.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: April 24, 1997

AVNET, INC.

By:/s/Raymond Sadowski

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Raymond Sadowski  
Senior Vice President and  
Chief Financial Officer

EXHIBIT INDEX

Exhibit Number -----	Exhibit Description -----
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3	Addendum to Term Sheet executed in July 1996 by Radius Inc., IBM Credit Corporation and the Unofficial Creditors Committee of Radius Inc.
4	Subscription Agreement dated as of August 30, 1996, by and between Radius Inc. and Avnet, Inc.
5	Registration Rights Agreement dated as of August 30, 1996, between Radius Inc. and Avnet, Inc.

EXHIBIT 1

TERM SHEET

1. GENERAL

a. The largest unsecured creditors, i.e. those with claims in excess of \$50,000, ("Major Creditors") shall convert all of their unsecured debt (approximately \$45,000,000) into Radius' common stock.

b. A convenience class of unsecured creditors, i.e. those with claims less than \$50,000, ("Convenience Class") shall be given the election of receiving a portion of their claim in cash or converting into equity on same terms as Major Creditors.

c. IBM Credit Corporation ("IBM Credit") shall agree to restructure its loan, including a conversion of a portion of its debt into senior preferred stock convertible into Radius' common stock.

2. CONVERSION OF DEBT INTO EQUITY BY MAJOR CREDITORS

a. Debt of Major Creditors will include "component claims" of SCI Avex, MSL and Mitsubishi.

b. Debt owed to Major Creditors shall be converted into the number of shares of the common stock of Radius which will, together with common stock issued to the members of the Convenience Class electing to convert their debt into common stock, represents 60% of the issued and outstanding common stock of Radius.

- i. The shares of common stock shall be allocated among the Major Creditors and the electing members of the Convenience Class on a prorate basis, based upon their allowed claims. Appropriate amounts of common stock will be reserved for any disputed claims. Determination of allowed and disputed claims shall be made by Radius with the concurrence of the Creditors' Committee by the Closing Date.
- ii. The common stock issued to the Major Creditors shall have the same rights and privileges as the currently outstanding common stock of Radius, including the right to receive the same dividends and the same right to vote.
- iii. The agreement of all Major Creditors to the conversion of their claims into shares of said common stock shall be a condition of the obligations of Radius, IBM Credit and the Unofficial Creditors Committee of Radius, Inc. ("Committee") under this Term Sheet. Radius, IBM Credit and the Committee

may elect to waive this requirement that all of the Major Creditors must convert.

- iv. The agreement of Major Creditors, holding at least 75% of the total amount of claims held by Major Creditors, to hold their shares in a trust or other arrangement to insure a stable market price for the stock issued to the Major Creditors, shall be a condition of the obligations of Radius, IBM Credit and the Committee under this Term Sheet.

### 3. TREATMENT OF THE CONVENIENCE CLASS

a. This class consists of creditors of Radius, each holding claims in an amount less than \$50,000, numbering approximately 290 creditors to whom is owed approximately \$1,900,000.

b. Radius will initially offer to each creditor in the Convenience Class payment, on the Closing Date, an amount not to exceed 20% of their allowed claim, in full payment of said claim. The existing Committee will assist Radius in obtaining said consents.

c. Creditors in the Convenience Class, who do not accept the offer described in sub-paragraph III.B. above, may exchange their claim for common stock on the same terms set forth in paragraph II.

d. The agreement of creditors in the Convenience Class numbering at least 95% of said creditors and holding at least 95% of the total amount of claims held by all creditors in the Convenience Class, to accept either the payment referred to in sub-paragraph III.B. or the conversion of debt into common stock referred to in sub-paragraph III.C., shall be a condition of the obligations of Radius, IBM Credit and the Committee under this Term Sheet. Radius, IBM Credit and the Committee may elect to waive this requirement.

e. IBM Credit shall advance to Radius up to \$500,000, to be used, as determined by Radius, to make the payments to the creditors in the Convenience Class, pursuant to the Working Line of Credit referred to in paragraph IV.B. below. Radius will not pay more than \$500,000 to the Convenience Class in connection with settling the claims of the Convenience Class.

### 4. RESTRUCTURE OF IBM CREDIT DEBT

IBM Credit will restructure its existing debt of approximately \$23,000,000 as follows:

- a. IBM Credit will convert \$3,000,000 of its existing debt into preferred stock, convertible into the common stock of Radius.

The rights and preferences of the preferred stock are as follows: i. The preferred stock shall at all times be senior to any other preferred stock and have a liquidation preference of \$3,000,000 plus any accrued but unpaid dividends (collectively the "Liquidation Value"). ii. The preferred stock shall be convertible into the number of shares of the common stock of Radius, which will represent 7% of the issued and outstanding common stock of Radius as of the date of the conversion into common stock, excluding common shares issued pursuant to the warrants or as dividends on the preferred stock and any other equity issuances authorized by Radius and approved by IBM Credit after the Closing Date. The common stock issued to IBM Credit, on the conversion of the preferred stock, shall have the same rights and privileges as the currently outstanding common stock of Radius, including the right to receive the same dividends and the same right to vote. iii. The preferred stock shall receive 104 cumulative dividends, which shall, at the election of Radius, be payable either in cash or in additional shares of common stock of Radius, at the market price in effect on the date the dividend is due, which shall have the same rights and privileges as the common stock to be issued to IBM Credit on the conversion of the preferred stock into common stock. iv. The preferred stock shall be redeemable, at IBM Credit's election, at 100% of Liquidation Value, upon the sale of Radius' "Splash" stock or such other non-ordinary course of business events as may be agreed to by Radius, IBM Credit, and the Committee prior to the Closing Date. In the event IBM Credit does not so elect, then Radius can either, at IBM Credit's election, (i) redeem the preferred stock at 110% of the Liquidation Value or (ii) convert the preferred stock to common stock pursuant to paragraph IV.A.2. above. v. Radius can elect to convert the preferred stock into common stock, at any time more than ninety (90) days after the Closing Date, when the average closing market price of Radius' common stock is more than 150% of the conversion price for a period of over fifteen consecutive trading days, at a premium of 10% (i.e. the shares shall be converted into common stock representing 7.7% of the outstanding common stock rather than 7%). vi. The preferred stock, the common stock into which it is convertible, the warrants, the common stock issuable in connection with the exercise of the warrants and the common stock which may be issued as dividends on the preferred stock, shall be registered with the SEC at the time of the issuance of the preferred stock. IBM Credit shall have the right to demand registration of any common stock issued to it by Radius once per year for two years after the last such issuance. After the expiration of the initial registration statement by Radius (on form S-1), at IBM Credit's request, Radius shall file a form S-3 registration statement with the SEC as soon as permitted by the SEC and shall use its best efforts to make such registration statement effective as soon as practicable after notice by IBM Credit of its intention to sell common stock.



b. IBM Credit and Radius shall negotiate a new loan agreement between IBM Credit and Radius ("Working Line of Credit"), upon terms and conditions satisfactory to IBM Credit and Radius, with a credit limit of at least \$5,000,000 subject to the following: i. The initial amount of the existing indebtedness which shall continue to be subject to the Working Line of Credit shall be the amount of the "borrowing base" upon which IBM Credit is required to loan pursuant to the Working Line of Credit, as of the Closing Date, plus the amount to be advanced pursuant to paragraph III.E. above. ii. IBM Credit shall, upon the request of Radius, be required to make advances to Radius, as required by Radius' business from time to time, to the extent of the "borrowing base", without taking into account the amount advanced pursuant to paragraph III.E. above, provided Radius, at the time of said request, is in full compliance with the terms and conditions of said Working Line of Credit and the Term Loan referred to below. iii. The interest rate on the amount owing on the Working Line of Credit up to the amount of the "borrowing base" shall be prime plus 2.25%; the interest rate on any portion of the amount owing in excess of the "borrowing base" shall be prime plus 3.25%. iv. The "borrowing base" shall be: (i) the lesser of 10% of the gross value of eligible inventory or \$500,000; plus (ii) 80% of the value of eligible domestic accounts receivable; plus (iii) the lesser of 50% of the gross value of eligible QMS (Japan) and Computers Unlimited (Europe) accounts receivable or \$500,000.

c. The balance of Radius' existing indebtedness to IBM Credit, as of the Closing Date, shall be converted into a term loan with a term of four years (the "Term Loan") to be paid follows: i. The interest rate on the Term Loan shall be prime plus 3.25% and shall be payable with the interest on the Working Line of Credit. ii. Principal on the Term Loan shall (subject to the minimum payments specified below) be paid as follows: (i) 50% from the Net Operating Cash Flow of Radius; (ii) 100% of any Non-Operating Cash Flow of Radius (i.e. net proceeds from the disposition of assets of Radius, other than in the ordinary course of business); and (iii) 10% of any new equity invested in Radius during the term of the Term Loan. Net Operating Cash Flow and Non-Operating Cash Flow of Radius shall be defined in a manner approved by Radius, IBM Credit and the Committee prior to the Closing Date. iii. The minimum payments due on the Term Loan, from Net Operating Cash Flow, shall be 37.5% of the Net Operating Cash Flow projected by Radius, on schedules prepared by Radius and approved by IBM Credit from time to time, during the term of the Term Loan. Failure of Radius to achieve the levels of cash flow projected shall constitute a "performance default" under the loan documents and failure of Radius to pay the amounts due pursuant to the foregoing shall constitute a "payment default" under the loan documents. iv. IBM Credit shall have the right to require Radius to sell the following percentages of its interest in the "Splash stock", on a cumulative basis, and to apply the proceeds received from said sale to the

payment of the Term Loan as follows: (i) up to 50% of Radius' interest in said stock at any time within one year after the registration of said stock as part of a public offering of the stock; (ii) up to 25% of Radius' interest in said stock at any time during each of the second and third years after the registration of said stock as part of a public offering of the stock (plus any unsold portion of the Radius' interest in said stock which IBM Credit could have required Radius to sell in a previous year); (iii) up to 100% of Radius' interest in said stock, notwithstanding the provisions of paragraphs (a) and (b) above, at any time after the registration of said stock as part of a public offering of the stock, that the balance of the Term Loan shall be more than 90% of the market value of Radius' interest in said stock.

