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, 1999

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, 1999
Common Stock, $.001 par value	8,639,659

SONUS PHARMACEUTICALS, INC.
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Items 2, 3 and 5 are not applicable and therefore have been omitted.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SONUS PHARMACEUTICALS, INC.
BALANCE SHEETS

	MARCH 31, 1999 (UNAUDITED)	DECEMBER 31, 1998
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash, cash equivalents and marketable securities	$ 15,695,202	$ 16,954,842
Other current assets	280,129	419,018
Total current assets	15,975,331	17,373,860
Equipment, furniture and leasehold improvements, net of accumulated depreciation of $2,755,880 and $2,552,786	1,266,459	1,444,090
Total assets	$ 17,241,790	$ 18,817,950
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Bank line of credit	$ 5,000,000	$ 5,000,000
Accounts payable and accrued expenses	2,949,277	2,954,530
Accrued clinical trial expenses	990,393	1,226,335
Capital lease obligations	75,217	93,178
Total current liabilities	9,014,887	9,274,043
Long-term debt	2,089,925	2,049,221
Commitments and contingencies		
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; 8,638,657 and 8,632,225 shares issues and outstanding at March 31, 1999 and December 31, 1998, respectively	35,039,972	35,009,368
Accumulated deficit	(28,902,994)	(27,514,682)
Total stockholders' equity	6,136,978	7,494,686
Total liabilities and stockholders' equity	$ 17,241,790	$ 18,817,950

See accompanying notes.

SONUS PHARMACEUTICALS, INC.
STATEMENTS OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	
	1999	1998
<S>	<C>	<C>
Revenues:		
Collaborative agreements	$ 1,700,000	$ 1,700,000
Operating expenses:		
Research and development	1,489,881	3,550,056
General and administrative	1,710,637	1,656,574
Total operating expenses	3,200,518	5,206,630
Operating loss	(1,500,518)	(3,506,630)
Other income (expense):		
Interest income	168,516	294,051
Interest expense	(49,235)	(54,113)
Net loss	$(1,381,237)	$(3,266,692)
Basic and diluted net loss per share	$ (0.16)	$ (0.38)
Shares used in computation of basic and diluted net loss per share	8,633,333	8,612,923

</TABLE>

See accompanying notes.

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

<TABLE>
<CAPTION>

	THREE MONTHS ENDED MARCH 31,	
-		
	1999	1998
-		
<S>	<C>	<C>
OPERATING ACTIVITIES:		
Net loss	$ (1,381,237)	$ (3,266,692)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	203,094	204,072
Amortization of premium (discount) on marketable securities	954	(10,903)
Realized gain on marketable securities	(2,578)	(6,533)
Changes in operating assets and liabilities:		
Other current assets	138,890	54,554
Accounts payable and accrued expenses	(5,253)	(311,065)
Accrued clinical trial expenses	(235,942)	58,880
-		
Net cash used in operating activities	(1,282,072)	(3,277,687)
INVESTING ACTIVITIES:		
Purchases of equipment, furniture and leasehold improvements	(25,463)	(213,979)
Purchases of marketable securities	(6,416,425)	(10,663,563)
Proceeds from sale of marketable securities	5,959,925	13,041,869
Proceeds from maturities of marketable securities	1,249,968	486,048
</TABLE>

Net cash provided by investing activities	768,005	2,650,375
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)
Increase in long-term debt	40,704	482,872
Repayment of capitalized lease obligations	(17,961)	(34,240)
Proceeds from issuance of common stock and warrants	30,603	79,647
Net cash provided by financing activities	53,346	528,279
Decrease in cash and cash equivalents for the period	(460,721)	(99,033)
Cash and cash equivalents at beginning of period	5,203,925	5,253,227
Cash and cash equivalents at end of period	4,743,204	5,154,194
Marketable securities at end of period	10,951,998	18,466,433
Total cash, cash equivalents and marketable securities	$ 15,695,202	$ 23,620,627
Supplemental cash flow information:		
Interest paid	$ 9,531	$ 17,097
Income taxes paid	$ --	$ 7,500

</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, 1998 and filed with the SEC on March 25, 1999.

2. CONTINGENCIES

In May 1993, the Company entered into a manufacturing and supply agreement with Abbott Laboratories ("Abbott"). In the event that EchoGen(R) (perflenapent injectable emulsion) is approved by the U.S. Food and Drug Administration ("FDA"), the Company is obligated to purchase certain minimum quantities of materials from Abbott or make cash payments for the shortages from the predetermined purchase level over a five-year period.

In March 1998, the Company entered into a commercial supply agreement for certain medical grade raw materials for the Company's initial product in the U.S., EchoGen. In the event that EchoGen is approved by the FDA, the Company is obligated to purchase certain minimum quantities of the material over a five-year period.

The Company is also party to certain litigation related to its business. While it is not feasible to predict the outcome of such pending litigation, management believes that ultimate resolution of these matters will not have a material adverse impact on the Company's future financial position and results of operations, see "Part II. Other Information; Item 1. Legal Proceedings."

3. SUBSEQUENT EVENT

In April 1999, the Company received an "approvable letter" from the FDA for EchoGen. The FDA letter set forth the conditions that must be satisfied before final approval. The Company is investigating the information needed to meet the conditions. As part of the investigation process, the Company may have discussions with the FDA to clarify certain aspects of the letter and the information needed to meet the conditions. Based on information currently available, the Company believes it can provide a complete response to the conditions set forth in the FDA letter. The time that will be required to respond to the FDA is dependent upon the timing of discussions with the FDA and the time required to complete the Company's investigation. The Company currently expects to file a response by the end of the third quarter. No assurance can be given that the response can be filed by the Company in a timely manner or that the filing will adequately satisfy the conditions or that the FDA will ultimately approve the New Drug Application.

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

OVERVIEW

SONUS Pharmaceuticals, Inc. (the "Company") is engaged in the research, development and commercialization of proprietary ultrasound contrast agents and drug delivery systems based on its proprietary technology. The Company's products are being developed for use in the diagnosis and treatment of heart disease, cancer and other debilitating conditions. 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") of common stock completed in October 1995. Clinical trials of the Company's initial ultrasound contrast product under development, EchoGen(R) (perflenapent injectable emulsion), began in January 1994. In 1996, the Company filed a New Drug Application ("NDA") with FDA for EchoGen as well as a Marketing Authorization Application ("MAA") with the European Medicines Evaluation Agency ("EMEA").

In April 1999, the Company received an "approvable letter" from the FDA for EchoGen. The FDA letter set forth the conditions that must be satisfied before final approval. The Company is investigating the information needed to meet the conditions. As part of the investigation process, the Company may have discussions with the FDA to clarify certain aspects of the letter and the information needed to meet the conditions. Based on information currently available, the Company believes it can provide a complete response to the conditions set forth in the FDA letter. The time that will be required to respond to the FDA is dependent upon the timing of discussions with the FDA and the time required to complete the Company's investigation. The Company currently expects to file a response by the end of the third quarter. No assurance can be given that the response can be filed by the Company in a timely manner or that the filing will adequately satisfy the conditions or that the FDA will ultimately approve the NDA.

In March 1998, the EMEA's Committee for Proprietary Medicinal Products ("CPMP") issued a positive opinion on EchoGen for use as a transpulmonary echocardiographic contrast agent in patients with suspected or established cardiovascular disease who have had previous inconclusive non-contrast studies. In July 1998, the EMEA ratified the CPMP recommendation and granted a marketing authorization for EchoGen in the 15 countries of the European Union ("E.U."). The Company and its marketing partner, Abbott Laboratories ("Abbott"), are preparing for the commercialization of EchoGen in the E.U. The Company is seeking approval of variances to its marketing license to bring the manufacturing process and specifications for European product in line with the process and specifications submitted for approval with the FDA in the U.S. No assurance can be given that the variances to its marketing license will ultimately be approved.

In 1996, the Company formed strategic alliances with Abbott for the marketing and selling of ultrasound contrast agents, including EchoGen, in the U.S. and certain international territories including Europe, Latin America, Canada, Middle East, Africa and certain Asia/Pacific countries. Under the agreements, Abbott agreed to make certain payments to the Company, primarily conditioned upon the achievement of milestones, of which $37.3 million has been paid as of March 31, 1999, including $6.3 million of milestone payments creditable against future royalties. 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 January 1999, the Company amended its strategic alliance agreements with Abbott for both the U.S. and international territories. The amendments redefine future milestone payments under the agreements. As of March 31, 1999, under the

amended agreements there are $28.3 million of potential milestone payments remaining, of which $7.85 million are conditioned upon the approval and first shipment of EchoGen echocardiography indications in the U.S. and Europe; $9.55 million for approval and first shipment of EchoGen radiology indications in the U.S. and Europe; and $10.9 million conditioned upon achievement of annual sales targets in Abbott's international territory. The amendments allow the Company to request prepayment of radiology milestone payments in exchange for the issuance of common stock of the Company at the then fair market value. The amendments also reduced the royalty rates on sales of EchoGen by Abbott in its international territory that range, based on a combination of factors, from 24% to 42%. The U.S. royalty rate of 47% and the aggregate amount of U.S. and international milestone payments were not changed.

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 milestone payments made by Abbott, the timing of regulatory approvals, the entering into additional product license agreements by the Company, and the timing and costs of the clinical trials conducted by the Company. Abbott can terminate the strategic alliance agreements on short notice, and there can be no assurance that the Company will receive any additional funding or milestone payments.

RESULTS OF OPERATIONS

To date, the Company's reported revenues have been derived from payments received under collaborative agreements with third parties. Revenue received under collaborative agreements was $1.7 million for the first quarters of 1999 and 1998. All revenue during the first quarters of 1999 and 1998 represented payments under the Company's strategic alliance agreements with Abbott.

Research and development expenses were $1.5 million for the first quarter of 1999 compared with $3.6 million for the same period of the prior year. The decrease was primarily due to a reduction in clinical trial activity when compared to the prior year period. General and administrative expenses were $1.7 million for the first quarters of 1999 and 1998.

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 future products 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 and commercialization milestones and associated payments under collaborative agreements.

Interest income, net of interest expense, was $119,000 for the first quarter of 1999 compared to $240,000 for the same period of the prior year. The decrease was primarily due to the lower levels of invested cash during the first quarter of 1999 compared to the prior year.

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, 1999, the Company had cash, cash equivalents and marketable securities of $15.7 million, compared to $17.0 million at December 31, 1998. The decrease was primarily due to cash used in operations in the first three months of 1999.

The Company has a bank loan agreement which provides for a $5.0 million revolving line of credit facility and bears interest at the prime rate plus 1.0% per annum. At March 31, 1999 there was $5.0 million outstanding under the line of credit. The line of credit expires August 31, 1999 and is secured by the tangible assets of the Company. The Company is required to maintain certain minimum balances of cash with the bank in order to borrow under the line of credit. There can be no assurance that the line of credit will be renewed upon expiration or that the Company will be able to maintain the minimum balances necessary to borrow under the line.

