

State of California



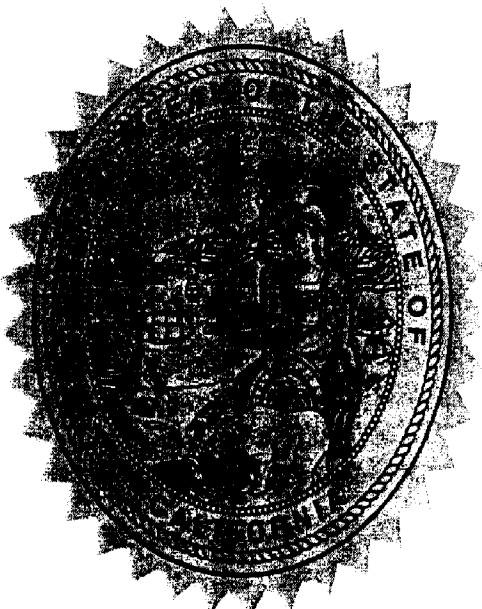
SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 17 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

AUG 3 4 2000



Bill Jones

Secretary of State

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AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger, is made and entered into as of August 5, 1998 (the "**Merger Agreement**"), between Nantucket Acquisition Corporation, a California corporation ("**Nantucket**" or the "**Surviving Corporation**"), and Navius Corporation, a California corporation ("**Navius**"; Nantucket and Navius are sometimes jointly referred to herein as the "**Constituent Corporations**").

INTENDING TO BE LEGALLY BOUND, and in consideration of the promises and material covenants and agreements contained herein, the Constituent Corporations hereby agree as follows:

FILED *Meh*
In the office of the Secretary of State
of the State of California

ARTICLE I

The Merger

AUG 5 1998

1.1. Merger of Navius With and Into Nantucket.

Bill Jones
BILL JONES, Secretary of State

(a) Agreement to Acquire Nantucket. Subject to the terms of this Merger Agreement and in accordance with the Agreement and Plan of Reorganization, dated as of July 23, 1998 and amended as of July 31, 1998 (as amended, the "**Reorganization Agreement**"), among Nantucket, Navius and EndoSonics Corporation ("**EndoSonics Corporation**"), ~~Navius shall be acquired by EndoSonics Corporation through a merger (the "Merger") of Navius with and into Nantucket.~~

(b) Effective Time. The Merger shall become effective at such time (the "**Effective Time**") as this Merger Agreement and the officers' certificates of each Constituent Corporation are filed with the Secretary of State of the State of California pursuant to 1103 of the California General Corporation Law.

(c) Surviving Corporation. At the Effective Time, Navius shall be merged with and into Nantucket and the separate corporate existence of Navius shall cease. Nantucket shall be the surviving corporation in the Merger, and the separate corporate existence of Nantucket, with all its purposes, objects, rights, privileges, powers, immunities and franchises, shall continue unaffected and unimpaired by the Merger.

1.2 Effect of the Merger; Additional Actions.

(a) Effects. The Merger shall have the effects set forth in Section 1107 of the California General Corporation Law.

(b) Additional Actions. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any further action is necessary or desirable to carry out the purposes of the Reorganization Agreement and to vest the Surviving Corporation with full right, title and possession to the assets, property, rights, privileges, powers and franchises of Nantucket and Navius, the officers and directors of Nantucket and Navius are fully authorized in

the name of their respective corporations or otherwise to take, and will take, all such lawful and necessary action.

ARTICLE II

The Constituent Corporations

2.1 Organization of Nantucket.

(a) Authorized Stock. Nantucket is authorized to issue an aggregate of 1000 shares of Common Stock, par value \$0.001 per share ("**Nantucket Common Stock**").

(b) Outstanding Stock. On the date hereof, an aggregate of 1000 shares of Nantucket Common Stock are outstanding.

2.2 Organization of Navius

(a) Authorized Stock. Navius is authorized to issue an aggregate of 10,000,000 shares of Common Stock ("**Navius Common Stock**") and 5,000,000 shares of Preferred Stock ("**Navius Preferred Stock**") and, together with Navius Common Stock, "**Navius Capital Stock**").