d. The Working Line of Credit and the Term Loan shall be cross-collateralized and cross-defaulted and shall include customary positive and negative covenants including a prohibition on common stock dividends while amounts are owing on the Working Line of Credit and the Term Loan.

e. All Non-Operating Cash Flow, including all proceeds from any collateral held by IBM Credit to secure its indebtedness, shall be applied in the following order: i. first, to the payment of any amounts advanced by IBM Credit, on or after the Closing Date, in excess of the amount of the "borrowing base" upon which IBM Credit is required to loan pursuant to the terms and conditions of Working Line of Credit, including the \$500,000 to be advanced pursuant to paragraph III.; ii. second, to the payment of any amounts outstanding on the Term Loan; iii. third, at IBM Credit's election, to the redemption of any preferred stock received by IBM Credit on the conversion of a portion of its debt pursuant to paragraph IV.A. of this Term Sheet; and iv. finally, to the payment of any amounts owing on the Working Line of Credit.

f. IBM Credit and Radius will agree on what portion of the remaining Net Operating Cash Flow, which is not required to be applied to the Term Loan, shall be used to repay the amount to be advanced pursuant to paragraph III.E.

#### 5. STOCK RESTRICTIONS AND RIGHTS.

a. The issuance of the common stock (and the preferred stock convertible into common stock, warrants, the common stock issuable in connection with the exercise of the warrants and the common stock which may be issued as dividends on the preferred stock) referred to herein shall be in compliance with all applicable federal and state securities laws. Radius shall register said securities with the Securities and Exchange Commission pursuant to the Securities Act of 1933, and take all action required by applicable federal and state securities laws so that said securities may be freely traded. Radius shall remain current in all of

its required filings pursuant to the Securities Act of 1933, the Securities Exchange Act of 1934 and all applicable state securities laws.

b. It is understood that Radius may issue additional shares of common stock to provide incentive compensation to management of Radius, provided that the number of shares to be issued, when combined with shares to be issued on the exercise of any existing stock options, shall not exceed 10% of the common stock issued and outstanding as of the Closing Date (counting any common stock to be issued to IBM Credit upon the conversion of its preferred stock). The issuance of said additional shares of common stock shall not reduce the interest of the Major Creditors, together with the members of the Convenience Class electing to convert their debt into common stock, below 60% of the outstanding common stock, or the interest of IBM Credit below 7% of the outstanding common stock. Any dilution of ownership due to the issuance of said additional shares of common stock shall be to the currently issued and outstanding common stock. Prior to the Closing Date, no additional shares, nor options or other rights to acquire shares in Radius shall be issued or granted other than in connection with Radius' existing stock option plans (which will not dilute the unsecured creditors' 60% and IBM Credit's 7% interests in Radius).

6. TERMINATION OF OVERRIDE PAYMENTS. Upon execution of this Term Sheet, and for so long as the parties shall continue to pursue their efforts to carry out the terms of this Term Sheet, each of the members of the Committee who have continued to supply product to Radius, on condition that Radius pay to them an amount equal to 110% of the price of the new product shipped, shall cease said requirement for payment of said override.

7. WARRANTS TO CREDITORS. In consideration for the credit which they have extended and may extend in the future, the following creditors shall receive warrants to purchase shares of Radius' common stock as follows:

a. IBM Credit shall receive warrants to purchase 600,000 shares;

b. Any Major Creditor who shall extend to Radius open credit terms, agreed to by Radius and said Major Creditor, shall receive warrants to purchase a number of shares computed on a mutually agreeable basis (provided that the warrants issued to all Major Creditors shall not exceed 600,000 shares).

c. The exercise price shall be the average market price of Radius' common stock during the period from five trading days prior to the Closing Date until five trading days following the Closing Date, not to exceed \$1.25 per share.

d. The warrants may be exercised, at any time, during the four years following the Closing Date, provided that at the time of said exercise, in the case of a Major Creditor who has extended open credit terms to Radius, said Major Creditor has not ceased extending said credit for any reason other than Radius' failure to pay amounts owing to said Major Creditor in accordance with said terms.

8. OTHER DOCUMENTS. This Term Sheet sets forth the broad terms of an agreement in principle between Radius, IBM Credit and the Committee concerning the subject matter hereof and is intended to provide the framework for further documentation. The provisions set forth above represent certain key terms that have been the basis of the parties' discussions to date and will continue to serve as the basis of the various agreements, documents and instruments (relating to the restructuring, recapitalization and related transactions referenced above) to be negotiated and documented in order for there to be a definitive and binding agreement among the parties. Accordingly, this agreement in principle is not intended to confer any legal or equitable rights or to impose any legal or equitable obligations whatsoever, of any kind, character or nature on any party. Such agreements, documents and instruments, when they become fully effective in accordance with their terms, shall supersede in their entirety this Term Sheet. All parties agree to maintain the confidentiality of the terms provided in this document, except as required by law.

9. TIMETABLE. All documents and all actions necessary to carry out the terms and conditions of this Term Sheet and the conversion shall be executed and completed by September 30, 1996, or such other date as may be mutually agreed by the parties to this Term Sheet ("Closing Date").

Executed effective this 11 day of July, 1996.

RADIUS, INC.

IBM CREDIT CORPORATION

by /s/Charles Berger  
Charles Berger, President

by /s/Philip Morse  
Philip Morse

THE UNOFFICIAL CREDITORS COMMITTEE OF RADIUS, INC.

MINITUBISHI ELECTRONICS AMERICA

by

Carl Carlson, Co-Chairman

SCI SYSTEMS by

by  
Michael Ledbetter, Co-Chairman

AVNET EMG  
MANUFACTURERS' SERVICES LTD.

by  
Dennis E. Losik  
Rick Bettis

MITSUBISHI INTERNATIONAL  
QUANTUM ELECTRONICS

by

by

Takahiro Kitamoto  
Aimee Takamoto

TECH DATA CORP.

by

David Vetter

July 11, 1996

Garrett L. Cecchini, Esq.  
Wright, Robinson, Osthimer & Tatum  
44 Montgomery Street, 18th Floor  
San Francisco, CA 94104-4705

Harvey S. Schochet, Esq.  
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San Francisco, CA 94111

Re: Recapitalization of Radius, Inc.

Gentlemen:

Attached you will find the final draft of the Term Sheet containing the agreement in principle which we believe has been reached regarding the recapitalization of Radius, Inc. The Term Sheet contemplates that the recapitalization will be accomplished by an out of court voluntary arrangement between Radius and its creditors which the Creditors Committee will actively support. It was agreed, however, that if it becomes apparent that the recapitalization cannot be accomplished by an out of court voluntary arrangement, a petition for reorganization of Radius under Chapter 11 of the United States Bankruptcy Code will be filed to consummate the recapitalization plan. The following is a summary of the procedure for the attempt to achieve the plan voluntarily and filing the pre-packaged Chapter 11 if it becomes necessary.

a. A good faith attempt shall be made by all parties to achieve the recapitalization of Radius, in the manner set forth in the Term Sheet, without the necessity of filing a petition for reorganization of Radius under Chapter 11 of the United States Bankruptcy Code. To that end, the parties shall do the following:

i. The Committee shall, within two (2) days following execution of the Term Sheet by Radius and IBM Credit send out a bulletin to the creditors of Radius indicating:

(i) that the Committee has met and conferred with Radius and IBM Credit and agreed in principle that it believes that it would be in the best interests of all unsecured creditors to compromise or convert their claims into stock of Radius upon the terms set forth in the Term Sheet;

(ii) that Radius will, subject to the registration of the necessary stock, make an offer to the creditors to compromise or convert their claims into stock of Radius upon the terms set forth in the Term Sheet;

(iii) that the Committee recommends that the creditors accept such offer from Radius when received;

(iv) that if the percentage of creditors specified in the Term Sheet does not accept said offer, a petition for reorganization of Radius under Chapter 11 of the United States Bankruptcy Code, will be filed proposing a plan of reorganization consistent with the Term Sheet; and

(v) that the creditors will be receiving an informational package concerning Radius and a ballot to elect how their claims will be treated.