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. Based on its current operating plan, the Company estimates that existing cash and marketable securities will be sufficient to meet its cash requirements through 1999. The Company intends to seek additional funding in 1999 through available means, which may include debt and/or equity financing or the licensing or sale of proprietary or marketing rights. There can be no assurance that financing will be available on acceptable terms, if at all. The Company's future capital requirements depend on many factors including the ability of the Company to obtain continued funding from third parties under

collaborative agreements, the ability to maintain the Company's bank line of credit, the time and costs required to gain regulatory approvals, the progress of the Company's research and development programs, clinical trials, 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 and third-party reimbursement of the Company's products, if and when approved. There can be no assurance that regulatory approvals will be achieved or achieved in the near-term or that, in any event, additional financing will be available on acceptable terms, if at all. Any equity financing would likely result in substantial dilution to existing stockholders. If the Company is unable to raise additional financing, the Company would be required to curtail or delay the development of its products and new product research and development.

MARKET RISK

The market risk inherent in the Company's short-term investment portfolio and long-term debt represents the potential loss arising from adverse changes in interest rates. If market rates hypothetically increase immediately and uniformly by 100 basis points from levels at March 31, 1999, the decline in the fair value of the investment portfolio and the increase in interest expense on the long-term debt would not be material. Because the Company has the ability to hold its fixed income investments until maturity, it does not expect its operating results or cash flows to be affected to any significant degree by a sudden change in market interest rates on its securities portfolio.

YEAR 2000 COMPLIANCE

Many computer systems may experience difficulty processing dates beyond the year 1999 and will need to be modified prior to the year 2000. Failure to make such modifications could result in systems failures or miscalculations, causing a disruption of operations.

The Company has undertaken an initial comprehensive review of its information technology computer systems and believes that the Year 2000 issue does not pose significant operational problems. The majority of the Company's software and computer equipment has been purchased within the last five years from third-party vendors who have already provided upgrades intended to bring their products into Year 2000 compliance. In addition, the Company is in the process of surveying significant vendors to determine any possible Year 2000 risks. If Year 2000 problems exist with these third parties, it could

affect the ability of vendors to satisfy their obligations to the Company or for the Company to electronically communicate with such parties, which could have an adverse effect on the Company's business, financial condition and results of operations.

The Company intends to establish a contingency plan to address "high-risk" issues, if any, that could affect day-to-day operations or delay its efforts to bring products to market. The Company expects to complete its review of the Year 2000 issue by the end of the third quarter of 1999.

Based upon the Company's initial review of its computer systems, the Company estimates that the cost to replace older, non-compliant computers and software is not material. The full cost of correcting the Year 2000 issue will be known after the Company completes its survey of its significant vendors; however, based on currently available information, the Company believes that the total costs will not exceed $100,000.

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 submission of applications for and the timing or likelihood of marketing approvals for one or more indications, (ii) market acceptance of the Company's products, (iii) the Company's anticipated future capital requirements and the terms of any capital financing, (iv) the progress and results of clinical trials, (v) the timing and amount of future milestone payments, product revenues and expenses; and (vi) the anticipated outcome or financial impact of litigation. While these statement made by the Company are based on management's current beliefs and judgement, 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, 1998, 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; lengthy approval process; unproven safety and efficacy; uncertainty of clinical trials; history of operating losses; uncertainty of future financial results; 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; limitations on third-party reimbursement; uncertainty of market acceptance; continued listing on the Nasdaq National Market; dependence on key employees; and shares eligible for future sale. There can be no assurance that the Company can meet the conditions set forth by the FDA in its "approvable letter" or any subsequent conditions in a timely manner, if at all, or that EchoGen will ultimately receive FDA approval.

ITEM 3. RESPONSE TO THIS ITEM IS INCLUDED IN "ITEM 3. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS - MARKET RISK."

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In January 1998, the Company announced that it had filed a patent infringement action in the U.S. District Court in Seattle, Washington, against Molecular Biosystems Inc. ("MBI") and Mallinckrodt, Inc. The suit alleges that one of MBI's ultrasound contrast agents infringes one or more of the Company's patents. MBI has filed counterclaims alleging that the patents asserted by the Company are invalid and not infringed, and that the Company has made false public statements and engaged in other actions intended to damage MBI and one of its ultrasound contrast agents. The Company does not believe there is any merit to these counterclaims and intends to defend its position vigorously. In October 1998, the court granted the Company's motion to stay the litigation until the PTO had completed its re-examination of the patents in this lawsuit (see below). The stay was lifted in January 1999. A trial date has been set for this lawsuit in February 2000.

Four separate re-examination proceedings directed to the two SONUS patents at issue in the patent infringement lawsuit, U.S. 5,558,094 (`094) and U.S. 5,573,751 (`751) were initiated by the PTO beginning in July 1997 at the request of MBI. In December 1998, the Company announced it received decisions from the PTO indicating the patentability of claims in all four re-examination proceedings. The PTO has determined that a number of the claims included in the original `094 and `751 patents as well as some claims that were amended will be confirmed. Certain claims, which included reference to fluorinated chemicals other than perfluoropropane, perfluorobutane and perfluoropentane, were cancelled during the re-examination process.

In August and September 1998, various class action complaints were filed in the Superior Court of Washington (the "State Action") and in the U.S. District Court for the Western District of Washington (the "Federal Action") against the Company and certain of its officers and directors, alleging violations of Washington State and U.S. securities laws. In October 1998, the Company and the individual defendants moved to dismiss and stay the State Action. The parties have agreed to stay the State Action pending a determination by the federal district court as to whether the state law claims may be brought in the Federal Action. In February 1999, plaintiffs filed a consolidated and amended complaint in the Federal Action, alleging violations of Washington State and U.S. securities laws. In March 1999, the Company and the individual defendants filed a motion to dismiss the consolidated amended complaint in the Federal Action. The Company does not believe there is any merit to the claims in these actions and intends to defend its position vigorously.

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

The Company's Annual Meeting of Stockholders was held on April 29, 1999. At the Annual Meeting there were six 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 all other proposals submitted to a vote passed and the voting outcome of each proposal is as follows:

1. Election of the following six (6) directors to serve until the next

annual meeting of stockholders or until their successors are elected and have qualified:

Nominee	For	Abstain
Steven C. Quay, M.D., Ph.D.	7,508,084	164,694
Michael A. Martino	7,492,065	165,574
George W. Dunbar, Jr.	7,498,775	162,274
Christopher S. Henney, Ph.D., D. Sc.	7,491,116	166,423
Robert E. Ivy	7,498,625	161,924
Dwight Winstead	7,509,254	162,824

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 by 300,000 to a total of 2,200,000:

For	Against	Abstain	Broker Non-votes
3,295,195	1,266,261	50,077	3,061,245

3. Approval of an amendment to the Company's Employee Stock Purchase Plan to increase the number of shares subject thereto by 50,000 to a total of 100,000:

For	Against	Abstain	Broker Non-votes
4,377,612	207,804	26,117	3,061,245

4. Approval of an amendment to the Company's 1995 Stock Option Plan for Directors to increase the number of shares subject thereto by 127,863 to a total of 250,000:

For	Against	Abstain	Broker Non-votes
4,257,570	321,239	32,724	3,061,245

5. Approval of an amendment to the Company's Certificate of Incorporation to increase the number of authorized shares of Common Stock of the Company by 10,000,000 shares to a total of 30,000,000:

For	Against	Abstain	Broker Non-votes
7,271,983	356,913	43,032	850

6. Ratification of Ernst & Young LLP as independent auditors of the Company for the fiscal year ending December 31, 1999:

For	Against	Abstain
7,601,905	55,595	15,278

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

Number	Description
3.2	Amended and Restated Certificate of Incorporation of the Company (Incorporated by reference to the referenced exhibit number to the Company's Registration Statement on Form S-1, Reg. No. 33-96112)
3.3	Certificate of Amendment of Certificate of Incorporation
10.25	Employment Agreement, effective February 11, 1999, by and between the Company and Steven C. Quay, M.D., Ph.D.
10.7	1999 Nonqualified Stock Incentive Plan ("1999 Plan")
10.8	Form of Nonqualified Stock Option Agreement pertaining to the 1999 Plan
10.9	Form of Restricted Stock Purchase Agreement pertaining to the

1999 Plan
</TABLE>

(b) REPORTS ON FORM 8-K

The Company filed the following report on Form 8-K during the quarter ended March 31, 1999:

1. The Registrant filed a report on Form 8-K on February 3, 1999 in connection with the announcement of the Company's amendments to the marketing and distribution agreements dated January 31, 1999 that were originally entered into on May 14, 1996 and October 1, 1996 with Abbott Laboratories and its affiliate, Abbott International, Ltd.

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 12, 1999

By: /s/ Gregory Sessler

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

EXHIBIT 3.3

CERTIFICATE OF AMENDMENT

OF

CERTIFICATE OF INCORPORATION

OF

SONUS PHARMACEUTICALS, INC

A DELAWARE CORPORATION

(pursuant to Section 242 of the Delaware General Corporation Law)

SONUS PHARMACEUTICALS, INC., a corporation organized and existing under and by the virtue of the Delaware General Corporation Law (the "Corporation"), through its duly authorized officers and by authority of its Board of Directors does hereby certify:

FIRST: That in accordance with the provisions of Sections 242 of the General Corporation Law of the State of Delaware, the Board of Directors of the Corporation duly adopted resolutions setting forth a proposed amendment to the Amended and Restated Certificate of Incorporation of the Corporation, declaring said amendment to be advisable and directing that said amendment be submitted to the stockholders of the Corporation for consideration thereof. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the first two sentences of the text of Article IV of the Corporation's Amended and Restated Certificate of Incorporation be amended to read as follows:

> "The total number of shares of all classes of stock which the Corporation shall have authority to issue is 35,000,000, of which (i) 30,000,000 shares shall be designated "Common Stock" and shall have a par value of $.001 per share; and (ii) 5,000,000 shares shall be designated "Preferred Stock" and shall have a par value of $.001 per share."

SECOND: That thereafter, pursuant to resolution of its Board of Directors, in accordance with Section 242 of the General Corporation Law of the State of Delaware, the Corporation's stockholders approved and authorized the foregoing amendment (the "Amendment").

THIRD: That the Amendment was duly adopted in accordance with the provisions of Section 242 of the Delaware General Corporation Law.

IN WITNESS THEREOF, this Corporation has caused this Certificate of Amendment to be signed by Gregory Sessler, its duly authorized Chief Financial Officer this 3rd day of May, 1999.

