U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1998

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____.

Commission file number 0-26866

SONUS PHARMACEUTICALS, INC.
(Exact Name of Registrant as Specified in Its Charter)

DELAWARE	95-4343413
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)

22026 20TH AVE. SE, BOTHELL, WASHINGTON 98021
(Address of Principal Executive Offices)

(425) 487-9500
(Registrant's Telephone Number, Including Area Code)

Indicate by check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

State the number of shares outstanding of each of the issuer's classes of common equity as of the latest practicable date.

Class	Outstanding at April 30, 1998
Common Stock, $.001 par value	8,615,451

SONUS PHARMACEUTICALS, INC.
INDEX TO FORM 10-Q

</TABLE>

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SONUS PHARMACEUTICALS, INC.
BALANCE SHEETS

<TABLE>
<CAPTION>

	MARCH 31, 1998	DECEMBER 31, 1997
<S>	<C>	<C>
ASSETS	(UNAUDITED)	
Current assets:		
Cash and cash equivalents	$ 5,154,194	$ 5,253,227
Marketable securities	18,466,433	21,317,835
Other current assets	544,749	599,303
Total current assets	24,165,376	27,170,365
Equipment, furniture and leasehold improvements, net of accumulated depreciation of $1,938,173 and $1,738,269	1,748,812	1,734,737
Other assets	40,667	40,667
Total assets	$ 25,954,855	$ 28,945,769
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank line of credit	$ 5,000,000	$ 5,000,000
Accounts payable and accrued expenses	2,301,000	2,612,065
Accrued clinical trial expenses	1,802,088	1,743,208
Current portion of capital lease obligations	130,483	146,762
Total current liabilities	9,233,571	9,502,035
Long-term debt	1,328,811	845,939
Capital lease obligations, less current portion	75,217	93,178
Commitments		
Stockholders' equity:		
Preferred stock, $.001 par value: 5,000,000 authorized; no shares issued or outstanding	--	--
Common stock, $.001 par value: 20,000,000 shares authorized; 8,615,451 and 8,611,376 shares issued and outstanding in 1998 and 1997, respectively	34,939,884	34,860,237
Accumulated deficit	(19,610,125)	(16,338,949)
Deferred compensation	(12,503)	(16,671)
Total stockholders' equity	15,317,256	18,504,617
Total liabilities and stockholders' equity	$ 25,954,855	$ 28,945,769

</TABLE>

See accompanying notes.

SONUS PHARMACEUTICALS, INC.
STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	
	1998	1997
<S>	<C>	<C>
Revenues:		
Collaborative agreements	$ 1,700,000	$ 5,100,000
Operating expenses:		
Research and development	3,550,056	2,583,986
General and administrative	1,656,574	1,187,610
Total operating expenses	5,206,630	3,771,596
Operating income (loss)	(3,506,630)	1,328,404
Other income (expense):		
Interest income	294,051	249,971
Interest expense	(54,113)	(32,188)
Income (loss) before income taxes	(3,266,692)	1,546,187
Income taxes	--	190,000
Net income (loss)	$(3,266,692)	$ 1,356,187
Net income (loss) per share:		
Basic	$ (0.38)	$ 0.16
Diluted	$ (0.38)	$ 0.14
Shares used in computation of net income (loss) per share:		
Basic	8,612,923	8,531,352
Diluted	8,612,923	9,497,082

See accompanying notes.

SONUS PHARMACEUTICALS, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1998	1997
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net income (loss)	$ (3,266,692)	$ 1,356,187
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	204,072	129,220
Amortization of discount on marketable securities	(10,903)	(30,949)
Realized gain on marketable securities	(6,533)	(840)
Changes in operating assets and liabilities:		
Other current assets	54,554	81,321
Accounts payable and accrued expenses	(311,065)	(61,809)
Accrued clinical trial expenses	58,880	171,242
Deferred revenue	--	(1,000,000)
Net cash provided by (used in) operating activities	(3,277,687)	644,372
INVESTING ACTIVITIES:		
Purchases of equipment, furniture and leasehold improvements	(213,979)	(153,838)
Purchases of marketable securities	(10,663,563)	(8,005,737)
Proceeds from sale of marketable securities	13,041,869	2,000,000
Proceeds from maturities of marketable securities	486,048	3,939,376
Net cash provided by (used in) investing activities	2,650,375	(2,220,199)
FINANCING ACTIVITIES:		
Proceeds from bank line of credit	5,000,000	5,000,000
Repayment of bank line of credit	(5,000,000)	(5,000,000)
Proceeds from long-term debt	482,872	--
Repayment of capitalized lease obligations	(34,240)	(46,476)
Proceeds from issuance of common stock and warrants	79,647	38,339

Net cash provided by (used in) financing activities	528,279	(8,137)
Change in cash and cash equivalents for the period	(99,033)	(1,583,964)
Cash and cash equivalents at beginning of period	5,253,227	7,236,615
Cash and cash equivalents at end of period	$ 5,154,194	$ 5,652,651
Supplemental cash flow information:		
Interest paid	$ 17,097	$ 32,188
Income taxes paid	$ 7,500	$ 40,000

</TABLE>

See accompanying notes.

SONUS PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required to be presented for complete financial statements. The accompanying financial statements reflect all adjustments (consisting only of normal recurring items) which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented.

The financial statements and related disclosures have been prepared with the assumption that users of the interim financial information have read or have access to the audited financial statements for the preceding fiscal year. Accordingly, these financial statements should be read in conjunction with the audited financial statements and the related notes thereto included in the Form 10-K for the year ended December 31, 1997.

2. RECENT ACCOUNTING PRONOUNCEMENTS

In 1997, the Company adopted Statement of Financial Accounting Standards No. 128, "Earnings Per Share ("EPS")" (SFAS 128). In accordance with this statement, the Company has presented both basic and diluted EPS. Basic EPS is based on the weighted average number of common shares outstanding. Diluted EPS is based on the weighted average number of common shares and dilutive potential common shares. Dilutive potential common shares are calculated under the treasury stock method and consist of unexercised stock options and warrants. Amounts previously reported have been restated to conform to the provisions of SFAS 128.

During 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income." SFAS 130 requires unrealized gains or losses on the Company's available-for-sale securities, which are currently reported in shareholders' equity, to be included in other comprehensive income. SFAS 130 is effective for financial statements for fiscal years beginning after December 15, 1997 and all interim periods thereafter. The total of other comprehensive income for the periods ended March 31, 1998 and 1997 are immaterial.

During 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 is effective for financial statements for fiscal years beginning after December 15, 1997. The adoption of SFAS No. 131 is not expected to have a material impact on the Company's results of operations, financial position or cash flows.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company is primarily engaged in the research, development and commercialization of proprietary contrast agents for use in ultrasound imaging. The Company has financed its research and development and clinical trials through payments received under agreements with its collaborative partners,

private equity and debt financings, and an initial public offering ("IPO") completed in October 1995. Clinical trials of the Company's principal product under development, EchoGen(R) Emulsion, began in January 1994. The Company currently has on file for EchoGen a New Drug Application ("NDA") with the U.S. Food and Drug Administration ("FDA") and a Marketing Authorization Application ("MAA") with the European Medicines Evaluation Agency ("EMEA").

