

Form PTO-1595 (Rev. 08-05)
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U.S. DEPARTMENT OF COMMERCE
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RECORDATION FORM COVER SHEET PATENTS ONLY

To the Director of the U.S. Patent and Trademark Office: Please record the attached documents or the new address(es) below.

1. Name of conveying party(ies): Eilaz Babaev Additional name(s) of conveying party(ies) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	2. Name and address of receiving party(ies) Name: <u>Advanced Medical Applications, Inc.</u> Internal Address: _____ Street Address: _____ 6570 Edenvale Blvd. City: <u>Eden Prairie</u> State: <u>Minnesota</u> Country: <u>United States of America</u> Zip: <u>55346</u> Additional name(s) & address(es) attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
3. Nature of conveyance/Execution Date(s): Execution Date(s): <u>July 25, 2000; May 21, 2002</u> <input type="checkbox"/> Assignment <input type="checkbox"/> Merger <input type="checkbox"/> Change of Name <input type="checkbox"/> Security Agreement <input type="checkbox"/> Joint Research Agreement <input type="checkbox"/> Government Interest Assignment <input type="checkbox"/> Executive Order 9424, Confirmatory License <input checked="" type="checkbox"/> Other <u>Employment Agreement</u>	4. Application or patent number(s): <input type="checkbox"/> This document is being filed together with a new application. A. Patent Application No.(s) <u>11/168,620</u> B. Patent No.(s) Additional numbers attached? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
5. Name and address to whom correspondence concerning document should be mailed: Name: <u>Matthew P. Vincent, J.D., Ph.D.</u> <u>ROPES & GRAY LLP</u> Internal Address: <u>Atty. Dkt.: 103514-0035-101</u> Street Address: <u>One International Place</u> City: <u>Boston</u> State: <u>MA</u> Zip: <u>02110</u> Phone Number: <u>(617) 951-7739</u> Fax Number: <u>(617) 951-7050</u> Email Address: <u>MVincent@ropesgray.com</u>	6. Total number of applications and patents involved: 1 7. Total fee (37 CFR 1.21(h) & 3.41) \$ <u>40.00</u> <input type="checkbox"/> Authorized to be charged by credit card <input checked="" type="checkbox"/> Authorized to be charged to deposit account <input type="checkbox"/> Enclosed <input type="checkbox"/> None required (government interest not affecting title)
8. Payment Information a. Credit Card Last 4 Numbers _____ Expiration Date _____ b. Deposit Account Number <u>18-1945</u> Authorized User Name <u>Matthew P. Vincent, J.D., Ph.D.</u>	
9. Signature: <div style="display: flex; justify-content: space-between; align-items: flex-end; margin-top: 20px;"> <div style="width: 60%;"> _____ Signature <u>Melissa S. Rones, J.D., Ph.D. - 54,408</u> Name of Person Signing </div> <div style="width: 35%; text-align: center;"> <u>February 7, 2008</u> Date </div> </div> <div style="display: flex; justify-content: flex-end; margin-top: 10px;"> Total number of pages including cover sheet, attachments, and documents: 17 </div>	

I hereby certify that this paper (along with any paper referred to as being attached or enclosed) is being transmitted by facsimile to the Patent and Trademark Office, facsimile no. (571) 273-0140, on the date shown below.

Dated: 2/7/08 Signature: [Signature] (Ginny Blundell)

EMPLOYEE CONFIDENTIAL INFORMATION AND INVENTIONS AGREEMENT

THIS AGREEMENT is made and entered into by and between the undersigned, ELIAZ P. BABAEV, hereinafter designated as "Employee", and ADVANCED MEDICAL APPLICATIONS, INC., a Minnesota corporation, hereinafter designated as "Corporation."