b. In the event that it should become necessary because of:

i. the failure of Radius to deliver to counsel for the Committee the items specified herein in paragraph C in a timely manner;

ii. an inability to comply with federal or state securities laws required to issue the preferred and common stock and warrants provided for in the Term Sheet (including an inability to have the registration statement become effective on or before September 30, 1996, (the "Closing Date"));

iii. an inability to obtain the necessary consents of creditors as specified in the Term Sheet, especially in the convenience class;

iv. the necessity of staying litigation against Radius which would otherwise unreasonably interfere with Radius' ability to continue to operate its business;

v. protection of Radius' Board of Directors, IBM Credit or the Committee from claims related to their negotiations or other dealings with one another;

vi. protection of Radius and its creditors from materially adverse tax consequences from the conversion of debt into stock, as provided for in the Term Sheet; or

vii. an inability, for any other reason, to carry out the provisions of the Term Sheet without the filing of a petition for reorganization of Radius under Chapter 11 of the United States Bankruptcy Code, on or before the Closing Date; Radius shall cause to be filed such a petition, in which Radius shall propose a plan of reorganization which is consistent with the terms of the Term Sheet, other than those related to registration of the preferred and common stock and warrants. IBM Credit and the Committee shall support said Plan.

c. To facilitate the ability to file such a petition:

i. Radius will prepare and deposit with counsel for the Committee, within seven (7) days from the execution of the Term Sheet, a duly executed petition for reorganization of Radius under Chapter 11 of the United States Bankruptcy Code and certified resolutions of Radius' Board of Directors authorizing the filing of such petition and such other documents as are required to file such a petition;

ii. Radius will prepare and deposit with counsel for the Committee, within twenty one (21) days from the execution of the Term Sheet, an informational document to be used in the solicitation of consents from the creditors to the compromise or conversion of their debt as specified in the Term Sheet, including a prospectus which complies with the disclosure requirements of the SEC for solicitation of such conversion in a voluntary plan and a disclosure statement describing the recapitalization plan specified in the Term Sheet, complying with all requirements of the United States Bankruptcy Code.

iii. Radius and the Committee, acting in concert, shall, within five (5) days from delivery of the above described informational document mail said informational document to the creditors of Radius and solicit the consents of the creditors to the compromise or conversion of their debt as specified in the Term Sheet. Radius shall have a period of thirty (30) days from the mailing of said informational document to obtain the necessary consents.

iv. Radius will prepare and deposit with counsel for the Committee, within forty five (45) days from the execution of the Term Sheet, all necessary schedules to the petition, a plan of reorganization consistent with the terms of the Term Sheet, any consents of creditors and shareholders to the plan obtained and such other documents as are required to file a "pre-packaged" plan of reorganization.

v. Counsel for the Committee is hereby authorized, upon the occurrence of one of the events specified in paragraph B above, and upon two days notice to, and consultation with, Radius and IBM Credit, to file said petition.

d. To facilitate the payment of the fees of counsel to the Committee for their increased level of services related to communicating with the creditors and soliciting their consent to the recapitalization plan set forth in the Term Sheet, Radius shall pay to said counsel, on an accelerated basis and no less favorable basis as counsel to Radius, the amount shown as owing on said statement. This is not intended, however, to effect a subordination of any of IBM Credit's claims, liens or other rights.



If the above correctly reflects your agreement, please have your respective clients execute a copy of this letter at the place indicated and return it to us with the executed Term Sheet. We will also obtain the signatures of the Creditors Committee which will be binding on them not only as members of the Committee but as individual creditors as well.

Very truly yours,

L. Morris Dennis

Agreed to:  
RADIUS, INC.

IBM CREDIT CORPORATION

by /s/Charles Berger  
Charles Berger, President

by /s/Philip Morse  
Philip Morse

THE UNOFFICIAL CREDITORS COMMITTEE  
OF RADIUS, INC.

by  
MITSUBISHI ELECTRONICS AMERICA

by  
SCI SYSTEMS

Carl Carlson, Co-Chairman

Michael Ledbetter, CoChairman

AVNET EMG MANUFACTURERS' SERVICES LTD.  
by  
by  
Dennis E. Losik  
Rick Bettles

MITSUBISHI INTERNATIONAL  
QUANTUM ELECTRONICS

by  
by  
Takahiro Kitamoto  
Aimee Takamoto

TECH DATA CORP.

by  
David Vetter

EXHIBIT 3

ADDENDUM TO TERM SHEET

This is an Addendum to the Term Sheet executed by the parties hereto, to clarify or change certain of the terms contained therein.

i. Paragraph II.B.1. of the Term Sheet is amended to add the following: "If the determination of allowed and disputed claims is not completed by the Closing Date, the shares reserved for the disputed claims shall be issued to the Trustees of the Creditors' Trust referred to in paragraph II.B.4., to be distributed by them to the Major Creditors and the members of the Convenience Class electing to convert their debt into common stock, when the disputed claims are resolved."

ii. Paragraph II.B.4. of the Term Sheet is amended to read as follows: "The agreement of all of the Major Creditors and the members of the Convenience Class electing to convert their debt into common stock, that the portion of their shares attributable to disputed claims shall be held in a Creditors' Trust, to be established by a trust agreement between Radius and the Committee, until the disputed claims are resolved shall be a condition of the obligations of Radius, IBM Credit and the Committee under this Term Sheet." Radius, IBM Credit and the Committee may elect to waive this requirement."

iii. Paragraph III.C. of the Term Sheet is amended to read as follows: "Creditors in the Convenience Class, who do not accept the offer described in sub-paragraph III.B. above and who are 'Accredited Investors', as defined in Rule 501 to Regulation D promulgated by the Securities and Exchange Commission ("SEC"), may exchange their claim for common stock on the same terms set forth in paragraph II.B."

iv. Paragraph IV.A.6. of the Term Sheet is amended to read as follows: "The preferred stock, the common stock into which it is convertible, the warrants to IBM Credit referred in paragraph VII.A., the common stock issuable in connection with the exercise of said warrants and the common stock which may be issued as dividends on the preferred stock (the "IBM Credit Securities"), shall be in compliance with all applicable federal and state securities laws. The IBM Credit Securities shall initially be issued pursuant to the exemption from the registration requirements of the Securities Act of 1933 (the "Act") provided by Regulation D promulgated by the SEC. As soon as permitted by the SEC after the Closing Date, (estimated to be approximately 30 days following the Closing Date), the resale by IBM Credit of the IBM Credit Securities shall be registered under the Act, by the filing with the SEC of a registration statement on Form S-1 and the diligent prosecution of said registration statement by Radius until it becomes effective. Thereafter, Radius shall file all statements and take

all actions necessary to maintain said registration as "evergreen" for a period of 2 years following the Closing Date so that said securities may be freely traded unless earlier tradeable without restriction pursuant to Rule 144 promulgated by the SEC. Thereafter, IBM Credit shall have the right to demand registration of any common stock issued to it by Radius once per year for two years after the last such issuance. At IBM Credit's request, Radius shall file a form S-3 registration statement with the SEC as soon as permitted by the SEC and shall use its best efforts to make such registration statement effective as soon as practicable after notice by IBM Credit of its intention to sell common stock. Radius shall remain current in all of its required filings pursuant to the Act, the Securities Exchange Act of 1934 and all applicable state securities laws."

v. Paragraph V.A. of the Term Sheet is amended to read as follows: "The issuance of the common stock to be issued to the Major Creditors and the members of the Convenience Class electing to convert their debt into common stock shall be in compliance with all applicable federal and state securities laws. Said common stock shall initially be issued pursuant to the exemption from the registration requirements of the Act provided by Regulation D promulgated by the SEC. As soon as permitted by the SEC after the Closing Date, (estimated to be approximately 30 days following the Closing Date), the resale by the Major Creditors and the members of the Convenience Class electing to convert their debt into common stock shall be registered under the Act, by the filing with the SEC of a registration statement on Form S-1 and the diligent prosecution of said registration statement by Radius until it becomes effective. Thereafter, Radius shall file all statements and take all actions necessary to maintain said registration as "evergreen" for a period of 2 years following the Closing Date so that said securities may be freely traded, unless earlier tradeable without restriction pursuant to Rule 144 promulgated by the SEC. Thereafter, it is contemplated that the Major Creditors and the members of the Convenience Class electing to convert their debt into common stock shall be permitted to resell their shares pursuant to Rule 144 promulgated by the SEC. Radius shall remain current in all of its required filings pursuant to the Act, the Securities Exchange Act of 1934 and all applicable state securities laws."

vi. Paragraph VI. of the Term Sheet is amended to read as follows: "Upon execution of all agreements, documents and instruments (relating to the restructuring, recapitalization and related transactions referenced herein) to be negotiated and documented and executed pursuant to, or to carry out the purposes of, the Term Sheet, and for so long as the parties shall continue to pursue their efforts to carry out the terms of the Term Sheet, each of the members of the Committee who have continued to supply product to Radius, on condition that Radius pay to them an amount equal to 110% of the price of the new product shipped, shall cease said

requirement for payment of said override."

vii. Paragraph VII. of the Term Sheet is amended to add to said paragraph a new sub-paragraph E. which shall read as follows: The warrants to be issued pursuant to the provisions of paragraph VII.B. and the common stock issuable in connection with the exercise of said warrants shall be in compliance with all applicable federal and state securities laws. Said warrants and common stock shall initially be issued pursuant to exemption from registration under the Act and thereafter registered under the Act in the same manner as provided in paragraph V.A. of the Term Sheet." Except as expressly modified herein, all of the terms and conditions of the Term Sheet shall continue in full force and effect.

