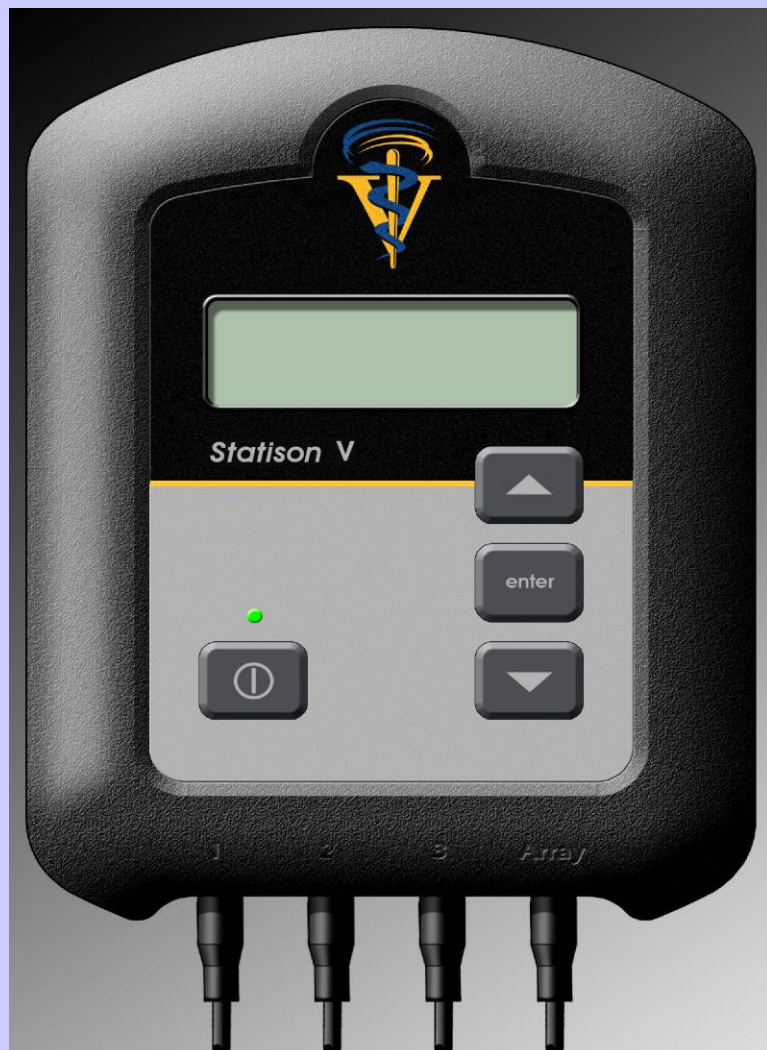


STATISON
M E D I C A L

Advancing the standard of care™



Statison V Operations Manual



Statison V

Statison V is a veterinary medical device which has not yet been FDA approved for human use.

This device is for veterinary use only.

Introduction:

Your veterinarian has prescribed the use of Statison Medical's therapeutic ultrasound device, the **Statison V**. This device employs low-intensity ultrasonic pulses which have been clinically proven to heal fractures 38% faster, heal delayed union and nonunion fractures more than 86% of the time, as well as dramatically accelerate and improve the healing of diverse injuries to tendons, ligaments, cartilage and nerves. These low-intensity ultrasonic pulses have also been shown to stimulate the maturation and differentiation of stem cells*.

Questions regarding your animal's injury and the progression of healing should be directed to your veterinarian.

Please contact Statison Medical regarding any questions or problems with the use or operation of your **Statison V** device that cannot be resolved after consulting this manual. You may contact Statison Medical at:

(800) 806-8756

techsupport@statison.com

or by mail at: 1843 Stone House Rd.
Arcadia, CA 91006

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*See references

Please be sure to read this entire manual before using the Statison V device.

Any use of this device other than for the veterinary condition for which it was prescribed invalidates our warranty and discharges Statison Medical from all liability.

Indications For Use:

The **Statison V** is indicated for the non-invasive treatment of fresh as well as delayed union and nonunion fractures and injuries to tendon, ligament, cartilage, muscle and other soft tissues. Low-intensity pulsed ultrasound (LIPUS) has been clinically proven to accelerate and improve healing in a wide variety of tissue types with diverse injuries*. Use of the **Statison V** with stem cell therapy may result in improved healing by stimulating the maturation and differentiation of the implanted stem cells*.

Traditional medical and/or surgical therapy of fractures and injuries to soft tissue structures should always precede the use of this device. Stability of the injury site via surgical intervention, casting (hard or soft), and bandaging is required to achieve the best results of **Statison V** therapy. LIPUS has been demonstrated to be safe and effective in the presence of surgical implants (screws) and fracture stability is always indicated prior to the use of this device.

Contraindications And Warnings:

There are no established contraindications to the use of this device or LIPUS in general.

The use of this device, as well as all ultrasonic devices, in the area of the skull and vertebra, as well as the reproductive organs should be avoided.

Warnings:

The safety and effectiveness of this device and LIPUS in general have not been established in the following conditions:

- Use on fractures of the vertebra and skull
- Use on or near the growth plates of skeletally immature animals
- Use on the reproductive organs

* See references

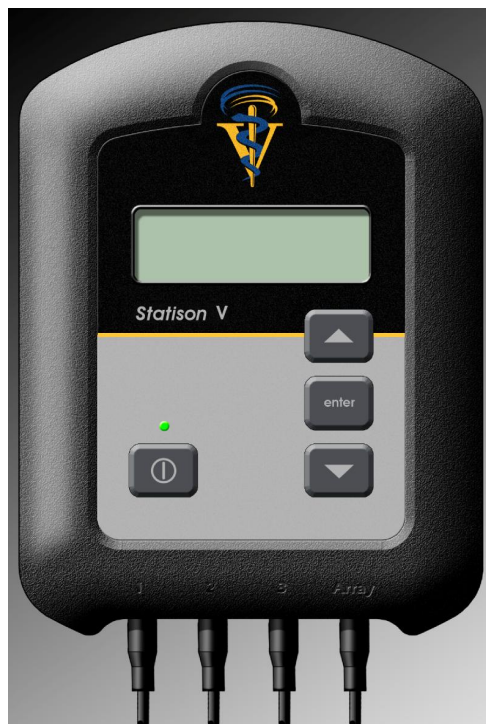
As with all electrical devices, cell phones and other emitting sources such as radios, x-ray machines, etc. may cause interference with the proper operation of the **Statison V** device. Please avoid using cell phones, radios, x-ray machines, etc. in close proximity of this device while it is operating.

