ChromaDex Corp.

10-Q
Quarterly report pursuant to sections 13 or 15(d)
Filed on 11/10/2011
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 1, 2011

Commission File Number: **000-53290**

CHROMADEX CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware	26-2940963
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10005 Muirlands Blvd. Suite G, Irvine, California	92618
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (949)-419-0288

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, non-accelerated filer or smaller reporting company. See definition of "large accelerated filer, accelerated filer and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒
(Do not check if smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Number of shares of common stock of the registrant: 74,609,996 outstanding as of November 10, 2011.

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CHROMADEX CORPORATION

2011 QUARTERLY REPORT ON FORM 10-Q

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PART I – FINANCIAL INFORMATION (UNAUDITED)

ITEM 1. FINANCIAL STATEMENTS

ChromaDex Corporation and Subsidiaries

Condensed Consolidated Balance Sheets (Unaudited)
October 1, 2011 and January 1, 2011

Assets	**October 1, 2011**	January 1, 2011
Current Assets		
Cash	**$ 2,069,308**	$ 2,226,459
Trade receivables, less allowance for doubtful accounts October 1, 2011 $14,000; January 1, 2011 $18,000	**648,832**	1,001,563
Inventories	**2,500,798**	1,423,035
Prepaid expenses and other assets	**613,724**	243,967
Total current assets	**5,832,662**	4,895,024
Leasehold Improvements and Equipment, net	**1,182,453**	1,303,108
Deposits and Other Noncurrent Assets		
Deposits	**43,160**	31,415
Intangible assets, net	**248,012**	277,855
Total deposits and other noncurrent assets	**291,172**	309,270
Total assets	**$ 7,306,287**	$ 6,507,402
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	**$ 1,306,547**	$ 514,598
Accrued expenses	**712,473**	371,020
Current maturities of capital lease obligations	**70,876**	78,577
Customer deposits and other	**239,754**	112,427
Deferred rent, current	**59,933**	62,664
Total current liabilities	**2,389,583**	1,139,286
Capital lease obligations, less current maturities	**147,884**	198,071
Deferred rent, less current	**215,739**	233,822
Stockholders' Equity		
Common stock, $.001 par value; authorized 150,000,000 shares; issued and outstanding October 1, 2011 72,939,996 shares; January 1, 2011 60,875,325 shares	**72,940**	60,875
Additional paid-in capital	**20,043,209**	15,034,550
Accumulated deficit	**(15,563,068)**	(10,159,202)
Total stockholders' equity	**4,553,081**	4,936,223
Total liabilities and stockholders' equity	**$ 7,306,287**	$ 6,507,402

See Notes to Condensed Consolidated Financial Statements.

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ChromaDex Corporation and Subsidiaries

Condensed Consolidated Statements of Operations (Unaudited)
For the Three Month Periods Ended October 1, 2011 and October 2, 2010

	October 1, 2011	October 2, 2010
Sales	**$ 1,827,568**	$ 1,562,352
Cost of sales	**1,361,101**	1,059,626
Gross profit	**466,467**	502,726
Operating expenses:		
Sales and marketing	**650,516**	235,582
General and administrative	**2,213,636**	1,140,815
Operating expenses	**2,864,152**	1,376,397
Operating loss	**(2,397,685)**	(873,671)
Nonoperating income (expenses):		
Interest income	**295**	578
Interest expense	**(7,522)**	(10,130)
Nonoperating expenses	**(7,227)**	(9,552)
Net loss	**$ (2,404,912)**	$ (883,223)
Basic and Diluted loss per common share	**$ (0.03)**	$ (0.01)
Basic and Diluted weighted average common shares outstanding	**70,625,913**	60,118,183

See Notes to Condensed Consolidated Financial Statements.

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ChromaDex Corporation and Subsidiaries

Condensed Consolidated Statements of Operations (Unaudited)
For the Nine Month Periods Ended October 1, 2011 and October 2, 2010

	October 1, 2011	October 2, 2010
Sales	**$ 6,304,789**	$ 5,533,805
Cost of sales	**4,237,008**	3,437,417
Gross profit	**2,067,781**	2,096,388
Operating expenses:		
Sales and marketing	**1,661,998**	688,552
General and administrative	**5,786,204**	2,535,386
Operating expenses	**7,448,202**	3,223,938
Operating loss	**(5,380,421)**	(1,127,550)
Nonoperating income (expenses):		
Interest income	**1,159**	1,095
Interest expense	**(24,604)**	(26,555)
Nonoperating expenses	**(23,445)**	(25,460)
Net loss	**$ (5,403,866)**	$ (1,153,010)
Basic and Diluted loss per common share	**$ (0.08)**	$ (0.03)
Basic and Diluted weighted average common shares outstanding	**66,190,731**	44,193,266

See Notes to Condensed Consolidated Financial Statements.

ChromaDex Corporation and Subsidiaries
Condensed Consolidated Statement of Stockholders' Equity (Unaudited)
Nine Months Ended October 1, 2011

	Common Stock		Additional Paid-in	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit	Equity
Balance, January 1, 2011	60,875,325	$60,875	$15,034,550	$(10,159,202)	$ 4,936,223
Share-based compensation	-	-	737,019	-	737,019
Exercise of stock options	29,149	29	19,319	-	19,348
Exercise of warrants	2,285,709	2,286	477,713	-	479,999
Net loss	-	-	-	(1,156,385)	(1,156,385)
Balance, April 2, 2011	63,190,183	63,190	16,268,601	(11,315,587)	5,016,204
Share-based compensation	-	-	768,704	-	768,704
Exercise of stock options	14,099	14	7,036	-	7,050
Exercise of warrants	2,514,284	2,514	525,485	-	527,999
Net loss	-	-	-	(1,842,569)	(1,842,569)
Balance, July 2, 2011	65,718,566	65,718	17,569,826	(13,158,156)	4,477,388
Share-based compensation	-	-	964,104	-	964,104
Exercise of warrants	7,221,430	7,222	1,509,279	-	1,516,501
Net loss	-	-	-	(2,404,912)	(2,404,912)
Balance, October 1, 2011	**72,939,996**	**$72,940**	**$20,043,209**	**$(15,563,068)**	**$ 4,553,081**

See Notes to Condensed Consolidated Financial Statements.

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ChromaDex Corporation and Subsidiaries

Condensed Consolidated Statements of Cash Flows (Unaudited)
For the Nine Month Periods Ended October 1, 2011 and October 2, 2010

	October 1, 2011	October 2, 2010
Cash Flows From Operating Activities		
Net loss	**$ (5,403,866)**	$ (1,153,010)
Adjustments to reconcile net loss to net cash (used in) operating activities:		
Depreciation	**247,024**	232,786
Amortization of intangibles	**55,843**	55,053
Share-based compensation expense	**2,469,827**	706,221
Changes in operating assets and liabilities:		
Trade receivables	**352,731**	(86,376)
Inventories	**(1,077,763)**	(545,563)
Prepaid expenses and other assets	**(381,502)**	(171,821)
Accounts payable	**791,949**	267,294
Accrued expenses	**341,453**	113,244
Customer deposits and other	**127,327**	(37,866)
Deferred rent	**(20,814)**	(16,497)
Due to officers	**-**	(1,178,206)
Net cash (used in) operating activities	**(2,497,791)**	(1,814,741)
Cash Flows From Investing Activities		
Purchases of leasehold improvements and equipment	**(126,369)**	(124,759)
Purchase of intangible assets	**(26,000)**	(30,000)
Net cash (used in) investing activities	**(152,369)**	(154,759)
Cash Flows From Financing Activities		
Proceeds from issuance of common stock	**-**	3,486,626
Proceeds from exercise of stock options	**26,398**	-
Proceeds from exercise of warrants	**2,524,499**	1,041,749
Principal payments on capital leases	**(57,888)**	(44,621)
Net cash provided by financing activities	**2,493,009**	4,483,754
Net increase (decrease) in cash	**(157,151)**	2,514,254
Cash Beginning of Period	**2,226,459**	471,378
Cash Ending of Period	**$ 2,069,308**	$ 2,985,632
Supplemental Disclosures of Cash Flow Information		
Cash payments for interest	**$ 24,604**	$ 26,555
Supplemental Schedule of Noncash Investing Activity		
Capital lease obligation incurred for the purchase of equipment	**$ -**	$ 264,958

See Notes to Condensed Consolidated Financial Statements.

Note 1. Interim Financial Statements

The accompanying financial statements of ChromaDex Corporation and its wholly owned subsidiaries, ChromaDex, Inc. and ChromaDex Analytics, Inc. (collectively, the "Company") include all adjustments, consisting of normal recurring adjustments and accruals, that, in the opinion of the management of the Company, are necessary for a fair presentation of our financial position as of October 1, 2011 and results of operations and cash flows for the three and nine months ended October 1, 2011 and October 2, 2010. These unaudited interim financial statements should be read in conjunction with the Company's audited financial statements and the notes thereto for the year ended January 1, 2011 appearing in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "Commission") on March 16, 2011. Operating results for the nine months ended October 1, 2011 are not necessarily indicative of the results to be achieved for the full year ending on December 31, 2011. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

The balance sheet at January 1, 2011 has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

Note 2. Nature of Business and Significant Accounting Policies

Nature of business: The Company is a natural products company that provides proprietary, science-based solutions and ingredients to the dietary supplement, food and beverage, cosmetic and pharmaceutical industries. The Company supplies ingredients, phytochemical reference standards, and related phytochemical products and services. The Company recently launched its BluScience retail consumer line based on its proprietary ingredients. The Company provides these products and services at various terms with payment terms of primarily net 30 days.

Basis of presentation: The financial statements and accompanying notes have been prepared on a consolidated basis and reflect the consolidated financial position of the Company and its wholly owned subsidiaries. All significant intercompany balances and transactions have been eliminated from these financial statements. The Company's fiscal year ends on the Saturday closest to December 31, and the Company's normal fiscal quarters end on the Saturday 13 weeks after the last fiscal year end or fiscal quarter end. Every fifth or sixth fiscal year, the inclusion of an extra week occurs due to the Company's floating year-end date. The fiscal year 2014 will include 53 weeks instead of the normal 52 weeks.

Advertising: The Company expenses the production costs of advertising the first time the advertising takes place. Advertising expense for the nine month periods ended October 1, 2011 and October 2, 2010 were $215,003 and $88,938, respectively.

Earnings per share: Potentially dilutive common shares consist of the incremental common shares issuable upon the exercise of common stock options and warrants for all periods. For all periods presented, the basic and diluted shares reported are equal because the common shares equivalents are anti-dilutive. Below is a tabulation of the potentially dilutive securities that were "in the money" for the periods ended October 1, 2011 and October 2, 2010.

Note 2: Earnings Per Share

	Three Months Ending		Nine Months Ending	
	October 1, 2011	**October 2, 2010**	**October 1, 2011**	**October 2, 2010**
Basic average common shares outstanding	**70,625,913**	60,118,183	**66,190,731**	44,193,266
Warrants and options in the money, net	**7,673,885**	18,713,678	**7,891,916**	17,825,933
Weighted average common shares outstanding assuming dilution	**78,299,798**	78,831,861	**74,082,647**	62,019,199

Total warrants and options that were not "in the money" at October 1, 2011 and October 2, 2010 were 17,095,835 and 13,636,832 respectively.

Note 3. Leasehold Improvements and Equipment

Leasehold improvements and equipment consisted of the following:

	October 1, 2011	**January 1, 2011**
Laboratory equipment	$ 2,359,169	$ 2,336,954
Leasehold improvements	403,971	372,943
Computer equipment	301,980	248,374
Furniture and fixtures	18,313	18,313
Office equipment	7,877	3,445
Construction in progress	100,057	86,294
	3,191,367	3,066,323
Less accumulated depreciation	2,008,914	1,763,215
	$ 1,182,453	$ 1,303,108

Note 4. Employee Equity Incentive Plan

Stock Option Plans

At the discretion of management, and with approval of the Board of Directors, the Company may grant options to purchase the Company's common stock to certain individuals from time to time. Management and the Board of Directors determine the terms of awards which include the exercise price, vesting conditions and expiration dates at the time of grant. Expiration dates for stock options are not to exceed 10 years. The Company, under its Second Amended and Restated 2007 Equity Incentive Plan, is authorized to issue stock options that total no more than 20% of the shares of common stock issued and outstanding, as determined on a fully diluted basis. Beginning in 2007, stock options were no longer issuable under the Company's 2000 Non-Qualified Incentive Stock Plan. The remaining amount available for issuance under the Second Amended and Restated 2007 Equity Incentive Plan totaled 918,927 at October 1, 2011. The stock option awards generally vest ratably over a four-year period following grant date after a passage of time. However, some stock option awards are performance based and vest based on the achievement of certain criteria established by the Company.

The fair value of the Company's stock options was estimated at the date of grant using the Black-Scholes based option valuation model. The table below outlines the weighted average assumptions for options granted to employees during the nine months ended October 1, 2011.

Nine Months Ended October 1, 2011	2011
Volatility	31.55%
Expected dividends	0.00%
Expected term	5.8 years
Risk-free rate	2.21%

The Company calculated expected volatility from the volatility of publicly held companies in similar industries, as the historical volatility of the Company's common stock does not cover the period equal to the expected life of the options. The dividend yield assumption is based on the Company's history and expectation on future dividend payouts on the common stock. The risk-free interest rate is based on the implied yield available on U.S. treasury zero-coupon issues with an equivalent remaining term. The expected term of the options represents the estimated period of time until exercise and is based on historical experience of awards, giving consideration to the contractual terms, vesting schedules and expectations of future employee behavior. The estimation process for the fair value of performance based stock options was the same as for non-performance based options.

1) Non-performance Based Stock Options

The majority of options granted by the Company are comprised of non-performance based options granted to employees. These options vest ratably over a defined period following grant date after a passage of time and do not have performance vesting requirements.

The following table summarizes non-performance based stock option activity at October 1, 2011, and changes during the nine months then ended:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2011	12,926,131	$ 1.52		
Options Granted	1,387,177	1.57		
Options Classification from Employee to Non-Employee	(67,500)	1.55		
Options Exercised	(43,248)	0.61		
Options Forfeited	(352,803)	1.48		
Outstanding at October 1, 2011	13,849,757	$ 1.53	7.02	$ 165,463
Exercisable at October 1, 2011	6,044,998	$ 1.47	6.58	$ 107,381

The aggregate intrinsic values in the table above are before income taxes, based on the Company's closing stock price of $0.82 on the last day of business for the period ended October 1, 2011.

2) Performance Based Stock Options

The Company also grants stock option awards that are performance based and vest based on the achievement of certain criteria established by the Company. If performance criteria are not met, the compensation expenses are not recognized and the expenses that have been recognized will be reversed.

The following table summarizes performance based stock options activity at October 1, 2011 and changes during the nine months then ended:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2011	1,000,000	$ 1.65		
Options Granted	200,000	1.59		
Options Exercised	-	-		
Options Forfeited	-	-		
Outstanding at October 1, 2011	1,200,000	$ 1.64	9.18	$ -
Exercisable at October 1, 2011	-	$ -	-	$ -

As of October 1, 2011, there was $2,839,908 of total unrecognized compensation expense related to nonvested share-based compensation arrangements granted under the plans for employee stock options. That cost is expected to be recognized over a weighted average period of 1.86 years as of October 1, 2011. The weighted average fair value of options granted during the nine months ended October 1, 2011 was $0.53. The realized tax benefit from stock options for the nine months ended October 1, 2011 was $0, based on the Company's election of the "with and without" approach. The fair value of the options that vested during the nine months ended October 1, 2011 was $1,483,510.

Restricted Stock

Restricted stock awards granted by the Company to employees generally have two vesting conditions, a service condition for continuous employment and a stock market condition tied to the Company's stock price.

The following table summarizes activity of restricted stock awards granted to employees at October 1, 2011 and changes during the nine months then ended:

	Shares	Weighted Average Award-Date Fair Value
Unvested shares at January 1, 2011	1,000,000	$ 1.27
Granted	-	-
Vested	-	-
Forfeited	-	-
Unvested shares at October 1, 2011	1,000,000	$ 1.27
Expected to Vest as of October 1, 2011	1,000,000	$ 1.27

As of October 1, 2011, there was $899,501 of total unrecognized compensation expense related to restricted stock awards to employees under the plans. That cost is expected to be recognized over a period of 2.12 years as of October 1, 2011.

For the employee equity incentive plans, the Company recognized share-based compensation expense of $2,025,564 in general and administrative expenses in the statement of operations for the nine months ended October 1, 2011. The Company recognized $659,698 in share-based compensation expense for the comparable period in 2010.

Note 5. Non-Employee Share-Based Compensation

Stock Option Plans

At the discretion of management and with approval of the Board of Directors, the Company may grant options to purchase the Company's common stock to certain individuals from time to time who are not employees of the Company. These options are granted under the Second Amended and Restated 2007 Equity Incentive Plan of the Company and are granted on the same terms as those being issued to employees. Stock options granted to non-employees are accounted for using the fair value approach. The fair value of non-employee option grants are estimated using the Black-Scholes option-pricing model and are remeasured over the vesting term until earned. The estimated fair value is expensed over the applicable service period.

