

CU Technology Transfer Office (TTO) Portfolio Snapshot as of July 1, 2006	
U.S. patents in force	246
U.S. patent applications being prosecuted	183
Exclusive licenses	83
Nonexclusive licenses	150
Companies created based on CU Intellectual Property (IP) and still in business	58
Companies in which University License Equity Holdings, Inc. (ULEHI) currently holds equity	30

FY 2006 TTO Performance at a Glance	
Invention disclosures	198
U.S. patent applications filed	125
U.S. patents granted	15
Total options and licenses	57
Exclusive options and licenses	36
Non-exclusive options and licenses	21
Ratio of legal fee reimbursements to legal expenditures	66%
Revenue in millions (see note)	20.6
Start-up companies formed from CU IP	10
IP-induced sponsored research	\$5.89 million
Service agreements executed (see note)	605

Notes: The criteria used for TTO's performance metrics conform to the standards used by the Association of University Technology Managers (see www.autm.net). This does not include revenue derived from legal settlements that in FY 2006 amounted to \$.7 million. Service measures include material transfer agreements, confidential disclosure, faculty consulting, software evaluation, and interinstitutional and IP agreements.

TTO Budget for FY 2007 (in dollars)	
Salaries and benefits	\$1,943,000
General operating	\$362,000
Rent and Boulder office one-time moving expenses	\$182,000
Service fees to CU System and CU-Boulder	\$194,000
Patent costs and legal expenses	\$877,000
Boulder and Fitzsimons incubators	\$100,000
Industry/university cooperative project	\$11,000
ULEHI management fee	\$56,000
TTO and state proof of concept programs	\$1,000,000
Special projects	\$36,000
Total—all expenses	\$4,761,000
www.cu.edu/techtransfer	

New Business Development Based on CU Intellectual Property

TTO's mission of commercializing CU research investigator inventions is often best accomplished by licensing the IP to a start-up company. Start-ups tap into the immense energy contained within the technology-centric entrepreneurial resources of the Colorado economy. These new technology companies attract outside investment into the community, generate high-paying employment, and create wealth through liquidation of ownership interests. The vast majority of new companies created from CU IP begin and grow in Colorado, and even when they are acquired by out-of-state companies the employment base remains in the state. During FY 2006, option or license agreements were executed between CU and 10 start-up companies. No other institution or organization in Colorado creates as many new companies as the University of Colorado.

FY 2006 Companies Created Based on CU Intellectual Property	
MedShape Solutions, Inc.	Orthopedic fixation devices constructed using shape memory materials
eCortex, Inc.	Neural network object recognition software for machine vision applications
TerraSpark IP, LLC	3-D visualization software tools for the oil and gas industry
Caveo Therapeutics Inc.	Therapeutic targets and biomarkers for diagnosis, treatment, and therapy monitoring for leukemia, solid tumors, and thrombosis
Free Power, Inc.	Power electronics to enable batteryless and wireless operation of devices
APRO Biopharma Corporation	Therapeutic products for the treatment of bacterial infections
Jovion Corporation	Low-cost production of hydrogen for energy generation
ImmuRx, LLC	Immunotherapy platform for attacking a variety of tumors and infectious diseases
ApopLogic Pharmaceuticals, LLC	Therapeutic products that target unique apoptotic cell death pathways found in tumor cells
Locomotion, Inc.	External leg swing assist for treadmill walking rehabilitation therapy

Five CU Start-up Companies Receive \$100,000 Proof of Concept Investments

Five start-up companies that are emerging from CU research were awarded \$100,000 Proof of Concept investments after competitive fall 2005 and spring 2006 rounds. The Proof of Concept investment (POCi) program provides early-stage "seed" investments (in the form of convertible debt) to enable the further development and validation of promising CU technologies that are the platform for a start-up company. The POCi recipients were selected by a panel of venture capitalists after oral presentations by the finalists. The five POCi company recipients were:

Caveo Therapeutics, Inc., an early-stage biotechnology company creating innovative therapies for cancers and hematologic conditions based on receptor tyrosine kinase (RTK) technologies. Caveo Therapeutics was founded by **Rhonda Wallen**, Chief Executive Officer, and **Doug Graham**, MD, PhD, who is an assistant professor of pediatrics at CU-Denver and Health Sciences Center and the company's Chief Scientific Officer.

eCortex, Inc., developer of object recognition software for computer vision applications, based on the research of **Randall O'Reilly**, associate professor of psychology at CU-Boulder and a leading researcher in the field of computational cognitive neuroscience. eCortex is led by **David Jilk**, CEO.

Free Power Technologies, Inc. (formerly Innovative Bio Devices, Inc.), developer of miniaturized wireless and batteryless devices, is based on technology developed by professors **Regan Zane** and **Zoya Popovic** in CU-Boulder's Department of Electrical and Computer Engineering. Free Power's CEO is **Curt Ketner**.

MedShape Solutions, Inc., a company developing a new class of orthopedic fixation devices using novel shape memory polymer materials. The initial product focus will be on fixation devices for anterior cruciate ligament (ACL) surgery. This technology was developed by multiple inventors at the university's Boulder and Denver and Health Sciences Center campuses. MedShape Solutions is led by **Harold Tyber**, Chairman.

ApopLogic Pharmaceuticals, LLC, a biopharmaceutical company focused on the development and commercialization of therapeutic products that target unique apoptotic cell death pathways found in tumor cells and proliferating immune cells (lymphocytes). The ApopLogic technology was developed by multiple inventors in the CU School of Medicine, with **Richard Duke** as President and CEO.