Recent research has demonstrated a dose-dependant response of injuries to LIPUS. For this reason, the **Statison V** comes with a pre-set default treatment time of 40 minutes. This treatment time has been established by our clinical trials as well as in peer-reviewed, scientific papers. This 40 minute default treatment time is twice the 20 minute treatment time which has repeatedly proven LIPUS to be effective in accelerating fracture and soft tissue healing.

Statison Medical recommends the use of our **Statison V** for one (1), forty (40) minute treatment daily for a minimum of sixty days (60). Treatment for more than 40 minutes and/or more than once per day should be perfectly safe and may improve effectiveness - although these extended treatment times and use session combinations have not yet been clinically proven.

Medications adversely effecting bone and cartilage metabolism such as steroid and non-steroidal anti-inflammatories, calcium channel blockers, diphosphonate therapy, etc. may have a negative influence on the effectiveness of this device. Treatment with such medications should be under the guidance of your attending veterinarian and must be considered prior to the use of the **Statison V**.

Human and animal studies to date do not suggest any long-term adverse effects from the use of LIPUS or devices employing such waveforms.



Statison V Description:

The **Statison V** device is a non-invasive therapy to accelerate and improve the healing of fresh, delayed union and nonunion fractures, as well as tendon, ligament, cartilage, muscle and other soft tissue injuries. The **Statison V** may also accelerate and improve the healing of tissues treated with stem cell therapy by stimulating the maturation and differentiation of the stem cells.

The **Statison V** is the world's first and only veterinary therapeutic ultrasound device that is applied to the patient in a stationary fashion. This stationary application allows the device to be applied by the owner/caregiver of the animal rather than requiring the service of a skilled technician or veterinarian. You administer the **Statison V** therapy once daily for 40 minutes, or as prescribed by your veterinarian, until your veterinarian determines that the injury being treated has healed sufficiently to discontinue the therapy. Statison Medical suggests a **minimum treatment period of 60 days -- once daily treatments of 40 minutes** each during this period should produce a significant acceleration and improvement of healing. Fracture instability will necessitate a longer treatment period.

This device transmits a low-intensity pulsed ultrasound signal to the site of injury through coupling gel. The **Statison V** is the only therapeutic ultrasound device in the world to utilize **variable wave technology***. This unique energy delivery system allows us to utilize multiple waveforms (multi-variant waveforms*) to stimulate the healing processes. Scientific studies have demonstrated that different ultrasonic waveforms are capable of accelerating and improving the healing of injuries to a wide variety of tissues such as bone, tendon, ligament, cartilage, muscle, etc. It has also been demonstrated that injuries respond differently to different waveforms based upon tissue type and how old (chronic) the injury is. Rather than utilize just one of the ultrasonic waveforms that science has proven to be effective at accelerating and improving healing, our **variable wave technology** enables the **Statison V** to utilize numerous healing waveforms during each therapeutic session with the touch of a single button.

Ultrasound waves are high frequency sonic pressure waves. Conventional therapeutic ultrasound waves are powerful enough to cause tissue heating. This occurs as energy from the ultrasonic wave is transferred to the tissue being treated. These thermally inductive (heating) waveforms have intensities in the 1,000 – 3,000 mW per square centimeter range and are most often utilized in a continuous fashion. The **Statison V** cycles through pre-programmed waveforms that vary in a number of characteristics. All of the waveforms utilized are of a pulsed nature and have intensities in the 30 – 80 mW per square centimeter range. This intensity (power) range is comparable to that used in diagnostic ultrasound and is approximately 1% to 8% of the intensities used in conventional therapeutic ultrasound devices. Due to the low intensity of the ultrasound utilized and its delivery in a pulsed fashion, our animal patients feel little or no sensation during therapy. The intensities utilized will **not** cause any significant tissue heating during therapy allowing for the unique stationary application of our ultrasonic device.

How it Works:

The Statison V causes no sensation or tissue heating during use. There is no analgesia following treatment with the Statison V.

Active research continues to elucidate the mechanisms by which LIPUS has such a dramatic effect upon the rate and quality of healing. Currently it is believed that stable cavitation and micro-streaming cause the up-regulation of numerous cellular processes. By increasing cell and nuclear membrane pore formation, as well as increasing cytoplasmic streaming, mRNA production and protein synthesis are enhanced. A distinct increase in growth factor concentrations has also been documented in tissues undergoing LIPUS treatment. These cellular and environmental changes lead to angiogenesis and neovascularization. A reverse piezoelectric effect has also been documented during micro-movement of the fracture edges. The electrical currents generated signal for the influx of inflammatory and other cells necessary for healing. All of this results in an improvement in the quality and acceleration in the rate of healing.

Technical Specifications:

- | | |
|------------------------------------|------------------------------------|
| • Ultrasound Frequency | 1.5 megahertz (MHz) |
| • Modulated signal pulse width | Variable: 100 usec - 2 msec |
| • Repetition rate | Variable: 166 - 1,000 Hz |
| • Effective radiating area | 3.88 square cm |
| • Temporal average power | Variable 117 - 310 milliwatts (mW) |
| • Peak power | 1.52 Watts |
| • Spatial Avg.-Temporal Avg. power | Variable 30 - 80 mW per square cm |
| • Average SATA power | 44 mW per square cm |
| • Beam non-uniformity ratio (BNR) | 4.0 maximum |

Traditional therapeutic ultrasound machines deliver only one fixed and non-varying waveform during any treatment session. The waveform characteristics can often be varied by the operator, but once the device is in operation, the single waveform entered by the operator is delivered until the treatment is completed. The **Statison V** employs **variable wave technology*** which creates our **multi-variant waveform*** output. This variability of waveform intensity and pulse characteristics allows the **Statison V** to deliver a wide variety of ultrasonic waveforms that scientific studies have proven accelerate and improve healing.

*Patent Pending



Statson V System Components:

The **Statson V** device is composed of a **main control unit** with connection sites for up to three single transducers and one 5-transducer array. The single transducers may be employed with only one transducer or up to all three being connected and utilized at the same time (to treat multiple areas simultaneously). You may **NOT** operate the array at the same time as the single transducers. Please choose to operate **EITHER** the array or 1-3 of the single transducers. **DO NOT** connect both the array and any of the single transducers to the main control unit at the same time. An error message will be displayed if both types of transducers are connected at the same time and the device will not operate.

The connections for the single transducers are different from the connection on the array.

The cables used to connect the single transducers to the main control unit will **NOT** work with the array. Please be sure to use the proper cable for the transducer type you are connecting. The cables used to connect the single transducers to the main control unit will have three (3) holes in the connecting end. In comparison, the array connecting cable will have six (6) holes in its connecting end.