(b) Outstanding Stock. As of the record date for purposes of voting on the Merger, July 20, 1998, 1,761,625 shares of Navius Common Stock were outstanding, and 1,887,772 shares of Navius Preferred Stock were outstanding.

ARTICLE III

Articles of Incorporation of the Surviving Corporation

3.1 Amendment of Nantucket's Articles of Incorporation. At the Effective Time, the Articles of Incorporation of the Surviving Corporation shall be amended and restated in their entirety to read as set forth in Exhibit A hereto.

ARTICLE IV

Effect of the Merger on the Capital Stock of the Constituent Corporations; Exchange of Certificates

4.1 Effect on Capital Stock. At the Effective Time of the Merger, by virtue of the Merger and without any action on the part of the holder of any shares of Navius Capital Stock:

(a) Capital Stock of Nantucket. Each issued and outstanding share of capital stock of Nantucket shall remain issued and outstanding unaffected by the Merger.

(b) Cancellation of EndoSonics-Owned and Navius-Owned Stock. Each share of Navius Common Stock and Navius Preferred Stock that is owned directly or indirectly by

EndoSonics, Nantucket, Navius or any wholly-owned subsidiary of EndoSonics or Navius shall be canceled and extinguished and shall cease to exist and no stock of EndoSonics or other consideration shall be delivered in exchange.

(c) Conversion of Navius Capital Stock.

(i) Each issued and outstanding share of Navius Common Stock and Navius Preferred Stock (other than shares to be canceled in accordance with Section 4.1(b) hereof, if any, and Dissenting Shares (as defined and to the extent provided in Section 4.6 below)), shall be extinguished and converted automatically into the right to receive the following consideration (the "**Merger Consideration**") upon the surrender of the certificate representing each such share of Navius Capital Stock:

(v) that fraction of a share of Common Stock of EndoSonics ("**EndoSonics Common Stock**") as shall equal the Stock Exchange Ratio (as defined below);

(x) an amount of cash equal to the quotient obtained by dividing (1) \$6,000,000 by (2) the Total Capitalization Number (as defined below);

(y) a right to receive a portion of the Net Positive Working Capital Balance (as defined in Section 4.2 below), if any, in the manner contemplated by Section 4.2 below; and

(z) a right to receive the Contingent Consideration (as defined in Section 4.3 below) contemplated by Section 4.3 below.

All such shares of Navius Common Stock and Navius Preferred Stock, when so converted, shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and each holder of a certificate representing any such shares shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration.

(ii) For purposes of this Merger Agreement, the terms set forth below shall be defined as follows:

(x) The "**Stock Exchange Ratio**" for the conversion of the Navius Common Stock and the Navius Preferred Stock shall be determined by dividing (1) the quotient obtained by dividing (A) \$9,500,000 by (B) the Reference Stock Price (as defined below), by (2) the Total Capitalization Number (as defined below).

(y) The "**Total Capitalization Number**" shall equal the sum of (1) the total number of shares of Navius Common Stock issued and outstanding as of the Effective Time, plus (2) the total number of shares of Navius Preferred Stock issued and outstanding as of the Effective Time, plus (3) the total number of shares of Navius Common Stock issuable upon exercise of all Navius Options (as defined below) issued and outstanding under the F Plan (as defined below) as of the Effective Time, plus (4) the total number of shares of Navius Common Stock issuable upon exercise of all Navius Options issued and outstanding

under the O Plan (as defined below) which are both (A) issued and outstanding as of the Effective Time and (B) vested in accordance with the terms of the O Plan as of the Effective Time.

(z) The "**Reference Stock Price**" shall equal the average closing sales price of EndoSonics Common Stock on the Nasdaq National Market for the ten (10) consecutive trading day period ending on and including the trading day immediately preceding July 31, 1998.

