CAROLINA EXPRESS EXCLUSIVE LICENSE AGREEMENT

This Carolina Express Exclusive License Agreement ("**Agreement**") is entered into this ___ day of _____, 2026 (the "**Effective Date**") between The University of North Carolina at Chapel Hill having an address at 136 E. Rosemary Street, Suite 100, Chapel Hill, NC 27514 ("**University**") and _____, a corporation organized and existing under the laws of the State of _____ having an address at _____ ("**Licensee**").

WITNESSETH

WHEREAS University owns and controls a valuable invention known as "_____" (University file _____) embodied in certain Patent Rights and Copyrights defined below; and

WHEREAS the Patent Rights and Copyrights was developed by _____ ("**Inventor(s)**") while employees, students, or postdoctoral fellows of University; and

WHEREAS University exclusively owns or controls all right, title and interest in the Patent Rights and Copyrights; and

WHEREAS University desires to license its rights in the Patent Rights and Copyrights in a manner that will benefit the public and best facilitate the distribution of useful products and the utilization of new processes; and

WHEREAS Licensee is a University start-up company and has at least one University faculty, staff or student member as a founder; and

WHEREAS, Licensee has submitted a detailed business plan indicating Licensee's strategies to develop and commercialize the technology and University has determined, based upon such business plan, that granting a license to its rights in the Patent Rights and Copyrights to Licensee will benefit the public and best facilitate the distribution of useful products and the utilization of new processes; and

WHEREAS Licensee desires to obtain a license to use the Patent Rights and Copyrights as herein provided and commits to using its commercially reasonable efforts and resources in a thorough, vigorous and diligent program of commercializing products and processes based upon or embodying said the Patent Rights and Copyrights under the terms and conditions set forth herein; and

NOW, THEREFORE, in consideration of the premises and mutual promises and covenants contained in this Agreement and for good and valuable consideration, it is agreed by and between University and Licensee as follows:

ARTICLE 1: DEFINITIONS

1.1 **"Affiliate"** means every entity, that directly or indirectly, or through one or more intermediaries, controls, is controlled by, or is under common control with Licensee. An entity

is deemed to be in control of another corporation or entity if (a) it owns or directly or indirectly controls at least 50% of the voting stock of the other corporation or (b) in the absence of ownership of at least 50% of the voting stock of a corporation, or in the case of a non-corporate entity, if it possesses directly or indirectly, the power to direct or cause the direction of the management and policies of such entity.

1.2 **"Aggregate Consideration"** shall have the meaning set forth in Section 3.1.3.

1.3 **"Asset Sale**" shall have the meaning set forth in Section 1.23.

1.4 "**Clinically-Approved Product**" means any Licensed Product for which (i) FDA approval or clearance (or any foreign equivalent thereof), which is granted or withheld on the basis of the results of human clinical trials of such Licensed Product, is required prior to sale of such Licensed Product for human therapeutic, diagnostic, or prophylactic use, or for such Licensed Product's use as a human medical device and (ii) the costs directly related to conducting such human clinical trials incurred by Licensee or any Affiliate or Sublicensee are greater than one million dollars ($1,000,000).

1.5 **"Combination Product"** means any product comprised of a combination of (i) a Licensed Product and (ii) any active ingredient(s), device(s), delivery system(s) or other technology(ies) for which rights are not included in the license granted under this Agreement but, with respect to the item(s) in (ii), which may each or collectively form the basis for a separately saleable product (an **"Independent Subproduct"**).

1.6 **"Compulsory Royalty"** shall have the meaning set forth in Section 3.11.

1.7 "**Confidential Information**" means any information disclosed by one party to the other party that is identified as confidential at the time of disclosure, including information consisting of data; research results; technology; software; materials; patents; copyrighted works; know-how; business or product plans; marketing, sales, or other financial information; Progress Reports; and Royalty Reports.

1.8 **"Copyrights"** means any software, computer programs, documentation, algorithms, or other materials subject to copyright protection included in the invention and listed in Appendix A, which shall be amended from time to time to indicate the then current Copyrights.

1.9 "**Delayed Patent Expenses**" shall have the meaning set forth in Section 3.5.1.

1.10 **"Exchange Consideration"** shall have the meaning set forth in Section 3.8.

1.11 "**Existing Patent Rights**" means Patent Rights as of the Effective Date listed in Appendix A, which shall be amended from time to time to indicate the then current Patent Rights.

1.12 "**Equity Securities**" shall mean any capital shares of Licensee (including without limitation common and preferred shares), and any securities of Licensee that are convertible into any capital shares of Licensee, in either case issued primarily for capital raising purposes.

1.13 **"FDA"** means the United States Food and Drug Administration, or a successor federal agency thereto in the United States.

1.14 "**Grace Period**" means the time period running for one year after the Effective Date.

1.15 "**Initial Financing**" means Licensee's initial receipt of at least two million dollars ($2,000,000) of cumulative total of cash or cancellation of indebtedness in exchange for the issuance of Equity Securities.

1.16 **"Independent Subproduct"** shall have the meaning set forth in Section 1.5.

1.17 "**Initial Public Offering**" means the effectiveness of a registration statement for the first sale of Licensee's common stock in a firm commitment underwritten public offering registered under the Securities Act of 1933, as amended.

1.18 **"Licensed Field"** means, and is limited to, the practice of the Patent Rights and Copyrights for any and [*all uses and applications*][1].

1.19 **"Licensed Product Data"** means data, including clinical data, owned, or controlled by Licensee relating to a given Licensed Product and which is generated following the Effective Date.

1.20 **"Licensed Products"** means any method or process, composition, product, service, or component part thereof covered in whole or in part by a Valid Claim contained in the Patent Rights or covered by Copyright. Licensed Products include Clinically-Approved Products, Licensed Services, and Other Products.

1.21 "**Licensed Service**" means a service provided by Licensee, Affiliate, or Sublicensee that uses a Licensed Product or that is itself a Licensed Product. Research and development carried out by Licensee, Affiliates, or a Sublicensee for the purpose of creating, developing, or commercializing Clinically-Approved Products or Other Products does not constitute a Licensed Service.

1.22 **"Licensed Territory"** means [*the entire world*][2].

1.23 "**Liquidation Event**" means a (i) a merger, share exchange or other reorganization ("**Merger**"), (ii) the sale by one or more stockholders of a majority of the voting power of the Licensee ("**Stock Sale**") or (iii) a sale of all or substantially all of the assets of the Licensee (or that portion of its assets related to the subject matter of this Agreement) ("**Asset Sale**") in which for (i), (ii), and (iii) above, the stockholders of the Licensee prior to such transaction do not own a majority of the voting power of the acquiring, surviving or successor entity, as the case may be. Notwithstanding the foregoing, a Liquidation Event shall not include a bona fide financing transaction in which voting control of the Licensee transfers to one or more persons or entities who acquire shares of Licensee capital stock from Licensee in exchange for either an investment in Licensee or the cancellation of indebtedness owed by Licensee, or a combination thereof.

[1] Subject to limitation for some specific technologies/circumstances.
[2] Subject to limitation for some specific technologies/circumstances.

1.24 **"Merger"** shall have the meaning set forth in Section 1.23.

1.25 **"Negotiation Period"** shall have the meaning set forth in Section 6.6.3.

1.26 **"Net Sales"** means the total invoiced sales price for Licensed Products sold by Licensee, Affiliates, and Sublicensees less (a) sales taxes or other taxes (other than income taxes), (b) shipping and insurance charges, (c) actual allowances, rebates, credits, or refunds for returned or defective goods, (d) trade, quantity, and other discounts, retroactive price reductions, or other allowances actually allowed or granted from the billed amount and taken, (e) rebates, credits, and chargeback payments (or the equivalent thereof) granted to managed health care organizations, wholesalers, or to federal, state/provincial, local and other governments, including their agencies, purchasers, and/or reimbursors, or to trade customers, and (f) any import or export duties, tariffs, or similar charges incurred with respect to the import or export of Licensed Products into or out of any country in the Licensed Territory. Licensed Products will be considered sold when paid for. Notwithstanding the foregoing, Net Sales shall not include, and shall be deemed zero with respect to, (i) the distribution of reasonable quantities of promotional samples of Licensed Products, (ii) Licensed Products provided for clinical trials, research purposes, or charitable or compassionate use purposes, or (iii) Licensed Products provided to Licensee, an Affiliate, or a Sublicensee for purposes of resale, provided such resale is subject to royalties due under Section 3.6.

In the case of discounts on "bundles" of separate products or services which include Licensed Products, Licensee, Affiliates, or Sublicensees may discount the bona fide list price of a Licensed Product by the average percentage discount of all products of Licensee, Affiliates, and/or Sublicensees in a particular "bundle", calculated as follows:

Average percentage discount on a particular "bundle" = [1 - (X/Y)] x 100

where X equals the total discounted price of a particular "bundle" of products, and Y equals the sum of the undiscounted bona fide list prices of each unit of every product in such "bundle". Licensee (or Affiliates/Sublicensees) shall provide University documentation reasonably supporting such average discount with respect to each "bundle." If a Licensed Product in a "bundle" is not sold separately, and no bona fide list price exists for such Licensed Product, Licensee and University shall negotiate in good faith a reasonable imputed list price for such Licensed Product and Net Sales with respect thereto shall be based on such imputed list price.