Included with the main control unit are three (3) **single transducers with connecting cables**, one **5-transducer array with connecting cable**, wraps to apply the single transducers, one **surcingle**, one protective **satchel** used to hang the main control unit from the surcingle or stall wall during therapy, one **battery charger**, and **two (2) Statison gel bottles** containing high viscosity coupling gel. The entire system comes in a hard case and includes a soft case for easier transport. **Plastic transducer mounts** are also included to be utilized with the single transducers and their attaching wraps.

These mounts are employed to better ensure continuous positive contact of the transducer with the patient's injury site.

The **main control unit** is powered by a rechargeable NiMH battery pack. When first received from the factory, the battery pack will contain a partial charge. **The battery should be fully discharged prior to re-charging.** While operating properly, the main control unit will have a **green light** over the power button and the display will show the **waveform group** currently being delivered.



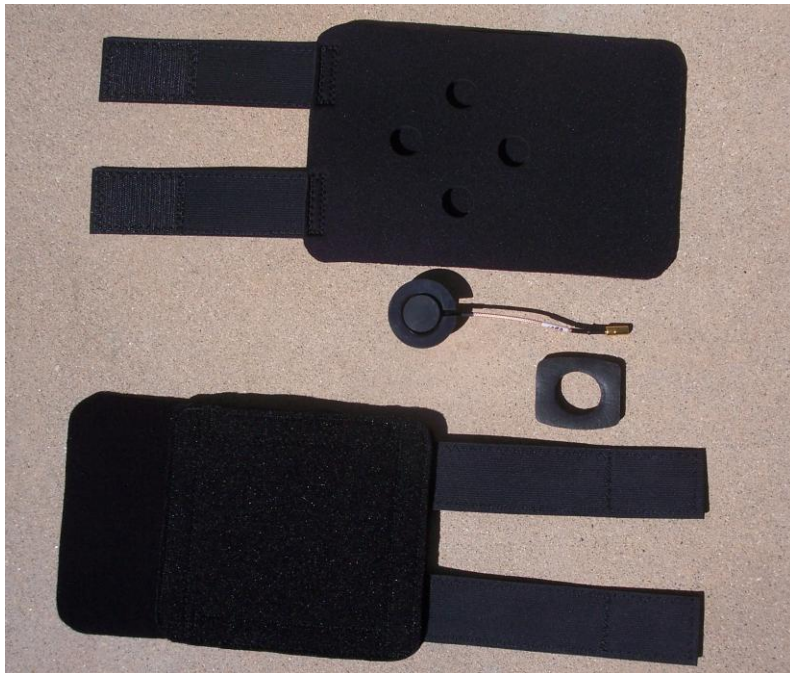
Any disruption in proper operation will result in the device operating light changing from a green to **red light** and an **error message** will be displayed detailing the problem.



Error Messages such as low battery, no transducer connected, etc. will be displayed when any such malfunction is detected. A list of error messages is included in Appendix 1.

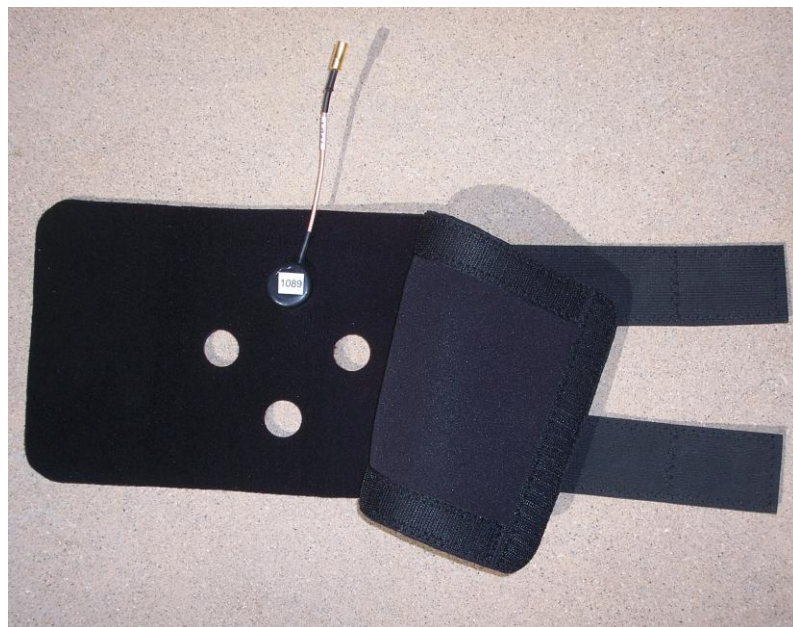
PLEASE NOTE: The device **MUST** be attached to the patient with ample conducting gel covering the transducer-patient contact surface **BEFORE** the device is activated (powered on). All patient injury sites should be clipped prior to device usage to ensure proper transducer-patient contact. The patient treatment site and all device contact surfaces should be cleaned after each use.





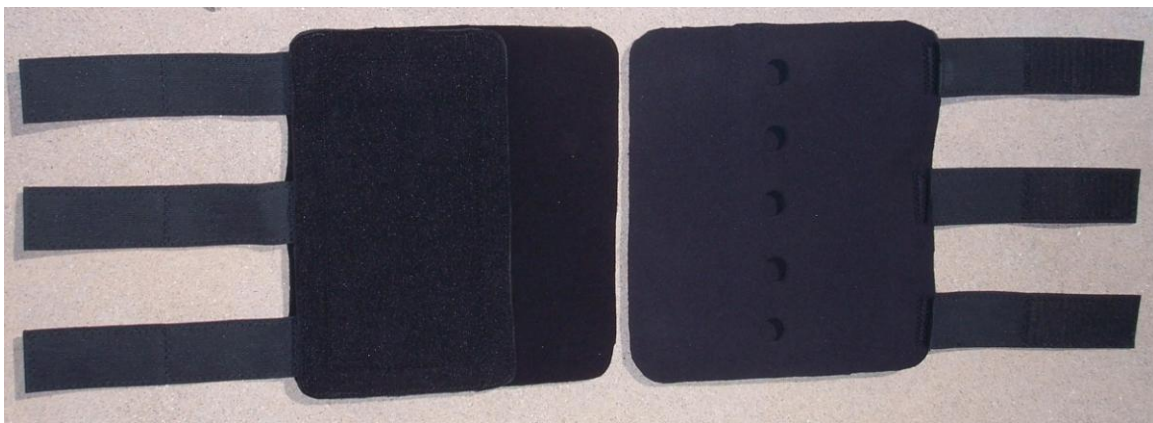
Three single transducer wraps are provided. These are designed for use in various locations such as the shin, knee, ankle and hock. The four hole design allows for the use of multiple transducers when desired - such as when treating both sesamoids or multiple locations on a metacarpus (shin).

