

POLICY STATEMENT

University of Georgia Research Foundation, Inc. Policy on Equity Acquisition in Licensing

I. Introduction

Through the work of the Technology Commercialization Office (“TCO”), the University of Georgia Research Foundation, Inc. (“UGARF”) occasionally has the opportunity to acquire equity in companies as consideration for a license agreement. Young companies in particular often do not have the requisite cash reserves to compete with an established company for rights to intellectual property owned by UGARF. An offering of equity is a means of enabling otherwise qualified small companies to license intellectual property from UGARF. However, UGARF’s acceptance of equity raises two concerns: risk and conflicts of interest and conflicts of commitment.

Risk is an issue because, at the time UGARF would receive equity in a young company,

Director of TCO, the UGARF Investment

licensee company, then the Executive Vice President of UGARF has the authority to effectuate UGARF's vote on that issue, taking into consideration the recommendation of the Director of TCO and after obtaining the approval of the Treasurer of UGARF.

- H. UGARF shall determine and distribute the shares or cash proceeds, upon conversion of equity to cash, to be distributed to any inventors, authors, or creators according to the memoranda of understanding between UGARF and the Board of Regents of the University System of Georgia and the University of Georgia Intellectual Property Policy, taking into account the distributions, if any, already made to inventors, authors, or creators pursuant to Section F, above, and deducting for expenses incurred by UGARF by reason of its ownership or administration of the intellectual property.
- I. UGARF may dispose of equity acquired pursuant to this Policy as determined by the Treasurer of UGARF, based on recommendation of the UGARF Investment Committee and UGARF's external investment consultant and taking into consideration stipulations or requirements resulting from any Initial Public Offering by the licensee company. At each regular meeting of the Board of Directors of UGARF, the Treasurer of