1.27 **"New Patent Rights"** means Patent Rights not claiming priority to the Existing Patent Rights.

1.28 "**Ongoing Patent Expenses**" shall have the meaning set forth in Section 3.5.2.

1.29 "**Other Product**" means any Licensed Product that is not a Clinically-Approved Product or a Licensed Service.

1.30 **"Patent Rights"** means (i) any United States, foreign or international patents and/or patent applications covering the inventions(or its use or manufacture) owned or controlled by University as of the Effective Date, (ii) any continuations, continuations-in-part, divisionals, continued prosecution applications, substitutions, extensions and term restorations, registrations,

confirmations, re-examinations, renewals, or reissues of any of the foregoing, and (iii) any foreign counterpart of any of the foregoing, provided that, to the extent any continuations-in-part claim technology that is patentably distinct from the subject matter described in, claimed by, or enabled by the Existing Patent Rights, such continuations-in-part shall only be included in Patent Rights to the extent University has the right to provide such rights to Licensee.

1.31 **"Pre-Money Valuation"** shall have the meaning set forth in Section 3.1.3.

1.32 "**Progress Report**" means a written report summarizing Licensee's material technical and other efforts made towards first commercial sale for all Licensed Products under development. Such reports shall include, without limitation, reasonably detailed summaries of (i) development and commercialization of Licensed Products, (ii) collaborations with third parties and sublicensing efforts, (iii) progress toward completing milestones described in Appendix B, (iv) key management changes and total number of employees, (v) Licensee's finances, (vi) scientific and business goals for the next year, (vii) summary of any payments due under Article 3, and (viii) any other company information which may materially impact Licensee's ability to develop Licensed Product. Such reports shall be substantially in the form of the template provided in Appendix D.

1.33 "**Proposed Product**" means any method or process, composition, product, or component part thereof for which rights to the Patent Rights or Copyrights are necessary or commercially justifiable for manufacture, sale, or distribution of such proposed product.

1.34 **"Prospective Licensee"** means any third party that desires to make, use, and sell a Proposed Product.

1.35 "**Royalty Report**" means a written report detailing the number, description, aggregate selling prices, and Net Sales of Licensed Products (and a listing of the pertinent Patent Rights and Copyrights where the Licensed Product is comprised of a subset of the Patent Rights or Copyrights) sold or otherwise disposed of in each calendar quarter upon which royalty is payable, and the royalty payment amounts due under Section 3.6. Such reports shall be substantially in the form of the template provided in Appendix E.

1.36 **"Stock Sale"** shall have the meaning set forth in Section 1.23.

1.37 **"Sublicensee"** means any third party to whom rights are granted by Licensee (or an Affiliate) with respect to the Patent Rights or Copyrights. "Sublicensee" shall also include any third party to whom such rights are granted through further sublicense by a Sublicensee. Where Licensee enters into an agreement granting rights to the Patent Rights or Copyrights to an Affiliate, the Affiliate will be treated as a Sublicensee under this Agreement.

1.38 "**Sublicensing Revenue**" means any consideration actually received by Licensee or an Affiliate from a third party as consideration for the grant of rights to Patent Rights or Copyrights (net of any tax or similar withholding obligations imposed by any tax or other government authority(ies) that are not reasonably recoverable by Licensee). Sublicensing Revenue includes, but is not limited to, upfront fees, license maintenance fees, and milestone payments, or other payments, including the fair market value of any non-cash consideration, received by Licensee in consideration for any rights granted to Patent Rights or Copyrights under a sublicense agreement,

and excludes (i) sales based royalties, (ii) purchases of equity or debt of Licensee or any Affiliate, (iii) fair market value payments made in connection with research and development agreements, joint ventures, partnerships or collaboration agreements where Licensee or an Affiliate is obligated to perform research and development of any Licensed Product(s), (iv) the grant to Licensee of intellectual property rights related to the technology described in the Patent Rights or Copyrights, and (v) other payments made by a Sublicensee as consideration for Licensee's or an Affiliate's performance of services or provision of goods, provided such services or goods are not Licensed Products or, if such services or goods are Licensed Products, (a) the provision of such services or goods results in Net Sales pursuant to which a royalty is payable under Section 3.6 or (b) the provision of such services or goods constitutes one or more of the following: (1) the distribution of reasonable quantities of promotional samples of Licensed Products or (2) the provision of Licensed Products for clinical trials, research purposes, or charitable or compassionate use purposes.

1.39 "**Third Party Royalties**" means any royalties Licensee owes to one or more third parties pursuant to one or more licenses to intellectual property rights entered into by Licensee to avoid infringement of such rights by the practice of the Patent Rights or Copyrights in the manufacture, use, or sale of any Licensed Product or provision of any Licensed Service, or to avoid infringement-related litigation with respect to the practice of the Patent Rights or Copyrights, as determined by Licensee in its reasonable discretion.

1.40 **"Trailing Consideration"** shall have the meaning set forth in Section 3.1.3.

1.41 **"Valid Claim"** means a claim of any pending patent application or any issued, unexpired United States or granted foreign patent that has not been dedicated to the public, disclaimed, abandoned or held invalid or unenforceable by a court or other body of competent jurisdiction from which no further appeal can be taken, and that has not been explicitly disclaimed, or admitted by University in writing to be invalid or unenforceable or of a scope not covering Licensed Products through reissue, disclaimer or otherwise.

1.42 **Other Definitional Provisions**.

(i) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and section, schedule and exhibit references are to this Agreement unless otherwise specified. The meaning of defined terms shall be equally applicable to the singular and plural forms of the defined terms. The term "including" is not limiting and means "including without limitation".

(ii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding," and the word "through" means "to and including."

(iii) References to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of this Agreement.

(iv) References to statutes or regulations are to be construed as including all statutory and regulatory provisions consolidating, amending, or replacing the statute or regulation.

(v) The captions and headings of this Agreement are for convenience of reference only and shall not affect the construction of this Agreement.

ARTICLE 2: GRANT OF LICENSE

2.1 Grant to Licensee. University hereby grants to Licensee and its Affiliates to the extent of the Licensed Territory an exclusive license (i) under the Patent Rights to make, use, sell, have made, have sold, offer for sale and import Licensed Products and perform Licensed Services in the Licensed Field and, ii) under the Copyrights to use, distribute, translate, reproduce, transmit, perform, display, demonstrate, make derivative or collective works of, modify, adapt, copy and otherwise exploit the Copyrights to create Licensed Products and perform Licensed Services in the Licensed Field, with the right to sublicense as set forth in Article 6, subject to all the terms and conditions of this Agreement.

2.2 Reservation of University Rights. University reserves the rights to practice under the Patent Rights or Copyrights for its own internal research, public service, teaching and educational purposes, without payment of royalties, provided that the exercise of such reserved rights by University shall not (a) be subject to any intellectual property rights granted to any commercial third party nor (b) include any human use or clinical administration without prior written approval from Licensee, such approval not to be unreasonably withheld. University shall also retain the rights: (i) to make, use and provide Licensed Products to other academic and nonprofit research institutions for their own internal research, public service, teaching and educational purposes and (ii) to allow other academic and nonprofit research institutions to use Patent Rights or Copyrights for educational and research purposes, provided that University shall require of such third parties that the use of such Licensed Products or practice of the Patent Rights or Copyrights shall not (1) be subject to any intellectual property rights granted to any commercial third party nor (2) include any human use or clinical administration without prior written approval from Licensee, such approval not to be unreasonably withheld. University shall be free to publish the results of its research and educational activities as it sees fit.

2.3 Government Rights and Requirements. Notwithstanding anything hereunder, any and all licenses and other rights granted hereunder are limited by and subject to the rights and requirements of the United States Government which may arise out of its sponsorship of the research which led to the conception or reduction to practice of the Patent Rights and Copyrights. The United States Government is entitled, as a right, under the provisions of 35 U.S.C. §§ 200-212 and applicable regulations of Title 37 of the Code of Federal Regulations: (i) to a nonexclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on the behalf of the United States Government any of the Patent Rights throughout the world and (ii) to exercise march in rights on Patent Rights. Further Licensee agrees, as required by 35 U.S.C. § 204, that any Licensed Products used or sold in the United States shall be substantially manufactured in the United States.

2.4 No Implied Rights. Licensee shall obtain no implied license rights to the Patent Rights or Copyrights. Any rights not expressly granted to Licensee shall be retained by University.

ARTICLE 3: CONSIDERATION

3.1 Contractual Obligation in Lieu of License Issue Fee. After the Effective Date, in lieu of a license issue fee, Licensee will pay University a fee equal to one percent (1.0%) for either the (i) Aggregate Consideration (and Trailing Consideration, if any) for a Liquidation Event or (ii) Pre-Money Valuation for an Initial Public Offering. Such fee shall survive termination pursuant to Section 13.9 and be paid after only the first to occur of either a Liquidation Event or Initial Public Offering. The respective fees, when and if payable, shall be paid upon closing of the event; except for Trailing Consideration which shall be payable within thirty (30) days after the actual receipt of such Trailing Consideration by the Licensee or its security holders.

3.1.1 For a Liquidation Event, the fees shall be payable in the form of the proceeds payable to either Licensee or its security holders, whether in cash, securities, or other property, and in the same proportion such form of consideration is payable to the Licensee or its security holders. Notwithstanding the foregoing, in the event the form of consideration includes securities for which there is not an active public market, in lieu of paying that portion of the fee with such securities, the Licensee will make a cash payment to University equal to the fair market value of such securities. The valuation of such securities shall be determined in accordance with the definition of "Aggregate Consideration" set forth in Section 3.1.3 below.