As seen below, the transducer assembly is guided through the hole (connecting cable first) and seated on the neoprene. The Velcro cover holds the transducer in place and yet allows access for cleaning and variable transducer arrangements for treatment.





The Station V control module may be attached to the patient or stall wall, etc. The patient should be adequately restrained (tied, held or closely monitored) for the entire therapy session to avoid damaging the Station V device.



The array wrap holds five transducers for treatment of large areas such as tendons, shins, splint bones and suspensory ligaments.



Lifespan:

The Stalison V contains a rechargeable battery pack. When received from the manufacturer, the battery pack will have a partial charge. You should use the Stalison V until the battery is completely run down **PRIOR** to initial re-charging. A full charge will enable ten to fifteen treatments of forty minutes each (depending on the number of transducers utilized).

The Stalison V has a lifespan of 1,500 hours of use which translates into 2,250 treatment sessions of forty minutes each. When the lifespan has elapsed, the Stalison V and all transducers must be returned to Stalison Medical for factory re-conditioning. If the device is under warranty or covered by our extended maintenance agreement during this time, a new or factory re-conditioned device will be available at a substantially reduced cost.

User Compliance:

User compliance may be monitored by use of the patient log contained in the Stalison V. By pressing and holding the **Up and Down Arrow Keys** together anytime during the startup screen, until the progress bar completes, will display the Usage Log detailing hours used, lifespan hours remaining and partial and full treatment counts. Pressing any key at this point will display the main menu screen.

Error Messages:

Low Battery

Disconnect singles to enable array

Transducer Error – no transducer connected

Instructions For Use:

1. For best results, be sure the treatment area is clipped and cleaned prior to use.
2. Tie or hold the horse in a safe location and in such a fashion that the horse is not able to bite or get tangled in the transducer cables.
3. Attach the surcingle to the horse. We recommend placing some form of padding between the surcingle and the withers to ensure comfort (a folded towel or bandaging quilt work very well).
4. Place the main control unit into the protective satchel and attach the satchel to the surcingle on the same side of the horse as the injury being treated. To treat injuries on hind limbs, the satchel may be attached to the top of the surcingle with the transducer cable draped along the horse's back. A Velcro tail wrap may be employed to attach the cable to the tail head to prevent it from slipping down the side of the horse.
5. Alternatively, the protective satchel containing the main control unit may be attached to the stall wall or webbing or may be hand-held throughout the treatment cycle.
6. Connect the proper transducer cable to the transducer(s) or array being utilized and connect these to the main control unit in the proper areas. The single transducer cables have three (3) holes in their connecting end while the array cable has six (6) holes. The cables should connect easily to the main control unit. Never force any cable into a connection slot as this may damage the main control unit and render the **Statison V** non-operational.
7. Apply **Statison V** conducting gel to the transducer surface and attach the transducer securely to the treatment area. Neoprene wraps are included to facilitate transducer attachment, but any method of safely attaching the transducer while ensuring positive contact between the transducer and the treatment area is acceptable. If the horse paws or paces excessively, polo wraps or bandages below the transducer-wrap assembly may help in preventing accidental slipping of the transducer off of the treatment area.

8. Simply press the power button to activate the device once the **Statison V** is in place with the transducer securely attached to the treatment area.
9. The initial display screen will show the default treatment time, as well as a countdown bar, for approximately seven (7) seconds. During this time, you may choose to alter the treatment time to as little as twenty (20) minutes or to as long as sixty (60) minutes. Simply press the up or down arrow keys to alter the treatment time setting. The **Statison V** contains smart technology that will learn your new setting and use this as your new personalized default treatment time. The next time the device is utilized, this new time will be displayed as the default treatment time setting.
10. If you do not wish to change the default treatment time, you may press the enter button to initiate treatment. Once the power button is pressed, treatment will begin automatically after the seven second time adjustment phase has counted down.
11. The **Statison V** will now cycle through the pre-programmed waveforms until the treatment time setting has been achieved. At completion, the device will automatically shut down to conserve battery power.
12. A complete battery charge will allow approximately seventeen (17) treatments of forty (40) minutes each with a single transducer or approximately ten (10) treatments of forty (40) minutes each with three (3) transducers or the array before re-charging is necessary.
13. Low battery, single transducer(s) and the transducer array connected at the same time, no transducer connected, and other malfunctions will result in the operating light above the power button turning **RED**. During normal operation, this light should always be **GREEN**. Error messages will be displayed on the control unit for approximately ten (10) seconds and then the device will shut down to conserve battery power. The error message will be displayed again on power-up with instructions on how to continue treatment cycles.
14. The patient, and all equipment surfaces contacting the patient, should be cleaned after each use. No additional medications should be applied to the patient treatment area without express instructions from your veterinarian. Due to the low-intensity nature of the **Statison V**, concurrent treatment with most common topical medications may be perfectly safe. These combination therapies have not been tested and therefore are not recommended by Statison Medical.
15. Always monitor the patient treatment site for any signs of irritation or allergic reaction. No skin irritation, blistering or allergic reactions have been noted in over two years of field testing.