(iii) No fractional shares of EndoSonics Common Stock shall be issued in connection with the Merger to the holders of Navius Common Stock and Navius Preferred Stock, but instead the aggregate number of shares of EndoSonics Common Stock to be issued to each such holder pursuant to this Section 4.1 shall be rounded to the nearest whole share.

(d) Navius Stock Options. At the Effective Time, all then outstanding options ("**Navius Options**"), whether vested or unvested, to purchase Navius Common Stock issued under Navius's Founders' Stock Option Plan (the "**F Plan**") and Navius's 1996 Stock Option Plan (the "**O Plan**," and together with the F Plan, the "**Navius Option Plans**") will be assumed by EndoSonics in accordance with the terms of Section 4.5 below.

(e) Restricted Shares. Shares of Navius Common Stock or Navius Preferred Stock which are subject to repurchase by Navius in the event the holders thereof cease to be employed by Navius shall be converted into Merger Consideration on the same basis as provided in subsection (c) above and shall be registered in such holder's name, but shall be held by Navius or EndoSonics pursuant to the existing agreements in effect on the date of this Merger Agreement.

4.2 Working Capital Adjustment.

(a) Promptly following the Effective Time, EndoSonics and the Surviving Corporation shall prepare a balance sheet reflecting the financial position of Navius as of the close of business on July 31, 1998 (the "**Closing Date Balance Sheet**"). The Closing Date Balance Sheet shall be prepared in accordance with generally accepted accounting principles applied on a basis consistent with those applied in the preparation of the Navius's unaudited balance sheet as of June 30, 1998.

(b) Promptly following the completion of the preparation of the Closing Date Balance Sheet, EndoSonics shall engage an independent accounting firm satisfactory to EndoSonics to perform an audit of the Closing Date Balance Sheet (the "**Post-Closing Audit**"). The parties hereto and their respective accountants shall cooperate in all respects with, and provide all documentation reasonably necessary for, the conduct of the Post-Closing Audit. EndoSonics shall cause such Post-Closing Audit to be completed as promptly as practicable following the Closing and in any event within 75 days thereof. A copy of the Post-Closing Audit shall be delivered to the Shareholders' Agent (as defined in the Reorganization Agreement) for review promptly upon completion thereof.

(c) In the event that the net working capital balance for Navius as of the close of business on July 31, 1998, after adjustment for all audit adjustments thereto, if any, that shall be proposed in connection with the Post-Closing Audit, shall be determined to be greater than zero, such positive balance (the "**Net Positive Working Capital Balance**") shall be paid over to the Former Navius Shareholders (as defined in Section 4.4 below) based upon such shareholder's Pro Rata Portion (as defined in Section 4.4 below). Such payment shall be made within 10 business days of the date on which the copy of the Post-Closing Audit is delivered to the Shareholders' Agent as contemplated by subsection (b) above. For purposes of this Merger Agreement, "**net working capital**" shall be defined as the current assets of Navius less the current liabilities of Navius, in each case calculated in accordance with generally accepted accounting principles applied on a basis consistent with those applied in the preparation of the Most Recent Balance Sheet.

(d) In the event that the net working capital balance for Navius as of the close of business on July 31, 1998, after adjustment for all audit adjustments thereto, if any, that shall be proposed in connection with the Post-Closing Audit, shall be determined to be less than zero, EndoSonics shall be entitled to draw an amount from the Escrow Fund (as defined in the Reorganization Agreement) equal to such negative amount.

(e) All payments to be made to the Former Navius Shareholders pursuant to this Section 4.2 shall be made by EndoSonics in the form of cash, unless such payment in cash would, if in fact made, cause the withdrawal of one or both of the tax opinions contemplated by the Reorganization Agreement because of a likely failure to satisfy the necessary continuity of interests requirements for "reorganization" treatment, in which event shares of EndoSonics Common Stock shall be substituted for a sufficient portion of the cash payment to prevent the withdrawal of either such opinion. For this purpose, the cash portion of the payment shall be reduced by an amount equal to the Reference Stock Price for each share of EndoSonics Common Stock added to the payment.