The following table summarizes the activity of stock options granted to non-employees at October 1, 2011, and changes during the nine months then ended:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at January 1, 2011	1,097,300	$ 1.23		
Options Granted	-	-		
Options Classification from Employee to Non-Employee	67,500	1.55		
Options Exercised	-	-		
Options Forfeited	-	-		
Outstanding at October 1, 2011	1,164,800	$ 1.25	6.63	$ 94,400
Exercisable at October 1, 2011	839,879	$ 1.16	5.97	$ 90,600

The aggregate intrinsic values in the table above are before income taxes, based on the Company's closing stock price of $0.82 on the last day of business for the period ended October 1, 2011.

As of October 1, 2011, there was $29,294 of total unrecognized compensation expense related to nonvested share-based compensation arrangements granted to non-employees. That cost is expected to be recognized over a weighted average period of 0.71 year as of October 1, 2011. The fair value of the options that vested during the nine months ended October 1, 2011 was $38,843.

Restricted Stock

Restricted stock awards granted by the Company to non-employees generally have a time vesting condition tied to respective service agreements. In addition, there may be other vesting conditions such as achievement of certain performance goals on certain awards.

On June 23, 2011, the Company awarded 630,000 shares of restricted stock at a purchase price of $0.14 per share to certain consultants as compensation for services to the Company. These restricted shares will fully vest on April 19, 2012, provided that no termination events defined in the related consulting agreements have occurred on or prior to such dates. On July 13, 2011 the Company awarded 40,000 shares of restricted stock at a purchase price of $0.14 per share to a certain consultant as compensation for services to the Company. These restricted shares will fully vest on July 13, 2012, provided that no termination events defined in the related consulting agreements have occurred on or prior to such dates and certain performance conditions have been met.

The fair value of the Company's restricted stock awards was $986,200 which represents the market value of the Company's common stock on the date of award less the purchase price.

The following table summarizes activity of restricted stock awards to non-employees at October 1, 2011 and changes during the nine months then ended:

	Shares	Weighted Average Award-Date Fair Value
Unvested shares at January 1, 2011	-	$ -
Granted	670,000	1.47
Vested	-	-
Forfeited	-	-
Unvested shares at October 1, 2011	670,000	$ 1.47
Expected to Vest as of October 1, 2011	670,000	$ 1.47

As of October 1, 2011, there was $666,105 of total unrecognized compensation expense related to restricted stock awards to non-employees. That cost is expected to be recognized over a period of 0.57 year as of October 1, 2011.

For non-employee share-based compensation, the Company recognized share-based compensation expense of $444,263 in general and administrative expenses in the statement of operations for the nine months ended October 1, 2011. The Company recognized $46,523 in share-based compensation expense for the comparable period in 2010.

Note 6. Warrants

At October 1, 2011, the following warrants were outstanding and exercisable:

Warrants granted in connection with :	Weighted Average Exercise Prices	Number Outstanding And Exercisable At October 1, 2011	Weighted Average Remaining Contractual Life
2008 Private Placement Equity Offering	$ 3.00	1,718,350	1.55
2010 Private Placement Equity Offering	$ 0.21	8,553,564	1.64
	$ 0.68	10,271,914	1.62

Note 7. Management's Plans for Continuing Operations

The Company has incurred a net loss of $5,403,866 for the nine month period ended October 1, 2011 and a net loss of $1,153,010 for the nine month period ended October 2, 2010. The loss for the nine month period ended October 1, 2011 is largely due to increased selling, general and administrative expenses related to an increase in share-based compensation expenses. Our share-based compensation expense increased to $2,469,827 for the nine month period ended October 1, 2011 from $706,221 for the nine month period ended October 2, 2010. This large increase in share-based compensation expense was largely due to stock options that were granted following consummation of the 2010 Private Placement and was also the result of the Company issuing restricted stock to certain employees and consultants. The Company will continue to incur significant share-based compensation expenses over the next two years. In addition, management has invested heavily in additional personnel and marketing expenses for the development and launch of new retail products containing proprietary ingredients, such as pterostilbene.

Management has also implemented additional strategic operational structure changes, which it believes will allow the Company to achieve profitability with future growth without incurring significant additional overhead costs. Management's anticipation of future growth is largely related to the new line of proprietary ingredients offered by the Company and the demand for retail products containing these ingredients. The Company has implemented a comprehensive sales and marketing plan focused on these proprietary ingredients, as well as the retail products being launched by the Company that contain these proprietary ingredients. The Company has also expanded its marketing plan to market to the pharmaceutical and cosmetic sectors to support the Company's reference standards, analytical services and discovery libraries product lines.

Management believes it will be able to support operations of the Company with its current cash, cash equivalents and cash from operations through March 2012. In addition, as of October 1, 2011, the Company has 8,553,564 warrants outstanding with an exercise price of $0.21 per share. Assuming the full exercise of the outstanding warrants for cash, the Company would receive additional proceeds of $1,796,248. There is no guarantee that the holders of these warrants will exercise any of the outstanding warrants for cash, and the Company will not receive any proceeds from any of the outstanding warrants until they are exercised. If the Company determines that it needs additional financing to further enable its long-term strategic objectives, there can be no assurance that it will be available on terms favorable to it or at all. If adequate financing is not available, the Company may have to delay, postpone or terminate product and service expansion and curtail selling, general and administrative operations in order to maintain sufficient operating capital after March 2012. The inability to raise additional financing may have a material adverse effect on the future performance of the Company.

Note 8. Income Taxes

At October 1, 2011 and January 1, 2011, the Company maintained a full valuation allowance against the entire net deferred income tax balance after considering relevant factors, including recent operating results, the likelihood of the utilization of net operating loss tax carry forwards, and the ability to generate future taxable income. The Company expects to maintain a full valuation allowance on its entire net deferred tax assets in 2011, resulting in an effective tax rate of zero for the three and nine months ended October 1, 2011.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

This Quarterly Report on Form 10−Q (the "Form 10−Q") contains "forward-looking statements", as defined in Section 21E of the Securities Exchange Act of 1934, as amended. These statements reflect the Company's current expectations of the future results of its operations, performance and achievements. Forward-looking statements are covered under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The Company has tried, wherever possible, to identify these statements by using words such as "anticipates", "believes", "estimates", "expects", "plans", "intends" and similar expressions. These statements reflect management's current beliefs and are based on information now available to it. Accordingly, these statements are subject to certain risks, uncertainties and contingencies that could cause the Company's actual results, performance or achievements in 2011 and beyond to differ materially from those expressed in, or implied by, such statements. Such statements, include, but are not limited to, statements contained in this Form 10-Q relating to our business, financial performance, business strategy, recently announced transactions and capital outlook. Important factors that could cause actual results to differ materially from those in the forward- looking statements include: a continued decline in general economic conditions nationally and internationally; decreased demand for our products and services; market acceptance of our products; the ability to protect our intellectual property rights; the impact of any litigation or infringement actions brought against us; competition from other providers and products; risks in product development; the inability to raise capital to fund continuing operations; changes in government regulation; the ability to complete customer transactions, and other factors relating to our industry, our operations and results of operations and any businesses that may be acquired by us. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned. Additional risks, uncertainties, and other factors are set forth under Item 1A "Risk Factors" in the Company's Annual Report on Form 10-K filed with the Commission on March 16, 2011 and in future reports the Company files with the Commission. Readers of this Form 10−Q should not place undue reliance on any forward-looking statements. Except as required by federal securities laws, the Company undertakes no obligation to update or revise these forward-looking statements to reflect new events or uncertainties.

You should read the following discussion and analysis of the financial condition and results of operations of ChromaDex together with the financial statements and the related notes presented in Item 1 of this Form 10-Q.

Overview

ChromaDex Corporation and its subsidiaries (collectively, "ChromaDex", or the "Company") supplies phytochemical reference standards and reference materials, related contract services, and proprietary ingredients and products for the dietary supplement, nutraceutical, food and beverage, functional food, pharmaceutical and cosmetic markets. ChromaDex has also developed and launched a line of new retail products containing proprietary ingredients. Our business strategy is to identify, acquire, reduce-to-practice, and commercialize innovative new natural products and "green chemistry" (environmentally safe) technologies, with an initial industry focus on the dietary supplement, cosmetic, food and beverage markets, as well as novel pharmaceuticals. We plan to utilize our experienced management team to commercialize these natural product technologies by advancing them through the proper regulatory approval processes, arranging for reliable and cost-effective manufacturing, and ultimately either selling or licensing the product lines and intellectual property to third parties.

The discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires making estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported revenues, if any, and expenses during the reporting periods. On an ongoing basis, we evaluate such estimates and judgments, including those described in greater detail below. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe that our current cash, cash equivalents and cash generated from operations, will be sufficient to meet our projected operating plans through March 2012. We may, however, seek additional capital prior to the end of March 2012 both to meet our projected operating plans after March 2012 and to fund our longer term strategic objectives. To the extent we are unable to raise additional cash or generate sufficient net income prior to March 2012 to meet our projected operating plans, we will revise our projected operating plans accordingly. Additional capital may come from public and private stock or debt offerings, borrowings under lines of credit or other sources. These additional funds may not be available on favorable terms, or at all. Furthermore, if we issue equity or debt securities to raise additional funds, our existing stockholders may experience dilution and the new equity or debt securities we issue may have rights, preferences and privileges senior to those of our existing stockholders. In addition, if we raise additional funds through collaboration, licensing or other similar arrangements, it may be necessary to relinquish valuable rights to our products or proprietary technologies, or grant licenses on terms that are not favorable to us. If we cannot raise funds on acceptable terms, we may not be able to develop or enhance our products, obtain the required regulatory clearances or approvals, achieve long term strategic objectives, take advantage of future opportunities, or respond to competitive pressures or unanticipated customer requirements. Any of these events could adversely affect our ability to achieve our development and commercialization goals, which could have a material and adverse effect on our business, results of operations and financial condition. If we are unable to establish small to medium scale production capabilities through our own plant or though a collaboration, we may be unable to fulfill our customers' requirements. This may cause a loss of future revenue streams as well as require us to look for third-party vendors to provide these services. These vendors may not be available, or may charge fees that prevent us from pricing competitively within our markets.

The Company's new product line, BluScience, has been launched at GNC corporate stores nationwide. In addition, the Company is seeking to launch BluScience at three national drug store chains, two price clubs, and an everyday low pricing retailer. The Company has received purchase orders for a first quarter, Company-wide roll out from one of these retailers.

In June 2010, the FDA began to regulate the dietary supplement market and to hold accountable all dietary supplement manufacturers under new Good Manufacturing Practices ("GMPs"). GMPs require quality testing to be done on dietary supplement products throughout the manufacturing process, rather than only on finished products. The FDA has begun enforcing the regulations by issuing warning letters to companies who are in violation of GMPs but it is unknown to what extent the FDA will enforce the regulations and how the regulations will be interpreted upon enforcement. The outcome of these uncertainties may have a material adverse effect on our results of operations because a lack of enforcement or an interpretation of the regulations that lessens the burden of compliance for the dietary supplement marketplace may cause a reduced demand for our products and services.

Results of Operations

We generated net sales of $6,304,789 for the nine month period ended October 1, 2011 as compared to $5,533,805 for the nine month period ended October 2, 2010. We incurred a net loss of $5,403,866 for the nine month period ended October 1, 2011 and incurred a net loss of $1,153,010 for the nine month period ended October 2, 2010. This equated to a $0.08 loss per basic and diluted share for the nine month period ended October 1, 2011 versus a $0.03 loss per basic and diluted share for the nine month period ended October 2, 2010. For the three month period ended October 1, 2011, we generated net sales of $1,827,568 and a net loss of $2,404,912 as compared to net sales of $1,562,352 and a net loss of $883,223 for the three month period ended October 2, 2010. This was a $0.03 loss per basic and diluted share for the three month period ended October 1, 2011, versus a $0.01 loss per basic and diluted share for the three month period ended October 2, 2010.

Over the next two years, we plan to continue to increase research and development efforts for our line of proprietary ingredients and to increase marketing and sales related expenses for these products. We also intend to continue to expand our service capacity through hiring and to implement accreditation and certification programs related to quality initiatives. In addition, we plan to expand our chemical library program and to either establish a GMP compliant pilot plant to support small to medium scale production of target compounds or partner through a collaboration with a company that has these capabilities.

Net Sales

Net sales consist of gross sales less returns and discounts. Net sales increased by 17% to $1,827,568 for the three month period ended October 1, 2011 as compared to $1,562,352 for the three month period ended October 2, 2010. This increase was due to increased demand for our existing products and services and the increased sales of our proprietary ingredients. For the nine month period ended October 1, 2011, net sales increased by 14% to $6,304,789 as compared to $5,533,805 for the nine month period ended October 2, 2010. This increase was primarily due to increased sales of our proprietary ingredients and other bulk dietary supplement grade raw materials.

Costs of Sales

Costs of sales include raw materials, labor, overhead, and delivery costs. Cost of sales for the three and nine month periods ended October 1, 2011 were $1,361,101 and $4,237,008 versus $1,059,626 and $3,437,417 for the three and nine month periods ended October 2, 2010, respectively. As a percentage of net sales, this represented a 7% increase for the three month period ended October 1, 2011 compared to the three month period ended October 2, 2010 and a 5% increase for the nine month period ended October 1, 2011 compared to the nine month period ended October 2, 2010. This percentage increase in cost of sales is largely due to an increase in certain contract services sales which require outsourcing to third party vendors. ChromaDex outsources certain contract services that it has chosen to not perform internally. For the three and nine month periods ended October 1, 2011, there were more contract services sales that the Company outsourced to third parties as compared to previous periods. This caused the Company to experience lower overall gross margins on contract services sales for these respective periods. In addition, sales of proprietary ingredients and other bulk dietary supplement grade raw materials increased for the three and nine month periods ended October 1, 2011. These proprietary ingredients and bulk dietary supplement grade raw materials have significantly higher raw material costs than other products. The Company expects to see a significant increase in the sales of these proprietary ingredients and bulk dietary supplement grade raw materials over the next twelve months. Increases in sales of these types of products will likely cause the Company to experience lower gross margins as a percentage of sales during this time period.

Gross Profit

Gross profit is net sales less the cost of sales and is affected by a number of factors including product mix, competitive pricing and costs of products and services. Our gross profit decreased 7% to $466,467 for the three month period ended October 1, 2011 from $502,726 for the three month period ended October 2, 2010, and slightly decreased to $2,067,781 for the nine month period ended October 1, 2011 from $2,096,388 for the nine month period ended October 2, 2010. For the three and nine month periods ended October 1, 2011, increase in direct costs of sales as a percentage of net sales was the primary cause for the decrease in gross profit.

Operating Expenses-Sales and Marketing

Sales and Marketing Expenses consist of salaries, commissions to employees and advertising and marketing expenses. Sales and marketing expenses for the three and nine month periods ended October 1, 2011 were $650,516 and $1,661,998 as compared to $235,582 and $688,552 for the three and nine month periods ended October 2, 2010. This increase was largely due to our increased sales and marketing efforts for our line of proprietary ingredients, including the launch of new retail products containing these proprietary ingredients.

Operating Expenses-General and Administrative

General and Administrative Expenses consist of research and development, general company administration, IT, accounting and executive management. General and administrative expenses for the three and nine month periods ended October 1, 2011 were $2,213,636 and $5,786,204 as compared to $1,140,815 and $2,535,386 for the three and nine month periods ended October 2, 2010. One of the factors that contributed to this increase was an increase in share-based compensation expenses. Our share-based compensation expense increased to $964,104 for the three month period ended October 1, 2011 from $423,764 for the three month period ended October 2, 2010 and increased to $2,469,827 for the nine month period ended October 1, 2011 from $706,221 for the nine month period ended October 2, 2010. This large increase in share-based compensation expense was largely due to the Company issuing restricted stock to certain employees and consultants and was also the result of the stock options that were granted following consummation of the 2010 Private Placement. The Company will continue to incur significant share-based compensation expenses over the next two years, as the expenses for the restricted stock and the post-closing grants are recognized on a straight-line method over the expected vesting periods. Another factor that contributed to the increase in general and administrative expenses was the increase in investor relations expense for the purpose of increasing market and shareholder awareness. In addition, the Company incurred certain legal, research, and development expenses related to our line of proprietary ingredients.

Non-operating income- Interest Income

Interest income consists of interest earned on money market accounts. Interest income for the three and nine month periods ended October 1, 2011 were $295 and $1,159 as compared to $578 and $1,095 for the three and nine month periods ended October 2, 2010.

Non-operating Expenses- Interest Expense

Interest expense consists of interest on capital leases. Interest expense for the three and nine month periods ended October 1, 2011 were $7,522 and $24,604 as compared to $10,130 and $26,555 for the three and nine month periods ended October 2, 2010.

Depreciation and Amortization

Depreciation expense for the nine month period ended October 1, 2011 was approximately $247,024 as compared to $232,786 for the nine month period ended October 2, 2010. We depreciate our assets on a straight-line basis, based on the estimated useful lives of the respective assets. Amortization expense of intangible assets for the nine month period ended October 1, 2011 was approximately $55,843 as compared to $55,053 for the nine month period ended October 2, 2010. We amortize intangible assets using a straight-line method over 10 years.

Liquidity and Capital Resources

From inception and through October 1, 2011, we have incurred aggregate losses of approximately $15.6 million. These losses are primarily due to overhead costs and general and administrative expenses associated with the development and expansion of our operations. These operations have been financed through capital contributions and the issuance of common stock and warrants through private placement transactions.

