

PATENT ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

CORRECTIVE ASSIGNMENT

NATURE OF CONVEYANCE:

Corrective Assignment to correct the Assignor names on Cover Sheet for Recordation of Assignment (removal of Hunt, Linda) previously recorded on Reel 020450 Frame 0767. Assignor(s) hereby confirms the Theodore, Nicholas; Smith, David W.; Crawford, Neil; Pitt, Alan; Smith Regina D..

CONVEYING PARTY DATA

Name	Execution Date
Nicholas Theodore	09/15/2005
David W. Smith	09/15/2005
Neil Crawford	09/15/2005
Alan Pitt	09/15/2005
Regina D. Smith	09/15/2005

RECEIVING PARTY DATA

Name:	Catholic Healthcare West (d/b/a St. Joseph's Hospital and Medical Center and Barrow Neurological Institute)
Street Address:	350 West Thomas Road
City:	Phoenix
State/Country:	ARIZONA
Postal Code:	85013

PROPERTY NUMBERS Total: 3

Property Type	Number
Application Number:	11676023
Application Number:	11838027
Application Number:	11845557

CORRESPONDENCE DATA

Fax Number: (312)655-1501

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

Phone: 312-655-1500

Email: sefdocket@welshkatz.com

Correspondent Name: Welsh & Katz, Ltd.

Address Line 1: 120 South Riverside Plaza, 22nd Floor

PATENT

REEL: 020556 FRAME: 0767

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CH \$120.00 11676023

Address Line 2:	Steven E. Feldman
Address Line 4:	Chicago, ILLINOIS 60606

ATTORNEY DOCKET NUMBER:	1609/99221
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NAME OF SUBMITTER:	Steven E. Feldman
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Total Attachments: 14

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PATENT ASSIGNMENT

Electronic Version v1.1
Stylesheet Version v1.1

01/31/2008
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SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	ASSIGNMENT

CONVEYING PARTY DATA

Name	Execution Date
Linda Hunt	09/15/2005
Nicholas Theodore	09/15/2005
David W. Smith	09/15/2005
Neil Crawford	09/15/2005
Alan Pitt	09/15/2005
Regina D. Smith	09/15/2005

RECEIVING PARTY DATA

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Phone: 312-655-1500
Email: docket@welshkatz.com
Correspondent Name: Welsh & Katz, Ltd.
Address Line 1: 120 South Riverside Plaza, 22nd Floor
Address Line 2: Steven E. Feldman

CH \$120.00 11676023

PROPRIETARY RIGHTS ASSIGNMENT AGREEMENT

This PROPRIETARY RIGHTS ASSIGNMENT AGREEMENT (the "Agreement"), dated September 15, 2005 (the "Effective Date"), is made by and between Catholic Healthcare West, d.b.a. St. Joseph's Hospital and Medical Center and Barrow Neurological Institute, a not-for-profit public benefit corporation organized and existing under the laws of the state of California and having a place of business at 350 W. Thomas, Phoenix, Arizona ("CHW"), and Nicholas Theodore, MD, David W. Smith and Regina D. Smith, husband and wife, Neil R. Crawford, PhD, Alan M. Pitt, MD, and (each individually a "Developer" and collectively the "Developers").

RECITALS

WHEREAS, the Developers have developed the Assigned IP, an engineering model that will demonstrate the feasibility of automating surgical procedures using diagnostic images and advance the state of the current technology of surgical robotics as defined in Appendix A.

WHEREAS, the Developers desire to assign to CHW all of their right, title and interest in and to the Assigned IP and CHW wishes to acquire the Assigned IP to research and demonstrate the potential commercialization thereof.