In February 1998, the Company received an action letter from the FDA which indicated that the review of the EchoGen NDA was completed and the application is inadequate for approval, citing certain deficiencies in the application. The Company is in the process of preparing an amendment to the NDA to address the deficiencies. The Company is exchanging information with the FDA and, based on communications to date, believes an amendment can be prepared that will be responsive to the issues raised in the FDA action letter. Once the Company has filed the amendment with the FDA, the agency has up to 180 days to review the amendment. Accordingly, once the FDA review is completed, the Company expects that the agency will be in a position to issue another action letter.

In March 1998, the Committee for Proprietary Medicinal Products ("CPMP") issued a positive opinion on EchoGen for use in patients with suspected or established cardiovascular disease. The CPMP is the scientific review committee of the EMEA and makes its recommendations to the EMEA. The next step following the positive opinion is expected to be the issuance of a marketing authorization by the European Commission, which covers the 15 member states of the European Union, which are the United Kingdom, Ireland, France, Germany, Italy, Spain, Portugal, Sweden, Finland, Denmark, Belgium, Luxembourg, the Netherlands, Greece and Austria.

The Company will not be able to commence sales of EchoGen in the U.S. or various international markets unless and until it receives the appropriate regulatory approvals. Through March 31, 1998, all of the Company's revenues have been derived from agreements with third parties for the collaborative development of EchoGen worldwide.

In May 1996, the Company formed a strategic alliance with Abbott Laboratories ("Abbott") for marketing and selling EchoGen in the U.S. Under the agreement, Abbott agreed to pay the Company an aggregate of $31.0 million in up-front, clinical support and milestone payments, of which $24.0 million has been paid as of March 31, 1998. In addition, Abbott purchased in May 1996, for $4.0 million, warrants to acquire 500,000 shares of common stock of the Company. The warrants are exercisable over five years at $16.00 per share. In October 1996, the Company and Abbott entered into an agreement expanding Abbott's territory to include Europe, Latin America, Canada, Middle East, Africa and certain Asia/Pacific countries. Under the October 1996 agreement, Abbott has agreed to pay the Company $34.6 million in license and milestone payments, a portion of which will be credited against future royalties once EchoGen is approved for commercial sale. As of March 31, 1998, $9.2 million has been paid to the Company by Abbott under the October 1996 agreement of which $4.2 million is creditable against future royalties.

The Company has granted Daiichi Pharmaceutical Co., Ltd. ("Daiichi"), exclusive marketing and distribution rights to EchoGen in Japan and in certain other countries in the Pacific Rim. As of March 31, 1998, Daiichi has paid the Company option, license and milestone fees totaling $12.8 million.

The Company's results of operations have varied and will continue to vary significantly from quarter to quarter and depend on, among other factors, the timing of fees and milestone payments made by collaborative partners, the entering into product license agreements by the Company and the timing and costs of the clinical trials conducted by the Company. The Company's current collaborative partners can terminate their agreements on short notice, and there can be no assurance that the Company will receive any additional funding or milestone payments.

RESULTS OF OPERATIONS

Revenue from collaborative agreements decreased to $1.7 million for the three months ended March 31, 1998 compared with $5.1 million for the three months ended March 31, 1997. The revenue in the current period represents a regular quarterly payment from Abbott of $1.0 million, as well as a milestone payment from Abbott of $0.7 million. The revenue in the prior period represents $4.7 million and $0.4 million of payments under the license agreements with Abbott and Daiichi, respectively.

Research and development expenses increased to $3.6 million for the three months ended March 31, 1998 compared with $2.6 million for the three months ended March 31, 1997, primarily due to ongoing clinical trials investigating additional indications for EchoGen, costs related to supporting the regulatory approval process in the U.S. and Europe, and development of new products, offset in part by $0.6 million of clinical development costs

reimbursed by Abbott.

General and administrative expenses increased to $1.7 million for the three months ended March 31, 1998 compared with $1.2 million for the three months ended March 31, 1997. The increase in 1998 reflected an increase in the costs of filing, prosecuting and protecting patents and to a lesser extent, increases in marketing and administrative personnel.

The Company anticipates total operating expenses will increase in future quarters due to ongoing and planned clinical trials to study additional indications for EchoGen and due to higher marketing and administrative expenses as the Company continues to prepare for commercialization of EchoGen. The Company may also incur significant expenses relating to legal matters - see "Legal Proceedings." In addition, revenues in future quarters will be primarily dependent upon the timing of certain regulatory milestones.

Interest income increased to $294,000 for the three months ended March 31, 1998 as compared to $250,000 for the three months ended March 31, 1997, primarily reflecting a slightly higher rate of return on invested cash in the first quarter 1998.

LIQUIDITY AND CAPITAL RESOURCES

The Company has historically financed its operations with payments from collaborative agreements, proceeds from equity financings and a bank line of credit. At March 31, 1998, the Company had cash, cash equivalents and marketable securities of $23.6 million, compared to $26.6 million at December 31, 1997. The decrease was due primarily to the net loss reported in the first quarter.

In August 1997, the Company renewed a loan agreement with Silicon Valley Bank which provides for a $5.0 million revolving line of credit facility, which bears interest at the prime rate plus 1.0% per annum. At March 31, 1998 there was $5.0 million outstanding under the line of credit. The line of credit expires in August 1998 and is secured by the tangible assets of the Company. The Company is required to maintain certain minimum balances of cash and marketable securities in order to borrow under the line of credit.

The Company expects that its cash needs will increase significantly in future periods due to pending and planned clinical trials and higher administrative and marketing expenses as the Company prepares for commercialization of EchoGen. The Company estimates that existing cash, cash equivalents and marketable securities will be sufficient to meet the Company's capital requirements for at least the next 12 months. The Company's future capital requirements will, however, depend on many factors, including the time and costs required to gain regulatory approvals, the progress of the Company's research and development programs, clinical trials and the ability of the Company to obtain and retain continued funding from third parties under collaborative agreements, the costs of filing, prosecuting and enforcing patents, patent applications, patent claims and trademarks, the costs of marketing and distribution, the status of competing products and the market acceptance of the Company's products, if and when approved. The Company may have to raise substantial additional funds to complete development of any product or to commercialize any products if and when approved by the FDA. There can be no assurance that additional financing will be available on acceptable terms, if at all.

