PATENT ASSIGNMENT COVER SHEET

Electronic Version v1.1
Stylesheet Version v1.2

EPAS ID: PAT5431430

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	LIEN

CONVEYING PARTY DATA

Name	Execution Date
NEUROSIGMA, INC.	09/29/2017

RECEIVING PARTY DATA

Name:	ANTONIO A.F. DE SALLES
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State/Country:	CALIFORNIA
Postal Code:	90067

PROPERTY NUMBERS Total: 7

Property Type	Number
Patent Number:	9511223
Patent Number:	8958880
Application Number:	14390986
Application Number:	15624640
Application Number:	15348097
Application Number:	15160480
Application Number:	15144499

CORRESPONDENCE DATA

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Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.

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NAME OF SUBMITTER:	JONATHAN B. WOLF
SIGNATURE:	/Jonathan B. Wolf/
DATE SIGNED:	03/20/2019
	This document serves as an Oath/Declaration (37 CFR 1.63).

Total Attachments: 50

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ANTONIO A. F. DE SALLES and
ALESSANDRA GORGULHO.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES, VAN NUYS COURTHOUSE EAST

ANTONIO A. F. DE SALLES, an individual, and ALESSANDRA GORGULHO, an individual, Petitioners, v. NEUROSIGMA, INC., a Delaware corporation; and DOES 1 through 10, inclusive, Respondents.	Case No.: LC105572 [Related to Case No. LC105509] Honorable John J. Kralik Dept. A [Unlimited Jurisdiction] **JUDGMENT**

The petition to confirm arbitration award by Petitioners Antonio A.F. De Salles and Alessandra Gorgulho ("Petitioners"), was filed by the Petitioners on or about April 21, 2017. The Petition sought confirmation of the Final Arbitration Award in American Arbitration Association Case No.: 72 193 00792 13 JENF, issued by a three-member panel of arbitrators on or about February 26, 2016 ("Award"). A copy of the Award is attached hereto and incorporated herein by reference as Exhibit 1. On June 12, 2017 Respondent, NeuroSigma, Inc., a Delaware

corporation ("NeuroSigma" or "Respondent") filed its Motion to Vacate Arbitration Award and Opposition to Petition to Confirm Award. The matters were heard before the Honorable John J. Kralik on August 3, 2017, in Department A of the above captioned Court. Having reviewed all the parties' respective filings and arguments both for and against confirmation and for and against vacation of that Award, the Court hereby orders confirmation of the Award in favor of Petitioners and denies NeuroSigma's motion to vacate. An itemized calculation of the monetary element being awarded by this Judgment is attached hereto and incorporated herein by reference as Exhibit 2. The Court furthermore orders the clerk to enter judgment in favor of Petitioners as follows:

Respondent NeuroSigma is ordered to pay to Petitioners the total amount of $3,964,715.14 and the injunctive relief described below is hereby ordered. The amount of the monetary element of this Judgment and the injunctive relief hereby ordered is derived from the relief awarded by the panel of arbitrators in the Award and is hereby confirmed by this Court herein as follows:

1. Respondent is ordered to forthwith reinstate, as of April 4, 2013, all Shares held in the name of Petitioners Antonio A.F. De Salles, and Alessandra Gorgulho as Trustees for the De Salles Children's Trust, Dated April 10, 2008, as shareholders with all rights and benefits.
2. Respondent shall forthwith pay and deliver to Petitioners, through their attorney Glenn Turner, III, Esq., any and all benefits derived from ownership of such Shares, including but not limited to, all dividends paid, stock splits made and all other benefits the Trust would have had a right to receive had such Shares been continuously owned by Petitioners since April 11, 2013, including, that which other shareholders received by virtue of such stock ownership to which Petitioners were deprived by virtue of the wrongful repurchase, and is now required in order to make Petitioners whole as a result of Respondent's wrongful repurchase of

such Shares. Any and all applicable monetary amounts due to Petitioners arising out of the relief described in this paragraph #2, shall bear interest at the rate of ten percent (10%) per annum from the record date of distribution, until paid in full.

3. Respondent is ordered to issue new Share certificates of duly authorized, validly issued, fully paid and non-assessable stock certificates representing 985,415 shares of NeuroSigma, Inc. common stock (the "Shares") of which eighty percent of the Shares shall be issued in the name of Antonio A.F. De Salles and Alessandra Gorgulho as Trustees for the De Salles Children's Trust, Dated April 10, 2008 and twenty percent in the name of the Regents of the University of California. The stock certificates shall be delivered to counsel for Petitioners, Mr. Glenn E. Turner, III, Esq. no later than March 15, 2016. ~~The stock certificates were delivered to counsel for Said Shares were purportedly so produced on February 24, 2017.~~ Petitioners Mr. Glenn E. Turner III Esq. on February 24 2017

4. With respect to all Shares issued pursuant to paragraph #3 above, Respondent and any successor, are prohibited and enjoined from enforcing its Repurchase Rights under Section V of the Stock Purchase Agreement dated September 2, 2008 ("SPA"), and Right of First Refusal under Section VI of the SPA.

5. Petitioners' Shares shall be subject to compliance with Section 2.2(a) of the SPA regarding notice of transfer of its shares and the terms and conditions of the transfer of Shares. Respondent or its successor are enjoined from enforcing any other parts of Section 2.2(b), (c), and (d) of the SPA against Petitioners or against the Shares.

6. Respondent shall comply with the requirement of Section 2.3(a) of the SPA requiring a restrictive legend on the stock to comply with Federal Securities Law but is enjoined from enforcement of Section 2.3(b) and Section 2.3(c) and the restrictions against transfer set forth in 4.1 and

4.2 as against the Petitioners and their transferees' Shares.

7. Petitioners or their successors in interest, are required to comply with the SPA's Section 4.4 Market Stand-Off Provisions which does not permit transfer or sale of shares when a registration statement for underwriting of a public offering is in effect, provided Petitioners and their successors in interest have the right to participate, pro rata, should any other shareholder be allowed to participate in such public offering.

8. Respondent shall have no rights under Section IX of the SPA to assign any repurchase or first refusal rights with respect to the Shares transferred to Petitioners as those rights are enjoined against enforcement by Respondent or its successors against the Petitioners or the Shares of the Petitioners.

9. Respondent is ordered to allow Petitioners and their attorney or attorneys, including Glenn E. Turner, III, Esq., access to the books and records of Respondent and all other applicable records reasonably requested by the Petitioners or their successors in interest, from time to time, for review, inspection and copying, within twenty (20) business days of February 26, 2016 and thereafter, at all other reasonable times, requested by counsel for the Petitioners and as are generally required or afforded any other shareholder of Respondent, including but not limited to Respondent's stock ledger, common stock transfer ledger and other documents, reports or compilation reasonably requested by the Petitioners.

10. Respondent is ordered to pay sanctions in the amount of $2,000 per day to Petitioners, from March 25, 2016, until July 8, 2016 for failing to provide complete and satisfactory access to the books and records of Respondent as set forth in paragraph 9 and otherwise complies with the orders set forth in paragraph 9. This sum is calculated to be

$210,000.00. Prejudgment interest on this sum totals $17,759.07.

11. Respondent is ordered to provide a corporate surety bond in favor of Petitioners for the value of the Shares to be transferred, in the amount of $33,400,000.00 ($26.7 Million x 1.25) in favor of Petitioners, should the Shares not be transferred as ordered or the bond not be posted on or before March 15, 2016, and, in the event Respondent fails both the transfer of such Shares and to post such surety bond, interest shall accrue on the value of Petitioners' Shares, $20,900,652, at the rate of seven percent (7%) per annum, payable to the Petitioners, on the 1st day of each month, commencing after April 12, 2016, and continuing until the Shares were transferred on February 24, 2017. This sum is calculated to be $1,274,652.12. Prejudgment interest on this sum totals $51,334.50.

12. Respondent is further ordered to refrain from retaliating and/or discriminating against the Petitioners, or engaging in or acquiescing to any action that would foreseeably result in adverse consequences to the Petitioners that are disparate from those of any other Shareholder of Respondent.

13. Petitioners are awarded reimbursement of their attorneys' fees arising out of and relating to the arbitration. Respondent shall pay to the Petitioners the sum of One Million, Eight Hundred Thirty-Nine Thousand Two Hundred Eighty-Eight Dollars and Zero Cents ($1,839,288.00) plus interest at the rate of ten percent (10%) per annum until paid in full. Interest shall accrue on One Million, Eight Hundred One Thousand, Six Hundred Ninety-Eight Dollars and Zero Cents ($1,801,698.00) commencing on December 29, 2015 until paid in full and the remaining Thirty-Seven Thousand Five Hundred Ninety Dollars and Zero Cents ($37,590.00) shall accrue interest from the date of

February 26, 2016 until paid in full. Prejudgment interest on these sums totals $318,373.66.

14. All administrative fees of the American Arbitration Association ("AAA") totaling $16,490.00 and all compensation of the Arbitrators totaling $404,190.74 shall be paid by Respondent. Therefore, Respondent shall pay to the Petitioners the additional sum of $178,972.47, plus interest at the rate of ten percent (10%) per annum until paid in full, of which $164,959.97 shall accrue interest from the date of December 29, 2015, and $14,012.50 shall accrue interest from the date of February 26, 2016, representing the fees and expenses. Prejudgment interest on these sums totals $30,809.43.

15. Petitioners are awarded reimbursement of their other costs arising out of and relating to the arbitration. Respondent shall pay to the Petitioners the sum of Thirty-Seven Thousand, Ninety-Four Dollars and Sixty-One Cents ($37,094.61) plus interest at the rate of ten percent (10%) per annum thereon from December 29, 2015. Prejudgment interest on this sum totals $6,431.28.

16. The calculation of the full amount of the monetary terms of the Judgment (i.e., $3,964,715.14) is attached hereto as Exhibit 2.

17. Interest on the total amount of $3,964,715.14 shall accrue at 7% per annum, resulting in a daily rate of $760.36 per day from September 22, , 2017 until paid in full.

18. All claims of Respondent NeuroSigma are denied and it shall be awarded nothing.

19. Reasonable attorneys' fees in the sum of $_____, which were incurred in confirming the arbitration award, are hereby awarded.

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20. Costs in the sum of $_____, which were incurred in confirming the arbitration award, are hereby awarded.

DATED: 29 September, 2017

By: JOHN KRALIK
Hon. John J. Kralik
Judge of the Superior Court

AMERICAN ARBITRATION ASSOCIATION

Commercial Arbitration Tribunal

Case No. 72-20-1300-0792

NEUROSIGMA, INC.,
Claimant,

v

ANTONIO A. F. DE SALLES, in his individual capacity and as Co-Trustee of the DE SALLES CHILDREN TRUST, dated 2008, and Alessandra Gorgulho, in her individual capacity and as Co-Trustee of the DE SALLES CHILDREN TRUST dated 2008,
Respondents / Counterclaimants,

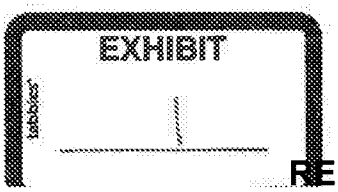
v

NEUROSIGMA, INC., a Delaware corporation,
Counter-Respondent.

FINAL ARBITRATION AWARD

We, THE UNDERSIGNED ARBITRATORS, having been duly designated in accordance with the arbitration agreement set forth in the Restricted Common Stock Purchase Agreement ("SPA" or "Agreement") dated as of September 2, 2008, and having been duly sworn, and having duly heard the allegations and proofs of the Parties in this arbitration between Claimant NeuroSigma, Inc. ("NeuroSigma") on the one hand, and Respondents Dr. Antonio A. F. De Salles ("Dr. De Salles" or "De Salles") and Dr. Alessandra Gorgulho, as individuals and Co-Trustees for the De Salles Children Trust of April 10, 2008 (collectively hereafter, the "Trustees") on the other hand, hereby issue this FINAL AWARD.