NOW THEREFORE, in consideration of CHW's investment in the development of the Assigned IP, the potential royalties associated with the commercialization of the Assigned IP, and the other covenants and terms and conditions set forth in this Agreement, the parties agree as follows:

ARTICLE 1

DEFINITIONS

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

1.1 "Affiliate" of a person or entity means any individual, sole proprietorship, firm, partnership, corporation, trust, joint venture or other entity, whether de jure or de facto, which, directly or indirectly, controls, is controlled by or is under common control with, or is solely dedicated to the benefit of such person or entity. As used in this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the policies and management of a person or entity, whether by the ownership of stock, by contract or otherwise.

1.2 "Assigned IP" means any and all (i) Intellectual Property described in Exhibit A, (ii) Intellectual Property related to robotic-arm technology that is conceived, reduced to practice, or otherwise developed by or on behalf of an Developer using resources (including money or facilities) provided by CHW or a CHW Affiliate, (iii) Improvements, and (iv) Discrete IP assigned to CHW pursuant to Article 4, in each case including all Intellectual Property Rights related to the foregoing.

1.3 **"Assignment"** means the assignment of the Assigned IP from the Developers to CHW pursuant to Article 2.

1.4 **"Discrete IP"** means Intellectual Property developed by a Developer that can be used in connection with the Assigned IP, excluding Assigned IP and any other Intellectual Property that is subject to a requirement, whether under contract or law, that it be assigned to CHW or a CHW Affiliate.

1.5 **"Improvement"** means shall mean any Intellectual Property conceived, reduced to practice or otherwise developed by or on behalf of a Developer which is an improvement, modification, enhancement, derivative work, or adaptation of the Assigned IP.

1.6 **"Intellectual Property"** means inventions (whether or not patentable), works of authorship, trade secrets, processes, methods, techniques, concepts, discoveries, developments, technology and similar items, and any improvements and derivative works of the foregoing.

1.7 **"Intellectual Property Rights"** means any and all now known or hereafter existing (i) rights associated with works of authorship, including exclusive exploitation rights, copyrights, and moral rights, (ii) trademark, service mark, trade name and similar rights, (iii) trade secret rights, (iv) patent rights and other industrial property rights, and (v) other proprietary rights of any kind worldwide, in each case whether arising by operation of law, by contract or license, and in each case all registrations, applications, renewals, extensions, combinations, divisions, continuations and reissues of the same.

1.8 **"Licensed IP"** means Intellectual Property licensed by CHW the use, importation, or sale of which would infringe a patent on which at least one Developer is a named Developer and that is based on the Assigned IP.

1.9 **"Net Proceeds"** means amounts actually received by CHW from the sale of Products or the license or assignment of Licensed IP, less (i) with respect to Products, the cost to CHW to manufacture or have manufactured, test, package, handle and ship the Products (if applicable); (ii) royalties payable by CHW to third parties with respect to the Products or the Licensed IP; (iii) sales, use, service, value-added, excise and other taxes (excluding taxes based on the CHW's net income); (iv) insurance; (v) customs duties and other governmental charges; (vi) patent maintenance expenses with respect to patents on which at least one Developer is a named Developer; (vii) any credits, discounts, rebates, or allowances provided by CHW; and (viii) other similar costs and expenses including, but not limited to legal fees, patent costs, and other expenses related to the development.

1.10 **"Product"** means any product or component thereof the manufacture, use, importation, or sale of which would infringe a patent on which at least one Developer is a named Developer and that is based on the Assigned IP.

1.11 **"Technology Roadmap"** means all the discrete phases that describe the plan to advance the current state of surgical navigation and robotics technology.

1.12 "Phase One" means an engineering model that includes the Assigned IP and a system that will demonstrate the feasibility of automating surgical procedures using diagnostic images and the surgical robotic arm commonly known as the "boom".