Executed effective this \_ day of July, 1996.

RADIUS, INC.

IBM CREDIT CORPORATION

by /s/Charles Berger  
Charles Berger, President

by /s/Philip Morse  
Philip Morse

THE UNOFFICIAL CREDITORS COMMITTEE  
OF RADIUS, INC.

mitsubishi electronics america

sci systems

by  
Carl Carlson, Co-Chairman

by  
Michael Ledbetter, Co-Chairman

AVNET EMG  
MANUFACTURERS' SERVICES LTD.

by  
by  
Dennis E. Losik  
Rick Bettis

mitsubishi international  
quantum electronics by  
by

Takahiro Kitamoto  
Aimee Takamoto

TECH DATA CORP.  
by

David Vetter

EXHIBIT 4

SUBSCRIPTION AGREEMENT

THIS SUBSCRIPTION AGREEMENT, dated as of the date of acceptance set forth below, by and between RADIUS INC., a California corporation, with headquarters located at 215 Moffett Park Drive, Sunnyvale, California 94089 (the "Company"), and the undersigned (the "Buyer").

W I T N E S S E T H:

WHEREAS, the Buyer maintains that the Company is delinquent to Buyer in certain accounts or other claims in the amount of \$4,030,136.07 (the "Obligation") which Obligation represents all amounts owed to Buyer for whatever reason by the Company other than current trade payables of \$-0- as specified in a schedule attached to this Agreement ("Buyer's Schedule of Current Accounts");

WHEREAS, as a result of the Company's current financial condition, the Company is unable to repay the Obligation along with approximately \$45 million of claims of other unsecured creditors of the Company;

WHEREAS, the Company, its secured creditor and an unofficial committee of its largest unsecured creditors have proposed a plan pursuant to which unsecured creditors will release their claims against the Company in exchange for a number of shares of the Company's Common Stock, no par value ("Common Stock"), equal to 60% of the issued and outstanding shares of Common Stock;

WHEREAS, the Company and the Buyer are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Rule 506 under Regulation D ("Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "1933 Act");

WHEREAS, the Buyer wishes to subscribe for and purchase shares of Common Stock in full satisfaction of the Obligation and the release the Company from any and all liability relating to the Obligation upon the terms and subject to the conditions of this Agreement, subject to acceptance of this Agreement by the Company;

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. AGREEMENT TO SUBSCRIBE; PURCHASE PRICE.

a. Subscription. The Buyer hereby subscribes for and agrees to purchase the number of shares of Common Stock set forth on the signature page of this Agreement (the "Shares") in full satisfaction of the Obligation. Subscriber understands that the number of shares of Common Stock to be received will represent its pro rata share of the 60% of the outstanding shares of the Company's Common Stock to be issued to the Company's unsecured creditors as of the Closing Date (defined below).

b. Release. Buyer accepts the Common Stock as full satisfaction of the Obligation, and upon receipt of the Common Stock and an executed Registration Rights Agreement, Buyer forever fully releases and discharges the Company, its predecessors, successors, subsidiaries, officers, directors, agents, attorneys, employees, lenders, creditors, shareholders and assigns ("Releasees") from any and all causes of action, claims, suits, demands or other obligations or liabilities (except those set forth in the attached Buyer's Schedule of Current Accounts, if any), whether known or unknown, that Buyer ever had, now has, or may in the future have, that may be alleged to arise out of or in connection with the Obligation or its satisfaction ("Claims"). Buyer also agrees not to sue or otherwise institute or cause to be instituted or in any way participate in legal or administrative proceedings against the Releasees with respect to the Claims (except at the reasonable request of the Company). This release extends to all claims of every nature and kind, known or unknown, suspected or unsuspected, past, present, or future, arising from or related to the Obligation or its satisfaction, and any and all rights granted to us under Section 1542 of the California Civil Code or any analogous state law or federal law or regulation hereby expressly waived. Section 1542 of the Civil Code of the State of California states: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IS KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Buyer understands that other creditors and the Company will rely on its agreement to accept the Common Stock in full satisfaction of the Obligation and in consideration of the release described above. The adequacy of this consideration is acknowledged and will never be challenged.

2. BUYER REPRESENTATIONS, WARRANTIES, ETC.; ACCESS TO INFORMATION; INDEPENDENT INVESTIGATION.

The Buyer represents and warrants to, and covenants and agrees with, the Company as follows:

a. The Buyer is purchasing the Shares for its own, account for investment only and not with a view towards the public sale or distribution thereof;

b. The Buyer is an "Accredited Investor" as that term is defined in Rule 501 of the General Rules and Regulations under the 1933 Act by reason of Rule 501(a)(3) and is experienced and knowledgeable in investing in equity and other securities;

c. All subsequent offers and sales of the Shares by the Buyer shall be made pursuant to registration under the 1933 Act and qualification under the applicable state securities laws or pursuant to an exemptions from registration and qualification;

d. The Buyer understands that the Shares are being offered and sold to it in reliance on specific exemptions from the registration and qualification requirements of United States federal and state securities laws and that the Company is relying upon the truth and accuracy of, and the Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of the Buyer set forth herein in order to determine the availability of such exemptions and the eligibility of the Buyer to acquire the Shares;

e. The Buyer and its advisors, if any, have been furnished with all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Shares and the Warrants which have been requested by the Buyer. The Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company and have received complete and satisfactory answers to any such inquiries. Without limiting the generality of the foregoing, the Buyer has had the opportunity to obtain and to review the Company's Confidential Private Placement Memorandum dated August 9, 1996 relating to the offering of the shares of Common Stock to be issued to the Company's unsecured creditors (the "Memorandum") and the exhibits to the Memorandum. The Buyer understands that its investment in the Shares involves a high degree of risk;

f. The Buyer understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Shares; and

g. This Agreement has been duly and validly authorized, executed and delivered on behalf of the Buyer and is a valid and binding

agreement of the Buyer enforceable in accordance with its terms, subject as to enforceability to general principles of equity and to bankruptcy, insolvency, moratorium and other similar laws affecting the enforcement of creditors' rights generally.

### 3. COMPANY REPRESENTATIONS, ETC.

The Company represents and warrants to the Buyer that:

a. Concerning the Shares. The Shares, when issued, delivered and paid for in accordance with this Agreement, will be duly and validly authorized and issued, fully paid and non-assessable and will not subject the holder thereof to personal liability by reason of being such holder. There are no preemptive rights of any shareholder of the Company, as such, to acquire the Shares.

b. Subscription Agreement. This Agreement has been duly and validly authorized, executed and delivered on behalf of the Company and is a valid and binding agreement of the Company enforceable in accordance with its terms, subject as to enforceability to general principles of equity and to bankruptcy, insolvency, moratorium and other similar laws affecting the enforcement of creditors' rights generally.

c. Non-contravention. The execution and delivery of this Agreement by the Company and the consummation by the Company of the issuance of the Shares and the other transactions contemplated by this Agreement do not and will not conflict with or result in a breach by the Company of any of the terms or provisions of, or constitute a default under, the articles of incorporation or by-laws of the Company, or any indenture, mortgage, deed of trust or other material agreement or instrument to which the Company is a party or by which it or any of its properties or assets are bound, or any existing applicable law, rule or regulation or any applicable decree, judgment or order of any court, United States federal or state regulatory body, administrative agency or other governmental body having jurisdiction over the Company or any of its properties or assets.

d. Approvals. The Company is not aware of any authorization, approval or consent of any governmental body which is required to be obtained by the Company for the issuance and sale of the Shares as contemplated by this Agreement.



#### 4. CERTAIN COVENANTS AND ACKNOWLEDGMENTS.

a. Transfer Restrictions. The Buyer acknowledges that (1) the shares to be issued to it hereunder have not been and are not being registered under the provisions of the 1933 Act or qualified under applicable state securities laws (except to the extent provided for in the Registration Rights Agreement referred to in Section 4(c) of this Agreement), and may not be transferred unless and until (A) such transfer is registered under the 1933 Act and qualified under applicable state securities laws or (B) the Buyer shall have delivered to the Company an opinion of counsel, reasonably satisfactory in form, scope and substance to the Company, to the effect that the securities may be sold or transferred pursuant to exemptions from such registration and qualification; (2) any sale of such securities made in reliance on Rule 144 promulgated under the 1933 Act may be made only in accordance with the terms of Rule 144 and further, if Rule 144 is not applicable, any resale of such securities under circumstances in which the seller, or the person through whom the sale is made, may be deemed to be an underwriter, as that term is used in the 1933 Act, may require compliance with some other exemption under the 1993 Act or the rules and regulations of the SEC thereunder; and (3) neither the Company nor any other person is under any obligations to register the securities under the 1933 Act or qualify them under state securities laws (other than pursuant to the Registration Rights Agreement referred to in Section 4(c) of this Agreement) or to comply with the terms and conditions of any exemption under the 1933 Act or applicable state securities laws.

b. Restrictive Legend. The Buyer acknowledges and agrees that, except during such time as the securities sold hereby are registered under the 1933 Act and qualified under applicable state securities laws as provided in the Registration Rights Agreement referred to in Section 4(c) of this Agreement, or after such securities have been sold pursuant to such registration and qualification or pursuant to exemptions (such as Rule 144) that do not require further restrictions on transfer, the certificates for such securities may bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of the certificates for such securities): The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "1933 Act"), or applicable state securities laws. The shares have been acquired for investment and may not be sold, transferred, assigned or hypothecated unless registered under the 1933 Act and qualified under applicable state securities laws or unless such sale, transfer, assignment or hypothecation is exempt from the registration requirements of the 1933 Act and the qualification requirements of applicable state securities laws and, at the Company's election, unless the Company receives an opinion of counsel satisfactory to the Company that such registration and qualification are not required.

c. Registration Rights Agreement. The parties hereto agree to enter into a Registration Rights Agreement in form acceptable to the Company and the Unofficial Creditors Committee on or before the Closing Date.

d. Form D. The Company agrees to file a Form D with respect to the shares sold hereby as required under Regulation D.

e. Reporting Status. So long as the Buyer beneficially owns any of the shares sold hereby or until the third anniversary of the Closing Date, whichever first occurs, the Company shall file all reports required to be filed with the SEC pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and the Company shall not terminate its status as an issuer required to file reports under the 1934 Act even if the 1934 Act or the rules and regulations thereunder would permit such termination.

