

**RECORDATION FORM COVER SHEET
PATENTS ONLY**

Atty Ref/Docket No.: 1599.003US1

Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Michael J. Eberle, Chief Executive Officer, Vascular Imaging Corporation, under power of attorney for Dr. Gil M. Vardi

Additional name(s) of conveying party(ies) attached?
[] Yes [X] No

3. Nature of conveyance:

[X] Assignment [] Merger
[] Security Agreement [] Change of Name
[] Other

Execution Date: June 24, 2005

2. Name and address of receiving party(ies):

Name: Vascular Imaging Corporation

Street Address: P. O. Box 16378

City: Minneapolis State: MN Zip: 55416-0378

Additional name(s) & address(es) attached? [] Yes [X] No

4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is: June 11, 2002

A. Patent Application No.(s)

B. Patent No.(s)

6,659,957

Additional numbers attached? [] Yes [X] No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Suneel Arora

Address:
Schwegman, Lundberg, Woessner & Kluth, P.A.
P.O. Box 2938
Minneapolis, MN 55402

6. Total number of applications and patents involved: 17. Total fee (37 CFR 3.41): \$ 40.00

[] Enclosed

[X] Authorized to be charged to deposit account

8. Please charge any additional fees or credit any over payments to our Deposit account number: 19-0743

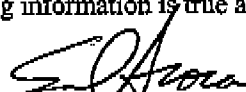
DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Suneel Arora/Reg. No. 42,267

Name of Person Signing


Signature
June 23, 2005

Date

Total number of pages including cover sheet: 22

Mail documents to be recorded with required cover sheet information to:

Mail Stop Assignment Recordation Services
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

700211697

PATENT
REEL: 016814 FRAME: 0104

JUN-24-2005 01:00 PM EBERLE

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P. 04

ASSIGNMENT

WHEREAS, Gil M. Vardi, residing at 14203 Stifel Lane Court, Town & Country, MO 63017, and Victor Spivak (deceased) - Evgeni Spivak - Administrator, Estate of Victor Spivak, residing at Charlotten Street #24, Berlin 13597, Germany, are the joint owners of the entire right, title and interest in and to United States Patent No.: 6,659,957, issued December 9, 2003, entitled: OPTICAL-ACOUSTIC IMAGING DEVICE (the '957 patent);

AND WHEREAS, Vascular Imaging Corporation, a corporation organized and existing under and by virtue of the laws of the State of Delaware, and having an office and place of business at P.O. Box 16378, Minneapolis, MN 55416-0378 (hereinafter "Assignee"), is desirous of acquiring the entire right, title and interest in and to said '957 patent;

NOW, THEREFORE, to all whom it may concern, be it known that for good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, the undersigned has sold, assigned, and transferred, and by these presents does sell, assign and transfer unto said Assignee, its successors or assigns, the undersigned's entire right, title and interest for all countries in and to '957 patent, and to all provisional patent applications, foreign priority patent applications, divisions, continuations, continuations-in-part, or renewals thereof, all Letters Patent which may be granted there from, and all reissues or extensions of such patents, and in and to any and all applications which have been or shall be filed in any foreign countries for Letters Patent corresponding to said '957 patent, including an assignment of all rights under the provisions of the International Convention, and all Letters Patent of foreign countries which may be granted there from; and the undersigned does hereby authorize and request the Commissioner of Patents and Trademarks to issue any and all United States Letters Patent for the aforesaid inventions and improvements to the said Assignee, for the use of the said Assignee, its successors and assigns;

AND, for the consideration aforesaid, the undersigned does hereby agree that he and his executors and legal representatives will make, execute and deliver any and all other instruments in writing including any and all further application papers, affidavits, assignments and other documents, and will communicate to said Assignee, its successors and representatives all facts known to him relating to said improvements and the history thereof and will testify in all legal proceedings and generally do all things which may be necessary or desirable more effectually to secure to and vest in said Assignee, its successors or assigns the entire right, title and interest in and to the said improvements, inventions, applications, Letters Patent, rights, titles, benefits, privileges and advantages hereby sold, assigned and conveyed, or intended so to be;

PATENT

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AND, furthermore, the undersigned covenants and agrees with said Assignee, its successors and assigns, that no assignment, grant, mortgage, license or other agreement affecting the rights and property herein conveyed has been made to others by the undersigned and that the right to convey the same as herein expressed is possessed by the undersigned.

This Assignment is being executed on behalf of Dr. Gil M. Vardi by Michael J. Eberle, Chief Executive Officer, Vascular Imaging Corporation, under power of attorney given by Dr. Gil M. Vardi to Vascular Imaging Corporation in the December 1, 2001 Intellectual Property Option Agreement, as amended and extended by the December 19, 2003 Amendment to Intellectual Property Option Agreement, each of which is being filed herewith for recordation, which Option is believed to have been properly exercised on April 27, 2005, as described in the Affidavit of Michael J. Eberle, which is also being filed herewith for recordation.

IN TESTIMONY WHEREOF, I have hereunto set my hand this 24 day of June, 2005.



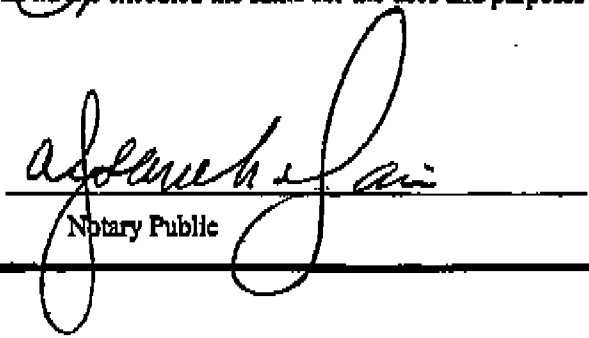
Michael J. Eberle, Chief Executive Officer, Vascular Imaging Corporation, under power of attorney for Dr. Gil M. Vardi

STATE OF California

COUNTY OF Sacramento

COUNTRY OF USA

On this 24 day of June, 2005 before me personally appeared Michael J. Eberle, to me known and known to me to be the person described in and who executed the foregoing instrument, and he/she duly acknowledged to me that he/she executed the same for the uses and purposes therein set forth.


Notary Public

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Issued: December 9, 2003
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P. 01

STATE OF CALIFORNIA)
)ss.
COUNTY OF SACRAMENTO)

AFFIDAVIT

The undersigned officer of Vascular Imaging Corporation, a Delaware corporation (f/k/a Vascular Technologies, Inc.) ("Vascular"), declares and states as follows:

1. Effective as of December 1, 2001, Vascular entered into an Intellectual Property Option Agreement with Dr. Gil Vardi ("Option Agreement"). A copy of the Option Agreement is attached hereto as Exhibit A. Pursuant to Section 1 of the Option Agreement on pages 1 and 2, Vardi irrevocably granted to Vascular the exclusive right to purchase from Vardi certain intellectual property, including the technology described in the International Patent Application entitled "Optical-Acoustic Imaging Device", patent application no. PCT/US99/04913 (and jurisdictional counterparts), for technology used in real time vascular imaging during interventional medical procedures (the "Patent Application").
2. As stated on page 4 of the Option Agreement under subparagraph (e) under "Representations and Warranties of Vardi", Viktor Spivak was named as a co-inventor of the inventions claimed in the Patent Application, and as of the date of the Option Agreement Vascular had not yet reached an agreement with Evgeni Spivak, believed to be the sole heir of Viktor Spivak. Vascular obtained an Assignment of Viktor Spivak's interest in the Patent Application and the subsequently issued Patent, as defined below, on June 17, 2005. This Assignment of Evgeni Spivak's interest was recorded with the United States Patent and Trademark Office by facsimile transmission on June 23, 2005.
3. Under the Option Agreement, Vascular held an option to purchase the technology covered by the Option Agreement, including the rights to the Patent Application, for a period of one year, which was extended under amendments to the Option Agreement. Under Section 2(b) of the Option Agreement, Vascular did not have the right to exercise the Option until such time as Vascular had raised an aggregate amount of \$300,000 in financing, including all funds raised or contributed to the company and all funds that may be invested contingent upon the exercise of the Option.
4. On December 9, 2003, the Patent and Trademark Office issued, based on the Patent Application, United States Patent No. 6,659,957 entitled: OPTICAL-ACOUSTIC IMAGING DEVICE (the "Patent").
5. On December 19, 2003, Vascular and Vardi entered into the Amendment to Intellectual Property Agreement (the "Amendment"), attached hereto as Exhibit B, which is the most recent amendment to the Option Agreement. The

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Amendment extended the termination date of the Option to April 30, 2004 and provided for automatic extensions of the Option Agreement for additional terms of four months each, unless either party notified the other of its intent not to extend the Option fifteen days prior to the then-current Option Termination Date. Section 3 of the Amendment provided that, except as expressly provided in the Amendment, the December 1, 2001 Option Agreement "will remain effective in all respects."