TTO's central objective with regard to start-up companies is to ensure they have the best chance for success from the outset. This includes helping inventors, who typically also serve as scientific founders, to

understand the conflict-of-interest management processes. Also key at the pre-commercial stage is for TTO to help inventors understand the TTO requirements for an exclusive license to a start-up company: a compelling business plan, capable non-CU employee business management to execute that plan, and adequate initial funding and access to additional needed capital. TTO's assistance includes providing funding opportunities through the Proof of Concept investment (POCi) program. TTO's approach to start-up support includes involving students and the local entrepreneurial, venture capital, and legal communities in advising on commercial opportunities for new technologies and on issues surrounding new company formation. Success in new business development was witnessed in three Colorado-based early-stage CU licensees (**Taligen Therapeutics, Inc.**, **BaroFold, Inc.**, **ARCA Discovery, Inc.**) closing Series A venture capital financing rounds.

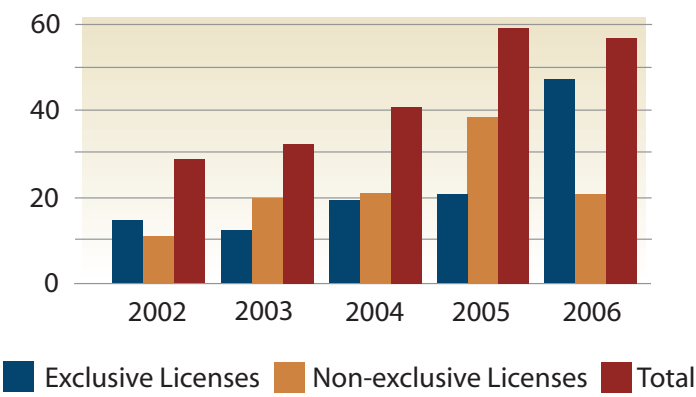
University License Equity Holdings, Inc. Role in Managing the CU License Private Equity Portfolio

TTO's licenses with start-up companies typically include an ownership (equity) component as partial consideration for the grant of the university IP to the company, in addition to royalty payment terms. The private equity is transferred under a separate stock subscription agreement and issued to and managed by **University License Equity Holdings, Inc.** (ULEHI). ULEHI is a 501(c)(3) corporation, authorized under Colorado statute, that exists solely for the benefit of the University of Colorado. ULEHI will liquidate an equity position when the shares become unrestricted and marketable. For example, ULEHI's shares of **Replidyne, Inc.** (NASDAQ - RDYN), a CU licensee that completed an IPO in late June 2006, will be sold at the conclusion of the mandated lock-up period. ULEHI also makes the investments in CU start-up companies under the Proof of Concept investment (POCi) program. These are made in the form of an unsecured convertible promissory note, wherein the principal and interest is converted to stock upon the achievement of a specified level of private investment in the company.

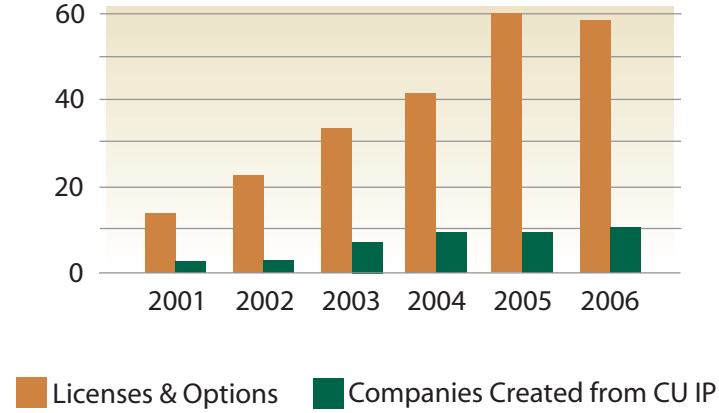
ULEHI is audited annually by outside auditors and is managed by a board of directors composed of university appointees and non-CU employees with significant executive management and private investment experience. The current board members are **Merc Mercure**, Chairman, President of CDM Optics; **Jerry Donahue**, venture advisor; **David Allen**, Secretary, CU Associate Vice President for Technology Transfer; **Michel Dahlin**, CU Interim Vice President for Academic Affairs and Research; **Kyle Lefkoff**, General Partner, Boulder Ventures; and **Barbara Mowry**, CEO, Silver Creek Systems.

Performance Graphs and Charts

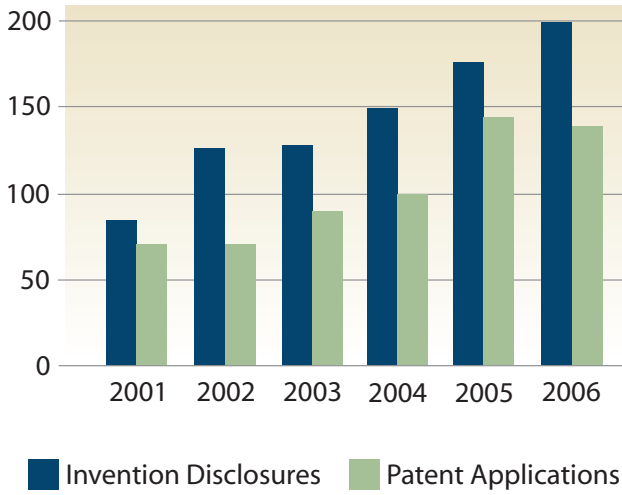
Exclusive and Non-exclusive Licenses



New Licenses and Options and Companies Created from CU IP



Invention Disclosures and Patent Applications



Revenue Earned, 2001-06 (in millions)

