The University of Chicago License Revenue Sharing Policy

Revised July 1, 2025

Background

This policy describes how the University of Chicago distributes money it receives from licensing its intellectual property and proprietary tangible and intangible materials to companies. Intellectual property may include patents covering, for example, advanced materials, cancer drugs, or diagnostic instruments, or copyrightable works of authorship, such as software or educational material. Tangible and intangible materials, such as monoclonal antibodies and databases used for research, also may be licensed. The University, through its Polsky Center for Entrepreneurship and Innovation ("Polsky Center") partners with commercial entities qualified to undertake product development, testing (such as through clinical trials) and manufacturing to increase the impact of inventions, discoveries, and other University intellectual property beyond the scholarly community.

When the University receives revenue from licensing inventions that are the subject of a patent application or patent, the University shares a portion of this revenue with the inventors. The University also distributes a portion of the revenue to the inventors' laboratories. The inventors' division may receive a share of license income depending on the Polsky Center's financial performance during the fiscal year in which the payment was received. For licensed property not covered by a patent application or patent, the individuals involved in its creation may choose whether to receive a personal share of the revenue or redirect revenue to a designated University laboratory.

The sharing of revenue is described in detail following the definitions of terms below.

Definitions

"Division" means a University unit that is headed by a dean or director that directly reports to the Office of the Provost. For the purposes of this policy, the Marine Biological Laboratory and the University of Chicago Medical Center are considered Divisions.

"IP Administration Costs" means the Polsky Center's expenses attributable to patenting, marketing, licensing, and managing the University's intellectual property portfolio and supporting startup companies based on University intellectual property, including personnel salaries and benefits.

"Laboratory" means, as applicable, an organized (a) project or program involving research at the University of Chicago or one of its Divisions under the supervision of a principal investigator or (b) a staff department or other similar unit.

"Legal Costs" means external legal and governmental fees and expenses incurred by the University in procuring, defending, licensing, maintaining, and enforcing intellectual property.

"License Agreement" means an agreement under which Licensed Property is licensed to a party external to the University, including: (1) an original license agreement, (2) any restatements of the license agreement, (3) any new related license agreements executed in conjunction with a licensee's merger or acquisition, and (4) any related sublicenses that are converted to license agreements, in each case including any amendments.

"Licensed Property" means the following types of property licensed in a License Agreement: (1) inventions covered by a patent application or patent; (2) copyrightable works of authorship for which the University asserts ownership rights; and (3) tangible or intangible property created or obtained with the substantial aid of the University's facilities or funds administered by the University and for which the inventors or creators are, or were at the time of the Licensed Property's creation, University of Chicago employees, postdoctoral scholars or fellows, students or others who have assigned or have an obligation to assign their rights in the property to the University or who have created property for which the rights otherwise vest in the University.

"License Revenue" means the revenue received by the University through a License Agreement granting specified rights to Licensed Property to a party external to the University, including but not limited to license payments, sublicense payments, royalties, success fee payments, license maintenance fee payments, milestone payments, and any cash income received by the University through liquidation of equity received as part of a licensing transaction. (See the attached Equity Policy.) For the purposes of this policy, License Revenue excludes reimbursement for Legal Costs and research funding received by the

University. License Revenue also excludes funds received from another research institution under a material transfer agreement managed by University Research Administration.

"Net License Revenue" means License Revenue less disbursements and unreimbursed expenses related to the Licensed Property. Such disbursements may include, for example, amounts owed (1) to sponsors of the research leading to the Licensed Property, as specified in a research agreement, (2) to co-owners, such as academic collaborators' institutions, or (3) for external services for the marketing or distribution of the Licensed Properties, such as materials repositories. Unreimbursed expenses may include, for example, external costs for royalty audits or Legal Costs that have not been reimbursed by a licensee.

Personal Share

Allocation Calculation

If the cumulative License Revenue received by the University from a License Agreement is less than three million dollars ($3,000,000) and the License Agreement was executed on or after July 1, 2025, then thirty percent (30%) of Net License Revenue is allocated among the individuals entitled to receive a personal share under this policy. Otherwise, the amount allocated among these individuals is twenty-five percent (25%) of Net License Revenue.