3.1.2 For an Initial Public Offering, the fee shall be payable in the form of cash.

3.1.3 For purposes of this Section 3.1:

"Aggregate Consideration" means the amount equal to:

(i) in the case of an Asset Sale, the sum of (a) all cash, and the fair market value of all securities or other property transferred to the Licensee at the time of the transaction, less all current and long-term liabilities (but not contingent liabilities) of the Licensee that are not discharged or assumed by the buyer (or its affiliates) in connection with the Asset Sale, and (b) all cash, and the fair market value of all securities and other property for Trailing Consideration payable to the Licensee, when and if, actually paid; or

(ii) in the case of a Merger or Stock Sale, the sum of (a) all cash, and the fair market value of all securities and other property transferred to the stockholders of the Licensee (and any option holders or warrant holders) in return for their stock (or options or warrants) in the Licensee at the time of the transaction, and (b) all cash, and the fair market value of all securities and other property transferred to the stockholders of the Licensee (and any option holders or warrant holders) for Trailing Consideration payable to the holders of Licensee's securities, when and if actually paid.

The valuation of any securities or other property shall be determined by reference to the operative transaction agreement for a respective Merger, Stock Sale or Asset Sale, provided that, if no such valuation is readily determinable from such operative transaction agreement, then for securities for which there is an active public market;

(a) if traded on a securities exchange or the NASDAQ Stock Market, the value shall be deemed to be the average of the closing prices of the securities on such exchange or market over the 30-day period ending three days prior to the closing of such transaction; or

(b) if actively traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the 30-day period ending three days prior to the closing of such transaction.

The method of valuation of securities subject to investment letters or other similar restrictions on free marketability shall take into account an appropriate discount from the market value as determined pursuant to clause (a) or (b) above so as to reflect the approximate fair market value thereof.

For securities for which there is no active public market, the value shall be the fair market value thereof as either (i) determined in good faith by the Board of Directors of Licensee, (ii) approved by University, such approval not to be unreasonably withheld, or (iii) determined by a third party appraiser appointed and paid for by Licensee.

"Pre-Money Valuation" means the amount equal to the product of (i) the price per share of common stock sold in the Initial Public Offering and (ii) the total number of outstanding shares of common stock of Licensee immediately prior to the closing of the Initial Public Offering, determined on a fully diluted, as converted into common stock basis, giving effect to any stock split, stock dividend, stock combination, recapitalization or similar action impacting Licensee's capitalization that occurs, or is deemed to occur, upon consummation of the Initial Public Offering.

"Trailing Consideration" means any payments due for any deferred or contingent consideration payable to Licensee or its security holders including, without limitation, any post-closing milestone payment, escrow or holdback of consideration.

3.2 In the event of Licensee's Initial Financing, Licensee shall issue to "The University of North Carolina at Chapel Hill Foundation, Inc." (the "**Foundation**") that number of shares of common stock of Licensee equal to five percent (5%) of the total number of issued and outstanding Equity Securities of Licensee as of the closing date of the Initial Financing (and for clarity, if Licensee's Initial Financing exceeds the threshold of two million dollars ($2,000,000) in a single round of financing, anti-dilution protection shall apply only to that portion of the financing up to but not exceeding such threshold)**.** The issuance of common stock to the Foundation shall be made in accordance with a shareholder agreement by and between the Foundation and Licensee which shall be entered into prior to issuance of the Equity Securities. Licensee shall provide to University capitalization tables indicating the total number of issued and outstanding shares of Licensee's common stock and the total number of Licensee's Equity Securities of the Initial Financing, as of the closing date of the Initial Financing, each such capitalization table calculated on a fully diluted basis. In the case where shares or securities issued to the Foundation as consideration for this Agreement are restricted from resale in compliance with SEC Rule 144 or otherwise as required by law, Licensee agrees to remove or cancel the notice of restriction associated with such shares or securities within thirty (30) days

of the request of University provided that any legally required terms of restriction on resale have expired and University shall have provided such information as is reasonably requested by Licensee or Licensee's counsel to ensure reliance on Rule 144. Upon issuance of the Equity Securities to the Foundation in accordance with this Section 3.2, the Contractual Obligation in Lieu of License Issue Fee in Section 3.1 shall no longer be due, except as described in the limited circumstances in Section 3.3 below.

3.3 If the Contractual Obligation in Lieu of License Issue Fee in Section 3.1 is no longer due as a result of the issuance of Equity Securities in accordance with Section 3.2, and this Agreement is assigned under an Asset Sale to a non-Affiliate third party, Licensee will pay University a transfer fee equal to one percent (1.0%) of the sum of all cash and the fair market value of all property payable to Licensee at the time of the transaction, and the sum of all cash, and the fair market value of all property for Trailing Consideration payable to the Licensee, when and if, actually paid.

3.4 If the Licensee proposes to sell any Equity Securities of the Licensee or Affiliates, then the University and/or its Assignee (as defined below) will have the right to purchase up to that portion of the Equity Securities that equals the University's then current, fully diluted percentage ownership of the Licensee on the same terms and conditions as are offered to the other purchasers in each such financing. Licensee shall provide thirty days advanced written notice of each Financing, including reasonable detail regarding the terms and purchasers in the Financing. The term "Assignee" means (a) any entity to which the University's participation rights under this Section 3.4 have been assigned either by the University or another entity, or (b) any entity that is controlled by the University.

3.5 Patent Expense Reimbursement Licensee shall bear the cost of all reasonable, documented patent expenses associated with the preparation, filing, prosecuting, issuance and maintenance of all patent applications and patents included within the Patent Rights.

3.5.1 "Delayed Patent Expenses" means all such unreimbursed patent expenses for:

(i) all Patent Rights invoiced to University prior to the Effective Date, and

(ii) United States Existing Patent Rights invoiced to University during the Grace Period.

3.5.2 "Ongoing Patent Expenses" means all such patent expenses for:

(i) foreign Patent Rights invoiced to University during the Grace Period,

(ii) any New Patent Rights invoiced to University during the Grace Period, and

(iii) all Patent Rights invoiced to University after the Grace Period.

3.5.3 Licensee will reimburse patent expenses in accordance with the following schedule:

Patent Expense Payment Schedule

Period	Delayed Patent Expenses	Ongoing Patent Expenses
First six (6) months of the Grace Period	No payments due	Due within thirty (30) days of invoice, invoices to be sent to Licensee on a monthly basis
Last six (6) months of the Grace Period	Minimum payment of five hundred dollars ($500) or ten percent (10%) of Delayed Patent Expenses, whichever is less, due on a monthly basis beginning six (6) months after the Effective Date	Due within thirty (30) days of invoice, invoices to be sent to Licensee on a monthly basis
End of Grace Period	Remainder of Delayed Patent Expenses due in full within thirty (30) days of the first anniversary of the Effective Date	Due within thirty (30) days of invoice, invoices to be sent to Licensee on a monthly basis
After Grace Period	Paid in full	Due within thirty (30) days of invoice, invoices to be sent to Licensee on a monthly basis

3.5.4 University may require an advance deposit if (a) expenses for an action (or related series of actions) are estimated to be greater than twenty thousand dollars ($20,000.00) or (b) unpaid invoices are greater than twenty thousand dollars ($20,000.00). Licensee shall pay the estimated amount no less than thirty (30) days before the action deadline. For clarity, University will maintain no foreign patents or applications, nor file any applications for New Patent Rights, without full reimbursement of Ongoing Patent Expenses in accordance with the Patent Expense Payment Schedule above.

3.5.5 At University's sole discretion, payment of Delayed Patent Expenses may be extended for no greater than four (4) years beyond the Effective Date under a payment schedule which shall be negotiated in good faith subject to the conditions set forth in Appendix C and incorporated by written amendment into this Agreement.

3.5.6 Notwithstanding the foregoing, if University grants any third party (other than governmental or nonprofit entities as provided for in Sections 2.2 and 2.3) a license to any patent or patent application included within the Patent Rights, Licensee's obligation to bear Ongoing Patent Expenses shall be reduced by a pro rata amount, based on the number of University licensees having rights with respect to such patent or patent application (e.g. if University has granted rights to two parties with respect to a particular patent or patent application (including Licensee), Licensee shall only be obligated to reimburse University with respect to 50% of the relevant Ongoing Patent Expenses).

3.6 Earned Royalty. Beginning on the Effective Date and continuing for the life of this Agreement, Licensee shall pay University a running royalty on Net Sales of all Licensed Products in the amounts indicated below:

(i) two percent (2%) on Net Sales of Clinically-Approved Products

(ii) three percent (3%) on Net Sales of Other Products

(iii) five percent (5%) on Net Sales of Licensed Services

Said royalties on Licensed Products shall be paid to University concurrently with the submittal of Royalty Reports as provided in Section 4.2 below.

3.7 Annual License Maintenance Fee. Licensee shall pay an Annual License Maintenance Fee to University in the amount indicated in the Schedule below based on the type of Licensed Product(s) being developed or commercialized by Licensee (or any Affiliate or Sublicensee). If Licensee (or any Affiliate or Sublicensee) is developing or commercializing one or more Clinically-Approved Products and one or more Other Products and one or more Licensed Services, only the higher fee shall be due. Until such time as Licensee (together with Affiliates and Sublicensees) has incurred costs as described in Section 1.4(ii), the Licensed Product shall be deemed to be an Other Product for purposes of determining fees payable under this Section 3.7.