The Parties in this matter both sought specific performance of the terms of their Stock Purchase Agreement dated September 2, 2008. A unanimous Partial Final Award ("PFA"), which is incorporated herein by reference and attached as Exhibit A, was issued by the Panel on December 29, 2015 and transmitted to the Parties for implementation on December 30, 2015. The terms of the PFA found in favor of the De Salles Parties and ordered, among other things, that



NeuroSigma forthwith reinstate all Shares previously issued in the De Salles Trust name, and issue and deliver within 12 days, new Share certificates to the Trustees, with the application of various restrictions and rights attached to the reissued Shares. The PFA Order in paragraph #2, required NeuroSigma to pay and deliver to the Trustees all benefits derived from ownership of such Shares, including but not limited to, all dividends paid, stock splits made and all other benefits the Trust would have had a right to receive had such Shares been continuously owned by the Trust, and not wrongfully repurchased by NeuroSigma's Board.[1]

As such, NeuroSigma was required to allow the Trustees and their counsel full access to the books and records of NeuroSigma to assess the value of the shares and such other benefits going back to April 11, 2013, as well as for the purpose of review, inspection and copying information as is the right of other shareholders.

Due to the contentiousness of this proceeding over the past three years, the nature of the specific performance ordered and to assist the Parties to effectuate the specific performance ordered, the PFA was issued with the understanding additional orders would be needed and would focus on, 1) logistics of reinstating the Shares with the specified restrictive legends, 2) calculating and determining all shareholder benefits continuously from April 11, 2013, and 3) implementing the turn over and access of Claimant's books, records and financial information to Respondents, all in a manner that fully and finally resolved all controversies in this matter. Therefore, the Panel retained jurisdiction for sixty (60) days or by extension, as needed, to address any further claims arising out of the implementation of the specific performance ordered in the PFA as related to the issuance and transfer of the Shares, and the rights and remedies of the Parties associated thereto.

Actions of the Parties Subsequent to Issuance of the PFA

On January 7, 2016, about a week after the PFA was rendered, NeuroSigma was the first to seek from the Panel, resolution of additional controversies, stating, "We write to request clarification on two aspects of the Partial Final Award." NeuroSigma asserted "apparent contradictions" with the timing of the specified acts set forth in the PFA and the Code of Civil

[1] De Salles was notified of NeuroSigma's intent to repurchase and cancel the Shares on April 4, 2013, but not until April 11, 2013 did the Board unanimously take action to do so.

Procedure, as well as the procedure contemplated in section 10.8 of the Stock Purchase Agreement.[2] NeuroSigma further inquired "we seek the panel's guidance and clarification regarding the direction in the Partial Final Award that requires issuing shares to the Trustees during the pendency of the Department of Veterans' Affairs Office of Inspector General (VA-OIG) investigation into the legality…and concern that receipt of the Shares from NeuroSigma violates Federal law and…would likewise potentially subject NeuroSigma to Criminal sanctions (See 18 USC Section 208(a), 209(a)." On February 15, 2016 NeuroSigma speculated to the Panel, without providing any particular substantiation, guidance or decisive authority, that removing the restrictive legend on the Shares relating to the right of first refusal on transfer "may" have some adverse or unenforceable impact. Since Mr. Anderson, Counsel for NeuroSigma, admitted he was not sure of the applicable Delaware law on this issue and provided no clear support to the Panel, the Panel hereby orders, that if any of the changes in restrictions on the Shares set forth in the PFA are deemed to be unenforceable, such change in a stock restriction shall be severed from this Final Award.

Respondents characterized NeuroSigma's Request for Clarification of January 7, 2016 as just another "malicious bad faith tactic deployed by NeuroSigma to delay, postpone and avoid responsibilities it owes to the De Salles's under the Stock Purchase Agreement." See Respondents' Counsel, Mr. Turner's letter of January 8, 2016, which also sought guidance and a further order from the Panel that NeuroSigma's designation of the PFA as "confidential" and subject to the Parties' Confidentiality Agreement of December 5, 2013, was invalid since the Parties never intended nor agreed to keep the terms of the PFA confidential. Respondents characterized NeuroSigma's post hearing unilateral action as "continued unreasonable behavior" and the "latest bad faith tactic emblematic of the conduct of NeuroSigma and its attorneys throughout this matter." The Panel agrees and finds that NeuroSigma's behavior throughout the course of the dispute and these proceedings has not demonstrated adherence to the covenant of good faith and fair dealings expected and implied in the performance of every contract entered into in California. Delays and other tactics employed by NeuroSigma throughout these proceedings included:

[2] Email from Mr. Anderson dated January 7, 2016.

A. NeuroSigma's willingness to cooperate in the exchange of information was lacking from the beginning. As early as May 3, 2013, NeuroSigma was asked to provide "records of the Company's shareholders…please make available for inspection and copying all accounts, books and records (including financial statements) and minutes of proceedings…records related to any transactions transferring, selling or conveying shares of the company and all stock and other transactions between the Company and related parties…" which was ignored. On September 12, 2013, requests for production were served seeking from NeuroSigma the same types of books and records, and again ignored. On November 6, 2013, Arbitrator Jones ordered the books and records be produced by December 6, 2013. NeuroSigma sought reconsideration of the production order and thereafter proceeded to ignore the order and Arbitrator Jones's determination that "Respondents' requests for production of documents from Claimant are reasonable, relevant and material to the outcome of the disputed issues…." However, it was not until a third order, on September 15, 2014, that NeuroSigma produced any relevant documents, with additional orders thereafter still required, giving Claimant a final deadline of October 24, 2014 to comply.[3] The PFA at paragraph 9, ordered NeuroSigma to provide the De Salles's and their attorney access to the books and records and financial information sought by Respondents from the outset, yet, to date, NeuroSigma has failed to comply. The full value of shareholder benefits, continuously from April 11, 2013 to the present, cannot be calculated with accuracy, without providing the De Salles Parties access to the information and NeuroSigma's refusal underscores the reason compliance with the PFA is an important step in resolving all of the controversies in this case.

B. NeuroSigma stonewalled and resisted providing the testimony of its director, Loderick Cook in this matter, which required multiple orders and significant efforts to overcome a laundry list of excuses (such as unavailability, travel schedule conflicts, exaggerated medical issues, and alleged hostility of opposing counsel) in order to obtain Mr. Cook's deposition. Respondents produced evidence that Mr. Cook provided a radio interview, scheduled other business appointments, and was listed in its S-1 as the Chair of the Board of NeuroSigma, in addition to other significant ongoing business activity during the time he was alleged to be unavailable due to ill health. As one of two board members who made the decision to cancel the

[3] See Reports of Preliminary Hearing and Scheduling Orders of September 15, 2014 and October 10, 2014.

De Salles Parties' Shares, and the primary funder of the Company, his testimony was material. After Order of the Arbitrators, his deposition was finally taken and he testified at the hearing.

C. Increasing the Demand to over $1,000,000 resulted in increasing the number of arbitrators from one to three, which required delay for the selection and appointment of two additional arbitrators and attendant fees and expenses. Despite this amendment, NeuroSigma never produced any evidence to support such monetary damages.

D. Prejudicial to the timely resolution of this case was NeuroSigma's voluntary change in counsel involving three different firms. The initial firm, Hayes Boones was replaced by O'Melveny & Myers resulting in a delay from approximately February 2014 to September 2014, coupled with NeuroSigma's Amended Demand filed by O'Melveny.

E. Most prejudicial was NeuroSigma's approval of O'Melveny's withdrawal and the hiring of Arent Fox, the third firm retained by NeuroSigma. Claiming to have a bill in excess of $1Million unpaid by NeuroSigma's insurance carrier for fees on behalf of NeuroSigma, NeuroSigma agreed to allow O'Melveny to withdraw. This was first brought to the attention of the Respondents and the Panel on June 2, 2015, a little more than 2 weeks before the ten-day hearing was to commence on June 16, 2015. A lengthy continuance was requested at the hastily convened scheduling conferences that followed, wherein NeuroSigma sought continuances to November 2015 or February 2016. Both changes in counsel involved NeuroSigma's insurance carrier and apparent long standing insurance coverage issues which resulted in multiple requests for extensions of time and postponements.

F. Due to the De Salles's patients' schedules for neurosurgery and the need to travel from Brazil, continuing the scheduled ten-day hearing for more than a few days was neither feasible, nor justified by prior extensions necessitated by and granted to NeuroSigma. In the end the proceedings were bifurcated, requiring Respondents to put their case on first and allowing Claimant two additional months to present its case. NeuroSigma had the benefit of depositions and other discovery to prepare. These changes in the hearing dates necessitated NeuroSigma's agreement to pay the increased arbitrator fees in exchange for the last minute hearing date cancellations and changes. These changes in the end accommodated, as efficiently as reasonably possible, the schedules of over a dozen participants given that it was so close to the scheduled hearing date. (See the Panel's following orders: 1) Report of Preliminary Hearing and Scheduling Order of June 5, 2015, 2) Ruling on Motion for Reconsideration of Ruling on Claimant's Request

to Continue Hearing and 3) Scheduling Order of June 12, 2015 and Ruling on Motion to Continue Hearing, attached herein collectively as Exhibit B and incorporated herein by reference

G. In addition, NeuroSigma filed a related action in Federal Court while the Arbitration was pending, filed or instigated complaints against De Salles with UCLA and the Department of Veterans' Affairs, and claimed such actions justified additional delay of the Arbitration.

Scope of Arbitrators' Powers

This Panel's responsibility is to "finally" settle "any" controversy between the Parties involving "any claim" arising out of or relating to the SPA. (See Section 10.4 of the SPA).

After the issuance of the PFA, the Parties exchanged with each other and the Panel several submissions and inquiries regarding progress, or lack thereof, on the reissuance of Shares and the possibility of additional remedies. Respondents requested sanctions against NeuroSigma pursuant to the authority granted in the AAA Rules for NeuroSigma's refusal to reissue and transfer the Shares, refusal to forthwith pay and deliver all continuing benefits derived from ownership of the Shares, refusal to pay and reimburse attorneys' fees and costs, and failure to allow Respondents and their attorney access to NeuroSigma's books, records and other information set forth and ordered in the PFA. NeuroSigma has had every opportunity to explain and respond to the sanctions requests and has provided no reasonable basis, justification or excuse for the imposition of the requested sanctions, other than its intention to challenge the PFA and any further orders of the Arbitrators.

On February 16, 2016, the Panel held a telephonic status conference with Counsel for the purpose of obtaining the status on issuance of the Shares and whether other remedies, including sanctions were appropriate or necessary to fully resolve this matter. After considering all of the post hearing submissions and requests of the Parties including oral arguments by each on February 16, 2016, the Panel finds sanctions for non-compliance with the PFA, appropriate against NeuroSigma under the circumstances.

NeuroSigma has continuously and steadfastly communicated its unequivocal refusal to transfer or issue the Shares to the Trustees and has refused to allow the Trustees access to NeuroSigma's books and records. NeuroSigma asserts its refusal to do so, in part, on the basis of a spurious claim that it would face criminal exposure for violation of a Federal statute if it complies with the PFA. This position is entirely without merit and does not appear asserted in good faith. The

De Salles Parties obtained Freedom of Information Act information showing that the VA investigation initiated by NeuroSigma as a hotline complaint had been concluded without any charge or claim against Antonio De Salles. Continuing to refuse to comply on the basis of criminal exposure, thereafter, is plainly pretext. Regardless, NeuroSigma's action in providing the Shares to De Salles occurred years ago, when the Shares were first issued, and then re-issued to the Trust, not currently. If NeuroSigma somehow violated federal law back in 2008, which is absurd, that violation does not give NeuroSigma the right to withhold from De Salles the contractual benefits it owes to De Salles as determined in the arbitration matter. Furthermore, under no circumstance would NeuroSigma face any criminal exposure for providing, to the Trustees or their Counsel, NeuroSigma's books and records or its financial information to which a 12% shareholder is clearly entitled.

