

NON-BINDING TERM SHEET
FOR A FUTURE LICENSE AGREEMENT

This Term Sheet (*the “Term Sheet”*) contains the basic terms to be included in a future definitive License Agreement (*the “License Agreement”* or the “Agreement”) for the Technology described below. The parties are the Board of Supervisors of the Louisiana State University (“LSU”), having an address at _____ and [INSERT: FULL COMPANY NAME, (“Company”), a _____ [Insert state of organization and organization type (e.g., a Delaware corporation, a Louisiana limited liability company, etc)] having an address at _____. The proposed transaction is subject to (i) the acceptance by both Company and LSU of the principal terms as finally negotiated, and (ii) the negotiation, execution and delivery of a definitive License Agreement and any other agreements related thereto. It is understood that this Term Sheet does not constitute a binding contract, and that the parties do not intend to be legally bound, unless and until a definitive License Agreement has been executed by both parties (except as expressly provided below concerning “Publicity” and “Confidentiality”). Unless and until a definitive License Agreement has been executed by both parties, either party is free to terminate further negotiations at any time, with or without cause.

GENERAL TERMS:

Technology: The Patent Rights and Know How defined below. LSU shall remain owner of the Technology, subject to the terms of the Agreement.

Patent Rights: LSU’s rights under the patents and/or patent applications listed in **Exhibit A**, and any divisionals, continuations, reissues, reexaminations, and extensions, including both U.S. rights and any foreign rights in the Territory (collectively, the “Patent Rights”).

LSU shall prosecute and maintain the Patent Rights, using counsel of LSU’s choice.

Know How: Any information, data, process, method, or know how that is developed by **{inventor}** of LSU on or before the Effective Date, and that is useful in practicing any invention taught or claimed in the Patent Rights. (“Know How”). However, Know How shall not include any rights in any patent or patent application; nor shall Know How include any information or know how developed by LSU or an LSU employee after the Effective Date of the Agreement.

License: **{Exclusive/Non-exclusive}** license by LSU to Company, subject to any rights of the U.S. Government, to make, use sell, offer to sell and import products and processes, under the Patent Rights and Know How within the Field of Use. The term of the license would continue until the latest expiration date of any patent within the Patent Rights, or in countries where no Patents exist, for twenty years from the date of the license.

Field of Use *{description of field of use, and excluded field of use}*

Territory *{US, or worldwide, or specific countries}*

Effective Date: *{provide date of signing of License Agreement or specific date for License Agreement to start}*

Diligence Efforts: Company will use commercially reasonable efforts to diligently develop, seek regulatory approval for, manufacture, market, and otherwise commercialize products and processes under the License Agreement, in accordance with the terms of a Development Plan, as specified below. Company shall give LSU annual progress reports until the first commercial sale, and quarterly reports thereafter.

Performance milestones will be required in the License Agreement to ensure broad public utilization of the Technology. Company will provide LSU with an acceptable Development Plan for incorporation into the License Agreement and as a condition to its execution. The “Development Plan” will include an outline of a program for achieving broad public utilization and will include at a minimum the following Performance Milestones:

{fill in Technology appropriate, development milestones and time for completion}

Publication and Reserved Rights: LSU will be free to publish any information related to the Technology. LSU will have a reserved right to use the Technology for noncommercial, educational, and research purposes.

Indemnification: Company shall defend, indemnify and hold harmless and shall require any and all sublicensees to defend, indemnify and hold harmless LSU, its board members, officers, employees and agents, for and against any and all claims of any kind arising out of or related to the exercise of any rights granted Company under the Agreement or arising out of or related to the breach of the Agreement by Company.

Insurance: Prior to any distribution or commercial use of any product covered by the Agreement, Company will obtain and maintain product liability insurance in an amount consistent with industry practice, but in any event not less than _____ Million Dollars (\$_____) per occurrence, and _____ Million Dollars (\$_____) in aggregate. Company will provide LSU with certificates of insurance showing compliance, and Company will increase the level of insurance consistent with industry practice.

Warranty: NOTWITHSTANDING ANYTHING TO THE CONTRARY INCLUDED IN OR IMPUTED TO THE AGREEMENT, LSU, ITS ADMINISTRATORS, BOARD MEMBERS, OFFICERS, EMPLOYEES, STUDENTS, AGENTS AND INSURERS MAKE NO REPRESENTATIONS AND EXTEND NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY; FITNESS FOR A PARTICULAR PURPOSE; VALIDITY, ENFORCEABILITY OR SCOPE OF PATENT RIGHTS OR CLAIMS, ISSUED OR PENDING; NONINFRINGEMENT OF ANY THIRD PARTY RIGHTS; AND THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE. IN NO EVENT SHALL LSU, ITS ADMINISTRATORS, BOARD MEMBERS, OFFICERS, EMPLOYEES, STUDENTS, AGENTS OR INSURERS BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, INCLUDING ECONOMIC DAMAGE OR INJURY TO PROPERTY AND LOST PROFITS, REGARDLESS OF WHETHER LSU SHALL BE ADVISED, SHALL HAVE OTHER REASON TO KNOW, OR IN FACT SHALL KNOW OF THE POSSIBILITY.

Publicity: The parties agree that there will be no press release or other public statement issued by either party relating to this Term Sheet, unless required by law. If either party determines that it is required by law to make such a public disclosure, it shall consult with the other party prior to such disclosure and cooperate with the other party to seek to avoid or minimize such disclosure.