6. Pursuant to the Amendment, additional terms of the Option Agreement extended through April 30, 2004, August 31, 2004, December 31, 2004 and April 30, 2005, without either party notifying the other of its intent not to extend the then-current Option Termination Date. On April 26, 2005, Vascular completed the closing of the sale of 1,149,925 shares of Series A Preferred Stock for an aggregate purchase price in excess of \$300,000. Upon the closing of this sale, Vascular believes that it satisfied the conditions for exercise of the Option pursuant to the Option Agreement. Vascular believes that there are no outstanding contingencies for exercise of the Option pursuant to the Option Agreement.
7. On April 27, 2005, Vascular delivered to Vardi a letter which notified Vardi of the exercise of the Option Agreement. A copy of this letter is attached hereto as Exhibit C. Therefore, Vascular believes that the Option was properly exercised on April 27, 2005.
8. Under the terms of the Option Agreement, exercise of the Option obligated Vardi to, among other things, immediately assign all of Vardi's rights in the Patent Application and Patent to Vascular, and also appointed Vascular the true and lawful attorney of Vardi to execute any documents transferring such rights to Vascular. Accordingly, Vascular believes that it has the right to compel Vardi to assign all of Vardi's rights in the Patent Application and Patent to Vascular, or to use its power of attorney given by Vardi to Vascular upon the exercise of the Option to execute an appropriate Assignment document on behalf of Vardi, or to do both. On June 23, 2005, Vascular filed a lawsuit against Vardi in the United States District Court for the District of Minnesota seeking, among other things, to compel Vardi to execute the appropriate documents to effectuate the transfer of all of Vardi's right, title and interest in the Patent Application and Patent to Vascular.
9. I further declare that all statements made herein of my own knowledge are true, and that all statements made on information and belief are believed to be true; and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements made jeopardize the validity of the Patent Application and any patent issued thereon.

FURTHER AFFIANT SAYETH NOT.

[Signature Page Follows]

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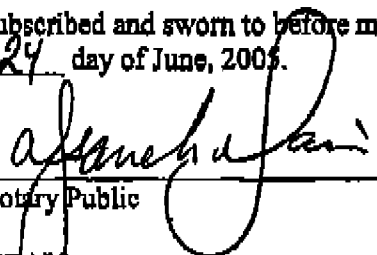
P.03

[Signature Page to Affidavit of Michael J. Eberle]

Date: June 24, 2005


 Michael J. Eberle
 Chief Executive Officer
 Vascular Imaging Corporation

Subscribed and sworn to before me this
24 day of June, 2005.


 Notary Public
 [SEAL]



PROPRIETARY RIGHTS AGREEMENT

THIS AGREEMENT CREATES IMPORTANT OBLIGATIONS, WHICH ARE BINDING. PLEASE READ IT IN FULL BEFORE YOU SIGN.

I recognize the importance of protecting the Company's rights to inventions, discoveries, ideas, confidential information and other intellectual property, and for good and valuable consideration which I have received, including my engagement to provide services to the Company as an independent contractor or employee (in either event referred to hereinafter as my "Relationship with the Company,") or the continuation of my Relationship with the Company, I agree to the following:

1. **DEFINITIONS.** For the purposes of this Agreement:

(a) **"Company"** means Vascular Technologies, Inc., a Delaware corporation, and any subsidiary thereof.

(b) **"Creation"** means any invention, discovery, idea, concept, design, process, work of authorship, development or improvement (whether or not subject to copyright or patent protection and whether or not reduced to practice by me): (i) relating to any past, present or reasonably anticipated business of the Company relating to vascular imaging during interventional procedures, and which is or was created or otherwise developed during my Relationship with the Company, (ii) which is or was created or otherwise developed pursuant to the performance of my duties for the Company, or (iii) which is or was created or otherwise developed at any time using equipment, supplies, facilities, information or proprietary rights or other property of the Company.

(c) **"Confidential Information"** means information (including information created by me) which is not generally known about the Company or its business, including without limitation about its products, projects, designs, developmental or experimental work, computer programs, software, data bases, know-how, processes, formulas, customers, suppliers, business plans, marketing plans and strategies, finances, or personnel, and information obtained from third parties under confidentiality agreements. The term "software" includes software in various stages of development or any product thereof and includes without limitation the literal elements of a program (source code, object code or otherwise), its audiovisual components (menus, screens, structure, and organization), any human or machine readable form of the program, and any writing or medium in which the program or the information therein is sorted, written or described, including without limitation diagrams, flow charts, designs, drawings, specifications, models, data and customer information.

2. **OWNERSHIP OF CREATIONS**

(a) **Inventions Retained.** I represent that all matters, which I have created or otherwise developed prior to my Relationship with the Company or my signing this Agreement, relating to vascular imaging during interventional procedures which I wish to exclude from my obligations to the Company under this agreement, are listed below. If no items are listed below, I

represent that there are no such matters to be excluded.

- i) WO 01/21244 A1, PCT application published 29 March 2001, under the name "Advanced Stent Technologies, Inc."
- ii) Gil Vardi's "measure wire" application involving use of markings on a guidewire to indicate location.

(b) Assignment of Creations. I hereby agree to hold in trust for the sole right and benefit of the Company and assign to the Company all my right, title and interest in and to any and all Creations created or otherwise developed, alone or in conjunction with others. I further agree to assign to any third party, including the United States government, all my right, title and interest in and to any and all Creations whenever such assignment is required by a contract between the Company and such third party.

(c) Maintenance of Records. I agree to keep and maintain adequate and current written records of all Creations made by me, in the form of notes, sketches, drawings and other notations which may be specified by the Company, which records shall be available to and remain the sole property of the Company at all times.

(d) Disclosure of Creations and Filings. I agree to promptly disclose to the Company in writing all Creations created or otherwise developed by me alone or in conjunction with others, as well as any and all patent applications or copyright registrations filed by me during and within one (1) year after termination of my Relationship with the Company.

(e) Assistance. During and after the period of my Relationship with the Company, I agree that I will give the Company all assistance it reasonably requires (at the Company's expense) to file for, maintain, protect and enforce the Company's patents, copyrights, trademarks, trade secrets and other rights in Creations, in any and all countries. To that end I will sign documents and do other acts, which the Company may determine necessary or desirable including, without limitation, giving evidence and testimony in support of the Company's rights hereunder.

(f) Intellectual Property Rights in Works of Authorship. I acknowledge and agree that any intellectual property rights in Creations, which are works of authorship, belong to the Company and are "works made for hire" within the definition of section 101 of the United States Copyright Acts of 1976, Title 17, United States Code. The Company or any of its direct or indirect licensees shall not be obligated to designate me as author of any design, software, firmware, related documentation, or any other work of authorship when distributed publicly or otherwise, nor to make any distribution.

3. CONFIDENTIAL INFORMATION

(a) Ownership of Confidential Information. All Confidential Information which I create or otherwise develop or which comes into my possession or that previously came into my possession shall be and remain the exclusive property of the Company.

(b) No Disclosure of Confidential Information. Unless authorized in writing by the Company, I will maintain all Confidential Information in confidence and, except as necessary in conjunction with my work for the Company, will not copy or make notes of, divulge to anyone outside the Company or use any of the Confidential Information for my own or another's benefit, either during or after the term of my Relationship with the Company. I agree that I will promptly disclose to the Company all Confidential Information developed by me.

(c) Returning Documents and Tangible Property; Obligations after Termination. Upon request of the Company and, in any event, upon termination of my Relationship with the Company, I will promptly surrender and deliver to the Company (and will not keep in my possession or deliver to anyone else) and agree that following the termination of my relationship with the Company I will not use any Confidential Information, records, data, notes, reports, proposals, lists, correspondence, computer code, specifications, drawings, blueprints, sketches, flow diagrams, materials, equipment, devices or any other documents or property (including photocopies or other reproductions of any of the aforesaid items) of the Company.

(d) Confidential Information of Third Parties. During my Relationship with the Company I may receive, under non-disclosure agreements agreed to by authorized representatives of the Company, information claimed by third parties to be their confidential information. I agree that I will respect such agreements and will not disclose such information to any person or organization, except as is necessary in carrying out my work for the Company consistent with the Company's agreement with such third parties. At the request of the Company and, in any event, upon the termination of my Relationship with the Company, I will promptly surrender to the Company any such information.

4. NON-USE OF PROPERTY OF THIRD PARTIES. During my Relationship with the Company, I will not improperly use or disclose any confidential or proprietary information or property of any third party (including any former employer).