NeuroSigma also asserts that the Escrow Agreement it entered into in 2013 with Blackmore Escrow adequately protects and safeguards the Shares until confirmation and appeal rights are exhausted. Review of the Escrow Agreement provided to the Panel by NeuroSigma reveals the contrary to be true. It is one sided; and for NeuroSigma to assert otherwise under the circumstances is a sham. The Escrow Agreement offers no protection to the De Salles Parties whatsoever. NeuroSigma admitted in its S-1 that the "unilateral" escrow it opened was a "defensive" move in this Arbitration.

NeuroSigma has freely admitted to undertaking no steps whatsoever to implement a transfer of the Shares or any of the other orders set forth in the PFA. The only reasonable inference from NeuroSigma's conduct is that it continues to engage in malicious and oppressive conduct designed to force the De Salles Parties, unnecessarily, to incur *continuing* fees and costs and experience substantial delay in realizing the benefits to which the De Salles Parties are entitled and which have been awarded.

There is no question that NeuroSigma has the legal right to challenge the Award herein and an appellate review of an order confirming the Award, and to seek Supreme Court review of an appellate decision. However, NeuroSigma has not suggested any arguable ground for such legal action and, in any event, cannot justify withholding the financial information, books and records of NeuroSigma as ordered, until it exhausts its legal recourse.

The Trustees seek interest on the value of their Trustee Shares, until transferred. The Trustees also sought an alternate remedy if the return of the 2.5 Million Shares wrongfully withheld

by NeuroSigma in its sham escrow cannot or are not returned to the De Salles Children's Trust plus prejudgment interest at the rate of 7% from April 11, 2013 to the present, totaling an additional $3,783,436.00. The Panel finds the Trustees' request for the issuance of a corporate surety bond in favor of Trustees a reasonable remedy to safeguard the Trustees' value in the Shares and performance herein, until such time as the Shares are delivered to the Trustees, and all other amounts ordered herein are paid to Respondents in full. Respondents assert the actual value of the 2.5 Million Shares of NeuroSigma common stock is $20,900,652.00[4] and as such the amount of the corporate surety bond will be 1.25% of that value plus the value of all other monetary damages ordered, and shall be posted by March 15, 2016. If NeuroSigma fails to post the corporate surety bond as ordered herein, interest shall begin to accrue on the Respondents' value of the Shares, as set forth in NeuroSigma's publicly filed S-1 at the rate of seven percent (7%) per annum, payable to the Trustees, on the 1st day of each month, commencing with the first month after failure to post the corporate surety bond, and continuing until the Shares are transferred as ordered herein.

Based upon the additional information provided by the Parties since the issuance of the PFA and in light of NeuroSigma's refusal to comply with the PFA, the Panel determines additional remedies and orders are necessary to fully resolve this matter.

The entirety of the PFA is incorporated herein and made a part of this FINAL AWARD, and together with the FPA, this FINAL AWARD resolves all claims and counterclaims submitted in this arbitration.

Accordingly, the following relief is hereby ordered:

1. NeuroSigma is ordered to forthwith reinstate, as of April 11, 2013, all Shares held in the name of Antonio A. F. De Salles, and Alessandra Gorgulho as Trustees for the De Salles Children's Trust, Dated April 10, 2008 as shareholders with all rights and benefits.
2. NeuroSigma shall forthwith pay and deliver to Antonio A. F. De Salles, and Alessandra Gorgulho as Trustees for the De Salles Children's Trust, Dated April 10, 2008, through their attorney Glenn Turner, Esq., any and all benefits derived from ownership of such Shares, including but not limited to, all dividends paid, stock splits made and all other benefits the Trust would have had a right to receive had such Shares been continuously

[4] Exhibit 1571 shows that NeuroSigma valued each share at $21.21 (985,415 x $21.21 = $20,900,652.00). This represents interest at 7%.

owned by the Trust since April 11, 2013, including, that which other shareholders received by virtue of such stock ownership to which the Trust was deprived by virtue of the wrongful repurchase, and is now required in order to make the Trust whole as a result of NeuroSigma's wrongful repurchase of such Shares. Any and all applicable monetary amounts due to the Trust arising out of the relief described in this paragraph #2 shall bear interest at the rate of ten percent (10%) per annum from the record date of distribution, until paid in full.

3. NeuroSigma is ordered to issue new Share certificates of duly authorized, validly issued, fully paid and non-assessable stock certificates representing 985,415 shares of NeuroSigma common stock (the "Shares") of which eighty percent (80%) of the Shares shall be issued in the name of Antonio A. F. De Salles, and Alessandra Gorgulho as Trustees for the De Salles Childreo's Trust, Dated April 10, 2008 and Twenty percent (20%) in the name of the Regents of the University of California. The stock certificates shall be delivered to counsel for the Trustees, Mr. Glenn E. Turner, Esq., within twelve (12) business days from the date of this Final Partial Award.
4. With respect to all Shares issued pursuant to paragraph #3 above, NeuroSigma, and any successor, is prohibited and enjoined from enforcing its Repurchase Rights under Section V of the SPA, and Right of First Refusal under Section VI of the SPA.
5. The Trustees' Shares shall be subject to compliance with Section 2.2(a) of the SPA regarding notice of transfer of its shares and the terms and conditions of the transfer of Shares. NeuroSigma, or its successor, is enjoined from enforcing any other parts of Section 2.2(b), (c), and (d) against the Trustees or against the Shares transferred to them pursuant to this Final Award, and
6. NeuroSigma shall comply with the requirement of Section 2.3(a) requiring a restrictive legend on the stock to comply with Federal Securities Law but is enjoined from enforcement of Section 2.3(b) and Section 2.3(c) and the restrictions against transfer set forth in 4.1 and 4.2 as against the Trustees and their transferees' Shares, and
7. Trustees or their successors in interest, are required to comply with Section 4.4 Market Stand Off Provision which does not permit transfer or sale of shares when a registration statement for underwriting of a public offering is in effect, provided Trustees or their successors in interest have the right to participate, pro rata, should any other shareholder

be allowed to participate in such public offering, and

8. NeuroSigma shall have no rights under Section IX of the SPA to assign any repurchase or first refusal rights with respect to the Shares transferred to the Trustees as those rights are enjoined against enforcement by NeuroSigma, or its successors, against the Trustees or the Shares of the trustees, and
9. NeuroSigma is ordered to allow Antonio A. F. De Salles and Alessandra Gorgulho and their attorney or attorneys, including Glenn Turner, Esq., access to the books and records of NeuroSigma and all other applicable records reasonably requested by the Trustees or their successors in interest, from time to time, for review, inspection and copying, within twenty (20) business days of the date of this Final Award and thereafter, at all other reasonable times, requested by counsel for the Trustees and as are generally required or afforded any other shareholder of NeuroSigma, including but not limited to NeuroSigma's stock ledger, common stock transfer ledger, and other documents, reports or compilation reasonably requested by the Trustees' counsel, and
10. NeuroSigma is ordered to pay sanctions in the amount of $2,000 per day to Antonio A.F De Salles and Alessandra Gorgulho, from the date of this Final Award, until such time as NeuroSigma provides complete and satisfactory access to the books and records of NeuroSigma as set forth in paragraph 9 of the PFA and otherwise complies with the Panel's orders set forth in paragraphs 9 to the PFA, and
11. NeuroSigma is ordered to provide a corporate surety bond in favor of Respondents for the value of the Shares to be transferred, in the amount of $33,400,000.00 ($26.7 Million x 1.25) in favor of the Trustees, should the Shares not be transferred as Ordered in the PFA or the bond not be posted on or before March 15, 2016, and, in the event NeuroSigma fails both the transfer of such Shares and to post such surety bond, interest shall accrue on the value of Respondent's Shares, $20,900,652, at the rate of seven percent (7%) per annum, payable to the Trustees, on the 1st day of each month, commencing with the first month after failure to post the corporate surety bond, and continuing until the Shares are transferred as ordered herein.
12. NeuroSigma is further ordered to refrain from retaliating and/or discriminating against the Trustees, or engaging in or acquiescing to any action that would foreseeably result in adverse consequences to the Trustees that are disparate from those of any other

Shareholder of NeuroSigma, and

13. The Trustees are awarded reimbursement of their attorneys' fees arising out of and relating to this matter. NeuroSigma shall pay to the Trustees the sum of One Million, Eight Hundred and Thirty-Nine Thousand, Two Hundred Eighty-Eight Dollars and Zero Cents ($1,839,288.00) plus interest all at the rate of ten percent (10%) per annum, until paid in full. Interest shall accrue on One Million, Eight Hundred One Thousand, Six Hundred Ninety-Eight Dollars and Zero Cents ($1,801,698.00) commencing on December 29, 2015 until paid in full and the remaining Thirty-Seven Thousand Five Hundred Ninety Dollars and Zero Cents ($37,590.00) shall accrue interest from the date of this Final Award until paid in full, and,
14. All administrative fees of the American Arbitration Association ("AAA") totaling $16,490.00 and all compensation of the Arbitrators totaling $404,190.74 shall be paid by NeuroSigma. Therefore, NeuroSigma shall pay to the Trustees the sum of $178,972.47 plus interest all at the rate of ten percent (10%) per annum thereon until paid in full, of which $164,959.97 shall accrue interest from the date of the Partial Final Award, and $14,012.50 shall accrue interest from the date of the Final Award, until paid in full.
15. All claims of NeuroSigma are denied.
16. This Final Arbitration Award resolves all claims and counterclaims submitted in this arbitration. All claims and counterclaims not expressly granted herein are hereby denied.

This Final Award may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

DATED: February 26, 2016

By: _____
Mary S. Jones, Esq.
Arbitrator and Panel Chair

DATED: _____

By: _____
Hon. Alice D. Sullivan (Ret.)
Arbitrator

DATED: _____

By: _____
Hon. Eli Chernow (Ret.)
Arbitrator

adverse consequences to the Trustees that are disparate from those of any other Shareholder of NeuroSigma, and

13. The Trustees are awarded reimbursement of their attorneys' fees arising out of and relating to this matter. NeuroSigma shall pay to the Trustees the sum of One Million, Eight Hundred and Thirty-Nine Thousand, Two Hundred Eighty-Eight Dollars and Zero Cents ($1,839,288.00) plus interest all at the rate of ten percent (10%) per annum, until paid in full. Interest shall accrue on One Million, Eight Hundred One Thousand, Six Hundred Ninety-Eight Dollars and Zero Cents ($1,801,698.00) commencing on December 29, 2015 until paid in full and the remaining Thirty-Seven Thousand Five Hundred Ninety Dollars and Zero Cents ($37,590.00) shall accrue interest from the date of this Final Award until paid in full, and,

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15. All claims of NeuroSigma are denied.

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DATED: _____

By: _____
Mary S. Jones, Esq.
Arbitrator and Panel Chair

DATED: Feb 21, 2016

By: _____
Hon. Alice D. Sullivan (Ret.)
Arbitrator

DATED: _____

By: _____
Hon. Eli Chernow (Ret.)
Arbitrator

adverse consequences to the Trustees that are disparate from those of any other Shareholder of NeuroSigma, and

13. The Trustees are awarded reimbursement of their attorneys' fees arising out of and relating to this matter. NeuroSigma shall pay to the Trustees the sum of One Million, Eight Hundred and Thirty-Nine Thousand, Two Hundred Eighty-Eight Dollars and Zero Cents ($1,839,288.00) plus interest all at the rate of ten percent (10%) per annum, until paid in full. Interest shall accrue on One Million, Eight Hundred One Thousand, Six Hundred Ninety-Eight Dollars and Zero Cents ($1,801,698.00) commencing on December 29, 2015 until paid in full and the remaining Thirty-Seven Thousand Five Hundred Ninety Dollars and Zero Cents ($37,590.00) shall accrue interest from the date of this Final Award until paid in full, and,

14. All administrative fees of the American Arbitration Association ("AAA") totaling $16,490.00 and all compensation of the Arbitrators totaling $404,190.74 shall be paid by NeuroSigma. Therefore, NeuroSigma shall pay to the Trustees the sum of $198,972.47 plus interest all at the rate of ten percent (10%) per annum thereon until paid in full, of which $164,959.97 shall accrue interest from the date of the Partial Final Award, and $34,012.50 shall accrue interest from the date of the Final Award, until paid in full.