Annual License Maintenance Fee Schedule

Years	**Date Due (for the prior calendar year)**	**Clinically-Approved Product**	**Other Product and Licensed Service**
3rd complete calendar year following the Effective Date through the 5th complete calendar year following the Effective Date	Each March 15th beginning on March 15, 2030 and continuing through March 15, 2032	$15,000	$5,000
6th complete calendar year following the Effective Date and each calendar year thereafter	Each March 15th beginning on March 15, 2033 and continuing throughout the term of this Agreement	$30,000	$10,000

The Annual License Maintenance Fees shall be paid to University on the dates set forth in the above table. Subsequent to the first commercial sale of a Licensed Product, the aforementioned Annual License Maintenance Fees owed to University after such first commercial sale of Licensed Product shall be creditable towards payments owed to University pursuant to Section 3.6 (Earned Royalty) and Section 3.8 (Sublicensing Fees) in any given year.

3.8 Sublicense Fees. In respect to sublicenses granted by Licensee under Article 6,

(i) Licensee shall pay to University an amount equal to fifteen percent (15%) of Sublicensing Revenue. Any such payment shall be made within thirty (30) days of Licensee's receipt of Sublicensing Revenue; or

(ii) For Clinically-Approved Products only, if the sublicense is executed following completion of a phase one human clinical trial (or foreign equivalent) Licensee shall pay to University an amount equal to ten percent (10%) of Sublicensing Revenue.

Licensee shall not sell or transfer to a third party Licensee's interest in all or a portion of any future Sublicensing Revenue under such sublicense agreement(s) in exchange for a single cash payment or series of cash payments (the "**Exchange Consideration"**) without the prior written approval of University, such approval not to be unreasonably withheld. In the event that University approves such sale or transfer, the portion of any Exchange Consideration reasonably allocated by Licensee to the value of its interest in such future Sublicensing Revenue shall be treated as Sublicensing Revenue for purposes of this Section 3.8. For the avoidance of doubt, to the extent Exchange Consideration has been allocated to the value of Licensee's interest in future Sublicensing Revenue, any such Sublicensing Revenue shall thereafter not be included within the definitions of Sublicensing Revenue originally established in Article 1.

3.9 Royalty Stacking. In the event that Licensee is required to pay Third Party Royalties, then Licensee may deduct an amount equal to fifty percent (50%) of any Third Party Royalties from any royalty amounts due University hereunder, provided that in no event shall the royalties otherwise due University be less than fifty percent (50%) of the royalties that would be payable to University absent the effects of this Section 3.9. In the event that University does not own all right, title, and interest in the Patent Rights, and Licensee obtains, by license(s), assignment(s), or otherwise, rights to any third party(ies)' interest(s) in such patent applications or patents, any amounts paid by Licensee to such third party(ies) to obtain any rights in any third party interest(s) in such Patent Rights shall be treated as Third Party Royalties.

3.10 Combination Product. If a Licensed Product is sold as part of a Combination Product, Net Sales shall be calculated by multiplying Net Sales for such Combination Product by the fraction A/(A+B) where A is the invoice price of the Licensed Product when sold separately, and B is the aggregate invoice price of the Independent Subproduct(s) in the combination when sold separately. If either the Licensed Product or the Independent Subproduct(s) is(are) not at that time sold separately, then the allocation of Net Sales shall be commercially reasonable and determined by good faith negotiation between University and Licensee, based on the relative value of the Licensed Product and Independent Subproduct(s), consistent with the formula provided above.

3.11 Compulsory Licensing. Should a compulsory license be granted, or be the subject of a possible grant, by Licensee or an Affiliate to a third party under the applicable laws, rules, regulations, guidelines, or other directives of any governmental or supranational agency in the Licensed Territory under the Patent Rights, Licensee shall notify University, including any material information concerning such compulsory license, and the running royalty rates payable under Section 3.6 for sales of Licensed Products in such country will be adjusted to equal any

lower royalty rate granted to such third party for such country with respect to the sales of such Licensed Products therein (the "**Compulsory Royalty**").

3.12 Payment. All fees, royalties, and other payments due to University under this Agreement shall be made in United States Dollars. If any currency conversion shall be required in connection with the payment of royalties hereunder, such conversion shall be made using the exchange rate published in the Wall Street Journal on the last business day of the calendar quarterly reporting period to which such royalty payments relate. If payments are made by check, check shall be made to "The University of North Carolina at Chapel Hill" and shall be sent to "License Administrator" at University mailing address below. If Licensee elects to make payments by wire, Licensee shall pay all fees associated with processing the wired payment and shall follow the wire instructions below:

All Reports and checks or Wires should reference:
UNC Office of Technology Commercialization
Attn: License Administrator
File No: ***AGR-xxxx***

Phone/Fax/Email:
919-966-3929 (p)
919-962-0646 (f)
license@unc.edu

Checks By US Mail:
Payable to: The University of North Carolina at Chapel Hill
Memo: File # ***AGR-xxxx***
US Mail: Attn: License Administrator
Office of Technology Commercialization
UNC-CH
179 E. Franklin St., PO Box 243
Chapel Hill, NC 27514

Wire Instructions
Bank Name: Bank of America, NA
Bank Address: 100 West 33rd Street, New York, NY 10001, USA
Bank Phone: 888-715-1000 ext 21598
ABA Number: 026009593 (If FedWire)
053000196 (If ACH)
Incoming Foreign Wires Add: Swift (BIC) # BOFAUS3N
Account Number: 237025443224
Account Type: Checking
Account Name: UNIVERSITY OF NC AT CHAPEL HILL
Account Address: 104 Airport Dr, Ste 3400 CB# 1210
Chapel Hill, NC 27599-0001

Courier Only (NOT US MAIL)
Attn: License Administrator
Office of Technology Commercialization
UNC-CH
136 E. Rosemary St., Suite 100
Chapel Hill, NC 27514

3.13 Late Payment. In the event royalty payments or fees are not received by University when due, Licensee shall pay to University default interest on such unpaid amount at a rate equal to interest and charges at the lower of (a) the then-current prime lending rate as published by the American East Coast edition of the Wall Street Journal or (b) the maximum rate of interest allowed by law on the total royalties or fees overdue.

3.14 Default Payment. In the event of default in payment of any payment owing to University under the terms of this Agreement, and if it becomes necessary for University to undertake legal action to collect said payment, Licensee shall pay reasonable, documented legal fees and costs incurred by University in connection therewith upon final judgment that such payment is owed to University.

ARTICLE 4: REPORTS AND RECORDS

4.1 Licensee shall submit a Progress Report on or before March 15th of each calendar year after the Effective Date and continuing throughout the life of this Agreement. Progress Reports are subject to the confidentiality obligations of Article 12.

4.2 Licensee shall submit Royalty Reports beginning the quarter during which the first commercial sale of Licensed Product is made and continuing throughout the life of this Agreement according to the following schedule:

Quarterly Royalty Report Schedule

Reporting Quarter	Report Due Date
1st Quarter (January, February, March)	June 15th
2nd Quarter (April, May, June)	September 15th
3rd Quarter (July, August, September)	December 15th
4th Quarter (October, November, December)	March 15th (following year)

4.3 Licensee shall keep complete, true, and accurate books of account and records for the purpose of showing the derivation of all amounts payable to University under this Agreement. Such books and records shall be kept at Licensee's principal place of business during the term of this Agreement. and for three (3) years from the date of the last sale of Licensed Product and shall be open at all reasonable times for inspection by a representative of University for the purpose of verifying Licensee's royalty statements or Licensee's compliance in other respects with this Agreement. The University representative shall be obliged to treat as confidential all relevant matters.

4.4 Inspections made under Section 4.3 shall be at the expense of University, unless an underpayment to University under this Agreement exceeding the greater of (i) five thousand dollars ($5,000) or (ii) five percent (5%) of the amount properly due with respect to the audited period is discovered in the course of any such inspection, whereupon all reasonable, documented costs relating thereto shall be paid by Licensee. Licensee shall promptly pay to University the full amount of any such underpayment, together with interest thereon as specified in Section 3.13.

ARTICLE 5: DUE DILIGENCE

5.1 Licensee must diligently pursue the development and commercialization of Licensed Products, which shall include production of Licensed Products for testing and development, governmental approval where applicable, and sale. The acts of Affiliates, Sublicensees, and third party contractors shall be deemed the acts of Licensee for purposes of satisfying this Section 5.1.

5.2 Licensee shall achieve the performance milestones set forth in Appendix B, which is attached hereto, on the time frames indicated. The parties acknowledge that the dates or timelines outlined or established for the achievement of such milestones assume that product candidates do not encounter regulatory or other delays for reasons outside of Licensee's reasonable control. Licensee and University shall negotiate in good faith the extension of these dates in the event any matters outside of Licensee's reasonable control adversely affect achievement of any stated milestones by the dates or timelines outlined or established therefore. University's sole and exclusive remedy with respect to Licensee's breach of this Article 5 or failure to achieve the above-referenced milestones shall be its right to terminate this Agreement in accordance with Section 7.3.

