

## STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "*Agreement*") is between Drexel University, a Pennsylvania nonprofit corporation, having its principal place of business at 3141 Chestnut Street, Philadelphia, PA 19104 ("*Drexel*"), and [INSERT: Full Company Name], a [INSERT: State of Incorporation and principal address] ("*Company*"). This Agreement will become effective on [REDACTED], 200[REDACTED] (the "*Effective Date*").

### BACKGROUND

A. Concurrently with the execution of this Agreement, Drexel is entering into a License Agreement with Company effective as of [REDACTED], 200[REDACTED] (the "*License Agreement*"), under which Drexel is licensing to Company certain technology owned by Drexel.

B. In partial consideration for the execution and delivery of the License Agreement by Drexel, Company agreed to issue to Drexel certain shares of Company's capital stock in accordance with the terms and conditions of this Agreement.

C. Concurrently with the execution of this Agreement, Drexel is entering into a Stockholders Agreement with Company, [REDACTED], [REDACTED] and [REDACTED], effective as of [REDACTED], 200[REDACTED] (the "*Stockholders Agreement*") under which Company and its stockholders provide for certain rights and restrictions on the disposition of Company's capital stock.

In consideration of the premises and mutual promises and covenants contained in this Agreement, and intending to be legally bound by this Agreement, the parties agree as follows:

#### 1. PURCHASE OF SHARES

1.1 Purchase of Shares. In partial consideration for the execution and delivery of the License Agreement by Drexel and subject to the terms of this Agreement, Company will sell and issue to Drexel [REDACTED] ([REDACTED]) shares (the "*Purchased Shares*") of **common or preferred** stock of the Company ("*Stock*") which will cause Drexel to own at least [REDACTED] percent ([REDACTED]%) of the capital stock of Company on a fully diluted basis as of the Effective Date, assuming the exercise, conversion and exchange of all outstanding securities of Company for or into shares of common stock of the Company (**if preferred stock is issued**).

1.2 Closings. The purchase and sale of the Purchased Shares will occur contemporaneously with the execution and delivery of this Agreement at a closing (the "*Closing*") held at a time (the "*Closing Date*") and place agreed upon by the parties. At the Closing, Drexel will deliver to Company (i) an executed copy of this Agreement, the License Agreement, and the Stockholders Agreement (collectively, the "*Transaction Documents*") and (ii) such other documents as Company may reasonably require. At the Closing, Company will deliver to Drexel (A) an executed copy of the Transaction Documents, (B) copies of resolutions adopted by the board of directors of the Company and the stockholders of Company, if necessary, authorizing the issuance of the Purchased Shares, (C) a stock certificate or certificates representing the Purchased Shares, and (D) such other documents as Drexel may reasonably require.

1.4 Closing Documents. Within thirty (30) days after the Closing or any Additional Closing, Company will deliver to Drexel an indexed, bound set consisting of a true and complete copy of (a) each of the Transaction Documents with respect to the Closing or the operative documents evidencing the purchase and sale of Purchased Shares with respect to the Closing, or Additional Purchased Shares with respect to any Additional Closing, together with all applicable exhibits, schedules and attachments, and (b) all other documents executed and/or delivered in connection with the Closing or any Additional Closing, as applicable.

## 2. REPRESENTATIONS, WARRANTIES AND COVENANTS

2.1 Representations and Warranties of Company. Company represents and warrants to Drexel as follows:

(a) Organization and Good Standing. Company is a corporation duly organized, validly existing and in good standing under the laws of the State of \_\_\_\_\_ and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted.

(b) Capitalization. *Exhibit A* attached to this Agreement accurately and completely sets forth the capital stock Company is authorized to issue and the beneficial ownership of the shares of each class and series of capital stock and of the securities convertible, exercisable or exchangeable for or into shares of Company's capital stock that will be outstanding immediately after the Effective Date. Except as described in *Exhibit A*, no person has (i) options, warrants, or other rights to purchase or receive any securities of Company, (ii) securities convertible, exercisable or exchangeable into other securities of Company, or (iii) any right of first refusal or any preemptive rights in connection with the issuance of the Shares or with respect to any future offer, sale or issuance of securities by Company.

(a) Certificate of Incorporation and Organizational Documents. A true and complete copy of Company's certificate of incorporation, bylaws, certificate(s) of designation and other charter documents (the "*Charter Documents*") as in effect on the Effective Date is attached to this Agreement as *Exhibit B*.

(b) Subsidiaries. Company does not own or control, directly or indirectly, any capital stock or other direct or indirect ownership interest in any corporation or other business entity.

(c) Authorization. Company (including its officers, directors and shareholders) has taken all action necessary to (i) authorize, execute and deliver the Transaction Documents, (ii) perform all of its obligations under the Transaction Documents, and (iii) authorize, issue and deliver the Shares under this Agreement. Each of the Transaction Documents constitutes the valid and legally binding obligation of Company enforceable in accordance with its terms.