5. NO PRIOR RESTRICTIONS. I hereby represent and warrant that I am free to enter into my Relationship with the Company and that there are no contracts or restrictive covenants preventing full performance of my duties.

6. PUBLISHING. Unless approved by the Company in writing, I will not publish anything in the Company's business areas of interest during my Relationship with the Company.

7. EXPORT LAW ASSURANCES. I agree and certify that neither the software nor any other technical data received from the Company or the direct product thereof, will be downloaded, shipped, transferred or re-exported, directly or indirectly to any countries designated from time to time by the U. S. Government for non-export of regulated technology.

8. NO GUARANTEE OF ENGAGEMENT. I expressly acknowledge and agree that this is not an agreement by the Company to employ or engage me for any period, and unless otherwise expressly agreed in writing between me and the Company, my Relationship with the Company may be terminated at any time, with or without cause by either myself or the Company. All of the terms of this Agreement shall survive any termination of my Relationship

with the Company.

9. MISCELLANEOUS

(a) Severability. If any provision of this Agreement or portion thereof is determined by a court of competent jurisdiction to be wholly or partially unenforceable for any reason, such provision or portion thereof shall be considered separate from the remainder of this Agreement, which shall remain in full force and effect. In the event that any provision of this Agreement is held to be overbroad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable to the fullest extent allowable.

(b) Waiver. The Company's waiver or failure to enforce any violation or provision of this Agreement shall not constitute a waiver of its rights hereunder with respect to any violation or provision of this Agreement, and shall be effective only if in writing, signed by the Company, and then only in the specific instance and for the specific purpose given.

(c) Governing Law. This agreement shall be governed by and construed and enforced in accordance with the laws of the State of Minnesota without regard to conflicts of laws. I agree that suit to enforce any provision of this Agreement or to obtain any remedy with respect hereto may be brought in United States District Court or the state court sitting in county of the principal place of business of the Company, and for this purpose I hereby expressly and irrevocably consent to the jurisdiction of this court.

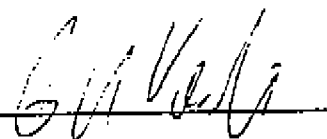
(d) Successors. This Agreement shall be for the benefit of and be binding upon: (i) my executors, heirs, legatees and personal representatives, and (ii) the successors and assigns of the Company.

(e) Entirety of Agreement. This Agreement supersedes all prior agreements concerning the subject matter hereof, except the Employment Agreement between the Company and I dated as of the date hereof. No amendment or modification of this Agreement shall be deemed effective unless made in writing signed by me and the Company.

(f) Survival of Obligations. I agree that my obligations under this Agreement shall survive the termination of this Agreement and the termination of my Relationship with the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of December 1, 2001.

Signature of Independent Contractor or Employee



Gil Vardi

VASCULAR TECHNOLOGIES, INC.

By: _____, Its _____

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of December 1, 2001.

Signature of Independent Contractor or Employee

Gil Vardi

VASCULAR TECHNOLOGIES, INC.

Daniel A. Halpern
By: _____, Its _____

INTELLECTUAL PROPERTY OPTION AGREEMENT

THIS AGREEMENT is effective as of December 1, 2001 (the "Effective Date"), and is entered into by and between Vascular Technologies, Inc., a Delaware corporation (the "Company") and Gil Vardi (the "Vardi").

INTRODUCTION

WHEREAS, Vardi has developed or has certain rights to devices, technology, ideas and processes relating to the design of an imaging guidewire using PVDF to send ultrasound signals and the innovative use of fiber Bragg gratings to receive the reflected signals back (the "Technology") described in the international patent application entitled "Optical-acoustic imaging device", patent application number PCT/US99/04913, for technology used in real-time vascular imaging during interventional medical procedures (together with patent applications covering the same devices, technology, ideas and processes filed by Vardi with specific countries and organizations, the "Patent Application");

WHEREAS, Vardi and the Company desire to develop improvements to the Technology;

WHEREAS, the Company desires to obtain the exclusive option to purchase Vardi's rights under the Patent Application;

WHEREAS, the Company and Vardi desire to establish certain funding goals of the Company prior to the Company having the right to exercise its option;

WHEREAS, Vardi has agreed to grant to the Company the exclusive option to obtain the full right, title and interest in and to the Vardi Intellectual Property;

WHEREAS, the Company and Vardi contemplate entering into that certain Proprietary Rights Agreement dated the same date herewith (the "Proprietary Rights Agreement") wherein Company will obtain rights in improvements in the Technology and Intellectual Property rights therein; and

WHEREAS, the Company and Vardi contemplate entering into that certain Management Services Agreement dated the same date herewith (the "Management Services Agreement").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties mutually agree as follows:

1. **Grant of Option.** Subject to the terms and conditions of this Agreement, Vardi hereby irrevocably grants to Company the exclusive right to purchase from Vardi (the "Option"), free and clear of all liens, charges, security interests or encumbrances, all right, title and interest in and to the license rights, contract rights, trademark and service marks, copyright and copyright applications, patents and patents pending, trade secrets, goodwill, moral rights (and waivers

thereof), if any, including all inventions, know-how, confidential information, shop rights, rights to sue for past infringement and all other proprietary rights conceived, created, reduced to practice, developed or under development (whether in whole or in part, solely or jointly with others ("Intellectual Property")), to the extent any of the foregoing is owned by Vardi in relation to the Technology, including any right, title and interest of owned by Vardi in the Patent Application (the "Vardi Intellectual Property"), TO HAVE AND TO HOLD the same unto Company, its successors and assigns, forever.

2. **Terms and Conditions of Option.** The right to exercise the Option is subject to the following:
- a. The right to exercise the option is hereby granted as of the Effective Date until the one year anniversary of the Effective Date (this anniversary is referred to as the "Option Termination Date").
 - b. The Company shall not have the right to exercise the Option until such time as the Company has raised an aggregate amount of \$300,000 (the "Exercise Amount") in financing. For purposes of this Agreement, funds "raised" refers to investments where the Company has received the full investment in cash. The Exercise Amount shall include all funds raised or contributed to the Company, including, but not limited to, all funds previously raised by the Company and funds that may be invested contingent upon the exercise of the Option.
 - c. Upon raising the Exercise Amount prior to the Option Termination Date, the Company shall have the right to exercise the Option or choose not to exercise the Option, in its sole discretion. If the Company exercises the Option, the Company will deliver written notice of exercise to Vardi and Vardi will immediately assign all of his rights to the Company for the Vardi Intellectual Property. Regardless of whether the Company exercises its option, upon raising the Exercise Amount prior to the Option Termination Date:
 - i. The Company will reimburse Vardi for his actual prior intellectual property legal expenses related to the Patent Application, up to \$25,000; and
 - ii. The Company will reimburse Vardi for his actual legal expenses related to the transactions entered into by and between Vardi and the Company, up to \$8,500.
 - a. At the time the Company exercises the Option, Vardi will (i) sign and deliver an Assignment of the Vardi Intellectual Property in the form of Exhibit A to this Agreement and (ii) assign to the Company all of his rights to capital stock and other rights in New Imaging Concepts Ltd. ("NIC"), an Israeli company. The parties have been advised that no interest in the Patent Application or related technology was ever transferred to NIC; however, Vardi agrees to transfer his interests in NIC to ensure that, upon the exercise of the Option, the Company will succeed to all of Vardi's rights in the Patent Application and related Intellectual Property. The parties acknowledge that additional steps may be required to transfer shares in NIC under Israeli law, and Vardi agrees to cooperate in this process in any manner reasonably requested by the Company.
 - b. If the Company elects not to exercise the Option after raising the Exercise Amount on or before the Option Termination Date, then the Option will expire on the Option Termination Date. In that event:
 - i. Vardi shall retain his rights to the Vardi Intellectual Property;
 - ii. The Company shall retain any and all improvements made to the technology related to the Patent Application and the Vardi Intellectual Property; and

- iii. The agreements and relationships between Vardi and the Company shall not otherwise be affected.
- a. If the Company does not raise the Exercise Amount on or before the Option Termination Date, and the Company and Vardi cannot negotiate new terms for the purchase of the Intellectual Property, after negotiating in good faith for a period of sixty (60) days, then the Option will expire on the Option Termination Date. In that event:
- i. Vardi shall retain his rights to the Vardi Intellectual Property;
 - ii. The Company shall transfer to Vardi all of its right, title and interest in any Intellectual Property owned by Company (including without limitation those improvements to the Technology made by Vardi and assigned to Company under the Proprietary Rights Agreement), at no cost to Vardi, and will sign and deliver an Assignment of such Intellectual Property in substantially the form of Exhibit A to this Agreement; and
 - iii. Vardi, Daniel Halpern and Larry Cohen shall be released from any non-compete and non-solicitation provisions contained in agreements with the Company.