YEAR 2000 COMPLIANCE

During 1997 the Company completed a comprehensive review of software applications used in critical business processes. The Company has determined that all of its critical business systems are year 2000 compliant. There is no guarantee that the systems of the Company's collaborative partners or significant vendors will be year 2000 compliant. If the Company's collaborative partners or significant vendors are not year 2000 compliant, this could have an adverse effect on the ability of collaborative partners or vendors to satisfy their obligations to the Company or for the Company to electronically communicate with such parties.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and the Company intends that such forward-looking statements be subject to the safe harbors created thereby. Examples of these forward-looking statements include, but are not limited to, (i) the progress and results of clinical trials, (ii) future marketing approvals, (iii) the anticipated outcome or financial impact of litigation, (iv) future product revenues and expenses, and (v) the future uses of capital and financial needs of the Company. While these statements made by the Company are based on management's current beliefs and judgment, they are subject to risks and uncertainties that could cause actual results to vary.

In evaluating such statements, stockholders and investors should specifically consider a number of factors and assumptions, including those discussed in the text and the financial statements and their accompanying footnotes in this Report and the risk factors detailed from time to time in the Company's filings with the Securities and Exchange Commission. As discussed in the Company's annual report on Form 10-K for the year ended December 31, 1997, actual results could differ materially from those projected in the forward-looking statements as a result of the following factors, among others: uncertainty of governmental regulatory requirements; unproven safety and efficacy; uncertainty of clinical trials; history of operating losses; uncertainty of future financial results; uncertainty of market acceptance; future capital requirements and uncertainty of additional funding; dependence on third parties for funding, clinical development and distribution; dependence on patents and proprietary rights; competition and risk of technological obsolescence; limited manufacturing experience; dependence on limited contract manufacturers and suppliers; lack of marketing and sales experience; and limitations on third-party reimbursement.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On August 1, 1997, a lawsuit was filed in the U.S. District Court for the District of Columbia by Molecular Biosystems, Inc. ("MBI") and Mallinckrodt, Inc. against the Company, Nycomed Imaging A.S. ("Nycomed"), ImaRx Pharmaceutical Corporation, DuPont Merck and Bracco International BV. The suit alleged that certain of the Company's ultrasound contrast agent patents were invalid and that the Company had made certain false public representations about MBI and a proposed MBI product. On September 3, 1997, Nycomed filed a cross-claim against the Company in the above action, alleging that a Nycomed patent was entitled to priority over one of the SONUS patents and that the SONUS patent was invalid. The Company along with several other co-defendants moved to dismiss the lawsuit, and on January 5, 1998, the District Court of the District of Columbia dismissed the lawsuit filed by MBI and the cross-claim filed by Nycomed.

On January 7, 1998, the Company announced that it had filed a patent infringement action in the U.S. District Court in Seattle, Washington, against MBI and Mallinckrodt, Inc. The suit alleges that one of MBI's ultrasound contrast product agents infringes one or more of the Company's patents. MBI has filed counterclaims alleging that the patents asserted by SONUS are invalid and not infringed, and that SONUS has made false public statements and engaged in other actions intended to damage MBI and one of its ultrasound contrast agents. A trial date has been set for this lawsuit in August 1999.

In addition, the patents in this lawsuit are the subject of re-examination by the U.S. Patent and Trademark Office. The outcome of the re-examination may have an impact on the above patent infringement action.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company's Annual Meeting of Stockholders was held on April 30, 1998. At the Annual Meeting there were three matters submitted to a vote of security holders. Proxies were solicited pursuant to Section 14(a) of the Securities and Exchange Commission adopted pursuant thereto. There was no solicitation in opposition to management's nominees as listed in the proxy statement. Each director nominated and proposed submitted to a vote passed and the voting outcome of each proposal is as follows:

1. Election of the following four (4) directors to serve until the next annual meeting of stockholders or until their successors are elected and have qualified:

<TABLE>
<CAPTION>

Nominee	For	Abstain
<S>	<C>	<C>
Steven C. Quay, M.D., Ph.D.	7,353,690	291,525
Dwight Winstead	7,353,920	291,295
Harry A. Shoff	7,353,878	291,337
George W. Dunbar, Jr.	7,353,840	291,375

</TABLE>

2. Approval of an amendment to the Company's Incentive Stock Option, Nonqualified Stock Option and Restricted Stock Purchase Plan -- 1991 to increase the number of shares subject thereto to a total of 1,900,000:

For: 7,101,466 Against: 488,829 Abstain: 17,733

3. Ratification of Ernst & Young LLP as independent auditors of the Company for the fiscal year ending December 31, 1998:

For: 7,624,530 Against: 7,510 Abstain: 13,175

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Number	Description
10.29	Commercial Supply Agreement, dated March 6, 1998 (portions omitted pursuant to Rule 24B-2).
11.1	Computation of net income (loss) per share
27.1	Financial Data Schedule

(b) REPORTS ON FORM 8-K

The Company filed the following report on Form 8-K during the quarter ended March 31, 1998:

1. The Registrant filed a report on Form 8-K on March 13, 1998 in connection with the announcement of the FDA requesting additional information regarding the EchoGen NDA review and the announcement of the March meeting of the Committee for Proprietary Medicine Products to review the EchoGen Medical Marketing Application.

ITEMS 2, 3 AND 5 ARE NOT APPLICABLE AND HAVE BEEN OMITTED.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SONUS PHARMACEUTICALS, INC.

Date: May 7, 1998

By: /s/ Gregory Sessler

Gregory Sessler
Chief Financial Officer (Principal Financial and Accounting Officer) and Assistant Secretary

EXHIBIT INDEX

Number	Description
10.29	Commercial Supply Agreement, dated March 6, 1998 (portions omitted pursuant to Rule 24B-2).
11.1	Computation of net income (loss) per share
27.1	Financial Data Schedule

COMMERCIAL SUPPLY AGREEMENT

THIS AGREEMENT is made and entered into as of this day of March 6, 1998, by and between SONUS PHARMACEUTICALS, INC., a Delaware corporation ("SONUS") and * .

RECITALS:

WHEREAS, * in the business of, among other things, fluorochemical research and development, scale-up, bulk manufacturing and marketing of neat fluorochemicals, * and *; and

WHEREAS, SONUS desires to have * supply, in bulk, neat medical grade *, in accordance with specifications shown in Schedule 1, and to author Drug Master File(s) ("DMF(s)") for * and *, for the development of and use in the Product (as hereinafter defined) to be developed by SONUS;

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, SONUS and * do hereby agree as follows:

1. DEFINITIONS

1.1 The following capitalized terms shall have the respective meanings set forth below for purposes of this Agreement.

1.2 "Affiliate" shall mean a corporation or business entity that directly or indirectly is controlled by, controls, or is under common control with a party to this agreement. For this purpose, the meaning of the work "control" shall be ownership of more than fifty percent (50%) of the voting shares or interest in the respective corporation or business entity or ownership of the maximum amount of the voting share or interest in the respective corporation or business entity permitted by law in a particular country.

1.3 "Approval Date" shall mean that date on which SONUS receives from the U.S. FDA final approval of its new drug application (NDA) for the Product.