ARTICLE 2

ASSIGNMENT

2.1 Assignment.

2.1.1 Each Developer hereby irrevocably transfers, conveys, and assigns to CHW all of such Developer's right, title, and interest in and to the Assigned IP, including all Intellectual Property Rights related thereto. The Developers retain no rights in or to the Assigned IP. If a Developer has any right in or to the Assigned IP that cannot be assigned to CHW or waived by such Developer, such Developer hereby unconditionally and irrevocably grants to CHW an exclusive, irrevocable, perpetual, worldwide, sublicensable, fully-paid and royalty-free license with respect to such rights to exploit the Assigned IP in any manner. Developer hereby assigns to CHW any and all claims, past, present, or future, of any nature whatsoever, that Developer may have arising from the infringement, misappropriation, or violation of any Intellectual Property Rights or other rights in the Assigned IP.

2.2 Cooperation. Each Developer shall cooperate with CHW as requested by CHW or its designees, successors and assigns (collectively, the "Assignee") to enable the Assignee to obtain, perfect, evidence, maintain, defend, and enforce the Intellectual Property Rights in the Assigned IP in any country, which cooperation may include, at the Assignee's request, the execution and delivery of documents, affidavits, testimonies, declarations, oaths, samples and other materials as may be required to effect the terms of the Assignment or the recordation of this Agreement with any government agency. Each Developer hereby irrevocably designates and appoints the Assignee as such Developer's agent and attorney-in-fact to act on behalf and instead of such Developer to execute and file any documents and to do all other lawful acts to further the purposes of this Section 2.2 with the same legal force and effect as if executed or performed by such Developer.

ARTICLE 3

FUNDING, OPERATIVE PROVISIONS AND ROYALTIES

3.1 Development Funding. CHW shall, either directly or through a CHW Affiliate or division, allocate (the "Initial Funding") to research and demonstrate the potential commercialization of the Assigned IP. Such funds shall be paid to the Developers or other individuals or entities approved by CHW upon receipt of invoices from such individuals or entities showing expenses consistent with the development of the Assigned IP paid net 30 days upon receipt of invoice. The Developers shall use the Initial Funding to complete Phase One by March 15, 2006 consistent with a plan and schedule for completion which will be submitted to CHW within twenty (21) calendar days of signing this Agreement. Additional funding up to of the project budget may be requested from CHW if Phase One is on schedule for completion consistent with the plan specified in this paragraph.

3.2 Operative Provisions.

3.2.1 Phase One completion of engineering model and all purchased assets will belong to CHW

3.2.2 Each of the parties shall safeguard, treat as confidential and not use for the purpose of its own benefit any information, documents and material that were acquired in connection with this project. The obligation of this confidentiality will survive the termination of this agreement and shall continue unless and until any of the relevant information becomes public domain.

3.2.3 In the interest in protecting the valuable intellectual property, the consultants and contacts will be required to sign a non-disclosure and a non-compete agreement.

3.3 Royalties.

3.3.1 In the event CHW sells any Products, or licenses or assigns any Licensed IP to third parties, CHW shall pay the Developers a royalty of _____ of the Net Proceeds arising from the sale of such Products or the license or assignment of such Licensed IP (collectively, "Royalties"); provided that CHW shall not be obligated to pay any Royalties with respect to any Product or Licensed IP until such time that CHW has recovered all of CHW's costs, expenses, and funding associated with CHW's efforts to develop and commercialize the Assigned IP (including the cost of obtaining any regulatory approvals and prosecuting any patent applications) but excluding any recovery of the Initial Funding. CHW shall pay Royalties as indicated on Exhibit B attached hereto. The Developers hereby instruct CHW to make Royalty payments according to the terms of this Agreement and, therefore, waive any and all right to contest or change such payments made according to the instructions hereafter.