(f) Any disputes relating to the payments contemplated by this Section 4.2 shall be governed and resolved in accordance with the procedures set forth in the Reorganization Agreement.

4.3 Contingent Consideration. In addition to the payments to be made pursuant to Sections 4.1 and 2.2 above, holders of shares of Navius Capital Stock as of the Effective Time shall be entitled to receive the following additional consideration (the "**Contingent Consideration**") which shall be paid following the Closing Date to the extent earned:

(a) Subject to the further terms of this Section 4.3, for each of the calendar years beginning with 1998 and ending with 2006 (the "**Contingent Consideration Period**"), the Former Navius Shareholders shall be entitled to receive Contingent Consideration in an aggregate amount equal to five percent (5%) of net sales revenue earned by EndoSonics and/or any of its wholly-owned subsidiaries as a result of sales of Radiation Products (as defined below). Net sales of Radiation Products, including revenue recognition issues, shall be calculated by EndoSonics in accordance with generally accepted accounting principles applied

on a consistent basis for the Contingent Consideration Period (except that the parties agree that the following items shall serve as reductions to gross sales revenue in calculating net sales revenue for Radiation Products for the relevant period: (i) distributor discounts; (ii) credits or refunds, not exceeding the original or customary billing or invoice amount, for such claims or returns; (iii) packaging; (iv) commissions; (v) prepaid transportation insurance premiums; (vi) prepaid outbound transportation expense; (vii) discounts in amounts customary in the trade, for quantity purchases, cash payments, prompt payments, wholesalers, and distributors; (viii) promotional costs; (ix) uncollectible accounts receivable; (x) handling charges; and (xi) taxes, including sales, use, turnover, excise, import, export and other taxes or duties, borne by EndoSonic or any of its wholly owned subsidiaries, imposed by a governmental agency on such use, sale, lease or transfer). The actual date on which such payment is made each year by EndoSonic, which date shall in all events be on or prior to the March 31st immediately following the conclusion of each year during the Contingent Consideration Period unless the calculation of net sales revenue shall be challenged by the Shareholders' Agent in accordance with subsection (h) below, in which event the payment shall be paid promptly upon resolution of such challenge, is referred to herein as the "Payment Date." The procedures for the payment of the Contingent Consideration are set forth in subsections (g) and (h) below.

(b) For purposes of this Agreement, the term "**Radiation Products**" shall mean catheters that direct a radiation source in a vessel and any components related thereto.

(c) All Contingent Consideration shall be paid by EndoSonic to the Former Navis Shareholders in the form of shares of EndoSonic Common Stock. The aggregate number of shares of EndoSonic Common Stock to be issued to the Former Navis Shareholders on each Payment Date shall equal the quotient obtained by dividing (i) the total dollar value of the Contingent Consideration payment calculated pursuant to subsection (a) above for the immediately preceding calendar year, by (ii) the average closing sales price of EndoSonic Common Stock on the Nasdaq National Market (or other market or exchange on which the shares of EndoSonic Common Stock are traded at such time) for the ninety (90) consecutive trading day period ending on the trading day immediately preceding such Payment Date.

(d) All Contingent Consideration to be issued to the Former Navis Shareholders on each Payment Date shall be paid to each individual Former Navis Shareholder based upon such shareholder's Pro Rata Portion (as defined in Section 4.4 below).

(e) Notwithstanding any other term of this Merger Agreement to the contrary, in no event shall (i) the aggregate cumulative dollar value of the Contingent Consideration to be paid pursuant to subsection (a) above exceed \$30,000,000 or (ii) the aggregate number of shares of EndoSonic Common Stock issued as Contingent Consideration pursuant to subsections (a) and (b) above to the Former Navis Shareholders exceed the aggregate number of shares of EndoSonic Common Stock actually issued at the Effective Time to the Navis shareholders pursuant to Section 4.1(c)(i)(v).

(f) No fractional shares of EndoSonic Common Stock shall be issued in connection with any payment of Contingent Consideration to the Former Navius Shareholders, but instead the aggregate number of shares of EndoSonic Common Stock to be issued to each Former Navius Shareholder shall be rounded to the nearest whole share.