ARTICLE 6: SUBLICENSING

6.1 Licensee may sublicense any and all rights licensed hereunder, with such rights including the right to permit Sublicensees to further sublicense such rights. Licensee shall notify University in writing and provide University with a copy of each sublicense agreement entered into by Licensee granting Sublicensee rights to any and all rights licensed hereunder and each amendment thereto within thirty (30) days after their execution.

6.2 Licensee shall not grant sublicenses to the rights granted hereunder for no consideration or solely in exchange for the grant to Licensee of intellectual property rights unrelated to the technology described in the Patent Rights or Copyrights.

6.3 Licensee shall require that any agreement granting a third party rights to the Patent Rights or Copyrights:

(i) be consistent with the terms, conditions and limitations of this Agreement;

(ii) contain an acknowledgment by the Sublicensee of University's disclaimer of warranty and limitation on University's liability substantially similar to those provided by Sections 10.1 and 10.3 below;

(iii) shall require Sublicensee to indemnify University with respect to such Sublicensee's exercise of its rights under the Patent Rights or Copyrights in a manner substantially similar to the manner in which Licensee has agreed to indemnify University under Section 11.2;

(iv) comply with Sections 2.2, 2.3, 13.11 and 13.12 of this Agreement.

If any sublicense agreement granting any rights to the Patent Rights or Copyrights does not comport with above requirements, then that agreement shall be invalid and unenforceable.

6.4 University agrees that, to the extent (i) provided for in each sublicense granted under this Agreement and (ii) such sublicense does not impose any obligations on University in excess of those imposed on University herein, all sublicenses granted with respect to the rights granted under this Agreement shall survive termination of this Agreement and will automatically be assigned to University upon such termination, in order to provide for the applicable Sublicensee's continued enjoyment of its rights thereunder.

6.5 Licensee shall be responsible to University for the performance of its Sublicensees under each sublicense agreement granting rights to any Patent Rights or Copyrights.

6.6 After the third anniversary of the Effective Date, University shall provide written notice to Licensee of any request made by a Prospective Licensee to develop a Proposed Product within fifteen (15) days of receiving such request.

6.6.1 In the event neither Licensee nor any Affiliate or Sublicensee is then developing or commercializing a Licensed Product for use or sale in the same general industry as proposed by the Prospective Licensee for the Proposed Product, as identified in a Progress Report or described in a written notice to University, then within sixty (60) days of receipt of notice from University that it desires Licensee to negotiate with the Prospective Sublicensee for the purpose of granting a sublicense under the Patent Rights or Copyrights to develop and commercialize the Proposed Product within the relevant portion of the Licensed Field, Licensee shall elect one of the following options:

(i) provide University with written notice in the form of a Progress Report that Licensee, an Affiliate or a Sublicensee has initiated commercially reasonable efforts to develop, make, use, and sell a Licensed Product for use or sale that would commercially compete with the Licensed Product in the same general industry as that proposed by the Prospective Licensee; or

(ii) provide University with written notice that Licensee, an Affiliate thereof, or a Sublicensee has plans to initiate commercially reasonable efforts, within eighteen (18) months of the end of such sixty (60) day period, to develop or commercialize a Licensed Product for use or sale in the same general industry as that proposed

by the Prospective Licensee; or

(iii) begin good faith negotiations with the Prospective Sublicensee to sublicense Licensee's rights in the Patent Rights or Copyrights to the extent necessary or commercially justifiable for such third party to make, use and sell such Proposed Product or other Licensed Product in the relevant portion of the Licensed Field; or

(iv) grant back to University limited rights in the Patent Rights or Copyrights for the sole purpose of allowing University to license the Patent Rights or Copyrights to the extent necessary or commercially justifiable for such third party to make, use and sell such Proposed Product in the relevant portion of the Licensed Field; or

(v) provide University with written notice reasonably demonstrating that the development or commercialization of such Proposed Product would have a reasonable likelihood of materially and adversely affecting the development or commercialization of any Licensed Product being developed or commercialized by Licensee or any Affiliate or Sublicensee.

6.6.2 If Licensee elects to negotiate with a Prospective Licensee for a sublicense to develop, make, use, and sell the Proposed Product (or other Licensed Product) as provided for in Section 6.6.1(iii), Licensee shall make a good faith effort to complete negotiations with the Prospective Licensee within one (1) year from the date on which it began negotiations. Upon University's written approval, this one (1) year period shall be extended to the extent Licensee reasonably demonstrates that such extension is reasonable in view of the circumstances. For the purposes of this Section 6.6.2, Licensee shall have made a good faith effort to complete negotiations if it has offered a sublicense to the Prospective Licensee the terms of which include:

(i) reasonable financial terms taking into account the field in which the sublicense is being offered and Licensee 's obligations to University pursuant to this Agreement,

(ii) commercially reasonable minimum performance requirements, and

(iii) non-financial terms which are commercially reasonable and not inconsistent with Licensee's obligations to University under this Agreement.

6.6.3 Within thirty (30) days of the end of the one year negotiation period (or as it may be extended under this Section 6.6) (the "**Negotiation Period**"), Licensee shall:

(i) provide University a copy of the fully executed sublicense with such third party, or

(ii) meet with University representatives and provide documentation of reasons that (a) Licensee and/or such third party chose not to proceed with good faith negotiation or (b) negotiations between Licensee and such third party failed.

6.6.4 In the event that (i) Licensee elects to pursue option (iii) under Section 6.6.1, (ii) Licensee fails to make a good faith effort as required by Section 6.6.2, and (iii) the relevant Prospective Licensee indicates, by written notice to University following the end

of the Negotiation Period, a willingness to develop, make use and sell Proposed Product on commercially reasonable terms no less favorable to such Prospective Licensee than those last offered to Licensee by such Prospective Licensee, Licensee shall immediately grant back to University limited rights in the Patent Rights or Copyrights for the sole purpose of University licensing such rights to the Prospective Licensee to the extent necessary or commercially justifiable for such Prospective Licensee to make, use and sell the relevant Proposed Product in the relevant portion of the Licensed Field.

6.6.5 In the event the requirements of this Section 6.6 adversely affect negotiations with a potential Sublicensee, Licensee and University shall, upon written notice from Licensee, promptly meet and discuss in good faith an amendment to or waiver of this Section 6.6 as reasonably necessary to enable Licensee to enter into a commercially reasonable agreement with such Sublicensee in a manner that is mutually beneficial to both parties.

6.7 Upon reasonable request by University, Licensee shall meet with University and discuss in good faith an agreement to grant a third party a license to make, use and sell Licensed Product solely for use in the developing world (as defined by the World Bank); however, Licensee retains discretion regarding whether to grant any such license.

ARTICLE 7: TERM AND TERMINATION

7.1 Any license granted pursuant to Section 2.1 is exclusive for a term beginning on the Effective Date and, unless terminated sooner as herein provided, ending, on a country-by-country and Licensed Product-by-Licensed Product basis, at the later of (i) expiration of the last to expire patent included in the Patent Rights, (ii) expiration of any market exclusivity relating to a Licensed Product, (iii) ten (10) years from the first commercial sale of a Licensed Product, or (iv) expiration of the Copyrights..

7.2 University may, by written notice to Licensee, terminate this Agreement subsequent to the year _____, if Licensee, its Affiliates, Sublicensees, or any contractors of any of the foregoing have not practiced the Patent Rights and Copyrights during the prior calendar year.

7.3 It is expressly agreed that, notwithstanding the provisions of any other paragraph of this Agreement, if Licensee should materially breach this Agreement and fail to cure any such breach within sixty (60) days of receipt of written notice from University describing such breach, University has the right to terminate this Agreement. A material breach is a material violation of or material failure to keep or perform any covenant, condition, or undertaking of this Agreement, including, but not limited to Licensee's;

(i) failure to deliver to University any payment at the time or times that such payment is due to University under this Agreement,

(ii) failure to provide Progress Reports and Royalty Reports as set forth in Article 4,

(iii) failure to meet or achieve performance milestones as set forth in Appendix B,

(iv) execution of a sublicense that fails to comport with Section 6.3,

(v) failure to possess and failure to maintain insurance as set forth in Section 11.3, or

(vi) failure to comply with the requirements of Section 3.1, 3.2, 3.3, or 3.4.

7.4 Licensee may terminate this Agreement at any time upon giving written notice of not less than sixty (60) days to University.

7.5 Upon termination of this Agreement or upon termination in whole or in part;

(i) Licensee shall provide University with a written inventory of all Licensed Products in the possession or under the control of Licensee (including any in the process of manufacture). Except with respect to termination for uncured material breach pursuant to Section 7.3, Licensee shall have the privilege of disposing of the inventory of such Licensed Products within a period of one hundred and eighty (180) days of such termination upon conditions most favorable to University that Licensee can reasonably obtain.

(ii) Licensee shall also have the right to complete performance of all contracts requiring use of Patent Rights or Copyrights for sale of Licensed Products (except in the case of termination for uncured material breach pursuant to Section 7.3) or Licensed Products within and beyond said period of one hundred and eighty (180) days, provided that Licensee's right to continue performance under any such contract shall not exceed one year. All Licensed Products in the possession or under the control of Licensee (including any in the process of manufacture) which are not disposed of as provided above shall, to the extent permitted by applicable law, be delivered to University or otherwise disposed of in compliance with all applicable laws, in University's reasonable discretion, and at Licensee's sole expense.