3.3.2 For clarity, in the event a Product sold by CHW is a component of a system or part of a combination product that contains components that are not Products, or the Licensed IP is licensed or assigned by CHW as part of the license or assignment of an offering that contains Intellectual Property other than the Licensed IP (collectively, an "Integrated Offering"), CHW shall be obligated to pay Royalties only with respect to the relative value of the Product or the Licensed IP contained in the Integrated Offering. For example, if CHW sells an operating room system for four hundred thousand dollars (\$400,000), of which two hundred thousand dollars (\$200,000) is attributable to a Cartesian robotic arm Product, CHW's royalty obligation with respect to such Product shall be : _____ dollars

CHW, and majority of Developers, shall make technical and marketing assessment to determine the relative value of any Product or Licensed IP or Assigned IP that is part of an Integrated Offering before such sale. If CHW and a majority of the Developers can not agree, then an independent entity or expert shall be agreed upon by the parties and engaged to make such determination, with the cost of such determination born by the parties according to their respective ownership interests as defined herein.

3.3.3 **Fees Paid for Product.** In the event an Integrated Offering, a Product or Licensed IP or Assigned IP is sold by CHW the percentage defined herein of any collection of fees paid to CHW will be paid to Developers under this Agreement within 60 days of CHW's

receipt of funds according to distribution instructions provided by the Developers provided, however, that CHW shall assume no and have no tax liability for Developers relating to their receipt of such distributions. Notwithstanding any instruction by a Developer, CHW shall report and pay all fees according to applicable tax laws and regulations.

3.4 Termination of Royalty Obligation. CHW's obligation to pay Royalties to any and all Developers shall terminate upon any Developer's breach of this Agreement, which breach remains uncured for thirty (30) days after CHW's notice thereof. In the event CHW terminates the Royalty obligation pursuant to this Section 3.3, CHW shall not be obligated to pay Royalties arising from sales, licenses, or assignments that occur during the thirty (30) day cure period.

3.5 Termination of Assigned IP Ownership. Ownership of the Assigned IP will revert to the Developers upon a material breach of this Agreement by CHW, which breach remains uncured for thirty (30) days after notice thereof signed by all the Developers. Such notice shall provide with sufficient specificity the nature of the claimed breach to allow for a cure. In the event Developers terminate the Assigned IP pursuant to this Section 3.5, CHW shall not be obligated to pay development funding pursuant to this Section 3.1 and CHW shall receive a refund within 30 days 50% all funds and sums paid hereunder up to and through the date of reversion.

3.6 A Developer who is, was or may be an employee, agent or consultant of CHW, hereby disclaims and waives any and all rights and prerogatives s/he may have had or has under any applicable policy or practice of CHW relating to the sharing or ownership of intellectual property or innovations. Any Developer who is or was an employee, agent or consultant of CHW shall solely look to his/her rights under this Agreement, and not to any other right or claim otherwise available through CHW policy or practice.

ARTICLE 4

IMPROVEMENTS; RIGHT OF FIRST REFUSAL

4.1 Improvements. Each Developer shall promptly notify CHW in writing of any Improvement conceived, reduced to practice, or otherwise developed by or on behalf of such Developer (whether by itself or jointly with any other Developer or a third party), and shall provide to CHW such data and information about such Improvement as is necessary or useful to assist CHW to develop any Products or Licensed IP.

4.2 Notification. Each Developer shall notify CHW if such Developer develops any Discrete IP promptly after such development, which notification ("Notice") shall describe the Discrete IP in reasonable detail and shall include a business case for the development of, and an analysis of the commercialization opportunities with respect to, the Discrete IP. Each Developer shall not license or sell any Discrete IP prior to offering such Discrete IP to CHW in accordance with Section 4.3.

4.3 Right of First Refusal. Within thirty (30) days after CHW's receipt of a Notice, CHW may request ("Request") to acquire rights to the Discrete IP described in such Notice and the applicable Developer shall thereafter negotiate in good faith with CHW the terms and conditions applicable to CHW's purchase or license of such Discrete IP for a period of thirty (30)

days after the Request (the "Negotiation Period"). If the parties are unable to agree to such terms and conditions during the Negotiation Period, the Developer may thereafter offer to sell or license such Discrete IP to any third party, provided that after the agreement on the final terms and conditions applicable to such sale or license but prior to the execution of such sale or license, Developer shall provide such terms and conditions to CHW and CHW shall have fifteen (15) days from the Developer's provision of such terms and conditions to purchase or license such Discrete IP on terms and conditions substantially similar to those agreed by the Developer and the third party.