1. **Consideration.** In consideration of the rights granted herein, the parties agree to enter into the Management Services Agreement and the Proprietary Rights Agreement.
2. **Intellectual Property Developed After the Effective Date.** All improvements on the Technology developed by or for the Company after the Effective Date shall be the property of the Company, except as otherwise provided in this Agreement. All improvements on the Technology developed by Vardi during the term of this Agreement will be assigned to the Company pursuant to the terms of the Proprietary Rights Agreement.
3. **Powers Exercisable by Company.** At any time or from time to time after the exercise of the Option, at Company's request and without further consideration, Vardi shall execute and deliver to Company such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as Company may reasonably deem necessary, desirable or helpful in order to more effectively transfer, convey and assign to Company, and to confirm Company's title to, all of the Vardi Intellectual Property, and to assist Company in exercising all rights with respect thereto, including the assignment of patents attached as Exhibit A. Upon the exercise of the Option, Vardi hereby constitutes and appoints Company the true and lawful attorney of Vardi, with full power of substitution, in the name of Vardi or Company, but on behalf of and for the benefit of Company to execute any documents transferring the Vardi Intellectual Property to Company from Vardi. Upon the exercise of the Option, Vardi hereby acknowledges that the appointment hereby made and the powers hereby granted are coupled with an interest and are not and shall not be revocable by them in any manner or for any reason.
4. **Powers Exercisable by Vardi.** If the Company does not raise the Exercise Amount on or before the Option Termination Date and the Option expires as described in Section 2(f), at any time or from time to time after the expiration, at Vardi's request and without further consideration, the Company shall execute and deliver to Vardi such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as Vardi may reasonably deem necessary, desirable or helpful in order to more effectively transfer, convey and assign to Vardi, and to confirm Vardi's title to, all Intellectual Property transferred to Vardi, and to assist Vardi in exercising all rights with respect thereto, including the assignment of any patent rights by an assignment similar to the form attached as Exhibit A. Upon such expiration, the Company hereby constitutes and appoints Vardi the true and lawful attorney of the Company, with full power of substitution.

in the name of Vardi or Company, but on behalf of and for the benefit of Vardi to execute any documents transferring such Intellectual Property to Vardi from the Company. Upon the expiration of the Option under such circumstances, the Company hereby acknowledges that the appointment hereby made and the powers hereby granted are coupled with an interest and are not and shall not be revocable by them in any manner or for any reason.

5. **Representations and Warranties of Vardi.**

- a. To Vardi's knowledge, Vardi holds all right, title and interest in the Vardi Intellectual Property, free and clear of any and all claims, liens, or encumbrances of any kind or nature whatsoever, and without an obligation to pay royalties, except for the rights, if any, owned by Viktor Spivak and his heirs, devisees and assigns.
- b. Vardi is not a party to any written or oral agreement or license other than the existing agreement with Company that, expressly or impliedly, (1) sells, assigns or otherwise transfers any rights to the Technology, (2) creates any claims, liens, or encumbrances of any kind on the Technology or (3) grants to any party the right to receive royalties based on the Technology.
- c. Vardi has the right and authority to enter into this Agreement, and the execution and performance of this Agreement by Vardi will not violate or result in a violation of any other agreement to which Vardi is a party.
- d. To Vardi's knowledge, as of the Effective Date, the Intellectual Property comprising the Technology has not been infringed by any third party in the United States, Israel or any of the countries individually and collectively comprising the European Union. There is no pending, or to Vardi's knowledge, threatened claim or litigation contesting the validity, ownership or right of Vardi to exercise any Intellectual Property right contained in the Vardi Intellectual Property, nor to Vardi's knowledge, is there any legitimate basis for any such claim, nor has Vardi received any notice asserting that any of Vardi's rights to the Vardi Intellectual Property or the proposed use, sale, license or disposition thereof conflicts or shall conflict with the rights of any other party, nor to Vardi's knowledge, is there any legitimate basis for any such assertion.
- e. Vardi and the Company acknowledge that, despite extensive efforts, the Company was unable to reach a suitable agreement with Evgeny Spivak, believed to be the sole heir of Viktor Spivak, a co-inventor of the inventions claimed in the Patent Application. Vardi hereby agrees that he will negotiate in good faith with Evgeny Spivak, and will if necessary following future negotiations, if any, transfer to Evgeny Spivak a portion of Vardi's original shares he obtained in the Company. Vardi further agrees that any such transfer by Vardi to the heir(s) of Viktor Spivak will be a private transaction not involving the Company.
- f. As used in this Article 5, "knowledge" means the actual knowledge of Vardi as of the Effective Date.

1. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

2. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota applicable to a contract executed and performed in such State without giving effect to the conflicts of laws principles thereof, except that if it is necessary in any other jurisdiction to have the law of such other jurisdiction govern this Agreement in order for this Agreement to be effective in any respect, then the laws of such other jurisdiction shall govern to such extent.

3. **General Provisions.** If any portion of this Agreement is held invalid or unenforceable, then the valid or unenforceable provision shall be deemed suspended and the remaining portions of this Agreement shall continue in effect. Except as expressly stated herein, this Agreement constitutes the entire understanding between the parties and supersedes all prior contemporaneous communications and proposals relating to the subject matter hereof, whether electronic, oral or written. This Agreement shall not be modified or amended except in writing signed by the parties hereto and specifically referring to this Agreement. No term of this Agreement shall be deemed waived, and no breach of this Agreement excused, unless the waiver or consent is in writing signed by the party granting such waiver or consent.

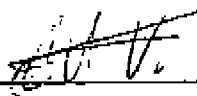
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IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year first above written.



 Gil Vardi

Vascular Technologies, Inc.

By 
 Its _____

3. **General Provisions.** If any portion of this Agreement is held invalid or unenforceable, then the valid or unenforceable provision shall be deemed suspended and the remaining portions of this Agreement shall continue in effect. Except as expressly stated herein, this Agreement constitutes the entire understanding between the parties and supersedes all prior contemporaneous communications and proposals relating to the subject matter hereof, whether electronic, oral or written. This Agreement shall not be modified or amended except in writing signed by the parties hereto and specifically referring to this Agreement. No term of this Agreement shall be deemed waived, and no breach of this Agreement excused, unless the waiver or consent is in writing signed by the party granting such waiver or consent.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year first above written.

Vascular Technologies, Inc.

Gil Vardi

By Daniel A. Halpern
Its _____

ASSIGNMENT OF PATENT APPLICATION

EXHIBIT A

WHEREAS, _____ of _____, an
(Inventor Name) (Address)

individual (hereinafter referred to as "Patentee"), has pending before the United States Patent Office an application for the following patent:

<u>Patent Title</u>	<u>Application No.</u>	<u>Filing Date</u>
_____	_____	_____

(the "Patent Application"); and

WHEREAS, _____ of _____,
(Company Name) (Address)
a _____ (hereinafter referred to as "Company"),
(State/Country) (Entity Type)
having its principal place of business at _____
(Address)

desires to acquire Patentee's entire right, title and interest in and to the Patent Application;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Patentee does sell, assign and transfer to Company Patentee's entire right, title and interest in and to the Patent Application; the same to be held and enjoyed by Company for its own use and on its own behalf, and for its legal representatives and assigns, to the full end of the term for which the Patent is granted, as fully and entirely as the same would have been held by Patentee had this Assignment and sale not been made, for the United States and all foreign countries.

Executed this _____ day of _____, 200__
at _____

By _____
Its _____

STATE OF _____)
) ss
COUNTY OF _____)

This instrument was acknowledged before me on the _____ day of _____, 200__,
by _____, who personally acknowledged that he executed the foregoing
Assignment of Patent as his free act and deed.

Notary Public

**AMENDMENT
TO
INTELLECTUAL PROPERTY OPTION AGREEMENT**

This Amendment to Intellectual Property Option Agreement (the "Amendment") is made effective as of the 19th day of December, 2003, by and between Vascular Technologies, Inc., a Delaware corporation (the "Company") and Gil Vardi ("Vardi").