(d) Valid Issuance of the Shares and Offering Exemption. The Purchased Shares and any Additional Purchased Shares, when issued, sold and delivered under this Agreement, have been and will be (i) duly and validly issued, fully paid and nonassessable, (ii) free of any liens or other encumbrances, and (iii) assuming the accuracy of Drexel's representations in this Agreement at the time of each such issuance, issued in compliance with all applicable federal and state securities laws and exempt from registration under the Securities Act of 1933, as amended (the "*Securities Act*"), and the regulations promulgated under the Securities Act and from registration under applicable state securities or blue sky laws. Issuance of the Shares is not subject to preemptive or any similar rights of Company or others.

(e) Governmental Consents. Company is not required to obtain any approval or authorization, nor is it required to register, qualify or file with, any federal, state, or local governmental authority (other than filings required to be made under applicable federal and state securities laws) in order to (i) authorize, execute and deliver the Transaction Documents, (ii) perform all of its obligations under the Transaction Documents, and (iii) authorize, issue and deliver the Shares pursuant to this Agreement.

(f) No Conflict with Other Instruments. Company is not in violation or default of, and performance of this Agreement will not result in any violation of, be in conflict with, or constitute a default under, (i) any provisions of the Charter Documents, (ii) any judgment, order, writ, decree or instrument, contract, agreement or other obligation to which Company is a party or by which Company is bound, or (iii) any provision of any law, statute, rule or regulation applicable to Company.

(g) Absence of Claims. There are no actions, suits, claims, investigations or legal or administrative proceedings pending or, to the best of Company's knowledge and belief, threatened, against Company, and there are no judgments or orders of any court or government agency entered or existing against Company or any of its assets or properties.

(h) Solvency. Company (i) is not unable and has not admitted in writing its inability to pay its debts generally as they become due, (ii) has not filed or consented to the filing against it of a petition in bankruptcy or a petition to take advantage of any insolvency act, (iii) has not made an assignment for the benefit of creditors, (iv) has not consented to the appointment of a receiver for itself or for the whole or any substantial part of its assets or property, or (v) has not had a petition in bankruptcy filed against it, been adjudicated a bankrupt,

or filed a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other laws or of the United States or any other jurisdiction.

(i) Registration Rights. Except as provided for in this Agreement or as described in Exhibit A, Company is not a party to any agreement or commitment that obligates Company to register under the Securities Act any of Company's presently outstanding securities or any of Company's securities that may be issued after the Effective Date.

(j) Compliance with Securities Laws. The offer, grant, sale, and/or issuance of the Shares will not be in violation of (i) the Securities Act and the regulations promulgated under the Securities Act, (ii) any state securities or blue sky law, or (iii) the Charter Documents.

(k) Transfer Restrictions. There are no restrictions on the transfer of capital stock of Company imposed by (i) the Charter Documents, (ii) any agreement to which Company is a party (other than those agreements expressly contemplated by this Agreement), or (iii) any law or order of any court or governmental agency to which Company is subject, other than those imposed by relevant state and federal securities laws.

(n) [Applicable only to a publicly-traded company:] SEC Reports. Company has filed all reports, proxy statements, registration statements, prospectuses and other documents (the "*SEC Reports*") required to be filed by Company when due in accordance with the Securities and Exchange Act of 1934, as amended (the "*Exchange Act*") or the Securities Act. As of their respective dates, (i) the SEC Reports complied with all applicable requirements of the Exchange Act or the Securities Act, as the case may be, and (ii) none of the SEC Reports contained any untrue statement of a material fact or omitted to state a material fact required to be stated or incorporated by reference in such SEC Report or necessary in order to make the statements in such SEC Reports, in light of the circumstances under which they were made, not misleading.

(o) Transaction Documents. Company is in compliance with the terms of each of the Transaction Documents, as each is in effect on the Effective Date.

(p) Related Party Transactions. [Applicable only to a publicly-traded company:] Except as disclosed in Company's Form 10-K for the period(s) ending [REDACTED], 200 [REDACTED] and Form 10-Q(s) for the period(s) ending [REDACTED], 200 [REDACTED], there are no agreements, understandings or proposed transactions between Company and any of its officers, directors or other "affiliates" (as defined in Rule 405 promulgated under the Securities Act).

(q) No Broker. No finder, broker, agent, financial adviser, or other intermediary has acted on behalf of Company in connection with the offering or sale of the Shares or the negotiation or consummation of this Agreement or any of the transactions contemplated by this Agreement.

(r) Full Disclosure. Company has provided Drexel with all of the information that Drexel has requested for deciding whether to purchase the Shares. None of the Transaction Documents nor any other disclosures, documents or certificates made or delivered by Company in connection with the Transaction Documents, as of Effective Date or their effective dates, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements in this Agreement or in the Transaction Documents not misleading.

2.2 Covenants of Company. Company covenants to Drexel as follows:

(a) Corporate Existence. Company will maintain its corporate existence and qualification and make no material change (directly or through subsidiaries) in the present nature of its business. Company will not amend its Charter Documents without the prior written consent of Drexel, if such amendment would adversely affect the rights of Drexel as a stockholder of Company, other than the creation or designation of one or more series or classes of preferred stock for future issuance to investors in arms length financings for cash approved by the board of directors of Company (collectively, "*Preferred Investors*").