In consideration of Employee's employment by the Corporation during such time as shall be mutually agreeable to Corporation and Employee, this Agreement being a condition thereof and ancillary thereto, the Corporation and Employee hereby agree as follows:

1. During employment by the Corporation, Employee will have access to certain confidential information and materials, including but not limited to information related to the Corporation's existing or reasonably foreseeable business and products, originated in the Corporation or disclosed to the Corporation by others under agreements to hold the same confidential ("Confidential Information"); and Employee may during the period of employment make, develop or conceive inventions, discoveries, concepts, ideas, information and improvements, either patentable or not, which relate to or are useful in the business or activities in which the Corporation is or may become engaged, and which may or may not also constitute Confidential Information ("Inventions").

2. Employee agrees not to utilize any such Confidential Information for his own benefit nor to disclose, disseminate, lecture upon or publish articles about any such Confidential Information to any one outside the Corporation, or to any officer or employee of the Corporation not also having access to such information, at any time either during or after employment by the Corporation, unless the Corporation expressly consents beforehand in writing.

3. Employee agrees to disclose promptly, in writing if so requested, to the Corporation, any Inventions that he may make, develop or conceive during the period of his employment by the Corporation or by its predecessors or successors in business. All such Inventions shall be and remain the property of the Corporation. Employee hereby assigns (and agrees to assign) to the Corporation all Employee's rights, title and interest in any such Inventions, whether or not during the period of his employment such Inventions may be reduced to practice, and to execute all patent applications, assignments and other documents, and to take all other steps necessary, to vest in the Corporation the entire right, title and interest in and to those Inventions and in and to any patents obtainable therefor in the United States and in foreign countries.

4. If it chooses to prosecute applications for patent for any such Inventions, it being understood that it is not obligated to do so, the Corporation shall assume the entire expense of preparing, filing and prosecuting such applications, through patent counsel appointed by the Corporation.

5. It is understood and agreed that the Corporation shall have the royalty-free right to use, or to adapt and to develop in any way all Inventions conceived or made by Employee, whether

or not patentable, including but not limited to processes, methods, formulas, and techniques, as well as improvements thereof or know-how related thereto, or not to use them at all should it so choose.

6. All records and other material pertaining to Confidential Information, whether developed by Employee or others, shall be and remain the property of the Corporation. Upon termination of Employee's employment with the Corporation, all documents, records, notebooks and other material of any kind pertaining to or containing Confidential Information then in Employee's possession, whether prepared by Employee or others, will be left with or returned to the Corporation.

7. Except as listed on Appendix A which is attached to this Agreement, Employee will not assert any rights to any inventions, discoveries, concepts or ideas, or improvements thereof or know-how related thereto, as having been made or acquired by Employee prior to being employed by the Corporation, or since then, and not otherwise covered by the terms of this Agreement.

8. Employee shall not be obligated to assign to the Corporation any invention made by him while in the Corporation's employ which does not relate to any business or activities in which the Corporation is or may become engaged, except that he is so obligated if the same relates to or is based on confidential or proprietary information to which Employee shall have had access during and by virtue of his employment or arises out of work assigned to him by the Corporation. Nor shall Employee be obligated to assign any invention which may be wholly conceived by Employee after he leaves the employ of the Corporation, except that he is so obligated if such invention shall involve the utilization of confidential or proprietary information obtained while in the employ of the Corporation. Nor shall Employee be obligated to assign any invention which relates to or would be useful in any business or activities in which the Corporation is engaged if such invention was conceived and reduced to practice by Employee prior to his employment with the Corporation, provided that all such inventions are listed at the time of employment on the attached Appendix A.

9. Employee represents and warrants that his employment with the Corporation does not and will not breach any agreement or duty which Employee has to anyone else to keep in confidence confidential information belonging to others. Employee will not disclose to the Corporation or use in its behalf any confidential information belonging to others.

10. Employee acknowledges that any failure to carry out any obligation under this Agreement, or a breach by Employee of any provision herein, will constitute immediate and irreparable damage to the Corporation, which cannot be fully and adequately compensated in money damages and which will warrant preliminary and other injunctive relief, an order for specific performance, and other equitable relief. Employee also understands that other action may be taken and remedies enforced against the Employee.