WITNESSETH

WHEREAS, the Company and Vardi have executed and entered into that certain Intellectual Property Option Agreement dated as of December 1, 2001 (the "Agreement");

WHEREAS, the Company and Vardi have amended the Agreement extending the Option Termination Date to June 30, 2003;

WHEREAS, the parties hereto desire to amend the Agreement to extend the Option Termination Date of the Agreement until April 30, 2004, and to provide that the Option Agreement will automatically extend for an additional four months at the end of each option period unless either party notifies the other of its intent not to extend the Option Agreement.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. **Extension of the Option Termination Date.** The Agreement is hereby amended to extend the Option Termination Date to April 30, 2004. The Option granted in the Agreement is hereby extended until April 30, 2004.
2. **Automatic Renewal of Option Termination Date and Option.** Unless either party notifies the other party in writing fifteen days prior to the then current Option Termination Date of its intent not to extend the Option Termination Date an additional four months, the Option Termination Date and the Option granted in the Agreement shall be extended for an additional four months from the then current Option Termination Date.
3. **Continuation of Agreement.** Except as expressly provided herein, the Agreement will remain effective in all respects.
4. **Counterparts.** This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same document.

IN WITNESS WHEREOF, the parties have executed this Amendment effective as of the date set forth above.

VASCULAR TECHNOLOGIES, INC.

By: Daniel A. Halpern
Name: Daniel A. Halpern
Title: President and Chief Executive Officer

Gil Vardi
Gil Vardi

ASSIGNMENT

WHEREAS, Gil M. Vardi, residing at 14203 Stifel Lane Court, Town & Country, MO 63017, and Victor Spivak (deceased) - Evgeni Spivak - Administrator, Estate of Victor Spivak, residing at Charlotten Street #24, Berlin 13527, Germany, are the joint owners of the entire right, title and interest in and to United States Patent No.: 6,659,957, issued December 9, 2003, entitled: OPTICAL-ACOUSTIC IMAGING DEVICE (the '957 patent);

AND WHEREAS, Vascular Imaging Corporation, a corporation organized and existing under and by virtue of the laws of the State of Delaware, and having an office and place of business at P.O. Box 16378, Minneapolis, MN 55416-0378 (hereinafter "Assignee"), is desirous of acquiring the entire right, title and interest in and to said '957 patent;

NOW, THEREFORE, to all whom it may concern, be it known that for good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, the undersigned has sold, assigned, and transferred, and by these presents does sell, assign and transfer unto said Assignee, its successors or assigns, the undersigned's entire right, title and interest for all countries in and to '957 patent, and to all provisional patent applications, foreign priority patent applications, divisions, continuations, continuations-in-part, or renewals thereof, all Letters Patent which may be granted there from, and all renewals or extensions of such patents, and in and to any and all applications which have been or shall be filed in any foreign countries for Letters Patent corresponding to said '957 patent, including an assignment of all rights under the provisions of the International Convention, and all Letters Patent of foreign countries which may be granted there from; and the undersigned does hereby authorize and request the Commissioner of Patents and Trademarks to issue any and all United States Letters Patent for the aforesaid inventions and improvements to the said Assignee, for the use of the said Assignee, its successors and assigns;

AND, for the consideration aforesaid, the undersigned does hereby agree that he and his executors and legal representatives will make, execute and deliver any and all other instruments in writing including any and all further application papers, affidavits, assignments and other documents, and will communicate to said Assignee, its successors and representatives all facts known to him relating to said improvements and the history thereof and will testify in all legal proceedings and generally do all things which may be necessary or desirable more effectually to secure to and vest in said Assignee, its successors or assigns the entire right, title and interest in and to the said improvements, inventions, applications, Letters Patent, rights, titles, benefits, privileges and advantages hereby sold, assigned and conveyed, or intended so to be;

DocId: 15880018
Assignment of United States Patent Number 6,839,957
Issued: December 9, 2003
Page 2 of 3

AND, furthermore, the undersigned covenants and agrees with said Assignee, its successors and assigns, that no assignment, grant, mortgage, license or other agreement affecting the rights and property herein conveyed has been made to others by the undersigned and that the right to convey the same as herein expressed is possessed by the undersigned.

This Assignment is being executed on behalf of Dr. Gil M. Vardi by Michael J. Eberle, Chief Executive Officer, Vascular Imaging Corporation, under power of attorney given by Dr. Gil M. Vardi to Vascular Imaging Corporation in the December 1, 2001 Intellectual Property Option Agreement, as amended and extended by the December 19, 2003 Amendment to Intellectual Property Option Agreement, each of which is being filed herewith for recordation, which Option is believed to have been properly exercised on April 27, 2005, as described in the Affidavit of Michael J. Eberle, which is also being filed herewith for recordation.

IN TESTIMONY WHEREOF, I have herewith set my hand this 24 day of June, 2005.

Michael J. Eberle

Michael J. Eberle, Chief Executive Officer, Vascular Imaging Corporation, under power of attorney for Dr. Gil M. Vardi

STATE OF California

COUNTY OF Sacramento

COUNTRY OF USA

On this 24 day of June, 2005 before me personally appeared Michael J. Eberle, to me known and known to me to be the person described in and who executed the foregoing instrument, and he duly acknowledged to me that he executed the same for the uses and purposes therein set forth.



Afsaneh Daves
Notary Public

DocId: No. 1599.003121
Amendment of United States Patent Number 6,689,927
Issued: December 9, 2003
Page 3 of 3

STATE OF CALIFORNIA)
)ss.
COUNTY OF SACRAMENTO)

AFFIDAVIT

The undersigned officer of Vascular Imaging Corporation, a Delaware corporation (*Vic's* Vascular Technologies, Inc.) ("Vascular"), declares and states as follows:

1. Effective as of December 1, 2001, Vascular entered into an Intellectual Property Option Agreement with Dr. Gil Vardi ("Option Agreement"). A copy of the Option Agreement is attached hereto as Exhibit A. Pursuant to Section 1 of the Option Agreement on pages 1 and 2, Vardi irrevocably granted to Vascular the exclusive right to purchase from Vardi certain intellectual property, including the technology described in the International Patent Application entitled "Optical-Acoustic Imaging Device", patent application no. PCT/US99/04913 (and jurisdictional counterparts), for technology used in real time vascular imaging during interventional medical procedures (the "Patent Application").
2. As stated on page 4 of the Option Agreement under subparagraph (e) under "Representations and Warranties of Vardi", Viktor Spivak was named as a co-inventor of the inventions claimed in the Patent Application, and as of the date of the Option Agreement Vascular had not yet reached an agreement with Evgeni Spivak, believed to be the sole heir of Viktor Spivak. Vascular obtained an Assignment of Viktor Spivak's interest in the Patent Application and the subsequently issued Patent, as defined below, on June 17, 2005. This Assignment of Evgeni Spivak's interest was recorded with the United States Patent and Trademark Office by facsimile transmission on June 23, 2005.
3. Under the Option Agreement, Vascular held an option to purchase the technology covered by the Option Agreement, including the rights to the Patent Application, for a period of one year, which was extended under amendments to the Option Agreement. Under Section 2(b) of the Option Agreement, Vascular did not have the right to exercise the Option until such time as Vascular had raised an aggregate amount of \$300,000 in financing, including all funds raised or contributed to the company and all funds that may be invested contingent upon the exercise of the Option.
4. On December 9, 2003, the Patent and Trademark Office issued, based on the Patent Application, United States Patent No. 6,659,957 entitled: OPTICAL-ACOUSTIC IMAGING DEVICE (the "Patent").
5. On December 19, 2003, Vascular and Vardi entered into the Amendment to Intellectual Property Agreement (the "Amendment"), attached hereto as Exhibit B, which is the most recent amendment to the Option Agreement. The

Amendment extended the termination date of the Option to April 30, 2004 and provided for automatic extensions of the Option Agreement for additional terms of four months each, unless either party notified the other of its intent not to extend the Option fifteen days prior to the then-current Option Termination Date. Section 3 of the Amendment provided that, except as expressly provided in the Amendment, the December 1, 2001 Option Agreement "will remain effective in all respects."

6. Pursuant to the Amendment, additional terms of the Option Agreement extended through April 30, 2004, August 31, 2004, December 31, 2004 and April 30, 2005, without either party notifying the other of its intent not to extend the then-current Option Termination Date. On April 26, 2005, Vascular completed the closing of the sale of 1,149,925 shares of Series A Preferred Stock for an aggregate purchase price in excess of \$300,000. Upon the closing of this sale, Vascular believes that it satisfied the conditions for exercise of the Option pursuant to the Option Agreement. Vascular believes that there are no outstanding contingencies for exercise of the Option pursuant to the Option Agreement.
7. On April 27, 2005, Vascular delivered to Vardi a letter which notified Vardi of the exercise of the Option Agreement. A copy of this letter is attached hereto as Exhibit C. Therefore, Vascular believes that the Option was properly exercised on April 27, 2005.
8. Under the terms of the Option Agreement, exercise of the Option obligated Vardi to, among other things, immediately assign all of Vardi's rights in the Patent Application and Patent to Vascular, and also appointed Vascular the true and lawful attorney of Vardi to execute any documents transferring such rights to Vascular. Accordingly, Vascular believes that it has the right to compel Vardi to assign all of Vardi's rights in the Patent Application and Patent to Vascular, or to use its power of attorney given by Vardi to Vascular upon the exercise of the Option to execute an appropriate Assignment document on behalf of Vardi, or to do both. On June 23, 2005, Vascular filed a lawsuit against Vardi in the United States District Court for the District of Minnesota seeking, among other things, to compel Vardi to execute the appropriate documents to effectuate the transfer of all of Vardi's right, title and interest in the Patent Application and Patent to Vascular.
9. I further declare that all statements made herein of my own knowledge are true, and that all statements made on information and belief are believed to be true, and further that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code, and that such willful false statements made jeopardize the validity of the Patent Application and any patent issued thereon.