ARTICLE 5

WARRANTY

5.1 Authority. The Developers represent and warrant jointly and severally that (i) they have the full power and authority to enter into and perform this Agreement and that this Agreement constitutes their legal, valid and binding obligation, enforceable in accordance with its terms, (ii) the execution, delivery and performance of this Agreement shall not constitute a breach or default, or an event which with the giving of notice or passage of time or both would constitute a breach or default, under any contract, instrument, law or other obligation to which a Developer is a party or by which a Developer may be bound, and (iii) they have taken all necessary action to execute and deliver this Agreement.

5.2 Intellectual Property. The Developers represent and warrant jointly and severally that they (i) own the Assigned IP free and clear of all liens, pledges, encumbrances, mortgages, security interests or similar rights, (ii) have not granted, and will not grant, any right, license or interest in, to or under the Assigned IP, (iii) do not own or control any rights in any patent, patent application, or Intellectual Property, the patent claims relating to which would dominate the claims of a patent or patent application arising from the Assigned IP, (iv) have taken customary and reasonable steps, consistent with industry practice, to protect the confidentiality of the Assigned IP and to maintain the patentability of the Assigned IP, (v) as of the Effective Date, have not received any notice that use of the Assigned IP may infringe the rights of any third party, (vi) as of the Effective Date, have no knowledge that any third party is infringing the Intellectual Property Rights contained in the Assigned IP, and (vii) if, after the Effective Date, become aware that use of the Assigned IP may infringe the rights of any third party or that any third party is infringing the Intellectual Property Rights contained in the Assigned IP, they shall notify CHW immediately of such potential infringements.

ARTICLE 6

INDEMNIFICATION

6.1 Indemnity. The Developers shall jointly and severally indemnify and hold harmless CHW and its directors, officers, employees, and agents (each and collectively a "CHW Indemnitee") from and against any and all liabilities, damages, losses, costs and expenses (collectively, "Liabilities") arising from or related to a claim brought by a third party against a CHW Indemnitee, which claim arises from or relates to (i) any material breach by the Developers of their representations, warranties or covenants in this Agreement, or (ii) any claim

that the Assigned IP infringes such third party's Intellectual Property Rights. Without limiting the Developers' obligations under this Section 6.1, CHW may subtract the amount of any Liabilities incurred by CHW from any Royalties owed to the Developers pursuant to Section 3.2.