11. This Agreement supersedes any prior or contemporaneous agreement concerning assignment of patent rights or trade secrets between Corporation and Employee.

12. Employee's obligations under this Agreement shall continue after termination of employment by the Corporation. This Agreement shall inure to the benefit of the Corporation, its

successors, assigns and designees, and is binding upon the assigns, executors and administrators and other legal representatives of Employee.

13. This Agreement shall be construed in accordance with and governed for all purposes by the law of the State of Minnesota. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein. If, moreover, any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to time, duration, geographical scope, activity or subject, it shall be construed by limiting and reducing it, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

IN WITNESS WHEREOF the parties have signed this agreement as of the _____ day of 25 July, 2000.

ADVANCED MEDICAL APPLICATIONS, INC.,
a Minnesota corporation

By: *Greg M. Benhoff*
Its: *President*

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Eliaz P. Babaev

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APPENDIX A

I represent that I have indicated on this Appendix all Inventions (as defined in the Agreement) in which I owned any right or interest prior to my employment with the Corporation. I agree that any present or future Inventions not listed in this Appendix are subject to assignment under the attached Employee Confidential Information and Inventions Agreement.

Brief Description of Inventions:

Right, Title or Interest and Date Acquired:

Dated: 25 July, 2000.


Eliaz P. Babaev

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is entered into effective September 17, 2001 by and between ADVANCED MEDICAL APPLICATIONS, INC., dba Celleration, a Minnesota corporation (the "Company"), and ELIAS P. BABAEV, a resident of the State of Minnesota ("Executive").

Background

A. The Company is a development stage medical device company that develops medically validated proprietary ultrasound technologies for the therapeutic treatment of injured tissue, management of bacterial colonization in wound care and oral/catheter drug delivery (the "Business").

B. Executive is the inventor of the Company's core technology used in the Business, one of the founders of the Company, and has heretofore been employed by the Company as its Chief Executive Officer pursuant to that certain Employment Agreement and Other Understandings dated March 2, 2000 (the "Original Employment Agreement") between the Company and Executive.

C. Executive voluntarily resigned from his employment with the Company and terminated the Original Employment Agreement immediately prior to the effectiveness of this Agreement.

D. The Company desires to continue to employ Executive and Executive wishes to continue to provide services to the Company, on the terms and conditions set forth in this Agreement.

Agreement

NOW, THEREFORE, in consideration of the foregoing premises and the respective agreements of the Company and Executive set forth below, the Company and Executive, intending to be legally bound, agree as follows:

1. Employment. Subject to all terms and conditions hereof, effective September 17, 2001 the Company shall employ Executive, and Executive shall serve the Company and perform services for the Company for a period of three (3) years from and after the date hereof or unless and until Executive's employment terminates earlier under Section 11 hereof. Notwithstanding the foregoing, Executive's employment hereunder shall automatically renew and continue for one (1) year periods from and after each anniversary beginning on the third anniversary after the date hereof, unless either party provides written notice to the other that such renewal is not desired at least sixty (60) calendar days prior to such anniversary date.

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2. Position and Duties.

(a) Position with the Company. During the term of Executive's employment with the Company, Executive will serve as Chief Technical Officer, and will perform such duties and responsibilities consistent with the duties typically performed by a chief technical officer as the Board of Directors of the Company (the "Board") assign to him from time to time.

(b) Performance of Duties and Responsibilities. Executive shall serve the Company faithfully and to the best of his ability and shall devote his full time, attention and efforts to the business of the Company during his employment. Executive shall report to the Board, or to such other party that may be designated by the Board. During his employment hereunder, Executive shall not accept other employment or engage in other material business activity which, in the reasonable determination of the Board, would interfere with the performance of his duties and responsibilities to the Company, except as approved in advance in writing by the Board. Executive hereby represents and confirms that he is under no contractual or legal commitments that would prevent him from fulfilling his duties and responsibilities as set forth in this Agreement. All of Executive's other current business activities are described in all material respects on Exhibit A attached hereto, and Executive agrees to promptly deliver to the Company written updates to such Exhibit so that such Exhibit shall be true and correct at all times from and after the date hereof.