FURTHER AFFIANT SAYETH NOT.

[Signature Page Follows]

[Signature Page to Affidavit of Michael J. Eberle]

Date: June 24, 2005


Michael J. Eberle
Chief Executive Officer
Vascular Imaging Corporation

Subscribed and sworn to before me this
24 day of June, 2005.


Notary Public



[SEAL]

PROPRIETARY RIGHTS AGREEMENT

THIS AGREEMENT CREATES IMPORTANT OBLIGATIONS, WHICH ARE BINDING. PLEASE READ IT IN FULL BEFORE YOU SIGN.

I recognize the importance of protecting the Company's rights to inventions, discoveries, ideas, confidential information and other intellectual property, and for good and valuable consideration which I have received, including my engagement to provide services to the Company as an independent contractor or employee (in either event referred to hereinafter as my "Relationship with the Company,") or the continuation of my Relationship with the Company, I agree to the following:

1. **DEFINITIONS.** For the purposes of this Agreement:

(a) **"Company"** means Vascular Technologies, Inc., a Delaware corporation, and any subsidiary thereof.

(b) **"Creation"** means any invention, discovery, idea, concept, design, process, work of authorship, development or improvement (whether or not subject to copyright or patent protection and whether or not reduced to practice by me): (i) relating to any past, present or reasonably anticipated business of the Company relating to vascular imaging during interventional procedures, and which is or was created or otherwise developed during my Relationship with the Company, (ii) which is or was created or otherwise developed pursuant to the performance of my duties for the Company, or (iii) which is or was created or otherwise developed at any time using equipment, supplies, facilities, information or proprietary rights or other property of the Company.

(c) **"Confidential Information"** means information (including information created by me) which is not generally known about the Company or its business, including without limitation about its products, projects, designs, developmental or experimental work, computer programs, software, data bases, know-how, processes, formulas, customers, suppliers, business plans, marketing plans and strategies, finances, or personnel, and information obtained from third parties under confidentiality agreements. The term "software" includes software in various stages of development or any product thereof and includes without limitation the literal elements of a program (source code, object code or otherwise), its audiovisual components (menus, screens, structure, and organization), any human or machine readable form of the program, and any writing or medium in which the program or the information therein is stored, written or described, including without limitation diagrams, flow charts, designs, drawings, specifications, models, data and customer information.

2. **OWNERSHIP OF CREATIONS.**

(a) **Inventions Retained.** I represent that all matters, which I have created or otherwise developed prior to my Relationship with the Company or my signing this Agreement, relating to vascular imaging during interventional procedures which I wish to exclude from my obligations to the Company under this agreement, are listed below. If no items are listed below, I

represent that there are no such matters to be excluded.

- i) WO 01/21244 A1, PCT application published 29 March 2001, under the name "Advanced Stent Technologies, Inc."
- ii) Gil Vardi's "measure wire" application involving use of markings on a guidewire to indicate location.

(b) Assignment of Creations. I hereby agree to hold in trust for the sole right and benefit of the Company and assign to the Company all my right, title and interest in and to any and all Creations created or otherwise developed, alone or in conjunction with others. I further agree to assign to any third party, including the United States government, all my right, title and interest in and to any and all Creations whenever such assignment is required by a contract between the Company and such third party.

(c) Maintenance of Records. I agree to keep and maintain adequate and current written records of all Creations made by me, in the form of notes, sketches, drawings and other notations which may be specified by the Company, which records shall be available to and remain the sole property of the Company at all times.

(d) Disclosure of Creations and Filings. I agree to promptly disclose to the Company in writing all Creations created or otherwise developed by me alone or in conjunction with others, as well as any and all patent applications or copyright registrations filed by me during and within one (1) year after termination of my Relationship with the Company.

(e) Assistance. During and after the period of my Relationship with the Company, I agree that I will give the Company all assistance it reasonably requires (at the Company's expense) to file for, maintain, protect and enforce the Company's patents, copyrights, trademarks, trade secrets and other rights in Creations, in any and all countries. To that end I will sign documents and do other acts, which the Company may determine necessary or desirable including, without limitation, giving evidence and testimony in support of the Company's rights hereunder.

(f) Intellectual Property Rights in Works of Authorship. I acknowledge and agree that any intellectual property rights in Creations, which are works of authorship, belong to the Company and are "works made for hire" within the definition of section 101 of the United States Copyright Acts of 1976, Title 17, United States Code. The Company or any of its direct or indirect licensees shall not be obligated to designate me as author of any design, software, firmware, related documentation, or any other work of authorship when distributed publicly or otherwise, nor to make any distribution.

3. CONFIDENTIAL INFORMATION

(a) Ownership of Confidential Information. All Confidential Information which I create or otherwise develop or which comes into my possession or that previously came into my possession shall be and remain the exclusive property of the Company.

(b) No Disclosure of Confidential Information. Unless authorized in writing by the Company, I will maintain all Confidential Information in confidence and, except as necessary in conjunction with my work for the Company, will not copy or make notes of, divulge to anyone outside the Company or use any of the Confidential Information for my own or another's benefit, either during or after the term of my Relationship with the Company. I agree that I will promptly disclose to the Company all Confidential Information developed by me.

(c) Returning Documents and Tangible Property; Obligations after Termination. Upon request of the Company and, in any event, upon termination of my Relationship with the Company, I will promptly surrender and deliver to the Company (and will not keep in my possession or deliver to anyone else) and agree that following the termination of my relationship with the Company I will not use any Confidential Information, records, data, notes, reports, proposals, lists, correspondence, computer code, specifications, drawings, blueprints, sketches, flow diagrams, materials, equipment, devices or any other documents or property (including photocopies or other reproductions of any of the aforesaid items) of the Company.

(d) Confidential Information of Third Parties. During my Relationship with the Company I may receive, under non-disclosure agreements agreed to by authorized representatives of the Company, information claimed by third parties to be their confidential information. I agree that I will respect such agreements and will not disclose such information to any person or organization, except as is necessary in carrying out my work for the Company consistent with the Company's agreement with such third parties. At the request of the Company and, in any event, upon the termination of my Relationship with the Company, I will promptly surrender to the Company any such information.

4. NON-USE OF PROPERTY OF THIRD PARTIES. During my Relationship with the Company, I will not improperly use or disclose any confidential or proprietary information or property of any third party (including any former employer).

5. NO PRIOR RESTRICTIONS. I hereby represent and warrant that I am free to enter into my Relationship with the Company and that there are no contracts or restrictive covenants preventing full performance of my duties.

6. PUBLISHING. Unless approved by the Company in writing, I will not publish anything in the Company's business areas of interest during my Relationship with the Company.

7. EXPORT LAW ASSURANCES. I agree and certify that neither the software nor any other technical data received from the Company or the direct product thereof, will be downloaded, shipped, transferred or re-exported, directly or indirectly to any countries designated from time to time by the U. S. Government for non-export of regulated technology.

8. NO GUARANTEE OF ENGAGEMENT. I expressly acknowledge and agree that this is not an agreement by the Company to employ or engage me for any period, and unless otherwise expressly agreed in writing between me and the Company, my Relationship with the Company may be terminated at any time, with or without cause by either myself or the Company. All of the terms of this Agreement shall survive any termination of my Relationship

with the Company.

9. MISCELLANEOUS

(a) Severability. If any provision of this Agreement or portion thereof is determined by a court of competent jurisdiction to be wholly or partially unenforceable for any reason, such provision or portion thereof shall be considered separate from the remainder of this Agreement, which shall remain in full force and effect. In the event that any provision of this Agreement is held to be overbroad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable to the fullest extent allowable.

(b) Waiver. The Company's waiver or failure to enforce any violation or provision of this Agreement shall not constitute a waiver of its rights hereunder with respect to any violation or provision of this Agreement, and shall be effective only if in writing, signed by the Company, and then only in the specific instance and for the specific purpose given.