The Board of Directors periodically reviews our capital requirements in light of our proposed business plan. Our future capital requirements will remain dependent upon a variety of factors, including cash flow from operations, the ability to increase sales, increasing our gross profits from current levels, reducing sales and administration expenses as a percentage of net sales, continued development of customer relationships, and our ability to market our new products successfully. However, based on our results from operations, we may determine that we need additional financing to implement our business plan, and there can be no assurance that it will be available on terms favorable to us or at all. If adequate financing is not available, we may have to delay, postpone or terminate product and service expansion and curtail general and administrative operations in order to maintain sufficient operating capital. The inability to raise additional financing may have a material adverse effect on us. While we believe that our current levels of capital will be sufficient to meet our projected operating plans through March 2012, we may seek additional capital prior to March 2012 both to meet our projected operating plans after March 2012 and to fund our longer term strategic objectives. To the extent we are unable to raise additional cash or generate net income to meet our projected operating plans prior to March 2012, we will revise our projected operating plans accordingly.

As of October 1, 2011, the Company had 8,553,564 warrants outstanding with an exercise price of $0.21 per share. Assuming the full exercise of the outstanding warrants for cash, we would receive additional proceeds of $1,796,248. There is no guarantee that the holders of these warrants will exercise any of the outstanding warrants for cash, and we will not receive any proceeds from any of the outstanding warrants until they are exercised for cash.

Net cash used in operating activities

Net cash used in operating activities for the nine months ended October 1, 2011 was $2,497,791 as compared to $1,814,741 for the nine months ended October 2, 2010. An increase in inventories and prepaid expenses for our new ingredients and retail product lines were the largest uses of cash during the nine month period ended October 1, 2011, while the payment of unpaid compensation from prior years to two officers was the largest use of cash during the nine month period ended October 2, 2010.

We expect our operating cash flows to fluctuate significantly in future periods as a result of fluctuations in our operating results, shipment timetables, accounts receivable collections, inventory management, and the timing of our payments, among other factors.

Net cash used in investing activities

Net cash used in investing activities was $152,369 for the nine months ended October 1, 2011, compared to $154,759 for the nine months ended October 2, 2010. The decrease in cash used in investing activities mainly reflects the timing of purchases of leasehold improvements and equipment as well as purchases of intangible assets.

Net cash provided by financing activities

Net cash provided by financing activities was $2,493,009 for the nine months ended October 1, 2011, compared to $4,483,754 for the nine months ended October 2, 2010. Net cash provided by financing activities for the nine months ended October 1, 2011 mainly consisted of proceeds from the exercise of warrants related to the 2010 Private Placement. Net cash provided by financing activities for the nine months ended October 2, 2010 mainly consisted of proceeds from both the issuance of common stock and the exercise of warrants related to the 2010 Private Placement.

Dividend policy

We have not declared or paid any dividends on our common stock. We presently intend to retain earnings for use in our operations and to finance our business. Any change in our dividend policy is within the discretion of our Board of Directors and will depend, among other things, on our earnings, debt service and capital requirements, restrictions in financing agreements, if any, business conditions, legal restrictions and other factors that our Board of Directors deems relevant.

Off-Balance Sheet Arrangements

During the nine months ended October 1, 2011, we had no off-balance sheet arrangements other than ordinary operating leases as disclosed in the "Financial Statements and Supplementary Data" section of the Company's Annual Report on Form 10-K filed with the Commission on March 16, 2011.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's Chief Executive Officer and Chief Financial Officer carried out an evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934). Based on the Company's evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of October 1, 2011.

Changes in Internal Controls

There was no change in internal controls over financial reporting (as defined in Rule 13a−15(f) promulgated under the Securities Exchange Act of 1934) that occurred during the Company's third fiscal quarter that has materially affected or is reasonably likely to materially affect the Company's internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On July 13, 2011, the Company awarded 40,000 shares of restricted stock at a purchase price of $0.14 per share to a certain consultant as compensation for services to the Company. These restricted shares will fully vest on July 13, 2012, provided that no termination event as defined in the related consulting agreement has occurred on or prior to such date and certain performance conditions have been met. These shares of restricted stock were issued to accredited investors only and sold by the Company in reliance upon the exemption from securities registration afforded by Section 4(2) of the Securities Act.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. [REMOVED AND RESERVED]

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No.	Description of Exhibits
10.1	**Patent License Agreement, dated July 12, 2011 between Cornell University and the Company.***
10.2	**Patent License Agreement, dated September 8, 2011 between The Regents of the University of California and the Company.***
31.1	**Certification of the Chief Executive Officer pursuant to §240.13a−14 or §240.15d−14 of the Securities Exchange Act of 1934, as amended**
31.2	**Certification of the Chief Financial Officer pursuant to §240.13a−14 or §240.15d−14 of the Securities Exchange Act of 1934, as amended**
32.1	**Certification pursuant to 18 U.S.C. Section 1350 (as adopted pursuant to Section 906 of the Sarbanes−Oxley Act of 2002)**
101	The following financial information from the Company's Quarterly Report on Form 10-Q for the quarter ended October 1, 2011, filed with the Securities and Exchange Commission on November 10, 2011, formatted in Extensible Business Reporting Language (XBRL): (i) the Condensed Consolidated Balance Sheets, (ii) the Condensed Consolidated Statements of Operations, (iii) the Condensed Consolidated Statements of Cash Flows, (iv) the Condensed Consolidated Statements of Stockholders' Equity, (v) the Notes to Condensed Consolidated Financial Statements.

* This Exhibit has been separately filed with the Commission pursuant to an application for confidential treatment. The confidential portions of this Exhibit have be marked by an asterisk.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ChromaDex Corporation
(Registrant)

Date: November 10, 2011

By: /s/ THOMAS C. VARVARO
Thomas C. Varvaro
Duly Authorized Officer and Chief Financial Officer

[*] INDICATES CONFIDENTIAL PORTION HAS BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

Exhibit 10.1

LICENSE AGREEMENT

BETWEEN

CHROMADEX CORPORATION

AND

CORNELL UNIVERSITY

FOR

DOCKET NO. D-3787

[*] INDICATES CONFIDENTIAL PORTION HAS BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

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LICENSE AGREEMENT

This agreement ("Agreement") is made by and between ChromaDex Inc, a California corporation having an address at 10005 Muirlands Blvd, Suite G, First Floor, Irvine, CA 92618 ("LICENSEE") and Cornell University ("Cornell") as represented by its Cornell Center for Technology Enterprise and Commercialization ("CCTEC") at 395 Pine Tree Road, Ithaca, NY 14850.

This Agreement is effective on July 5th 2011 ("Effective Date").

RECITALS

WHEREAS, the inventions disclosed in Disclosure Docket No. D-3787 and titled "Analogs of a B Vitamin (Nicotinamide Riboside, NR), and Efficient, Stereoselective Methods to Synthesize such Analogs" ("Invention"), were made in the course of research at Cornell by Dr. Anthony Sauve and his associates (hereinafter and collectively, the "Inventors") and are covered by Patent Rights as defined below;

WHEREAS, the Inventors are employees of Cornell, and they are obligated to assign all of their right, title and interest in the Invention to the Cornell Research Foundation, Inc. ("CRF") or to Cornell and have done so;

WHEREAS, CRF has engaged CCTEC to manage the Invention, in whole or in part, assigned to it and has fully authorized CCTEC to manage all rights subsisting therein and to enter into any agreement granting such rights to advance the missions of Cornell;

WHEREAS, CCTEC is the officially authorized unit at Cornell to manage Invention and to grant rights subsisting therein for Cornell and CRF;

WHEREAS, Cornell desires that the Invention be developed and utilized to the fullest possible extent so that its benefits can be enjoyed by the general public;

WHEREAS, LICENSEE desires to obtain certain rights from Cornell for commercial development, use, and sale of the Invention, and Cornell is willing to grant such rights; and

WHEREAS, LICENSEE understands that Cornell may publish or otherwise disseminate information concerning the Invention at any time and that LICENSEE is paying consideration hereunder for its early access to the Invention, the associated intellectual property rights, not continued secrecy therein.

NOW, THEREFORE, the parties agree:

ARTICLE 1. DEFINITIONS

The terms, as defined herein, shall have the same meanings in both their singular and plural forms.

1.1 "Affiliate" means any corporation or other business entity which is bound in writing by LICENSEE to the terms set forth in this Agreement and in which LICENSEE owns or controls, directly or indirectly, at least [*] percent ([*]%) of the outstanding stock or other voting rights entitled to elect directors, or in which LICENSEE is owned or controlled directly or indirectly by at least [*] percent ([*]%) of the outstanding stock or other voting rights entitled to elect directors; but in any country where the local law does not permit foreign equity participation of at least [*] percent ([*]%), then an "Affiliate" includes any company in which LICENSEE owns or controls or is owned or controlled by, directly or indirectly, the maximum percentage of outstanding stock or voting rights permitted by local law.

1.2 "Sublicense" means an agreement into which LICENSEE enters with a third party that is not an Affiliate for the purpose of (i) granting certain rights; (ii) granting an option to certain rights; or (iii) forbearing the exercise of any rights, granted to LICENSEE under this Agreement after Effective Date. "Sublicensee" means a third party with whom LICENSEE enters into a Sublicense.

1.3 "Field" means use of Nicotinamide Riboside in Dietary Supplement, Food, Food Additive, Cosmetic, and Drug (as each of these terms is defined in the United States Food, Drug, and Cosmetic Act ("FD&C Act") or its successors) products and in the Research Market as defined herein. "Research Market" means use by consumers in laboratories of academic, government, industrial, clinical, or other institutions who determine for themselves that they are entitled to purchase and/or use Licensed Products labeled "For Research Use Only - Not for any clinical or therapeutic use in Humans or Animals" or a reasonable equivalent thereto. The Research Market expressly excludes, everywhere in the world, use of Licensed Products for the diagnosis of, or predisposition to, or therapy of a disease state in humans or animals. Field also includes beverages and beverage additives.

1.4 "Territory" means worldwide.

1.5 "Term" means the period of time beginning on Effective Date and ending on the expiration date of the longest-lived patent in Patent Rights.

1.6 "Patent Rights" means CRF's or Cornell's right in patent applications listed in Appendix C disclosing and claiming the Invention, filed by Inventors and assigned to CRF or Cornell; and continuing applications thereof including divisions, substitutions, and continuations-in-part (but only to extent the claims thereof are enabled by disclosure of the parent application); any patents issuing on said applications including reissues, reexaminations and extensions; and any corresponding foreign applications or patents.

1.7 This paragraph left intentionally blank.

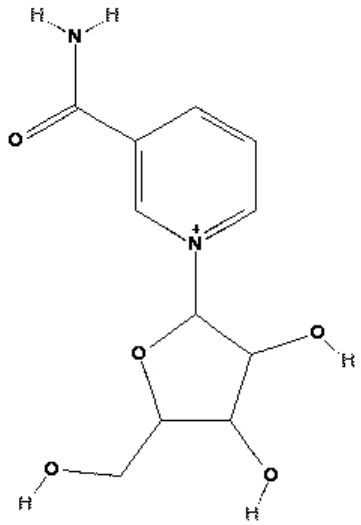
1.8 "Licensed Method" means any method that is claimed in Patent Rights the use of which would constitute, but for the license granted to LICENSEE under this Agreement, an infringement, an inducement to infringe or contributory infringement, of any pending or issued claim within Patent Rights. For the purpose of this Agreement, LICENSEE agrees that the above definition shall be interpreted as if Cornell or CRF is the sole owner and assignee of Patent Rights.

1.9 "Licensed Product" means any service, composition or product that is claimed in Patent Rights, or that is produced or enabled by Licensed Method, or the manufacture, use, sale, offer for sale, or importation of which would constitute, but for the license granted to LICENSEE under this Agreement, an infringement, an inducement to infringe or contributory infringement, of any pending or issued claim within the Patent Rights. For the purpose of this Agreement, LICENSEE agrees that the above definition shall be interpreted as if Cornell or CRF is the sole owner and assignee of Patent Rights.

1.10 "Net Sales" means the total of the gross invoice prices of Licensed Products sold or leased by LICENSEE, Sublicensee, Affiliate, or any combination thereof, less the sum of the following actual and customary deductions where applicable and separately listed: cash, trade, or quantity discounts; sales, use, tariff, import/export duties or other excise taxes imposed on particular sales (except for value-added and income taxes imposed on the sales of Licensed Product in foreign countries); transportation charges; or credits to customers because of rejections or returns. For purposes of calculating Net Sales, transfers to a Sublicensee or an Affiliate of Licensed Product under this Agreement for (i) end use (but not resale) by the Sublicensee or Affiliate shall be treated as sales by LICENSEE at the list price of LICENSEE in an arm-length transaction, or (ii) resale by a Sublicensee or an Affiliate shall be treated as sales at the list price of the Sublicensee or Affiliate.

1.11 "Patent Costs" means a pro rata share of all expenses for the preparation, filing, prosecution, and maintenance of all United States and foreign patents included in Patent Rights. Patent Costs shall also include reasonable out-of-pocket expenses for patentability opinions, inventorship review and determination, preparation and prosecution of patent application, re-examination, re-issue, interference, opposition activities related to patents or applications in Patent Rights plus a [*]% patent service fee for services to be provided by Cornell to LICENSEE relating to patent prosecution.

1.12 "Nicotinamide Riboside" shall mean the compound:



ARTICLE 2. GRANTS

2.1 **License.** Subject to Article 5.1 ("patent costs reimbursement obligations") and to the limitations set forth in this Agreement Cornell hereby grants to LICENSEE, and LICENSEE hereby accepts, a license under Patent Rights to make and have made, to use and have used, to sell and have sold, to offer for sale, and to import and have imported Licensed Products and to practice Licensed Methods in the Field within the Territory and during the Term.

The license granted herein is exclusive for Patent Rights in the Field as defined in 1.3.

The license granted herein is nonexclusive for Patent Rights in the field of the Research Market.

2.2 **Sublicense**.

(a) The license granted in Paragraph 2.1 includes the right of LICENSEE to grant Sublicense to third parties during the Term but only for as long as the license for Patent Rights is exclusive.

(b) With respect to Sublicense granted pursuant to Paragraph 2.2(a), LICENSEE shall:

(i) not receive, or agree to receive, anything of value in lieu of cash as consideration from a third party under a Sublicense granted pursuant to Paragraph 2.2(a) without the express written consent of Cornell;

(ii) to the extent applicable, include all of the rights of and obligations due to Cornell (and, if applicable, the Sponsor's Rights) and contained in this Agreement;

(iii) promptly provide Cornell with a copy of each Sublicense issued and any amendment made to any Sublicense; and

(iv) collect and guarantee payment of all payments due, directly or indirectly, to Cornell from Sublicensees and summarize and deliver all reports due, directly or indirectly, to Cornell from Sublicensees.

(c) Unless a Sublicense receives written consent from Cornell prior to its issuance by LICENSEE to the Sublicensee and becomes effective, upon termination of this Agreement for any reason, Cornell, at its sole discretion, shall determine whether LICENSEE shall cancel or assign to Cornell said Sublicense.

2.3 **Reservation of Rights.** Cornell reserves the right to:

(a) use the Invention and Patent Rights for educational and research purposes;

(b) publish or otherwise disseminate any information about the Invention at any time; and

(c) allow other nonprofit institutions to use Invention, and Patent Rights for educational and research purposes.

ARTICLE 3. CONSIDERATION

3.1 **Fees and Royalties.** The parties hereto understand that the fees and royalties payable by LICENSEE to Cornell and the provision of Nicotinamide Riboside to Dr. Anthony Sauve under this Agreement are partial consideration for the license granted herein to LICENSEE under Patent Rights. LICENSEE shall

(a)(i) pay Cornell a **license issue fee** of [*] dollars (US$[*]), within [*] ([*]) days after the Effective Date;

(a)(ii) upon LICENSEE's commencement of manufacturing, Dr. Anthony Sauve upon his written request will be provided with up to [*]grams of Nicotinamide Riboside per year and purified to [*]% purity as determined by nuclear magnetic resonance spectroscopy;

(b) pay Cornell **license maintenance fees** of initially [*] dollars (US$[*]) per year and payable on the Effective Date and annually thereafter on each anniversary according to the following schedule; provided however, that LICENSEE's obligation to pay this fee shall end on the date when LICENSEE is commercially selling a Licensed Product;

Fee payable to Cornell:	Date:
$ [*]	2011 to 2012
$ [*]	2013 to 2015
$ [*]	2016 to 2018
$ [*]	each year thereafter

(c) pay Cornell **milestone payments** in the amounts payable according to the following schedule or events by Licensee or its customers:

Amount	Date or Event
$[*]	First sale of Licensed Product as a Cosmetic ingredient
$[*]	Submission of Notification for New Dietary Ingredient for Licensed Product or GRAS self affirmation
$[*]	Submission of IND for Licensed Product
$[*]	Initiation of Phase II Trial of Licensed Product
$[*]	Initiation of Phase III Trial of Licensed Product
$[*]	FDA approval of Licensed Product

(d) pay Cornell an **earned royalty** of [*] percent ([*]%) on Net Sales of Licensed Products by LICENSEE and/or its Affiliate(s) for any Licensed Product sold direct to consumers or to consumers through distributors, whether or not it is relabelled;

pay Cornell an **earned royalty** of [*] percent ([*]%) on Net Sales of Licensed Products by LICENSEE and/or its Affiliate(s) for any Licensed Product sold to other businesses for incorporation into their products;

PROVIDED, HOWEVER, that if, during the term hereof, LICENSEE is required to pay royalties to one or more third parties for patent rights necessary to make, use, sell, offer for sale, or import Licensed Products, then LICENSEE may deduct $[*] from the earned royalties payable to Cornell for every $[*] LICENSEE actually pays to said third parties provided however that, in no event will the royalties paid to Cornell under this Section 3.1(d) be less than [*]percent ([*]%) of the amount due under this Section 3.1(d).

