

Acceptance and Maintenance of Equities

Purpose

The University of Mississippi Research Foundation (“UMRF”) may secure an equity interest or ownership position in a company (collectively “Equities”) in partial consideration of the license of intellectual property rights by the University of Mississippi (“UM”) to the company. This procedure outlines the process to be followed to accept and manage Equities on behalf of UM.

Background

The Division of Technology Management at UM is responsible for negotiating License Agreements that involve licensing of intellectual property rights associated with UM research. Such agreements may contain Equities in a company as partial consideration for the transfer of the rights from UM to the company. In such cases, UMRF will hold the Equities on behalf of UM in accordance with the Affiliation Agreement between UM and UMRF.

It is the intention of UM for Equities to be granted to UMRF at the time of execution of the License Agreement. The License Agreement will typically include a clause that will set a minimum percentage of Equities in the company on a fully diluted basis and a minimum capitalization. Whenever possible, an Investor’s Rights Agreement (or equivalent) between UMRF and the company will be executed contemporaneously with the execution of the License Agreement between UM and the company. Standard terms for an Investor’s Rights Agreement are contained in UMRF Standard Operating Procedure entitled Standard Terms for Investor’s Rights Agreements.

Procedure for Acceptance of Equities in a Company

The Director of Technology Management (the “Director”) of UM or designate with input from internal and/or external legal counsel is responsible for negotiating both the License Agreement for UM and Investor’s Rights Agreement for UMRF.

The Director will notify the Executive Committee of UMRF (the “Executive Committee”) when negotiations begin with a potential licensee that may involve Equities in the company. The Director will provide a due diligence report on the company and a copy of a business plan and/or a financial statement when available. The Director will keep the Executive Committee informed during the negotiation period. The Executive Committee at any time will authorize the Director to complete negotiations, ask for additional

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Standard Operating Procedure**

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information, or express a desire not to hold Equities in the company. The President of UMRF will sign the Investor's Rights Agreement.

Managing Equities

The Executive Committee will be responsible for taking actions necessary to maintain Equities. Such actions may include but not be limited to decisions to buy, sell or transfer shares.

Stock will be sold in an orderly fashion as soon as it is possible to sell it in the public market (i.e., once shares are publically traded and any lock-out period has expired).

UMRF will distribute any dividends or other income received as a result of owning Equities and any proceeds from the sale or transfer of any interest in any portion of the Equities in accordance with UM's instructions per the Affiliation Agreement between UM and UMRF. The Treasurer of UMRF will notify the preparer of UMRF's financial statements of any event that may have a potential impact on the financial statements and/or the note disclosures. A member of the Executive Committee will notify other Board members as appropriate.