(c) Governing Law. This agreement shall be governed by and construed and enforced in accordance with the laws of the State of Minnesota without regard to conflicts of laws. I agree that suit to enforce any provision of this Agreement or to obtain any remedy with respect hereto may be brought in United States District Court or the state court sitting in county of the principal place of business of the Company, and for this purpose I hereby expressly and irrevocably consent to the jurisdiction of this court.

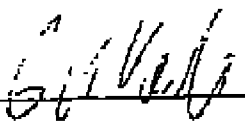
(d) Successors. This Agreement shall be for the benefit of and be binding upon: (i) my executors, heirs, legatees and personal representatives, and (ii) the successors and assigns of the Company.

(e) Entirety of Agreement. This Agreement supersedes all prior agreements concerning the subject matter hereof, except the Employment Agreement between the Company and I dated as of the date hereof. No amendment or modification of this Agreement shall be deemed effective unless made in writing signed by me and the Company.

(f) Survival of Obligations. I agree that my obligations under this Agreement shall survive the termination of this Agreement and the termination of my Relationship with the Company.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of December 1, 2001.

Signature of Independent Contractor or Employee

Chil Vardi 

VASCULAR TECHNOLOGIES, INC.

By: _____, its _____

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of December 1, 2001.

Signature of Independent Contractor or Employee

Gil Vardi

VASCULAR TECHNOLOGIES, INC.

Daniel A. Halpern
By: _____, its

**INTELLECTUAL PROPERTY
OPTION AGREEMENT**

THIS AGREEMENT is effective as of December 1, 2001 (the "Effective Date"), and is entered into by and between Vascular Technologies, Inc., a Delaware corporation (the "Company") and Gil Vardi (the "Vardi").

INTRODUCTION

WHEREAS, Vardi has developed or has certain rights to devices, technology, ideas and processes relating to the design of an imaging guidewire using PVDF to send ultrasound signals and the innovative use of fiber Bragg gratings to receive the reflected signals back (the "Technology") described in the international patent application entitled "Optical-acoustic imaging device", patent application number PCT/US99/04913, for technology used in real-time vascular imaging during interventional medical procedures (together with patent applications covering the same devices, technology, ideas and processes filed by Vardi with specific countries and organizations, the "Patent Application");

WHEREAS, Vardi and the Company desire to develop improvements to the Technology;

WHEREAS, the Company desires to obtain the exclusive option to purchase Vardi's rights under the Patent Application;

WHEREAS, the Company and Vardi desire to establish certain funding goals of the Company prior to the Company having the right to exercise its option;

WHEREAS, Vardi has agreed to grant to the Company the exclusive option to obtain the full right, title and interest in and to the Vardi Intellectual Property;

WHEREAS, the Company and Vardi contemplate entering into that certain Proprietary Rights Agreement dated the same date herewith (the "Proprietary Rights Agreement") wherein Company will obtain rights in improvements in the Technology and Intellectual Property rights therein; and

WHEREAS, the Company and Vardi contemplate entering into that certain Management Services Agreement dated the same date herewith (the "Management Services Agreement").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties mutually agree as follows:

1. **Grant of Option.** Subject to the terms and conditions of this Agreement, Vardi hereby irrevocably grants to Company the exclusive right to purchase from Vardi (the "Option"), free and clear of all liens, charges, security interests or encumbrances, all right, title and interest in and to the license rights, contract rights, trademark and service marks, copyright and copyright applications, patents and patents pending, trade secrets, goodwill, moral rights (and waivers

1 of 6

#191078 v5 - Intellectual Property Option Agreement

thereof), if any, including all inventions, know-how, confidential information, shop rights, rights to sue for past infringement and all other proprietary rights conceived, created, reduced to practice, developed or under development (whether in whole or in part, solely or jointly with others ("Intellectual Property")), to the extent any of the foregoing is owned by Vardi in relation to the Technology, including any right, title and interest of owned by Vardi in the Patent Application (the "Vardi Intellectual Property"), TO HAVE AND TO HOLD the same unto Company, its successors and assigns, forever.

2. **Terms and Conditions of Option.** The right to exercise the Option is subject to the following:
- a. The right to exercise the option is hereby granted as of the Effective Date until the one year anniversary of the Effective Date (this anniversary is referred to as the "Option Termination Date").
 - b. The Company shall not have the right to exercise the Option until such time as the Company has raised an aggregate amount of \$300,000 (the "Exercise Amount") in financing. For purposes of this Agreement, funds "raised" refers to investments where the Company has received the full investment in cash. The Exercise Amount shall include all funds raised or contributed to the Company, including, but not limited to, all funds previously raised by the Company and funds that may be invested contingent upon the exercise of the Option.
 - c. Upon raising the Exercise Amount prior to the Option Termination Date, the Company shall have the right to exercise the Option or choose not to exercise the Option, in its sole discretion. If the Company exercises the Option, the Company will deliver written notice of exercise to Vardi and Vardi will immediately assign all of his rights in the Company for the Vardi Intellectual Property. Regardless of whether the Company exercises its option, upon raising the Exercise Amount prior to the Option Termination Date:
 - i. The Company will reimburse Vardi for his actual prior intellectual property legal expenses related to the Patent Application, up to \$15,000; and
 - ii. The Company will reimburse Vardi for his actual legal expenses related to the transactions entered into by and between Vardi and the Company, up to \$3,500.
 - d. At the time the Company exercises the Option, Vardi will (i) sign and deliver an Assignment of the Vardi Intellectual Property in the form of Exhibit A to this Agreement and (ii) assign to the Company all of his rights to capital stock and other rights in New Imaging Concepts Ltd. ("NIC"), an Israeli company. The parties have been advised that no interest in the Patent Application or related technology was ever transferred to NIC; however, Vardi agrees to transfer his interests in NIC to ensure that, upon the exercise of the Option, the Company will succeed to all of Vardi's rights in the Patent Application and related Intellectual Property. The parties acknowledge that additional steps may be required to transfer shares in NIC under Israeli law, and Vardi agrees to cooperate in this process in any manner reasonably requested by the Company.
 - e. If the Company elects not to exercise the Option after raising the Exercise Amount on or before the Option Termination Date, then the Option will expire on the Option Termination Date. In that event:
 - i. Vardi shall retain his rights to the Vardi Intellectual Property;
 - ii. The Company shall retain any and all improvements made to the technology related to the Patent Application and the Vardi Intellectual Property; and

- iii. The agreements and relationships between Vardi and the Company shall not otherwise be affected.
- a. If the Company does not raise the Exercise Amount on or before the Option Termination Date, and the Company and Vardi cannot negotiate new terms for the purchase of the Intellectual Property, after negotiating in good faith for a period of sixty (60) days, then the Option will expire on the Option Termination Date. In that event:
- i. Vardi shall retain his rights to the Vardi Intellectual Property;
 - ii. The Company shall transfer to Vardi all of its right, title and interest in any Intellectual Property owned by Company (including without limitation those improvements to the Technology made by Vardi and assigned to Company under the Proprietary Rights Agreement), at no cost to Vardi, and will sign and deliver an Assignment of such Intellectual Property in substantially the form of Exhibit A to this Agreement; and
 - iii. Vardi, Daniel Halpern and Larry Cohen shall be released from any non-compete and non-solicitation provisions contained in agreements with the Company.
1. **Consideration.** In consideration of the rights granted herein, the parties agree to enter into the Management Services Agreement and the Proprietary Rights Agreement.
2. **Intellectual Property Developed After the Effective Date.** All improvements on the Technology developed by or for the Company after the Effective Date shall be the property of the Company, except as otherwise provided in this Agreement. All improvements on the Technology developed by Vardi during the term of this Agreement will be assigned to the Company pursuant to the terms of the Proprietary Rights Agreement.
3. **Powers Exercisable by Company.** At any time or from time to time after the exercise of the Option, at Company's request and without further consideration, Vardi shall execute and deliver to Company such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as Company may reasonably deem necessary, desirable or helpful in order to more effectively transfer, convey and assign to Company, and to confirm Company's title to, all of the Vardi Intellectual Property, and to assist Company in exercising all rights with respect thereto, including the assignment of patents attached as Exhibit A. Upon the exercise of the Option, Vardi hereby constitutes and appoints Company the true and lawful attorney of Vardi, with full power of substitution, in the name of Vardi or Company, but on behalf of and for the benefit of Company to execute any documents transferring the Vardi Intellectual Property to Company from Vardi. Upon the exercise of the Option, Vardi hereby acknowledges that the appointment hereby made and the powers hereby granted are coupled with an interest and are not and shall not be revocable by them in any manner or for any reason.
4. **Powers Exercisable by Vardi.** If the Company does not raise the Exercise Amount on or before the Option Termination Date and the Option expires as described in Section 2(i), at any time or from time to time after the expiration, at Vardi's request and without further consideration, the Company shall execute and deliver to Vardi such other instruments of sale, transfer, conveyance, assignment and confirmation, provide such materials and information and take such other actions as Vardi may reasonably deem necessary, desirable or helpful in order to more effectively transfer, convey and assign to Vardi, and to confirm Vardi's title to, all Intellectual Property transferred to Vardi, and to assist Vardi in exercising all rights with respect thereto, including the assignment of any patent rights by an assignment similar to the form attached as Exhibit A. Upon such expiration, the Company hereby constitutes and appoints Vardi the true and lawful attorney of the Company, with full power of substitution.