1.4 "Confidential Information" shall have the meaning assigned to such term in Section 6.1 hereof.

1.5 "Contract Year" shall mean each twelve (12) month period during the term of this Agreement commencing upon the first approval date by the Food and Drug Administration of the Product for use in the Field.

1.7 "Research and Development Year" shall mean each twelve (12) month period, or partial year before approval, immediately following execution of the "Commercial Supply Agreement" and until commencement of Contract Year one.

1.8 "Field" shall mean those human or animal pharmaceutical applications or treatments involving * or * used in diagnostic ultrasound imaging. The Field shall include, without limitation, topical, dermal, epidermal, injectable, transdermal, intravital or nasal administration of any Product.

1.9 "*" shall mean *, purified as * medical grade, which shall meet or exceed the minimum specifications set forth on Schedule 1 hereto, and which shall be used by SONUS and/or other SONUS developers for the development, manufacture, sale and distribution of the Products.

1.10 "*" shall mean *, purified as * medical grade, which shall meet or exceed the minimum specifications set forth on Schedule 1 hereto, and which shall be used by SONUS and/or other SONUS developers for the development, manufacture, sale and distribution of the Products.

1.11 "Patent Estate" shall mean those valid under law patents issued to SONUS as specified on Schedule 5 attached hereto.

1.12 "Product or Products" shall mean any one or more commercial products developed and manufactured by SONUS and/or SONUS developers, for application in the Field and containing * or * in any form, quantity or developed or purified state.

1.13 "Third Party" shall mean any person or entity other than SONUS, * or their Affiliates.

1.14 "SONUS" shall include SONUS Pharmaceuticals, Inc., its Affiliates and

distributors.

1.15 "Excess Purchases" Any purchase of product by SONUS from * in contract years 1 of * in contract year 2, any purchase of product by SONUS from * in contract years 3,4 of * per contract year and * in contract year 5.

2. SUPPLY AND PURCHASE OF * AND *

2.1 Obligations of SONUS.

(a) SONUS hereby agrees that it will use its commercially reasonable best efforts to attempt to obtain approval of a new drug application ("NDA") for one or more of the Product(s) in the United States from the Food and Drug Administration ("FDA") of the United States government within (7) years of the date of the last signing party to this agreement.

(b) SONUS hereby agrees that, commencing upon the Research and Development Year and/or the first Contract Year, as applicable and continuing during the term hereof, SONUS and its Affiliates and distributors shall purchase from * not less than the following amount of *:

Contract Year 1		*
Contract Year 2		*
Contract Year 3		*
Contract Year 4		*
Contract Year 5	and each subsequent year	*

(a) SONUS hereby agrees that commencing in Contract Year three to negotiate in good faith for * to provide SONUS with up to *, or minimums as above, whichever is greater, of SONUS' world wide requirements of * and * beginning in contract year four for the remaining term of the Agreement. * must prove to the reasonable satisfaction of SONUS that it is a reliable supplier of * and/or * conforming to the Specifications during R&D and Contract Years one and two per Section 2.2 of the Agreement for this obligation to apply. However, in any given contract year during contract year 1 through 5, * of the excess purchases shall be applied as a reduction to the remaining contract years minimum purchases of product, said reduction to be applied to the first, most distant of the 5 contract years minimum purchases to which minimum purchases apply.

2.2 Supply Obligation.

(a) * hereby agrees that, during the term hereof, it shall utilize its best efforts at its own expense to maintain capacity to supply, at all times, * of the annual forecasted volume requirements of SONUS; as provided for in Section 2.5, Estimates and Orders.

(b) * agrees to hold, at the end of any calendar quarter commencing at the beginning of the first Contract Year, a minimum of six (6) months supply of medical grade * as specified in Schedule 4. SONUS agrees that it will purchase all such inventories held by * within twelve (12) months of the inventory report date, as set forth in SECTION 2.5 Estimates and Orders, or at the termination of this agreement, whichever is sooner; provided that such inventories have * shelf life and are within specification. The parties agree to consult regularly on the adequacy of such minimum supply of *. * agrees to provide a copy of Schedule 4 to SONUS at least quarterly and * warrants that it has, in fact, the indicated quantity of * in Inventory.

(c) * agrees to utilize its commercially reasonable best efforts to * and to modify its DMF or prepare new DMF to * manufactured *. * will advise SONUS of its plan and activities, including an estimate of time necessary to *. * agrees to utilize its best efforts, including the procurement of increased quantities of raw materials to make * in order to insure an uninterrupted supply of * to SONUS * and to supply * in accordance with minimum supply levels set forth in Paragraph 2.2(b), above. SONUS and * shall consult upon the amounts of raw materials * shall use to make * and * for inventory during the changeover * and SONUS shall purchase all of * * and said raw materials used to in making * within 90 days after SONUS' complete conversion to *.

(d) * will produce * under DMF(s) during the term hereof. Said DMF(s) will provide adequate detail on the facilities, purification, stability and quality control processes * in accordance with current Good Manufacturing Practices ("GMP") and all applicable FDA and similar foreign regulations. * agrees to

provide authorization for the FDA to review the DMF(s) directly or to refer to the DMF(s) during its review of any regulatory investigation of SONUS; or the review of any submission made by SONUS. * shall provide a copy of the DMF(s) to SONUS for review and a copy of each update to the DMF(s) prior to filing such update with the FDA.

Further, during the term hereof, should * DMF(s) be determined by the FDA to not comply with its guidelines and regulations or if * proposes to make a change in the DMF(s) or in the underlying process, * will notify SONUS. * will provide SONUS with a summary of information relevant to any noncompliance or in support of any proposed process or DMF(s) change, and SONUS will have 90 days to evaluate and notify * that SONUS believes the noncompliance or change to be significant. * will increase minimum inventory to an agreed upon level to ensure no interruptions to SONUS in manufacturing of the Product. SONUS may engage a Third Party consultant, to review the DMF(s) and recommend changes to the DMF(s) for compliance with FDA guidelines or evaluate the * proposed change for compliance with the FDA requirements, respectively. FDA is the final authority and * agrees to use its best efforts to fully respond to FDA all requirements in a timely fashion in order to bring its DMF(s) into compliance.

(e) In the event that SONUS or SONUS designate files foreign equivalents of NDAs in countries outside the United States, then * will utilize its commercially reasonable best efforts to file the appropriate documentation regarding * supply in the same geographic territories in support of the development efforts of SONUS. SONUS shall reimburse * for its reasonable costs in connection with such efforts as mutually agreed upon by SONUS and *. Any charges to SONUS shall be paid within thirty (30) days, net invoice amount. No additional work shall be undertaken by * in writing as to the scope of the additional work and the amounts to be paid by SONUS.