ARTICLE 7

MISCELLANEOUS

7.1 Governing Law. This Agreement shall be construed in accordance with the laws of the State of Arizona (excluding rules regarding conflicts of law), provided that this Section 7.1 shall be governed by and construed in accordance with the Federal Arbitration Act, 9 U.S.C. §1 et. seq. Any controversy or claim with respect to the amount of Royalties owed by CHW to the Developers, and any other controversy or claim agreed by the parties to be submitted to arbitration, shall be settled by the following procedures: Any party may send the other parties written notice identifying the matter in dispute. Within fourteen (14) days after such written notice is given, all of the involved parties shall meet at a mutually agreeable location in Phoenix, Arizona for the purpose of determining whether they can resolve the dispute themselves by written agreement, and, if not, whether they can agree upon a third-party impartial arbitrator (the "Arbitrator") to whom to submit the matter in dispute for final and binding arbitration. If the parties fail to resolve the dispute by written agreement or agree on the Arbitrator and the submission of the dispute to arbitration within twenty-one (21) days after the initial meeting, any party to the dispute may make written application to Judicial Arbitration and Mediation Services ("JAMS") for the appointment of a single Arbitrator to resolve the dispute by final binding arbitration. The parties shall meet with JAMS at its offices or confer with JAMS by telephone within fifteen (15) calendar days after such request to discuss the dispute and the qualifications and experience which each party respectively believes the Arbitrator should have; provided, however, the selection of the Arbitrator shall be the exclusive decision of JAMS after consultation with the parties and shall be made within thirty (30) days after the written application to JAMS. Within 30 days of the selection of the Arbitrator, the parties shall meet in Phoenix, Arizona, with such Arbitrator at a place and time designated by the Arbitrator after consultation with the parties and present their respective positions on the dispute. Each party shall have no longer than two (2) days to present its position, and the entire proceedings before the Arbitrator shall be on no more than five (5) consecutive days, and the award shall be made in writing no more than thirty (30) days following the end of the proceeding. Such award shall be a final and binding determination of the dispute and shall be fully enforceable as an arbitration award in any court having jurisdiction and venue over the parties. The prevailing party (as determined by the Arbitrator) shall in addition be awarded by the Arbitrator such party's attorneys' fees and expenses in connection with such proceeding. The non-prevailing party (as determined by the Arbitrator,) shall pay the Arbitrator's fees and expenses. The state and federal courts in the county of Maricopa, Arizona shall have exclusive jurisdiction to hear and determine any controversy or claim arising from or related to this Agreement other than controversies and claims described above in this Section 7.1, and the parties hereby consent to such jurisdiction and hereby waive any right they may have to assert the doctrine of forum non conveniens or similar defense to the extent that any proceeding is conducted in accordance with this provision. Notwithstanding the foregoing, CHW may bring an action in a court or before a government body in any jurisdiction as necessary to perfect or enforce its rights in the Assigned IP.

7.2 Assignment. This Agreement shall not be assigned by the Developers, whether voluntarily or involuntarily or by operation of law, in whole or in part, to any party without the prior written consent of CHW. CHW may assign this Agreement freely. Any assignment in violation of this Section 7.2 shall be null and void from the beginning, and shall be deemed a material breach of this Agreement.

7.3 Severability; Interpretation. In the event that it is determined by a court of competent jurisdiction that any provision of this Agreement (or part thereof) is invalid, illegal, or otherwise unenforceable, such provision will be enforced as nearly as possible in accordance with the stated intention of the parties, while the remainder of the Agreement will remain in full force and effect. The headings in this Agreement are for convenience only and shall not be considered in the interpretation of this Agreement. The term "including" (and its variants) as used in this Agreement shall mean "including without limitation."

7.4 No Modification. This Agreement may not be modified orally, and no modification shall be binding unless in writing and signed by authorized representatives of all of the parties.

7.5 Counterparts; Facsimiles. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Facsimile copies hereof shall be deemed to be originals.

7.6 Entire Agreement. This Agreement constitutes the entire agreement between the parties regarding the subject matter hereof and supersedes all prior written or oral agreements with respect to such subject matter. In the event of a conflict between the terms of the body of this Agreement and Exhibits A and B, the terms of the body of this Agreement shall govern.

[Signatures on next page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

CATHOLIC HEALTHCARE WEST

By: Linda Hunt

Name: LINDA HUNT

Title: President, St Joseph

Developer One:

Nicholas Theodore, M.D.

2910 N. Third Ave.

Phoenix, AZ 85013

By: Nicholas Theodore

Developer Two:

David W Smith

10250 E Mountainview Rd, #220

Scottsdale, AZ 85258

By: David W Smith

Developer Three:

Neil Crawford, Ph.D.

1809 East Manhattan Drive

Tempe, AZ 85282

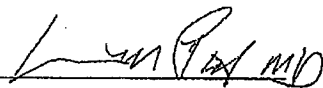
By: Neil Crawford

Developer Four:

Alan Pitt, M.D.