#### 5. TRANSFER AGENT INSTRUCTIONS.

Promptly following the Closing, the Company will instruct its transfer agent to issue one or more certificates for the Shares bearing the restrictive legend specified in Section 4(b) of this Agreement, registered in the name of the Buyer or its nominee and in such denominations to be specified by the Buyer prior to the closing. The Company warrants that no instruction (other than such instructions referred to in this Section 5, instructions consistent with this Agreement, including Sections 4(a) and 4(b) hereof, or with the Registration Rights Agreement and stop transfer instructions to give effect to Section 4(a) hereof) will be given by the Company to the transfer agent with respect to the Shares and that the Shares shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement. Nothing in this Section shall affect in any way the Buyer's obligations and agreement to comply with all applicable securities laws upon resale of the Shares. If the Buyer sells the Shares under an effective Registration Statement or if Buyer provides the Company with an opinion of counsel that registration and qualification of a resale by the Buyer of any of the Shares in accordance with clause (1)(B) of Section 4(a) of this Agreement is not required under the 1933 Act, the Company shall permit the transfer of such shares and promptly instruct the Company's transfer agent to issue one or more share certificates in such name and in such denominations as specified by the Buyer (provided that such specification is consistent with such opinion).

#### 6. CLOSING DATE.

The date and time of the issuance and sale of the Share (the "Closing Date") shall be 12:00 noon, California time, on the date which: (i) the Company has received Subscription Agreements from all unsecured creditors with claims in excess of \$50,000; (ii) the Company has executed and delivered an amended loan agreement with IBM Credit Corporation in form acceptable to the Unofficial Creditors Committee; and (iii) unsecured creditors other than those described in (i) above holding claims representing 95% of the remaining unsecured claims against the Company have received a discounted cash payment or have agreed to receive shares of Common Stock in satisfaction of their claims. The foregoing conditions may be waived or modified with the consent of each of the Company, IBM Credit Corporation and the Unofficial Creditors Committee. The closing shall occur on the Closing Date at the offices of the Company and is expected to occur at the end of August 1996. Unless Buyer is issued Common Stock by October 31, 1996, however, Buyer reserves the right to cancel this agreement by written notice to the Company. Buyer also understands that the Company may be forced to seek bankruptcy protection in order to implement the transactions contemplated by this Agreement. In such event, additional documentation will be sent to Buyer.

#### 7. CONDITIONS TO THE COMPANY'S OBLIGATION TO SELL.

The Buyer understands that the Company's obligation to sell the Shares to the Buyer pursuant to this Agreement is conditioned upon:

- a. The receipt and acceptance by the Company of the Buyer's subscription for the Shares as evidenced by execution and delivery of this Agreement by the Company;
- b. Satisfaction of the conditions referred to in Section 6 hereof;
- c. The accuracy on the Closing Date of the representations and warranties of the Buyer contained in this Agreement and the performance by the Buyer on or before the Closing Date of all covenants and agreements of the Buyer required to be performed on or before such Closing Date; and
- d. Execution and delivery of a Registration Rights Agreement by Buyer. The foregoing conditions may be waived by the Company at its discretion.

8. CONDITIONS TO THE BUYER'S OBLIGATION TO PURCHASE.

The Company understands that the Buyer's obligation to purchase the Shares is conditioned upon:

- a. Delivery by the Company of one or more certificates for the Shares in accordance with this Agreement;
- b. The accuracy on the Closing Date of the representations and warranties of the Company contained in this Agreement and the performance by the Company on or before the Closing Date of all covenants and agreements of the Company required to be performed on or before such Closing Date; and
- c. Execution and delivery of the Registration Rights Agreement by the Company. The foregoing conditions may be waived by the Buyer at its discretion.

9. GOVERNING LAW; MISCELLANEOUS.

This Agreement shall be governed by and interpreted in accordance with the laws of the State of California. A facsimile transmission of this signed agreement shall be legal and binding on all parties hereto. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction. This Agreement may be amended only by an instrument in writing signed by the party to be charged with enforcement. In the event of any inconsistency between any provision of this Agreement and the Loan Agreement, the provisions of the Loan Agreement shall govern. Any notices required or permitted to be given under the terms of this Agreement shall be sent by mail or delivered personally or by courier and shall be effective five days after being placed in the mail, if mailed, or upon receipt, if delivered personally or by courier to such party's office, in each case addressed to a party at such party's address shown in the introductory paragraph or on the signature page of this Agreement or such other address as a party shall have provided by notice to the other party in accordance with this provision.

IN WITNESS WHEREOF, this Agreement has been duly executed by the Buyer or one of its officers thereunto duly authorized as of the date set forth below.

AGGREGATE AMOUNT OF ALL RELEASED CLAIMS: \$4,030,136.07

NAME OF BUYER: AVNET, INC.  
SIGNATURE: /s/Dennis E. Losik

Title: VP of Credit  
Date: August 28, 1996  
Address: 3030 Salt Creek Lane  
Suite 124  
Arlington Heights, IL 60005

This Agreement has been accepted as of the date set forth below.

RADIUS INC.  
By: /s/Cherrie L. Fosco

Title: Vice President, Controller  
Date: August 30, 1996

NUMBER OF SHARES: 3,188,966 PLUS 970,555  
Such number of shares will be computed by the Company and confirmed by the Unsecured Creditors Committee. Each unsecured creditor shall receive such number of shares of Common Stock as represents its pro rata share of the 60% of the outstanding shares of Common Stock as of the Closing Date.

EXHIBIT 5

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT, dated as of August 30, 1996 (this "Agreement"), is made by and between RADIUS INC., a California corporation (the "Company"), and the person named on the signature page hereto (the "Initial Investor").

W I T N E S S E T H:

WHEREAS, in connection with each of the Subscription Agreements, between certain unsecured creditors of the Company ("Creditors") and the Company (the "Subscription Agreements"), the Company has issued and sold to the Creditors shares (the "Shares") of Common Stock, no par value (the "Common Stock") and certain Common Stock Purchase Rights ("Rights") in satisfaction of certain claims of such Creditors as set forth in the Subscription Agreements;

WHEREAS, the Company has issued to IBM Credit Corporation ("IBM Credit") shares of Series A Convertible Preferred Stock (the "Series A Preferred") and Warrants ("Warrants") to purchase 600,000 shares of Common Stock in satisfaction of certain outstanding indebtedness of the Company to IBM Credit and extension by IBM Credit of an advance of up to \$500,000 as well as the restructuring of the Company's remaining indebtedness to IBM Credit (such transactions with IBM Credit are collectively referred to herein as the "Restructuring");

WHEREAS, the Company has issued or will issue to certain unsecured creditors ("Key Suppliers") Warrants to purchase an aggregate of 600,000 shares of Common Stock;

WHEREAS, to induce (i) the Creditors to execute and deliver the Subscription Agreements, (ii) IBM Credit to enter into the Restructuring and, (iii) the Key Suppliers to accept Warrants to ensure favorable credit and supply terms, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "Securities Act"), and applicable state securities laws with respect to the Registrable Securities (defined below);

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Initial Investor hereby agree as follows:

## 1. Definitions.

As used in this Agreement, the following terms shall have the following meanings:

- (a) "Demand Securities" means the Warrant Shares and the Dividend Shares.
- (b) "Demand Registration" means a registration effected pursuant to Section 2(b) hereof.
- (c) "Dividend Shares" means any shares of Common Stock issuable in lieu of cash dividends paid or to be paid on the Series A Preferred.
- (d) "Effectiveness Period" means with respect to (i) the Shelf Registration, a period of 24 consecutive months from the effective date of the Registration Statement relating to the Initial Registration and (ii) any Demand Registration, a period of 90 consecutive days from the effective date of the Demand Registration and excluding any period of time in which the Effectiveness Period may be suspended pursuant to the provisions of clauses (i)-(iv) of Section 3(a).
- (e) "Form S-3" means such form under the Securities Act as is in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.
- (f) "Holdover Securities" means Registrable Securities which are held by an Investor after the end of the Effectiveness Period for the Shelf Registration and which Investor also holds Demand Securities.
- (g) "Initial Registration" means a registration effect pursuant to Section 2(a) hereof.
- (h) "Investor" means the Initial Investor and any transferee or assignee who agrees to become bound by the provisions of this Agreement in accordance with Section 9 hereof.
- (i) "register," "registered" and "registration" refer to a registration effected by preparing and filing a Registration Statement or Statements in compliance with the Securities Act and, to the extent required hereunder, pursuant to Rule 415, and the declaration or ordering of effectiveness of such Registration Statement by the SEC.