(f) * acknowledges that SONUS has represented that it is the holder of certain patents directed to biocompatible ultrasound contrast media and methods of use of said media and methods of use of said media comprising certain medical grade fluorocarbon gases and gaseous precursors as specified in the SONUS Patent Estate attached hereto as Schedule 5. So long as the minimums in paragraph 2.1(b) are met, * agrees that it will not make or use, nor knowingly sell, any * to anyone other than SONUS for use in the Field without the express written permission of SONUS.

(g) * acknowledges that no license is granted to * under any SONUS rights for * manufacture, use or sale of * to Third Parties in the Field, or otherwise.

2.3 Acceptance of *.

(a) Each shipment of * shall be weighed within 3 days of receipt by SONUS or SONUS designate to confirm the quantity of * received. If there is a weight discrepancy, SONUS shall promptly notify * and within 10 days, SONUS and * will attempt to amicably resolve the cause of the discrepancy and the quantity that SONUS will pay for. If the parties are unable to resolve any differences concerning delivered quantities, the issue shall be resolved by arbitration as set forth in Sections 9.1 and 9.2. It is agreed in paragraph 3.1 that the price is FOB *, therefore any losses incurred in shipment (other than leaky valves or defective shipment cylinders) are the responsibility of SONUS. Each shipment of * supplied by * to SONUS hereunder shall conform to the specifications therefore as set forth on Schedule 1 hereto. The parties may mutually agree to amend such specifications, as necessary from time to time, provided that if any such amendment shall materially affect * cost or timing of production, the parties shall negotiate in good faith to amend the pricing or delivery terms accordingly. If the parties are unable to resolve any differences concerning pricing and/or delivery in this matter, the issue shall be resolved by arbitration as set forth in Sections 9.1 and 9.2. Each such shipment shall be in accordance with the required methods of analysis applicable *, and within the guidelines of any applicable federal, state or local law, rule or regulation. * shall send to SONUS with each such shipment a Certificate of Analysis specifying the results of each analytical test required to show conformance of such shipment with such specifications. The figures set forth in the certificate of Analysis shall be accepted as accurate for the purposes of this Agreement unless SONUS, within thirty (30) days of the receipt of such shipment, notifies * in writing that it has analyzed such shipment in accordance with such methods of analysis and has determined that such shipment does not conform to such specifications.

(b) If it is determined that a lot of * does not conform to the applicable specifications set forth on Schedule 1 hereto, * shall replace, at * expense, such lot with a substitute lot which meets such specifications within thirty (30) days from the date such nonconforming shipment is determined not to meet

the specifications therefore by the parties hereto. The nonconforming shipment shall be returned at * expense by SONUS to * upon final determination in accordance with Section 2.3(a) above that it does not meet the specifications therefore.

(c) The parties hereto agree that the supply of * by * hereunder shall be subject to and governed by the terms and conditions hereof. None of the terms and conditions set forth on any purchase or order form, invoice or like document shall change, add to or modify the provisions of this Agreement, unless mutually agreed to by the parties in writing. To the extent there shall exist any inconsistency or additional terms between the terms and conditions of such purchase or order form, invoice or like document and this Agreement, and there is no written mutual agreement supporting such inconsistency or additional terms then the terms and conditions of this Agreement shall control to such extent.

(d) * represents and warrants that each shipment * supplied pursuant to this Agreement shall meet the specifications for * adopted hereunder and shall be manufactured in accordance with current GMP applicable to the manufacture of such bulk chemicals and all applicable laws, rules or regulations, as specified by the United States Food and Drug Administration.

(e) * and SONUS each warrant that they shall individually comply with all applicable laws, rules and regulations governing the transportation of hazardous materials, occupational safety and health laws, and waste disposal laws with respect to the handling of *.

(f) SONUS or SONUS' representatives shall have the right, upon reasonable written notice to * but not more than twice per year to conduct a quality assurance audit and inspection of * records including the DMF(s) and production facility relating to the production and manufacture of *. Such audit shall focus on a review of FDA compliance with applicable laws and regulations relating to the manufacture of *. SONUS agrees to perform such audit during normal business hours and to conduct the audit at its own expense. SONUS will issue a report that will summarize * overall compliance and denote any recommended actions where * is found deficient. * will have 30 days from the date of issuance of the report to discuss the deficiencies and recommended actions with SONUS and to initiate an agreed upon action plan.

2.4 Warranty.

* warrants the manufacturing or sale of the Product(s) sold and delivered hereunder will not infringe any U.S. Patent, but does not warrant against such infringement by reason of the use of the Product alone, or in combination with other goods, or in the operation of any process or use. SONUS agrees to indemnify and hold * harmless against any and all claims, costs, or causes of action which may arise out of the use of the Product(s) alone or in combination with other goods. * further warrants that the shipments * supplied to SONUS under this Agreement shall conform to the descriptions of Section 2.3 at the time of shipment and that * shall have good and marketable title to transfer same, free of any and all encumbrances. However, SONUS shall have the ability to conduct its own analysis on each shipment of * received from * to check for conformance with the specifications set forth on Schedule 1. * makes no representation regarding any ingredient, chemical or constituent of a shipment of * that is not specified in the specifications set forth in Schedule 1 as being an impermissible ingredient, chemical or constituent of * or impermissible concentration of any of the foregoing ("Unspecified Constituents"). SONUS agrees to assume all responsibility for Unspecified Constituents and the biological consequences thereof in the medical applications for any Unspecified Constituents of the * by SONUS unless such unspecified constituent were due to * failure to manufacture * in compliance with section 2.2d. SONUS shall bear the burden of proof that an Unspecified Constituent was present due to * failure to manufacture the * in compliance with 2.2 (d). With regard to the specifications set forth in Schedule 1 and the specification's applicability to the medical applications of SONUS, SONUS agrees and acknowledges that * does not have expertise in that field and that SONUS does have expertise in that field, and SONUS shall be solely responsible for the suitability of * and the specification for the medical application(s) that SONUS contemplates under this Supply Agreement. * MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, IN FACT OR BY LAW, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABLITY OR FITNESS FOR A PARTICULAR PURPOSE.

2.5 Estimates and Orders.

(a) (1) SONUS shall, within sixty (60) days after execution of the commercial supply agreement for any Product, provide * with a written estimate of the quarterly purchase of * by SONUS for the first year following the anticipated NDA approval date; per the order forecast, Schedule 3, attached.

(2)* shall, within sixty (60) days following receipt of Schedule 3, inform SONUS as to its anticipated capacity for supplying * to SONUS, including volumes and lead times, and shall update such information when its actual capacity becomes known.

(3) * acknowledges that such quantities shown on Schedule 3 are estimates only and are not binding obligations on SONUS, subject to minimum purchase obligations set forth in Paragraph 2.1(b) and agreement to pay for * manufactured as a result of SONUS estimates and held by * for 12 months as outlined in Paragraph 2.2(b). SONUS shall fully cooperate in the estimated schedule and production for the commercial order(s) to be placed by SONUS in anticipation of NDA approval for the Product.