7339 N 2nd ave

Phoenix AZ 85021

By: 

Developer Five:
Regina D. Smith, M.S.
10250 E Mountainview Rd, #220
Scottsdale, AZ 85258

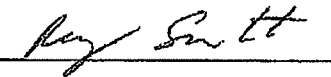
By: 

EXHIBIT A

ASSIGNED IP

The initial funding will be used for Phase One of the technology roadmap which will be to develop and test an engineering model of the "Boom" version positioning system to demonstrate the capabilities listed below; it will demonstrate the critical process of automating the surgical process described below and advance the state of the current technology which is available in the market place today. Phase one will demonstrate the enabling functionality through the positioning system's inherent accuracy, which has prevented existing products from achieving commercial success.

The Phase One system would enable the surgeon to make a plan of the trajectory on a 3D representation of a medical image at which a surgical screw, biopsy needle, needle for disc or facet joint injection, or other tool is to be inserted. It would then move precisely to the required position and orientation and rigidly hold a guide tube through which the surgeon would insert the screw or needle. The system would also automatically adjust the position of the tube to compensate for slight movement of the patient that is caused, for example, by breathing. The existence of such a system would clearly alter the current paradigm of surgical management. (See Exhibit C – Business Plan and "trade secret" page 4).

- 1 The Phase One system will demonstrate the calibration of the positioning system to the diagnostic image and the patient. The calibration process will be simple and require the skill level of an operating room technician. It will require a maximum of 20 minutes and demonstrate a high degree of confidence.
- 2 The surgeon will select a spatial position and strike angle on the diagnostic image and plan the surgical procedure. This information will be transferred to the surgical system. After performing the calibration procedure the system will demonstrate its ability to duplicate the spatial position and strike angle relative to the patient.
- 3 Phase One will allow the "Boom" positioning system to compensate for gross movement of the patient using image guidance. In the later phase of development new technology will be incorporated.
- 4 The demonstrated accuracy will be less than ± 1.00 mm. The system will demonstrate the capability to create a straight line using multiple axes in a coordinated movement.
- 5 The repeatability will be ± 0.25 mm. This will be demonstrated when the positioning system travels from a target position to the home position and returns to the target position.
- 6 Range of stroke
 - Along torso: 1 meter
 - Around torso: ± 90 degrees (pitch)

Relative to long axis: ± 45 degrees (roll)

- 7 Phase One will include functional software. This software suite will not be complete with all features required in the finished product and it will not be fully tested. The functionality will be to demonstrate automated biopsy with curved trajectory and pedicle screw insertion with two point trajectory.

The hardware will be to an engineering model standard to achieve successful demonstration of the critical processes. Simple flat panels will be used for covers, and all features required for the finished product will not be incorporated.

The next phases of the technology roadmap will incorporate the following Discrete IP. They are not to be included as part of the Assigned IP or this agreement.

1. Active biopsy needle
2. Micro-positioning system commonly known as "micro-hands"
3. Dynamic feedback system from needle tip commonly known as "local positioning system"

A description of the technology roadmap which includes the Discrete IP above and a schedule of development of phase one will be made available 10 days after the execution of this agreement.

EXHIBIT B

PAYMENT OF ROYALTIES

The Developers net proceeds of the any payments received for the sale or licensing of the intellectual property and technology will be divided and allocated initially as shown below. The Developers reserve the rights to add additional individual or change the percentages allocated providing that each Developer mutually agrees to the changes in writing. Copies of any changes will be submitted to CHW within 10 business days. The percentages initially allocated apply to Phase One only, percentage allocated for future phases could be different and will be based upon contribution and present and future valuations. The Developers will have the sole responsibility for any changes to the percentage allocated for the seventy percent share.

The share is initially allocated to the Developers and Advisory Board as follows:

Developers:

David W. Smith

Nicholas Theodore, MD

Neil R. Crawford, PhD

Alan Pitt, MD

Regina D. Smith, M.S.

Sub total Developers

Advisory Board

Robert Spetzler, MD

Volker Sonntag, MD

Unallocated

Sub total Adv. Bd.

Total

share