SONUS PHARMACEUTICALS, INC.
a Delaware Corporation

By: /s/ Gregory Sessler

Gregory Sessler,
Chief Financial Officer

EXHIBIT 10.25

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (the "Agreement") is made and entered into by and between SONUS PHARMACEUTICALS, INC., a Delaware corporation (the "Company"), and STEVEN C. QUAY, M.D., Ph.D., an individual (the "Executive") as of this 11TH day of February, 1999.

WITNESSETH:

WHEREAS, Executive is the founder of the Company, and has served as its Chief Executive Officer and a member of its Board of Directors since inception in 1991; and

WHEREAS, Executive and the Company entered into an Employment Agreement dated as of January 16, 1996 (the "Prior Employment Agreement") with a term expiring January 16, 1999; and

WHEREAS, Executive and the Company desire to enter into this Employment Agreement which will replace and supersede the Prior Employment Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, the Company and the Executive, intending to be legally bound, hereby agree as follows:

1. Employment. Executive shall serve as the Chairman of the Board and Chief Executive Officer of the Company until such time as Executive's duties as Chief Executive Officer are transitioned as provided below, at which time Executive shall serve as Chairman of the Board and Chief Scientific Officer of the Company on the terms and conditions set forth in this Agreement. Executive's position as Chief Executive Officer shall be transitioned to the Company's current President and Chief Operating Officer by June 30, 1999.

2. Term. The term of this Agreement shall commence on the date hereof and shall continue until December 31, 2001, but shall be subject to earlier termination as provided in Section 8 hereof. Thereafter, this Agreement may be renewed should the parties so agree, upon such terms and conditions as the parties may mutually agree. As set forth in Section 3.01 below, Executive shall be a full-time employee until December 31, 1999. Commencing January 1, 2000 and during the remaining term of this Agreement, Executive shall be a part-time employee on the terms and conditions set forth in this Agreement.

3. Position and Duties.

3.01 Service with the Company. During the Executive's full-time employment under this Agreement, Executive agrees to devote his skills and efforts to the performance of, and to perform diligently and on a timely basis, such duties as shall be assigned to him from time to time by the Company's Board of Directors; such duties, however, to be commensurate with the Executive's position as Chairman and Chief Executive Officer or Chairman and Chief Scientific Officer of the Company, as applicable. During the Executive's part-time employment under this Agreement, Executive shall provide services to the Company on an as available basis as reasonably requested by the Company relating to scientific and intellectual property matters and such other matters as may be reasonably requested by the Company.

3.02 No Conflicting Duties. During the Executive's full-time employment hereunder, the Executive shall not serve as an officer, director, employee, consultant or advisor to any other business; provided, however, that Executive may serve as an advisor or a director of one or more corporations so long as (i) such other corporation does not compete, directly or indirectly, with the Company or any of its Affiliates (as defined in Section 12.07), (ii) such service with such other corporations does not adversely affect Executive's ability to perform his duties under this Agreement, and (iii) Executive obtains the prior written consent of the Company's Board of Directors; and provided, further, however, that Executive may be a member and executive officer of [*] so long as (i) the LLC does not compete, directly or indirectly, with the Company or any of its Affiliates, (ii) such ownership and activities do not adversely affect Executive's ability to perform his duties under this Agreement, and (iii) such ownership and activities and any inventions or developments created by Executive shall be subject to the terms and provisions of Section 7 below. During the Executive's part-time employment hereunder, there shall be no restrictions on other activities of Executive; provided, however, that any inventions or developments created by Executive during the term of Executive's part-time employment shall be subject to the terms and provisions of Section 7 below. The Executive hereby confirms that except as otherwise disclosed above, he is under no commitments (written or oral) that are inconsistent with his obligations set forth in this Agreement, and agrees that during his employment hereunder, he will not render or perform services, or enter into any contract to

do so, for any other corporation, firm, entity or person which are inconsistent with the provisions of this Agreement.

4. Compensation.

4.01 Base Salary. During Executive's full-time employment hereunder, as compensation for all services to be rendered by the Executive to the Company or any of its Affiliates under this Agreement or otherwise, the Company shall pay to the Executive a base annual salary of Three Hundred Eighty Thousand Dollars ($380,000) (the "Annual Base Salary"). During Executive's part-time employment hereunder, Executive shall be paid on a per diem basis at the rate of $2,000 per day, less tax, social security and other withholdings. The Annual Base Salary shall be paid in installments in accordance with the Company's normal payroll procedures and policies.

[*] CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH COMMISSION

4.02 Incentive Compensation; Option Grant. During Executive's full-time employment hereunder, Executive shall be eligible to participate in any management incentive or bonus compensation plan (hereinafter, "bonus plan") that is approved by the Company's Board of Directors for the Company's executive officers and Executive's participation therein shall be on terms substantially comparable to those afforded to other executive officers of the Company, provided that the Company's Board of Directors shall have the sole discretion to determine the criteria upon which Executive's and the Company's performance will be measured and on which the amount of Executive's bonus compensation shall be based, and such criteria may also be tailored to reflect Executive's position and responsibilities with the Company. Executive's participation in any such bonus plan or plans shall be subject to the provisions, rules and regulations of any such plan or plans and the provisions of this Agreement relating to compensation payable to Executive in the event of termination of his employment; provided that any such plan, if adopted, may provide for deferral of the receipt of any bonus compensation that is awarded and may require Executive to remain in the Company's employ for a specified period or periods of time as a condition to receipt of any bonuses awarded under any such plan. Executive acknowledges and agrees that adoption and implementation of any such bonus plans, and the terms of his participation in any such plans, are not assured as this will require affirmative action by the Board of Directors of the Company. Anything herein to the contrary notwithstanding, Executive has elected during the term of this Agreement to forego participation in the Company's annual bonus program for executive officers in consideration of the grant of options to purchase shares of Common Stock of the Company pursuant to the terms set forth on Schedule A attached hereto and incorporated herein by this reference (the "Option"). Concurrently herewith, the Company and Executive shall enter into a nonqualified option agreement for the Option which is consistent with the terms set forth on Schedule A and the Company's 1999 Stock Incentive Plan.

4.03 Participation in Benefit Plans. The Executive shall be entitled to participate in all employee benefit plans or programs (including vacation time, sick leave and holidays) generally available to all employees of the Company, to the extent that his position, title, tenure with the Company, salary, age, health and other qualifications make him eligible to participate therein. The Executive's participation in any such plans or programs shall be subject to the provisions, rules and regulations thereof that are generally applicable to all participants therein.

4.04 Expenses. In accordance with the Company's policies established from time to time, the Company will pay or reimburse the Executive for all reasonable and necessary out-of-pocket expenses incurred by him in the performance of his duties under this Agreement, subject to the presentment of appropriate vouchers and expense reports.

5. Compensation upon the Termination of the Executive's Employment by the Company.

5.01 Involuntary Terminations. In the event that the Executive ceases to be employed by the Company by reason of the termination of Executive's employment pursuant to Section 8.01, Section 8.02 or Section 8.03 below, then he shall not be entitled to any compensation, nor shall the Company have any obligation to pay any sum or have any liability to Executive whether as compensation for his services or as a result or by reason of such termination of employment, other than (i) any unpaid installment of his then current Annual Base Salary which has accrued for services rendered by him through the date of such termination, and (ii) only in the event of the termination of Executive's employment pursuant to Section 8.01 or Section 8.02 hereof, any undistributed bonus that had been awarded to Executive under any bonus plan for any years

prior to the year in which such termination occurred, provided that the payment thereof is not contingent or conditional on Executive's continued employment with the Company or the satisfaction of any other condition that is unsatisfied, pursuant to the plan or plans under which such bonus or bonuses were awarded. All payments required to be made by the Company to the Executive pursuant to this Section 5.01 shall be paid in accordance with the Company's normal payroll procedures and policies and shall be subject to the provisions of Section 12.03 hereof.

5.02 Termination Without Cause or For Good Reason. In the event that the Executive ceases to be employed by the Company during Executive's full-time employment hereunder by reason of the termination of Executive's employment by the Company without Cause pursuant to Section 8.04 below in circumstances that are not encompassed by the Change in Control Agreement dated September 15, 1998 between the Company and Executive (the "Change in Control Agreement"), or by reason of Executive's termination of his employment for Good Reason pursuant to Section 8.05 in circumstances that are not encompassed by the Change in Control Agreement, Executive shall not be entitled to any compensation, nor shall the Company have any obligation to pay any sum or have any liability to Executive whether as compensation for his services or as a result or by reason of such termination of employment, other than:

(a) Any unpaid installment of his then current Annual Base Salary which has accrued for services rendered by Executive through the date of such termination;

(b) Executive confirms that it is not expected that he will participate in any bonus program as referenced in Section 4.02 above. However, in the event Executive should participate in any bonus program of the Company, any undistributed bonus that had been awarded to Executive under any bonus plan in which Executive participates for any years prior to the year in which such termination occurred, provided the payment thereof is not contingent or conditional on the satisfaction of any condition which has not been satisfied other than a condition requiring his continued employment with the Company to a date beyond the date of such termination of employment;

(c) Executive confirms that it is not expected that he will participate in any bonus program as referenced in Section 4.02 above. However, in the event Executive should participate in any bonus program of the Company, if bonuses are paid to other

executive officers of the Company for services rendered in the calendar year in which such termination of Executive's employment occurred under any bonus plan for such year in which Executive was a participant at the time of such termination of his employment, then, on the date such bonuses for such year are paid to other executive officers, Executive shall receive a pro-rated bonus in an amount which bears the same ratio to the bonus he would otherwise have received for the year in which such termination occurred, as the number of full calendar months he was employed hereunder in such year bears to 12, but only if the payment of a bonus for such year was not contingent or conditional on the satisfaction of any condition in such plan which has not been satisfied other than a condition requiring Executive's continued employment with the Company beyond the date of such termination of employment; and

(d) A severance payment in the form of continuation of Executive's then Annual Base Salary for a period equal to the greater of (i) the remainder of the initial one year Term of this Agreement, or (ii) twelve (12) consecutive months after the date of Executive's termination.

In the event that Executive ceases to be employed by the Company during Executive's part-time employment hereunder by reason of the termination of Executive's employment by the Company without Cause pursuant to Section 8.04 below in circumstances that are not encompassed by the Change in Control Agreement, or by reason of Executive's termination of his employment for Good Reason pursuant to Section 8.05 in circumstances that are not encompassed by the Change in Control Agreement, Executive should not be entitled to any compensation, nor shall the Company have any obligation to pay any sum or have any liability to Executive whether as compensation for his services or as a result or by reason of such termination of employment.

All payments to be made to Executive under this Section 5 shall be paid net of withholdings made in accordance with the Company's normal payroll procedures and policies. In the event Executive's employment is terminated in circumstances which are encompassed by the Change in Control Agreement, the terms of the Change in Control Agreement shall supersede the terms and provisions of this Agreement.