Personal Share Determination

Individuals entitled to a personal share are,

(1) for inventions covered by a patent application or patent, the inventor(s) of the work under the U.S. patent laws,
(2) for copyrightable works, such as software, the creator(s) of the original expression in the work, and
(3) for other types of Licensed Property, such as technical information, tangible material, or databases, the individual(s) who have contributed individually identifiable creativity, ingenuity, and/or intellectual effort to the production, collection or curation that gave the property its licensable value.

By default, Net License Revenue from a License Agreement is

(1) first divided equally among the Licensed Properties if more than one item of Licensed Property is licensed under a License Agreement, and then
(2) equally divided among the individuals entitled to a personal share for each individual item of Licensed Property.

Each individual's personal share may change over time due to, for example, the filing of new patent applications, the abandonment or expiration of issued patents, and/or the addition or deletion of inventors from such documents as required by the patent laws. When Licensed Revenue arises from the licensing of patents or patent applications, for the purposes of determining each individual's personal share, only (a) pending U.S. provisional or nonprovisional patent applications or Patent Cooperation Treaty (PCT) applications designating the U.S. and (b) unexpired and non-abandoned U.S. patents naming the individual as an inventor are considered. However, in the absence of any such licensed U.S. patents or patent applications, pending foreign patent applications and unexpired and non-abandoned foreign patents will be used to make this determination. For example, if inventions A and B are licensed under a single License Agreement, and invention A is only covered by a U.S. patent and invention B is only covered by a foreign patent, both the U.S. patent and the foreign patent (if both are unexpired and non-abandoned) will be considered for the purposes of this determination.

If a single License Agreement includes only Licensed Property(ies) not covered by a patent application or patent, such as copyrightable works, technical information, or tangible property, or includes both patents or patent applications together with other Licensed Property(ies), then, for the purposes of the personal share determination, each item of such other Licensed Property (i.e., each item that corresponds to a distinct disclosure submitted to the Polsky Center) is counted in the same manner as an unexpired and non-abandoned U.S. patent or patent application.

For a given Licensed Property, individuals entitled to a personal share under this policy may agree to an unequal distribution of the personal share among themselves. In addition, if more than one unexpired and non-abandoned patent, patent application or other distinct item of Licensed Property is licensed under a License Agreement, the individuals may decide to assign unequal weight to the Licensed Properties in a License Agreement for purposes of allocating the personal share. Either option requires all the individuals entitled to a personal share under this policy to sign, date and submit to the Polsky

Center a single, written agreement detailing the agreed-upon allocation. A form for this purpose is available from the Polsky Center upon request. The unequal distribution of the personal share will be applied to License Revenue received after the date the Polsky Center is in receipt of the fully executed document.

Additional Personal Share Considerations

An individual entitled to receive a personal share under this policy will continue to receive disbursements after they are no longer employed at the University. It is the responsibility of the individual to update address and banking information within the University's payee management system. (Contact the Polsky Center at poskylicensing@uchicago.edu for instructions). In the case of a deceased individual, their estate will be entitled to their personal share, subject to receipt by the Polsky Center of appropriate documentation of entitlement. Unclaimed personal share disbursements will be escheated to the State of Illinois in accordance with state law.

An individual may choose to allocate some or all of their personal share to a Laboratory. This option requires the submission of a form, available upon request, to the Polsky Center. An individual's option to redirect their personal share can only be made for future distributions and, once chosen, is irrevocable.

In all cases, it is the individual's responsibility to comply with tax laws and regulations. The Polsky Center does not provide tax advice. Individuals are encouraged to seek advice from a qualified tax professional external to the University on these matters.

Timing of Personal Share Payments

Disbursement of the personal share(s) will be made by the Polsky Center within 120 days of receiving License Revenue, provided the disbursement exceeds $100.00. When an individual's personal share is less than $100.00, the Polsky Center may delay disbursement up to 120 days after the earlier of (a) the date the individual's cumulative personal share exceeds $100.00 or (b) the close of the fiscal year in which the payment was received by the University. Individuals must successfully complete the University's payee setup process before any disbursement can be made. Instructions for this process will be provided by the Polsky Center upon request.

Licensed Property Improvements

If improvements to work previously disclosed to the Polsky Center arise, the improvement must be disclosed to the Polsky Center. This may be done at https://uchicago.inteum.com/uchicago/inventorportal/portal.aspx. The Polsky Center will determine whether such improvements are covered by any existing License Agreement(s).