(b) Rule 144 Compliance. With a view to making available the benefits of certain rules and regulations of the Securities and Exchange Commission ("*SEC*") which may at any time permit the sale of the Shares to the public without registration after the initial public offering, Company agrees to (i) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, (ii) use Company's best efforts to file with the SEC in a timely manner all reports and other documents required of Company under the Securities Act and the Exchange Act and (iii) use Company's best efforts to satisfy the requirements of Rule 144, the Securities Act and the Exchange Act and all related rules and regulations promulgated thereunder.

(c) Information Rights. Company will share with Drexel University's Entrepreneurship and Technology Commercialization Office ("*ETCO*") all information necessary to monitor its investment in Company, including, but not limited to, reports, financial documents and transactions provided to Company's board of directors or Company's executive committee of its board of directors, monthly financial statements, annual financial statements, budget prior to the beginning of Company's fiscal year, and full access, upon reasonable notice, to all of the books, financial records and properties of Company and to all officers and employees of Company; provided that (i) ETCO will hold all information confidential and not use any information for any purpose other than with respect to Drexel's investment in Company, and (ii) information may be subject to exclusion from ETCO as necessary to preserve attorney-client privilege with respect to pending or threatened litigation.

(d) Board Procedures. Company will hold not less than four (4) meetings of the board of directors during each fiscal year. Company will cause the shareholders of Company to elect at least one (1) director who is independent and is not an employee, officer or investor in Company.

2.3 Representations and Warranties of Drexel. Drexel represents and warrants to Company as follows:

(a) Investment Intent. Drexel is purchasing the Shares for its own account for investment and not with a view toward resale or distribution of all or any portion of the Shares. Drexel has been advised and is aware that there is no public market for the Shares and it is not likely that any public market will develop. Drexel will not sell or otherwise dispose of all or any portion of the Shares unless such Shares are registered under the Securities Act and applicable state securities laws or in a transaction exempt from registration under the Securities Act and applicable state securities laws.

(b) Information Concerning Company. Drexel has had the opportunity to discuss with officers and directors of Company the plans, operations and financial condition of Company and has received all the information that Drexel has deemed necessary and appropriate to enable it to evaluate the financial risk inherent in making an investment in the Shares.

(c) Economic Risk. Drexel is able, without impairing its financial condition, to hold the Shares for an indefinite period of time and to suffer a complete loss of Drexel's investment.

(d) No Broker. No finder, broker, agent, financial advisor or other intermediary has acted on behalf of Drexel in connection with the offering or sale of the Shares or the negotiation or consummation of this Agreement or any of the transactions contemplated by this Agreement.

2.4 Acknowledgments of Drexel. Drexel acknowledges to Company that the Shares have not been registered under the Securities Act and are characterized as "restricted securities" under the Securities Act and applicable regulations. Drexel further acknowledges that the Shares have not been registered under the Pennsylvania state securities laws, as amended, and are being offered and will be issued and sold in reliance upon an exemption afforded under such laws.

### 3. **OTHER RIGHTS AND RESTRICTIONS**

3.1 Transfer Restrictions. The Shares are subject to the restrictions on transfer set forth in the Stockholders Agreement.

3.2 Rescission Right. The Shares may be deemed a "security" within the meaning of the Pennsylvania Securities Act, as amended, and the regulations promulgated under such act (the "*Pa. Act*") and will be issued to Company on the basis of a valid exemption from registration under the Pa. Act. If Drexel desires to withdraw Drexel's acceptance of the offer to purchase Shares made hereunder in accordance with the Pa. Act, then Drexel must cause a written notice of Drexel's intention to withdraw to be received by Company in one of the manners set forth in Section 5.3 within two (2) business days from the date this Agreement is executed and delivered by Drexel to Company.

3.3 Registration Rights. The registration rights provided to Drexel by Company under this Agreement with respect to the Shares are set forth in *Exhibit C* to this Agreement.

3.4 Redemption of Shares. From and after the occurrence of a Trigger Event (as defined below) and subject to the limitations set forth in this Section 3.4, Drexel may require Company to purchase all or such portion of the Shares (the "*Redeemed Shares*") as Drexel may specify ("*Redemption Rights*") at the per share price set forth below. Drexel may exercise its Redemption Rights by providing written notice (the "*Redemption Notice*") of its desire to do so to Company. The term "*Redemption Price*" means the higher of (a) [REDACTED] Dollars (\$ [REDACTED]) per share of Company's Common Stock, subject to equitable adjustment after the Effective Date, or (b) the fair market value per share of Company's Common Stock as of the date the Redemption Notice is received by Company as determined by an Appraisal (as defined in Exhibit D) pursuant to the procedures set forth in *Exhibit D*. The term "*Trigger Event*" means the occurrence of any of the following: (i) a material default by Company under any of the