15. All claims of NeuroSigma are denied.

16. This Final Arbitration Award resolves all claims and counterclaims submitted in this arbitration. All claims and counterclaims not expressly granted herein are hereby denied.

This Final Award may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

DATED: _____ By: _____
Mary S. Jones, Esq.
Arbitrator and Panel Chair

DATED: _____ By: _____
Hon. Alice D. Sullivan (Ret.)
Arbitrator

DATED: Feb 26, 2016 By: _____
Hon. Eli Chernow (Ret.)
Arbitrator

AMERICAN ARBITRATION ASSOCIATION

Commercial Arbitration Tribunal

Case No. 72-20-1300-0792

NEUROSIGMA, INC.,
Claimant,

v

ANTONIO A. F. DE SALLES, in his individual capacity and as Co-Trustee of the DE SALLES CHILDREN TRUST dated 2008, and ALESSANDRA GORGULHO, in her individual capacity and as Co-Trustee of the DE SALLES CHILDREN TRUST dated 2008,
Respondents.

and

ANTONIO A. F. DE SALLES, M.D., Ph.D. and ALESSANDRA GORGULHO, M.D., M.Sc. as TRUSTEES for the DE SALLES CHILDREN'S TRUST Dated APRIL 10, 2008,
Counterclaimants,

v

NEUROSIGMA, INC., a Delaware corporation,
Counter-Respondent.

PARTIAL FINAL ARBITRATION AWARD

We, THE UNDERSIGNED ARBITRATORS, having been duly designated in accordance with the arbitration agreement set forth in the Restricted Common Stock Purchase Agreement ("SPA" or "Agreement") dated as of September 2, 2008, and having been duly sworn, and having duly heard the allegations and proofs of the Parties in this arbitration between Claimant NeuroSigma, Inc. ("NeuroSigma") on the one hand, and Respondents Dr. Antonio A. F. De Salles ("Dr. De Salles" or "De Salles") and Dr. Alessandra Gorgulho, as individuals and Co-Trustees for the De Salles Children Trust of April 10, 2008 (collectively hereafter, the "Trustees") on the other hand, hereby render this PARTIAL FINAL AWARD.

Evidentiary hearings occurred on June 18-19, 22, August 31, September 1-2, 8-10, 2015. This Partial Final Award is being rendered after considering all of the oral and documentary evidence presented, and the pre-hearing and post-hearing briefs submitted by counsel on behalf of the Parties.

ARBITRABLE AUTHORITY FOR DISPOSITION OF ACTION

The Agreement requires that "any controversy between the parties hereto involving any claim arising out of or relating to this Agreement shall be finally settled by arbitration in Los

Angeles, California, in accordance with the then current Commercial Rules of the American Arbitration..." (Section 10.8) Adjudicatory authority is properly granted to this Panel. The Parties' Agreement specifies that California law shall apply and that law has been applied by the Panel.

REQUEST FOR JUDICIAL NOTICE

Claimant's request for Judicial Notice of the court minutes of January 31, 2014 is granted.

SUMMARY OF THE FACTS AND THE PARTIES' CLAIMS

NeuroSigma and Dr. De Salles executed the Agreement on September 2, 2008 whereby Dr. De Salles purchased 50,000 shares of NeuroSigma stock for $500 (the "Shares"). Dr. De Salles transferred his interest in the Shares and the Stock Purchase Agreement to the De Salles Children's Trust of April 10, 2008 ("Trust") on April 10, 2010 under Section 4.1 of the Agreement which allowed for such transfer. Dr. De Salles was to provide services to NeuroSigma and in return Dr. De Salles would earn the Shares over a 48 month vesting period, provided Dr. De Salles performed his duties to the satisfaction of NeuroSigma's Board of Directors. To the extent the Shares did not vest, either because not enough time passed or because Dr. De Salles failed to perform his duties, NeuroSigma could repurchase the unvested Shares.

On December 27, 2011, NeuroSigma declared a stock split which resulted in the Trust's 50,000 Shares converting into 2.5 Million Shares.[1] On March 4, 2013, NeuroSigma terminated Dr. De Salles for "failure to continually and physically render services to the Company" (Section 5.1.) to the satisfaction of the Board and notified him that NeuroSigma would repurchase and cancel all 2.5 Million Shares. The action was declared to be retroactive to 2008. NeuroSigma advised that all Shares issued to Dr. De Salles would be repurchased for the $500 originally paid by Dr. De Salles. On April 11, 2013, Lodwrick Cook and Dr. Leon Ekchian, the two members of NeuroSigma's Board of Directors acted to repurchase all of the Shares and tendered to Dr. De Salles the original $500 he had paid in September 2008 and thereafter cancelled all 2.5 Million Shares.

[1] Subsequently NeuroSigma declared a reverse stock split, reducing the number of shares in the name of the Trustees.

On August 19, 2013 NeuroSigma filed a Demand for arbitration seeking: 1) declaratory relief, affirming that NeuroSigma's Board of Directors acted properly when it repurchased and subsequently cancelled the Shares; recovery of attorneys' fees and costs; and prejudgment interest.

NeuroSigma thereafter amended its claims over the course of the arbitration to add 2) rescission of the Agreement 3) statutory and common law trade secret misappropriation 4) common law and statutory unfair competition 5) fraud 6) negligent misappropriation 7) conversion 8) breach of implied contract and 9) accounting. NeuroSigma seeks Two Million Dollars ($2,000,000) in compensatory damages and recovery of attorneys' fees and costs. (See First and Second Amended Demands dated May 20, 2014 and May 2, 2015 and post hearing email dated October 10, 2015.

On August 30, 2013, the Trustees, filed a Demand and Counterclaim in arbitration seeking a ruling invalidating the purported repurchase and cancellation of 2.5 Million Shares issued to the Trust, actual monetary damages in the event the 2.5 Million Shares could not be reissued, punitive and exemplary damages, a written apology from NeuroSigma, costs of arbitration and recovery of attorneys' fees.

The pivotal issue in this matter is whether NeuroSigma had the right in March 2013 to repurchase the Shares from the Trust.

FACTS

Counterclaimant, Dr. Antonio A. F. De Salles, M. D., Ph.D. has been a full-time professor of neurosurgery at UCLA for approximately 23 years and was the head of the Stereotactic Surgery Division of the Department of Neurosurgery at UCLA. He performed extensive research and experimentation on brain mapping and therapeutics. Dr. De Salles has been recognized around the world for his significant contributions to stereotactic radiosurgery and his groundbreaking work in the use of deep brain stimulation ("DBS"). Dr. De Salles' work has helped advance the treatment of post-traumatic stress disorder ("PTSD") and other ailments including epilepsy, Parkinson's disease, depression and morbid obesity. Since 1990, Dr. De Salles also treated patients and conducted research at the Veteran's Administration Hospital in West Los Angeles on an almost full-time basis (32 hours per week).

Counterclaimant, Dr. Alessandra Gorgulho, M.D., M.Sc. is also a neurosurgeon with extensive training in research and development of biomedical devices and the treatment of brain disorders and conditions. Dr. Gorgulho earned her doctorate at the Federal University of São Paulo

(UNIFESP) and a Master of Science degree from UCLA in Clinical Research. While at UCLA, she was awarded Fellowships in Functional Neurosurgery and Radiosurgery. Dr. Gorgulho was also an Adjunct Assistant Professor of Neurosurgery at UCLA. She was a research scientist at UCLA for over 10 years. Dr. De Salles and Dr. Gorgulho are husband and wife and also the Co-Trustees of the Trust.

NeuroSigma is a medical device startup company incorporated in Delaware and founded in Los Angeles in March 2008. Its CEO is Leon Ekchian, Ph.D. ("Dr. Ekchian" or "Ekchian"). NeuroSigma is in the business of developing technologies and devices to treat a variety of disorders and diseases. Its principal financial backer is Mr. Lodwrick Cook. Dr. Ekchian and Dr. Cook, at all times, have been the two members of NeuroSigma's board of directors.

There are two primary technologies that NeuroSigma initially sought to develop in the area of neuromodulation. The first is deep brain stimulation ("DBS"), whereby a device to stimulate the brain is implanted within a patient's brain. DBS is being investigated as a promising approach to treating obesity. Dr. De Salles and NeuroSigma expected these treatments to have wide-ranging application to other diseases and conditions. The other technology is "trigeminal nerve stimulation" ("TNS"). There are two variants of TNS: "external" TNS ("eTNS") where the trigeminal nerve is stimulated via a "patch" on the patient's skin, and "subcutaneous" TNS ("sTNS") where the trigeminal nerve is stimulated via a device implanted under the patient's skin. The TNS technologies are primarily intended to treat epilepsy, PTSD, and major depressive disorders. These technologies may also be found to be beneficial in the treatment of other diseases or conditions.

NeuroSigma licensed much of the intellectual property underlying DBS and TNS from UCLA whose faculty members participated in the development of that licensed intellectual property.

With the encouragement and introduction of UCLA's Intellectual Properties Office in September 2007, Leon Ekchian approached Dr. De Salles and asked him to become a medical advisor and consultant to help create a medical technology business focused on neuromodulation therapies. That business ultimately became NeuroSigma. De Salles agreed to assume the role of Chief Medical Officer for NeuroSigma and to offer his assistance to the new venture. Thereafter, Dr. De Salles assisted in promoting NeuroSigma's efforts to raise capital, by meeting with venture capitalists, preparing slides to explain the technology to potential funders and investigating grant funding. He also met with medical device companies, assisted with technical and medical research.

Dr. De Salles also introduced NeuroSigma to other researchers at UCLA and the Veterans Administration ("VA"), including Dr. DeGiorgio and Dr. Ian Cook. In August 2008, Dr. Ekchian offered shares of common stock as a form of compensation for Dr. De Salles' continued efforts, assistance and work promoting NeuroSigma.

On or about September 2, 2008, Dr. De Salles and NeuroSigma entered into the written Stock Purchase Agreement. Dr. De Salles purchased 50,000 shares of NeuroSigma common stock for $500.00. This represented ownership of approximately 12% of NeuroSigma. Pursuant to the Stock Purchase Agreement, the Shares purchased by Dr. De Salles were subject to incremental vesting "in a series of forty-eight (48) successive equal monthly installments such that [Dr. De Salles] shall be fully vested in all shares after four (4) full years of continuous Service completed by [Dr. De Salles] following the date of this Agreement." (SPA Section 5.3(a))

In March 2010, De Salles requested that NeuroSigma transfer his shares in NeuroSigma to the Children's Trust, for which Dr. De Salles and his wife, Dr. Gorgulho served as Trustees. On March 12, 2010, the Trustees entered into an Adoption Agreement with NeuroSigma wherein the Trustees agreed to be bound by the terms and conditions of the Stock Purchase Agreement. NeuroSigma's attorneys retained all 50,000 Shares in escrow pending the completion of the vesting period.