(b) SONUS agrees to submit purchase orders at least 45 days prior to a requested delivery date. * will ship the requested volume of * within forty five (45) days of receipt, but * will use all reasonable efforts to ship the requested volume of * within the periods requested in the purchase order therefore from SONUS, provided that such orders are reasonably consistent with estimates previously provided by SONUS. For purposes of the Section 2.5 (b), "reasonably consistent" shall mean an order not in excess of one hundred fifty percent (150%) of the relevant estimated volume, as shown on the forecast Schedule 3, in effect at the time the purchase order is placed. SONUS may cancel any purchase order if *, as requested, is not received within 45 days from *.

2.6 Deliveries.

(a) All shipments of * from * hereunder shall be FOB * plant, freight collect or third party billing to Sonus account. Each shipment of * shall be in accordance with all applicable federal, state and local laws, rules and regulations with respect to the packaging and shipping of *, including, without limitation, all applicable environmental laws. * shall be shipped to SONUS or SONUS designate in returnable * stainless steel containers or other such container sizes as the parties may mutually agree, and in accordance with * DMF(s). As appropriate, * will provide SONUS in advance of each shipment of * all necessary information relating to such shipment, including, without limitation, the identity of the carrier, flight number or truck number or similar information, scheduled arrival date and time and shipment identification number.

(b) * shall have the responsibility of, and shall bear all costs incurred in obtaining approval under or otherwise complying with all applicable laws, rules and regulations related to the manufacture and supply of *, and SONUS shall cooperate as reasonably required to obtain such approvals and such compliance.

3. PRICE AND PAYMENT

3.1 Price. The price with respect to * shall be as set forth on Schedule 2 hereto, ("Price: Schedule"), and is the FOB Price * manufacturing facility.

3.2 Invoicing. * will submit an invoice after each shipment of * to SONUS requesting payment for such shipment corresponding to a specific purchase order submitted to * by SONUS. Such invoice shall reflect a total invoice price for such shipment calculated pursuant to the pricing terms set forth on Price Schedule 2.

3.3 Adjustments. SONUS may, after reviewing the invoice charges, contest in good faith the charges or any aspect thereof by giving * written notice of the objection within forty-five (45) days of receipt of such invoice from *. Within forty-five (45) days from receipt of the notice from SONUS, the parties agree to resolve any disagreements between the parties.

3.4 Payments. Subject to the terms and provisions of Section 3 hereof, all payments to * for * under this Agreement shall be made in U.S. dollars within forty-five (45) days from the date of the invoice which invoices are dated by *, with a three percent (3%) discount if paid within 10 days of the invoice date, or upon such other terms as agreed upon in writing from time to time between the parties.

3.5 Taxes. * shall bear and pay all federal, state and local taxes upon or measured by its net income, and all franchise taxes based upon its corporate existence, or its general corporate right to transact business. SONUS shall bear any and all sales taxes due as a result of sales under this agreement.

4. INDEMNIFICATIONS

4.1 By *. * hereby agrees to defend, indemnify, and hold SONUS harmless from any loss, claim, action, damage, expense or liability, including defense costs and attorney's fees, including but not limited to the costs of any environmental sampling, cleanup and remediation resulting from or arising out of * manufacture of * or of * handling or * disposing of any wastes relating thereto, or its breach of any representation, warranty, covenant or obligation under this Agreement.

4.2 BY SONUS. SONUS hereby agrees to indemnify and hold * harmless from any loss, claim, action, damage, expense, or liability, including defense costs and attorneys' fees, resulting from or arising out of SONUS' or its customers' or agents' or end users' use * or sale or use of any Product or its breach of any representation, warranty, covenant or obligation under this Agreement, other than any loss claim, action, damage, expense or liability that results from the manufacturing process of * by * or the adulteration of * by *. SONUS acknowledges that there are hazards associated with the handling and use of *, that it understands such hazards, and that it is the responsibility of SONUS to warn and protect its employees and others exposed to such hazards through storage, handling, and use *. * shall provide SONUS with copies of Material Safety Data Sheets relating to * for SONUS to make the warnings set forth therein, which may not be a comprehensive, all inclusive set of warnings, and SONUS shall hold harmless, indemnify, and defend * from and against any loss, cost, claim, action, expense, or liability, including, but not limited to attorneys' fees incurred by * because such warnings or any other warnings required by law or otherwise for the safe use, handling, and storage of * and products containing * were not made.

4.3 Conditions of Indemnity. The obligations and liabilities of either party hereto with respect to claims resulting from the assertion of liability by the other party or a Third Party shall be subject to the following terms and conditions:

(a) The party seeking indemnification shall give prompt written notice to the other party of any assertion that might give rise to a claim by the party seeking indemnification against the other party based on the indemnity agreement contained in Section 4.1 or 4.2 hereof, stating the nature and basis of said claims and the amounts hereof, the extent known; provided, however, that the failure to give such notice shall not reduce or eliminate the indemnifying party's obligations hereunder unless the indemnifying party's shall have been materially prejudiced by the failure to give such notice.

(b) In the event any action, suit or proceeding is brought against any party hereto or any of its Affiliates with respect to which the other party may have liability under the indemnity agreement contained in Section 4.1 or 4.2, such other party may, at its option, elect to join or assume the defense of any such action, suit or proceeding, subject to the reasonable approval of counsel by the other party.

(c) The party seeking indemnification shall be kept fully informed of such action, suit or proceeding at all stages thereof whether or not it is represented by counsel, in circumstances involving multiple defendants and rights of contribution, fees and expenses of counsel shall be apportioned in proportion to the ultimate liability.

(d) The parties agree to render to each other such assistance as they may reasonably require of each other in order to ensure the proper and adequate defense of any such action, suit or proceeding, including making available to each other and/or to each other's attorneys its books and records relating to such proceedings or litigation and making individuals available for the giving of testimony (including depositions). Out-of-pocket costs (but not salaries or overhead attributable to employees of a party) shall be considered costs subject to indemnification.

(e) Neither party shall make any settlement of claims without the written consent of the other party, unless such settlements provide for a full and unconditional release of all claims against the other party.

(f) IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY, IN CONTRACT OR IN TORT, FOR INCIDENTAL, EXEMPLARY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES.

4.4 Limit of Liability. No claim or liability of any kind with respect to non-delivery of * shall be greater than the price payable hereunder for the *, whichever is applicable, in respect to which such claim is made and SONUS' sole and exclusive remedy (except for the remedy of termination for material breach) for delivery of non-conforming *, whichever is applicable, shall be replacement by * or a Third Party of a like quantity of conforming *, whichever is applicable, at no additional cost to SONUS, as set forth in Section 2.3 (b).

4.5 SONUS Product Liability Coverage. So long as commercially practicable, SONUS hereby agrees to have in effect at the time of regulatory approval of any Product, and to maintain in effect for the duration of this Agreement, a commercial general liability insurance policy or in combination with an excess liability insurance policy, coverage to include products liability, a minimum of $5,000,000 combined single limit per occurrence.