(g) On or before March 31 of each year (beginning with March 31, 1999), EndoSonic shall submit to the Shareholders' Agent a statement, certified by EndoSonic's accountants, setting forth the net sales revenue for the Radiation Products for the preceding calendar year.

(h) In the event that the Shareholders' Agent shall not agree with the statement certified by EndoSonic's accountants, the Shareholders' Agent shall have 30 days to have an independent audit of EndoSonic and Nantucket conducted to determine the net sales revenue attributable to the Radiation Products, at the Shareholders' Agent's sole cost and expense, for the purpose of determining the Contingent Consideration owed to the Former Navius Shareholders for the prior calendar year. Upon the Shareholders' Agent's reasonable request in accordance with the foregoing, EndoSonic shall provide the independent accountants selected by the Shareholders' Agent with reasonable access to EndoSonic's and the Surviving Corporation's books of accounting concerning the net sales revenue derived from the Radiation Products. If the audit finds an error or errors in EndoSonic's accounts which increases the amount of the Contingent Consideration payable hereunder by more than ten percent (10%) of the Contingent Consideration for such audited period as calculated by EndoSonic, then EndoSonic shall bear all the costs of such audit. Any disagreements between EndoSonic and the Shareholders' Agent with respect to the conclusions reached by such second audit shall be governed and resolved in accordance with the Reorganization Agreement.

4.4 Escrow Agreement. At the Effective Time or such later time as determined in accordance with Section 4.6(b), EndoSonic will deposit into escrow cash in an aggregate amount of \$600,000 (the "**Escrow Cash**") and ten percent (10%) of the aggregate number of shares of EndoSonic Common Stock calculated in accordance with the formula set forth at Section 4.1(c)(ii)(x)(1) (such shares, the "**Escrow Shares**"). Such Escrow Cash and Escrow Shares shall be held in escrow on behalf of the persons who are the holders of Navius Common Stock and Navius Preferred Stock immediately prior to the Effective Time (the "**Former Navius Shareholders**"), on a pro rata basis, in accordance with each such Former Navius Shareholders' percentage interest ("**Pro Rata Portion**") in the aggregate Merger Consideration to be issued to all Former Navius Shareholders in the Merger and shall be held as security for the Former Navius Shareholders' indemnification obligations under Article X of the Reorganization Agreement and pursuant to the provisions of the escrow agreement executed pursuant to the terms of the Reorganization Agreement.

4.5 Stock Options. At the Effective Time, each outstanding Navius Option under the Navius Option Plans, whether vested or unvested, shall be assumed by EndoSonic and deemed to constitute an EndoSonic Option to acquire, on the same terms and conditions as were applicable under the Navius Option, a number of shares of EndoSonic Common Stock equal to (i) the number of shares of Navius Common Stock issuable had the holder of such Navius Option exercised such

option in full immediately prior to the Effective Time multiplied by the Option Exchange Ratio (rounded down to the nearest whole number), at a price per share (rounded up to the nearest whole cent) equal to (i) the aggregate exercise price for the shares of Navius Common Stock otherwise purchasable pursuant to such Navius Option divided by (ii) the number of full shares of Endosonics Common Stock deemed purchasable pursuant to such Endosonics Option in accordance with the foregoing; provided, however, that, in the case of any Navius Option to which Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), applies ("incentive stock options"), the option price, the number of shares purchasable pursuant to such option and the terms and conditions of exercise of such option shall be determined in order to comply with Section 424(a) of the Code. In connection with the assumption by Endosonics of the Navius Options pursuant to this Section 4.5, Navius shall be deemed to have assigned to Endosonics, effective at the Effective Time, Navius's right to repurchase unvested shares of Navius Common Stock issuable upon the exercise of the Navius Options or previously issued upon the exercise of options granted under the Navius Option Plans, in accordance with the terms of the Navius Option Plans and the related stock option agreements and stock purchase agreements entered into under the Navius Option Plans. For purposes of the foregoing, "Option Exchange Ratio" shall be determined by dividing (x) the quotient obtained by dividing (A) \$15,500,000 by (B) the Reference Stock Price, by (y) the Total Capitalization Number.