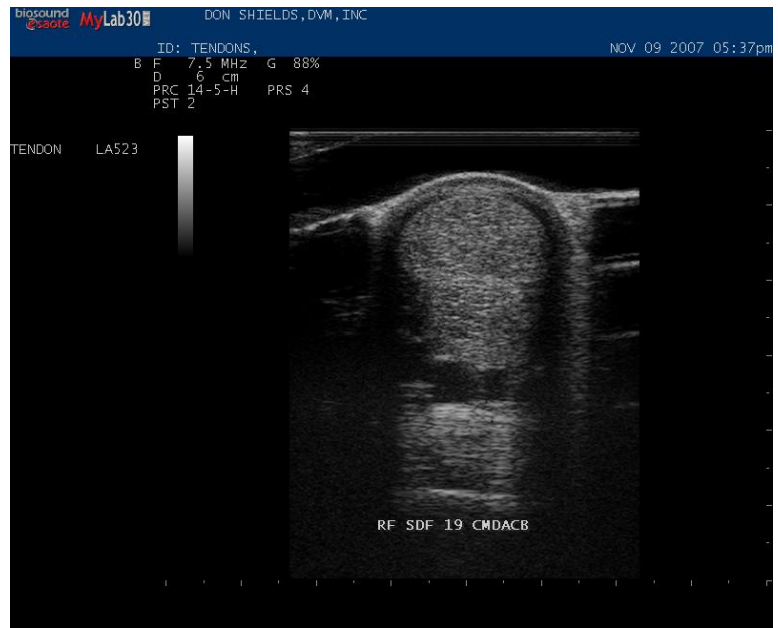
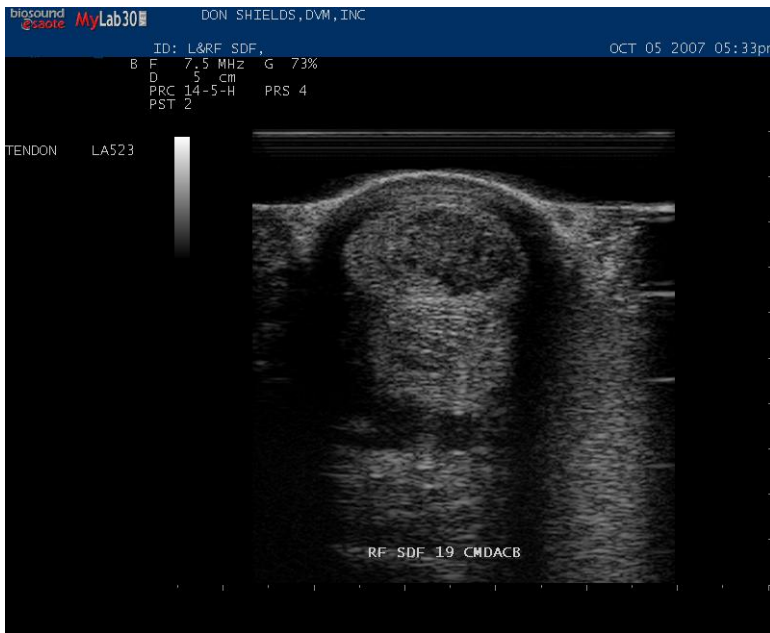
16. **Please Note:** the **Statison V** transducer must be attached to the patient in an orientation such that the sound waves emitted are able to impact the injured tissue or fracture line. While this sounds obvious, one should keep in mind that fracture lines and injury planes do not always occur in a straight, linear fashion. The thickness of the tissue and orientation of the injury plane will determine the most effective placement of the transducer(s). For example, fractures of the third metacarpal bone (canon bone) may benefit most from placement of three of the single transducers – one located on the dorsal surface and the others located on the axial and abaxial surfaces. This orientation of transducers allows the ultrasound waves to impact the fracture line from all directions. The therapeutic sound waves will not penetrate the hoof wall, solid boney surfaces nor propagate through air.

The **Statison V** was engineered and manufactured at Paragon Medsystems, an FDA approved, ISO certified human medical device engineering firm in San Diego, California.

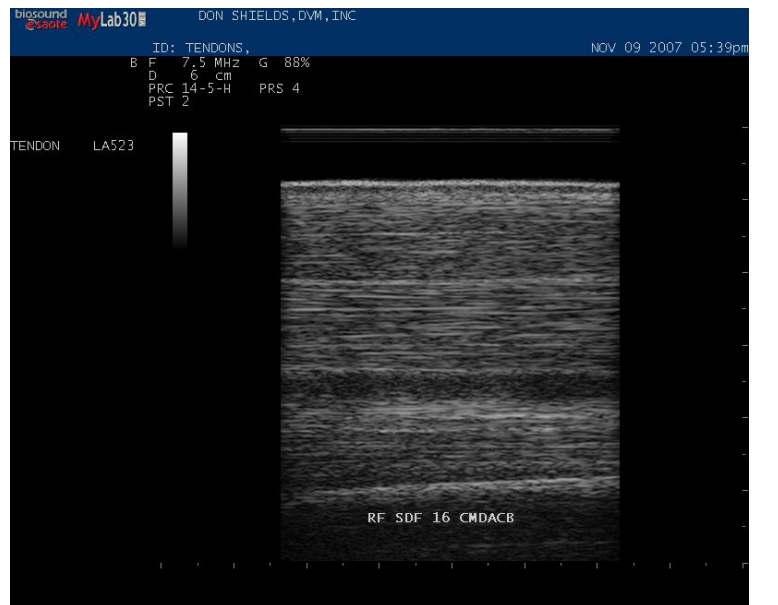
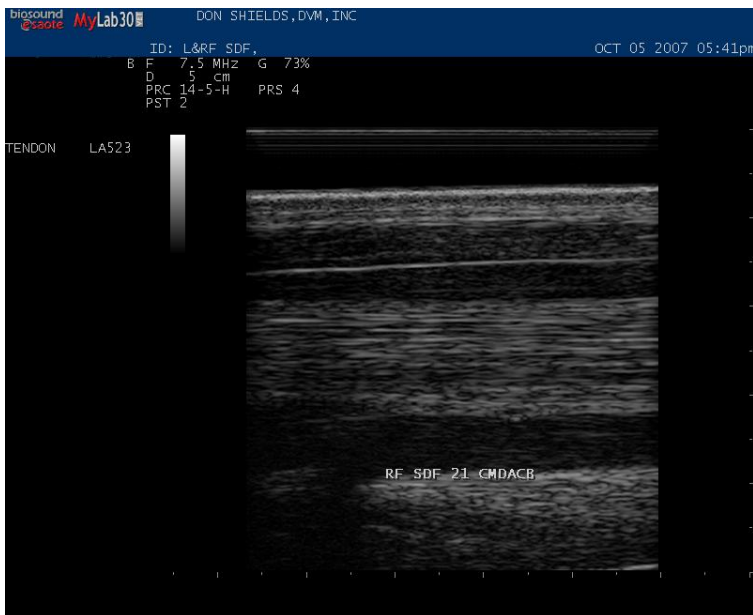