Transaction Documents that is not cured during any specified cure periods; (ii) Company (A) becomes insolvent, bankrupt or generally fails to pay its debts as such debts become due, (B) is adjudicated insolvent or bankrupt, (C) admits in writing its inability to pay its debts, (D) suffers the appointment of a custodian, receiver or trustee for it or substantially all of its property to be appointed and, if appointed without its consent, not discharged within thirty (30) days, (E) makes an assignment for the benefit of creditors or (F) suffers proceedings under any law related to bankruptcy, insolvency, liquidation or the reorganization, readjustment or the release of debtors to be instituted against it and, if contested by it, not dismissed or stayed within ten (10) days; (iii) any proceeding under any law related to bankruptcy, insolvency, liquidation, or the reorganization, readjustment or release of debtors is instituted or commenced by Company; (iv) the entering of any order for relief relating to any of the proceedings described in Sections 3.4(ii) or (iii) above; (v) the calling by Company of a meeting of its creditors with a view to arranging a workout or adjustment of its debts; (vi) the act or failure to act by Company indicating its consent to, approval of or acquiescence in any of the proceedings described in Sections 3.4(ii) – (v) above; or (vii) the [REDACTED] anniversary of the Effective Date. Drexel acknowledges that the redemption rights in this Section 3.4 will not restrict Company from granting other redemption rights in favor of Preferred Investors.

3.5 Redemption Closing. At a closing, in exchange for the Redeemed Shares, Company will make payment to Drexel of an amount equal to the Redemption Price multiplied by the number of Redeemed Shares (the "*Aggregate Redemption Amount*") then being redeemed by Drexel. If the Trigger Event is caused by an occurrence described in Sections 3.4(i) - (vi), then all Redeemed Shares pursuant to Section 3.4 will be transferred, and the Aggregate Redemption Amount for such Redeemed Shares will be paid, at a closing to be held within thirty (30) days of the date Company received the Redemption Notice, or in the case of an Appraisal, within fifteen (15) days after a final Appraisal has been delivered to Company and Drexel as set forth in *Exhibit D*. If the Trigger Event is caused by an occurrence described in Section 3.4(vii), then all Redeemed Shares pursuant to Section 3.4 will be transferred, and the Aggregate Redemption Amount for such Redeemed Shares will be paid, in two (2) equal installments at two (2) consecutive annual closings. The first such closing will be held within thirty (30) days of the date Company received the Redemption Notice, or in the case of an Appraisal, within fifteen (15) days after a final Appraisal has been delivered to Company and Drexel as set forth in *Exhibit D*, and the second such closing will be held on the same date the following year. All payments of the Aggregate Redemption Amount will be by certified bank check or wire transfer of same day funds and will not be deemed made until received by Drexel.

3.6 Participation Rights. If Company proposes to issue, sell or exchange any additional shares of Common Stock or other capital stock of Company ("*Offered Shares*"), then Company will first deliver to Drexel a written offer to sell ("*Offer*") the Offered Shares to Drexel. The Offer will specify the price and the terms and conditions of the sale and shall be irrevocable for a period of fifteen (15) days from the date the Offer is given to Drexel (the "*Offer Period*"). Drexel, its assignee(s) or its designee(s) will have the right to purchase up to such number of shares of Common Stock, as will cause Drexel and its assignee(s) or designee(s) to own collectively shares of Common Stock representing at least [REDACTED] percent ([REDACTED]%) of the outstanding shares of the capital stock of Company on a fully diluted basis, assuming the exercise, conversion and exchange of all outstanding securities of Company for or into shares of Common Stock. Drexel, its assignee(s) or its designee(s) may exercise such right to purchase



any portion of Offered Shares by giving written notice to Company within the Offer Period setting forth the percentage of the Offered Shares that Drexel its assignee(s) or its designee(s) elects to purchase ("*Notice of Acceptance*"). If at the end of the Offer Period, Drexel, its assignee(s) and/or its designee(s) elects to purchase less than all of the Offered Shares, then the Company may issue, sell or exchange those Offered Shares for which no Notice of Acceptance was received. However, such issuance, sale or exchange must be on the same terms and conditions as the Offer. No additional shares of Common Stock of Company shall be issued, sold or exchanged, offered for sale or exchange, or reserved or set aside for issuance unless and until Company has complied with the requirements of this Section 3.6.

#### 4. INDEMNIFICATION

4.1 Indemnification by Company. Company will indemnify, defend and hold Drexel harmless from and against all losses and claims resulting from or arising out of (a) any misstatement in or omission from any of the representations or warranties of Company contained in this Agreement and (b) the failure of Company to perform any of its obligations under or comply with any of its covenants contained in this Agreement.

4.2 Notice of Indemnification. In the event any legal proceeding is instituted or any claim or demand is asserted by any person in respect of which payment may be sought by Drexel from Company, Drexel will promptly provide to Company written notice of the commencement of such legal proceeding or the assertion of any such claim or demand. Failure of Drexel to give Company notice promptly as provided in this Section will not relieve Company of its obligations under this Article 4 except to the extent that the Company was prejudiced by such failure.