In the name of Vardi or Company, but on behalf of and for the benefit of Vardi to execute any documents transferring such Intellectual Property to Vardi from the Company. Upon the expiration of the Option under such circumstances, the Company hereby acknowledges that the appointment hereby made and the powers hereby granted are coupled with an interest and are not and shall not be revocable by them in any manner or for any reason.

5. Representations and Warranties of Vardi.

- a. To Vardi's knowledge, Vardi holds all right, title and interest in the Vardi Intellectual Property, free and clear of any and all claims, liens, or encumbrances of any kind or nature whatsoever, and without an obligation to pay royalties, except for the rights, if any, owned by Viktor Spivak and his heirs, devisees and assigns.
- b. Vardi is not a party to any written or oral agreement or license other than the existing agreement with Company that expressly or impliedly, (1) sells, assigns or otherwise transfers any rights to the Technology, (2) creates any claims, liens, or encumbrances of any kind on the Technology or (3) grants to any party the right to receive royalties based on the Technology.
- c. Vardi has the right and authority to enter into this Agreement, and the execution and performance of this Agreement by Vardi will not violate or result in a violation of any other agreement to which Vardi is a party.
- d. To Vardi's knowledge, as of the Effective Date, the Intellectual Property comprising the Technology has not been infringed by any third party in the United States, Israel or any of the countries individually and collectively comprising the European Union. There is no pending, or to Vardi's knowledge, threatened claim or litigation concerning the validity, ownership or right of Vardi to exercise any Intellectual Property right contained in the Vardi Intellectual Property, nor to Vardi's knowledge, is there any legitimate basis for any such claim, nor has Vardi received any notice asserting that any of Vardi's rights to the Vardi Intellectual Property or the proposed use, sale, license or disposition thereof conflicts or shall conflict with the rights of any other party, nor to Vardi's knowledge, is there any legitimate basis for any such assertion.
- e. Vardi and the Company acknowledge that, despite extensive efforts, the Company was unable to reach a suitable agreement with Evgeny Spivak, believed to be the sole heir of Viktor Spivak, a co-inventor of the inventions claimed in the Patent Application. Vardi hereby agrees that he will negotiate in good faith with Evgeny Spivak, and will if necessary following future negotiations, if any, transfer to Evgeny Spivak a portion of Vardi's original shares he obtained in the Company. Vardi further agrees that any such transfer by Vardi to the heir(s) of Viktor Spivak will be a private transaction not involving the Company.
- f. As used in this Article 5, "knowledge" means the actual knowledge of Vardi as of the Effective Date.


1. **Counterparts:** This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

2. **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota applicable to a contract executed and performed in such State without giving effect to the conflicts of laws principles thereof, except that if it is necessary in any other jurisdiction to have the law of such other jurisdiction govern this Agreement in order for this Agreement to be effective in any respect, then the laws of such other jurisdiction shall govern to such extent.

3. **General Provisions:** If any portion of this Agreement is held invalid or unenforceable, then the valid or enforceable provision shall be deemed suspended and the remaining portions of this Agreement shall continue in effect. Except as expressly stated herein, this Agreement constitutes the entire understanding between the parties and supersedes all prior contemporaneous communications and proposals relating to the subject matter hereof, whether electronic, oral or written. This Agreement shall not be modified or amended except in writing signed by the parties hereto and specifically referring to this Agreement. No term of this Agreement shall be deemed waived, and no breach of this Agreement excused, unless the waiver or consent is in writing signed by the party granting such waiver or consent.

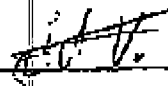
3. **General Provisions.** If any portion of this Agreement is held invalid or unenforceable, then the valid or unenforceable provision shall be deemed suspended and the remaining portions of this Agreement shall continue in effect. Except as expressly stated herein, this Agreement constitutes the entire understanding between the parties and supersedes all prior contemporaneous communications and proposals relating to the subject matter hereof, whether electronic, oral or written. This Agreement shall not be modified or amended except in writing signed by the parties hereto and specifically referring to this Agreement. No term of this Agreement shall be deemed waived, and no breach of this Agreement excused, unless the waiver or consent is in writing signed by the party granting such waiver or consent.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year first above written.



 Gil Vardi

Vascular Technologies, Inc.

By 

 Its _____

3. **General Provisions.** If any portion of this Agreement is held invalid or unenforceable, then the valid or unenforceable provision shall be deemed suspended and the remaining portions of this Agreement shall continue in effect. Except as expressly stated herein, this Agreement constitutes the entire understanding between the parties and supersedes all prior contemporaneous communications and proposals relating to the subject matter hereof, whether electronic, oral or written. This Agreement shall not be modified or amended except in writing signed by the parties hereto and specifically referring to this Agreement. No term of this Agreement shall be deemed waived, and no breach of this Agreement excused, unless the waiver or consent is in writing signed by the party granting such waiver or consent.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the day and year first above written.

Vascular Technologies, Inc.

Gil Vardi

By *Daniel A. Halperin*
Its _____

ASSIGNMENT OF PATENT APPLICATION

EXHIBIT A

WHEREAS, _____ of _____ an
(Inventor Name) (Address)

Individual (hereinafter referred to as "Patentee"), has pending before the United States Patent Office an application for the following patent:

<u>Patent Title</u>	<u>Application No.</u>	<u>Filing Date</u>
_____	_____	_____

(the "Patent Application"); and

WHEREAS, _____ of _____
(Company Name) (Address)
a _____ (State/Country) _____ (Entity Type),
having its principal place of business at _____
(Address)

desires to acquire Patentee's entire right, title and interest in and to the Patent Application;

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Patentee does sell, assign and transfer to Company Patentee's entire right, title and interest in and to the Patent Application; the same to be held and enjoyed by Company for its own use and on its own behalf, and for its legal representatives and assigns, to the full end of the term for which the Patent is granted, as fully and entirely as the same would have been held by Patentee had this Assignment and sale not been made, for the United States and all foreign countries.

Executed this _____ day of _____, 200__

at _____

By _____
Its _____

STATE OF _____)
COUNTY OF _____) ss

This instrument was acknowledged before me on the _____ day of _____, 200__
by _____, who personally acknowledged that he executed the foregoing
Assignment of Patent as his free act and deed.

Notary Public

**AMENDMENT
TO
INTELLECTUAL PROPERTY OPTION AGREEMENT**

This Amendment to Intellectual Property Option Agreement (the "Amendment") is made effective as of the 19th day of December, 2003, by and between Vascular Technologies, Inc., a Delaware corporation (the "Company") and Gil Vardi ("Vardi").

WITNESSETH

WHEREAS, the Company and Vardi have executed and entered into that certain Intellectual Property Option Agreement dated as of December 1, 2001 (the "Agreement");

WHEREAS, the Company and Vardi have amended the Agreement extending the Option Termination Date to June 30, 2003;

WHEREAS, the parties hereto desire to amend the Agreement to extend the Option Termination Date of the Agreement until April 30, 2004, and to provide that the Option Agreement will automatically extend for an additional four months at the end of each option period unless either party notifies the other of its intent not to extend the Option Agreement.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. **Extension of the Option Termination Date.** The Agreement is hereby amended to extend the Option Termination Date to April 30, 2004. The Option granted in the Agreement is hereby extended until April 30, 2004.

2. **Automatic Renewal of Option Termination Date and Option.** Unless either party notifies the other party in writing fifteen days prior to the then current Option Termination Date of its intent not to extend the Option Termination Date an additional four months, the Option Termination Date and the Option granted in the Agreement shall be extended for an additional four months from the then current Option Termination Date.

3. **Continuation of Agreement.** Except as expressly provided herein, the Agreement will remain effective in all respects.

4. **Counterparts.** This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same document.

2/28/03

IN WITNESS WHEREOF, the parties have executed this Amendment effective as of the date set forth above.

VASCULAR TECHNOLOGIES, INC.

By: *Daniel A. Halpern*
Name: Daniel A. Halpern
Title: President and Chief Executive Officer

Gil Vardi
Gil Vardi

01/18/05

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