- (j) "Registrable Securities" means the Shares, the Warrant Shares, the Dividend Shares, the Rights Shares, the Series A Shares, the Series A Preferred and the Warrants.
- (k) "Registration Statement" means a registration statement of the Company under the Securities Act with respect to the Shelf Registration or the Demand Registration, as the case may be.
- (l) "Registration Termination Date" means the date on which the Company's obligation to register or maintain any registration with respect to any Registrable Securities terminates as provided in Section 11 hereof.
- (m) "Rights Shares" means shares of Common Stock issued or issuable pursuant to the Rights issued to the Creditors pursuant to the Subscription Agreements.
- (n) "Rule 144" means Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.
- (o) "Rule 415" means Rule 415 under the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the SEC.
- (p) "SEC" means the U.S. Securities and Exchange Commission.
- (q) "Securities Act" means the Securities Act of 1933, as amended.
- (r) "Series A Shares" means shares of Common Stock issued or issuable upon conversion of the Series A Preferred.
- (s) "Shelf Registration" means the Initial Registration and any Subsequent Registration.
- (t) "Subsequent Registration" has the meaning specified in Section 2 hereof.
- (u) "Target Effective Date" means 60 days after the issuance of the Shares.
- (v) "Target Filing Date" means 10 days after the issuance of the Shares.
- (w) "Underwritten Offering" means an underwritten public offering on a firm commitment basis.
- (x) "Warrant Shares" means shares of Common Stock issued or issuable upon exercise of the Warrants issued to IBM Credit and the Key Suppliers.



## 2. Registration.

### (a) Initial Registration.

(i) The Company shall prepare and file with the SEC a Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415 covering all of the Registrable Securities. The Initial Registration shall be on Form S-1 or another appropriate form permitting registration of such Registrable Securities for resale by such holders in the manner or manners designated by them (including, without limitation, one or more underwritten offerings). Such filing shall be made on or before the Target Filing Date. The Company shall use its best efforts to have such Initial Registration declared effective on or before the Target Effective Date and to keep the Initial Registration continuously effective under the Securities Act until the earlier to occur of the date that is 24 months from the effectiveness date of the Initial Registration (the "Initial Effectiveness Period") or the Registration Termination Date.

(ii) If the Initial Registration or a Subsequent Registration ceases to be effective for any reason at any time during the Effectiveness Period (other than because of the occurrence of the Registration Termination Date with respect to the Registrable Securities covered thereby), the Company shall use its best efforts to obtain the prompt withdrawal of any order suspending the effectiveness thereof, and in any event shall within 30 days of such cessation of effectiveness file an amendment to the Initial Registration in a manner reasonably expected to obtain the withdrawal of the order suspending the effectiveness thereof, or file an additional "shelf" Registration Statement pursuant to Rule 415 covering all of the Registrable Securities (a "Subsequent Registration"). If a Subsequent Registration is filed, the Company shall use its best efforts to cause the Subsequent Registration to be declared effective as soon as practicable after such filing and to keep such Registration Statement continuously effective until the earlier to occur of the end of the Effectiveness Period or the Registration Termination Date.

(iii) The Company shall supplement and amend the Shelf Registration if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration, if required by the Securities Act.

### (b) Demand Registration.

(i) If the Company shall receive at any time after the end of the Effectiveness Period for the Shelf Registration, a written request from the Investors of at least thirty-three percent (33%) of the Demand Securities then outstanding that the Company file a registration statement under the Securities Act covering the registration of the Demand Securities pursuant to this Section

2(b), then the Company shall, within ten (10) business days of the receipt of such written request, give written notice of such request ("Request Notice") to all Investors, and file within thirty (30) days and use its best efforts to cause such Registration Statement to become effective within an additional thirty (30) days, the Registration Statement covering all Demand Securities which Investors request to be registered and included in such registration by written notice given such Investors to the Company within twenty (20) days after receipt of the Request Notice; provided that the Registrable Securities requested by all Investors to be registered pursuant to such request must be at least thirty-three percent (33%) of all Demand Securities then outstanding; provided further, that in the event the proposed offering described in the Request Notice is an Underwritten Offering, then additional Holdover Securities (other than Warrants and Series A Preferred) held by Investors may be included in the registration described in the Request Notice, subject to compliance with subsection (ii) below.

(ii) If the Investors initiating the registration request under this Section 2(b) ("Initiating Investors") intend to distribute the Demand Securities covered by their request by means of an Underwritten Offering, then they shall so advise the Company as a part of their request made pursuant to this Section 2(b) and the Company shall include such information in the Request Notice referred to in subsection (i) of this Section 2(b). In such event, the right of any Investor to include his Demand Securities and, if applicable, Holdover Securities in such registration shall be conditioned upon such Investor's participation in such Underwritten Offering and the inclusion of such Investor's Demand Securities in the Underwritten Offering (unless otherwise mutually agreed by a majority in interest of the Initiating Investors and such Investor) to the extent provided herein. All Investors proposing to distribute their securities through such Underwritten Offering shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such Underwritten Offering by the Company. Notwithstanding any other provision of this Section 2(b), if the underwriter(s) advise(s) the Company in writing that marketing factors require a limitation of the number of securities to be underwritten then the Company shall so advise all Investors owning Demand Securities and, if applicable, Holdover Securities, which would otherwise be registered and underwritten pursuant hereto, and the number of Demand Securities and, if applicable, Holdover Securities, that may be included in the Underwritten Offering shall be reduced as required by the underwriter(s) and allocated among the Investors owning Demand Securities and, if applicable, Holdover Securities, on a pro rata basis according to the number of Demand Securities and, if applicable, Holdover Securities, then outstanding held by each Investor requesting registration (including the Initiating Investors).

(iii) Maximum Number of Demand Registrations. The Company is obligated to effect only two (2) such registrations pursuant to this Section 2(b) in any calendar year.

(iv) Deferral. Notwithstanding the foregoing, if the Company shall furnish to Investors requesting a Demand Registration, a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its shareholders for such registration statement to be filed and it is therefore essential to defer the filing of such registration statement, then the Company shall have the right to defer such filing for a period of not more than one hundred twenty (120) days after receipt of the request of the Initiating Investors; provided, however, that the Company may not utilize this right more than once in any twelve (12) month period.

(v) Form S-3 Registration. In lieu of the Company's obligation to effect Demand Registrations pursuant to this Section 2(b), the Company may, at its election, at any time after the Effectiveness Period of the Shelf Registration, prepare, file and cause to be effective a Registration Statement on Form S-3, and subject to the provisions of Section 3(a), keep such Registration Statement effective pursuant to Rule 415 until the Registration Termination Date. Upon the effectiveness of such Registration Statement on Form S-3, the Investors shall no longer be permitted to effect a Demand Registration.

3. Obligations of the Company. In connection with the registration of the Registrable Securities pursuant to this Agreement, the Company shall:

(a) prepare promptly and file with the SEC promptly (but in no event later than as is set forth in Section 2 hereof) a Registration Statement with respect to all Registrable Securities to be included therein, and thereafter use its best efforts to cause the Registration Statement to become effective as soon as reasonably possible after such filing, and keep the Registration Statement effective pursuant to Rule 415 (except in the case of an underwritten offering, for which Rule 415 will not be used) at all times during the Effectiveness Period or until the Registration Termination Date, whichever occurs first, which Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading provided, however, that each Investor shall have complied with its obligations under Section 4 with respect to the Registrable Securities of such Investor to be included in the Registration Statement. Notwithstanding the foregoing, in the event that (i) any request is made by the SEC or any other federal or

state governmental authority during the Effectiveness Period for amendments or supplements to a Registration Statement or related prospectus, (ii) any event occurs that makes any statement made in such Registration Statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or which requires the making of any changes in the Registration Statement or prospectus so that, in the case of the Registration Statement, it will not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (iii) during the Effective Period for the Shelf Registration, the Company becomes eligible to utilize Form S-3 (in which case, the Company shall be permitted to terminate the effectiveness of the Initial Registration and file a Registration Statement on Form S-3 and use its best efforts to cause such Registration Statement to become effective within thirty (30) days with respect to the Registrable Securities), or (iv) in the judgment of the Company, it is advisable to suspend use of the prospectus included in such Registration Statement for a discrete period of time due to pending corporate developments (including the pending automatic conversion of the Series A Shares referred to in Section 7.2(a) of Article III of the Company's Articles of Incorporation, as amended, in which case such discrete period shall be one day), public filings with the SEC or similar events, then the Company shall deliver a certificate in writing to the Investors whose Registrable Securities are included in the Registration Statement to the effect of the foregoing and, upon receipt of such certificate, the use of the Registration Statement and prospectus will be deferred or suspended and will not recommence until such Investor's receipt of copies of the supplemented or amended prospectus, or until such Investors are advised in writing by the Company that the prospectus may be used, and until such Investors have received copies of any additional or supplemental filings that are incorporated or deemed incorporated by reference in such prospectus. The Company will use its best efforts to ensure that the use of the Registration Statement and prospectus may be resumed, as soon as practicable and, in the case of a pending development, filing or event referred to in (iv) above, as soon, in the judgment of the Company, as disclosure of the material information relating to such pending development, filing or event would not have a materially adverse effect on the Company's ability to consummate the transaction, if any, to which such development, filing or event relates. Notwithstanding the foregoing or any other provision of this Agreement, the period during which the Company shall be required to maintain the effectiveness of a Registration Statement with respect to a Demand Registration shall be extended by 1 day for each full or partial day during which the use of such Registration Statement or prospectus is deferred or suspended by

the Company in accordance with this Section 2(b);