Confidentiality: Neither this Term Sheet nor its substance, nor any information disclosed by LSU to Company shall be disclosed publicly or privately by Company, except with the written consent of LSU or as otherwise required by law. If Company determines that it is required by law to make such disclosure, Company shall consult with LSU prior to such disclosure and cooperate with LSU to seek to avoid or minimize such disclosure.

Sublicense Rights: Company shall have the right to grant sublicenses under the Agreement within the Field of Use and Territory, provided that (a) the execution of a sublicense shall not diminish Company's obligations under the Agreement, and Company shall remain primarily liable for such obligations and for any breach of any provision of the Agreement by any affiliate or sublicensee of Company; (b) Company shall provide a copy of each executed sublicense agreement and any modifications of the sublicense agreement to LSU, along with written certification that the sublicense is in compliance with the License Agreement; and (c) Company shall only grant a sublicense to a third party who undertakes to perform its obligations under the sublicense consistent with the terms of the Agreement.

Government Rights:

{Federal funding for research?} Company acknowledges that certain rights are reserved to the U.S. Government pursuant to 35 U.S.C. §200 *et. seq.*, and that products used or sold in the U.S. shall be manufactured substantially in the U.S.

FINANCIAL TERMS:

License Fee: Company shall pay LSU a nonrefundable licensing fee of \$_____ within thirty days of the Effective Date of the Agreement.

Royalties: Royalty payable on net sales of products under the Agreement by Company and its affiliates and sublicensees:

Countries in which products are covered by Patent Rights _____ %
Countries in which products are not covered by Patent Rights _____ %

Annual Fees: Annual license maintenance fees to be paid by Company according to the following schedule:

Payable 200_: \$_____
Payable 200_: \$_____
Payable 200_: \$_____
Payable each year thereafter \$_____

Annual fees will be credited against any sales-based royalties due for the same period (only).

Milestone Payments:

The following milestone payments shall be payable to LSU upon achievement of each milestone event by Company or an affiliate or permitted sublicensee thereof: {Add description of each milestone event, date for completion, and amount to be paid.}

Milestone Event 1.

_____, 200_: \$_____

Milestone Event 2.

_____, 200_: \$_____

Milestone Event 3.

_____, 200_: \$ _____

Milestone Event 4.

_____, 200_: \$ _____

Milestone Event 5.

_____, 200_: \$ _____

Milestone Event 6.

_____, 200_: \$ _____

**Sublicensing
Income:**

Company shall pay LSU _____ percent (_____%) of any consideration received from a sublicense (e.g., up-front fees, sublicense maintenance fees, or other sublicense revenues) that is not based on net sales, excepting only *bona fide* research and development funding. Royalties on net sales by a sublicense are the same as for sales by Company.

Equity?:

Company shall issue LSU shares equal to _____% of the fully diluted capital stock of Company as of a Financing of no less than \$___ US million upon the same terms and conditions and with the same rights (including registration, co-sale, voting and other rights) as set forth in any agreement with one or more investors or otherwise (but excluding Board representation rights) and other rights that are mutually agreed. Company shall make such transfer pursuant to and subject to the terms of a mutually acceptable stock transfer agreement.

Patent Costs:

Company shall reimburse LSU \$_____ for patent and legal costs incurred prior to the Effective Date for the preparation, prosecution, and maintenance of Patent Rights. On and after the Effective Date, Company shall reimburse LSU's reasonable future patent preparation, prosecution, and maintenance costs. LSU shall control the filing, prosecution and maintenance of the Patent Rights. Company shall have the right to review and comment on patent prosecution efforts.

Other Provisions:

The License Agreement will include other reasonable provisions, in addition to those outlined above, that the parties find mutually agreeable.

Representative templates for LSU technology licenses may be examined at www.lsu.edu/ [redacted]. These templates are suggestive of the types of provisions that typically appear in LSU technology licenses. However, the provisions of the templates do not bind either party, except to the extent that the provisions are incorporated into a definitive License Agreement.

If this Term Sheet sets forth the general terms of the proposed transaction in a manner consistent with your understanding, kindly so indicate by signing on behalf of Company and returning to the undersigned the enclosed duplicate of this Term Sheet. This Term Sheet does not constitute a binding contract, and the parties do not intend to be legally bound unless and until a definitive License Agreement has been executed by both parties. Nevertheless, the parties agree to be legally bound by the provisions above concerning “publicity” and “confidentiality,” each of which shall survive the abandonment of the negotiations and transactions contemplated by this Term Sheet, and which shall be binding in accordance with their respective terms.

Accepted and agreed to this _____ day of _____, 2005 by:

COMPANY

BOARD OF SUPERVISORS OF LOUISIANA
STATE UNIVERSITY AND AGRICULTURAL
AND MECHANICAL COLLEGE

Signature

Signature

Name

Name

Title

Title

EXHIBIT A
TO THE NON-BINDING TERM SHEET FOR FUTURE LICENSE AGREEMENT
FOR LSU FILE [REDACTED]
BETWEEN [REDACTED]
AND THE BOARD OF SUPERVISORS OF LOUISIANA STATE UNIVERSITY AND
AGRICULTURAL AND MECHANICAL COLLEGE

PATENTS and PATENT APPLICATIONS

1. [REDACTED]
2. [REDACTED]