Dr. De Salles continued to work with and assist NeuroSigma in its business of developing medical devices and technologies. He also assisted in NeuroSigma's efforts to interest established medical device manufacturers to invest in or acquire NeuroSigma. Dr. De Salles participated in negotiations with Medtronic, St. Jude, Boston Scientific, Cyberonics, Stryker and others. Dr. De Salles also utilized his professional contacts to recruit other UCLA faculty members and research scientists, together with VA physicians and medical researchers to work with NeuroSigma, which included Dr. Ian Cook and Dr. DeGiorgio. Both of these researchers made major contributions to NeuroSigma. Dr. Ian Cook ultimately became the Chief Medical Officer of NeuroSigma. Dr. De Salles' TNS research and inventions, and the inventions of Dr. DeGiorgio were the critical technologies pursued by NeuroSigma as it sought to build a business. De Salles assisted in the development of several patents and methods for the treatment of neuropsychiatric disorders, which have been licensed to NeuroSigma. Dr. De Salles wrote grant applications for research into the areas of medical science NeuroSigma was attempting to commercialize. He also introduced NeuroSigma to other expertise for development of a thin-film nitinol-covered neurovascular stent for treatment of potential brain aneurysms from other UCLA scientists. Dr. De Salles was involved

in facilitating licenses from UCLA's technology transfer office to NeuroSigma for patents which were used in its business.

Dr. De Salles traveled within the U.S. and internationally speaking at professional meetings and conferences, making contacts with medical device manufacturers, research scientists, venture capitalists, charitable foundations and educational institutions. These contacts assisted NeuroSigma in becoming known and respected in the industry. He performed these services as part of his obligations under the SPA. His only cash compensation during his years of service was a $25,000 bonus NeuroSigma paid to him, as well as to other recipients, in February 2011.

In December 2011, NeuroSigma split its stock 50-for-1. Consequently, the 50,000 Shares were transformed into 2.5 Million Shares. In early March 2012, NeuroSigma issued Certificate C-14 for 2,450,000 Shares to Dr. De Salles.

Dr. De Salles had long desired to return to his home country, Brazil. When the opportunity arose to start a neurosurgery center in São Paulo, Dr. De Salles and his spouse, Dr. Gorgulho, moved to Brazil in 2012 and worked to achieve this goal. To benefit NeuroSigma's two main technologies, Dr. De Salles and Dr. Gorgulho were able to obtain grants through the Brazilian Ministry of Health to study DBS for the treatment of obesity and TNS for the treatment of depression. The Brazilian grant application was fully supported by NeuroSigma. This was done through collaboration and assistance with other NeuroSigma consultants, including Dr. Ian Cook, who was also affiliated with UCLA. After Dr. De Salles and Dr. Gorgulho moved to Brazil, Dr. De Salles remained a professor at UCLA and travelled frequently between Los Angeles and São Paulo. He also continued to provide services to NeuroSigma.

In March 2013, Dr. De Salles was notified, for the first time, that NeuroSigma was dissatisfied with his service. He was abruptly terminated. At that time, NeuroSigma also advised they were proceeding under the Agreement to "repurchase and cancel" the 2.5 Million Shares which had been issued to the Trustees. In the letter dated March 4, 2013[2], NeuroSigma contended that Dr. De Salles failed to perform services to the satisfaction of NeuroSigma's board for over four years from the day after he signed the SPA in 2008 to 2013 when NeuroSigma gave this notice to Dr. De Salles. On April 11, 2013 the Board of Directors of NeuroSigma voted to cancel and repurchase the Trust's 2.5 Million Shares for $500.00 and tendered a check to De Salles in that amount. Dr. De Salles refused the check inasmuch as $500.00 represented only a tiny fraction of the true value of

[2] Exhibit 0003.

the Shares. De Salles attempted to meet with NeuroSigma to resolve the matter but NeuroSigma rejected and ignored De Salles' requests to meet and he was told not to return to the NeuroSigma offices.

DISCUSSION

Rescission Based on Alleged Concealment

NeuroSigma contends the SPA should be rescinded because Dr. De Salles misrepresented and concealed material facts that were unknown to NeuroSigma at the time the Parties entered into the SPA and had such facts been disclosed to NeuroSigma, it might have declined to enter into the SPA, or might have reduced De Salles' compensation expectations or the number of shares offered to De Salles.

Regardless of the fact the SPA contained no representations or warranties respecting the following, NeuroSigma asserts, 1) although Dr. Ekchian was aware Dr. De Salles worked at the VA and UCLA, his understanding was, the time commitment added up to only one full time job,[3] 2) Ekchian was unaware of De Salles' extensive travel schedule and other outside commitments on his time, including writing a book, 3) Dr. De Salles failed to disclose that he could not assign intellectual property ("IP") to NeuroSigma, 4) Dr. De Salles did not disclose to NeuroSigma that UCLA had claims on any income Dr. De Salles derived from his work at NeuroSigma, and 5) there was or could have been a serious conflict of interest issue between the VA and De Salles under Section 208(a) of Title 18 of the US Code because of De Salles' work with NeuroSigma.

NeuroSigma's claims that Dr. De Salles concealed material information from it is without merit. It is undisputed Dr. Ekchian approached Dr. De Salles in 2007 and Dr. De Salles began working for NeuroSigma soon, if not immediately thereafter. This afforded Dr. Ekchian a year to vet and evaluate Dr. De Salles' performance and his limited time availabilities prior to the time NeuroSigma and Dr. De Salles entered into the SPA in September 2008.

Dr. De Salles testified he told Dr. Ekchian he had a very busy travel schedule, he attended many international conferences and meetings annually and numerous emails were produced verifying correspondence between the two men about travel schedules and time zone changes as the two men scheduled conference calls and meetings. Dr. De Salles, Dr. Ekchian and Mr. Lodwrick Cook testified that Dr. De Salles attended and spoke at many investor meetings designed to create

[3] Ekchian 801:08-803:5

interest in NeuroSigma and its work. The Power Point presentation slides used in many of those meetings identified Dr. De Salles as Senior Medical Officer at NeuroSigma and specifically listed his employment and ongoing work with UCLA and the VA,[4] along with other numerous stellar accomplishments evidencing his world-renowned reputation in the medical field of neurosurgery and neuromodulation.

Dr. Ekchian clearly knew that the Regents of UCLA had strong policies regarding patents and other IP invented or developed by its faculty members. Dr. Ekchian testified he and Earl Weinstein from UCLA's Intellectual Properties Office discussed generally the Regents' right to license the IP assigned to the Regents by its faculty, and how the Regents commercialized the assigned IP. Ekchian testified Dr. Weinstein gave him a UCLA IP license template on April 25, 2008 and Ekchian, on behalf of NeuroSigma, executed an IP license with UCLA for the exclusive right to IP that had been assigned to the Regents by Dr. De Salles as required for a member of its faculty.[5] Clearly, if NeuroSigma did not know, it should have known long before September 2008, that De Salles could not assign any IP developed while on faculty at UCLA to anyone other than the Regents. Dr. Ekchian investigated licensing other technology from UCLA's technology transfer office and was aware of this.

The SPA contained no requirement, obligation, representation or warranty requiring De Salles to transfer IP he developed while working for NeuroSigma, as a condition to vesting of the Shares. NeuroSigma produced no credible evidence that De Salles promised to transfer to NeuroSigma any IP he developed while he was working for NeuroSigma.[6]

NeuroSigma's claims regarding possible conflicts with UCLA and the VA are without merit. NeuroSigma stated concerns that UCLA, not NeuroSigma, might be entitled to an income derived from De Salles' work with NeuroSigma involving UCLA. Faculty members can negotiate directly with UCLA regarding such rights. Whatever entitlement UCLA had or may have had, such issues have now been resolved by settlement, and did not and do not affect the contractual issues between NeuroSigma and the De Salles Parties.[7]

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[4] See Exhibits 1120, 1139, 1160,1171, 1180 and 1203.

[5] See Exhibit 1046-3 (April 26, 2008) and 1545-3.

[6] See Exhibit 1036 An NDA relating to a venture capital with ANS in Plano, Texas. This NDA did not, contrary to NeuroSigma's assertions, obligate De Salles to transfer any IP De Salles developed in the future.

[7] See Exhibit 1563.

Any conflicts of interest disclosures or waiver forms De Salles may be obligated to file with the VA arising out of his work with NeuroSigma, involved De Salles and the VA.

Based upon the foregoing, the Panel finds NeuroSigma's claims that De Salles misrepresented or concealed material facts to be disingenuous and without factual basis. The Panel finds NeuroSigma was fully aware of Dr. De Salles' extensive travel schedule and other outside commitments including the extent of his involvement with the VA.

Based upon the foregoing, the Panel denies NeuroSigma's request for rescission.

NEUROSIGMA'S REPURCHASE RIGHTS

NeuroSigma contends it had the right not only to terminate Dr. De Salles, but also to cancel and repurchase the Trustees' Shares on April 11, 2013. NeuroSigma bases its actions upon section 5.3 of the Stock Purchase Agreement:

> "5.3 Termination of the Repurchase Right. The Repurchase Right as to certain Unvested Shares shall terminate, and cease to be exercisable, solely to the extent set forth below, on the earliest to occur of (i) an Acceleration Event as described in Section 5.3(b) below, (ii) either of the Corporate Transactions defined in Section 5.6 hereof, or (iii) with respect to any and all Shares in which the Purchaser vests in accordance with the schedule set forth in section 5.3(a) below. Accordingly, as, and provided that, the Purchaser continues in continuous Service, as defined above, or upon the occurrence of an Acceleration Event or Corporate Transaction, the Purchaser shall acquire a vested interest in, and the Repurchase Right as to certain Unvested Shares, solely to the extent set forth below, shall lapse with respect to, the Shares in accordance with the following provisions; (a) The Purchaser shall acquire a vested interest in, and the Repurchase Right shall lapse with respect to, the Shares in a series of forty-eight (48) successive equal monthly installments, such that the Purchaser shall be fully vested in all Shares after four (4) full years of continuous Service completed by the Purchaser following the date of this Agreement."

The plain language of the section supports De Salles' position. NeuroSigma has the right to repurchase only Unvested Shares. The section does not, on its face, allow NeuroSigma the right to repurchase shares once ownership has become vested in De Salles. Indeed, in common usage and in customary usage regarding an employee's rights to stock or stock options, the term "vested" means

an interest that has come into the absolute ownership of the employee, without possibility of forfeiture on termination of employment. NeuroSigma's assertion to the contrary is inconsistent with California law which provides for the mandatory strict construction against forfeiture:

"A condition involving a forfeiture must be strictly construed against the party for whose benefit it is created." Cal. Civ. § 1442.

California Courts have consistently applied Civil Code Section 1442 to avoid forfeiture. Contractual forfeitures are only enforceable if they are spelled out in clear, certain terms that unmistakably manifest an intent to cause a forfeiture. It must be effected by express, unambiguous, unmistakable language. *McNeece v. Wood* (1928) 204 Cal. 280, 283–284; *Ballard v. MacCallum* (1940) 15 Cal. 2d 439. Such language is completely absent in the SPA.

De Salles' Shares vested at the rate of 1/48th of the total each month from October 2008 to September 2012. At that point he (or his assignee) held only vested Shares. He held no Unvested Shares. So in April 2013, there were no shares available for NeuroSigma to repurchase.

NeuroSigma also argues that its contractual rights asserted in this case arise from language in section 5.1 of the SPA stating that the Board of Directors has the right "exercisable at any time, following the date the Purchaser ceases for any reason to remain in the service of the Company, to repurchase the unvested shares,…and that the Purchaser is deemed to remain in Service for so long as the Purchaser continues to actually and physically render services to the Company solely as determined by…the Board…." There are a number of significant difficulties with NeuroSigma's position.

The language, on its face, does not suggest that such a determination could be made retroactive to a date more than four years earlier, or at all. The Board was not limited by any probationary period or other short term time limit to reasonably make its determination. It is totally unreasonable, however, to project into the language of the Agreement that the Board could make such a decision retroactively to effect vested Shares.

NeuroSigma's interpretation, again, amounts to giving the Board the right to cause De Salles to forfeit his interest in the Company. California law does not allow a forfeiture provision of a contract to be effective without clear unequivocal, unambiguous language authorizing such a result. Such language is completely absent here.

