

UNIVERSITY OF CALIFORNIA

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SANTA BARBARA • SANTA CRUZ

OFFICE OF THE SENIOR VICE-PRESIDENT—  
BUSINESS AND FINANCE

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October 16, 1996

Marshall A. Lichtman, MD  
Executive Vice President for Research and Medical Programs  
Leukemia Society of America, Inc.  
600 Third Avenue  
New York, NY 10016

RE: Leukemia Society of America, Inc.  
Patent and Intellectual Property Policy dated 4/96

Dear Dr. Lichtman:

Thank you for your letter of September 17, 1996 responding to my proposed royalty sharing understandings with the University of California. In your letter, you indicated the proposed understandings would be acceptable to the Leukemia Society subject to the University's assurance that all research sponsoring agencies have the same policies applied to them by the University, the \$500,000 floor includes the expenses and distributions as outlined in my letter of August 2, 1996, and our understanding that the Society may change its agreement with this policy at any time.

The University of California receives research support from literally thousands of non-profit, commercial and governmental institutions. These agreements are continually changing and the circumstances for each vary widely. The University of California cannot ensure that all sponsoring agencies have the same terms as those offered to the Society. It is not University Policy to share royalties with sponsors of research and we have agreed to do so in limited circumstances with a handful of sponsors on an exception basis. The terms offered to the Society are the most favorable terms the University can offer and still pursue patents and commercialize the resulting technology. Less favorable terms provide unacceptable levels of risk for the University and, as a result, we cannot effectively transfer technology for public use and benefit. We believe this would defeat the objectives of both the Society and the University. Thus, we appreciate your acceptance of the terms as stated.

To clarify the \$500,000 floor for sharing, for each invention funded by the Society, we would determine the proportion of Society support for the research that led to the invention and apply this

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percentage to net income retained by the University. The University would share this proportion of royalties with the Society when net income exceeds \$500,000.

We recognize that the Society may wish to change this agreement and understanding at any time. We appreciate your offer to address any future changes to this agreement prospectively so that existing awards would not be affected.

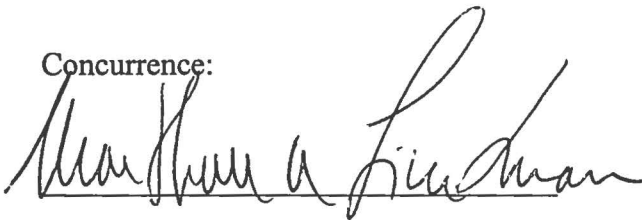
I hope this clarifies the issues you raised in an acceptable manner. If so, please indicate your concurrence below. We look forward to a positive and productive partnership between our two organizations.

Sincerely,



Catherine Whenmouth  
Campus Liaison Officer

Concurrence:



Marshall A. Lichtman, MD  
Executive Vice President for Research and Medical Programs