(e) pay Cornell a percentage of all **Sublicense fees** received by LICENSEE from its Sublicensees that are not earned royalties according to the following schedule;

Percentage of Sublicensee fee payable to Cornell	Events achieved by LICENSEE prior to issuance of Sublicense by LICENSEE
[*]%	Prior to submission of Notification for New Dietary

(f) pay Cornell on each and every **Sublicense royalty** payment received by LICENSEE from its Sublicensees on sales of Licensed Product by Sublicensee, the higher of (i) [*]percent ([*]%) of the royalties received by LICENSEE; or the (ii) royalties based on the royalty rate in Paragraph 3.1(d) as applied to Net Sales of Sublicensee;

(g) pay Cornell beginning the calendar year of commercial sales of the first Licensed Product by LICENSEE, its Sublicensee, or an Affiliate and if the total earned royalties paid by LICENSEE under Paragraphs 3.1(d) and (f) to Cornell in any such year cumulatively are less than the amount ("minimum annual royalty") illustrated below:

Year of Commercial Sale	Minimum Annual Royalty
First	$[*]
Second	$[*]
Third and following	$[*]

LICENSEE shall pay to Cornell on or before February 28 following the last quarter of such year the difference between amount noted above and the total earned royalty paid by LICENSEE for such year under Paragraphs 3.1(d) and (f); provided, however, that for the year of commercial sales of the first Licensed Product, the amount of minimum annual royalty payable shall be pro-rated for the number of months remaining in that calendar year.

All fees and royalty payments specified in Paragraphs 3.1(a) through 3.1(g) above shall be paid by LICENSEE pursuant to Paragraph 4.3 and shall be delivered by LICENSEE to Cornell as noted in Paragraph 10.1.

3.2 **Patent Costs.** LICENSEE shall reimburse Cornell all past (prior to the Effective Date) and future (on or after the Effective Date) Patent Costs within [*] ([*]) days following the date an itemized invoice is sent from Cornell to LICENSEE.

3.3 Due Diligence.

(a) LICENSEE shall:

(i) diligently proceed with the development, manufacture and sale of Licensed Products;

(ii) Transfer the method of production to a toll manufacturer within twelve months of Effective Date

(iii) market Licensed Products in Research Market the United States within [*] of the Effective Date;

(iv) submit a Notification for New Dietary Ingredient covering Licensed Products to the United States FDA or establish GRAS self affirmation within [*] from the Effective Date of this Agreement;

(v) Formal launch of a branded ingredient for food and cosmetics that is a Licensed Product within [*] of Effective Date

(vi) Commence clinical study of Licensed Product as a dietary supplement within [*] of Effective Date

(vii) use its reasonable efforts to fill the market demand for Licensed Products following commencement of marketing on a per-field basis at any time during the term of this Agreement; and

(viii) obtain and maintain all necessary governmental approvals for the manufacture, use and sale of Licensed Products.

(b) If LICENSEE fails to perform any of its obligations specified in Paragraphs 3.3(a)(i)-(viii), then Cornell shall have the right and option to either terminate this Agreement or change LICENSEE's exclusive license to a nonexclusive license. This right, if exercised by Cornell, supersedes the rights granted in Article 2.

(c) If at any time during the Term, LICENSEE has not begun a genuine product or business development program for at least one Licensed Product for any specific use within the licensed Field or Territory that does not directly compete with the Licensed Product LICENSEE is actively developing and LICENSEE refuses to initiate any program to address the specific use at the request of Cornell, Cornell may then exclude said specific use from the licensed Field of LICENSEE and license such rights to one or more third parties.

(d) If at any time during the Term, LICENSEE has not begun a genuine product or business development program for at least one Licensed Product for any specific use within the licensed Field or Territory and Cornell receives one ore more earnest offers to license Patent Rights for said specific use, Cornell shall refer such offers to LICENSE. If LICENSEE fails to grant Sublicenses to satisfy the market demand for said specific use, Cornell may then exclude said specific use from the licensed Field and license such rights to one or more third parties.

ARTICLE 4. REPORTS, RECORDS AND PAYMENTS

4.1 **Reports**.

(a) **Development Reports**. Beginning [*] after Effective Date and ending on the date of first commercial sale of a Licensed Product in the United States, LICENSEE shall report to Cornell progress covering LICENSEE's (and Affiliate's and Sublicensee's) activities and efforts in the development of rights granted to LICENSEE under this Agreement for the preceding [*]. The report shall include, but not be limited to, activities and efforts to develop and test all Licensed Products and obtain governmental approvals necessary for marketing the same. Such [*] reports shall be due within [*] days of the reporting period and shall use the form as provided herein as Appendix A.

(b) **Commercialization Reports.** After the first commercial sale of a Licensed Product anywhere in the world, LICENSEE shall submit to Cornell [*] reports on or before each [*] of each year. Each report shall cover LICENSEE's (and each Affiliate's and Sublicensee's) most recently completed calendar quarter and shall show:

(i) the gross sales and Net Sales (as defined in Paragraph 1.11) during the most recently completed calendar quarter and the royalties, in US dollars, payable with respect thereto;

(ii) the number of each type of Licensed Product sold;

(iii) Sublicense fees and royalties received during the most recently completed calendar quarter in US dollars, payable with respect thereto;

(iv) the method used to calculate the royalties;

(v) the exchange rates used;

(vi) relevant business and corporate development efforts relating to the rights granted in this Agreement.

LICENSEE shall provide the above information using the form as shown in Appendix B and include information on the date of the first commercial sale of each additional Licensed Product or in each additional country.

If no sales of Licensed Products have been made and no Sublicense revenue has been received by LICENSEE during any reporting period, LICENSEE shall so report.

4.2 **Records & Audits**.

(a) LICENSEE shall keep, and shall require its Affiliates and Sublicensees to keep, accurate and correct records of all Licensed Products manufactured, used, and sold, and Sublicense fees received under this Agreement. Such records shall be retained by LICENSEE for at least [*] ([*]) years following a given reporting period.

(b) All records shall be available during normal business hours for inspection at the expense of Cornell by Cornell's Internal Audit Department or by a Certified Public Accountant selected by Cornell and in compliance with the other terms of this Agreement for the sole purpose of verifying reports and payments or other compliance issues. Such inspector shall not disclose to Cornell any information other than information relating to the accuracy of reports and payments made under this Agreement or other compliance issues. In the event that any such inspection shows an under reporting and underpayment in excess of [*]percent ([*]%) for any twelve-month (12-month) period, then LICENSEE shall pay the cost of the audit as well as any additional sum that would have been payable to Cornell had the LICENSEE reported correctly, plus an interest charge at a rate of [*] percent ([*]%) per year. Such interest shall be calculated from the date the correct payment was due to Cornell up to the date when such payment is actually made by LICENSEE. For underpayment not in excess of [*] percent ([*]%) for any twelve-month (12-month) period, LICENSEE shall pay the difference within [*] ([*]) days without interest charge or inspection cost.

4.3 **Payments**.

(a) All fees, reimbursements and royalties due Cornell shall be paid in United States dollars and all checks shall be made payable to "Cornell University", referencing Cornell's taxpayer identification number, [*], and sent to Cornell according to Paragraph 10.1 (Correspondence). When Licensed Products are sold in currencies other than United States dollars, LICENSEE shall first determine the earned royalty in the currency of the country in which Licensed Products were sold and then convert the amount into equivalent United States funds, using the exchange rate quoted in the Wall Street Journal on the last business day of the applicable reporting period.

(b) Royalty Payments.

(i) Royalties shall accrue when Licensed Products are invoiced, or if not invoiced, when delivered to a third party or Affiliate.

(ii) LICENSEE shall pay earned royalties [*] each calendar year. Each such payment shall be for earned royalties accrued within LICENSEE's most recently completed [*].

(iii) Royalties earned on sales occurring or under Sublicense granted pursuant to this Agreement in any country outside the United States shall not be reduced by LICENSEE for any taxes, fees, or other charges imposed by the government of such country on the payment of royalty income, except that all payments made by LICENSEE in fulfillment of Cornell's tax liability in any particular country may be credited against earned royalties or fees due Cornell for that country. LICENSEE shall pay all bank charges resulting from the transfer of such royalty payments.

(iv) If at any time legal restrictions prevent the prompt remittance of part or all royalties by LICENSEE with respect to any country where a Licensed Product is sold or a Sublicense is granted pursuant to this Agreement, LICENSEE shall convert the amount owed to Cornell into US currency and shall pay Cornell directly from its US sources of fund for as long as the legal restrictions apply.

(v) In the event that any patent or patent claim within Patent Rights is held invalid in a final decision by a patent office from which no appeal or additional patent prosecution has been or can be taken, or by a court of competent jurisdiction and last resort and from which no appeal has or can be taken, all obligation to pay royalties based solely on that patent or claim or any claim patentably indistinct therefrom shall cease as of the date of such final decision. LICENSEE shall not, however, be relieved from paying any royalties that accrued before the date of such final decision, that are based on another patent or claim not involved in such final decision.

(c) Late Payments. In the event royalty, reimbursement and/or fee payments are not received by Cornell when due, LICENSEE shall pay to Cornell interest charges at a rate of [*]percent ([*]%) per year. Such interest shall be calculated from the date payment was due until actually received by Cornell.

ARTICLE 5. PATENT MATTERS

5.1 **Patent Prosecution and Maintenance**.

(a) Provided that LICENSEE has reimbursed Cornell for Patent Costs pursuant to Paragraph 3.2, Cornell shall diligently prosecute and maintain the United States and, if available, foreign patents, and applications in Patent Rights using counsel of its choice. Cornell shall provide LICENSEE with copies of all relevant documentation relating to such prosecution and LICENSEE shall keep this documentation confidential. The counsel shall take instructions only from Cornell, and all patents and patent applications in Patent Rights shall be assigned solely to CRF or Cornell.

(b) Cornell shall consider amending any patent application in Patent Rights to include claims reasonably requested by LICENSEE to protect the products contemplated to be sold as Licensed Products by LICENSEE under this Agreement.

(c) LICENSEE may elect to terminate its reimbursement obligations with respect to any patent application or patent in Patent Rights upon [*] months' written notice to Cornell. Cornell shall use reasonable efforts to curtail further Patent Costs for such application or patent when such notice of termination is received from LICENSEE. Cornell, in its sole discretion and at its sole expense, may continue prosecution and maintenance of said application or patent, and LICENSEE shall have no further license with respect thereto. Non-payment of any portion of Patent Costs with respect to any application or patent may be deemed by Cornell as an election by LICENSEE to terminate its reimbursement obligations with respect to such application or patent. Cornell is not obligated to file, prosecute, or maintain Patent Rights outside of the territory at any time or to file, prosecute, or maintain Patent Rights to which Licensee has terminated its License hereunder.

5.2 **Patent Infringement**.

(a) In the event that Cornell (to the extent of the actual knowledge of the licensing professional responsible for the administration of this Agreement) or LICENSEE learns of infringement of potential commercial significance of any patent licensed under this Agreement, the knowledgeable party will provide the other (i) with written notice of such infringement and (ii) with any evidence of such infringement available to it (the "Infringement Notice"). During the period in which, and in the jurisdiction where, LICENSEE has exclusive rights under this Agreement, neither Cornell nor LICENSEE will notify a third party (including the infringer) of infringement or put such third party on notice of the existence of any Patent Rights without first obtaining consent of the other which consent shall not be un-reasonably withheld. Cornell shall have the right to terminate this Agreement immediately without the obligation to provide [*] days' notice as set forth in Paragraph 7.1 if LICENSEE notifies a third party of infringement or puts such third party on notice of the existence of any Patent Rights with respect to such infringement without first obtaining the written consent of Cornell. Both Cornell and LICENSEE will use their diligent efforts to cooperate with each other to terminate such infringement without litigation.

(b) If infringing activity of potential commercial significance by the infringer has not been abated within [*] days following the date the Infringement Notice takes effect, LICENSEE may institute suit for patent infringement against the infringer. CRF and/or Cornell may voluntarily join such suit at its own expense, but may not thereafter commence suit against the infringer for the acts of infringement that are the subject of LICENSEE's suit or any judgment rendered in that suit. LICENSEE may not join CRF or Cornell in a suit initiated by LICENSEE without Cornell's prior written consent. If, in a suit initiated by LICENSEE, CRF or Cornell is involuntarily joined other than by LICENSEE, LICENSEE will pay any costs incurred by CRF or Cornell arising out of such suit, including but not limited to, any legal fees of counsel that CRF or Cornell selects and retains to represent it in the suit.

(c) If, within [*] ([*]) days following the date the Infringement Notice takes effect, infringing activity of potential commercial significance by the infringer has not been abated and if LICENSEE has not brought suit against the infringer, CRF or Cornell may institute suit for patent infringement against the infringer. If CRF or Cornell institutes such suit, LICENSEE may not join such suit without CRF's or Cornell's consent and may not thereafter commence suit against the infringer for the acts of infringement that are the subject of CRF's or Cornell's suit or any judgment rendered in that suit.

(d) Any recovery or settlement received in connection with any suit will first be shared by Cornell or CRF and LICENSEE equally to cover the litigation costs each incurred, and next shall be paid to CRF, Cornell or LICENSEE to cover any litigation costs it incurred in excess of the litigation costs of the other, provided that any amounts reimbursed to Cornell or CRF by LICENSEE pursuant to Section 5.2(b) above shall be deducted from amounts shared hereunder. In any suit initiated by LICENSEE, any recovery in excess of litigation costs will be shared between LICENSEE and Cornell as follows: (i) Cornell will receive [*] percent ([*]%) of the recovery if CRF or Cornell was not a party in the litigation and did not incur any litigation costs; (ii) Cornell will receive [*] percent ([*]%) of the recovery if CRF or Cornell was a party in the litigation, but did not incur any litigation costs, including the provisions of Paragraph 5.2(b) above, or (iii) Cornell will receive [*] percent ([*]%) of the recovery if CRF or Cornell incurred any litigation costs in connection with the litigation. In any suit initiated by CRF or Cornell, any recovery in excess of litigation costs will be shared between LICENSEE and Cornell or CRF as follows: (i) LICENSEE will receive [*]percent ([*]%) of the recovery if LICENSEE was not a party in the litigation and did not incur any litigation costs; (ii) LICENSEE will receive [*] percent ([*]%) of the recovery if LICENSEE was a party in the litigation, but did not incur any litigation costs, or (iii) LICENSEE will receive [*] percent ([*]%) of the recovery if LICENSEE incurred any litigation costs in connection with the litigation. CRF, Cornell and LICENSEE agree to be bound by all determinations of patent infringement, validity, and enforceability (but no other issue) resolved by any adjudicated judgment in a suit brought in compliance with this Section 5.2.

(e) Any agreement made by LICENSEE for purposes of settling litigation or other dispute shall comply with the requirements of Section 2.2 (Sublicenses) of this Agreement.

(f) Each party will cooperate with the other in litigation proceedings instituted hereunder but at the expense of the party who initiated the suit (unless such suit is being jointly prosecuted by the parties).

(g) Any litigation proceedings will be controlled by the party bringing the suit, except that CRF and Cornell may be represented by counsel of its choice in any suit brought by LICENSEE.

5.3 **Patent Marking.** LICENSEE shall mark all Licensed Products made, used or sold under the terms of this Agreement, or their containers, in accordance with the applicable patent marking laws.

ARTICLE 6. GOVERNMENTAL MATTERS

6.1 **Governmental Approval or Registration.** If this Agreement or any associated transaction is required by the law of any nation to be either approved or registered with any governmental agency, LICENSEE shall assume all legal obligations to do so. LICENSEE shall notify Cornell if it becomes aware that this Agreement is subject to a United States or foreign government reporting or approval requirement. LICENSEE shall make all necessary filings and pay all costs including fees, penalties, and all other out-of-pocket costs associated with such reporting or approval process.

6.2 **Export Control Laws.** LICENSEE shall observe all applicable United States and foreign laws with respect to the transfer of Licensed Products and related technical data to foreign countries, including, without limitation, the International Traffic in Arms Regulations and the Export Administration Regulations.

ARTICLE 7. TERMINATION OF THE AGREEMENT

7.1 **Termination by Cornell**.

(a) If LICENSEE fails to perform or violates any term of this Agreement, then Cornell may give written notice of default ("Notice of Default") to LICENSEE. If LICENSEE fails to cure the default within [*] ([*]) days of the Notice of Default, Cornell may terminate this Agreement and the license granted herein by a second written notice ("Notice of Termination") to LICENSEE. If a Notice of Termination is sent to LICENSEE, this Agreement shall automatically terminate on the effective date of that notice. Termination shall not relieve LICENSEE of its obligation to pay any fees owed at the time of termination and shall not impair any accrued right of Cornell.