6. Confidential Information. Executive will hold in strict

confidence and not disclose to any person or entity, without the express prior written authorization of the Board of Directors of the Company, any financial statements or other financial information or data (historical or prospective) of or relating to the Company or any Affiliate that has not been publicly disclosed by the Company, any manufacturing or marketing data or any information relating to any technique, process, formula, developmental or experimental work, work in progress, business methods, trade secrets, any information relating to customers or clients of the Company or any of its Affiliates (including, without limitation, any customer or client list or lists of customer or client sources), acquisition candidates or prospects, or any business or marketing plans, or any other secret, proprietary or confidential information of or relating to the Company or any of its Affiliates or any of their products, services, customers, clients, sales or other business activities or affairs. Executive further agrees that he will not make use of or disclose to any third party any of the above at any time after termination of his employment. Upon termination of his full-time employment, Executive shall deliver to the Company all documents, records, notebooks, workpapers and all

similar repositories containing any confidential information concerning the Company or any Affiliate, whether prepared by Executive, the Company or anyone else. The foregoing restrictions shall not apply to (i) information which is or becomes, other than as a result of a breach of this Agreement, generally available to the public or (ii) the disclosure of information required pursuant to a subpoena or other legal process; provided that the Executive shall notify the Company, in writing, of the receipt of any such subpoena or other legal process requiring such disclosure immediately after receipt thereof and the Company shall have a reasonable opportunity to quash such subpoena or other legal process prior to any disclosure by the Executive.

7. Covenants Against Actions Damaging the Company. The Executive agrees that, during the term of this Agreement or at any time thereafter, he will not (i) make any claim that the Executive has any right, interest or title, of any kind or nature whatsoever, in or to any products, methods, practices, processes, discoveries, ideas, improvements, devices, creations, business plans or systems, or, subject to applicable labor laws, inventions relating to the business of the Company or any Affiliate, used, developed or discovered by the Company, any Affiliate or by Executive while employed by the Company or any Affiliate thereof on a full-time or part-time basis, or (ii) disclose any of such matters to any third party; provided, however, that this Section shall not apply to such matters which Executive has developed that (a) do not relate to the business of the Company or any Affiliate or their actual or demonstrably anticipated research and development, (b) did not result from any work performed by Executive for the Company or any Affiliate, and (c) were developed by Executive entirely on his own time or prior to his employment by the Company without using any of the Company's employees, equipment, facilities, supplies, or trade secrets. Executive agrees that during the term of this Agreement, he shall promptly disclose to the Company any invention developed or discovered by Executive for the purpose of determining Executive's and the Company's respective rights in any such invention. Executive further agrees that during the term of this Agreement and for a period of one (1) year following the termination of his employment with the Company, whether for himself or on behalf of or in conjunction with any third party, he shall not hire any employee of the Company or any Affiliate or induce or entice any employee of the Company or any Affiliate to leave his employment with the Company or any Affiliate.

8. Termination Prior to Expiration of the Term.

8.01 Disability. Executive's employment shall terminate immediately, without notice, upon the Executive's becoming totally disabled. For purposes of this Agreement, the term "totally disabled" or "total disability" means an inability of Executive, due to a physical or mental illness, injury or impairment, to perform the essential functions of his positions with or without reasonable accommodation, for a period of 180 or more consecutive days, as determined by the Company's Board of Directors.

8.02 Death of Executive. Executive's employment shall terminate immediately, without notice, upon the death of Executive.

8.03 Termination for Cause. The Company may terminate Executive's employment at any time for "Cause" (as hereinafter defined) immediately upon written notice to Executive. As used herein, the term "Cause" shall mean Executive (i) commits a material breach

of his duty of loyalty to the Company; (ii) commits an act or fails to act, where such act or failure to act constitutes intentional misconduct, a reckless disregard of the consequences of such act or failure to act, or gross carelessness; (iii) commits a felony, or a misdemeanor involving moral

turpitude, or subjects the Company or any Affiliate to civil liabilities or civil or criminal penalties or fines; (iv) commits a material breach of any of his covenants contained in Section 6, 7, or 9 hereof; or (vi) has refused or failed to perform any of his material duties to the satisfaction of the Board of Directors of the Company and such refusal or failure has continued after Executive has received at least one (1) written warning specifically advising the Executive of such failure or refusal and the remedial actions which are necessary to be taken by him and he has been given a reasonable time period after such warning to take such remedial actions.

8.04 Termination Without Cause. The Company also may terminate Executive's employment in the absence of the occurrence of an event or circumstance constituting Cause (as defined in Section 8.03 above), for any reason or no reason, at any time effective upon written notice to Executive.

8.05 Termination by Executive for Good Reason. A breach by the Company of any of its material obligations to Executive under this Agreement which continues unremedied for thirty (30) days following receipt of a written notice thereof from Executive that specifies in detail the nature of such breach shall entitle Executive to terminate this Agreement and his employment with the Company "for Good Reason." In the event of a termination of Executive's employment hereunder by Executive for Good Reason, as hereinabove defined, the Company's sole liability and obligation to Executive by reason thereof shall be as set forth in Section 5.02 of this Agreement.

9. Non-Competition. Executive agrees that during his employment by the Company (whether under this Agreement or otherwise), or by any Affiliate, and for a period of two (2) years after the date on which his employment terminates for any reason, he will not engage or participate (whether as employee, employer, consultant, agent, principal, partner, stockholder, lender, corporate officer, director or other representative capacity) in any business that competes with the business of the Company either directly or indirectly through its marketing partners in any city or county within the United States in which the Company is then engaging and continues to engage in its business. In the event any court shall refuse to enforce any portion of the covenant in this Section 9, then such unenforceable portion shall be deemed eliminated and severed from said covenant for the purpose of said court's proceedings to the extent necessary to permit the remaining portions of this covenant to be enforced.

10. Assignment. This Agreement shall not be assignable, in whole or in part, by either party without the written consent of the other party, except that the Company may, without the consent of the Executive, assign its rights and obligations under this Agreement to an Affiliate; or to any unaffiliated corporation, firm or other business entity (i) with or into which the Company may merge or consolidate, or (ii) to which the Company may sell or transfer all or substantially all of its assets. After any such assignment by the Company, the Company shall be discharged from all further liability hereunder and such assignee shall thereafter be deemed to be the Company for the purposes of all provisions of this Agreement including this Section 10.

11. Notices. Any notice or other communication regarding this Agreement required to be given pursuant to the terms hereof shall be in writing and shall be deemed to be received by the party to whom its is addressed on the actual date of delivery if personally delivered to such party or, if sent by postage prepaid certified mail, return receipt requested, shall be deemed received two business days following its deposit in the United States Mails. For purposes hereof, a notice personally delivered to the Company shall not be deemed delivered unless it has been personally delivered to the President and Chief Operating Officer of the Company. The addresses of the parties hereto for purposes of mailing notices hereunder are as follows:

The Company:	Sonus Pharmaceuticals, Inc. 22026 20th Avenue S.E., Suite 102 Bothell, Washington 98021 Attention: Board of Directors and President and Chief Operating Officer
The Executive:	Steven C. Quay, M.D., Ph.D. 22026 20th Avenue S.E., Suite 102 Bothell, Washington 98021

12. Miscellaneous.

12.01 Governing Law. This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Washington.

12.02 Prior Agreements. This Agreement contains the entire agreement of the parties relating to the subject matter hereof and supersedes the Prior Employment Agreement and all prior agreements and understanding with

respect to such subject matter, and the parties hereto have made no agreements, representations or warranties relating to the subject matter of this Agreement which are not set forth herein.

12.03 Withholding Taxes. The Company may withhold from any salary and benefits payable under this Agreement, including from any severance payment, all federal, state, city or other taxes or amounts as shall be required to be withheld pursuant to any law or governmental regulation or ruling.

12.04 Amendments. No amendment or modification of this Agreement shall be deemed effective unless made in writing signed by the parties hereto.

12.05 No Waiver. No term or condition of this Agreement shall be deemed to have been waived nor shall there be any estoppel to enforce any provisions of this Agreement, except by a statement in writing signed by the party against whom enforcement of the waiver or estoppel is sought. Any written waiver shall not be deemed a continuing waiver unless specifically stated, shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

12.06 Severability. To the extent any provision of this Agreement shall be invalid or unenforceable, it shall be considered deleted herefrom and the remainder of such provision and of this Agreement shall be unaffected and shall continue in full force and effect. In furtherance and not in limitation of the foregoing, should the duration or geographical extent of, or business activities covered by any provision of this Agreement be in excess of that which is valid and enforceable under applicable law, then such provision shall be construed to cover only the maximum duration, extent or activities which may validly and enforceably covered under applicable law. The Executive acknowledges the uncertainty of the law in this respect and expressly stipulates that this Agreement shall be given the construction which renders its provisions valid and enforceable to the maximum extent (not exceeding its express terms) possible under applicable law.

12.07 Definitions. As used in this Agreement, the term "Affiliate" (when used with reference to the Company) means any corporation, partnership, joint venture, association or other business entity as to which the Company has the right or power, either directly or indirectly through its control of any other person or entity, either to select a majority of the directors, managers or trustees thereof or to veto any major business decisions of such other corporation, partnership, joint venture, association or other business entity.

12.08 Counterpart Execution. This Agreement may be executed by facsimile and in counterparts, each of which shall be deemed an original and all of which when taken together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year set forth above.

SONUS PHARMACEUTICALS, INC.
a Delaware corporation

By: /s/ Michael A. Martino

Michael A. Martino, President and
Chief Operating Officer

/s/ Steven C. Quay

Steven C. Quay, M.D., Ph.D.

SONUS PHARMACEUTICALS, INC.

1999 NONQUALIFIED STOCK INCENTIVE PLAN

This 1999 NONQUALIFIED STOCK INCENTIVE PLAN (the "Plan") is hereby established by SONUS PHARMACEUTICALS, INC., a Delaware corporation (the "Company"), and adopted by its Board of Directors as of February 11, 1999 (the "Effective Date").

ARTICLE 1.

PURPOSES OF THE PLAN

1.1 PURPOSES. The purposes of the Plan are (a) to enhance the Company's ability to attract and retain the services of qualified employees, officers and directors (including non-employee directors), and consultants and other service providers upon whose judgment, initiative and efforts the successful conduct and development of the Company's business largely depends, and (b) to provide additional incentives to such persons or entities to devote their utmost effort and skill to the advancement and betterment of the Company, by providing them an opportunity to participate in the ownership of the Company and thereby have an interest in the success and increased value of the Company. It is the intention that this Plan shall be a broadly based plan including qualified employees of the Company.

ARTICLE 2.

DEFINITIONS

For purposes of this Plan, the following terms shall have the meanings indicated:

2.1 ADMINISTRATOR. "Administrator" means the Board or, if the Board delegates responsibility for any matter to the Committee, the term Administrator shall mean the Committee.