(b) prepare and file with the SEC such amendments (including post-effective amendments) and supplements to the Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to keep the Shelf Registration or Demand Registration effective at all times until the end of the Effectiveness Period or the Registration Termination Date, whichever occurs first, and, during such period, comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities of the Company covered by the Registration Statement until such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in the Registration Statement;

(c) furnish to each Investor whose Registrable Securities are included in the Registration Statement, such number of copies of a prospectus, including a preliminary prospectus, and all amendments and supplements thereto and such other documents, as such Investor may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Investor;

(d) use reasonable efforts to (i) register and qualify the Registrable Securities covered by the Shelf Registration or Demand Registration under such other securities or blue sky laws of such jurisdictions as the Investors who hold a majority in interest of the Registrable Securities or Demand Securities, as applicable, being offered reasonably request, (ii) prepare and file in those jurisdictions such amendments (including post-effective amendments) and supplements, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times until the end of the Effectiveness Period or the Registration Termination Date, whichever occurs first, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities or Demand Securities, as applicable, for sale in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (I) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (II) subject itself to general taxation in any such jurisdiction, (III) file a general consent to service of process in any such jurisdiction, (IV) provide any undertakings that cause more than nominal expense or burden to the Company or (V) make any change in its charter or by-laws;

(e) as promptly as practicable after becoming aware of such event, notify each Investor of the happening of any event of which the Company has knowledge, as a result of which the prospectus included in the Shelf Registration or Demand Registration, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to

make the statements therein, in light of the circumstances under which they were made, not misleading, and use its best efforts promptly to prepare a supplement or amendment to the Registration Statement to correct such untrue statement or omission, and deliver a number of copies of such supplement or amendment to each Investor as such Investor may reasonably request;

(f) as promptly as practicable after becoming aware of such event, notify each Investor who holds Registrable Securities being sold (or, in the event of an Underwritten Offering, the managing underwriters) of the issuance by the SEC (or any state agency) of any stop order or other suspension of effectiveness of any Registration Statement (or state qualification) at the earliest possible time;

(g) permit a single firm of counsel designated as selling shareholders' counsel by the Investors to review a Registration Statement and all amendments and supplements thereto a reasonable period of time prior to their filing with the SEC, provided, however, any such objection to the filing of any Registration Statement or amendment thereto or any prospectus or supplement thereto shall be made by written notice (the "Objection Notice") delivered to the Company no later than three (3) Business Days after the party or parties asserting such objection receives draft copies of the documents that the Company proposes to file. The Objection Notice shall set forth the objections and the specific areas in the draft documents where such objections arise, and shall not file any document in a form to which such counsel reasonably objects, provided that the Company shall be permitted to take such actions that are required to comply with applicable law;

(h) make generally available to its security holders as soon as practical, but not later than ninety (90) days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Rule 158 under the Securities Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the effective date of any Registration Statement and any post effective amendment thereto;

(i) make available for inspection by any Investor, any underwriter participating to any Underwritten Offering, and any attorney, accountant or other agent retained by any such Investor or underwriter (collectively, the "Inspectors"), all pertinent documents of the Company (collectively, the "Records"), as shall be reasonably necessary to enable each Inspector to exercise its due diligence responsibility, if and to the extent it has any such responsibility under the Securities Act, and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request for purposes of such due diligence; provided, however, that each Inspector shall hold in confidence and shall not make any disclosure (except to an

Investor) of any Record or other non-public information relating to the Company received by such Inspector unless (i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement, (ii) the release of such Records is ordered pursuant to a subpoena or other order from a court or government body of competent jurisdiction or (iii) the information in such Records has been made generally available to the public other than by disclosure in violation of this or any other agreement; and provided further, however, that in the event any Investor obtains material nonpublic information concerning the Company pursuant to this Section 3(i) or Section 3(a) or 3(e) or otherwise, such Investor shall not purchase or sell or otherwise trade in any securities of the Company in violation of applicable law until such information is made public by the Company. The Company shall not be required to disclose any confidential information in such Records to any Inspector until and unless such Inspector shall have entered into confidentiality agreements (in form and substance satisfactory to the Company) with the Company with respect thereto, substantially in the form of this Section 3(i). Each Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction, given prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential;

(j) use its best efforts either to (i) cause all the Registrable Securities covered by any Registration Statement to be listed on a national securities exchange, if the listing of such Registrable Securities is then permitted under the rules of such exchange, or (ii) secure the quotation of the Registrable Securities on the Nasdaq National Market if such quotation is then permitted under the rules of the Nasdaq;

(k) provide a transfer agent and registrar, which may be a single entity, for the Registrable Securities not later than the effective date of any Registration Statement;

(l) cooperate with the Investors who hold Registrable Securities being sold and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing Registrable Securities to be sold pursuant to the Shelf Registration or Demand Registration, as the case may be, and enable such certificates to be in such denominations or amounts as the case may be, and registered in such names as the managing underwriter or underwriters, if any, or the Investors may reasonable request; and

(m) take all other reasonable actions necessary to expedite and facilitate disposition by the Investor of the Registrable Securities pursuant to the Registration Statement.

4. Obligations of the Investors. In connection with the registration of the Registrable Securities, the Investors shall have the following obligations:

(a) It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement with respect to any Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be reasonably required to the effect the registration of the Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request. At least fifteen (15) days prior to the first anticipated filing date of the Shelf Registration or the Demand Registration, as the case may be, the Company shall notify each Investor of the information the Company requires from each such Investor (the "Requested Information") if such Investor elects to have any of such Investor's Registrable Securities included in the Registration Statement. If within five (5) business days prior to the filing date the Company has not received the Requested Information from an Investor (a "Non-Responsive Investor"), then the Company may file the Shelf Registration or the Demand Registration, as the case may be, without including Registrable Securities of such Non-Responsive Investor;

(b) Each Investor by such Investor's acceptance of the Registrable Securities agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of any Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from the Registration Statement;

(c) Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of any kind described in Section 3(e) or 3(f), such Investor will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3(e) or 3(f) and, if so directed by the Company, such Investor shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in such Investor's possession, of the prospectus covering such Registrable Securities current at the time of receipt of such notice;

(d) No Investor may participate in any Underwritten Offering hereunder unless such Investor (i) agrees to sell such Investor's Registrable Securities on the basis provided in any underwriting arrangements approved by the Investors entitled hereunder to approve such arrangements, (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting



agreements and other documents reasonably required under the terms of such underwriting arrangements and (iii) agrees to pay its pro rata share of all underwriting discount, and commissions and other fees and expenses of investment bankers and any manager or managers of such underwriting and legal expenses of the underwriters applicable with respect to its Registrable Securities, in each case to the extent not payable by the Company pursuant to the terms of this Agreement;

(e) No Investor shall include the Investor's Registrable Securities in any Registration Statement relating to a Demand Registration unless the Investor has at such time a current intent to sell such Registrable Securities, and by including such Registrable Securities in such Registration Statement, the Investor will be deemed to represent to the Company that the Investor has such intent. Any sale of any Registrable Securities by any Investor under any Registration Statement will constitute a representation and warranty by such Investor that the information relating to such Investor and its plan of distribution is as set forth in the prospectus prepared by the Company and furnished to such Investor for use in connection with such disposition, and such prospectus does not as of the time of such sale contain any untrue statement of a material fact relating to such Investor or its plan of distribution and that such prospectus does not as of the time of such sale omit to state any material fact relating to such Investor or its plan of distribution necessary to make the statements in such Prospectus, in light of the circumstances under which they were made, not misleading;

(f) Each Investor agrees that, in disposing of any Registrable Securities pursuant to any Registration Statement, the Investor will cause the disposition to be made in accordance with the terms of the Registration Statement, including the plan of distribution described therein, and will comply with all applicable securities laws, including Rules 10b-2, 10b-5, 10b-6 and 10b-7 promulgated under the Exchange Act. Each Investor agrees that in selling any Registrable Securities under any Registration Statement, the Investor will deliver the current prospectus contained in the Registration Statement, as amended and supplemented, to all persons as required by the Securities Act and the regulations thereunder and will comply with any applicable "blue sky" laws and regulations in connection with the disposition of such shares.