#### 5. ADDITIONAL PROVISIONS

5.1 Survival. All agreements, representations and warranties contained in this Agreement will survive the execution and delivery of this Agreement, any investigation at any time made, the sale and purchase of the Shares, and any disposition of the Shares. All statements contained in a certificate or other instrument executed and delivered by Company or Company's duly authorized officers pursuant to this Agreement or in connection with the transactions contemplated by this Agreement will constitute additional representations and warranties by Company under this Agreement.

5.2 Dispute Resolution and Governing Law. This Agreement will be governed by and interpreted under the laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflicts of law of any jurisdiction. The parties will use reasonable efforts to resolve amicably any disputes that may relate to or arise under this Agreement. If the parties are unable to resolve amicably a dispute, then the parties hereby submit to the exclusive jurisdiction of and venue in the state and federal courts located in the Eastern District of the Commonwealth of Pennsylvania with respect to any and all disputes concerning the subject of, or arising out of, this Agreement.

5.3 Notices. Any notice or other communications required in connection with this Agreement must be in writing, addressed to the party's respective notice address listed on the signature page, and delivered: (a) personally; (b) by certified or registered mail, postage prepaid



return, return receipt requested; (c) by recognized overnight courier service, charges prepaid; or (d) by facsimile. A notice will be deemed received: if delivered personally, on the date of delivery; if mailed, five (5) days after deposit in the United States mail; if sent via overnight courier, one (1) day after deposit with the courier service; or if sent via facsimile, upon receipt of confirmation of transmission provided that a confirming copy of such notice is sent promptly by certified mail, postage prepaid, return receipt requested. A party's respective notice address listed on the signature page shall be deemed to be its notice address unless it notifies the other party in writing of a change to such address.

5.4 No Waiver. No waiver of any breach or condition of this Agreement shall be deemed to be a waiver of any other or subsequent breach or condition, whether of like or different nature.

5.5 Binding Nature of Agreement and Assignment. All of the terms and provisions of this Agreement will be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties. This Agreement may not be changed, modified, extended or terminated except by a written amendment executed by an authorized representative of each party. Company may not assign this Agreement or any part of it, either directly or by merger or operation of law, without the prior written consent of Drexel. Drexel will not unreasonably withhold or delay its consent, provided that (a) at least thirty (30) days before the proposed transaction, Company gives Drexel written notice and such background information as may be reasonably necessary to enable Drexel to give an informed consent and (b) the assignee agrees in writing to be legally bound by this Agreement. Any permitted assignment will not relieve Company of responsibility for performance of any obligation of Company that has accrued at the time of the assignment. Any prohibited assignment will be null and void.

5.6 Counterparts, Headings and Exhibits. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. The headings used in this Agreement are for convenience only and are not to be considered in construing or interpreting any term or provision of this Agreement. All Schedules and Exhibits to this Agreement are hereby incorporated in this Agreement and made a part of this Agreement.

5.7 Integration. This Agreement and the other Transaction Documents supersede all prior agreements and understandings relating to the subject matter of this Agreement or of the other Transaction Documents and set forth the entire understanding among the parties with respect to such subject matter.

5.8 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable by a court of competent jurisdiction, then the remaining provisions of this Agreement will remain in full force and effect. Such illegal, invalid or unenforceable provision will be automatically revised to be a legal, valid or enforceable provision that as nearly approximates the parties' original intent as is permitted by law.

5.9 Number of Days. In computing the number of days for purposes of this Agreement, all days will be counted, including Saturdays, Sundays and holidays. However, if

the final day of any time period falls on a Saturday, Sunday or holiday on which federal banks are or may elect to be closed, then the final day will be deemed to be the next day which is not a Saturday, Sunday or such holiday.

*[SIGNATURE PAGE FOLLOWS]*

DREXEL UNIVERSITY

**IN WITNESS WHEREOF**, the parties hereto have executed this Stock Purchase Agreement as of the Effective Date.

**DREXEL UNIVERSITY:**

**COMPANY:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Address: Drexel University  
Office of Technology Commercialization  
3711 Market Street, Ste. 750  
Philadelphia, PA 19104  
Attention: Executive Director

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Required copy to: Drexel University  
Office of General Counsel  
3201 Arch Street, Suite 310  
Philadelphia, PA 19104  
Attention: General Counsel

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

DREXEL UNIVERSITY

## INDEX OF EXHIBITS AND SCHEDULES

- Exhibit A - Capitalization of Company
- Exhibit B - Articles of Incorporation, Certificate(s) of Designation of Company and Bylaws
- Exhibit C - Registration Rights
- Exhibit D - Valuation Procedure

DREXEL UNIVERSITY

## EXHIBIT A

### CAPITALIZATION OF COMPANY

I. CAPITALIZATION TABLE. Reflecting capitalization of Company upon consummation of the closing

HOLDER	COMMON STOCK	% OF CLASS	SERIES OF PREFERRED STOCK**	% OF CLASS	TOTAL ISSUED & OUTSTANDING	% OF TOTAL ISSUED & OUTSTANDING	OPTIONS AND WARRANTS	TOTAL FULLY DILUTED	% OF FULLY DILUTED
Founder(s)									
Venture Fund(s)									
Drexel									
Professor(s)									
Option Plan									
Warrants									
5% Plus Holders*									
TOTAL									

\* To the extent not disclosed in one of the rows above.