2.2 AFFILIATED COMPANY. "Affiliated Company" means any "parent corporation" or "subsidiary corporation" of the Company, whether now existing or hereafter created or acquired, as those terms are defined in Sections 424(e) and 424(f) of the Code, respectively.

2.3 BOARD. "Board" means the Board of Directors of the Company.

2.4 CHANGE IN CONTROL. "Change in Control" shall mean the occurrence of any of the following: (i) any "person," as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than the Company, a Company subsidiary, or a Company employee benefit plan, including any trustee of such plan acting as trustee) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (or a successor to the Company) representing fifty percent (50%) or more of the combined voting power of the then-outstanding securities of the Company or such successor; (ii) at least a majority of the directors of the Company constitute persons who were not at the time of their first election to the Board, candidates proposed by a majority of the Board in office prior to the time of such first election; (iii) a merger or consolidation in which the Company is not the surviving entity, except for a transaction, the principal purpose of which is to change the state

in which the Company is incorporated; (iv) a sale, transfer or other disposition of assets involving fifty percent (50%) or more in value of the assets of the Company; (v) the dissolution of the Company, or liquidation of more than fifty percent (50%) in value of the Company; or (vi) any reverse merger in which the Company is a surviving entity but in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from the persons holding those securities immediately prior to such reverse merger.

2.5 CODE. "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.6 COMMITTEE. "Committee" means a committee of two or more members of the Board appointed to administer the Plan, as set forth in Section 7.1 hereof.

2.7 COMMON STOCK. "Common Stock" means the Common Stock, $.001 par value of the Company, subject to adjustment pursuant to Section 4.2 hereof.

2.8 DISABILITY. "Disability" means permanent and total disability as defined in Section 22(e)(3) of the Code. The Administrator's determination of a Disability or the absence thereof shall be conclusive and binding on all

interested parties.

2.9 EFFECTIVE DATE. "Effective Date" means the date on which the Plan is adopted by the Board, as set forth on the first page hereof.

2.10 EXERCISE PRICE. "Exercise Price" means the purchase price per share of Common Stock payable upon exercise of an Option.

2.11 FAIR MARKET VALUE. "Fair Market Value" on any given date means the value of one share of Common Stock, determined as follows:

(a) If the Common Stock is then listed or admitted to trading on a Nasdaq market system or a stock exchange which reports closing sale prices, the Fair Market Value shall be the closing sale price on the date of valuation on such Nasdaq market system or principal stock exchange on which the Common Stock is then listed or admitted to trading, or, if no closing sale price is quoted on such day, then the Fair Market Value shall be the closing sale price of the Common Stock on such Nasdaq market system or such exchange on the next preceding day for which a closing sale price is reported.

(b) If the Common Stock is not then listed or admitted to trading on a Nasdaq market system or a stock exchange which reports closing sale prices, the Fair Market Value shall be the average of the closing bid and asked prices of the Common Stock in the over-the-counter market on the date of valuation.

(c) If neither (a) nor (b) is applicable as of the date of valuation, then the Fair Market Value shall be determined by the Administrator in good faith using any reasonable method of evaluation, which determination shall be conclusive and binding on all interested parties.

2.12 NASD DEALER. "NASD Dealer" means a broker-dealer that is a member of the National Association of Securities Dealers, Inc.

2.13 OFFEREE. "Offeree" means a Participant to whom a Right to Purchase has been offered or who has acquired Restricted Stock under the Plan.

2.14 OPTION. "Option" means any option to purchase Common Stock granted pursuant to the Plan.

2.15 OPTION AGREEMENT. "Option Agreement" means the written agreement entered into between the Company and the Optionee with respect to an Option granted under the Plan.

2.16 OPTIONEE. "Optionee" means a Participant who holds an Option.

2.17 PARTICIPANT. "Participant" means an individual or entity who holds an Option, a Right to Purchase or Restricted Stock under the Plan.

2.18 PURCHASE PRICE. "Purchase Price" means the purchase price per share of Restricted Stock payable upon acceptance of a Right to Purchase.

2.19 RESTRICTED STOCK. "Restricted Stock" means shares of Common Stock issued pursuant to Article 6 hereof, subject to any restrictions and conditions as are established pursuant to such Article 6.

2.20 RIGHT TO PURCHASE. "Right to Purchase" means a right to purchase Restricted Stock granted to an Offeree pursuant to Article 6 hereof.

2.21 SERVICE PROVIDER. "Service Provider" means a consultant or other person or entity who provides services to the Company or an Affiliated Company and who the Administrator authorizes to become a Participant in the Plan.

2.22 STOCK PURCHASE AGREEMENT. "Stock Purchase Agreement" means the written agreement entered into between the Company and the Offeree with respect to a Right to Purchase offered under the Plan.

ARTICLE 3.

ELIGIBILITY

3.1 OPTIONS AND RIGHTS TO PURCHASE. Officers and other key employees of the Company or of an Affiliated Company, members of the Board (whether or not employed by the Company or an Affiliated Company), and Service Providers are eligible to receive Options or Rights to Purchase under the Plan.

3.2 LIMITATION ON SHARES. In no event shall any Participant be granted Options or Rights to Purchase in any one calendar year pursuant to which the aggregate number of shares of Common Stock that may be acquired thereunder exceeds 300,000 shares.

ARTICLE 4.

PLAN SHARES

4.1 SHARES SUBJECT TO THE PLAN. A total of 600,000 shares of Common Stock may be issued under the Plan, subject to adjustment as to the number and kind of shares pursuant to Section 4.2 hereof. For purposes of this limitation, in the event that (a) all or any portion of any Option or Right to Purchase granted or offered under the Plan can no longer under any circumstances be exercised, or (b) any shares of Common Stock are reacquired by the Company pursuant to a Stock Purchase Agreement, the shares of Common Stock allocable to the unexercised portion of such Option or such Right to Purchase, or the shares so reacquired, shall again be available for grant or issuance under the Plan.

4.2 CHANGES IN CAPITAL STRUCTURE. In the event that the outstanding shares of Common Stock are hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of a recapitalization, stock split, combination of shares, reclassification, stock dividend, or other change in the capital structure of the Company, then appropriate adjustments shall be made by the Administrator to the aggregate number and kind of shares subject to this Plan, and the number and kind of shares and the price per share subject to outstanding Option Agreements, Rights to Purchase and Stock Purchase Agreements in order to preserve, as nearly as practical, but not to increase, the benefits to Participants.

ARTICLE 5.

OPTIONS

5.1 OPTION AGREEMENT. Each Option granted pursuant to this Plan shall be evidenced by an Option Agreement which shall specify the number of shares subject thereto, the vesting provisions relating to such Option, and the Exercise Price per share. As soon as is practical following the grant of an Option, an Option Agreement shall be duly executed and delivered by or on behalf of the Company to the Optionee to whom such Option was granted. Each Option Agreement shall be in such form and contain such additional terms and conditions, not inconsistent with the provisions of this Plan, as the Administrator shall, from time to time, deem desirable, including, without limitation, the imposition of any rights of first refusal and resale obligations upon any shares of Common Stock acquired pursuant to an Option Agreement. Each Option Agreement may be different from each other Option Agreement. Options granted under the Plan shall not be incentive stock options within the meaning of Section 424 of the Code.

5.2 EXERCISE PRICE. The Exercise Price per share of Common Stock covered by each Option shall be determined by the Administrator, provided that the Exercise Price shall not be less than 85% of Fair Market Value on the date the Option is granted.

5.3 PAYMENT OF EXERCISE PRICE. Payment of the Exercise Price shall be made upon exercise of an Option and may be made, in the discretion of the Administrator, subject to any legal restrictions, by: (a) cash; (b) check; (c) the surrender of shares of Common Stock owned by the Optionee that have been held by the Optionee for at least six (6) months, which surrendered shares shall be valued at Fair Market Value as of the date of such exercise; (d) the Optionee's promissory

note in a form and on terms acceptable to the Administrator; (e) the cancellation of indebtedness of the Company to the Optionee; (f) the waiver of compensation due or accrued to the Optionee for services rendered; (g) provided that a public market for the Common Stock exists, a "same day sale" commitment from the Optionee and an NASD Dealer whereby the Optionee irrevocably elects to exercise the Option and to sell a portion of the shares so purchased to pay for the Exercise Price and whereby the NASD Dealer irrevocably commits upon receipt of such shares to forward the Exercise Price directly to the Company; (h) provided that a public market for the Common Stock exists, a "margin" commitment from the Optionee and an NASD Dealer whereby the Optionee irrevocably elects to exercise the Option and to pledge the shares so purchased to the NASD Dealer in a margin account as security for a loan from the NASD Dealer in the amount of the Exercise Price, and whereby the NASD Dealer irrevocably commits upon receipt of such shares to forward the Exercise Price directly to the Company; or (i) any combination of the foregoing methods of payment or any other consideration or method of payment as shall be permitted by applicable corporate law.

5.4 TERM AND TERMINATION OF OPTIONS. The term and provisions for termination of each Option shall be as fixed by the Administrator, but no Option may be exercisable more than ten (10) years after the date it is granted.

5.5 VESTING AND EXERCISE OF OPTIONS. Each Option shall vest and become exercisable in one or more installments at such time or times and subject to such conditions, including without limitation the achievement of specified performance goals or objectives, as shall be determined by the Administrator.

5.6 NONTRANSFERABILITY OF OPTIONS. Options shall not be transferable by an Optionee or a transferee of an Optionee except (i) by will or the laws of descent and distribution; or (ii) with the prior written consent of the Company, which consent may be withheld by the Company in the Company's sole discretion.

5.7 RIGHTS AS STOCKHOLDER. An Optionee or permitted transferee of an Option shall have no rights or privileges as a stockholder with respect to any shares covered by an Option until such Option has been duly exercised and certificates representing shares purchased upon such exercise have been issued to such person.

5.8 RESTRICTIONS ON UNDERLYING SHARES OF COMMON STOCK. Shares of Common Stock issued pursuant to the exercise of an Option may be sold, assigned, transferred, pledged and otherwise encumbered or disposed of, except as specifically provided in the Option Agreement.

ARTICLE 6.

RIGHTS TO PURCHASE

6.1 NATURE OF RIGHT TO PURCHASE AND PURCHASE PRICE. A Right to Purchase granted to an Offeree entitles the Offeree to purchase, for a Purchase Price determined by the Administrator, shares of Common Stock subject to such terms, restrictions and conditions as the Administrator may determine at the time of grant ("Restricted Stock"). Such conditions may include, but are not limited to, continued employment or the achievement of specified performance goals or objectives. The

Purchase Price per share of Common Stock covered by each Right to Purchase shall be determined by the Administrator.