(g) Each Investor hereby agrees that it shall not, to the extent requested by an underwriter of securities of the Company, sell or otherwise transfer or dispose of any Registrable Securities or other securities of the Company then owned by such Investor (other than to donees or affiliates of the Investor who agree to be similarly bound) for up to one hundred eighty (180) days following the effective date of a registration statement of the Company filed under the Securities Act; provided, however, that all executive officers and directors of the Company then holding Common Stock of

the Company enter into similar agreements. In order to enforce the foregoing covenant, the Company shall have the right to place restrictive legends on the certificates representing the shares subject to this Section and to impose stop transfer instructions with respect to the Registrable Securities and such other shares of stock of each Investor (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

5. Expenses of Registration. All expenses, other than underwriting discounts and commissions and brokerage commissions and other fees and expenses of investment bankers, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees and the fees and disbursements of counsel for the Company and counsel for the Investors as provided in Section 3(g), shall be borne by the Company; provided, however, that the Investors shall bear the fees and out-of-pocket expenses of their legal counsel, if any, selected by the Investors pursuant to Subsection (ii) of Section 2(b) hereof in the case of an Underwritten Offering. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to this Section 2(b) if the registration request is subsequently withdrawn at the request of the Investors of a majority of the Demand Securities to be registered, unless the Investors of a majority of the Demand Securities then outstanding agree to forfeit their right to one (1) demand registration pursuant to this Section 2(b) (in which case such right shall be forfeited by all Investors holding Demand Securities).

6. Indemnification. In the event any Registrable Securities are included in a Registration Statement under this Agreement:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Investor who holds such Registrable Securities, the directors, if any, of such Investor, the officers, if any, of such Investor, each person, if any, who controls any Investor within the meaning of the Securities Act or the Exchange Act, and, in the case of a Demand Registration, if the Registration Statement is for an underwritten offering, any underwriter (as defined in the Securities Act) for the Investors, the directors, if any, of such underwriter and the officers, if any, of such underwriter, and each person, if any, who controls any such underwriter within the meaning of the Securities Act or the Exchange Act (each, an "Indemnified Person"), against any losses, claims, damages, expenses or liabilities (joint or several) (collectively, "Claims"): to which any of them may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any of the following statements, omissions or violations in any Registration Statement, or any post-effective amendment thereof, or any prospectus included therein: (i) any untrue statement or alleged untrue statement of a material fact contained in any Registration

Statement or any post-effective amendment thereof or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading or (iii) any violation or alleged violation by the Company of the Securities Act, any state securities law or any rule or regulation by the Company of the Securities Act, the Exchange Act or any state securities law (the matters in the foregoing clauses (i) through (iii) being, collectively, "Violations"). Subject to the restrictions set forth in Section 6(d) with respect to the number of legal counsel, the Company shall reimburse the Indemnified Persons, promptly as such expense are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (I) shall not apply to a Claim arising out of or based upon (A) a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by any Indemnified Person or underwriter for such Indemnified Person (to the extent such information was provided by or on behalf of such Indemnified Person) expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto, if such prospectus was timely made available by the Company pursuant to Section 3(c) hereof or (B) any violation by an Investor of the Investor's obligations under this Agreement; (II) with respect to any preliminary prospectus shall not inure to the benefit of any such person from whom the person asserting any such Claim purchased the Registrable Securities that are the subject thereof (or to the benefit of any person controlling such person) if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected in the prospectus, as then amended or supplemented, if such prospectus was timely made available by the Company pursuant to Section 3(c) hereof; and (III) shall not apply to amounts paid in settlement of any claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld, provided, however, that if such claim is settled without the consent of the Company and such claim is subsequently reduced to a final, nonappealable judgment or settlement which is adverse to the Company, then the provisions of this clause III shall be of no effect. Such indemnity

shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 9.

(b) In connection with any Registration Statement in which an Investor is participating, each such Investor agrees to indemnify and hold harmless, to the same extent and in the same manner set forth in Section 6(a), the Company, each of its directors, each of its officers who signs the Registration Statement, each person, if any, who controls the Company within the meaning of the Securities Act or the Exchange Act, any other shareholder and, in the case of a Demand Registration, any underwriter selling securities pursuant to the Registration Statement or any of its directors or officers or any person who controls such shareholder or underwriter within the meaning of the Securities Act or the Exchange Act (collectively and together with an Indemnified Person, an "Indemnified Party"), against any Claim to which any of them may become subject, under the Securities Act, the Exchange Act or otherwise, insofar as such Claim arises out of or is based upon (i) any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Investor expressly for use in connection with such Registration Statement; and such Investor will reimburse any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Claim or (ii) any violation by any Investor of such Investor's obligations under this Agreement; provided, however, that the indemnity agreement contained in this Section 6(b) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 9. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(b) with respect to any preliminary prospectus shall not inure to the benefit of any Indemnified Party if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected on a timely basis in the prospectus, as then amended or supplemented.

(c) The Company shall be entitled to receive indemnities from underwriters, selling brokers, dealer managers and similar securities industry professionals participating in any distribution, to the same extent as provided above, with respect to information such persons so furnished in writing by such persons expressly for inclusion in the Registration Statement.

(d) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any

action (including any governmental action), such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying parties; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel, with the reasonable fees and expenses to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential conflicts of interests between such Indemnified Person or Indemnified Party and any other party represented by such it counsel in such proceeding. The Company shall pay for only one separate legal counsel for the Indemnified Persons; such legal counsel shall be selected by the Investors holding a majority in interest of the Registrable Securities and shall be approved by the Company, such approval not to be unreasonably withheld. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action. The indemnification required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred and is due and payable.

7. Contribution. To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that (a) no contribution shall be made under circumstances where the maker would not have been liable for indemnification under the fault standards set forth in Section 6, (b) no seller of Registrable Securities guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any seller of Registrable Securities who was not guilty of such fraudulent misrepresentation and (c) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

8. Reports under Exchange Act. With a view to making available to the Investors the benefits of Rule 144 promulgated under the Securities Act or any other similar rule or regulation of the SEC

that may at any time permit the Investors to sell securities of the Company to the public without registration ("Rule 144"), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company and (iii) such other information as may be reasonably requested to permit the Investors to sell such securities pursuant to Rule 144 without registration.

9. Assignment of the Registration Rights. The rights to have the Company register Registrable Securities other than Rights Shares pursuant to this Agreement shall be automatically assigned by the Investors to transferees or assignees of all of any portion of such securities only if: (a) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (b) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (i) the name and address of such transferee or assignee and (ii) the securities with respect to which such registration rights are being transferred or assigned, (c) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the Securities Act and applicable state securities laws, and (d) at or before the time the Company received the written notice contemplated by clause (b) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein and (e) the transfer or assignment is made in compliance with the transfer restrictions in any Subscription Agreement, Rights Agreement, Warrant Agreement, or Series A Preferred Purchase Agreement, as applicable.

10. Amendment of Registration Rights. Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Investors who hold a majority in interest of the Registrable Securities with each share of Series A Preferred and each Series A Share being treated as one security and each Warrant and each Warrant Share being treated as one security. Any

amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company.

11. Term. The term of this Agreement and the obligations of the parties hereunder (other than their obligations under Sections 5, 6 and 7, which will continue) will end (the "Registration Termination Date") (i) with respect to Registrable Securities other than Demand Shares or Holdover Securities, on the earlier to occur of (A) the sale of the Registrable Securities, or (B) at the end of the Effectiveness Period for the Shelf Registration, and (ii) with respect to the Demand Shares and Holdover Securities, on the earlier to occur of (A) the sale of the Demand Securities and Holdover Securities, or (B) 24 months from the date of issuance of such securities. In no event will the Company be required to register hereunder or maintain any registration hereunder of any Registrable Securities that are then eligible for resale under Rule 144.

12. Miscellaneous.

(a) A person or entity is deemed to be a holder of Registrable Securities whenever such person or entity owns of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more persons or entities with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

(b) Notices required or permitted to be given hereunder shall be in writing and shall be deemed to be sufficiently given when personally delivered (by hand, by courier or overnight delivery service, by telephone, facsimile transmission or other means) or sent by certified mail, return receipt requested, properly addressed and with proper postage prepaid (i) if to the Company, at Radius Inc., 215 Moffett Park Drive, Sunnyvale, California 94089, Attention: President, (ii) if to the Initial Investor, at the address set forth under its name in the Subscription Agreement and (iii) if to any other Investor, at such address as such Investor shall have provided in writing to the Company, or at such other address as each such party furnishes by notice given in accordance with this Section 12(b), and shall be effective, when personally delivered, upon receipt and, when so sent by certified mail, four days after deposit with the United States Postal Service.

(c) Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

(d) This Agreement shall be enforced, governed by and construed in accordance with the laws of the State of California applicable to agreements made and to be performed entirely within such State. In

the event that any provision of this Agreement is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any provision hereof which may prove invalid or unenforceable under any law shall not affect the validity or enforceability of any other provision hereof.

(e) This Agreement constitutes the entire agreement among the parties hereto with respect to the subject matter hereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein. This Agreement supersedes all prior agreements and understandings among the parties hereto with respect to the subject matter hereof.

(f) Subject to the requirements of Section 9 hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto.

(g) All pronouns and any variations thereof refer to the masculine, feminine or neuter, singular or plural, as the context may require.

(h) The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by telephone line facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective officers "hereunto duly authorized as of the day and year first above written.

RADIUS INC.  
By: /s/Charles W. Berger  
Name: Charles W. Berger  
Title: Chairman and CEO

INITIAL INVESTOR:  
Name: AVNET, INC.  
By: /s/Dennis E. Losik  
Name: Dennis E. Losik  
Title: VP of Credit