(iii) A copy of all Licensed Product Data must be provided to University within forty-five (45) days of such termination. All Licensed Product Data shall remain the Confidential Information of Licensee, subject to the protections of Article 12. Licensee shall, subject to any rights any Sublicensees or other third parties may have with respect to any of the foregoing that survive such termination, grant to University a right for University to access and to refer to all Licensed Product Data, and to provide a copy thereof to potential licensees of University (under conditions of confidentiality consistent with Article 12), solely for use in University's efforts to license the Patent Rights or Copyrights to any third party; University shall not be entitled to license, grant, or transfer to any third party any rights in such Licensed Product Data. In the event University agrees in writing to material economic terms with a third party concerning the grant of a license to such third party under the Patent Rights or Copyrights formerly licensed to Licensee hereunder, University shall provide written notice thereof to Licensee and Licensee shall enter into good faith negotiations with such third party concerning the granting of rights to, or transfer of title in, the Licensed Product Data to such third party on commercially reasonable terms, subject to any rights any Sublicensees or other third parties may have with respect to any of the foregoing that survive termination of this Agreement.

7.6 Any termination or cancellation under any provision of this Agreement shall not relieve Licensee of its obligation to pay any royalty or other fees (including attorney's fees pursuant to Section 8.1 below) due to University at the time of such termination or cancellation.

ARTICLE 8: PATENT PROSECUTION AND MAINTENANCE

8.1 Patent filings and prosecution shall be by counsel of University's choosing and shall be in the name of University. University shall keep Licensee advised as to the prosecution of such applications by promptly forwarding to Licensee copies of all official correspondence, (including, but not limited to, applications, Office Actions, responses, etc.) relating thereto. Licensee shall have the right, and University shall provide Licensee a reasonable opportunity, to comment and advise University as to the conduct of such prosecution and maintenance, provided, however, that University shall have the right to make the final decisions for all matters associated with such prosecution and maintenance.

8.2 Regarding prosecution and maintenance of foreign patent applications corresponding to the patent applications described in Section 8.1 above, Licensee shall designate in writing that country or those countries, if any, in which Licensee desires such corresponding patent application(s) to be filed. All such applications shall be in University's name and University shall have the right to make the final decisions for all matters associated with such filings unless payment for the estimated cost of filing is made in advance.

8.3 By written notification to University at least thirty (30) days in advance of any filing or response deadline, or fee due date, Licensee may elect not to have a patent application filed in any particular country or not to pay expenses associated with prosecuting or maintaining any patent application or patent, provided that Licensee pays for all costs incurred up to University's receipt of such notification. Failure to provide any notification shall be considered by University to be Licensee's notice that it expressly wishes to support any particular patent(s) or patent application(s). Upon notice that Licensee elects not to have a patent application filed or patent maintained in any particular country, or not to pay expenses associated with prosecuting or maintaining any patent application or patent, University may at its sole discretion file, prosecute, and/or maintain such patent applications or patents at its own expense and for its own benefit, and any rights or license granted hereunder held by Licensee, Affiliates, or Sublicensee(s) to such patent application(s) or patent(s) shall terminate and the parties shall amend Appendix A to reflect the then current Patent Rights or Copyrights.

ARTICLE 9: INFRINGEMENT

9.1 If any third party claims patent infringement against Licensee, as a result of Licensee's use of the Patent Rights or Copyrights, then Licensee shall promptly notify University thereof in writing, setting forth the facts of such claim in reasonable detail. As between the parties to this Agreement, Licensee shall have the first and primary right and responsibility at its own expense to defend and control the defense of any such claim against Licensee, by counsel of its own choice. Licensee shall be free to enter into a settlement, consent judgment, or other voluntary disposition of any such claim, provided that any settlement, consent judgment or other voluntary disposition of any such claim that (i) materially limits the scope, validity, or enforceability of patents included in the Patent Rights or the Copyrights or (ii) admits fault or wrongdoing on the part of University must be approved by University, such approval not being unreasonably withheld. Licensee's request for such approval shall include complete copies of final settlement documents, a detailed summary of such settlement, and any other information material to such

settlement. University shall provide Licensee notice of its approval or denial within fifteen (15) business days of any request for such approval by Licensee, provided that (i) in the event University wishes to deny such approval, such notice shall include a detailed written description of University's reasonable objections to the proposed settlement, consent judgment, or other voluntary disposition and (ii) University shall be deemed to have approved of such proposed settlement, consent judgment, or other voluntary disposition in the event it fails to provide such notice within such fifteen (15) day period in accordance herewith. Any amounts paid to any third party as damages or other compensation with respect to infringement of a third parties rights shall be treated as third party royalties that Licensee shall be entitled to deduct from royalties due University in accordance with Section 3.9. Subject to the policies of the Board of Governors of the University of North Carolina, University agrees to cooperate with Licensee in any reasonable manner deemed by Licensee to be necessary in defending any such action. Licensee shall reimburse University for any reasonable, documented out of pocket expenses incurred in providing such assistance.

9.2 In the event that any Patent Rights or Copyrights licensed to Licensee are infringed by a third party, Licensee shall have the exclusive first and primary right, but not the obligation, to institute, prosecute and control any action or proceeding with respect to such infringement, by counsel of its choice, including any declaratory judgment action arising from such infringement. Licensee shall be free to enter into a settlement, consent judgment, or other voluntary disposition with respect to any such action, provided that any settlement, consent judgment or other voluntary disposition thereof which (i) materially limits the scope, validity, or enforceability of patents included in the Patent Rights or the Copyrights or (ii) admits fault or wrongdoing on the part of University must be approved by University, such approval not to be unreasonably withheld. Licensee's request for such approval shall include complete copies of final settlement documents, a detailed summary of such settlement, and any other information material to such settlement. University shall provide Licensee notice of its approval or denial within fifteen (15) business days of any request for such approval by Licensee, provided that (i) in the event University wishes to deny such approval, such notice shall include a detailed written description of University's reasonable objections to the proposed settlement, consent judgment, or other voluntary disposition and (ii) University shall be deemed to have approved of such proposed settlement, consent judgment, or other voluntary disposition in the event it fails to provide such notice within such fifteen (15) day period in accordance herewith. If Licensee recovers monetary damages in the form of lost profits or reasonable royalties from a third party infringer as a remedy for the infringement of Patent Rights or Copyrights licensed hereunder, then Licensee shall first apply such recovery to the costs and expenses incurred in obtaining or negotiating for such recovery (including attorneys' fees), and pay to University the royalties on the remaining portion of such recovered profits at the rate specified in Section 3.6.

9.3 If Licensee elects not to enforce any patent within the Patent Rights or the Copyrights, then Licensee shall notify University in writing within six (6) months of receiving notice that an infringement exists. University may, at its own expense and control, following the earlier of (i) such notice from Licensee or (ii) the expiration of such six (6) month period without Licensee electing to take any action with respect to such alleged or actual infringement, take steps to defend or enforce any patent within the Patent Rights or the Copyrights and recover, for its own account, any damages, awards, or settlements resulting therefrom.

9.4 Notwithstanding the foregoing, and in University's sole discretion, University shall be entitled to participate through counsel of its own choosing in any legal action involving the Patent Rights or Copyrights. Nothing in the foregoing Sections shall be construed in any way which would limit the authority of the Attorney General of North Carolina.

ARTICLE 10: REPRESENTATIONS

10.1 University makes no representations or warranties;

(i) that any patent will issue pending applications in the Patent Rights, or

(ii) of the validity of any patent included in the Patent Rights or that practice under such patents shall be free of infringement, or

(iii) of the validity of any Copyrights or that practice under the Copyrights shall be free of infringement.

10.2 University represents that, to its knowledge, as of Effective Date, (i) the entire right, title, and interest in the patent applications and patents comprising the Existing Patent Rights have been assigned to University free and clear of all liens, claims and encumbrances of any inventor or any nongovernmental third party, (ii) that University has all requisite power and authority to grant the licenses contained in this Agreement under said Existing Patent Rights and Copyrights, (iii) University has not entered into any agreements, other than grants from the U.S. Government which provide for the rights described in Section 2.3, with any third party with respect to the Existing Patent Rights or the technology claimed therein, (iv) University's execution and performance of this Agreement will not result in a breach of any other contract to which it is, or will become, a party, and (v) University has not received any notification, and does not possess any information reasonably indicating, that the Existing Patent Rights and Copyrights are invalid or that the exercise by Licensee of the rights granted hereunder will infringe on any patent or other proprietary right of any third party.