Laboratory Share

The University distributes ten percent (10%) of Net License Revenue to the Laboratory(ies) in which the principal investigator(s) held their principal appointment and in which they worked as of the date of the relevant disclosure associated with the Licensed Property.

The Laboratory share is intended to be an unrestricted allocation to support research in the relevant Laboratory. Management and use of the Laboratory share is at the direction of the principal investigator of the Laboratory receiving the Laboratory share funds, is subject to University policies on internal research funding, and is not subject to indirect cost allocations.

If a principal investigator leaves the University, the allocation of the relevant Laboratory share will be determined by the relevant Dean. The Laboratory share will not be distributed to another institution.

When License Revenue is received from License Agreements for Licensed Property arising from multiple Laboratories, the amount allocated among the multiple Laboratories is made in proportion to the number of associated individuals from each Laboratory.

An individual who establishes a Laboratory within the University after the date they have disclosed Licensed Property may request that a portion of the Laboratory share be distributed to their new Laboratory. Decisions regarding this request will be made on a case-by-case basis by the Vice President or Vice Provost to whom the Polsky Center reports with input from the principal investigator of the originating Laboratory, the relevant Department chair and Dean of the originating Laboratory, and the Polsky Center.

Division Share

If cumulative Net License Revenue in a given fiscal year from all License Agreements administered by the Polsky Center is:

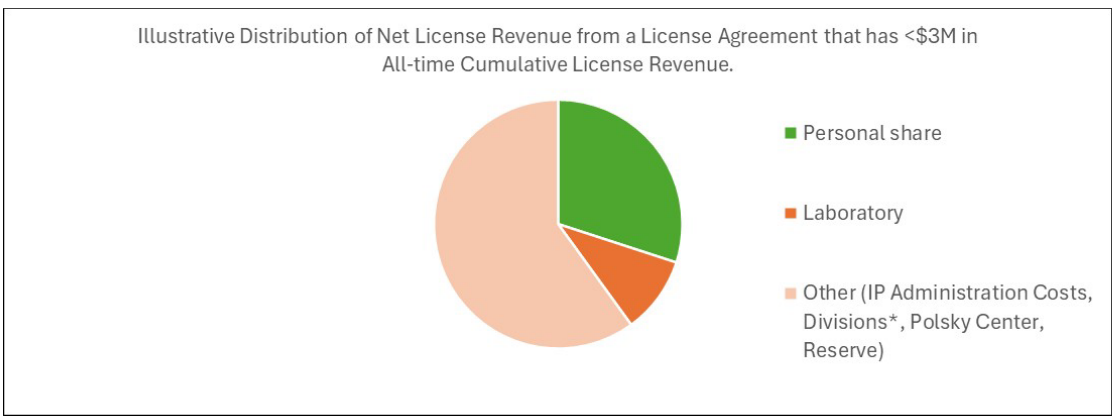
- less than the fiscal year's IP Administration Costs, then 100% of the Net License Revenue remaining after distribution of all personal shares and Laboratory shares is retained by the Polsky Center;

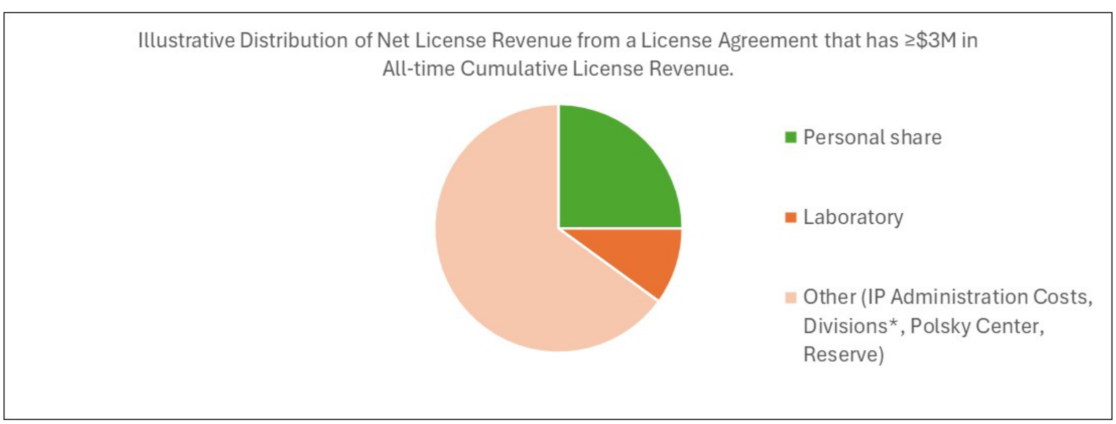
- greater than the fiscal year's IP Administration Costs, then 40% of the Net License Revenue remaining after distribution of all personal shares and Laboratory shares is retained by the Polsky Center and 60% is allocated among the relevant Divisions.