3. Compensation.

(a) Base Salary. While Executive is employed by the Company hereunder, the Company shall pay to Executive an annual base salary of \$125,000, less deductions and withholdings, which base salary shall be paid in accordance with the Company's normal payroll policies and procedures. During each year after the first year of Executive's employment hereunder, the Board shall review and may increase or reduce Executive's base salary in its sole discretion.

(b) Bonus. Executive's entitlement to incentive bonuses from the Company is discretionary and shall be determined by the Board or its Compensation Committee, with input from the Company's Chief Executive Officer, in good faith based upon the extent to which Executive's individual performance objectives and the Company's profitability objectives and other financial and nonfinancial objectives are achieved during the applicable annual bonus period. For the twelve month period from June 1, 2002 through May 31, 2003, the bonus amount applicable to Executive under this Section 3(a) is an amount up to \$25,000, payment of which is conditioned upon achievement by Executive of the milestones as set forth in Exhibit B hereto. In the event of Executive's death or disability during the term of this Agreement, the Company shall pay to Executive or Executive's estate the bonus (if any) Executive would have earned during the entire year in which death or disability occurred.

(c) Stock Options. In consideration for the obligations of Executive pursuant to Section 7 and 8 hereof and in addition to any benefits received under Section 3(d)

below and subject to the terms and conditions of a definitive stock option agreement between Executive and the Company pursuant to the Company's 2000 Stock Option Incentive Plan, as amended from time to time, Executive shall, from and after June 18, 2002, be entitled to receive options to purchase up to 280,000 shares of the Company's Common Stock, no par value per share, with an exercise price per share equivalent to the fair market value of a share of Common Stock on the date of such grant as determined by the Board in their sole discretion, expiring on the date ten years after the date of grant and vesting in equal monthly installments over a 48 month period, commencing on the first anniversary of the date hereof.

(d) Employee Benefits. While Executive is employed by the Company hereunder, Executive shall be entitled to participate in all employee benefit plans and programs of the Company, including without limitation, those plans covering medical, disability and life insurance in accordance with the rules established for individual participation in any such plan to the extent that Executive meets the eligibility requirements for each individual plan or program. The Company provides no assurance as to the adoption or continuance of any particular employee benefit plan or program, and Executive's participation in any such plan or program will be subject to the provisions, rules and regulations applicable thereto.

(e) Key Person Life Insurance. While Executive is employed by the Company hereunder, the Company will pay for a second \$1,000,000 of Key Employee Life Insurance that is matching a Company owned \$1,000,000 policy on the Executive.

(f) Expenses. While Executive is employed by the Company hereunder, the Company will reimburse Executive for all reasonable and necessary out-of-pocket business, travel and entertainment expenses incurred by Executive in the performance of the duties and responsibilities hereunder, subject to the Company's normal policies and procedures for expense verification and documentation.

(g) Vacation. While Executive is employed by the Company hereunder, Executive will receive paid vacation time off on terms and in an amount consistent with policies applied by the Company to other senior executives, such time to be taken with the approval of the Chief Executive Officer of the Company, at such times so as not to disrupt the operations of the Company.

4. Affiliated Entities. As used in this Agreement, "Affiliates" includes the Company and each corporation, partnership, or other entity, which controls the Company, is controlled by the Company, or is under common control with the Company (in each case "control" meaning the direct or indirect ownership of 50% or more of all outstanding equity interests).