4.6 Dissenting Shares.

(a) Notwithstanding any provision of this Merger Agreement to the contrary, any shares of Navius Common Stock or Navius Preferred Stock held by a holder who has exercised such holder's dissenters' rights in accordance with California Law, and who, as of the Effective Time, has not effectively withdrawn or lost such dissenters' rights ("**Dissenting Shares**"), shall not be converted into or represent a right to receive Merger Consideration pursuant to Section 4.1, but the holder of the Dissenting Shares shall only be entitled to such rights as are granted by of California Law.

(b) Notwithstanding the provisions of subsection (a) above, if any holder of shares of Navius Common Stock or Navius Preferred Stock who demands dissenters' rights with respect to such shares shall effectively withdraw or lose (through failure to perfect or otherwise) such holder's dissenters' rights under California Law, then, as of the later of the Effective Time or the occurrence of such event, such holder's shares shall automatically be converted into and represent only the right to receive the Merger Consideration upon surrender of the certificate or certificates representing such shares; provided that if such holder effectively withdraws or loses his or her dissenters' rights after the Effective Time, then, at such time EndoSonics will deposit in escrow cash representing such holder's Pro Rata Portion of the Escrow Cash and certificates representing such holder's Pro Rata Portion of the Escrow Shares.

4.7 Exchange of Certificates.

(a) From and after the Effective Time, each holder of an outstanding certificate or certificates ("**Certificates**") which represented shares of Navius Common Stock or Navius Preferred Stock immediately prior to the Effective Time shall have the right to surrender each Certificate to EndoSonics (or at EndoSonics' option, an exchange agent to be appointed by

EndoSonic), and receive in exchange for all Certificates held by such holder (i) a certificate representing the number of whole shares of EndoSonic Common Stock and (ii) that amount of cash (in each case other than the Escrow Shares and Escrow Cash) into which the Navius Common Stock or Navius Preferred Stock, as the case may be, evidenced by the Certificates so surrendered shall have been converted pursuant to the provisions of Article IV of this Merger Agreement. The surrender of Certificates shall be accompanied by duly completed and executed Letters of Transmittal in such form as may be reasonably specified by EndoSonic. Until surrendered, each outstanding Certificate which prior to the Effective Time represented shares of Navius Common Stock or Navius Preferred Stock shall be deemed for all corporate purposes to evidence ownership of the Merger Consideration into which the shares of Navius Common Stock or Navius Preferred Stock have been converted but shall have no other rights. From and after the Effective Time, there shall be no further registration of transfers on the records of Navius of shares of Navius Common Stock or Navius Preferred Stock outstanding immediately prior to the Effective Time.

(b) If any shares of EndoSonic Common Stock to be issued as Merger Consideration are to be issued in the name of a person other than the person in whose name the Certificate(s) surrendered in exchange therefor is registered, it shall be a condition to the issuance of such shares that (i) the Certificate(s) so surrendered shall be transferable, and shall be properly assigned, endorsed or accompanied by appropriate stock powers, (ii) such transfer shall otherwise be proper and (iii) the person requesting such transfer shall pay EndoSonic, or its exchange agent, any transfer or other taxes payable by reason of the foregoing or establish to the satisfaction of EndoSonic that such taxes have been paid or are not required to be paid. Notwithstanding the foregoing, neither EndoSonic or Navius shall be liable to a holder of shares of Navius Common Stock or Navius Preferred Stock for any Merger Consideration issuable to such holder pursuant to the provisions of Article IV of this Merger Agreement that is delivered to a public official pursuant to applicable abandoned property, escheat or similar laws.

(c) In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed, EndoSonic shall issue in exchange for such lost, stolen or destroyed Certificate the Merger Consideration issuable in exchange therefor pursuant to the provisions of Article IV of this Merger Agreement. The Board of Directors of EndoSonic may in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed Certificate to provide to EndoSonic a bond or an indemnity agreement against any claim that may be made against EndoSonic with respect to the Certificate alleged to have been lost, stolen or destroyed.