NeuroSigma simply fails to recognize that the language of Section 5.1 unequivocally refers only to "Shares the Purchaser has not acquired a vested interest" by specifically stating the repurchase rights refer to "Unvested Shares."

It is particularly inappropriate to read the Agreement in the manner urged by NeuroSigma because the decision made was by Board members who would personally benefit from such a forfeiture of Dr. De Salles' interest. NeuroSigma and its Board had a fiduciary duty to its minority shareholder to refrain from acting in their own benefit to the detriment of a minority shareholder. Their actions to repurchase the Shares resulted in a breach of their fiduciary duty.

More troubling about NeuroSigma's position is that it is completely contrary to NeuroSigma's behavior in May 2012, when NeuroSigma and Lodwrick Cook offered Dr. De Salles a loan in the amount of $30,000 to be secured by De Salles' equity in NeuroSigma Shares. Dr. De Salles confided in Dr. Ekchian he was in financial hardship as a result of selling his home and moving to Brazil. De Salles asked Dr. Ekchian if NeuroSigma could reimburse him for $30,000 in travel and moving expenses. Dr. Ekchian declined the reimbursement in an email dated May 10, 2012, but offered a loan by either NeuroSigma or by Lodwrick Cook personally, secured by De Salles' equity in his NeuroSigma Shares.[8] It is not believable that NeuroSigma or Lodwrick Cook, believed at this point in time the Shares were able to be deemed worthless or they would not have offered to accept the Shares as collateral. Furthermore, the loans suggested by Dr. Ekchian were specifically prohibited by Section 4.1 of the SPA, which states "Purchaser shall not transfer, assign or **encumber** [emphasis added]…. Shares subject to the Company's Repurchase Rights."

NeuroSigma's Board of Directors, Dr. Leon Ekchian, the President and CEO and Lodwrick Cook, Chairman of the Board, are also its largest shareholders. They voted unanimously to terminate Dr. De Salles' employment and to repurchase his Shares, but presented no credible evidence to substantiate their decision. Mr. Cook testified he did not receive any correspondence, written directive or emails addressing issues or disappointments with Dr. De Salles' performance and he personally experienced none. He testified he relied on Dr. Ekchian for all of his information about De Salles' performance. No minutes or directives of the Board of Directors meeting were presented that referred to or related to any problems with Dr. De Salles' performance or lack of actual and physical service to NeuroSigma.

Finally on this subject, NeuroSigma admits that in exercising its sole discretion, the Board could not act unreasonably. The evidence in this case overwhelmingly demonstrates that De Salles was continuously providing NeuroSigma with the efforts he was expected to provide. He lent his considerable professional standing and prestige to NeuroSigma at its inception. His identification

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[8] See Exhibit 1475.

gave NeuroSigma significant standing in the neuromedical community it would not otherwise have enjoyed. He participated in professional meetings around the world as an outstanding leader in the field. He attended fund raising meetings with prospective investors, developed Power Point slides explaining the technology which were presented at numerous NeuroSigma events. He participated in meetings with potential vendors and joint venturers. He responded, literally, to thousands of email inquiries and other requests from NeuroSigma. NeuroSigma never identified contemporaneously or at the hearing, any specific tasks it asked Dr. De Salles to perform that he did not do. Whether Dr. De Salles' efforts did or did result in funds being invested in NeuroSigma or grants being received is beside the point. He was not required to succeed in bringing in grants or investments. He was required to work with NeuroSigma on its various efforts. He did so to a remarkable degree. NeuroSigma knew at the outset he would not be available two or three days a week for several hours at a stretch. Its expectations were more than met by De Salles.

The actions of NeuroSigma's Board to terminate De Salles and repurchase his Shares, were anything but reasonable. At a minimum its actions were arbitrary, capricious and unreasonable.

Under the terms of the Stock Purchase Agreement, NeuroSigma was not entitled to repurchase the Shares because, at the time of the repurchase, there were no unvested shares.

Consequently, NeuroSigma's purported exercise of its contractual right to repurchase Shares issued to Dr. De Salles was not legally effective. Its actions are void.

The Trustees continue to own the Shares derived from NeuroSigma's initial sale of Shares to De Salles, and continue to enjoy the rights to prevent dilution of their proportionate interest in the Company.

The Trustees are entitled to declaratory relief that they shall continue to hold all such Shares standing in the name of the Trustees, and are entitled to transfer the Shares free of escrow, subject only the rights of the Regents of the University of California, pursuant to the settlement release and dismissal of all claims against the Trustees asserted in USD Case No. 2:15 CV-02398 DMG(PJWx).[9]

The Trustees' Shares are subject to the general reverse stock split experienced by all shareholders. Therefore, their shareholdings are the number that corresponds to 2.5 Million Shares prior to the reverse split.[10]

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[9] See Exhibit 1475.

[10] After the reverse stock split, the number of Shares was reduced to 985,415.

The Trustees seek an alternate remedy if the return of the 2.5 Million Shares wrongfully repurchased by NeuroSigma cannot or are not returned to the De Salles Children's Trust plus prejudgment interest. De Salles asserts the actual value of the 2.5 Million Shares of NeuroSigma common stock is $20,900,652.00[1] plus prejudgment interest at the rate of 7% from April 11, 2013 to the present, totaling an additional $3,783,436.00. The Panel does not agree such alternate remedy is available to the Trustees.

EQUITABLE RELIEF, CANCELLATION OF REPURCHASE, AND FIRST REFUSAL RIGHTS

The Trustees also request such "further relief as may be just and equitable as established by the hearings." As discussed in this award, NeuroSigma violated its SPA Agreement with the Trustees, and did so in bad faith, knowing it did so without legal or factual justification. The Trustees are entitled to equitable relief to provide some benefit to them beyond merely restoring the contractual rights NeuroSigma improperly denied them. The Trustees have been denied the rightful use of their shares since NeuroSigma's wrongful cancellation for which the Trustees have not received any monetary benefit.

As equitable relief, NeuroSigma and any successors, is prohibited from enforcing its Repurchase Rights under Section V of the SPA against the Trustees and the Shares transferred to the Trustees pursuant to this Partial Final Award. This equitable relief will enable the Trustees to realize the full fair value of their shares whenever they chose to transfer them.

NeuroSigma, and any successor, is also prohibited from enforcing its Right of First Refusal under Section VI of the SPA against the Trustees and the Shares transferred to the Trustees pursuant to this Partial Final Award.

The Trustees shall continue to hold all the shares with all rights and benefits of Shareholders. The Trustees shall comply with Section 2.2(a) of the SPA regarding notice of transfer of its Shares and the terms and conditions of the transfer. NeuroSigma, or its successors, is enjoined from enforcing any other parts of Section 2.2 against the Trustees or against the Shares transferred to the Trustees pursuant to this Partial Final Award, which includes UCLA.

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[1] Exhibit 1371 shows that NeuroSigma valued each share at $21.21 each (985,415 x $21.21 = $20,900,652.00).

NeuroSigma shall comply with the requirement of Section 2.3(a) requiring a restrictive legend on the stock to comply with Federal Securities Law but is enjoined from enforcement of Sections 2.3(b) and 2.3(c) against the Trustees or their successors in interest, which includes UCLA.

The Trustees shall continue to be registered Shareholders with all rights attendant thereto, in addition to the expansion of rights granted by this injunction against enforcement of certain provisions of the SPA as spelled out in this Partial Final Award. The Trustees, or their successors in interest, are required to comply with Section 4.4 "Market Stand-Off Provisions" which does not permit transfer or sale of shares when a registration statement for underwriting of a public offering is in effect, provided the Trustees and their successors in interest shall have the right to participate, pro-rata should any other shareholder be allowed to participate in such public offering.

NeuroSigma shall have no rights under Section IX of the SPA to assign any repurchase or first refusal rights with respect to Shares transferred to the Trustees as those rights are enjoined against enforcement by NeuroSigma, or its successor, against the Trustees or the Shares of the Trustees.

SHARES TO UCLA

During these proceedings NeuroSigma repeatedly raised issues regarding rights of UCLA (formally the Regents of the University of California) to whatever benefits Dr. De Salles is entitled to under the Agreement. During these proceedings UCLA commenced an action against Dr. De Salles, and declined to join its claims into this proceeding. Ultimately, settlements were reached by UCLA separately with both NeuroSigma and the De Salles Parties. Under the settlement with the De Salles Parties, UCLA is entitled to receive Twenty percent (20%) of the Shares to which the Trustees are entitled under the Agreement. The Trustees seek an order from this Panel implementing the terms of their settlement agreement with UCLA. Accordingly, shares representing Twenty percent (20%) of the Shares to which The Trustees are entitled shall be transferred directly to UCLA.[12] NeuroSigma is estopped from asserting any rights to object to the transfer of such Shares to UCLA, as such Shares carry with them the same rights as those transferred to the Trustees pursuant to this Partial Final Award, which include, among other rights, prohibition of Repurchase and Rights of First Refusal by NeuroSigma and it successors.

[12] See Exhibit 1563, Settlement agreement between De Salles and UCLA.

MISAPPROPRIATION OF TRADE SECRETS

NeuroSigma asserts claims that Dr. De Salles and Dr. Gorgulho misappropriated its trade secrets. In particular, NeuroSigma claims that the De Salles Parties used NeuroSigma's confidential proprietary information in connection with their application for and implementation of the human test studies in Brazil. It contends that its trade secrets were used improperly in connection with both sets of studies, DBS and TNS.

NeuroSigma also claims that at least one of the studies is being improperly conducted and may impede NeuroSigma's ultimate success in obtaining FDA approval for TNS. The evidence, however, utterly fails to support such claims.

NeuroSigma is correct in claiming that the applications for approval of the Brazilian test studies included significant information developed by NeuroSigma and provided by its scientists. Portions of the applications were based on work developed by key NeuroSigma scientists.

The De Salles Parties dispute that the information important to the applications was confidential. Regardless of the outcome of the confidentiality issues, the fatal flaw in NeuroSigma's claim is that all such information and assistance was provided with NeuroSigma's knowledge and consent. Such information was provided by NeuroSigma specifically for the purpose of supporting the De Salles Parties' application for approval of human studies. NeuroSigma was enthusiastic about the De Salles' efforts to obtain approval for the studies. NeuroSigma took no steps to preserve any confidentiality of its information. The absence of efforts to preserve confidentiality is in marked contrast to NeuroSigma's actions in other circumstances and with other parties. It used non-disclosure agreements to protect its IP and entered into such agreements with others. Indeed, NeuroSigma's claim to have been assigned rights to some of Dr. De Salles' IP is based on one sentence in a non-disclosure agreement signed by Dr. De Salles.

NeuroSigma claims that the De Salles Parties "ran away with the car" of the Brazilian studies. The evidence, however, is to the contrary. NeuroSigma, a sophisticated entity, took no actions to establish a legal relationship with HCor, the Brazilian hospital and medical center that hosted and sponsored the studies. Without formal legal relationships there is no clear delineation of the rights and obligations of the Parties. Such inaction was also in marked contrast with NeuroSigma's careful establishment of legal relationships with UCLA.

NeuroSigma blames Dr. De Salles for the failure to establish such a relationship. It points to the circumstances around the issuance of a press release regarding approval of the human study.

NeuroSigma wanted a press release that recognized both it and HCOR, but was told by Dr. De Salles that was not possible at that time because the CEO of HCor did not yet know of NeuroSigma's involvement, and indeed had not heard of NeuroSigma. This information was an unpleasant surprise to NeuroSigma since it had been in communication with responsible HCor personnel, and had hosted a number of them in Santa Monica. The major point is that this was a clear signal to NeuroSigma that it needed to gets its legal relationship firmly established. At that time NeuroSigma contemplated making contributions to the studies worth hundreds of thousands of dollars. Clearly it would need to have not merely press release recognition but a formal written agreement describing its rights and obligations before it made such contributions. The responsibility to establish the legal relationship was NeuroSigma's, not Dr. De Salles'. NeuroSigma had internal and external legal counsel. De Salles had not been involved in any of NeuroSigma legal affairs, and was not asked to do so regarding HCor or the Brazilian trials. Finally on this issue, when De Salles indicated to NeuroSigma that the time had become ripe for the issuance of a press release acknowledging NeuroSigma's role, NeuroSigma did nothing to cause such a release to be issued.