5. Confidential Information. Except as permitted by the Company, Executive shall not at any time divulge, furnish or make accessible to anyone or use in any way other than in the ordinary course of the business of the Company or its Affiliates, any confidential, proprietary or secret knowledge or information of the Company or its Affiliates that Executive has acquired or shall acquire about the Company or its Affiliates, whether developed by himself

or by others, concerning (i) any trade secrets, (ii) any confidential, proprietary or secret designs, programs, processes, formulae, plans, devices or material (whether or not patented or patentable) directly or indirectly useful in any aspect of the business of the Company or of its Affiliates, (iii) any customer or supplier lists, (iv) any confidential, proprietary or secret development or research work, (v) any strategic or other business, marketing or sales plans, (vi) any financial data or plans, or (viii) any other confidential or proprietary information or secret aspects of the business of the Company or of its Affiliates. Executive acknowledges that the above-described knowledge and information constitutes a unique and valuable asset of the Company and represents a substantial investment of time and expense by the Company, and that any disclosure or other use of such knowledge or information other than for the sole benefit of the Company or its Affiliates would be wrongful and would cause irreparable harm to the Company. Executive shall refrain from intentionally committing any acts that would materially reduce the value of such knowledge or information to the Company or its Affiliates. The foregoing obligations of confidentiality shall not apply to any knowledge or information that (i) is now or subsequently becomes generally publicly known, other than as a direct or indirect result of the breach of this Agreement, (ii) is independently made available to Executive in good faith by a third party who has not violated a confidential relationship with the Company or its Affiliates, or (iii) is required to be disclosed by law or legal process. Executive understands and agrees that his obligations under this Agreement to maintain the confidentiality of the Company's confidential information are in addition to any obligations of Executive under applicable statutory or common law.

6. Ventures. If, during Executive's employment with the Company, Executive is engaged in or provides input into the planning or implementing of any project, program or venture involving the Company, all rights in such project, program or venture shall belong to the Company. Except as approved in writing by the Board or as otherwise set forth on Exhibit C hereto, Executive shall not be entitled to any interest in any such project, program or venture or to any commission, finder's fee or other compensation in connection therewith. Executive shall have no interest, direct or indirect, in any customer or supplier that conducts business with the Company. Executive expressly agrees that this Section 6 shall also apply to Executive's employment with the Company for all periods of employment with the Company prior to the effective date of this Agreement.

7. Noncompetition and Nonsolicitation Covenants.

(a) Agreement Not to Compete. During Executive's employment with the Company or any Affiliates and for a period of twelve (12) consecutive months from and after the termination of Executive's employment, whether such termination is with or without cause, or whether such termination is at the instance of Executive or the Company, Executive will not, directly or indirectly, engage in any business, in the United States or in any other location in which the Company or any of its Affiliates are then doing business, that is competitive with the Business, including without limitation as a proprietor, principal, agent, partner, officer, director, stockholder, employee, member of any association, consultant or otherwise. Ownership by Executive, as a passive investment, of less than 5% of the outstanding shares of capital stock of any corporation listed on a national securities exchange or publicly traded in the over-the-counter market shall not constitute a breach of this Section 7(a).

(b) Agreement Not to Hire. During Executive's employment with the Company or any Affiliates and for a period of twelve (12) consecutive months from and after the termination of Executive's employment, whether such termination is with or without cause, or whether such termination is at the instance of Executive or the Company, Executive will not, directly or indirectly, hire, engage or solicit any person who is then an employee or contractor of the Company or who was an employee of the Company at any time during the six (6) month period immediately preceding Executive's termination of employment, in any manner or capacity, including without limitation as a proprietor, principal, agent, partner, officer, director, stockholder, employee, member of any association, consultant or otherwise.

(c) Agreement Not to Solicit. During Executive's employment with the Company or any Affiliates and for a period of twelve (12) consecutive months from and after the termination of executive's employment, whether such termination is with or without cause, or whether such termination is at the instance of Executive or the Company, Executive will not, directly or indirectly, solicit, request, advise or induce any current or potential customer, supplier or other business contact of the Company to cancel, curtail or otherwise adversely change its relationship with the Company, in any manner or capacity, including without limitation as a proprietor, principal, agent, partner, officer, director, stockholder, employee, member of any association, consultant or otherwise.