Case Examples

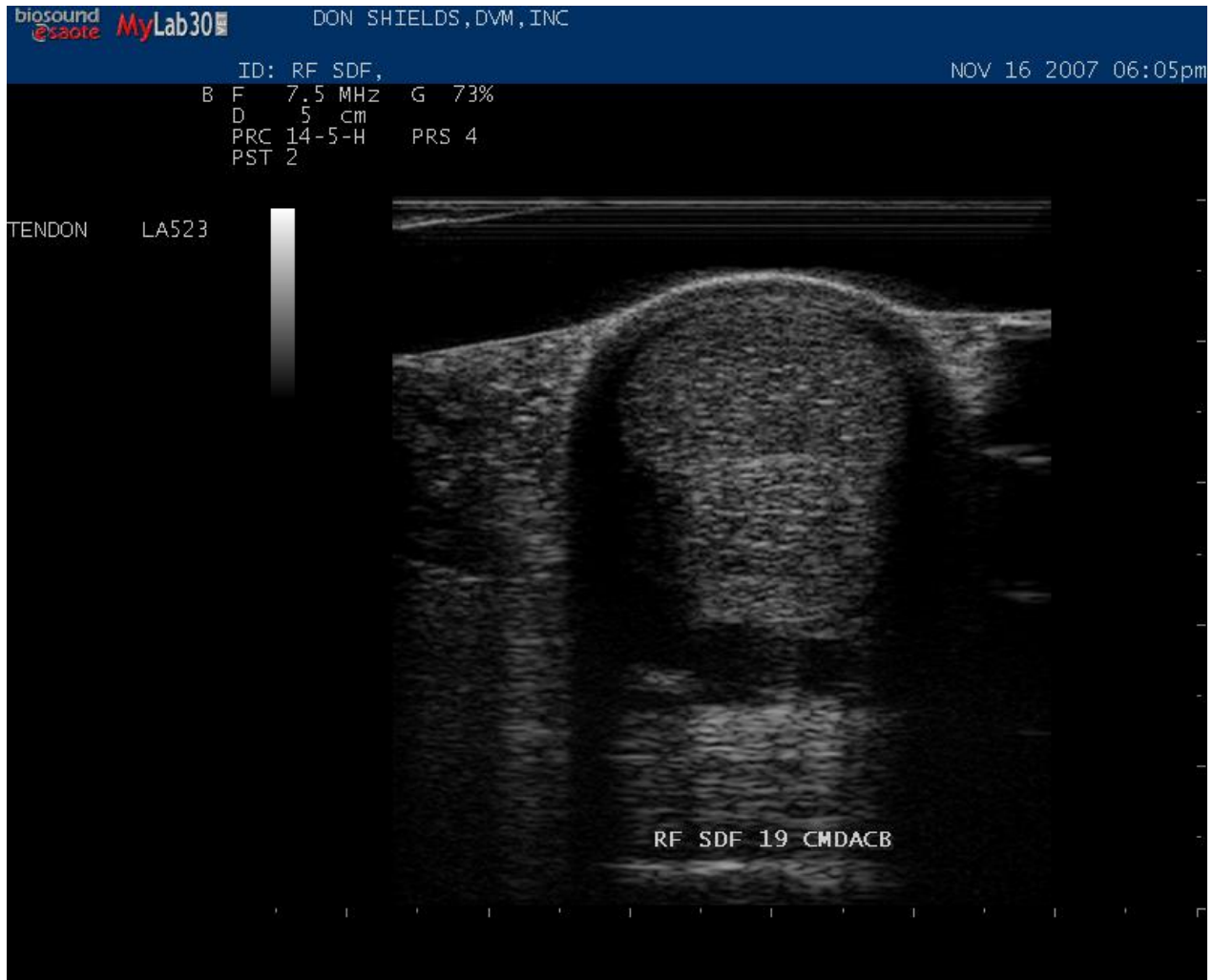
The following are a few examples of the results that have been achieved with **Statison V** (LIPUS) therapy. The dates when these digital radiographs and ultrasound scans were performed have been left visible.



These scans represent the healing achieved with about one month of Statison V therapy applied via our 5-transducer array.



For those of you who may have noticed, the machine settings on the pre-treatment and follow-up scans above were not identical. I took another picture with exactly the same settings to show that the healing is real.



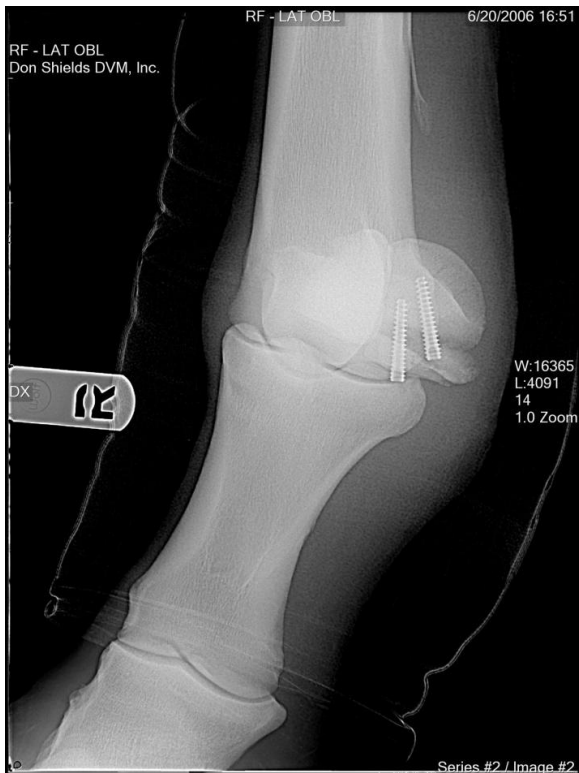


The radiograph taken 11/01/06 was taken two months post-surgery and demonstrates delayed healing. Stasion therapy (LIPUS) was applied for three months and a follow-up radiograph obtained on 1/31/07.



The original radiograph taken 1/8/07 represents three months of healing with no therapy and may now be considered a delayed union/non-union fracture. Stasion (LIPUS) therapy was instituted for two months and follow-up radiographs obtained. Treatment was applied from the lateral aspect only. Even more complete healing may have been achieved if the transducer had been placed on the medial surface of the fracture as well.





The implants in this base sesamoid fracture provided rotational stability, but no compression of the fracture site. In less than four months, the fracture gap was filled with bone. The only therapy utilized was low-intensity pulsed ultrasound (Statison therapy) applied once daily. No shockwave, stem cell, growth factor or other advanced therapies were utilized.