Consequently, NeuroSigma simply has no claim that the information it provided freely and without restriction was used by the persons and entities to whom it was provided without NeuroSigma's consent.

But the defects in NeuroSigma's claims do not end at this point. Although NeuroSigma claims De Salles "ran away with the car," NeuroSigma never made any commitment to HCor or any other person or entity to make any contribution to the studies. There were internal communications within NeuroSigma regarding a budget reflecting substantial contributions of equipment and professional services, but NeuroSigma never engaged in discussions with HCor about what each party would bring to the table. Once again, NeuroSigma blames De Salles, but the responsibility for such matters was not De Salles' but NeuroSigma's business and legal affairs executives.

Moreover, NeuroSigma ultimately withdrew its support of the test studies. In writing,[13] NeuroSigma stated it would not supply the equipment needed for the studies, and explicitly encouraged the De Salles Parties to work with certain NeuroSigma competitors to obtain appropriate equipment. Ultimately, NeuroSigma relinquished its patents rights to the DBS intellectual property that it licensed from UCLA.

[13] See Exhibits 28 and 29.

NeuroSigma cannot abandon its commitment to the studies, encourage the De Salles Parties to work with other entities, and then claim that they "ran away with the car."

Finally in the chronology, NeuroSigma now claims that the studies are being managed in a manner that might ultimately lead to bad results for some participants, and thereby impede NeuroSigma's own efforts, at a later date. After NeuroSigma walked away from the studies, it simply cannot complain of the manner in which they are being conducted.

In summary, the Panel find that the De Salles Parties prevail on these claims by NeuroSigma.

INJUNCTION

NeuroSigma also seeks an injunction against the De Salles Parties proceeding with the Brazilian tests using any of its trade secrets or intellectual property. For the reasons discussed above, this request must be and is denied.

PUNITIVE DAMAGES

The De Salles Parties seek punitive damages from NeuroSigma. They argue that the conduct of NeuroSigma was malicious, fraudulent, and oppressive. The De Salles Parties have introduced evidence that NeuroSigma understood the De Salles family to be vulnerable, in a weak financial position, at the time they moved to Brazil, and likely thereafter. They contend NeuroSigma essentially unlawfully took their valuable stock interests in the Company for virtually no compensation to the rightful owners. If the NeuroSigma scheme had worked, the two members of the Board who caused the taking would have been substantially and unjustly enriched. The foregoing considerations have merit and moving force and indicate the Board's actions were motivated by greed.

The circumstances of the case invite speculation that the claim and litigation were instituted for an improper purpose, such as forcing the other party to agree to an unfair settlement.

The Panel unanimously concludes that NeuroSigma's legal position is without merit. The Panel finds that NeuroSigma's claims border on the frivolous and its behavior vexed, annoyed and injured the De Salles Parties in callous disregard for their rights. Such behavior would justify an award of punitive damages.

However, the claim for punitive damages against the corporation must be denied. The claim of the De Salles Parties is, at bottom, a contract claim. NeuroSigma contends it had the right, under certain language in the contract, to permit the Company to repurchase the Shares. More particularly, this litigation commenced with a claim by NeuroSigma for declaratory relief that its interpretation of the contract, and its actions pursuant to its interpretation were accurate and appropriate. It sought a declaration that it had the legal right under the contract to repurchase the Shares issued for the consideration it offered.

There is no authoritative case law cited for the proposition that a party to a contract who asserts and litigates an unmeritorious claim under a contract may be liable for punitive damages.

The recourse available to a party who believes litigation was instituted or maintained for an improper purpose is an action for malicious prosecution following the successful termination of the underlying litigation. Such a claim is not before us.

ATTORNEYS' FEES

The De Salles Parties also seek attorneys' fees and costs. Clearly, the De Salles Parties are the prevailing Parties.

The initial questions are whether attorneys' fees are recoverable in this action, and, if so, whether the scope of claims for which such fees may be recovered is limited to certain causes of action.

Under the American Rule, attorneys' fees are not generally recoverable by a prevailing party except when authorized by agreement or statute. In this action, the De Salles Parties base their claim for such fees under the rules of the American Arbitration Association ("AAA"). The AAA is designated in the Agreement as the body under which any disagreement between the Parties is to be arbitrated. Accordingly, the AAA rules are agreed to by both Parties, and govern the proceeding.

Under the AAA rules, attorneys' fees are recoverable when both sides to the dispute have requested such fees. AAA Rule R-43(d)(ii) states:

"(d) Scope of Award

The award of arbitrator(s) may include:

ii. an award of attorney's fees if all parties have requested such an award or it is authorized by law or their arbitration agreement."

Both Parties, from the inception of this case, requested attorneys' fees. NeuroSigma's original Demand Form dated August 19, 2013 included attorneys' fees and arbitration costs as "Other Relief Sought" as did the De Salles' Submission to Dispute Resolution Form dated August 30, 2013.

The history of this action is unusual. It commenced with a Demand filed by NeuroSigma which contained a request for such fees. The Demand primarily sought declaratory relief upholding the validity of its purported repurchase of the Shares issued to De Salles. At this procedural point the case was assigned to a single arbitrator. The fee issue was also raised by the De Salles Parties in their responding documents which sought declaratory relief in favor of De Salles and his trust, and also asserted alternatively other claims against NeuroSigma.

De Salles' pleading did request attorneys' fees to the extent permitted by the Parties' Agreement and the law. In an unusual step, NeuroSigma filed a First Amended Demand asserting nine claims, damages of $2 Million, and seeking punitive damages as a response to De Salles' counterclaim to invalidate NeuroSigma's "purported repurchase and cancellation of 2.5million shares of stock…" In this pleading, NeuroSigma, for the first time, asserted a claim for monetary damages, and also sought attorneys' fees on its statutory claims for misappropriation of trade secrets. The prayer for relief on page 24 of the First Amended Demand requests "reasonable attorneys' fees". Fees are specifically alleged on claims for trade secrets and misappropriation. At this procedural point, NeuroSigma also demanded that the dispute be resolved by a panel of three arbitrators instead of a single arbitrator. Finally in this chronology, after the conclusion of the evidentiary hearing, NeuroSigma withdrew its claim for attorneys' fees in its closing brief and urged that attorneys' fees be recoverable only in connection with the claims of misappropriation of trade secrets.

From this chronology it is clear that attorneys' fees are recoverable by the prevailing party. Both Parties requested attorneys' fees. Once both Parties have become exposed to potential liability for attorneys' fees, neither party can insulate itself from such liability by unilaterally withdrawing its claims at the penultimate stage of the proceedings.

NeuroSigma argues that the scope of recoverable fees should be limited solely to fees incurred in connection with NeuroSigma's statutory misappropriation of trade secrets claims. Neither party has cited any case or statutory authority on this issue. Indeed, one would expect no controlling legal authority would likely be found. The issue then is for the Panel to decide.

Several factors weigh against such a limited application of the AAA rule. First and foremost, the facts of this case do not justify such a limited application.

It is all too common that the expenses of litigation are comparable to the amounts at issue on the merits of the litigation, if not substantially in excess of that amount. Moreover, the burden of such fees and expenses may be far greater on one side than on the other. This case represents an extreme example of this situation. An expansive reading of the AAA rule is entirely appropriate.

Beginning at the time NeuroSigma made its request for attorneys' fees it also commenced a course of conduct that greatly increased the expense and burden of this litigation. NeuroSigma demanded the establishment of a panel of three arbitrators based not on its original demand, but on its claims filed in response to the De Salles claims. It included a demand for recovery of damages in excess of one million dollars as the basis of its demand for an expanded panel. However, NeuroSigma not only did not prevail on any such claim, it never substantiated any claim for monetary damages. NeuroSigma's conduct of extensive discovery and repeatedly raising tangential issues fit the pattern of oppressive conduct of the litigation. Moreover, this case is precisely one in which NeuroSigma had the benefit of participation by its insurance carrier, while the De Salles family bore the financial burden alone. To add insult to injury, NeuroSigma twice delayed and disrupted the proceedings because its insurance carrier was dissatisfied with NeuroSigma's prior counsel.

In this case in particular, fairness considerations strongly support the recovery of fees as provided by the Rule. NeuroSigma knew of financial hardship by Dr. De Salles at or about the time it instigated the litigation. It sought to use this leverage to make the cost of litigation unduly burdensome.

NeuroSigma also makes specific challenges to some of the fees claimed, such as fees involved in federal court litigation between NeuroSigma and Dr. Gorgulho, and litigation between UCLA and the De Salles Parties. The Panel agrees with the De Salles Parties that all such fees were incurred in response to NeuroSigma's aggressive litigation arising out of this dispute.

NeuroSigma also complains of imperfections in some details of the Trustees' attorneys' explanation of their bills. Such issues, however, are minor in context.

The amounts sought by the De Salles Parties appear to be less than the amount claimed to be past due to O'Melveny and Myers at the time of its exit from the case and is due in part to the ten (10) days required for hearing of the numerous claims asserted by NeuroSigma. As discussed in this Partial Final Award, there is little evidentiary basis for any of the claims.

In the big picture, in the experienced judgment of the Panel, the fees sought by the De Salles Parties are fair and reasonable. The fees are reasonably and necessarily incurred to defend the Trustees against the unmeritorious claims of NeuroSigma. The De Salles Parties are entitled to recover the full amount of their attorneys' fees, $1,801,698.00

COSTS

For the foregoing reasons, the De Salles Parties are also entitled to recover their costs. The De Salles Parties are entitled to recover costs in the amount of $37,094.61 which are exclusive of fees paid to AAA.

The De Salles Parties are also entitled to be reimbursed by NeuroSigma for all amounts paid by the De Salles Parties to AAA.

SANCTIONS

The De Salles Parties also seek sanctions against NeuroSigma for certain acts which they contend were improper and unreasonably caused the De Salles Parties to incur attorneys' fees and costs. In particular, the De Salles Parties cite the conduct of NeuroSigma regarding the deposition of Lodwrick Cook, and the delay and difficulty in obtaining documents from NeuroSigma's accountants, Ernst & Young.

The Trustees rely upon AAA Rules as granting authority to the Panel to impose sanctions damages as a remedy for improper litigation conduct.

It would be just to award sanctions under the circumstances of this case. The Panel does not see punitive damages as within the scope of the Stock Purchase Agreement or the arbitration provision of this Agreement.

The Panel agrees with the De Salles Parties that the conduct of NeuroSigma and its counsel throughout the litigation was unreasonably burdensome and oppressive, and appeared to be designed to exploit NeuroSigma's apparent financial advantage over the De Salles Parties. For these reasons the Panel has awarded the De Salles Parties full recovery of its attorneys' fees and costs.

The Panel does not find that NeuroSigma's conduct vis-a-vis the Ernst & Young discovery to be markedly dissimilar to its conduct in general.

Mr. Lodwrick Cook's deposition delay, however, does stand out. Dr. Cook, while not a party, is the major shareholder of NeuroSigma, and one of its two board members. Dr. Cook stands

to gain financially more than anyone else from NeuroSigma's purported repurchase of Dr. De Salles' Shares. He is one of the two people who participated in the decision to attempt to repurchase Dr. De Salles' shares for far less than the value of the shares. He was clearly one of the key actors and key witnesses in this matter. While it is true he suffers from certain medical conditions, he leads a very active professional life. He did not display any medical difficulty in giving testimony in deposition or at trial, with the minor accommodation of more frequent breaks. He undertakes business and personal commitments. Moreover, he cancelled some of the scheduled dates not for health reasons, but to attend to business or personal matters.