10.3 UNIVERSITY DISCLAIMS ALL WARRANTIES WITH REGARD TO PRODUCT(S) AND SERVICE(S) LICENSED UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ALL WARRANTIES, EXPRESSED OR IMPLIED, OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, UNIVERSITY ADDITIONALLY DISCLAIMS ALL OBLIGATIONS AND LIABILITIES ON THE PART OF UNIVERSITY AND INVENTORS, FOR DAMAGES, INCLUDING, BUT NOT LIMITED TO, DIRECT, INDIRECT, SPECIAL, AND CONSEQUENTIAL DAMAGES, ATTORNEYS' AND EXPERTS' FEES, AND COURT COSTS (EVEN IF UNIVERSITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, FEES OR COSTS), ARISING OUT OF OR IN CONNECTION WITH LICENSEE'S, AFFILIATES, AND SUBLICENSEES' MANUFACTURE, USE, OR SALE OF THE PRODUCT(S) AND SERVICE(S) LICENSED UNDER THIS AGREEMENT, EXCEPT TO THE EXTENT SUCH DAMAGES OR OTHER LIABILITIES RESULT FROM THE UNIVERSITY'S OR ITS EMPLOYEES' INTENTIONAL MISCONDUCT. LICENSEE, ITS AFFILIATE(S), AND SUBLICENSEE(S) ASSUME ALL RESPONSIBILITY AND LIABILITY FOR LOSS OR DAMAGE CAUSED BY A PRODUCT

AND/OR SERVICE MANUFACTURED, USED, OR SOLD BY LICENSEE, ITS SUBLICENSEE(S), AND AFFILIATE(S) WHICH IS A LICENSED PRODUCT(S) AS DEFINED IN THIS AGREEMENT, EXCEPT TO THE EXTENT SUCH DAMAGES OR OTHER LIABILITIES RESULT FROM THE UNIVERSITY'S OR ITS EMPLOYEES' INTENTIONAL MISCONDUCT.

10.4 EXCEPT WITH RESPECT TO BREACHES OF SECTION 12 AND THE INDEMNIFICATION PROVIDED UNDER SECTION 11, NEITHER PARTY SHALL BE ENTITLED TO RECOVER FROM THE OTHER PARTY ANY INDIRECT, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES IN CONNECTION WITH THIS AGREEMENT.

ARTICLE 11: INDEMNIFICATION

11.1 In exercising its rights under this Agreement, Licensee shall comply with the requirements of any and all applicable laws, regulations, rules and orders of any governmental body having jurisdiction over the exercise of rights under this Agreement. Licensee further agrees to indemnify and hold University harmless from and against any costs, expenses, attorney's fees, citation, fine, penalty and liability of every kind and nature which might be imposed by reason of any asserted or established violation by Licensee, Affiliates, or Sublicensees of any such laws, order, rules and/or regulations.

11.2 Licensee agrees to indemnify, hold harmless and defend University, its officers, employees, and agents, against any and all claims, suits, losses, damages, costs, fees, and expenses asserted by third parties, both government and private, resulting from or arising out of (i) Licensee's breach of this Agreement, (ii) Licensee's failure to comply with any applicable laws, rules or regulations, or (iii) the exercise of Licensee's rights under this Agreement, provided such losses do not result from the University's or its employees' gross negligence, intentional misconduct, breach of this Agreement, or failure to comply with any applicable laws, rules, or regulations.

11.3 Licensee is required to maintain in force at its sole cost and expense, with reputable insurance companies, general liability insurance and products liability insurance coverage in an amount reasonably sufficient to protect against liability under Sections 11.1 and 11.2 above.

11.4 LICENSEE'S OBLIGATIONS TO COMPLY WITH U.S. EXPORT CONTROL LAWS AND REGULATIONS ARE INDEPENDENT OF AND SURVIVE THE TERMINATION OF THIS AGREEMENT. Licensee agrees to indemnify and hold University harmless from and against any liability (including fines or legal fees) incurred by violations of export control laws and regulations by Licensee, Affiliates, or its Sublicensees with respect to Licensed Products.

ARTICLE 12: CONFIDENTIALITY; PUBLICATION

12.1 University Confidential Information: University may, from time to time, disclose its Confidential Information to Licensee. Licensee shall not disclose University's Confidential Information to any third party except as follows:

(i) to its Affiliates, Sublicensees, and any employees, officers, directors, contractors, or other agents or representatives of Licensee or any of the foregoing for purposes related to the exercise of the rights granted under this Agreement; or

(ii) under conditions of confidentiality to prospective or actual investors, lenders, acquirors, sublicensees, strategic partners, and investment bankers in connection with its financing, acquisition, licensing, development, commercialization, and stockholder relations activities; or

(iii) with the prior written consent of University,

provided that, Licensee requires such recipients of University's Confidential Information to protect the confidentiality of such Confidential Information. Licensee may also disclose University's Confidential Information as it reasonably deems necessary or advisable in connection with the prosecution, maintenance, defense and enforcement of the Patent Rights and Copyrights or in connection with the pursuit or maintenance of regulatory or marketing approvals for, or commercialization of, Licensed Products.

12.2 Disclosures to University: Licensee, through its employees or other agents, may disclose its Confidential Information to University. University shall (i) not disclose such Confidential Information to any third party, (ii) treat such information with the same degree of care as it treats its own confidential information, which shall be no less than reasonable, and (iii) only use such information for purposes of enforcing its rights under this Agreement.

12.3 Limits on Confidential Information: Confidential Information under this Agreement shall not include information:

(i) which at the time of disclosure is in the public domain;

(ii) after disclosure, becomes part of the public domain by publication or otherwise, except by the breach of this Agreement by either party;

(iii) was (a) in the recipient party's possession in documentary form at the time of disclosure or (b) independently developed by or for the recipient party by any person or persons who had no knowledge or benefit of the other party's Confidential Information, as evidenced by written documentation;

(iv) a party received without obligation of confidentiality or limitation on use from a third party who had the lawful right to disclose such information and who did not obtain such information under an obligation of confidentiality to either party.

Confidential Information disclosed under this Agreement shall not be deemed to be within the foregoing exceptions merely because such information is embraced by more general information in the public domain or in the possession of a party. In addition, any combination of features shall not be deemed to be within the foregoing exceptions merely because individual features are in the public domain or in the party's possession, but only if the combination itself and its principle of operation are in the public domain or in the party's possession.

12.4 Notwithstanding any other provision of this Agreement, disclosure by a recipient party of the other party's Confidential Information shall not be precluded if such disclosure:

(i) is in response to a valid order of a court or to another governmental body of the United States or any political subdivision thereof; or

(ii) is required by law or regulation;

provided, however, that, in either case, the party required to make such disclosures shall (1) have made reasonable effort to give prompt notice to the other party to permit it to seek a protective order or grant of confidentiality, (2) cooperate with the other party's efforts to seek confidential or protective treatment of such information, as reasonably requested by the other party, and (3) minimize the extent of any such disclosure.

ARTICLE 13. MISCELLANEOUS

13.1 This Agreement is binding upon and shall inure to the benefit of University, its successors, and assigns. However, this Agreement shall be personal to Licensee, and it is not assignable by Licensee to any other person or entity without the prior written consent of University, such consent to be in University's sole discretion. Notwithstanding the foregoing, Licensee shall be free to assign this Agreement and its rights and obligations hereunder without University's consent (i) to any Affiliate or (ii) in connection with any sale of substantially all of Licensee's assets or business (or that portion of its assets or business related to the subject matter of this Agreement), merger, acquisition, consolidation, reorganization, or other similar transaction, provided that Licensee shall not be released of its obligations existing at the time of such assignment.

13.2 It is agreed that no waiver by either party hereto of any breach or default of any of the covenants or agreements herein set forth shall be deemed a waiver as to any subsequent and/or similar breach or default.

13.3 No party shall, without prior written consent of the other party, use the name or any trademark or trade name owned by the other party, or owned by an affiliate or parent corporation of the other party, in any publication, publicity, advertising, or otherwise, except that Licensee may identify University as licensor of the Patent Rights and Copyrights and Licensed Products and University may identify Licensee as exclusive licensee of Patent Rights and Copyrights. It is understood that University's agreement under this Section 13.3 is subject to the provisions of NC Public Records Act. G.S. Ch 132.

13.4 Notwithstanding Section 13.3 above, University may disclose the existence of this Agreement and non-confidential information regarding the status of Licensee's commercialization of Licensed Products in a press release, on-line, or otherwise, and on the website of the Office of Technology Commercialization throughout the life of this Agreement with the prior written approval of the Licensee, such approval not to be unreasonably withheld. Further, the parties agree to cooperate with each other in preparing, reviewing, and approving such disclosures, Licensee's approval for each disclosure not to be unreasonably withheld.

13.5 Neither party hereto is an agent of the other for any purpose.

13.6 Any notice required or permitted to be given to the parties hereto shall be in writing and deemed to have been properly given if delivered in person or mailed by first-class mail to the other party at the appropriate address as set forth below. Other addresses may be designated in writing by the parties during the term of this Agreement.

University	Licensee
For all matters: The University of North Carolina At Chapel Hill Office of Technology Commercialization Attn Director 136 E. Rosemary Street, Suite 100 Chapel Hill, NC 27514	For license compliance matters: For patent reimbursement/invoice matters: For royalty reporting/payment matters: For patent prosecution matters:

13.7 This Agreement shall be interpreted and construed in accordance with the laws of the State of North Carolina. The State and Federal Courts of North Carolina shall have exclusive jurisdiction to hear any legal action arising out of this Agreement.

13.8 In the event that a court of competent jurisdiction holds any provision of this Agreement to be invalid, such holding shall have no effect on the remaining provisions of this Agreement, and they shall continue in full force and effect.

13.9 The provisions of Sections 2.3, 3.1, 3.2, 3.12, 3.13, 3.14, 4.2, 4.3, 4.4, 6.4, 7.5, 7.6, 10.3, and 10.4 and Articles 1, 9 (with respect to any infringement occurring prior to termination or expiration), 11, 12, and 13 shall survive the expiration or termination of this Agreement.