5. FORCE MAJEURE

5.1 No liability to any party shall result from any delay in performance or nonperformance directly or indirectly caused by circumstances beyond the control of the party affected, including, but not limited to acts of God, fire, explosion, flood, earthquake, governmental action (including but not limited to laws, decrees, and regulations), acts of war or accident, so long as the affected party shall use all reasonable efforts to correct or mitigate the circumstances causing such delay in performance or such non performance.

6. CONFIDENTIALITY

6.1 All business and technical information, in writing and identified as confidential at the time of disclosure, including, but not limited to, the existence and terms of this Agreement, technical knowledge, specifications, quality standards, formulae, instructions, procedures and manufacturing processes (the "Confidential Information") which either party may disclose to the other party or to any employee, agent, or representative of the other party, shall be received, used and retained by such other party and its employees, agents and representatives on a strictly confidential basis and, except as expressly provided for herein or as required by applicable law, shall not be disclosed to any, Third Party (except for disclosures required by applicable law, including compliance with the disclosure requirements of applicable securities laws) or in any way used by the recipient party other than for the purposes set forth in this Agreement. The party receiving the Confidential Information shall not disclose any such information to any person within its organization who does not have a need to know, or to any Third Party without the prior written consent of the disclosing party. Oral disclosures must be reduced to writing, identified as confidential and delivered to the recipient party within fifteen (15) days of initial disclosure to be accorded the benefits of this section.

The term "Confidential Information" shall not include any information that:

(a) is in the public domain at the time of receipt by either party or which comes into the public domain without breach of any obligation assumed hereunder, or

(b) was known, and can be shown by clear and convincing evidence to have been known by the receiving party at the time of receipt from the other party, or

(c) becomes known to the receiving party through a Third Party source whose acquisition was independent of either party and not in breach of any obligation of confidentiality under any agreement to which such Third Party was subject, and the use of which is not subject to any other confidentiality agreement.

6.2 The obligations of confidentiality under this Section 6 shall remain in effect during the term of and for a period of ten years from the date of termination of this commercial supply agreement.

7. NOTICES

7.1 All notices provided for in this Agreement shall be in writing and shall be given by registered mail, courier, or personal delivery addressed to the parties at the addresses listed below;

If to SONUS:

SONUS Pharmaceuticals, Inc.
22026 20th Avenue, S.E., Suite 102
Bothell, Washington 98021
Attention: Steven Quay, M.D, Ph.D
President and Chief Executive Officer

If to *:

*
*
*
*
*

A party may change its address for purposes of receiving notices by providing written notice of such change to the other party. Notice shall be deemed to have been given as of the date of receipt of the party receiving the notice.

8. TERM AND TERMINATION

8.1 Term. This Agreement shall continue and remain in full force and effect, unless terminated, for an initial term commencing on the date hereof and ending five (5) years from the Approval Date ("Initial Term") unless the Approval Date does not occur within seven (7) years of the date of this Agreement, in which event this Agreement shall terminate seven (7) years after the date of this Agreement. The Agreement shall remain in force after the Initial Term for successive three (3) year periods unless and until one party gives to the other party written notice of termination at least one hundred and eighty (180) days prior to the expiration of the Initial Term or any successive three (3) year period.

8.2 Termination. This Agreement may be terminated upon the occurrence of any of the following:

(a) Either party's material breach of any term or obligation hereof, unless such breach of any term or obligation is cured within ninety (90) days following notice by the other party of its intention to terminate this Agreement due to such breach or if the breach is of a nature that cannot be reasonably cured within such period, unless the breaching party has taken all reasonable steps to cure the breach within such periods and proceeds diligently to effect a cure as soon thereafter as reasonably practicable but in any event within ninety (90) days following the original notice;

(b) The entry of an order for relief under the United States Bankruptcy Code (or any corresponding remedy under successor laws) against a party; the filing of a voluntary petition by a party under any bankruptcy, insolvency or similar law, or the filing of an involuntary petition (which petition is not dismissed within one hundred and twenty (120) days after filing); the appointment of a receiver for party's business or property; a party's making of a general assignment for the benefit of its creditors; or the liquidation or dissolution of a party.

8.3 Material Breach by *.

(a) In the event SONUS notifies * of termination per Paragraph 8.2(a) due to an uncured * material breach, * will provide reasonable assistance as requested by SONUS to establish an alternative viable source of * at no cost to SONUS.

(b) For purposes of Paragraph 8.3(a), assistance shall include teaching the alternate source of supply for SONUS * the process for *, transfer of * DMF(s), Test Methods, Standard Operating Procedures, and all other current documentation necessary for the manufacture * and all equipment of * dedicated exclusively to manufacturing of * at an agreed on reasonable price.

9. ARBITRATION

9.1 In the event the parties are unable to resolve a disagreement concerning any matter under this Agreement, either party by written notice to the other may initiate arbitration proceedings to resolve the matter pursuant to Section 9.2.

9.2 Any controversy concerning the interpretation of this Agreement, or any breach thereof, shall be settled by final and binding arbitration in accordance with the then existing rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction over the party against which the award is entered (or the ultimate parent of such party) thereof. The prevailing party in any such arbitration as determined by the arbitrator shall be entitled to receive from the other parties costs and expenses incurred in connection with the arbitration, including reasonable attorneys' fees. The arbitration shall be conducted in King County, Washington, if * initiates the process and * if SONUS initiates the process. In any such arbitration the rights of the parties shall

be determined according to the law of Section 10 of this agreement (excluding its or any other jurisdiction's choice of law principles). The parties hereto agree that the service of any notice in the course of such arbitration at the respective addresses as provided for in Section 7.1 shall be valid and binding.

10. GOVERNING LAW

10.1 This Agreement shall be governed as to validity, enforcement, construction, effect and in all other respects, by the laws of the State of Washington.

11. PROPRIETARY RIGHTS

11.1 Except as set forth herein, all right, title and interest in any proprietary information in the possession of either party prior to the date of this Agreement or developed solely by either party on or after the date of this Agreement shall remain the sole property of that party and the other party shall be subject to the confidentiality requirements contained herein with respect to such information. Without limiting the generality of the foregoing, SONUS shall retain the sole and exclusive title to the Product, together with all patents, copyrights, trademarks and trade secrets relating thereto. Each Party shall have a royalty-free, perpetual license to utilize and sublicense any jointly owned information subject to the terms, conditions and limitations set forth in this Agreement. Each party shall be free to utilize for any purpose information owned solely by it, subject to the terms conditions and limitations set forth in this Agreement. Anything herein to the contrary notwithstanding, SONUS shall own the exclusive right, title and interest to any and all patents, proprietary information or other rights included in the SONUS Patent Estate.