(b) This Agreement will terminate immediately, without the obligation to provide written notices as set forth in Paragraph 7.1(a), if LICENSEE files a claim including in any way the assertion that any portion of CRF's or Cornell's Patent Rights is invalid or unenforceable where the filing is by the LICENSEE, a third party on behalf of the LICENSEE, or a third party at the written urging of the LICENSEE.

7.2 **Termination by LICENSEE**.

(a) LICENSEE shall have the right at any time and for any reason to terminate this Agreement upon a [*] ([*])-day written notice to Cornell. Said notice shall state LICENSEE's reason for terminating this Agreement.

(b) Any termination under Paragraph 7.2(a) shall not relieve LICENSEE of any obligation or liability accrued under this Agreement prior to termination or rescind any payment made to Cornell or action by LICENSEE prior to the time termination becomes effective. Termination shall not affect in any manner any rights of Cornell or CRF arising under this Agreement prior to termination.

7.3 **Survival on Termination.** The following Paragraphs and Articles shall survive the termination of this Agreement:

(a) Article 4 (REPORTS, RECORDS AND PAYMENTS);

(b) Paragraph 7.4 (Disposition of Licensed Products on Hand);

(c) Paragraph 8.2 (Indemnification);

(d) Article 9 (USE OF NAMES AND TRADEMARKS);

(e) Paragraph 10.2 hereof (Secrecy); and

(f) Paragraph 10.5 (Failure to Perform).

7.4 **Disposition of Licensed Products on Hand.** Upon termination of this Agreement, LICENSEE may dispose of all previously made or partially made Licensed Product within a period of [*] days of the effective date of such termination provided that the sale of such Licensed Product by LICENSEE, its Sublicensees, or Affiliates shall be subject to the terms of this Agreement, including but not limited to the rendering of reports and payment of royalties required under this Agreement.

7.5 **Grant Back to Cornell.** To the extent that LICENSEE owns or controls (now or in the future) any patent rights that blocks, interferes with or otherwise prevents Cornell from making or having made, using or having used, selling and having sold, offering for sale or importing or having imported Licensed Products or licensing to others such rights ("Blocking Rights"), then LICENSEE hereby grants or will cause to be granted a nonexclusive, worldwide, perpetual, royalty-free license to make and have made, use and have used, sell and offer for sale, import and have imported products that are claimed in the Blocking Rights, with the right to grant sublicenses to third parties, provided that such products are also Licensed Products and are licensed or exercised by Cornell together with the Patent Rights.

ARTICLE 8. LIMITED WARRANTY AND INDEMNIFICATION

8.1 **Limited Warranty**.

(a) Cornell warrants that it has the lawful right to grant this license.

(B) The license granted herein is provided "AS IS" and without WARRANTY OF MERCHANTABILITY or WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE or any other warranty, express or implied. Cornell makes no representation or warranty that the Licensed Product, Licensed Method or the use of Patent Rights will not infringe any other patent or other proprietary rights.

(c) In no event shall Cornell or CRF be liable for any incidental, special or consequential damages resulting from exercise of the license granted herein or the use of the Invention, Licensed Product, Licensed Method.

(d) Nothing in this Agreement shall be construed as:

(i) a warranty or representation by Cornell or CRF as to the validity or scope of any Patent Rights;

(ii) a warranty or representation that anything made, used, sold or otherwise disposed of under any license granted in this Agreement is or shall be free from infringement of patents of third parties;

(iii) an obligation to bring or prosecute actions or suits against third parties for patent infringement except as provided in Paragraph 5.2 hereof;

(iv) conferring by implication, estoppel or otherwise any license or rights under any patents of CRF or Cornell other than Patent Rights as defined in this Agreement, regardless of whether those patents are dominant or subordinate to Patent Rights; or

(v) an obligation to furnish any know-how not provided in Patent Rights.

8.2 **Indemnification**.

(a) LICENSEE shall indemnify, hold harmless and defend CRF, Cornell, its officers, employees, and agents; the sponsors of the research that led to the Invention; and the Inventors of the patents and patent applications in Patent Rights and their employers against any and all claims, suits, losses, damage, costs, fees, and expenses resulting from or arising out of exercise of this license or any Sublicense. This indemnification shall include, but not be limited to, any product liability.

(b) LICENSEE, at its sole cost and expense, shall insure its activities in connection with the work under this Agreement and obtain, keep in force and maintain insurance or an equivalent program of self insurance as follows:

(i) comprehensive or commercial general liability insurance (contractual liability included) with limits of at least: (A) each occurrence, [*] dollars (US$[*]); (B) products/completed operations aggregate, [*] dollars (US$[*]); (C) personal injury, [*] dollars (US$[*]); and (D) general aggregate (commercial form only), [*] dollars (US$[*]); and

(ii) the coverage and limits referred to above shall not in any way limit the liability of LICENSEE.

(c) LICENSEE shall, within [*] ([*]) days of Effective Date, furnish Cornell with certificates of insurance showing compliance with all requirements. Such certificates shall: (i) provide for [*] ([*]) day advance written notice to Cornell of any modification; (ii) indicate that Cornell has been endorsed as an additionally insured party under the coverage referred to above; and (iii) include a provision that the coverage shall be primary and shall not participate with nor shall be excess over any valid and collectable insurance or program of self-insurance carried or maintained by Cornell.

(d) Cornell shall notify LICENSEE in writing of any claim or suit brought against CRF or Cornell in respect of which Cornell intends to invoke the provisions of this Article. LICENSEE shall keep Cornell informed on a current basis of its defense of any claims under this Article.

ARTICLE 9. USE OF NAMES AND TRADEMARKS

9.1 Nothing contained in this Agreement confers any right to use in advertising, publicity, or other promotional activities any name, trade name, trademark, or other designation of either party hereto (including contraction, abbreviation or simulation of any of the foregoing). Unless required by law, the use by LICENSEE of the name, “Cornell University”, the names of Cornell’s various units, centers, schools, and faculty, and the name, “Cornell Research Foundation”, is prohibited, without the express written consent of Cornell.

9.2 Cornell may disclose to the Inventors the terms and conditions of this Agreement upon their request. If such disclosure is made, Cornell shall request the Inventors not disclose such terms and conditions to others.

9.3 Cornell may acknowledge the existence of this Agreement and the extent of the grant in Article 2 to third parties, but Cornell shall not disclose the financial terms of this Agreement to third parties, except where CRF or Cornell is required by law or the order of a court of competent jurisdiction to do so.

9.4 LICENSEE may acknowledge or make press releases regarding the existence of this Agreement and the extent of the grant in Article 2 but LICENSEE shall not disclose the financial terms of this Agreement except where LICENSEE is required by law or the order of a court of competent jurisdiction to do so. To the extent LICENSEE makes any forward-looking statement in its press releases, LICENSEE shall receive prior consent of Cornell which shall not be unreasonably withheld.

ARTICLE 10. MISCELLANEOUS PROVISIONS

10.1 **Correspondence.** Any notice, invoice or payment required to be given to either party under this Agreement shall be deemed to have been properly given and effective:

(a) on the date of delivery if delivered in person;

(b) on the date of successful transmission if sent by facsimile,

(c) one (1) day after the successful transmission in pdf file format if sent by electronic mail using the Internet; or

(d) five (5) days after mailing if mailed by first-class or certified mail, postage paid, to the respective addresses given below, or to such other address as is designated by written notice given to the other party.

If sent to LICENSEE:

Reports and Notices Contact:
ChromaDex Corporation
10005 Muirlands Blvd
Suite G, First Floor
Irvine, CA 92618
Ph: 949-419-0288
Fax: 949-419-0294
Attention: Tom Varvaro
EMAIL:tom.varvaro@Chromadex.com

Accounts Payable Contact:

ChromaDex Corporation
10005 Muirlands Blvd
Suite G, First Floor
Irvine, CA 92618
Ph: 949-419-0288
Fax: 949-419-0294
Attention: Accounts Payable

Intellectual Property Contact

ChromaDex Corporation
10005 Muirlands Blvd
Suite G, First Floor
Irvine, CA 92618
Ph: 949-419-0288
Fax: 949-419-0294
Attention: Tom Varvaro
EMAIL: tom.varvaro@Chromadex.com

If sent to Cornell:

For all correspondence *except payments* –

Cornell Center for Technology Enterprise and Commercialization
Attention: Executive Director
395 Pine Tree Road, Suite 310
Ithaca, NY 14850
FAX: 607-254-5454
TEL: 607-254-5236
EMAIL: cctec-contracts@cornell.edu

For all payments –

If sent by mail:

Cornell Center for Technology Enterprise and Commercialization
PO Box 6899
Ithaca, NY 14850-6899

If remitted by electronic payments via ACH or Fed Wire:

Receiving bank name: [*]
Bank account no.: [*]
Bank routing (ABA) no.: [*]
SWIFT code: [*]
Bank account name: [*]
ACH format code: Not required
Bank address: [*]
Additional information:[*]
Agreement No.: <to be filled in>
Department contact: [*]

A FAX copy of the transaction receipt shall be sent to Associate Director for Finance and Operations at: [*]. LICENSEE is responsible for all bank charges of wire transfer of funds for payments. The bank charges shall not be deducted from total amount due to Cornell.

10.2 **Secrecy**.

(a) "Confidential Information" shall mean information relating to the Invention and disclosed by Cornell to LICENSEE during the term of this Agreement, which if disclosed in writing shall be marked "Confidential", or if first disclosed otherwise, shall within [*] ([*]) days of such disclosure be reduced to writing by Cornell and sent to LICENSEE:

(b) Licensee shall:

(i) use the Confidential Information for the sole purpose of performing under the terms of this Agreement;

(ii) safeguard Confidential Information against disclosure to others with the same degree of care as it exercises with its own data of a similar nature;

(iii) not disclose Confidential Information to others (except to its employees, agents or consultants who are bound to LICENSEE by a like obligation of confidentiality) without the express written permission of Cornell, except that LICENSEE shall not be prevented from using or disclosing any of the Confidential Information that:

(A) LICENSEE can demonstrate by written records was previously known to it;

(B) is now, or becomes in the future, public knowledge other than through acts or omissions of LICENSEE;

(C) is lawfully obtained by LICENSEE from sources independent of Cornell; or

(D) is required to be disclosed by law or a court of competent jurisdiction; and

(c) The secrecy obligations of LICENSEE with respect to Confidential Information shall continue for a period ending [*] ([*]) years from the termination date of this Agreement.

10.3 **Assignability.** This Agreement may be assigned by Cornell, but is personal to LICENSEE and assignable by LICENSEE only with the written consent of Cornell.

10.4 **No Waiver.** No waiver by either party of any breach or default of any covenant or agreement set forth in this Agreement shall be deemed a waiver as to any subsequent and/or similar breach or default.

10.5 **Failure to Perform.** In the event of a failure of performance due under this Agreement and if it becomes necessary for either party to undertake legal action against the other on account thereof, then the prevailing party shall be entitled to reasonable attorney's fees in addition to costs and necessary disbursements.

10.6 **Governing Laws.** THIS AGREEMENT SHALL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, but the scope and validity of any patent or patent application shall be governed by the applicable laws of the country of the patent or patent application.

10.7 **Force Majeure.** A party to this Agreement may be excused from any performance required herein if such performance is rendered impossible or unfeasible due to any catastrophe or other major event beyond its reasonable control, including, without limitation, war, riot, and insurrection; laws, proclamations, edicts, ordinances, or regulations; strikes, lockouts, or other serious labor disputes; and floods, fires, explosions, or other natural disasters. When such events have abated, the non-performing party's obligations herein shall resume.

10.8 **Headings.** The headings of the several sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

10.9 **Entire Agreement.** This Agreement embodies the entire understanding of the parties and supersedes all previous communications, representations or understandings, either oral or written, between the parties relating to the subject matter hereof.

10.10 **Amendments.** No amendment or modification of this Agreement shall be valid or binding on the parties unless made in writing and signed on behalf of each party.

10.11 **Severability.** In the event that any of the provisions contained in this Agreement is held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provisions had never been contained in it.

IN WITNESS WHEREOF, both Cornell and LICENSEE have executed this Agreement, in duplicate originals, by their respective and duly authorized officers on the day and year written.

CHROMADEX CORPORATION:	**CORNELL UNIVERSITY:**
By: /s/ William Spengler (Signature of an authorized officer)	By: /s/ Brian Kelly (Signature of an authorized officer)
Name: William Spengler	Name: Brian Kelly
Title: President	Title: Director Technology Commercialization and Liason
Date: 7/12/2011	Date: July 12, 2011

ATTEST:	ATTEST:
By: /s/ Frank Jaksch (Signature of a witness)	By: /s/ Carol J. Dempster (Signature of a witness)
Name: Frank Jaksch	Name: Carol J. Dempster
Date: 7/12/2011	Date: July 12, 2011

Appendix A - DEVELOPMENT REPORT

Company Name	**CCTEC Agreement No**	**Your Reference No**
Reporting Period (*mm / dd / yyyy*) **From** ___/ ___/___ **Through** ___/ ___/___	**EXPECTED or ACTUAL** (*mm / dd / yyyy*) **Date of first sale of Licensed Product(s)** ___/ ___/___	

Please Check One

Your Company Has: [ ] less than 500 employees worldwide [ ] 500 or more employees worldwide

For the reporting period prescribed in the agreement, please provide detailed answers to the questions listed below. Please attach a separate report to this sheet if necessary.

1. Summary of work completed during the reporting period

2. Summary of work in progress

3. Current schedule of anticipated events or milestones, e.g. First round of financing, Phase 1 Clinical trials, etc.

4. Market plans for Introduction of Licensed Product(s)

5. Summary of resources (dollar value) spent in the reporting period.

6. Pipeline for Licensed Products

Product Name	**Developmental Stage**
Product Name	**Developmental Stage**
Product Name	**Developmental Stage**
Product Name	**Developmental Stage**

Report Prepared & Approved By		
Name (*Please Print*)	**Title**	**Email**
Signature		**Date (** *mm / dd / yyyy* **)**
		___/ ___/___

Appendix B – Commercialization Report

Company Name | **CCTEC Agreement No** | **Your Reference No**

Reporting Period (*mm / dd / yyyy*)
From ___/ ___/___ **Through** ___/ ___/___

EXPECTED or ACTUAL (*mm / dd / yyyy*)
Date of first sale of Licensed Product(s) ___/ ___/___

Please list all trade names for product(s) incorporating licensed rights whether or not you had sales during this reporting period.

CCTEC Docket #	Country	Number of Units Sold	Gross Sales by Country	Net Sales by Country* (A)	Royalty Rate* (B)	Total Royalties by Country (A * B)

* Please refer to the license agreement for:
- applicable royalty rate, please provide as decimal;
- how Net Sales should be calculated;
- applicable share of sublicense fees;
- application of minimum royalty rate
- If sales were in a currency other than United States Dollars, please specify exchange rate used

Royalty Subtotal	
Minimum Royalty Payment*	
Total Royalty Owed	
Total Sublicense Fees* *(if applicable)*	
Total Payment	

Sublicense Activity *(if applicable)*	
Number of sublicenses granted during the reporting period	**Number of sublicens during the reporting**
Granted Sub-Licensee Company Name(s) *(please list below)*	**Terminated Sub-Lic**
Total Number of active sublicenses during reporting period	

Other Licensed Products in the pipeline	
Product Name	**Developmental Stage**
Product Name	**Developmental Stage**
Product Name	**Developmental Stage**
Product Name	**Developmental Stage**

Are Licensed Product(s) Manufactured in the US? Yes No	
If No, please list countries where Licensed Product(s) is manufactured	
Product Name	**Countries**
Product Name	**Countries**
Product Name	**Countries**
Product Name	**Countries**

Report Prepared & Approved By		
Name (*Please Print*)	**Title**	**Email**
Signature		**Date (** *mm / dd / yyyy* **)** ___/ ___/___

Appendix C – Patents and Applications

Cornell Reference	Country of Filing	Application No
3787-02-US	United States	11/601,714
3787-04-CN	China	200680051368.4
3787-05-EP	Europe	6837837
3787-06-IN	India	4525/DELNP/2008

[*] INDICATES CONFIDENTIAL PORTION HAS BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

Exhibit 10.2

EXCLUSIVE LICENSE AGREEMENT

between

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

and

CHROMADEX INC.,

for

Method for Inducing UDP-Glucuronosyltransferase Activity Using Pterostilbene

UC Case No. 2011-432

[*] INDICATES CONFIDENTIAL PORTION HAS BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

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UC Case No. 2011-432

EXCLUSIVE LICENSE AGREEMENT
for
Method for Inducing UDP-Glucuronosyltransferase Activity Using Pterostilbene

This license agreement ("Agreement") is made effective this 8th day of September, 2011 ("Effective Date"), by and between The Regents of the University of California, a California corporation, having its statewide administrative offices at 1111 Franklin Street, 12th Floor, Oakland, California 94607-5200 (-The Regents") and ChromaDex Inc., a California corporation, having a principal place of business at 10005 Muirlands, Blvd, Suite G, Irvine, CA 92618, USA ("Licensee").