13.10 Anything contained in this Agreement to the contrary notwithstanding, the obligations of the Licensee shall be subject to all laws, present and future, and regulations of any government having jurisdiction over the Licensee, and to orders, regulations, directions, or requests of any such government. Licensee shall undertake to comply with and be solely responsible for complying with such laws applicable to Licensee.

13.11 Exports of Licensed Products may be subject to U.S. export control laws and regulations, including, without limitation, the Export Administration Regulations (15 CFR 730-774) and the International Traffic in Arms Regulations (22 CFR 120-130), and may be subject to export or import regulations in countries other than the United States. Licensee assumes all obligations and responsibility for assuring that use of the Licensed Products is in compliance with all applicable export control laws and regulations. Further, Licensee agrees to require Sublicensees to comply with said obligations and responsibility.

13.12 Licensee shall, and agrees to require Sublicensees to, comply with any patent marking requirements of the intellectual property laws of the applicable countries in the Licensed Territory to the extent any failure to do so would materially and adversely affect the Licensed Product, the Patent Rights, or either party's ability to avail itself of all potential remedies for any infringement of the Patent Rights.

13.13 Licensee shall be solely responsible for the payment of any and all taxes, fees, duties and other payments incurred in relation to its manufacture, use and sale of the systems and methods covered by the Patent Rights or Copyrights or Licensed Products. Licensee shall, as between the parties, be responsible for applying for and obtaining any approvals, authorizations, or validations necessary to effectuate the terms of this Agreement under the laws of the appropriate national laws of each of the countries in the Licensed Territory.

13.14 If any one or more of the provisions of this Agreement is held to be invalid or unenforceable by any court of competent jurisdiction, the provision shall be considered severed from this Agreement and shall not serve to invalidate any remaining provisions hereof. The parties shall make a good faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by the parties when entering into this Agreement may be realized.

13.15 It is understood and agreed between University and Licensee that this writing constitutes the entire agreement, both written and oral, between the parties, and that all prior

agreements respecting the subject matter hereof, either written or oral, expressed or implied, shall be abrogated, cancelled, and are null and void and of no effect, except that any confidential information disclosed pursuant to [*that certain Confidentiality Agreement dated _____]*, shall be deemed to be Confidential Information disclosed pursuant to this Agreement.

13.16 Facsimile signatures and signatures transmitted via PDF shall be treated as original signatures.

[Signature page to follow.]

IN WITNESS WHEREOF, both University and Licensee have executed this Agreement by the duly authorized respective officers. The Lead Investigator has likewise indicated their acceptance of the terms hereof by signing below.

THE UNIVERSITY OF NORTH CAROLINA	**LICENSEE**
(SEAL)_____	(SEAL)_____
Signature	Signature
Jacqueline Quay	
Director of Licensing and Innovation Support	_____
OTC	Printed Name
	_____
	Title
_____	_____
Date	Date

Acknowledged

_____
Lead Investigator

_____
Date

APPENDIX A
PATENT RIGHTS AND COPYRIGHTS

[include all priority applications to be invoiced to licensee in the table, even if no longer pending]

APPENDIX B

MILESTONES

NOTE: The milestones below are proposed milestones. Actual milestones will be negotiated based on the Licensee's business model.

1. Licensed Product Development Milestones

(i)
(ii)
(iii)
(iv)

*2. Licensee shall commence with commercial sales of License Product by*_____

APPENDIX C
EXTENDED PAYMENT CONDITIONS

1. Licensee shall provide current and projected financial statements (balance sheet, income statement, cash flows) to Licensor and shall submit updated current and projected financial statements annually during the extended payment term.

2. Interest on the Delayed Patent Expense outstanding balance shall begin to accrue on the first anniversary of the Effective Date.

3. A payment schedule shall be negotiated and incorporated by written amendment into the Agreement in exchange for a non-refundable one quarter percent (0.25%) increase in the Contractual Obligation in Lieu of License Issue Fee in Section 3.1 and Section 3.3 such that the fee equals one and one quarter percent (1.25%) and a corresponding increase in Section 3.2 such that the equity percentage equals six and one quarter percent (6.25%).

4. The payment schedule shall extend for no greater than four (4) years beyond the Effective Date of the Agreement.

5. Payments shall be no less than five hundred dollars ($500.00) per month.

6. In the event that company receives any funding or net income other than fair market value payments made in connection with research and development agreements, joint ventures, partnerships or collaboration agreements where Licensee or an Affiliate is obligated to perform research and development of any Licensed Product(s); Licensee shall pay ten percent (10%) of that income towards Delayed Patent Expenses in addition to the scheduled payments.

7. License may pay Delayed Patent Expenses in full at any time during the extended payment term.

8. In the event that Licensee is in breach of the Agreement for failure to maintain the scheduled payments, University at its sole discretion may terminate the Agreement or re-negotiate the payment schedule in exchange for a non-refundable one half percent (0.5%) increase in the Contractual Obligation in Lieu of License Issue Fee in Section 3.1 and Section 3.3 such that the fee equals one and three quarters percent (1.75%) and a corresponding increase in Section 3.2 such that the equity percentage equals eight and three quarters percent (8.75%).

9. In the event the Agreement is terminated the payments will be accelerated and the entire amount due in full.

APPENDIX D
PROGRESS REPORT

This annual Progress Report is submitted by March 15th to The University of North Carolina at Chapel Hill to describe Licensee's technical and other efforts made towards first commercial sale for all Licensed Products using Patent Rights licensed from the University.

Reporting Period (year)	January 1, 20__ to December 31, 20__
University File Number	
Company Name	
Current Address	
Phone	
Email	

A. Company Activity

1. Payments Due to University
(royalty, sublicensing, milestone fees, etc.)

2. Corporate Changes
(key management changes, mergers or acquisitions relevant to the license, significant funding events, etc.)

B. Commercial Development Activity for each Licensed Product
(regardless of whether development is carried out by Licensee or a Sublicensee)

1. Stage of Development
Please select the type of product in development, check its current state of development, and complete the fields for the other information in the box. If you have additional information, please attach it to the end of this form.

Products/Services requiring FDA Approval			
✓	**Date**		**Product(s) and Indication**
		Discovery	
		Pre-Clinical Development	
		IND/IDE or equivalent	
		Phase I Clinical Trials	
		Phase II Clinical Trials	
		Phase III Clinical Trials	
		NDA/PMA or equivalent	
		Selling Licensed Products	

		Other	
Biological Products/Services not requiring FDA approval **Copyright/Software/Data Products/Services** **Hardware/Engineering Products/Services**			
✓	**Date**		**Product(s) and Market**
		In Development	
		Functioning Prototype	
		Beta Testing	
		Scale Up/Pilot Manufacture	
		Selling Licensed Products	
		Other	

2. Collaboration and Sublicensing Activity
(Collaborations with third parties and sublicensing efforts, etc.)

3. Progress towards meeting Performance Milestones
(Date of accomplishment or explanation for delay – see Appendix B of the license for the full text of each milestone.)

Milestone	Date Due	Date Completed	Delayed
1.		__/__/__	☐
2.		__/__/__	☐
3.		__/__/__	☐
4.		__/__/__	☐

Explanation for delay and suggested remedy:

4. Development Plans for the Coming Year
(Research, development, and regulatory activity in progress, including scientific and business goals for the next calendar year, etc.)

5. Other Key Events

I certify that this report is accurate and complete: _____
Authorized Signatory *Date*

APPENDIX E
ROYALTY REPORT

This quarterly Royalty Report is submitted to The University of North Carolina at Chapel Hill detailing the number, description, aggregate selling prices, and Net Sales of Licensed Products using Patent Rights licensed from the University.

Reporting Period	**Year:** ☐ January 1 to March 31 ☐ April 1 to June 30 ☐ July 1 to September 30 ☐ October 1 to December 30	**Report Due** ☐ June 15 ☐ September 15 ☐ December 15 ☐ March 15
University File Number		
Company Name		
Current Address		
Phone		
Email		

1. Number and description of Licensed Product(s) (including pertinent Patent Rights if Licensed Product is comprised of a subset of the licensed Patent Rights) sold or otherwise disposed of during the period indicated above:

Licensed Product*					***Total***
Patents					
Sales Price	$				
Units Sold					
Aggregate Sales	$				
Deductions**	$				
Net Sales	$				
Royalty Rate	%				
Earned Royalty	$				

*Attach additional documentation to this report as needed. If the Licensed Product is sold at different prices, list each sale of a Licensed Product in the indicated period and provide an explanation for the difference in price below.

**Sum of (a) sales taxes or other taxes (other than income taxes), (b) shipping and insurance charges, (c) actual allowances, rebates, credits, or refunds for returned or defective goods, (d) trade, quantity, and other discounts, retroactive price reductions, or other allowances actually allowed or granted from the billed amount and taken, (e) rebates, credits, and chargeback payments (or the equivalent thereof) granted to managed health care organizations, wholesalers, or to federal, state/provincial, local and other governments, including their agencies, purchasers, and/or reimbursors, or to trade customers, and (f) any import or export duties, tariffs, or similar charges incurred with respect to the import or export of Licensed Products into or out of any country in the Licensed Territory.

Explanation for differences in price/deductions taken:

2. Names of Sublicenses being reported:

3. Calculation of Sublicensing Revenue:

4. Total payments due with this Royalty Report:

5. Any other consideration due during this period (including Milestone Fees, Maintenance Fee, and Patent Expenses, if applicable):

I certify that this report is accurate and complete: _____

Authorized Signatory *Date*