Disbursements of any Division shares will be made near the close of the fiscal year. The Division share should be used to support research activities and not general administrative expenses, but will otherwise be used at the discretion of the Dean of the relevant Division. When License Revenue is received from License Agreements for Licensed Property arising from multiple Divisions, the amount allocated among the multiple Divisions is made in proportion to the number of associated individuals from each Division.

The Polsky Center may, at its discretion and in accordance with University financial policies, place amounts it retains in a reserve fund for use in future fiscal years.

If cumulative License Revenue from a License Agreement exceeds one hundred million dollars, the President and Provost, in collaboration with the appropriate Division Dean(s) or their designee(s), have the discretion to adjust the allocations to the Polsky Center, Laboratories and Divisions for License Revenue in excess of that amount according to the needs of the University.

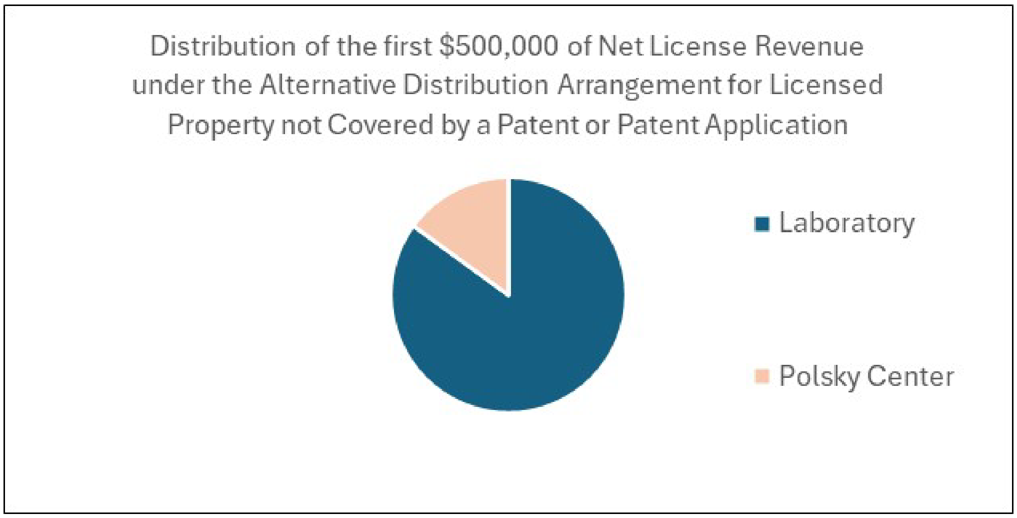




* See "Division Share" above.

Alternative Distribution Arrangement for Licensed Property not Covered by a Patent or Patent Application

For Licensed Property not covered by a patent or patent application, such as software, technical information, or tangible materials, a request may be made to redirect 85% of Net License Revenue to a designated University Laboratory account. This alternative distribution arrangement is applied to the first five hundred thousand dollars ($500,000) in cumulative License Revenue received from all License Agreements licensing the relevant Licensed Property. Under this arrangement, the Polsky Center share is reduced to 15%, and the personal share and Division share are reduced to 0% of Net License Revenue. Any amounts received above $500,000 will be distributed according to the default allocation described above. To implement this alternative distribution arrangement, all individuals otherwise entitled to a personal share under this policy for the relevant Licensed Property must agree to this arrangement in writing by submitting a signed form, available from the Polsky Center upon request, prior to the University's first receipt of any associated License Revenue.



The University has the right to deviate from this policy under certain circumstances.

University of Chicago Equity Policy

When the University takes Equity

A start-up company can sometimes represent the best opportunity for the development of early- stage technology, or in some cases, be the only avenue available. Because a start-up company's survival is tied to the development of the licensed technology, its research and development effort has the advantage of being very focused on that technology.