\*\* Specify series.

II. OTHER SECURITIES

Upon the consummation of the Closing, except as listed above, there will be no other securities of Company issued and outstanding and no other commitments of Company to issue securities.

**EXHIBIT B**

**CERTIFICATE OF INCORPORATION, CERTIFICATE(S)  
OF DESIGNATION OF COMPANY AND BYLAWS**

DREXEL UNIVERSITY



## EXHIBIT C

### REGISTRATION RIGHTS

#### 1. Piggyback Registration.

(a) Notice. Company will give each holder of Registrable Securities (as defined below) prompt prior written notice if Company decides to register any of its Common Stock under the Securities Act for its own account or the account of other security holders (other than a registration relating to employee benefit plans). Within thirty (30) days after receipt of such notice, any holder of Registrable Securities interested in participating in the registration will provide to Company written notice stating the number of shares of Registrable Securities it wishes to be registered. Company will use its best efforts to include in such registration all of the Registrable Securities specified in the written request, subject to any limitations described in Section 1(b) below.

(b) Underwriting. In its notice to holders of Registrable Securities, Company will inform the holders whether the proposed registration is intended to be an underwritten public offering. If the managing underwriter of such a proposed registration of Company's securities informs Company in writing that the number of securities to be sold under such registration statement is greater than the number of securities that can be offered without adversely affecting the offering, then Company will reduce on a pro rata basis the number of shares offered for the accounts of holders of Company's Common Stock (based upon the number of shares proposed to be sold pursuant to such registration statement by each such holder) to a number deemed satisfactory by such managing underwriter. In the event of such a limitation, (i) Company will not include in the registration Shares of persons who do not have registration rights, unless all Registrable Securities requested to be included in the registration have been included and (ii) Registrable Securities will be included in any over-allotment option granted to the underwriters before inclusion of any Shares from Company. No agreement of Company shall permit any person other than Company or holders of Registrable Securities to participate in any registration under this Section 1, except on the basis that any offering limitation either applies only to such other persons or is apportioned according to the number of shares of Common Stock (including Registrable Securities) held by each participant (including holders of Registrable Securities).

(c) Definition. The term "*Registrable Securities*" means the Shares, any shares of Common Stock or other capital stock of Company received by the holders of Shares as a stock dividend, stock split, merger, recapitalization or other distribution with respect to such Shares and any other shares of the capital stock of Company now owned or hereafter acquired by the holder of Shares.

2. Form S-3 Registration. Subject to the limitations described below, if at any time Company is eligible to use Form S-3 (or any successor form) for registration of its securities, any holder of Registrable Securities may request that Company file a registration statement on Form S-3 (or any successor form) for a public sale of all or any portion of the Registrable Securities beneficially owned by it. The written notice to Company must state the number of Registrable Securities proposed to be sold by the holder and the intended method of disposition. Upon receiving such request, Company will (i) promptly give written notice of the proposed

registration to all other holders of Registrable Securities, which notice will provide such other holders thirty (30) days to request inclusion of all or a portion of their Registrable Securities in the proposed registration, (ii) use its best efforts to promptly file a registration statement on Form S-3 (or any successor form) to register under the Securities Act for public sale in accordance with the method of disposition specified in such requests, the number of shares of Registrable Securities specified in such requests, and (iii) otherwise carry out the actions specified in Section 3 below. Company will not be obligated to effect more than two (2) such registrations in any twelve-month period and shall not be required to effect a registration of less than One Million Dollars (\$1,000,000) in value of capital stock of Company.

3. Registration Procedures and Expenses.

(a) Registration Procedures. If and whenever Company is under an obligation pursuant to this Section 3 to effect or use Company's best efforts to effect a registration of any Registrable Securities, Company shall use its best efforts to: (i) prepare and file with the SEC as soon as reasonably practicable, a registration statement with respect to the Registrable Securities and cause such registration to promptly become and remain effective for a period of at least one hundred eighty (180) days after the registration statement has become effective (or such shorter period during which holders shall have sold all Registrable Securities that they requested to be registered); (ii) register and qualify the Registrable Securities covered by such registration statement under applicable state securities laws as the holders will reasonably request for the distribution of the Registrable Securities; (iii) provide a transfer agent for the Common Stock no later than the effective date of the first registration of any Registrable Securities; (iv) list such Registrable Securities on any national securities exchange or any of The Nasdaq Stock Market's markets, or if the Common Stock is unable to be so listed, qualify the Registrable Securities for inclusion on any other automated quotation system of the National Association of Securities Dealers, Inc.; and (v) take such other actions as are reasonable or necessary to comply with the requirements of the Securities Act and the regulations thereunder, or the reasonable request of any holder, with respect to the registration and distribution of the Registrable Securities.