(d) Acknowledgment. Executive hereby acknowledges that the provisions of this Section 7 are reasonable and necessary to protect the legitimate interests of the Company and that any violation of this Section 7 by Executive shall cause substantial and irreparable harm to the Company to such an extent that monetary damages alone would be an inadequate remedy therefore.

(e) Blue Pencil Doctrine. If the duration of, the scope of or any business activity covered by any provision of this Section 7 is in excess of what is determined to be valid and enforceable under applicable law, such provision shall be construed to cover only that duration, scope or activity that is determined to be valid and enforceable. Executive hereby acknowledges that this Section 7 shall be given the construction, which renders its provisions valid and enforceable to the maximum extent, not exceeding its express terms, possible under applicable law.

8. Patents, Copyrights and Related Matters.

(a) Disclosure and Assignment. Executive will immediately disclose to the Company any and all improvements and inventions that Executive may conceive and/or reduce to practice individually or jointly or commonly with others while he is employed with the Company or any of its Affiliates with respect to (i) any methods, processes or apparatus concerned with the development, use or production of any type of products, goods or services sold or used by the Company or its Affiliates, and (ii) any type of products, goods or services sold or used by the Company or its Affiliates. Any such improvements and inventions shall be the sole and exclusive property of the Company and Executive will immediately assign, transfer

and set over to the Company his entire right, title and interest in and to any and all of such improvement and inventions as are specified in this Section 8(a), and in and to any and all applications for letters patent that may be filed on such inventions, and in and to any and all letters patent that may issue, or be issued, upon such applications. In connection therewith and for no additional compensation therefore, but at no expense to Executive, Executive will sign any and all instruments deemed necessary by the Company for:

- (i) the filing and prosecution of any applications for letters patent of the United States or of any foreign country that the Company may desire to file upon such inventions as are specified in this Section 8(a);
- (ii) the filing and prosecution of any divisional, continuation, continuation-in-part or reissue applications that the Company may desire to file upon such applications for letters patent; and
- (iii) the reviving, re-examining or renewing of any of such applications for letters patent.

This Section 8(a) does not apply to any invention for which no equipment, supplies, facilities, confidential, proprietary or secret knowledge or information, or other trade secret information of the Company was used and that was developed entirely on Executive's own time, and (i) that does not relate (A) directly to the Business, or (B) to the Company's actual or demonstrably anticipated research or development, or (ii) that does not result from any work performed by Executive for the Company.

(b) Copyrightable Material. All right, title and interest in all copyrightable material that Executive shall conceive or originate individually or jointly or commonly with others, and that arise in connection with Executive's employment with the Company or knowledge of confidential and proprietary information of the Company, shall be the property of the Company and are hereby assigned by Executive to the Company of its Affiliates, along with ownership of any and all copyrights in the copyrightable material. Where applicable, works of authorship created by Executive relating to the Company or its Affiliates and arising out of Executive's knowledge of confidential and proprietary information of the Company shall be considered "works made for hire," as defined in the U.S. Copyright Act, as amended.

(c) Applicability. Executive expressly agrees that this Section 8 shall also apply to Executive's employment with the Company for all periods of employment with the Company prior to the effective date of this Agreement.

9. Return of Records and Property. Upon termination of Executive's employment or at any time thereafter upon the Company's request, Executive shall promptly deliver to the Company any and all Company and Affiliate records and any and all Company and Affiliate property in his possession or under his control, including without limitation manuals, books, blank forms, documents, letters, memoranda, notes, notebooks, reports, printouts, computer disks, computer tapes, source codes, data, tables or calculations and all copies thereof,

documents that in whole or in part contain any trade secrets or confidential, proprietary or other secret information of the Company or its Affiliates and all copies thereof, and keys, access cards, access codes, passwords, credit cards, personal computers, telephones and other electronic equipment belonging to the Company or its Affiliates.