Typically, these new ventures have little cash and no revenues. Under these circumstances, imposing a heavy cash burden would compromise the company's ability to attract initial investors and pull critical cash from the R & D efforts. Success in such efforts is required both to meet the University's due diligence milestones and to allow the company to secure additional financing.

As a result, from time to time, the University will accept equity in the form of stock or warrants as part of the consideration for licensing intellectual property or assisting in the formation of a new venture. Such stock is not taken in preference to cash; rather, in the absence of sufficient cash compensation and where it is believed the best terms possible were negotiated, stock is taken as added compensation. License agreements with equity generally will also include such common cash considerations as: (1) up-front license fees, (2) minimum annual and/or milestone payments, (3) royalties on sales, (4) a percentage of sublicense income and (5) a current and/or future obligation to reimburse patent costs.

When Inventors Have an Interest in the Proceeds of Liquidated Equity

In the event that the University plays no role in founding a start-up company, and acts only as a licensor of new technology to the company, any equity taken in the start-up will be as part of the licensing arrangement, and consequently, will follow the University's Revenue Share Policy.

Provisions of this policy include that distribution of equity liquidation proceeds to inventors will be to the inventors of record on the licensed patents at the time the equity is liquidated.

In the event that the University plays a role in both licensing to a new start-up, and co-founding the start-up with one or more inventors of the technology being licensed to the start-up, every effort will be made to distinguish between equity taken by the University for the license, and equity taken by the University for its assistance in the formation of the new venture. In the first case, inventors of the technology participate in the license equity through the Revenue Share Policy. In the second case, if the inventor / inventors are co-founders of the start-up, explicit understandings are put in place as to which parties get what share of equity for what past, current, and future contributions.

How the Interest of Inventors is Determined When There Are Multiple Inventors That Change with Time

The proceeds of liquidation of equity taken as part of a licensing arrangement will be shared, according to the Revenue Share Policy, with the inventors of record at the time the equity is liquidated.

Per section 2 above, regarding proceeds of liquidation of equity taken for assistance co- founding the start-up, in most cases there will be no interest in the University's equity by inventors. In the event of exceptions to this general rule, revenue will be shared according to the involved parties at the time the start-up was founded, or the time the equity was taken by the University.

Who Holds the Equity

Equity received from licensees in connection with the Polsky Center's licensing activities will be registered and held in the name of the University of Chicago and will be transferred to the Investments Office promptly upon receipt, for management by the Investments Office consistent with the Polsky Center's and the Investment Office's existing policies and practices concerning other equity holdings in the University's portfolio, to the extent applicable.

The Polsky Center and the Investments Office have established procedures for conveying certificates and other documents representing the equity to the Investments Office in a timely fashion, together with other relevant information that will aid in orderly liquidation of the equity.

The Polsky Center will refer inquiries from the licensee, its stock transfer agent and other interested parties regarding the liquidation of equity to the Investments Office or its outside investment manager, as appropriate. The Polsky Center will continue to handle inquiries from its inventors, and may ask the Investments Office for periodic updates of the status of the stock and its liquidation.

Such stock / equity or any portion of it will not be re-issued or re-assigned to any individual parties who may have an interest in proceeds following liquidation.

When and How the Equity is Liquidated

The Polsky Center will give the Investment Office notice of any liquidity event as soon as it is aware of such from its licensees, and will relay all necessary logistical details to the Investment Office.

Where the liquidity mechanism involves sale of equity in the public markets, in accordance with Polsky Center policy, the Investments Office, itself or through outside investment managers or other intermediaries, will sell the equity in the public markets in an orderly fashion as promptly as reasonably possible after any “lock-up” period or other restrictions on transfer or exercise have expired and been cleared and the equity is publicly tradable.

Subject to the preceding paragraph, the Investments Office shall have sole and absolute control over the disposition of equity. In no event shall the Polsky Center or its staff, the inventors of the licensed technology, or any office, department or unit having an interest in the licensing revenue under the Polsky Center’s Revenue Sharing Policy, have any input into or control over the timing, sale price, or other conditions of sale of the equity.

The proceeds of such a sale will then be transferred back to the Polsky Center for any associated disbursements.

The Investments Office will follow its existing policies and procedures dealing with such issues as conflict of interest and insider trading.
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