6.2 ACCEPTANCE OF RIGHT TO PURCHASE. An Offeree shall have no rights with respect to the Restricted Stock subject to a Right to Purchase unless the Offeree shall have accepted the Right to Purchase within ten (10) days (or such longer or shorter period as the Administrator may specify) following the grant of the Right to Purchase by making payment of the full Purchase Price to the Company in the manner set forth in Section 6.3 hereof and by executing and delivering to the Company a Stock Purchase Agreement. Each Stock Purchase Agreement shall be in such form, and shall set forth the Purchase Price and such other terms, conditions and restrictions of the Restricted Stock, not inconsistent with the provisions of this Plan, as the Administrator shall, from time to time, deem desirable. Each Stock Purchase Agreement may be different from each other Stock Purchase Agreement.

6.3 PAYMENT OF PURCHASE PRICE. Subject to any legal restrictions, payment of the Purchase Price upon acceptance of a Right to Purchase Restricted Stock may be made, in the discretion of the Administrator, by: (a) cash; (b) check; (c) the surrender of shares of Common Stock owned by the Offeree that have been held by the Offeree for at least six (6) months, which surrendered shares shall be valued at Fair Market Value as of the date of such exercise; (d) the Offeree's promissory note in a form and on terms acceptable to the Administrator; (e) the cancellation of indebtedness of the Company to the Offeree; (f) the waiver of compensation due or accrued to the Offeree for services rendered; or (g) any combination of the foregoing methods of payment or any other consideration or method of payment as shall be permitted by applicable corporate law.

6.4 RIGHTS AS A STOCKHOLDER. Upon complying with the provisions of Section 6.2 hereof, an Offeree shall have the rights of a stockholder with respect to the Restricted Stock purchased pursuant to the Right to Purchase, including voting and dividend rights, subject to the terms, restrictions and conditions as are set forth in the Stock Purchase Agreement. Unless the Administrator shall determine otherwise, certificates evidencing shares of Restricted Stock shall remain in the possession of the Company until such shares have vested in accordance with the terms of the Stock Purchase Agreement.

6.5 RESTRICTIONS AND REPURCHASE RIGHT. Vested Shares of Restricted Stock may be sold, assigned, transferred, pledged and otherwise encumbered or disposed of, except as specifically provided in the Stock Purchase Agreement. In the event of termination of a Participant's employment, service as a director of the Company or Service Provider status for any reason whatsoever (including death or disability), the Stock Purchase Agreement may provide, in the discretion of the Administrator, that the Company shall have the right, exercisable at the discretion of the Administrator, to repurchase, at the original Purchase Price, any shares of Restricted Stock which have not vested as of the date of

termination.

6.6 VESTING OF RESTRICTED STOCK. The Stock Purchase Agreement shall specify, if applicable as determined by the Administrator in its discretion, the date or dates, the performance goals or objectives which must be achieved, and any other conditions on which the Restricted Stock may vest.

6.7 DIVIDENDS. If payment for shares of Restricted Stock is made by promissory note, any cash dividends paid with respect to the Restricted Stock may be applied, in the discretion of the Administrator, to repayment of such note.

6.8 NONASSIGNABILITY OF RIGHTS. Rights to Purchase shall not be transferable by a Participant or a transferee of a Participant except (i) by will or the laws of descent and distribution; or (ii) with the prior written consent of the Company, which consent may be withheld by the Company in the Company's sole discretion.

ARTICLE 7.

ADMINISTRATION OF THE PLAN

7.1 ADMINISTRATOR. Authority to control and manage the operation and administration of the Plan shall be vested in the Board, which may delegate such responsibilities in whole or in part to a committee consisting of two (2) or more members of the Board (the "Committee"). Members of the Committee may be appointed from time to time by, and shall serve at the pleasure of, the Board. As used herein, the term "Administrator" means the Board or, with respect to any matter as to which responsibility has been delegated to the Committee, the term Administrator shall mean the Committee.

7.2 POWERS OF THE ADMINISTRATOR. In addition to any other powers or authority conferred upon the Administrator elsewhere in the Plan or by law, the Administrator shall have full power and authority: (a) to determine the persons to whom, and the time or times at which, Options shall be granted and Rights to Purchase shall be offered, the number of shares to be represented by each Option and Right to Purchase and the consideration to be received by the Company upon the exercise thereof; (b) to interpret the Plan; (c) to create, amend or rescind rules and regulations relating to the Plan; (d) to determine the terms, conditions and restrictions contained in, and the form of, Option Agreements and Stock Purchase Agreements; (e) to determine the identity or capacity of any persons who may be entitled to exercise a Participant's rights under any Option or Right to Purchase under the Plan; (f) to correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Option Agreement or Stock Purchase Agreement; (g) to accelerate the vesting of any Option or release or waive any repurchase rights of the Company with respect to Restricted Stock; (h) to extend the exercise date of any Option or acceptance date of any Right to Purchase; (i) to provide for rights of first refusal and/or repurchase rights; (j) to amend outstanding Option Agreements and Stock Purchase Agreements to provide for, among other things, any change or modification which the Administrator could have provided for upon the grant of an Option or Right to Purchase or in furtherance of the powers provided for herein; and (k) to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to the express provisions of the Plan. Any action, decision, interpretation or determination made in good faith by the Administrator in the exercise of its authority conferred upon it under the Plan shall be final and binding on the Company and all Participants.

7.3 LIMITATION ON LIABILITY. No employee of the Company or member of the Board or Committee shall be subject to any liability with respect to duties under the Plan unless the person acts fraudulently or in bad faith. To the extent permitted by law, the Company shall indemnify each member of the Board or Committee, and any employee of the Company with duties under the Plan,

who was or is a party, or is threatened to be made a party, to any threatened, pending or completed proceeding, whether civil, criminal, administrative or investigative, by reason of such person's conduct in the performance of duties under the Plan.

ARTICLE 8.

CHANGE IN CONTROL

8.1 CHANGE IN CONTROL. In order to preserve a Participant's rights in the event of a Change in Control of the Company, (i) the time period relating to the exercise or realization of all outstanding Options, Rights to Purchase and Restricted Stock shall automatically accelerate immediately prior to the

consummation of such Change in Control, and (ii) with respect to Options and Rights to Purchase, the Administrator in its discretion may, at any time an Option or Right to Purchase is granted, or at any time thereafter, take one or more of the following actions: (A) provide for the purchase or exchange of each Option or Right to Purchase for an amount of cash or other property having a value equal to the difference, or spread, between (x) the value of the cash or other property that the Participant would have received pursuant to such Change in Control transaction in exchange for the shares issuable upon exercise of the Option or Right to Purchase had the Option or Right to Purchase been exercised immediately prior to such Change in Control transaction and (y) the Exercise Price of such Option or the Purchase Price under such Right to Purchase, plus, in each case, any required tax withholdings, (B) adjust the terms of the Options and Rights to Purchase in a manner determined by the Administrator to reflect the Change in Control, (C) cause the Options and Rights to Purchase to be assumed, or new rights substituted therefor, by another entity, through the continuance of the Plan and the assumption of outstanding Options and Rights to Purchase, or the substitution for such Options and Rights to Purchase of new options and new rights to purchase of comparable value covering shares of a successor corporation, with appropriate adjustments as to the number and kind of shares and Exercise Prices, in which event the Plan and such Options and Rights to Purchase, or the new options and rights to purchase substituted therefor, shall continue in the manner and under the terms so provided, or (D) make such other provision as the Administrator may consider equitable. If the Administrator does not take any of the forgoing actions, all Options and Rights to Purchase shall terminate upon the consummation of the Change in Control and the Administrator shall cause written notice of the proposed transaction to be given to all Participants not less than thirty (30) days prior to the anticipated effective date of the proposed transaction.

ARTICLE 9.

AMENDMENT AND TERMINATION OF THE PLAN

9.1 AMENDMENTS. The Board may from time to time alter, amend, suspend or terminate the Plan in such respects as the Board may deem advisable. No such alteration, amendment, suspension or termination shall be made which shall substantially affect or impair the rights of any Participant under an outstanding Option Agreement or Stock Purchase Agreement without such Participant's consent. The Board may alter or amend the Plan to comply with requirements under the Code relating to Options which give Optionees more favorable tax treatment than that applicable to Options granted under this Plan as of the date of its adoption, or to comply with provisions under applicable securities laws, including without limitation, Rule 16b-3 under the Securities Exchange Act of 1934, as amended. Upon any such alteration or amendment, any outstanding Option granted hereunder may, if the Administrator so determines and if permitted by applicable law, be subject to the more favorable tax treatment afforded to an Optionee pursuant to such terms and conditions.

9.2 PLAN TERMINATION. Unless the Plan shall theretofore have been terminated, the Plan shall terminate on the tenth (10th) anniversary of the Effective Date and no Options or Rights to Purchase may be granted under the Plan thereafter, but Option Agreements, Stock Purchase Agreements and Rights to Purchase then outstanding shall continue in effect in accordance with their respective terms.

ARTICLE 10.

TAX WITHHOLDING

10.1 WITHHOLDING. The Company shall have the power to withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy any applicable Federal, state, and local tax withholding requirements with respect to any Options exercised or Restricted Stock issued under the Plan. To the extent permissible under applicable tax, securities and other laws, the Administrator may, in its sole discretion and upon such terms and conditions as it may deem appropriate, permit a Participant to satisfy his or her obligation to pay any such tax, in whole or in part, up to an amount determined on the basis of the highest marginal tax rate applicable to such Participant, by (a) directing the Company to apply shares of Common Stock to which the Participant is entitled as a result of the exercise of an Option or as a result of the purchase of or lapse of restrictions on Restricted Stock or (b) delivering to the Company shares of Common Stock owned by the Participant. The shares of Common Stock so applied or delivered in satisfaction of the Participant's tax withholding obligation shall be valued at their Fair Market Value as of the date of measurement of the amount of income subject to withholding.

ARTICLE 11.

MISCELLANEOUS

11.1 BENEFITS NOT ALIENABLE. Other than as provided above, benefits

under the Plan may not be assigned or alienated, whether voluntarily or involuntarily. Any unauthorized attempt at assignment, transfer, pledge or other disposition shall be without effect.

11.2 NO ENLARGEMENT OF EMPLOYEE RIGHTS. This Plan is strictly a voluntary undertaking on the part of the Company and shall not be deemed to constitute a contract between the Company and any Participant to be consideration for, or an inducement to, or a condition of, the employment of any Participant. Nothing contained in the Plan shall be deemed to give the right to any Participant to be retained as an employee of the Company or any Affiliated Company or to limit the right of the Company or any Affiliated Company to discharge any Participant at any time.

11.3 APPLICATION OF FUNDS. The proceeds received by the Company from the sale of Common Stock pursuant to Option Agreements and Stock Purchase Agreements, except as otherwise provided herein, will be used for general corporate purposes.