10. Remedies. Executive acknowledges that it would be difficult to fully compensate the Company for monetary damages resulting from any breach by him of the provisions hereof. Accordingly, in the event of any actual or threatened breach of any such provisions, the Company shall, in addition to any other remedies it may have, be entitled to injunctive and other equitable relief to enforce such provisions, and such relief may be granted without the necessity of proving actual monetary damages.

11. Termination of Employment.

(a) The Executive's employment with the Company shall terminate immediately upon the earlier of (1) the third anniversary of the date hereof (subject to the automatic renewal provisions contained in Section 1 hereof) and (2):

(i) Executive's receipt of written notice from the Company of the termination of his employment (either with or without Cause (as defined below)), effective as of the date indicated in such notice;

(ii) The Company's receipt of Executive's written resignation from the Company, effective as of the date indicated in such resignation;

(iii) Executive's Disability (as defined below); or

(iv) Executive's death.

(b) The date upon which Executive's termination of employment with the Company occurs shall be the "Termination Date."

12. Payments upon Termination of Employment.

(a) If Executive's employment with the Company is terminated by the Company for any reason other than for Cause (as defined below), the Company will pay to Executive, in a lump sum, an amount equal to Executive's base salary at the time of such Termination Date, less applicable withholdings, for the twelve months following the Termination Date, but the Company will have no obligation to Executive under this Section 12(a) unless and until the amount of the Company's cash and cash equivalents on hand (at or after the Termination Date) are in excess of \$500,000.

(b) If Executive's employment with the Company is terminated by reason of:

- (i) Executive's abandonment of his employment, or Executive's resignation for any reason;
- (ii) termination of Executive's employment by the Company in connection with expiration of the term of such employment pursuant to Section 1 hereof;
- (iii) termination of Executive's employment by the Company for Cause; or
- (iv) Executive's Disability or death,

the Company shall pay to Executive or his beneficiary or his estate, as the case may be, his base salary through the Termination Date and any earned and unpaid bonus.

(c) "Cause" hereunder shall mean public conduct detrimental to the Company's or Executive's reputation; any fraud, misappropriation or embezzlement by Executive in connection with the Business, or any conviction of or nolo contendere plea to a felony or gross misdemeanor by Executive that has or can reasonably be expected to have a detrimental effect on the Company; a material breach by Executive of any term or condition of this Agreement that is not cured to the reasonable satisfaction of the Company by Executive within thirty (30) days after written notice of such breach is given by the Company to the Executive; material dishonesty in the performance of the Executive's duties; material misconduct in the performance of the Executive's duties; violation of the Executive's fiduciary obligations to the Company, including those set forth in this Agreement or material violation of the Company's standards of ethics as the same are adopted or amended from time to time in writing by the Company's Board of Directors.

(d) "Disability" hereunder shall mean the inability of Executive to perform on a full-time basis the duties and responsibilities of his employment with the Company by reason of his illness or other physical or mental impairment or condition, if such inability continues for an uninterrupted period of 60 days or more during any 180-day period. A period of inability shall be "uninterrupted" unless and until Executive returns to full-time work for a continuous period of at least 30 days.

(e) In the event of termination of Executive's employment, the sole obligation of the Company hereunder shall be its obligation to make the payments, if any, called for by Section 12(a) or 12(b) hereof, as the case may be, and the Company shall have no other obligation to Executive or to his beneficiary or his estate, except as otherwise provided by law, under the terms of any other applicable agreement between Executive and the Company or under the terms of any employee benefit plans or programs then maintained by the Company in which Executive participates.

(f) Notwithstanding the foregoing provisions of this Section 12, the Company shall not be obligated to make any payments to Executive under Section 12(a) hereof unless Executive shall have signed a release of claims in favor of the Company and its Affiliates in a form to be prescribed by the Board, all applicable consideration and rescission periods provided by law shall have expired, and is in strict compliance with the terms of this Agreement as of the dates of such payments.