11.2 Each party shall be responsible for and bear the cost of pursuing patents (both within the United States of America and worldwide) to protect intellectual property owned by such party. In the event that any intellectual property is owned jointly, either party may notify the other party in writing of the first party's intent to apply for one or more patents covering such property. The other party shall within thirty (30) days of such notice notify the first party in writing whether the second party desires to join in such applications. If the second party joins in such application, it shall be responsible for and pay one-half of all costs incurred in obtaining such patent, including, but not limited to attorneys' fees associated therewith, and shall timely execute any and all documents necessary or desirable in connection with the application. If the second party fails to elect or declines such invitation, title to the patent or patents shall be issued solely in the name of the first party, and the second party shall be deemed to have waived any and all rights in and to such property and patents. Each party shall provide non monetary assistance when reasonably required, to pursue all appropriate patents.

11.3 All intellectual property developed exclusively by or purchased by either party from any Third Party other than in conjunction with this project, is excluded from the terms hereof.

11.4 The provisions of this Section shall survive the termination of this agreement.

12. SEVERABILITY

12.1 If any provision of this Agreement is held to be unenforceable or illegal, the other provisions of this Agreement shall not be affected by any such holding and shall remain in full force and effect. In such event the parties shall use all reasonable efforts to replace any such unenforceable or illegal provision with a provision reflecting as nearly as possible the intent, purpose, and economic effect of such provision.

13. ASSIGNMENT, FDA REVIEW REQUEST

13.1 * shall not, without the prior written consent of SONUS, sell, assign, transfer, encumber, or otherwise dispose of its interest in this Agreement, whether by merger, consolidation, sale of stock, sale of assets or otherwise, and any such prohibited transfer, if made, shall be void and without force or effect. SONUS shall not without the prior written consent of * , sell, assign, transfer, encumber or otherwise dispose of its interests in this Agreement, except in connection with any merger, consolidation, sale of stock or sale of assets of SONUS as to which this Agreement relates, in which case no such consent shall be required. Any permitted assignee shall fully assume the obligations of the assigning party hereunder, but the assigning entity shall nonetheless remain liable unless the parties agree otherwise.

13.2 Notwithstanding paragraph 13.1, * , shall have the right to sell assign or transfer this Agreement and all or part of its medical business, together with the right, title and interest in this Agreement and * DMF(s), to an as yet unnamed successor corporation, partnership or other organization, comprised of: * ; or any combination of the above and/or trusts set up by the above. Said sell or transfer may occur at any time during the term of this Agreement, and any such assignee shall acquire all of the rights and assume all of the obligations of * , under this Agreement.

13.3 If requested by the FDA, either party may provide a copy of this Agreement to the FDA. In such event, the party providing the copy shall immediately notify the other party that a copy has been or will be provided to the FDA.

14. SURVIVAL

14.1 The provisions of Sections 2.2(f), 4.1, 4.2, 4.3, 4.4, 6.1, 6.2, 8.3, 9 and 11 shall survive termination or expiration of this Agreement (as the case may be) and shall remain in full force and effect.

15. CAPTIONS

15.1 The captions of this agreement are solely for the convenience of reference and shall not affect its interpretation.

16. ENTIRE AGREEMENT

16.1 This Agreement and the Schedules hereto represent the entire agreement between the parties and supersedes all prior or contemporaneous oral or written agreements of the parties. This Agreement may be modified, amended or changed only by a written instrument signed by the parties except with respect to the updates of Schedule 3 hereto to be provided by SONUS to * from time to time as provided for in Section 2.5(a) hereof.

17. COUNTERPARTS

17.1 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute a single agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives on the date and year first written above.

SONUS PHARMACEUTICALS, INC. *

By: /S/ Steven C. Quay

Date: March 27, 1998
Name: Steven C. Quay, M.D., Ph.D.
Title: President & Chief Executive Officer

By: *

Date: March 6, 1998
Name: *
Title: President

PAGE 1 OF SCHEDULE 1

SPECIFICATIONS FOR *
SPECIFICATION *

PAGE 2 OF SCHEDULE 1

SPECIFICATION FOR *
SPECIFICATION *

PRICING SCHEDULE

*
(Proposed)

Volume Purchases

<TABLE>
<CAPTION>

Contract Year	Price per *	Price per *
*	*	*
*	*	*
*	*	*
*	*	*

</TABLE>

* will be shipped in * owned *. Containers not returned to * within 60 days will be charged a container rental charge of * per month. Containers not returned to * within 12 months will be invoiced to Sonus at * per container. Sonus will use their best efforts not to contaminate or damage * shipping containers.

/ /97
Schedule 3

QUARTERLY ESTIMATES OF * ORDERS

/ /97
Schedule 4

INVENTORY CERTIFICATE FOR *
*

Date
Previous six (6) months purchases
Month 1
Month 2
Month 3
Month 4
Month 5
Month 6
Total
Average of Total (divide by 6)

I CERTIFY, that on the above shown date * met its Inventory Requirements.

Name

Initials: *
Initials: SONUS

* Confidential portions omitted and filed separately with the Commission.

EXHIBIT 11.1

SONUS PHARMACEUTICALS, INC.
COMPUTATION OF NET INCOME (LOSS) PER SHARE

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	
BASIC EARNINGS PER SHARE:	1998	1997
<S>	<C>	<C>
Net income (loss)	$(3,266,692)	$ 1,356,187
Weighted average common shares	8,612,923	8,531,352
Basic earnings per share	$ (0.38)	$ 0.16
DILUTED EARNINGS PER SHARE:		
Net income (loss)	$(3,266,692)	$ 1,356,187
Weighted average common shares - basic	8,612,923	8,531,352
Dilutive potential common shares	--	965,730
Total	8,612,923	9,497,082
Diluted earnings per share	$ (0.38)	$ 0.14

</TABLE>

<TABLE> <S> <C>

<ARTICLE> 5

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	DEC-31-1998
<PERIOD-START>	JAN-01-1998
<PERIOD-END>	MAR-31-1998
<CASH>	5,154,194
<SECURITIES>	18,466,433
<RECEIVABLES>	0
<ALLOWANCES>	0
<INVENTORY>	0
<CURRENT-ASSETS>	24,165,376
<PP&E>	3,686,985
<DEPRECIATION>	1,938,173
<TOTAL-ASSETS>	25,954,855
<CURRENT-LIABILITIES>	9,233,571
<BONDS>	0
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	34,939,884
<OTHER-SE>	(19,622,628)
<TOTAL-LIABILITY-AND-EQUITY>	25,954,855
<SALES>	0
<TOTAL-REVENUES>	1,700,000
<CGS>	0
<TOTAL-COSTS>	5,206,630
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	(54,113)
<INCOME-PRETAX>	(3,266,692)
<INCOME-TAX>	0
<INCOME-CONTINUING>	(3,266,692)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(3,266,692)
<EPS-PRIMARY>	(0.38)<F1>
<EPS-DILUTED>	(0.38)

<FN>
<F1>FOR THE PURPOSE OF THIS FINANCIAL DATA SCHEDULE, PRIMARY IS BASIC
</FN>

</TABLE>