EXHIBIT 10.8

SONUS PHARMACEUTICALS, INC.
NONQUALIFIED STOCK OPTION AGREEMENT
UNDER THE
1999 STOCK INCENTIVE PLAN

This Stock Option Agreement (the "Agreement") is entered into as of _____, by and between SONUS PHARMACEUTICALS, INC., a Delaware corporation (the "Company"), and _____ (the "Optionee") pursuant to the Company's 1999 Nonqualified Stock Incentive Plan (the "Plan").

1. GRANT OF OPTION. The Company hereby grants to Optionee an option (the "Option") to purchase all or any portion of a total of _____ shares (the "Shares") of the Common Stock of the Company at a purchase price of _____ per share (the "Exercise Price"), subject to the terms and conditions set forth herein and the provisions of the Plan. This Option is not intended to qualify as an "incentive stock option" as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code").

2. VESTING OF OPTION. The right to exercise this Option shall vest in installments, and this Option shall be exercisable from time to time in whole or in part as to any vested installment, as follows:

__% of the Shares will vest on _____. The remaining __% of the Shares will vest monthly over the next __ months beginning on _____; such that on _____ all of the Shares subject to the Option will be fully vested.

No additional Shares shall vest after the date of termination of Optionee's "Continuous Service" (as defined in Section 3 below), but this Option shall continue to be exercisable in accordance with Section 3 hereof with respect to that number of shares that have vested as of the date of termination of Optionee's Continuous Service.

3. TERM OF OPTION. Optionee's right to exercise this Option shall terminate upon the first to occur of the following:

(a) the expiration of ten (10) years from the date of this Agreement;

(b) the expiration of three (3) months from the date of termination of Optionee's Continuous Service if such termination occurs for any reason other than permanent disability or death; provided, however, that if Optionee dies during such three-month period the provisions of Section 3(d) below shall apply;

(c) the expiration of one (1) year from the date of termination of Optionee's Continuous Service if such termination is due to permanent disability of the Optionee (as defined in Section 22(e)(3) of the Code);

(d) the expiration of one (1) year from the date of termination of Optionee's Continuous Service if such termination is due to Optionee's death or if death occurs during the three-month period following termination of Optionee's Continuous Service pursuant to Section 3(b) above; or

(e) upon the consummation of a "Change in Control" (as defined in Section 2.4 of the Plan), unless otherwise provided pursuant to Section 11 below.

As used herein, the term "Continuous Service" means (i) employment by either the Company or any parent or subsidiary corporation of the Company, or by a corporation or a parent or subsidiary of a corporation issuing or assuming a stock option in a transaction to which Section 424(a) of the Code applies, which is uninterrupted except for vacations, illness (except for permanent disability, as defined in Section 22(e)(3) of the Code), or leaves of absence which are approved in writing by the Company or any of such other employer corporations, if applicable, (ii) service as a member of the Board of Directors of the Company until Optionee resigns, is removed from office, or Optionee's term of office expires and he or she is not reelected, or (iii) so long as Optionee is engaged as a consultant or service provider to the Company or other corporation referred to in clause (i) above.

4. EXERCISE OF OPTION. On or after the vesting of any portion of this Option in accordance with Sections 2 or 11 hereof, and until termination of the right to exercise this Option in accordance with Section 3 above, the portion of this Option which has vested may be exercised in whole or in part by the Optionee (or, after his or her death, by the person designated in Section 5 below) upon delivery of the following to the Company at its principal executive offices:

(a) a written notice of exercise which identifies this Agreement and states the number of Shares then being purchased (but no fractional Shares may be purchased);

(b) a check or cash in the amount of the Exercise Price (or payment of the Exercise Price in such other form of lawful consideration as the Administrator may approve from time to time under the provisions of Section 5.3 of the Plan);

(c) a check or cash in the amount reasonably requested by the Company to satisfy the Company's withholding obligations under federal, state or other applicable tax laws with respect to the taxable income, if any, recognized by the Optionee in connection with the exercise of this Option (unless the Company and Optionee shall have made other arrangements for deductions or withholding from Optionee's wages, bonus or other compensation payable to Optionee, or by the withholding of Shares issuable upon exercise of this Option or the delivery of Shares owned by the Optionee in accordance with Section 10.1 of the Plan, provided such arrangements satisfy the requirements of applicable tax laws); and

(d) a letter, if requested by the Company, in such form and substance as the Company may require, setting forth the investment intent of the Optionee, or person designated in Section 5 below, as the case may be.

5. DEATH OF OPTIONEE; NO ASSIGNMENT. The rights of Optionee under this Agreement shall not be transferable by an Optionee or a transferee of an Optionee except (i) by will or the laws of descent and distribution; or (ii) with the prior written consent of the Company, which consent may be withheld by the Company in the Company's sole discretion. Any attempt to sell, pledge, assign,

hypothecate, transfer or dispose of this Option in contravention of this Agreement or the Plan shall be void and shall have no effect. If the Optionee's Continuous Service terminates as a result of his or her death, and provided Optionee's rights hereunder shall have vested pursuant to Section 2 hereof, Optionee's legal representative, his or her legatee, or the person who acquired the right to exercise this Option by reason of the death of the Optionee (individually, a "Successor") shall succeed to the Optionee's rights and obligations under this Agreement. After the death of the Optionee, only a Successor may exercise this Option.

6. RECEIPT OF PLAN. Optionee acknowledges receipt of a copy of the Plan and understands that all rights and obligations connected with this Option are set forth in this Agreement and in the Plan.

7. LIMITATION OF COMPANY'S LIABILITY FOR NONISSUANCE. The Company agrees to use its reasonable best efforts to obtain from any applicable regulatory agency such authority or approval as may be required in order to issue and sell the Shares to the Optionee pursuant to this Option. Inability of the Company to obtain, from any such regulatory agency, authority or approval deemed by the Company's counsel to be necessary for the lawful issuance and sale of the Shares hereunder and under the Plan shall relieve the Company of any liability in respect of the nonissuance or sale of such Shares as to which such requisite authority or approval shall not have been obtained.

8. ADJUSTMENTS UPON CHANGES IN CAPITAL STRUCTURE. In the event that the outstanding shares of Common Stock of the Company are hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of a recapitalization, stock split, combination of shares, reclassification, stock dividend or other change in the capital structure of the Company, then appropriate adjustment shall be made by the Administrator to the number of Shares subject to the unexercised portion of this Option and to the Exercise Price per share, in order to preserve, as nearly as practical, but not to increase, the benefits of the Optionee under this Option, in accordance with the provisions of Section 4.2 of the Plan.

9. CHANGE IN CONTROL. In the event of a Change in Control (as defined in Section 2.4 of the Plan) of the Company, (i) the vesting of this Option pursuant to Section 2 above shall automatically accelerate immediately prior to the consummation of such Change in Control, and (ii) the Administrator in its discretion may take one or more of the following actions: (A) provide for the purchase or exchange of this Option for an amount of cash or other property having a value equal to the difference, or spread, between (x) the value of the cash or other property that the Optionee would have received pursuant to such Change in Control transaction in exchange for the shares issuable upon exercise of this Option had this Option been exercised immediately prior to such Change in Control transaction and (y) the Exercise Price plus any required withholding taxes, (B) adjust the terms of this Option in a manner determined by the Administrator to reflect the Change in Control, (C) cause this Option to be assumed, or new rights substituted therefor, by another entity, through the continuance of the Plan and the assumption of this Option, or the substitution

for this Option of a new option of comparable value covering shares of a successor corporation, with appropriate adjustments as to the number and kind of shares and Exercise Price, in which event the Plan and this Option, or the new option substituted therefor, shall continue in the manner and under the terms so provided, or (D) make such other provision as the Administrator may consider equitable. If the Administrator does not take any of the forgoing actions, this Option shall terminate upon the consummation of the Change in Control and the Administrator shall cause written notice of the proposed transaction to be given to the

Optionee not less than thirty (30) days prior to the anticipated effective date of the proposed transaction.

10. NO EMPLOYMENT CONTRACT CREATED. Neither the granting of this Option nor the exercise hereof shall be construed as granting to the Optionee any right with respect to continuance of employment by the Company or any of its subsidiaries. The right of the Company or any of its subsidiaries to terminate at will the Optionee's employment at any time (whether by dismissal, discharge or otherwise), with or without cause, is specifically reserved.

11. RIGHTS AS STOCKHOLDER. The Optionee (or transferee of this option by bona fide gift, will or the laws of descent and distribution) shall have no rights as a stockholder with respect to any Shares covered by this Option until the date of the issuance of a stock certificate or certificates to him or her for such Shares, notwithstanding the exercise of this Option.

12. "MARKET STAND-OFF" AGREEMENT. Optionee agrees that, if requested by the Company or the managing underwriter of any proposed public offering of the Company's securities, Optionee will not sell or otherwise transfer or dispose of any Shares held by Optionee without the prior written consent of the Company or such underwriter, as the case may be, during such period of time, not to exceed 90 days following the effective date of the registration statement filed by the Company with respect to such offering, as the Company or the underwriter may specify.

13. INTERPRETATION. This Option is granted pursuant to the terms of the Plan, and shall in all respects be interpreted in accordance therewith. The Administrator shall interpret and construe this Option and the Plan, and any action, decision, interpretation or determination made in good faith by the Administrator shall be final and binding on the Company and the Optionee. As used in this Agreement, the term "Administrator" shall refer to the committee of the Board of Directors of the Company appointed to administer the Plan, and if no such committee has been appointed, the term Administrator shall mean the Board of Directors.

14. NOTICES. Any notice, demand or request required or permitted to be given under this Agreement shall be in writing and shall be deemed given when delivered personally or three (3) days after being deposited in the United States mail, as certified or registered mail, with postage prepaid, and addressed, if to the Company, at its principal place of business, Attention: the Chief Financial Officer, and if to the Optionee, at his or her most recent address as shown in the employment or stock records of the Company.

15. GOVERNING LAW. The validity, construction, interpretation, and effect of this Option shall be governed by and determined in accordance with the laws of the State of Washington.

16. SEVERABILITY. Should any provision or portion of this Agreement be held to be unenforceable or invalid for any reason, the remaining provisions and portions of this Agreement shall be unaffected by such holding.

17. COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall be deemed one instrument.

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

THE COMPANY:

SONUS PHARMACEUTICALS, INC.

By:_____
Name:_____
Title:_____

PURCHASER:

____

____
(Print Name)

SONUS PHARMACEUTICALS, INC.
RESTRICTED STOCK PURCHASE AGREEMENT
UNDER
1999 NONQUALIFIED STOCK INCENTIVE PLAN

THIS RESTRICTED STOCK PURCHASE AGREEMENT (the "Agreement") is entered into as of _____, _____ by and between _____ (hereinafter referred to as "Purchaser"), and SONUS PHARMACEUTICALS, INC., a Delaware corporation (hereinafter referred to as the "Company"), pursuant to the Company's 1999 Stock Incentive Plan (the "Plan").