(b) Registration Expenses. Company will bear all expenses incurred in connection with the registrations under this Exhibit C (including all registration, filing, listing, qualification, printer's and accounting fees and the reasonable fees of counsel for the holders, but excluding underwriting commissions and discounts).

(c) No Qualification Required. Company is not obligated to effect registration or qualification under this Section 3 in any jurisdiction requiring Company to qualify to do business (unless Company is otherwise required to be so qualified) or to execute a general consent to service of process.

4. Holdback Agreement. If requested in writing by Company and the managing underwriter of an underwritten registered public offering by Company of its Common Stock, Drexel will agree not to publicly transfer, or otherwise dispose publicly of, any shares of Registrable Securities (other than those shares of Common Stock included in such registration) for a period (designated by Company in writing to the holders of shares of Registrable Securities) that will not begin more than ten (10) days prior to the effectiveness of the registration statement and will not last more than ninety (90) days after the effective date of such

registration statement. Drexel will not be obligated to refrain from any of the foregoing (i) for a period that is greater than the minimum period required of any executive officer or director of Company or person holding or having the right or option to acquire equity securities representing more than five percent (5%) of the equity securities of Company or (ii) if any such person is not so required.

5. Furnishing of Documents and Information.

(a) Company. At the request of any participating holder, Company will furnish to each underwriter, if any, and participating holders, a legal opinion of its counsel and a "cold comfort" letter from its independent certified public accountants, each in customary form and substance, at such time or times as such documents are customarily provided in the type of offering involved. As expeditiously as possible, Company shall furnish to each participating holder such reasonable numbers of copies of the prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as the participating holder may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by the participating holders. Company shall promptly notify each holder of Registrable Securities covered by any registration statement of any event that results in the prospectus included in such registration statement, as then in effect, containing an untrue statement of a material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

(b) Drexel. Drexel will furnish to Company or its underwriters such information as they reasonably request and as is reasonably required in connection with any registration, qualification or compliance referred to under the provisions of this *Exhibit C*.

6. Indemnification and Contribution.

(a) By Company. In the event of a registration of any of the Registrable Securities under the Securities Act pursuant to this Agreement, Company will indemnify and hold harmless Drexel and its trustees, officers, faculty, agents, employees and students (each, a "Drexel Indemnified Party") from and against any losses, claims, damages or liabilities, joint or several, to which any may become subject under the Securities Act, Exchange Act or otherwise, arising out of or based upon: (i) any untrue statement (or alleged untrue statement) of any material fact contained in any registration statement under which such Registrable Securities were registered, or any preliminary or final prospectus contained in such registration statement (as such prospectuses may be amended or supplemented); or (ii) the omission (or alleged omission) to state in any such registration statement or prospectuses a material fact required to be stated in such documents or necessary to make the statements in such documents, in light of the circumstances in which they were made, not misleading. Company will reimburse any such Drexel Indemnified Party for any legal or other expenses reasonably incurred by such Drexel Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability or action; provided that Company will not be liable in any such case if and to the extent that any such loss, claim, damage, expense, liability or action arises out of or is based upon an untrue statement (or alleged untrue statement) or omission (or alleged omission) so made in

conformity with information furnished by such Drexel Indemnified Party in writing specifically for use in such registration statement or prospectus.

(b) By Drexel. In the event of a registration of any of the Registrable Securities under the Securities Act pursuant to this Agreement, Drexel will indemnify and hold harmless Company, each person who controls Company within the meaning of the Securities Act, and each officer of Company who signs the registration statement, director of Company, underwriter and person who controls any underwriter within the meaning of the Securities Act (each, a "*Company Indemnified Party*"), from and against any losses, claims, damages or liabilities, joint or several, to which any may become subject under the Securities Act or otherwise, arising out of or based upon: (i) any untrue statement (or alleged untrue statement) of any material fact contained in any registration statement under which such Registrable Securities were registered, or any preliminary or final prospectus contained in such registration statement (as such prospectuses may be amended or supplemented); or (ii) the omission (or alleged omission) to state in any such registration statement or prospectuses a material fact required to be stated in such documents or necessary to make the statements in such documents, in light of the circumstances in which they were made, not misleading. Drexel will reimburse any such Company Indemnified Party for any legal or other expenses reasonably incurred by such Company Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability or action; provided that Drexel will be liable in any such case if and only to the extent that any such loss, claim, damage, expense, liability or action arises out of or is based upon an untrue statement (or alleged untrue statement) or omission (or alleged omission) made in reliance upon and in conformity with information pertaining to Drexel, as such was furnished in writing to Company by Drexel specifically for use in such registration statement or prospectus. In no event will the aggregate liability of Drexel to all Company Identified Parties under this Section 6(b) exceed the amount of the net proceeds received by Drexel from the sale of Registrable Securities covered by such registration statement.