BACKGROUND

A. Certain inventions, generally characterized as Method for Inducing UDP¬Glucuronosyltransferase Activity Using Pterostilbene (collectively "Invention"), were made jointly by Dr. Jeremy Bartos, ChromaDex and in the course of research at the University of California, Irvine, by Drs. Frank Meyskens and Ryan Dellinger and are claimed in Patent Rights as defined below.

B. The development of the Invention may have been sponsored by the Department of Health and Human Services and, if so, as a consequence, this license is subject to overriding obligations to the United States Federal Government under 35 U.S.C. §§ 200-212 and applicable regulations including a non-exclusive, non-transferable, irrevocable, paid-up license to practice or have practiced the Invention for or on behalf of the United States Government throughout the world. Upon request by the Licensee, The Regents shall conduct reasonable investigations to determine whether the development of the Invention was sponsored by the Department of Health and Human Services.

C. The Licensee wishes to obtain certain rights from The Regents for the commercial development of the Invention, in accordance with the terms and conditions set forth herein and The Regents is willing to grant those rights so that the Invention may be developed and the benefits enjoyed by the general public.

D. The scope of such rights granted by The Regents is intended to extend to the scope of the patents and patent applications in Patent Rights, but only to the extent that The Regents has proprietary rights in and to such Patent Rights.

E. The Licensee is a "small business firm" as defined in 15 U.S.C. §632.

F. Both parties recognize and agree that Earned Royalties are due under this Agreement with respect to products and methods and that such royalties will be paid with respect to both pending patent applications and issued patents, in accordance with the terms and conditions set forth herein.

The parties agree as follows:

1. DEFINITIONS

As used in this Agreement, the following terms, whether used in the singular or plural, shall have the following meanings:

1.1 "Affiliate" of the Licensee means any entity which, directly or indirectly, Controls the Licensee, is Controlled by the Licensee or is under common Control with the Licensee. "Control" means (i) having the actual, present capacity to elect a majority of the directors of such affiliate; (ii) having the power to direct at least fifty percent (50%) of the voting rights entitled to elect directors; or (iii) in any country where the local law will not permit foreign equity participation of a majority, ownership or control, directly or indirectly, of the maximum percentage of such outstanding stock or voting rights permitted by local law.

1.2 "Attributed Income" means the total gross proceeds, excluding Sublicensee Royalties, but including, without limitation, any license fees, maintenance fees, or milestone payments (other than milestone payments paid for the achievement of the milestones in Article 9 hereof), whether consisting of cash or any other forms of consideration and whether any rights other than Patent Rights are granted, which gross proceeds are received by or payable to the Licensee or an Affiliate of the Licensee from any Sublicensee in consideration of the grant of a sublicense under the Patent Rights; provided, however, that if rights other than Patent Rights are granted by Licensee or an Affiliate to a Sublicensee, then Attributed Income shall not include proceeds received by Licensee or an Affiliate that are reasonably attributed to such other rights. Notwithstanding the foregoing, Attributed Income shall not include proceeds attributed in such sublicense to bona fide (i) debt financing; (ii) equity (and conditional equity, such as warrants, convertible debt and the like) investments in the Licensee at market value; (iii) reimbursements of Patent Prosecution Costs actually incurred by the Licensee; (iv) payments or reimbursements specifically committed to research and/or development services to be provided on a going forward basis by Licensee for the applicable Sublicensee under such sublicense at or below commercially reasonable and standard rates and (v) payments from a Sublicensee that represent the Licensee's share in net profits derived from the Sale of Licensed Products by or on behalf of the Licensee or a Sublicensee (including through a Joint Venture), provided that such net profits already take into account payments that are due to The Regents hereunder. For the avoidance of doubt, any gross proceeds meeting the definition set forth above in this Article 1.2 shall be "Attributed Income" irrespective of whether such gross proceeds are received under one or more separate agreements and irrespective of how such gross proceeds are referred to or characterized by the Licensee or the Sublicensee.

1.3 "Combination Product" means a combined Product that contains or uses a Licensed Product and at least one other active component, Product or process (a "Combination Product Component"), where (i) such Combination Product Component is not a Licensed Product, (ii) if such Combination Product Component were removed from such combined Product, the manufacture, use, Sale or import of the resulting Product in or into a particular country would infringe, but for a license, the same Valid Claim of Patent Right(s) in the country where such manufacture, use, Sale or import occurs as such combined Product, (iii) such Combination Product Component provides a function that is in addition to or supplementary to the function for which such Licensed Product is Sold on its own and (iv) the market price of such combined Product is higher than the market price for such Licensed Product as a result of such combined Product containing or using such Combination Product Component.

1.4 "Compound" means Pterostilbene.

1.5 "Earned Royalty" or "Earned Royalties" means the Sublicensee Royalties (as defined in Paragraph 7.2) and Royalties (as defined in Paragraph 8.1).

1.6 "Field of Use" means the use of Pterostilbene to induce UDP - Glucuronosyltransferase (UGT) Activity.

1.7 "Joint Venture" means any separate entity established pursuant to an agreement between a third party and the Licensee and/or Sublicensee to constitute a vehicle for a joint venture, in which the separate entity manufactures, uses, purchases, Sells or acquires Licensed Products from the Licensee or Sublicensee.

1.8 "Licensed Method" means any process, art or method the use or practice of which, but for the license granted in this Agreement, would infringe, or contribute to, or induce the infringement of, any Patent Rights in any country were they issued at the time of the infringing activity in that country.

1.9 "Licensed Product" means any Product, including, without limitation, a Product explicitly directed for use or used in practicing a Licensed Method and any Product made by practicing a Licensed Method, the manufacture, use, Sale, offer for Sale or import of which, but for the license granted in this Agreement, would infringe, or contribute to, or induce the infringement of, a Valid Claim of any Patent Rights in any country were they issued at the time of the infringing activity in that country.

1.10 "Modifications" means substances created by the Licensee which contain or incorporate the Original Materials, Progeny and/or Unmodified Derivatives.

1.11 "Net Invoice Price" means the gross invoice price of a (a) Licensed Product and (b) a Product that combines a Licensed Product in any manner with any other Product (but subject to the adjustments for Net Sales of Combination Products set forth below), charged by the Licensee, any Affiliate of the Licensee or any Sublicensee, to a Third Party, including to distributors and end-users, less the following items, but only to the extent that they actually pertain to the disposition of such Licensed Product, are actually incurred, and are identified separately on a bill, invoice or other appropriate documentation:

1.11.1 Credits or allowances actually granted to customers for rejections, returns, prompt payment, volume and other trade discounts, retroactive price reductions or billing corrections;

1.11.2 Freight, transport, packing and insurance charges associated with transportation;

1.11.3 Taxes (including without limitation sales, value-added or excise taxes, but excluding income taxes), surcharges, tariffs, import/export duties and other governmental charges based on Sales, transportation, delivery, use, production, exportation or importation of Licensed Products when included in the gross invoice price;

1.11.4 Normal and customary discounts (including wholesaler's discounts), rebates and charge backs that are paid, allowed or credited to customers, third-party payers, managed care organizations, healthcare systems, or administrators, as permitted by applicable law; and

1.11.5 Rebates and discounts paid, credited or allowed pursuant to applicable law, including Government mandated rebates and discounts.

If a Licensed Product or Combination Product is sold, or otherwise commercially disposed of for value (including, without limitation, disposition in connection with the delivery of other products or services), in a transaction that is not a sale for cash to an independent Third Party, then the gross invoiced price in such transaction shall be deemed to be the gross amount that would have been paid had there been such a sale at the average sale price of such Licensed Product or Combination Product during the applicable royalty reporting period.

1.12 "Net Sale" means:

1.12.1 except in the instances described in Paragraphs 1.12.2 and 1.12.3 of this Paragraph, the Net Invoice Price;

1.12.2 for any Relationship-Influenced Sale of a Licensed Product, Net Sales shall be based only on the Net Invoice Price at which the Relationship-Influenced Sale Purchaser re-Sells such Licensed Product to a Third Party (and the Relationship-Influenced Sale itself shall not be deemed a Sale); and

1.12.3 in those instances where Licensed Product is not Sold, but is otherwise commercially exploited by the Licensee, an Affiliate of the Licensee, or a Sublicensee, the Net Sales for such Licensed Product shall be the Net Invoice Price of such Licensed Product Sold to Third Parties in similar quantities by the Licensee, an Affiliate of the Licensee or a Sublicensee, as applicable.

For a Combination Product, Net Sales shall be calculated, on a country-by-country basis, as:

A/(A+B) x Net Sales, calculated without regard to this formula, of the Licensed Product that is the Combination Product,

Where:

(i) "A" is the total of Net Sales of each Licensed Product contained within or used in the Combination Product when Sold separately; and

(ii) "B" is the total of Net Sales of all Combination Product Components contained within or used in the Combination Product when Sold separately,

Provided, however, that if the Licensed Product is sold separately in finished form in such country but the Combination Product Components in the Combination Product are not sold separately in finished form in such country, Net Sales shall be calculated as

C/(C+D) x Net Sales, calculated without regard to this formula, of the Licensed Product that is the Cornbination Product,

Where:

(i) "C" is the total of Net Sales of each Licensed Product contained within or used in the Combination Product when Sold separately; and

(ii) "D" is the difference between the Nets Sales of the Combination Product and the Net Sales of the Licensed Product when sold separately,

Provided, further, that if the Combination Product Components in the Combination Product are sold separately in finished form in such country but the Licensed Product is not sold separately in finished forrn in such country, Net Sales shall be calculated as

1 - C/(C+D) x Net Sales, calculated without regard to this formula, of the Licensed Product that is the Combination Product.

Where:

(i) "C" is the total of Net Sales of the Combination Product Components contained within or used in the Combination Product when Sold separately; and

(ii) "D" is the difference between the Nets Sales of the Combination Product and the Net Sales of the Combination Product Components when sold separately.

Provided, further, that if neither the Licensed Product nor the Combination Product Components are sold separately in finished form in such country, Net Sales of the Combination Product shall be determined by the Parties in good faith based on the relative fully allocated costs of goods for the Licensed Product and each Combination Product Component, as applicable.

Notwithstanding the foregoing, Net Sales shall not include distribution without consideration of reasonable quantities of Licensed Products to a Third Party for use in any research, testing, clinical trials, or promotional offers, or for humanitarian purposes, including without limitation, expanded access programs or charitable donations.

1.13 "New Developments" means inventions, or claims to inventions, which constitute advancements, developments or improvements, whether or not patentable and whether or not the subject of any patent application, which are not sufficiently supported by the specification of a previously-filed patent or patent application within the Patent Rights to be entitled to the priority date of the previously-filed patent or patent application.

1.14 "Patent Prosecution Costs" is defined in Paragraph 20.4.

1.15 "Patent Rights" means, to the extent assigned to or otherwise owned by The Regents, all United States and foreign patents and patent applications covering or claiming (i) a Compound or its manufacture or use or any method of identifying or screening for Compounds, including, without limitation, those patents and patent applications that are listed on Exhibit A hereto, which shall be amended from time to time by the parties to include Patent Rights that arc filed or issued in the future. Patent Rights shall further include any reissues, extensions, substitutions, continuations, divisions, provisionals, registrations, renewals, reexaminations, additional patents and any continuation-in-part applications (but only the Valid Claims of the continuation-in-part application that are entirely supported in the specification and entitled to the priority date of the parent application) of any of the foregoing United States or foreign patents and patent applications.

1.16 "Product" means any kit, article of manufacture, composition of matter, material, compound, component or product.

1.17 "Related Party" means a corporation, firm or other entity with which, or individual with whom, the Licensee or any Sublicensee (or any of its respective stockholders, subsidiaries or Affiliates) have any agreement, understanding or arrangement (for example, but not by way of limitation, an option to purchase stock or other equity interest, or an arrangement involving a division of revenue, profits, discounts, rebates or allowances) unrelated to the Sale or exploitation of the Licensed Products without which such other agreement, understanding or arrangement, the amounts, if any, charged by the Licensee or any Sublicensee to such entity or individual for the Licensed Product, would be higher than the Net Invoice Price actually received, or if such agreement, understanding or arrangement results in the Licensee or any Sublicensee extending to such entity or individual lower prices for such Licensed Product than those charged to others without such agreement, understanding or arrangement buying similar products in similar quantities.

1.18 "Relationship-Influenced Sale" means a Sale of a Licensed Product (i) from the Licensee to either an Affiliate of the Licensee, to a Sublicensee or to a Related Party, (ii) from an Affiliate of the Licensee to a Sublicensee or to a Related Party or (iii) from a Sublicensee to an Affiliate or Related Party of the Sublicensee, in each case for resale to a Third Party.

1.19 "Relationship-Influenced Sale Purchaser" means the purchaser of Licensed Product in a Relationship-Influenced Sale.

1.20 "Sale" means the act of selling, leasing or otherwise transferring, providing, or furnishing for use for any consideration. Correspondingly, "Sell" means to make or cause to be made a Sale and "Sold" means to have made or caused to be made a Sale.

1.21 "Sublicensee" means any Third Party (including, if applicable, a Joint Venture) to which any of the license rights granted to the Licensee hereunder are sublicensed.

1.22 "Sublicense Fee" is defined in Paragraph 7.1.

1.23 "Technical Information" means, to the extent controlled by The Regents, any and all information, know-how, data, research results, writings, inventions, discoveries, whether or not patentable or copyrightable (other than Patent Rights) that relate to any Compounds, including the manufacture, use, development or methods of identifying or screening any Compounds, or to any New Developments.

1.24 "Third Party" means any individual, entity or legal person other than the Regents, the Licensee, and their respective Affiliates.

1.25 "Valid Claim" means a claim of a patent or patent application in any country that (i) has not expired; (ii) has not been disclaimed; (iii) has not been cancelled or superseded, or if cancelled or superseded, has been reinstated; and (iv) has not been revoked, held invalid, or otherwise declared unenforceable or not allowable by a tribunal or patent authority of competent jurisdiction over such claim in such country from which no further appeal has or may be taken.

2. GRANT

2.1 Subject to the limitations and other terms and conditions set forth in this Agreement including the license granted to the United States Government described in the Background and in Paragraph 2.3, The Regents grants to the Licensee and its Affiliates a worldwide license under its rights in and to Patent Rights and Technical Information to research, develop, make, have made, use, Sell, offer for Sale and import Licensed Products and to practice Licensed Methods, only in the Field of Use.

2.2 Except as otherwise expressly provided for in this Agreement, the license granted under Patent Rights in Paragraph 2.1 is exclusive and the license granted under the Technical Information in Paragraph 2.1 is non-exclusive.

2.3 The license granted in Paragraphs 2.1 and 2.2 is subject to the obligations to the United States Government under 35 U.S.C. §§ 200-212 and all applicable governmental implementing regulations, as amended from time to time.

2.4 The license granted in Paragraphs 2.1 and 2.2 is limited to methods and products that are used or useful within the Field of Use. For methods and products that have no use within the Field of Use, the Licensee has no license under this Agreement.

2.5 Subject to the rights granted to Licensee under this Agreement, the Regents reserves and retains the right (and the rights granted to the Licensee in this Agreement shall be subject to such right) to make and use, and to allow other educational and nonprofit institutions the right to make and use, the subject matter described and claimed in the Patent Rights for educational and research purposes, including publication and other communication of any research results related to such use, subject to Section 31.6 hereof.

2.6 Because one or more of the inventions set forth in the Patent Rights may have been made under funding provided by the United States Government, any Licensed Products that embody any such invention and are sold in the United States will be substantially manufactured in the United States unless a waiver of such manufacturing requirement is obtained from the funding agency for the Patent Rights, which waiver The Regents may apply for in cooperation with the Licensee or a Sublicensee if the Licensee or Sublicensee, as applicable, so requests and meets the statutory criteria therefor.

2.7 This Agreement will terminate immediately if a claim which includes, in any way, the assertion that any portion of Patent Rights is invalid or unenforceable is filed by the Licensee or an Affiliate of the Licensee, or by any Third Party, including a Sublicensee, at the express written request of the Licensee.

2.8 If at any time after the Effective Date the Regents, through the Licensing Officer of the Office of Technology Alliances responsible for the administration of this matter, learn that the Regents have come to own or control any developments, inventions or discoveries that are New Developments or otherwise pertain or relate to Compounds, but are not otherwise included within the Patent Rights and are not covered by any obligations to Third Parties (in each case, a "Covered Invention"), then The Regents will promptly notify the Licensee in writing of the existence and nature of such Covered Inventions in reasonable detail (an -Option Notice") and, to the extent permitted by law, the Licensee shall thereafter have an exclusive option to negotiate an exclusive license under the Regents' rights to the Covered Invention(s) within the Field of Use, which option the Licensee may exercise by providing written notice to the Regents (the "Exercise Notice") within [*] ([*]) days after its receipt of the Option Notice. If the Licensee provides The Regents with an Exercise Notice within such [*] ([*]) day period, then the Licensee and The Regents shall thereafter exercise commercially reasonable efforts to negotiate and enter into a definitive agreement governing the terms of the exclusive license to the Covered Inventions within [*] ([*]) days following The Regents' receipt of the Exercise Notice. The economic terms of any license with respect to any patent rights claiming the Covered Inventions shall he materially similar to the terms of this Agreement (i.e., there shall be no kind of payment obligation under such license in addition to the kinds of payment obligations that are included under this Agreement and the percentages or amounts of payment obligations under such license shall not exceed any corresponding payment obligations under this Agreement). If Licensee fails to contact the Regents within [*] days after receipt of the Election Notice, or if the parties do not enter into an agreement within [*] days following the Regents' receipt of the Election Notice, Licensee shall have no rights in New Developments and the Regents may dispose of those rights in its sole discretion.