4.8 Distributions with Respect to Unexchanged Shares. No dividends or other distributions declared or made after the Effective Time with respect to EndoSonic Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate with respect to the shares of EndoSonic Common Stock represented thereby until the holder of record of such Certificate shall surrender such Certificate. Subject to the effect of applicable laws, following surrender of any such Certificate, there shall be paid to the record holder of the certificates representing whole shares of EndoSonic Common Stock issued in

exchange therefor, without interest, (i) at the time of such surrender, the amount of dividends or other distributions with a record date after the Effective Time previously paid with respect to such whole shares of EndoSonic Common Stock, and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender and a payment date subsequent to surrender payable with respect to such whole shares of EndoSonic Common Stock, as the case may be.

ARTICLE V

Termination

5.1 Termination. Notwithstanding the approval of the Merger and this Merger Agreement by the shareholders of Navius, this Merger Agreement may be terminated at any time prior to the Effective Time of the Merger by mutual agreement of the Boards of Directors of the Constituent Corporation.

5.2 Termination of Reorganization Agreement. Notwithstanding the approval of the Merger and this Merger Agreement by the shareholders of Navius, this Merger Agreement shall terminate forthwith if the Reorganization Agreement is terminated as provided therein.

5.3 Effect of Termination. In the event of termination of this Merger Agreement, this Merger Agreement shall immediately become void and there shall be no liability or obligation on the part of EndoSonic, Navius, Nantucket or their respective officers, directors or shareholders except as provided in the Reorganization Agreement.

ARTICLE VI

General Provisions

6.1 Amendment. This Merger Agreement may be amended by the parties hereto, at any time before or after approval of matters presented in connection with the Merger by the shareholders of Navius, but after any such shareholder approval, no amendment shall be made which by law requires the further approval of shareholders without obtaining such further approval. This Merger Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

6.2 Counterparts. This Merger Agreement may be executed in several counterparts, each of which shall be an original, but all of which together shall constitute one and the same agreement.

6.3 Governing Law. This Merger Agreement shall be governed by, construed and enforced in accordance with, the internal laws of the State of California as such laws are applied to contracts entered into and to be performed entirely within California.

[signature page follows]

IN WITNESS WHEREOF, the parties have duly executed this Merger Agreement as of the date first written above.

**NANTUCKET ACQUISITION
CORPORATION**

By: 

Richard L. Fischer
President and Secretary

NAVIUS CORPORATION

By: _____

Leo R. Roucher, Jr.
President and Secretary

IN WITNESS WHEREOF, the parties have duly executed this Merger Agreement as of the date first written above.

**NANTUCKET ACQUISITION
CORPORATION**

By: _____
Richard L. Fischer
President and Secretary

NAVIUS CORPORATION

By: *Leo R. Roucher, Jr.*
Leo R. Roucher, Jr.
President and Secretary

EXHIBIT A

**AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
NAVIUS CORPORATION**

Article First: The name of this Corporation is Navius Corporation.

Article Second: The purpose of this Corporation is to engage in any act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code.

Article Third: This Corporation is authorized to issue only one class of shares of stock, to be designated Common Stock; and the total number of shares which the Corporation is authorized to issue is One Thousand (1,000), with a par value of \$0.01 per share.

Article Fourth: The Board of Directors of the Corporation is expressly authorized to make, alter or repeal Bylaws of the Corporation.

Article Fifth: The liability of the directors of this Corporation for monetary damages shall be eliminated to the fullest extent permissible under California law. Any repeal or modification of this Article Fifth shall only be prospective and shall not affect the rights under this Article Fifth in effect at the time of the alleged occurrence of any action or omission to act giving rise to liability.