At the end of the day, however, the De Salles Parties are entitled to recover nothing more than the attorneys' fees and costs caused by this conduct. Inasmuch as the De Salles Parties are receiving recovery of all such fees, they are not entitled to any additional recovery by way of sanctions.

Accordingly, the following relief is hereby ordered:

1. NeuroSigma is ordered to forthwith reinstate, as of April 4, 2013, all Shares held in the name of Antonio A. F. De Salles, and Alessandra Gorgulho as Trustees for the De Salles Children's Trust, Dated April 10, 2008 as shareholders with all rights and benefits.
2. NeuroSigma shall forthwith pay and deliver to Antonio A. F. De Salles, and Alessandra Gorgulho as Trustees for the De Salles Children's Trust, Dated April 10, 2008, through their attorney Glenn Turner, Esq., any and all benefits derived from ownership of such Shares, including but not limited to, all dividends paid, stock splits made and all other benefits the Trust would have had a right to receive had such Shares been continuously owned by the Trust since April 4, 2013, including, that which other shareholders received by virtue of such stock ownership to which the Trust was deprived by virtue of the wrongful repurchase, and is now required in order to make the Trust whole as a result of NeuroSigma's wrongful repurchase of such Shares. Any and all applicable monetary amounts due to the Trust arising out of the relief described in this paragraph #2, shall bear interest at the rate of ten percent (10%) per annum from the record date of distribution, until paid in full.
3. NeuroSigma is ordered to issue new Share certificates of duly authorized, validly issued, fully paid and non-assessable stock certificates representing 985,415 shares of NeuroSigma common stock (the "Shares") of which Eighty percent (80%) of the Shares shall be issued in the name of Antonio A. F. De Salles, and Alessandra Gorgulho as

Trustees for the De Salles Children's Trust, Dated April 10, 2008 and Twenty percent (20%) in the name of the Regents of the University of California. The stock certificates shall be delivered to counsel for the Trustees, Mr. Glenn E. Turner, Esq. within twelve business (12) days from the date of this Partial Final Award.

4. With respect to all Shares issued pursuant to paragraph #3 above, NeuroSigma and any successor, is prohibited and enjoined from enforcing its Repurchase Rights under Section V of the SPA, and Right of First Refusal under Section VI of the SPA.
5. The Trustees' Shares shall be subject to compliance with Section 2.2(a) of the SPA regarding notice of transfer of its shares and the terms and conditions of the transfer of Shares. NeuroSigma or its successor is enjoined from enforcing any other parts of Section 2.2(b), (c), and (d) against the Trustees or against the Shares transferred to them pursuant to this Partial Final Award, and
6. NeuroSigma shall comply with the requirement of Section 2.3(a) requiring a restrictive legend on the stock to comply with Federal Securities Law but is enjoined from enforcement of Section 2.3(b) and Section 2.3(c) and "the restrictions against transfer set forth in 4.1 and 4.2 as against the Trustees and their transferees' Shares, and
7. Trustees or their successors in interest, are required to comply with Section 4.4 Market Stand-Off Provisions which does not permit transfer or sale of shares when a registration statement for underwriting of a public offering is in effect, provided Trustees and their successors in interest have the right to participate, pro rata, should any other shareholder be allowed to participate in such public offering, and
8. NeuroSigma shall have no rights under Section IX of the SPA to assign any repurchase or first refusal rights with respect to the Shares transferred to the Trustees as those rights are enjoined against enforcement by NeuroSigma or its successors against the Trustees or the Shares of the trustees.
9. NeuroSigma is ordered to allow Antonio A. F. De Salles and Alessandra Gorgulho and their attorney or attorneys, including Glenn Turner, Esq., access to the books and records of NeuroSigma and all other applicable records reasonably requested by the Trustees or their successors in interest, from time to time, for review, inspection and copying, within twenty (20) (business) days of the date of this Partial Final Award and thereafter, at all other reasonable times, requested by counsel for the Trustees and as are generally required or afforded any other shareholder of NeuroSigma, including but not limited to

NeuroSigma's stock ledger, common stock transfer ledger, and other documents, reports or compilation reasonably requested by the Trustees' counsel.

10. The Trustees are awarded reimbursement of their attorneys' fees arising out of and relating to this matter. NeuroSigma shall pay to the Trustees the sum of One Million, Eight Hundred One Thousand Six Hundred Ninety-Eight Dollars and Zero Cents ($1,801,698.00) plus interest at the rate of ten percent (10%) per annum, thereon from the date of this Partial Final Award until paid in full.

11. The Trustees are awarded reimbursement of their costs arising out of and relating to this matter. Therefore, NeuroSigma shall pay to the Trustees the additional sum of Thirty Seven Thousand Ninety Four Dollars and Sixty-One Cents ($37, 094.61) plus interest at the rate of ten percent (10%) per annum thereon from the date of this Final Partial Award, until paid in full.

12. In addition, all administrative fees of the American Arbitration Association ("AAA") totaling $16,490.00 and all compensation of the Arbitrators totaling $376,165.74 shall be paid by NeuroSigma Therefore, NeuroSigma shall pay to the Trustees the additional sum of $164,959.97, plus interest at the rate of ten percent (10%) per annum thereon from the date of this Partial Final Award, until paid in full, representing the fees and expenses previously incurred by the Trustees.

13. All claims of NeuroSigma are denied.

14. This Partial Final Arbitration Award resolves all claims and counterclaims submitted in this arbitration, except those arising out of the implementation of the Award as it relates to the issuance of Shares without restrictions, and conduct, rights and remedies of the Parties associated thereto. We reserve jurisdiction to resolve any disputes regarding the transfer of the Shares without the restrictions enumerated in our award in the section on equitable relief.

15. The Panel shall retain jurisdiction of this matter for Sixty (60) days from the date of this Partial Final Award, or until completion of the issuance the Shares and implementation of the other remedies set in this Partial Final Award. Upon the expiration of such Sixty (60) day, this Partial Final Award shall become the Final Award unless the Panel determines additional remedies or orders are necessary to fully resolve this matter.

This Partial Final Award may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

DATED: Dec 28, 2015

By: Mary S. Jones
Mary S. Jones, Esq.
Arbitrator and Panel Chair

DATED: Dec. 28, 2015

By: Alice D. Sullivan
Hon. Alice D. Sullivan (Ret.)
Arbitrator

DATED: _____

By: _____
Hon. Eli Chernow (Ret.)
Arbitrator

This Partial Final Award may be executed in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

DATED: _____ By: _____
Mary S. Jones, Esq.
Arbitrator and Panel Chair

DATED: _____ By: _____
Hon. Alice D. Sullivan (Ret.)
Arbitrator

DATED: Dec. 29, 2015 By: Eli Chernow
Hon. Eli Chernow (Ret.)
Arbitrator

State of _____ } ss:

County of _____

I, Mary Jones, do hereby affirm upon my oath as Arbitrator that I am the individual described in and who executed this instrument, which is my Final Award of Arbitrators.

_____ _____

Date Mary Jones, Esq., Chair

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness accuracy or validity of that document.

ACKNOWLEDGMENT

State of California
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared Mary Jones, Chair, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signatures on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of _____ }
} SS:
County of _____ }

I, Hon. Eli Chernow (Ret.), do hereby affirm upon my oath as Arbitrator that I am the individual described in and who executed this instrument, which is my Final Award of Arbitrators.

_____ _____
Date Hon. Eli Chernow (Ret.), Arbitrator

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness accuracy or validity of that document.

ACKNOWLEDGMENT

State of California
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared Hon. Eli Chernow (Ret.), Arbitrator, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

State of _____ }SS:

County of _____ }

I, Hon. Alice D. Sullivan (Ret.), do hereby affirm upon my oath as Arbitrator that I am the individual described in and who executed this instrument, which is my Final Award of Arbitrators, to which I am dissenting in part.

_____ _____

Date Hon. Alice D. Sullivan (Ret.), Arbitrator

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached and not the truthfulness accuracy or validity of that document.

ACKNOWLEDGMENT

State of California
County of _____)

On _____ before me, _____
(insert name and title of the officer)

personally appeared Hon. Alice D. Sullivan (Ret.), Arbitrator, who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____ (Seal)

Amounts Owed by NeuroSigma per Arbitration Award
(Chart as of September 22, 2017)

Jdgt. ¶[1]	Source for Item	Principal Amount	Interest[2]	Days/ year	Daily Accrual	Start Date[3]	End Date[4]	Days[5]	Total Cash Owed
10	**Daily sanctions for failure to provide access to documents** [Final Award 2/26/16 ("FA"), p. 10, ¶ 10). See Exhibit "1", attached.]				$ 2,000.00	× March 25, 2016	~ July 8, 2016	105	= $ 210,000.00
10	**Prejudgment interest on above**	$ 210,000.00	× 7%	÷ 365	= $ 40.27	× July 8, 2016	~ September 22, 2017	441	= $ 17,759.07
11	**Interest for failure to transfer shares or obtain corporate surety bond** (FA p. 10, ¶ 11)	$ 20,900,652.00	× 7%	÷ 365	= $ 4,008.34	× April 12, 2016	~ February 24, 2017	318	= $ 1,274,652.12
11	**Prejudgment interest on above**	$ 1,274,652.12	× 7%	÷ 365	= $ 244.45	× February 24, 2017	~ September 22, 2017	210	= $ 51,334.50
13	**Attorneys' Fees incurred through 12/29/2015** [Partial Final Award 10/29/15 ("PFA"), p. 24, ¶ 10. See Exhibit "1," Exhibit A, attached.]	$ 1,801,698.00							$ 1,801,698.00
13	**Accrued interest on above Attorneys' Fees** (PFA p. 24, ¶ 10)	$ 1,801,698.00	× 10%	÷ 365	= $ 493.62	× December 29, 2015	~ September 22, 2017	633	= $ 312,461.46
13	**Attorneys' Fees (incurred 12/30/2015 - 2/26/2016)** (FA, p. 11, ¶ 13)	$ 37,590.00							$ 37,590.00
13	**Accrued interest on above Attorneys' Fees** (FA p. 11, ¶ 13)	$ 37,590.00	× 10%	÷ 365	= $ 10.30	× February 26, 2016	~ September 22, 2017	574	= $ 5,912.20
14	**AAA Costs** (PFA p. 24, ¶ 12)	$ 164,959.97							$ 164,959.97
14	**Accrued interest on AAA Costs** (PFA p. 24, ¶ 12)	$ 164,959.97	× 10%	÷ 365	= $ 45.19	× December 29, 2015	~ September 22, 2017	633	= $ 28,605.27
14	**AAA Costs (incurred 12/30/2015 - 2/26/2016)** (FA p. 11, ¶ 14)	$ 14,012.50							$ 14,012.50
14	**Accrued interest on AAA Costs** (FA p. 11, ¶ 14)	$ 14,012.50	× 10%	÷ 365	= $ 3.84	× February 26, 2016	~ September 22, 2017	574	= $ 2,204.16
15	**Costs Awarded (Non-AAA)** (PFA p. 24, ¶ 11)	$ 37,094.61							$ 37,094.61
15	**Interest on Costs Awarded (Non-AAA)** (PFA p. 24, ¶ 11)	$ 37,094.61	× 10%	÷ 365	= $ 10.16	× December 29, 2015	~ September 22, 2017	633	= $ 6,431.28

TOTAL ATTORNEYS' FEES, COSTS, SANCTIONS AND INTEREST: $ 3,964,715.14

[1]Judgment Paragraph Number [2]Applicable Annual Interest Rate [3]Start Date of Accrual [4]End Date of Accrual [5]Number of Days Elapsed

Exhibit 2

EXHIBIT 2 Bateman