2.9 Licensee may fully reference, rely on, submit and/or have transferred to it any investigational drug applications (IND) prepared by The Regents and covering Licensed Products and any and all know-how and data relating to the Licensed Product. The Regents agrees to cooperate with any effort by the Licensee to file any regulatory documents including but not limited to a Licensee-sponsored IND covering the Licensed Products and to cooperate in any effort by or on behalf of the Licensee to obtain marketing exclusivity for the Licensed Products.

3. SUBLICENSES

3.1 The Regents also grants to the Licensee the right to sublicense to Third Parties (including to Joint Ventures) the rights granted to the Licensee hereunder, with the right to further sublicense, as long as the Licensee has current rights thereto under this Agreement and provided that the Licensee shall remain responsible for its obligations hereunder notwithstanding the granting of a sublicense. Each Sublicensee must be subject to a written sublicense agreement, which must be consistent with and subject to the terms of this Agreement with respect to the obligations of Sublicensees and the rights of The Regents (and, if applicable, the United States Government and other sponsors). Also, for the avoidance of doubt, the Licensee may extend its rights and obligations hereunder to Affiliates without a sublicense arrangement as set forth in section 2.1, provided that the Licensee shall guarantee the performance and compliance with the terms of this Agreement of any of its Affiliates. The Licensee will notify The Regents of each sublicense granted hereunder and will provide The Regents with a complete copy of each sublicense (along with a summary of the material terms of each such sublicense) and each amendment to such sublicense within [*] ([*]) days of issuance of such sublicense or such amendment (all of which shall constitute the Proprietary Information of the Licensee). Notwithstanding the granting of a sublicense, the Licensee will continue to be obligated to pay to The Regents all fees, payments, royalties and the cash equivalent of any consideration due The Regents hereunder. For clarity, if the Licensee grants a sublicense that contains a provision for payment of royalties by any Sublicensee in an amount that is less than the Sublicensee Royalty required to be paid under Paragraph 7.2 below, then the Licensee will pay to The Regents a total amount equal to the Sublicensee Royalty based on the Sublicensees' Net Sales as provided for in Paragraph 7.1.2. The Licensee will require Sublicensees to provide it with copies of all progress reports and royalty reports in accordance with the provisions herein and the Licensee will collect and deliver all such reports due The Regents from Sublicensees (all of which shall constitute the Proprietary Information of the Licensee). Licensee will also provide to The Regents a yearly reporting of any further sublicensing of Patent Rights by its Sublicensees, Affiliates and Joint Ventures.

3.2 If Licensee licenses patent rights assigned to or otherwise acquired by it ("Licensee's Patent Rights"), and it believes, in good faith, that the recipient of such license will infringe Patent Rights in practicing the Licensee's Patent Rights, then the Licensee will not separately grant a license to such recipient under Licensee's Patent Rights without concurrently granting a sublicense under Patent Rights on the terms required under this Agreement.

3.3 Upon any expiration or termination of this Agreement for any reason, all sublicenses shall survive, provided that (a) such Sublicensee is not in breach of the relevant sublicense, (b) such Sublicensee will continue to make all reports and payments due and owing under its sublicense to The Regents, and (c) The Regents will not be bound by any grant of rights broader than or will not be required to perform any obligation other than those rights and obligations contained in this Agreement. Moreover, The Regents will have the sole right to modify each such assigned sublicense to include all of the rights of The Regents (and, if applicable, the United States Government and other sponsors) that are contained in this Agreement, including the payment of Earned Royalties directly to The Regents by the Sublicensee as if it were the Licensee at a rate that is no lower than the rate set forth in Article 8 (Earned Royalties and Minimum Annual Royalties) in accordance with Article 4 (Payment Terms).

4. PAYMENT TERMS

4.1 Earned Royalties will accrue, on a country-by-country, and Licensed Product-by - Licensed Product basis, for the duration of the last Valid Claim of Patent Rights (whether or not an issued Valid Claim) in such country that claims such Licensed Product.

4.2 The Licensee will pay to The Regents all Earned Royalties, Sublicense Fees and other consideration payable to The Regents quarterly on or before [*] (for the calendar quarter ending December 31), [*] (for the calendar quarter ending March 31), [*] (for the calendar quarter ending June 30) and [*] (for the calendar quarter ending September 30) of each calendar year. Each payment will be for Earned Royalties, Sublicense Fees and other consideration which has accrued within the Licensee's most recently completed calendar quarter.

4.3 All consideration due The Regents will be payable and will be made in United States dollars by check payable to "The Regents of the University of California" or by wire transfer to an account designated by The Regents. The Licensee is responsible for all bank or other transfer charges. When Licensed Products are Sold for monies other than United States dollars, the Earned Royalties and other consideration will first be determined in the foreign currency of the country in which such Licensed Products were Sold and then converted into equivalent United States dollars. The exchange rate will be the average exchange rate quoted in The Wall Street Journal during the last thirty (30) days of the reporting period. Sublicensee Fees and Earned Royalties on Net Sales of Licensed Products and other consideration accrued in any country outside the United States may not be reduced by any taxes, fees or other charges imposed by the government of such country, except those taxes, fees and charges allowed under the provisions of Paragraph 1.12 (Net Sales) or Section 4.4 below.

4.4 In the event that (1) a Sublicensee is required to withhold any tax to the tax or revenue authorities in any country other than the United States from payments to Licensee that constitute royalties on Net Sales of Licensed Product due to the laws of such country and (2) the applicable Sublicense Agreement permits the Sublicensee to deduct such withheld amount from royalties otherwise payable to Licensee (the "Deducted Amount"), then Licensee may deduct a portion of such Deducted Amount from the Sublicensee Royalties to be paid by the Licensee to The Regents hereunder, such Deducted Amount not to exceed [*]% of Net Sales. The portion of the Deducted Amount that may be deductible by Licensee hereunder shall equal the Deducted Amount times a fraction, the numerator of which is the Deducted Amount and the denominator of which is the amount that would be payable by the Sublicensee to Licensee if the Deducted Amount were not withheld. For purposes of illustration, if the Net Sales of Licensed Products by a Sublicensee equaled $1,000,000 in a calendar quarter pursuant to a Sublicense Agreement with a [*]% royalty that permitted withholding as set forth above, and the Sublicensee deducted $ [*]from the $[*] otherwise payable to Licensee as royalties (i.e., because the applicable law required 20% withholding), then Licensee would be entitled to deduct $[*] from the $[*] otherwise payable to The Regents hereunder as Sublicensee Royalties (i.e., [*]% of the Deducted Amount).

4.5 Notwithstanding the provisions of Article 27 (Force Majeure) if at any time legal restrictions prevent the prompt remittance of Earned Royalties or other consideration owed to the Licensee by a Sublicensee, or to The Regents by the Licensee, with respect to any country where a sublicense is issued or a Licensed Product is Sold or otherwise exploited, then the Licensee shall convert the amount owed to The Regents into United States dollars and will pay The Regents directly from another source of funds in order to remit the entire amount owed to The Regents.

4.6 In the event that any patent or claim thereof included within the Patent Rights is held invalid in a final decision by a court of competent jurisdiction and last resort and from which no appeal has or can be taken, then all obligation to pay royalties based on that patent or claim or any claim patentably indistinct therefrom will cease as of the date of final decision. The Licensee will not, however, be relieved from paying any royalties that accrued before such final decision and the Licensee shall be obligated to pay the full amount of royalties due hereunder to the extent that The Regents licenses one or more Valid Claims within the Patent Rights to the Licensee with respect to Licensed Products or to the extent that Licensed Products are based on Technology Rights.

4.7 No Earned Royalties will be collected or paid hereunder to The Regents on Licensed Products Sold to, or otherwise exploited for, the account of the United States Government as provided for in the license to the United States Government. The Licensee and its Sublicensees will reduce the amount charged for Licensed Products Sold to, or otherwise exploited by, the United States Government by an amount equal to the Earned Royalty for such Licensed Products otherwise due The Regents. Such reduction in Earned Royalties will be in addition to any other reductions in price required by the United States Government.

4.8 In the event that royalties, fees, reimbursements for Patent Prosecution Costs or other monies owed to The Regents are not received by The Regents when due, the Licensee will pay to The Regents simple interest on an annual basis at the Prime Rate as reported by Bank of America (or its successor entity) plus [*] percent (PA). Such interest will be calculated from the date payment was due until actually received by The Regents. Such accrual of interest will be in addition to and not in lieu of, enforcement of any other rights of The Regents due to such late payment.

5. LICENSE ISSUE FEE

The Licensee will pay to The Regents a License Issue Fee of [*] ($[*]) dollars within [*] ([*]) days of the Effective Date. This fee is non-refundable, non-cancelable and is not an advance or otherwise creditable against any royalties or other payments required to be paid under the terms of this Agreement.

6. LICENSE MAINTENANCE FEE

The Licensee will also pay to The Regents a License Maintenance Fee of [*] dollars ($[*]) beginning on the [*]anniversary of the Effective Date and continuing annually on each subsequent anniversary of the Effective Date. The License Maintenance Fee is not due on any anniversary of the Effective Date if on that date, the Licensee is Selling or otherwise exploiting Licensed Products and is paying an Earned Royalty to The Regents on the Net Sales of such Licensed Product. The License Maintenance Fee is non-refundable and is not an advance or otherwise creditable against any royalties or other payments required to be paid under the terms of this Agreement.

7. PAYMENTS ON SUBLICENSES

7.1 The Licensee will pay to The Regents the following non-refundable and non-creditable sublicense fees ("Sublicense Fees"):

7.1.1 [*] percent ([*]%) of Attributed Income from Sublicense Agreements executed prior to dosing of 1st patient in Phase I clinical study of a Licensed Product and [*]% of Attributed Income from Sublicense Agreements executed after dosing of 1st patient in Phase I clinical trial of a Licensed Product; and

7.1.2 [*] percent ([*] %) of Net Sales of each Licensed Product Sold by a Sublicensee or its Affiliates ("Sublicensee Royalties").

8. ROYALTIES AND MINIMUM ANNUAL ROYALTIES

8.1 The Licensee will also pay to The Regents [*] percent ([*]%) of Net Sales of Licensed Product Sold by the Licensee or any of its Affiliates ("Royalties").

8.2 In the event it becomes necessary for the Licensee or a Sublicensee to license patent rights owned by a Third Party to make, use or Sell Licensed Products, then the Licensee or Sublicensee shall have the right to obtain a license from such Third Party and the Licensee shall have the right to credit [*] percent ([*]%) of any payment made to such Third Party under such license against up to [*]percent ([*]%) of the amounts payable to The Regents under Paragraphs 7.1.2 or 8.1 above on a going-forward basis. Any credit pursuant to this Paragraph shall be available to the Licensee with respect to the full royalty payable pursuant to Paragraphs 7.1.2 and 8.1, but no such credit shall be available with respect to any Combination Product if the Third Party license is necessary solely because of a Combination Product Component that is not a Licensed Product. In addition, any credit that the Licensee is unable to use in full within the particular royalty reporting period in which such credit is earned may be rolled forward from one royalty reporting period to the next.

8.3 The Licensee will also pay to The Regents a minimum annual royalty of [*] dollars ($[*]) until the expiration or abandonment of the last Valid Claim within the Patent Rights, beginning with the year of the first Sale of Licensed Product. The minimum annual royalty will be paid to The Regents by [*] of each year and will be credited against the Earned Royalty due for the calendar year in which the minimum payment was made.

9. MILESTONE PAYMENTS

9.1 With respect to the first Licensed Product to achieve the following milestones, the Licensee will pay to The Regents the following non-refundable, non-creditable amounts

9.1.1 [*] dollars ($[*]) upon dosing of the 1st patient in the first Licensee sponsored Phase II clinical trial in the United States, or a foreign equivalent;

9.1.2 [*]dollars ($[*]) upon dosing of the 1st patient in the first Licensee sponsored Phase III clinical trial in the United States, or a foreign equivalent; and

9.1.3 [*] dollars ($[*]) upon Regulatory Approval in the United States, or a foreign equivalent.

9.2 For the avoidance of doubt, each of the milestone payments set forth in Paragraphs 9.1.1 through 9.1.3 will be payable only with respect to the first Licensed Product that achieves the applicable milestone. Furthermore, each such milestone payment will be payable by the Licensee regardless of whether the applicable milestone event has been achieved by the Licensee or any Affiliate or Sublicensee; provided that any payments that Licensee receives from a Sublicensee in connection with the achievement of any such milestone shall not be considered Attributed Income.

9.3 All milestone payments are due to The Regents within [*] ([*]) days of the occurrence of the applicable milestone event.

10. DUE DILIGENCE

10.1 The Licensee will (either itself or through its Affiliates or Sublicensees) use diligent and commercially reasonable efforts to develop, manufacture and Sell at least one Licensed Product and to market the same after obtaining necessary regulatory approvals in quantities sufficient to meet the market demands therefor.

10.2 The Licensee or its Affiliates will, or will require that its Sublicensees will, obtain all necessary governmental approvals in each country prior to the manufacture, use, Sale, offer for Sale or importation of a Licensed Product in such country.

10.3 The Licensee, its Affiliates or Sublicensees will, or will cause a Third Party to:

10.3.1 complete a Phase I clinical trial for a Licensed Product in the United States or foreign equivalent within [*] ([*]) years of the Effective Date;

10.3.2 submit an application for regulatory approval covering a Licensed Product in the United States or foreign equivalent within [*] ([*]) year(s) from the Effective Date;

10.3.3 market a Licensed Product in the United States within [*] ([*]) months of receiving approval of such Licensed Product in the United States,

10.4 The Regents shall consider in good faith any requested revisions to the milestones listed above, or the extension of the designated time periods above whenever requested in writing by the Licensee and supported by a reasonable basis for granting such revisions, including but not limited to, delay in obtaining financing, technical difficulties or delays in clinical studies or regulatory processes that the parties could not have reasonably avoided or expected. If the Licensee is unable to perform any of the above provisions, as they may be revised or extended, then, subject to Section 10.5 below, The Regents has the right and option to either terminate this Agreement or reduce the exclusive license granted to the Licensee to a nonexclusive license in accordance with Paragraph 10.6 below. This right, if exercised by The Regents, supersedes the rights granted in Article 2 (Grant).

10.5 The Licensee may pay The Regents, within [*] ([*]) days of the time periods designated in Section 10.3 above, [*] Dollars ($[*]) in lieu of satisfying the applicable milestone within the designated time period. Upon such payment, the time period for Licensee's performance of such milestone shall be extended for one year, and The Regents shall not have the right, during said one year period, to terminate or convert the license under this Agreement to non-exclusive as provided in Section 10.5. If, however, the Licensee, its Affiliates or Sublicensees shall have failed to meet such milestone by the end of said one year period, The Regents shall have the rights set forth in Section 10.4 and 10.6.

10.6 To exercise either the right to terminate this Agreement or to reduce the exclusive license granted to the Licensee to a non-exclusive license for lack of diligence required in this Article 10 (Due Diligence), The Regents will give the Licensee written notice of the deficiency. The Licensee thereafter has [*] ([*]) days to cure the deficiency. If The Regents has not received written tangible evidence satisfactory to The Regents that the deficiency has been cured by the end of the [*] ([*])-day period, then The Regents may, at its option, terminate this Agreement immediately without the obligation to provide [*] ([*]) days' notice as set forth in Article 14 (Termination by The Regents) or reduce the exclusive license granted to the Licensee to a non-exclusive license by giving written notice to the Licensee.

11. PROGRESS AND ROYALTY REPORTS

11.1 Beginning on the [*]anniversary of the Effective Date, and annually thereafter, the Licensee will submit to The Regents a written progress report as described in Paragraph 11.2 below covering the Licensee's (and any Affiliates' or Sublicensee') activities related to the development and testing of all Licensed Products and related to the obtaining of the governmental approvals necessary for marketing and the activities required and undertaken in order to meet the diligence requirements set forth in Article 10 (Due Diligence). Progress reports are required for each Licensed Product until the first Sale or other exploitation of that Licensed Product occurs in the United States and shall be again required if Sales of such Licensed Product are suspended or discontinued.

11.2 Progress reports submitted under Paragraph 11.1 shall include, but are not limited to, a reasonably detailed summary of the following topics so that The Regents will be able to determine the progress of the development of Licensed Products and will also be able to determine whether or not the Licensee has met its diligence obligations set forth in Article 10 (Due Diligence) above:

11.2.1 summary of work completed as of the submission date of the progress report;

11.2.2 summary of work in progress as of the submission date of the progress report;

11.2.3 current schedule of anticipated events and milestones, including those event and milestones specified in Article 10 (Due Diligence);

11.2.4 market plans for introduction of Licensed Products including the anticipated and actual market introduction dates of each Licensed Product; and

11.2.5 Sublicensees' activities relating to the above items, if there are any Sublicensees.

11.3 If the Licensee fails to submit a timely progress report to The Regents, then The Regents will be entitled to terminate this Agreement in accordance with Paragraph 14. If either party terminates this Agreement before any Licensed Products are Sold or before this Agreement's expiration, then a final progress report covering the period prior to termination must be submitted within [*] ([*]) days of termination or expiration.

