UNIVERSITY OF MINNESOTA

NON-BINDING BUSINESS TERM SHEET
TRY AND BUY LICENSE
FOR DISCUSSION PURPOSES ONLY

Title: Bioplastic for use in Orthopedic Devices, Orthopedic Implants, and Implantable Medical Devices

Company: Marketing Manager: Eric Hockert

COMPANY INFORMATION

<table>
<thead>
<tr>
<th>Name and Address</th>
<th>Attn:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entity type:</td>
<td>(e.g. corp, LLC, …)</td>
</tr>
<tr>
<td>Registered in:</td>
<td>(which country or state)</td>
</tr>
<tr>
<td>Phone:</td>
<td>( ) -</td>
</tr>
<tr>
<td>Email:</td>
<td></td>
</tr>
</tbody>
</table>

TECHNOLOGY

<table>
<thead>
<tr>
<th>Case No:</th>
<th>99107</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title:</td>
<td>Bioplastic for use in Orthopedic Devices, Orthopedic Implants, and Implantable Medical Devices</td>
</tr>
<tr>
<td>Description:</td>
<td>Plastic polyhydroxyalkanoate (PHA) microstructures can be formed in bacterial hosts and have applications in orthopedic devices, orthopedic implants, and other implantable medical devices.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Issued Patents</th>
</tr>
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<tbody>
<tr>
<td>Patent No.</td>
</tr>
<tr>
<td>6,479,145 B1</td>
</tr>
<tr>
<td>6,723,800 B2</td>
</tr>
</tbody>
</table>
TRY Terms

1. **Effective Date**
   - Month Day, Year or [ ] (other)

2. **TRY Period**
   - 6 months

3. **TRY Fee**
   - $5,000
   - Paid at time of Effective Date of the TRY period.
   - Fee waived if MN-based company or if sponsoring $50,000+ research with the University.

4. **Patent Related Expenses**
   - [ ] Company is not responsible for reimbursing the University for Patent Related Expenses during the TRY period.
   - [ ] Other

BUY Terms
(if converted from TRY to BUY)

A. **License Type**
   - [ ] Exclusive; specify Exclusivity Term beyond TRY Period (NA if same as Term (D.))
   - [ ] Non-Exclusive
   - [ ] Patent
   - [ ] Software
   - [ ] Plant
   - [ ] Copyright
   - [ ] Distribution
   - [ ] Non-Distribution
   - [ ] End User

B. **Field(s) of Use**
   - All

C. **Territory**
   - Any country or territory where active and enforceable Intellectual Property exists.

D. **Term**
   - [ ] Last active and enforceable Patent or Pending Patent Application
   - [ ] Other:

E. **Sublicense Rights**
   - [ ] Yes (End User Sublicense Required)
   - [ ] No

F. **Federal Government Rights**
   - [ ] Yes
   - [ ] No

G. **Performance Milestones**
   - Product available for commercial sale by 3 years from the Effective Date of the BUY Agreement. Other milestones TBD.

H. **Commercialization Reports**
   - Annual

I. **Payments**

   **Conversion Payment**
   - $30,000, due at time of conversion from TRY to BUY license. Conversion request must be received by the University prior to the expiration of the TRY period.

   **Annual Maintenance Fee**
   - $5,000, payable on each anniversary of the Effective Date, credited to annual royalties, until $1 million of Cumulative Net Commercial Sales of Licensed Products have been reached. $0 after $1 million of cumulative net sales of licensed products.

   **Running Royalty Royalty Holiday & Minimums**
   - 3% of net sales of licensed products. This is reduced to 2% for a MN-based company. Paid quarterly. No Running Royalty is due until $1 million of Cumulative Net Commercial Sales of Licensed Product have been reached.
   - $10,000 annual minimum creditable against royalties after cumulative $1 million of sales of licensed products.

   **Sublicense Fees**
   - Paid quarterly.
Three percent (3%) of all Sublicensee’s net sales of licensed products. Thirty percent (30%) of all Sublicense Revenues (1.14). These are payments made by the Sublicensee(s) to the Licensee that are not royalties based on Net Sales. For example, Sublicense Revenues would include Upfront Fees paid by the Sublicensee.

<table>
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<tr>
<th>Financial Milestones</th>
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<tr>
<td>Equity</td>
<td>Licenses to start-up companies may include equity; consult University.</td>
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</table>

| Document Fee | $10,000, due on the Effective Date. (One Time Fee) This fee may be waived at the University’s discretion if only minor modifications are made to the University’s standard Terms and Conditions. If this is imposed, payment is due prior to continuation of license negotiations. |
| Change of Control/Assignment/Transfer Fee | $25,000 or 0.5% of Gross Distributable Proceeds, whichever is greater, upon a Change of Control, e.g. a Qualified Sale, IPO, acquisition… |
| Interest Rate | 8% |
| Other | |

J. Patent Related Expenses (During Term of BUY License Agreement)

- Licensee is responsible for reimbursing University for all U.S. Patent Related Expenses incurred before and after the Effective Date of this Agreement, however no payment is due until the U.S. patent has issued. Foreign Patent Related Expenses incurred before the Effective Date of this agreement are due upon License Conversion. Foreign Patent Related Expenses incurred on or after the Effective Date are due as incurred. Actual Patent Related Expenses incurred as of the Revision Date of this document are as follows: U.S. $, Foreign $ (NA if no foreign patents)
- Licensee is not responsible for reimbursing the University for Patent Related Expenses.
- Other

| Term Sheet Expiration | The terms set forth in this Term Sheet are valid for discussion purposes through: 30 days from initial contact with the University |

**READ CAREFULLY**

This term sheet summarizes the principal terms with respect to a possible license of University technology to the entity listed in section 1 as Potential Licensee. This term sheet is intended solely as a basis for further discussion and is not intended to be and does not constitute a legally binding obligation. No other legally binding obligations will be created, implied, or inferred until a license agreement (e.g. “Exclusive Patent License Agreement”, “Non-Exclusive Patent License Agreement”, “Plant License Agreement”, “Software License Agreement”, etc.) in final form is executed and delivered by all the parties. Without limiting the generality of the foregoing, it is the parties intent that, until that event, no agreement shall exist among them and there shall be no obligations whatsoever based on such things as parol evidence, extended negotiations, "handshakes," exchanges of emails, oral understandings, or courses of conduct (including reliance and changes of position), except as may be outlined in a non-disclosure agreement with respect to the confidentiality obligations of the parties regarding any exchange of confidential information. Nothing in this term sheet is to be construed to prevent the University from discussing similar terms with other potential licensees.