13. Miscellaneous.

(a) Governing Law. All matters relating to the interpretation, construction, application, validity and enforcement of this Agreement shall be governed by the laws of the State of Minnesota without giving effect to any choice or conflict of law provision or rule, whether of the State of Minnesota or any other jurisdiction, that would cause the application of laws of any jurisdiction other than the State of Minnesota.

(b) Jurisdiction and Venue. Executive and the Company consent to jurisdiction of the courts of the State of Minnesota and/or the federal district courts, District of Minnesota, for the purpose of resolving all issues of law, equity, or fact, arising out of or in connection with this Agreement. Any action involving claims of a breach of this Agreement shall be brought in such courts. Each party consents to personal jurisdiction over such party in the state and/or federal courts of Minnesota and hereby waives any defense of lack of personal jurisdiction. Venue, for the purpose of all such suits, shall be in Hennepin County, State of Minnesota.

(c) Entire Agreement. This Agreement contains the entire agreement of the parties relating to Executive's employment with the Company and supersedes all prior agreements and understandings with respect to such subject matter, including but not limited to the Original Employment Agreement, and the parties hereto have made no agreements, representations or warranties relating to the subject matter of this Agreement that are not set forth herein.

(d) No Violation of Other Agreements. Executive hereby represents and agrees that neither (i) Executive's entering into this Agreement nor (ii) Executive's carrying out the provisions of this Agreement, will violate any other agreement (oral, written or other) to which Executive is a party or by which Executive is bound.

(e) Amendments. No amendment or modification of this Agreement shall be deemed effective unless made in writing and signed by the parties hereto.

(f) No Waiver. No term or condition of this Agreement shall be deemed to have been waived, except by a statement in writing signed by the party against whom enforcement of the waiver is sought. Any written waiver shall not be deemed a continuing waiver unless specifically stated, shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

(g) Notices. Any notices to be given hereunder by either party to the other may be effected either by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices to the Company shall be addressed to the Company's registered office; mailed notices to Executive shall be addressed to the Executive at 4583 Wilson Street, Minnetonka, Minnesota 55345, but each party may change such party's address by written notice in accordance with this Section 13(g). Notices delivered personally shall be deemed to be received as of actual receipt; mailed notices shall be deemed to be received as of three (3) days after mailing unless otherwise provided.

(h) Assignment. This Agreement shall not be assignable, in whole or in part, by either party without the prior written consent of the other party, except that the Company may, without the consent of Executive, assign its rights and obligations under this Agreement (1) to an Affiliate or (2) to any corporation or other person or business entity to which the Company may sell or transfer all or substantially all of its assets. After any such assignment by the Company, the Company shall be discharged from all further liability hereunder and such assignee shall thereafter be deemed to be "the Company" for purposes of all terms and conditions of this Agreement, including this Section 13.

(i) Counterparts. This Agreement may be executed in any number of counterparts, and such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument.

(j) Severability. Subject to Section 7(e) hereof, to the extent that any portion of any provision of this Agreement shall be invalid or unenforceable, it shall be considered deleted here from and the remainder of such provision and of this Agreement shall be unaffected and shall continue in full force and effect.

(k) Captions and Headings. The captions and section headings used in this Agreement are for convenience of reference only and shall not affect the construction or interpretation of this Agreement or any of the provisions hereof.

(the remainder of this page intentionally left blank)

IN WITNESS WHEREOF, Executive and the Company have executed this Agreement as of the date set forth in the first paragraph.

ADVANCED MEDICAL APPLICATIONS, INC.

By *K. J. Nickerson*
Its *President / CEO*

E. P. Babaev 05-21-02
Elias P. Babaev

M1:862398.05

EXHIBIT A

OTHER MATERIAL BUSINESS ACTIVITIES OF EXECUTIVE

No other business activities at present time

MI:862398.05

PATENT

RECORDED: 02/07/2008

REEL: 020488 FRAME: 0128