R E C I T A L S :

A. Purchaser is an employee, director, consultant or other person who provides services to the Company or a parent or subsidiary of the Company, as those terms are defined in Sections 424(e) and 424(f) of the Internal Revenue Code of 1986, as amended (a "Service Provider"), and in connection therewith has rendered services for and on behalf of the Company.

B. The Company desires to issue shares of common stock to Purchaser for the consideration set forth herein to provide an incentive for Purchaser to remain a Service Provider of the Company and to exert added effort towards its growth and success.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, and for other good and valuable consideration, the parties agree as follows:

1. ISSUANCE OF SHARES. The Company hereby offers to issue to Purchaser an aggregate of _____ (_____) shares of the Common Stock of the Company (the "Shares") on the terms and conditions herein set forth. Unless this offer is earlier revoked in writing by the Company, Purchaser shall have ten (10) days from the date of the delivery of this Agreement to Purchaser to accept the offer of the Company by executing and delivering to the Company two copies of this Agreement, without condition or reservation of any kind whatsoever, together with the consideration to be delivered by Purchaser pursuant to Section 2 below.

2. CONSIDERATION. The purchase price for the Shares shall be $_____ per share, or $_____ in the aggregate, which shall be paid by the delivery of Purchaser's check payable to the Company.

3. VESTING OF SHARES. The Shares acquired hereunder shall vest and become "Vested Shares" as follows:

On or After:	No. of Shares:

Shares which have not yet become vested are herein called "Unvested Shares." No additional Shares shall vest after the date of termination of Purchaser's "Continuous Service" (as defined below). As used herein, the term "Continuous Service" means (i) employment by either the Company or any parent or subsidiary corporation of the Company, which is uninterrupted except for vacations, illness

(except for permanent disability, as defined in Section 22(e)(3) of the Code) or leaves of absence which are approved in writing by the Company or any of such other employer corporations, if applicable, (ii) service as a member of the Board of Directors of the Company, or (iii) so long as Purchaser is engaged as a consultant or service provider to the Company.

4. RECONVEYANCE UPON TERMINATION OF SERVICE.

(a) RECONVEYANCE OPTION. If, at any time prior to _____ (__) years from the date of issuance of the Shares (the "Grant Date"), Purchaser should cease to be a Service Provider of the Company or a parent or its subsidiaries, for any reason (hereinafter referred to as the "Termination Date"), the Company shall have the option to acquire (hereinafter referred to as the "Reconveyance Option") from Purchaser all or part of the Unvested Shares.

(b) CONSIDERATION FOR RECONVEYANCE OPTION. The Company shall pay Purchaser as consideration for the unvested Shares to be acquired upon exercise of the Reconveyance Option the original purchase price paid by Purchaser.

(c) PROCEDURE FOR EXERCISE OF RECONVEYANCE OPTION. The Company shall have the right to exercise the Reconveyance Option by acquiring all or any part of the Shares subject to the Reconveyance Option by delivery to Purchaser and/or any other person obligated to transfer the Shares written notice of election to purchase the Shares or any portion thereof within sixty (60) days following the Termination Date. Such written notice shall indicate the number of

Shares to be purchased by the Company. In the event that the Company does not elect to exercise the Reconveyance Option as to all or part of the Shares under the provisions of this Section 4 by written notice to Purchaser within the period specified above, the Reconveyance Option shall expire as to all Shares which the Company has not elected to acquire.

(d) NOTIFICATION AND SETTLEMENT. In the event that the Company has elected to exercise the Reconveyance Option as to part or all of the Shares within the period described above, Purchaser or such other person shall deliver to the Company certificate(s) representing the Shares to be acquired by the Company within thirty (30) days following the date of the notice from the Company. The Company shall deliver to Purchaser against delivery of the Shares, checks of the Company payable to Purchaser and/or any other person obligated to transfer the Shares in the aggregate amount of the purchase price to be paid as set forth in paragraph (b) above.

(e) NONTRANSFERABILITY AND DEPOSIT OF UNVESTED SHARES. Unvested Shares may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of without the prior written consent of the Company, which consent may be given or withheld in its sole discretion. Purchaser shall deposit with the Company certificates representing the Unvested Shares, together with a duly executed stock assignment separate from certificate in blank, which shall be held by the Secretary of the Company. Purchaser shall be entitled to vote and to receive dividends and distributions on all such deposited Shares.

(f) TERMINATION. The provisions of this Section 4 shall automatically terminate, and the Shares shall not be subject to the Reconveyance Option, immediately prior to the consummation of a Change in Control (as defined in Section 2.4 of the Plan), unless provision is made in writing in connection with such transaction for the continuance or assumption of this

Agreement or the substitution for this Agreement of a new agreement of comparable value covering shares of a successor corporation, with appropriate adjustments as to the number and kind of shares and the purchase price, in which event this Agreement or the new agreement substituted therefor shall continue in the manner and under the terms so provided. If such provision is not made in such transaction, then the Administrator shall cause written notice of the proposed transaction to be given to Purchaser not less than thirty (30) days prior to the anticipated effective date of the proposed transaction, and the Shares, if not already fully vested, shall concurrent with and conditioned upon the effective date of the proposed transaction, be accelerated and become fully vested at such time.

5. ADJUSTMENTS UPON CHANGES IN CAPITAL STRUCTURE. In the event that the outstanding Shares of Common Stock of the Company are hereafter increased or decreased or changed into or exchanged for a different number or kind of shares or other securities of the Company by reason of a recapitalization, stock split, combination of shares, reclassification, stock dividend, or other change in the capital structure of the Company, then Purchaser shall be entitled to new or additional or different shares of stock or securities, in order to preserve, as nearly as practical, but not to increase, the benefits of Purchaser under this Agreement, in accordance with the provisions of Section 4.2 of the Plan. Such new, additional or different shares shall be deemed "Shares" for purposes of this Agreement and subject to all of the terms and conditions hereof.

6. SHARES FREE AND CLEAR. All Shares purchased by the Company pursuant to this Agreement shall be delivered by Purchaser free and clear of all claims, liens and encumbrances of every nature (except the provisions of this Agreement and any conditions concerning the Shares relating to compliance with applicable federal or state securities laws), and the purchaser thereof shall acquire full and complete title and right to all of the shares, free and clear of any claims, liens and encumbrances of every nature (again except for the provisions of this Agreement and such securities laws).

7. LIMITATION OF COMPANY'S LIABILITY FOR NONISSUANCE. The Company agrees to use its reasonable best efforts to obtain from any applicable regulatory agency such authority or approval as may be required in order to issue and sell the Shares to Purchaser pursuant to this Agreement. Inability of the Company to obtain, from any such regulatory agency, authority or approval deemed by the Company's counsel to be necessary for the lawful issuance and sale of the Shares hereunder and under the Plan shall relieve the Company of any liability in respect of the nonissuance or sale of such Shares as to which such requisite authority or approval shall not have been obtained.

8. NOTICES. All notices, requests, consents and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or three (3) days after being mailed, by United States certified or registered mail, prepaid, to the parties or their assignees at the addresses set forth opposite their signatures below (or such other address as shall be given in writing by either party to the other).

9. BINDING OBLIGATIONS. All covenants and agreements herein contained by or on behalf of any of the parties hereto shall bind and inure to the benefit of the parties hereto and their permitted successors and assigns.

10. CAPTIONS AND SECTION HEADINGS. Captions and section headings used herein are for convenience only, and are not part of this Agreement and shall not be used in construing it.

11. AMENDMENT. This Agreement may not be amended, waived, discharged, or terminated other than by written agreement of the parties.

12. ENTIRE AGREEMENT. This Agreement and the Plan constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior or contemporaneous written or oral agreements and understandings of the parties, either express or implied.

13. ASSIGNMENT. No party hereto shall have the right, without the prior written consent of the other party, to sell, assign, mortgage, pledge or otherwise transfer any interest or right created hereby. This Agreement is made solely for the benefit of the parties hereto, and no other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Agreement.

14. SEVERABILITY. Should any provision or portion of this Agreement be held to be unenforceable or invalid for any reason, the remaining provisions and portions of this Agreement shall be unaffected by such holding.

15. COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one agreement and any party hereto may execute this Agreement by signing any such counterpart. This Agreement shall be binding upon Purchaser and the Company at such time as the Agreement, in counterpart or otherwise, is executed by Purchaser and the Company.

16. APPLICABLE LAW. This Agreement shall be construed under, and enforced in accordance with and governed by the laws of the State of California.

17. NO AGREEMENT TO EMPLOY. Nothing in this Agreement shall affect any right with respect to continuance of employment by the Company or any of its subsidiaries. The right of the Company or any of its subsidiaries to terminate at will the Purchaser's employment at any time (whether by dismissal, discharge or otherwise), with or without cause, is specifically reserved, subject to any other written employment agreement to which the Company and Purchaser may be a party.

18. MARKET STANDOFF AGREEMENT. Purchaser agrees in connection with any registration of the Company's securities that, upon the request of the Company or the underwriters managing any public offering of the Company's securities, Optionee will not sell or otherwise dispose of any Purchased Shares without the prior written consent of the Company or such underwriters, as the case may be, for a period of time (not to exceed 90 days) from the effective date of such registration as the Company or the underwriters may specify.

19. TAX ELECTIONS. Purchaser acknowledges that Purchaser has considered the advisability of all tax elections in connection with the purchase of the Shares hereunder, including the making of an election under Section 83(b) under the Internal Revenue Code of 1986, as amended, and that the Company has no responsibility for the making of any such election.

20. ATTORNEYS' FEES. If any party shall bring an action in law or equity against another to enforce or interpret any of the terms, covenants and provisions of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorneys' fees and costs.

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

THE COMPANY:

SONUS PHARMACEUTICALS, INC.

By:_____
Name:_____
Title:_____

PURCHASER:

_____

_____
(Print Name)

CONSENT AND RATIFICATION OF SPOUSE

The undersigned, the spouse of _____, a party to the attached Restricted Stock Purchase Agreement (the "Agreement"), dated as of , _____ hereby consents to the execution of said Agreement by such party; and ratifies, approves, confirms and adopts said Agreement, and agrees to be bound by each and every term and condition thereof as if the undersigned had been a signatory to said Agreement, with respect to the Shares (as defined in the Agreement) made the subject of said Agreement in which the undersigned has an interest, including any community property interest therein.

I also acknowledge that I have been advised to obtain independent counsel to represent my interests with respect to this Agreement but that I have declined to do so and I hereby expressly waive my right to such independent counsel.

Date:_____ _____
(Signature)

_____
(Print Name)

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