(c) Procedure. Each party entitled to indemnification under this Section (whether a Drexel Indemnified Party or a Company Indemnified Party, referred to collectively as an "*Indemnified Party*") will give notice to the party or parties required to provide indemnification (the "*Indemnifying Party*") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought. To the extent that there are no conflicts of interest between the parties as described immediately below, the Indemnified Party will permit the Indemnifying Party to participate in, and at the Indemnifying Party's option, to assume the defense of such claim or litigation; provided that counsel for the Indemnifying Party, who will conduct the defense of such claim or litigation, will be approved by the Indemnified Party (such approval not to be unreasonably withheld). The Indemnified Party may participate in such defense at such party's expense. However, if the defendants in any such action include both the Indemnified Party and the Indemnifying Party and the Indemnified Party reasonably concludes that there may be reasonable defenses available to the Indemnified Party that are different from or additional to those available to the Indemnifying Party or if the interests of the Indemnified Party reasonably may be deemed to conflict with the interests of the Indemnifying Party, then the Indemnified Party will have the right to select a separate counsel and to assume such legal defenses and otherwise to participate in the defense of such action, with the expenses and fees of such separate counsel and other expenses related to such participation to be reimbursed by the Indemnifying Party as incurred. The failure of any Indemnified Party to give

notice as provided above will not relieve the Indemnifying Party of its obligations under this Section 6, to the extent such failure is not prejudicial to the Indemnifying Party. No Indemnifying Party, in the defense of any such claim or litigation, will, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement that does not include as an unconditional term the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party will furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as will be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(d) Contribution. If the indemnification provided for in this Section 6 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage, or expense, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party, will contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party will be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission. However, notwithstanding the foregoing, (i) in no case will any holder of Registrable Securities be required to contribute any amount if it has no relative fault for the action giving rise to such losses, claims, damages, expenses or liabilities or, in any other case, be required to contribute any amount in excess of the total public offering price of the Registrable Securities sold by it and (ii) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

7. Changes in Common Stock. If, and as often as, there is any change in the Common Stock by way of a stock split, stock dividend, combination or reclassification, or through a merger, consolidation, reorganization or recapitalization, or by any other means, then appropriate adjustment will be made in the provisions of this Exhibit C so that the rights and privileges granted in this Exhibit C will continue with respect to the Common Stock constituting the Shares as so changed.

8. Preparation of Registration Statements. Whenever Company is registering any Common Stock under the Securities Act and a holder of Registrable Securities is selling any securities under such registration or determines that it may be a controlling person under such Securities Act, Company will allow such holder and its counsel to participate in the preparation of the registration statement, will include in the registration statement such information as such holder may reasonably request and will take all such other action as such holder may reasonably request.

9. Transferability of Registration Rights. The registration rights described in this *Exhibit C* are freely transferable by the holders of Registrable Securities to any person to whom such holder transfers Registrable Securities.

DREXEL UNIVERSITY



## EXHIBIT D

### VALUATION PROCEDURE

Within ten (10) days after Company, pursuant to Section 3.4 of this Agreement, receives the Redemption Notice, Company and Drexel will attempt to agree upon the selection of a disinterested independent qualified investment banking firm or other disinterested independent qualified appraiser (the "*Appraiser*") to determine the Redemption Price. If the parties are able to agree upon an Appraiser, then such Appraiser will be instructed to furnish a written valuation or appraisal (an "*Appraisal*") within thirty (30) days after its selection. If the parties are unable to agree upon the selection of an Appraiser within a ten (10) day period, then Drexel and Company will, within five (5) days after the end of such ten (10) day period, each select an Appraiser to determine the Redemption Price. If either Drexel or Company fails to so select an Appraiser, then the Appraisal of the Appraiser selected by the other shall determine the Redemption Price. If the higher of the two Appraisals is not more than one hundred ten percent (110%) of the lower Appraisal, then the Redemption Price will be the arithmetic average of the two Appraisals. If the higher of the two Appraisals is equal to or greater than one hundred ten percent (110%) of the lower Appraisal, then the two Appraisers shall, within ten (10) days after the issuance of their respective reports, select a third Appraiser to determine the Redemption Price. The third Appraiser will be instructed to issue a written Appraisal within thirty (30) days after this selection. The third Appraisal will be arithmetically averaged with the two Appraisals, and the Appraisal furthest from the average of all three Appraisals will be disregarded. The arithmetic average of the two remaining Appraisals will be the Redemption Price.

Each Appraiser engaged to provide an Appraisal will be instructed (i) to include in the Appraisal a statement of the criteria applied and assumptions made to determine the Redemption Price, (ii) to arrive at a single calculation of the Redemption Price rather than alternative calculations or a range of calculations, and (iii) not to attribute a premium or discount based on the fact that the Shares being valued constitutes a majority or less than a majority of the total issued and outstanding Shares of Company. Any Appraisal by an Appraiser that fails to follow the instructions set forth in this *Exhibit D* will not constitute an Appraisal for purposes of this Agreement; except that the failure of an Appraiser to complete an Appraisal within thirty (30) days as instructed will not affect the validity of such Appraiser's Appraisal. The expenses of all Appraisals will be borne by Company.