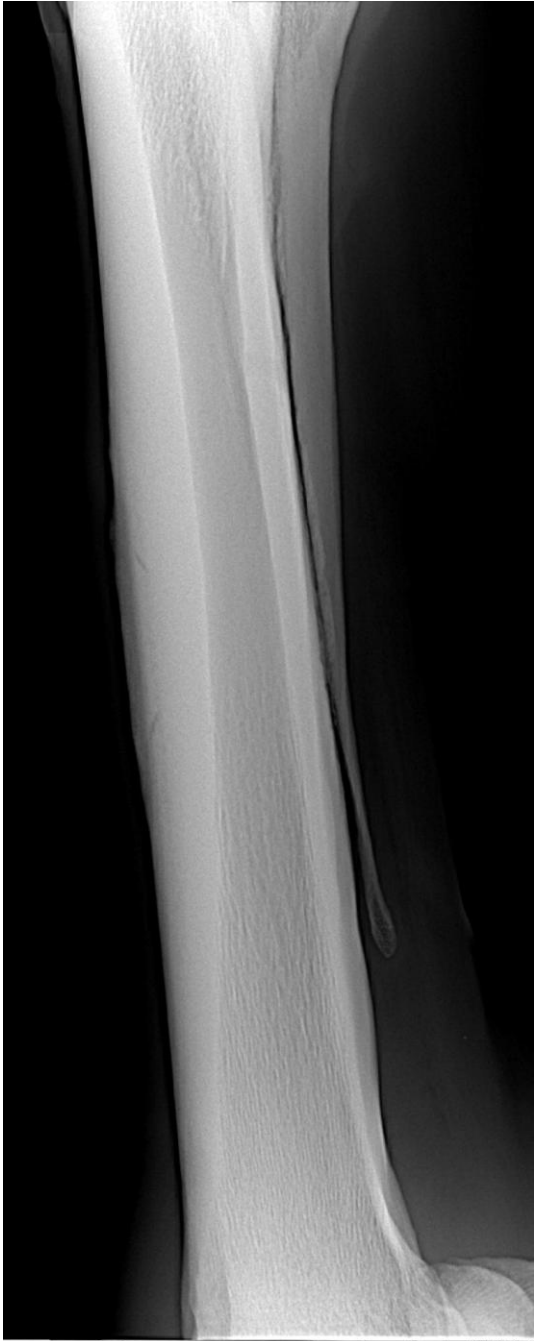
The following case demonstrates healing of a base sesamoid fracture when surgical intervention was not provided. The first radiographs are after four months of rest. The fracture is clearly visible and was virtually unchanged from the initial radiographs.



The second set of radiographs is one year later, but during this time, the horse was actively training and racing at Santa Anita racetrack.



The last case is a fracture of the third metacarpus (shin) in a racing thoroughbred. The radiographs are only three months apart. This horse remained at the racetrack in light training (walking at first) during the entire treatment and healing stages of this fracture. The horse ran roughly four months after the fracture was diagnosed and won his second start three weeks later (an allowance race). Normally, a horse with a fracture like this would be turned out for four to six months. Training would then resume for another three months before the horse would be ready to race. We basically cut this time in half and with glowing results!



Appendix 1

Device controls and error messages:

- Pressing the Power button turns the unit on and an audible beep is generated.
- When the main menu screen is displayed, a progress bar will count down, and if allowed to complete, the treatment will begin automatically.
- When the main menu screen is displayed, the Up and Down keys allow the treatment time in minutes to be set. Pressing an Up or Down key to select a new time will reset the countdown progress bar to the beginning allowing the user to 'take his or her time' to configure the desired treatment time.
- Pressing the Enter key while the main menu progress bar is counting down will cause treatment to begin.
- Before the treatment begins the unit will check for connected transducers. If none are connected an error will occur and a message will be displayed prompting the user to connect a transducer. Once a transducer is connected, treatment will begin automatically.
- If an error has occurred during the previous treatment or if the user had cancelled the previous treatment, a screen will display the details of the error at this time. Pressing any key at this point will display the main menu screen.
- Pressing the Up and Down keys together anytime during the startup screen and held until the progress bar completes will display the Usage Log detailing hours used, hours remaining and partial and full treatment counts. Pressing any key at this point will display the main menu screen.
- Treatments lasting shorter than 3 minutes are not counted towards unit usage time lifespan, allowing the unit to be demoed without affecting the lifespan of the unit.
- Treatments lasting longer than 3 minutes are counted towards unit usage time.
- Treatments lasting longer than 10 minutes but shorter than the treatment time configured by the user due to being cancelled or an error condition will be logged as 'Partial Treatments' in the usage log.

- Treatments successfully completed will count as 'Full Treatments' in the Usage Log.
- Pressing the Power button during treatment will display a message indicating that the unit will shutdown in 5 seconds. If the Power button is not pressed within 5 seconds (approx.) the unit will power down. Usage time for this incomplete treatment will be logged (according to the parameters detailed above) and a message will be displayed upon the next startup indicating the previous treatment did not complete.
- If an additional transducer is connected during treatment an error will occur.
- If a single transducer and the array are connected at the same time, an error will occur accompanied by the message, "Disconnect single to enable array".
- If the battery power is low a "***BATT LOW" message will be displayed on the screen and treatment will continue for as long as there is sufficient power to run the unit.
- All errors are accompanied by an audible beep and the LED will turn RED. Otherwise, when the unit is powered on the LED will remain GREEN.

Appendix 2

References:

LIPUS References: BONE

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Company in writing within 30 days of the claim; (b) Company has sole control of the defense and all related settlement negotiations; and (c) Customer provides Company with the assistance, information and authority necessary to perform Company's obligations under this Section. Reasonable out-of-pocket expenses incurred by Customer in providing such assistance will be reimbursed by Company. Company shall have no liability for any claim of infringement based on use of Equipment altered by Customer. In the event the Equipment is held or is believed by Company to infringe, Company shall have the option, at its expense, to (a) modify the Equipment to be non-infringing; (b) obtain for Customer a license to continue using the Equipment; or (c) refund the fees paid for the Equipment. This Section 3 states Company's entire liability and Customer's exclusive remedy for infringement, misappropriation or related claims.

4. Disclaimers and Warranty.

(a) Company warrants to the original purchaser of Equipment that for the Warranty Period (as defined below), the Equipment will be free from material defects in materials and workmanship. The foregoing warranty is subject to the proper installation, operation and maintenance of the Equipment in accordance with installation instructions and the operating manual supplied to Customer. Warranty claims must be made by Customer in writing within sixty (60) days of the manifestation of a problem. Company's sole obligation under the foregoing warranty is, at Company's option, to repair, replace or correct any such defect that was present at the time of delivery, or to remove the Equipment and to refund the purchase price to Customer.

(b) The "Warranty Period" begins on the date the Equipment is shipped and continues for twelve (12) months.

(c) Any repairs under this warranty must be conducted by an authorized Company service representative.

(d) Excluded from the warranty are problems due to accidents, misuse, misapplication, storage damage, negligence, or modification to the Equipment or its components.

(e) Company does not authorize any person or party to assume or create for it any other obligation or liability in connection with the Equipment except as set forth herein.