Article Sixth: This Corporation is authorized to indemnify the directors and officers of this Corporation to the fullest extent permissible under California law. Any repeal or modification of this Article Sixth shall only be prospective and shall not affect the rights under this Article Sixth in effect at the time of the alleged occurrence of any action or omission to act giving rise to liability.

NANTUCKET ACQUISITION CORPORATION

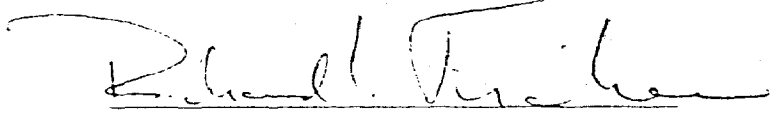
OFFICERS' CERTIFICATE OF APPROVAL OF MERGER

The undersigned, Reinhard J. Warnking, President, and Richard L. Fischer, Secretary, do each hereby certify that:

1. They are the President and Secretary, respectively, of Nantucket Acquisition Corporation, a California corporation.
2. The Agreement and Plan of Merger attached to this Certificate providing for the merger of Navius Corporation, a California corporation, and with and into this corporation, was duly approved by the Board of Directors and shareholders of this corporation.
3. This corporation has one authorized class of shares, designated Common Stock. The number of shares of Common Stock outstanding and entitled to vote upon the merger was 1,000 shares.
4. No approval of the merger by the outstanding shares of EndoSonics Corporation, the owner of all the outstanding shares of this corporation, is required.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 5 day of August, 1998.

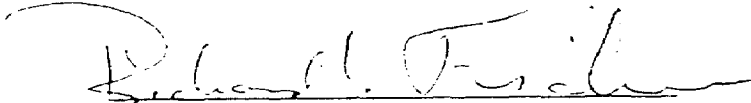
**NANTUCKET ACQUISITION
CORPORATION**



Richard L. Fischer
President and Secretary

The undersigned further declares under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate are true and correct of his own knowledge.

Executed at Rancho Cordova, California on August 5, 1998.



Richard L. Fischer
President and Secretary

NAVIUS CORPORATION

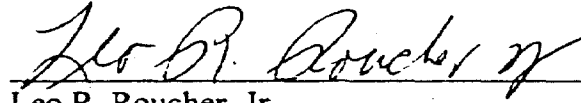
OFFICER'S CERTIFICATE OF APPROVAL OF MERGER

The undersigned, Leo R. Roucher, Jr., President and Secretary, does hereby certify that:

1. He is the President and Secretary of Navius Corporation, a California corporation.
2. The Agreement and Plan of Merger attached to this Certificate providing for the merger of this corporation with and into Nantucket Acquisition Corporation, a California corporation, was duly approved by the Board of Directors and shareholders of this corporation.
3. This corporation has two authorized classes of shares, designated as Common Stock and Preferred Stock. The number of shares of Common Stock entitled to vote upon the merger was 1,761,625 shares, and the number of shares of Preferred Stock entitled to vote upon the merger was 1,887,772 shares.
4. The principal terms of the Agreement and Plan of Merger were approved by this corporation by the vote of a number of shares of Common Stock and by the vote of a number of shares of Preferred Stock, each of which equaled or exceeded the vote required. The percentage vote required for such approval was more than 50% of the Common Stock issued and outstanding as of the record date, and more than 50% of the Preferred Stock issued and outstanding as of the record date.
5. All shares of Preferred Stock have been converted into Common Stock, such conversion to be effective immediately prior to the Merger.

IN WITNESS WHEREOF, the undersigned has executed this Certificate this 5 day of August, 1998.

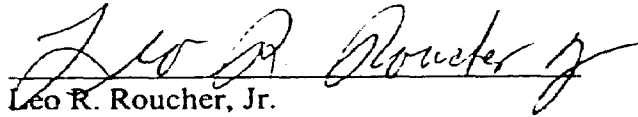
NAVIUS CORPORATION



Leo R. Roucher, Jr.
President and Secretary

The undersigned further declares under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate are true and correct of his own knowledge.

Executed at San Diego, California on August 5, 1998.



Leo R. Roucher, Jr.
President and Secretary