(f) THE INDEMNITY AND WARRANTY ABOVE IS EXCLUSIVE AND IN LIEU OF ALL OTHER INDEMNITIES OR WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

5. Finance Charge/Costs of Collection. Any amount not paid when due shall accrue a late charge at a rate of one and one-half percent (1.5%) per month (eighteen percent (18%) per year), or the maximum rate provided by law, whichever is less. If Customer is delinquent in paying any amount owed to Company by more than ten (10) days, then without limiting any other rights and remedies available to Company under the law, in equity, or under contract, Company may (i) suspend production, shipment and/or deliveries of any or all Products purchased by Customer, or (ii) by notice to Customer, treat such delinquency as a repudiation by Customer of the portion of the Agreement not then fully performed, whereupon Company may cancel all further deliveries and any amounts unpaid hereunder shall immediately become due and payable. Customer shall pay all collection costs incurred by Company including, but not limited to, collection agency fees, attorneys' fees and court costs. Customer hereby represents to Company that Customer is now solvent and agrees that each acceptance of delivery of the Products sold hereunder shall constitute reaffirmation of this representation at such time.

6. Force Majeure. Neither party shall be liable for any damages or delays caused by or in any manner arising from fires, floods, accidents, riots, acts of God, war, governmental interference or embargoes, strikes, labor difficulties, any shortage of labor, fuel, power, materials or supplies, transportation delays, delays in deliveries by Company's vendors or any other cause or causes (whether or not similar in nature to any of these hereinbefore specified) beyond such party's control.

7. Miscellaneous.

(a) Governing Law. This Agreement, and all matters arising out of or relating to this Agreement, shall be governed by and construed in accordance with the laws of the State of California (exclusive of conflict of laws principles whether of the State of California or any other jurisdictions), and shall be deemed to be executed in County of Los Angeles, State of California, and each party hereto irrevocably submits to the jurisdiction of the state and federal courts sitting in the County of Los Angeles, State of California, for the adjudication of any disputes arising hereunder.

(b) Attorneys' Fees. Any legal action or proceeding brought to enforce or interpret or

otherwise relating to any part of this Agreement and/or the rights or obligations of any of the parties involved in the Agreement shall be instituted solely in a state or federal court in the county of Los Angeles, California. Staison Medical and Customer agree to submit to the jurisdiction of, and agree that venue is proper in, these courts in any such legal action or proceeding. The prevailing party in such action shall be entitled to recover as an element of such party's costs, in addition to any damages to be awarded to it, reasonable attorneys' fees and expenses, and court costs.

- (c) Severability. If any provision of this Agreement is invalid or unenforceable under any statute, regulation, ordinance, executive order or other rule of law, such provision will be deemed reformed or deleted, as the case may be, but only to the extent necessary to comply with such statute, regulation, ordinance, order or rule, and the remaining provisions of this Agreement will remain in full force and effect.
- (d) All notices, including notices of address change, required to be sent hereunder shall be in writing and shall be deemed to have been given when mailed by first class mail or by fax to the address or fax listed herein – 1843 Stone House Road, Arcadia, CA 91006// fax (800) 806-8756.
- (e) Prices for Equipment specified herein are exclusive of all city, state and federal taxes, including, without limitation, taxes on manufacture, sales, receipts, gross income, occupation, use and similar taxes. Customer agrees to pay such taxes directly or to reimburse Staison Medical for all such taxes, whether imposed on Customer required to be collected by Staison Medical, or imposed on Equipment or on Customer in connection with this sale. Wherever applicable, such tax or taxes shall be added to the invoice as a separate charge on invoiced separately. Customer agrees to pay all personal property taxes that may be levied against Equipment after the date of delivery.
- (f) To secure payment and performance of all Customer's obligations hereunder, Staison Medical hereby retains title to Equipment and a security interest therein until payment in full and performance by Customer of all said obligations. When requested by Staison Medical, Customer shall duly acknowledge this Agreement, and execute, acknowledge and deliver to Customer, in Staison Medical's usual form, a supplement hereto, security agreement, financing statement and other appropriate instruments to constitute Equipment as the unencumbered security for the obligations of Customer hereunder, or to enable Staison Medical to comply with all applicable filing or recording laws.
- (g) The waiver by either party of any default or breach of this Agreement shall not constitute a waiver of any other or subsequent default or breach. Except for actions for non-payment or breach of Staison Medical's proprietary rights, no action, regardless of form, arising out of or in connection with this Agreement may be brought by either party more than one year after the cause of action has accrued.
- (h) Customer agrees to comply fully with all relevant export laws and regulations of the United States ("Export Laws") to assure that the Equipment is not (1) exported, directly or indirectly, in violation of Export Laws; or (2) intended to be used for any purposes prohibited by the Export Laws. Customer agrees that the Equipment will only be used or operated in the United States and other territories approved in writing by Staison Medical or in countries or territories where Staison Medical's products are legally available for purchase.
- (i) Relationship of the Parties. Seller (Staison Medical) and Purchaser are independent contracting parties. Nothing in this Agreement shall be construed to create a partnership, joint venture or agency relationship between the parties. Nothing in this Agreement makes either party the agent or legal representative of the other party for any purpose whatsoever, nor grants either party any authority to assume or create any obligation on behalf of or in the name of the other party.
- (j) Entire Agreement. This Agreement constitutes the complete agreement between the parties with respect to its subject matter and supersedes, terminates and otherwise voids any and all prior or contemporaneous agreements, understandings, representations, discussions, proposals, literature, and the like, written and/or oral between the parties with respect to all Staison Medical Products and services. There are no warranties, representations, or understandings of any kind or description whatsoever made by either party to the other, except such as are expressly set forth herein. This Agreement may not be modified or amended except in a writing signed by a duly authorized representative of

each party; no other act, document, usage or custom shall be deemed to amend or modify this Agreement. It is expressly agreed that the terms of this Agreement shall supersede the terms in any Customer purchase order or other ordering document, if any.

- (k) In any proceeding brought to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to recover its attorneys' fees and costs incurred.
- (l) This Agreement shall be construed as to its fair meaning and not strictly for or against either party.
- (m) Staison Medical shall not be deemed to be in default of any provision of this Agreement, or for failures in performance, resulting from acts or events beyond its reasonable control. Such acts shall include but not be limited to acts of God, civil or military authority, civil disturbance, war, strikes, fires, other catastrophes, labor disputes, parts shortages, or other events beyond Staison Medical's reasonable control.
- (n) No action, regardless of form, arising out of this Agreement may be brought by either party more than one year after the cause of action arose, or in the case of non-payment, more than two years from the date of last payment.
- (o) This Agreement is not assignable, directly or indirectly, by Customer.
- (p) This Agreement may be executed in counterparts and by fax.