11.4 The Licensee has a continuing responsibility to keep The Regents informed of the business entity status (small business entity status or large business entity status as defined by the United States Patent and Trademark Office) of itself, any Affiliates, or, to its knowledge, Sublicensees. The Licensee will notify The Regents of any change of its status or that of any Affiliate, or, to its knowledge, of any Sublicensee, within [*] ([*]) days of the change in status.

11.5 The Licensee will report to The Regents the date of first Sale or other exploitation of a Licensed Product in each country in its first progress and royalty reports following such first Sale of a Licensed Product.

11.6 Beginning with the earlier of (i) the first Sale or other exploitation of a Licensed Product or (ii) the first transaction that results in Sublicense Fees accruing to The Regents, the Licensee will make quarterly royalty and Sublicensee Fee reports to The Regents on or before each [*] (for the quarter ending December 31), [*] (for the quarter ending March 31), [*] (for the quarter ending June 30) and [*] (for the quarter ending September 30) of each year. Each royalty and Sublicensee Fee report will cover Licensee's most recently completed calendar quarter and will, at a minimum, show:

11.6.1 the gross invoice prices and Net Sales of Licensed Products Sold or otherwise exploited (itemizing the applicable gross proceeds and any deductions therefrom), and any Attributed Income (itemizing the applicable gross proceeds and any deductions therefrom) due to the Licensee;

11.6.2 the quantity of each type of Licensed Product Sold or otherwise exploited;

11.6.3 the country in which each Licensed Product was made, used or Sold or otherwise exploited;

11.6.4 the Earned Royalties, in United States dollars, payable with respect to Net Sales;

11.6.5 the Sublicense Fees, in United States dollars, payable with respect to Attributed Income;

11.6.6 the method used to calculate the Eamed Royalty, specifying all deductions taken and the dollar amount °leach such deduction;

11.6.7 the exchange rates used, if any;

11.6.8 the amount of the cash and the amount of the cash equivalent of any non-cash consideration including the method used to calculate the non-cash consideration;

11.6.9 for each Licensed Product, the specific Patent Rights identified by UC Case Number and Technology Rights exercised by the Licensee or any Affiliate, Joint Venture or Sublicensee in the course of making, using, selling, offering for Sale or importing such Licensed Product; and

11.6.10 any other information reasonably necessary to confirm Licensee's calculation of its financial obligations hereunder.

11.7 If no Sales of Licensed Products have been made and no Licensed Products have been otherwise exploited and no Attributed Income is due to the Licensee during any reporting period, then a statement to this effect must be provided by the Licensee in the immediately subsequent royalty and Sublicense Fee report.

12. BOOKS AND RECORDS

12.1 The Licensee will keep accurate books and records regarding all Licensed Products that are being Sold, offered for Sale, imported, or otherwise exploited; all Net Sales, all Attributed Income, and other amounts payable hereunder; and all sublicenses granted under the terms of this Agreement. Such books and records will be preserved for at least [*] ([*]) years after the date of the payment to which they pertain and, upon the written request of The Regents, the Licensee shall permit a recognized national independent public accounting firm selected by The Regents and acceptable to the Licensee, to have access to such books and records during normal business hours to determine the accuracy of the royalty reports and payments set forth in Section 11.6 in respect of any fiscal year not more than [*] ([*]) years prior to such examination; provided, however, that any such examination may not occur more than once during each fiscal year of the Licensee and may not be for a fiscal year that has already been examined.

12.2 The Regents shall pay the fees and expenses of any such examination, provided, however, that if a deficiency in aggregate payments of more than [*]percent ([*]%) of the total royalties due for any year is discovered in any examination, then the Licensee shall bear the fees and expenses of such examination. Additionally, if such examination reveals any underpayment in the aggregate amounts due for such year, then Licensee shall remit such underpayment to The Regents within [*] ([*]) days of the examination results and if such examination reveals any overpayment in the aggregate amounts due for such year, then The Regents shall remit such overpayment to the Licensee within [*] ([*]) days of the examination results. As a condition to such examination, the independent public accounting firm selected shall execute a written agreement, reasonably satisfactory in form and substance to the Licensee, to maintain in confidence all information obtained during the course of any such examination except for disclosure to The Regents as necessary for the above purpose.

13. LIFE OF THE AGREEMENT

13.1 Unless otherwise terminated as provided for in this Agreement, this Agreement will remain in effect on a country-by-country basis from the Effective Date until the expiration or abandonment of the last Valid Claim of the Patent Rights licensed hereunder, after which the Licensee shall have a fully paid up, royalty free, world wide right and license to make, have made, use, sell, offer for sale and import Licensed Products for any use or purpose.

13.2 This Agreement will automatically terminate without the obligation to provide [*] days' notice as set forth in Article 14 (Termination By The Regents) upon the filing of a petition for relief under the United States Bankruptcy Code by or against the Licensee as a debtor or alleged debtor,

13.3 The rights and obligations set forth in the following Articles and Paragraphs shall survive any termination, but not the expiration, of this Agreement:

Article 1	Definitions
Paragraph 3.3	Survival of Sublicenses
Paragraph 4.8	Late Payments
Article 5	License Issue Fee
Article 12	Books and Records
Article 13	Life of the Agreement
Article 16	Disposition of Licensed Products on Hand Upon Termination or Expiration
Article 17	Use of Names and Trademarks
Article 18	Limited Warranty
Article 19	Limitation of Liability
Article 23	Indemnification
Article 24	Notices
Article 28	Governing Laws; Venue; Attorneys Fees
Article 31	Confidentiality

13.4 The termination or expiration of this Agreement will not relieve the Licensee of its obligation to pay any fees, royalties or other payments owed to The Regents at the time of such termination or expiration and will not impair any right of The Regents to receive any such payments then owed, including the right to receive Earned Royalties in accordance with Articles 7 (Payments on Sublicenses), 8 (Earned Royalties and Minimum Annual Royalties) and 16 (Disposition of Licensed Products Upon Termination or Expiration).

14. TERMINATION BY THE REGENTS

If the Licensee materially fails to perform or violates any material term of this Agreement, then The Regents may give written notice of such default ("Notice of Default") to the Licensee. If the Licensee fails to repair such default within [*] ([*]) days after the effective date of such notice, then The Regents will have the right to immediately terminate this Agreement and its licenses by providing a written notice of termination ("Notice of Termination") to the Licensee.

15. TERMINATION BY LICENSEE

The Licensee has the right at any time to terminate this Agreement by providing a Notice of Termination to The Regents. Moreover, the Licensee will be entitled to terminate the rights under one or more Patent Rights on a country-by-country basis by giving notice in writing to The Regents. Termination of this Agreement (but not termination of any patents or patent applications under Patent Rights, which termination is subject to Paragraph 20.6) will be effective [*] ([*]) days from the effective date of such notice.

16. USE OF NAMES AND TRADEMARKS

Nothing contained in this Agreement will be construed as conferring any right to either party to use in advertising, publicity or other promotional activities any name, trade name. trademark or other designation of the other party (including a contraction, abbreviation or simulation of any of the foregoing). Without the Licensee's consent case-by-case, The Regents may list Licensee's name as a licensee of technology from The Regents without further identifying the technology. Unless required by law or unless consented to in writing by Executive Director, Office of Technology Transfer of The Regents, the use by the Licensee of the name "The Regents of the University of California" or the name of any campus of the University of California in advertising, publicity or other promotional activities is expressly prohibited. Notwithstanding the foregoing, Licensee may refer to any Licensed Method or Licensed Product as patent pending, with or without an identification of any application or registration numbers assigned to a Patent Right, at any time where Patent Rights exist in the nation where the advertising, publicity or other promotional activities is published.

17. LIMITED WARRANTY

17.1 The Regents represents and warrants to the Licensee as of the Effective Date that:

17.1.1 It has the lawful right to grant the rights and licenses under this Agreement.

18.2 Except as expressly set forth in this Agreement, this license and the associated Invention, Patent Rights, and Licensed Products are provided by The Regents WITHOUT WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR ANY OTHER WARRANTY OF ANY KIND, EXPRESS OR IMPLIED. THE REGENTS MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY THAT THE INVENTION, PATENT RIGHTS, OR LICENSED PRODUCTS WILL NOT INFRINGE ANY PATENT, COPYRIGHT, TRADEMARK OR OTHER RIGHTS.

18.3 Except as otherwise expressly set forth in this Agreement, this Agreement does not:

(a) express or imply a warranty or representation as to the validity, enforceability, or scope of any Patent Rights or Technology Rights; or

(b) express or imply a warranty or representation that anything made, used, Sold, offered for Sale or imported or otherwise exploited under any license granted in this Agreement is or will be free from infringement of patents, copyrights, or other rights of third parties; or

(c) obligate The Regents to bring or prosecute actions or suits against third parties for patent infringement except as provided in Article 22 (Patent Infringement); or

(d) confer by implication, estoppel or otherwise any license or rights under any patents or other rights of The Regents other than Patent Rights, regardless of whether such patents are dominant or subordinate to Patent Rights; or

(e) obligate The Regents to furnish any New Developments, know-how, technology or information not provided in Patent Rights or Technology Rights; or

(f) obligate The Regents to update the technology in Patent Rights.

18. LIMITATION OF LIABILITY

EXCEPT AS SET FORTH IN SECTION 23 (INDEMNIFICATION), NEITHER PARTY WILL BE LIABLE FOR ANY LOST PROFITS, COSTS OF PROCURING SUBSTITUTE GOODS OR SERVICES, LOST BUSINESS, ENHANCED DAMAGES FOR INTELLECTUAL PROPERTY INFRINGEMENT OR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR OTHER SPECIAL DAMAGES SUFFERED BY THE OTHER PARTY, SUBLICENSEES, JOINT VENTURES OR AFFILIATES ARISING OUT OF OR RELATED TO THIS AGREEMENT FOR ALL CAUSES OF ACTION OF ANY KIND (INCLUDING TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY AND BREACH OF WARRANTY) EVEN IF THE REGENTS, OR THE LICENSEE, AS THE CASE MAY BE, HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

19. PATENT PROSECUTION AND MAINTENANCE

19.1 As long as the Licensee has paid Patent Prosecution Costs as provided for in this Article 20 (Patent Prosecution and Maintenance), The Regents will diligently prosecute and maintain the United States and foreign patents comprising the Patent Rights using counsel of its choice, provided that The Regents agrees to use initially Licensee's existing patent counsel at the law firm of Amin, Talati. The Regents will consult with Licensee before retaining any substitute counsel for the maintenance and prosecution of the Patent Rights and will make reasonable efforts to take Licensee's input into account with respect to such retention. Subject to the terms hereof, the Licensee acknowledges that the Regents' counsel will take instructions only from The Regents. The Regents will provide the Licensee with copies of all relevant documentation and correspondence, or drafts thereof, pertaining to the filing, prosecution, or maintenance of all Patent Rights, including but not limited to each patent application, office action, response to office action, request for terminal disclaimer, and request for reissue or reexamination of any patent issuing from such application to the Licensee as follows: Documents and correspondence received from any patent office, and counsel's analysis thereof, shall be provided promptly after receipt. For a document to be filed in any patent office, or correspondence to be sent to any patent office, the Regents will make best efforts to provide a draft of such document sufficiently prior to its filing, to allow for review and comment by the Licensee. Without limiting the foregoing, with respect to any patent application included in Patent Rights, The Regents will make best efforts to consult with the Licensee at least [*] ([*]) days in advance of any deadline for foreign filings. The Licensee agrees to keep this documentation confidential as provided for in Article 31 (Confidentiality), The Regents will make commercially reasonable efforts to consider and accept all reasonable comments and suggestions provided by the Licensee with respect to such documentation as well as the overall patent strategy related to the Patent Rights. Notwithstanding the foregoing, if Licensee has not commented upon such documentation in a reasonable time for the Regents to sufficiently consider the Licensee's comments prior to a deadline with the relevant government patent office, or the Regents must act to preserve the Patent Rights, the Regents will be free to respond without consideration of the Licensee's comments, if any.

19.2 The Regents shall use reasonable efforts to amend any patent application to include claims reasonably requested by the Licensee.

19.3 The Licensee will apply for an extension of the term of any patent included within the Patent Rights if appropriate under the Drug Price Competition and Patent Term Restoration Act of 1984 and/or European, Japanese and other foreign counterparts of this Law. The Licensee shall prepare all documents and The Regents agrees to execute the documents and to take additional action as the Licensee reasonably requests in connection therewith. Licensee shall be liable for all costs relating to such application.

19.4 The Licensee will bear the costs of preparing, filing, prosecuting and maintaining all United States and foreign patent applications contemplated by this Agreement ("Patent Prosecution Costs"), Patent Prosecution Costs billed by The Regents' counsel will be rebilled to the Licensee and are due within [*] ([*]) days of rebilling by The Regents. These Patent Prosecution Costs will include, without limitation, patent prosecution costs for the Invention incurred by The Regents prior to the execution of this Agreement and any patent prosecution costs that may be incurred for patentability opinions, re-examination, re-issue, interferences, oppositions or inventorship determinations.

19.5 The Licensee may request that The Regents obtain Patent Rights in foreign countries, if available and if it so desires. The Licensee will notify The Regents of its decision to obtain or maintain foreign patents not less than [*] ([*]) days prior to the deadline for any payment, filing or action to be taken in connection therewith. This notice concerning foreign filing must be in writing, must identify the countries desired and must reaffirm the Licensee's obligation to pay the Patent Prosecution Costs thereof. So long as Licensee complies with its obligations hereunder, The Regents shall make reasonable efforts to comply with any written notice by Licensee under this Section 20.5. The absence of such a notice from the Licensee to The Regents will be considered an election not to obtain or maintain foreign Patent Rights.

19.6 The Licensee will be obligated to pay any Patent Prosecution Costs incurred during the [*] ([*])-month period after receipt by either party of a Notice of Termination, even if the invoices for such Patent Prosecution Costs arc received by the Licensee after the end of the [*] ([*])-month period following receipt of a Notice of Termination. The Licensee may terminate its obligation to pay Patent Prosecution Costs with respect to any given patent application or patent under Patent Rights in any or all designated countries upon [*] ([*])- months' written notice to The Regents. The Regents may continue prosecution and/or maintenance of such application(s) or patent(s) at its sole discretion and expense, provided, however, that the Licensee will have no further right or licenses thereunder. Non-payment of Patent Prosecution Costs may be deemed by The Regents as an election by the Licensee not to maintain such application(s) or patent(s).

19.7 The Regents may tile, prosecute or maintain patent applications or patents that constitute Patent Rights at its own expense in any country in which the Licensee has not requested the Regents to file, prosecute or maintain patent applications or patents in accordance with this Article 20 (Patent Prosecution and Maintenance) and those applications, resultant patents and patents will not be subject to this Agreement. However, if the Licensee agrees to pay the Patent Prosecution Costs for such Patent Rights at any time, then they shall remain or become subject to this Agreement.

19.8 The Regents shall direct its patent counsel, within [*] ([*]) days following the last day of each calendar quarter, to provide to the Licensee at Licensee's sole expense a status report of all activity relating to the prosecution and maintenance of Patent Rights, including the status of all current patent applications included in Patent Rights. The Regents shall allow the Licensee, at the Licensee's reasonable request and at Licensee's sole expense, to have access to any copies of all patent prosecution documents for all Patent Rights made by or on behalf of The Regents. Without limiting the foregoing, the Licensee shall be entitled to keep a complete set of such materials. Further, The Regents agrees that because of the license and rights granted to the Licensee hereunder that The Regents shall direct its counsel responsible for patent and copyright applications and Filings to make their files available to the Licensee upon reasonable request by the Licensee, to the extent consistent with the attorney-client privilege. The Licensee may at its sole expense provide copies of those filings, documents related to those findings and other relevant information to separate counsel of its choice.

19.9 For the avoidance of doubt, and so long as Licensee complies with its obligations hereunder, the Regents may not discontinue the prosecution or maintenance of any of the Patent Rights without the express prior written consent of the Licensee.

20. PATENT MARKING

The Licensee will mark all Licensed Products made, used or Sold under the terms of this Agreement or their containers in accordance with the applicable patent marking laws.

21. PATENT INFRINGEMENT

21.1 In the event that The Regents (to the extent of the actual knowledge of the licensing professional responsible for the administration of this Agreement) or the Licensee learns of infringement of any patent licensed under this Agreement, the knowledgeable party will provide the other (i) with written notice of such infringement and (ii) with any evidence of such infringement available to it (the "Infringement Notice"). During the period in which, and in the jurisdiction where, the Licensee has exclusive rights under this Agreement, neither The Regents nor the Licensee will, during a period of [*] ([*]) days after an Infringement Notice, notify a possible infringer of infringement or put such infringer on notice of the existence of any Patent Rights without first obtaining consent of the other. If either Party puts such infringer on notice of the existence of any Patent Rights with respect to such infringement without first obtaining the written consent of the other Party during such [*] ([*]) day period, and if a declaratory judgment action is filed by such infringer against The Regents, then the Party that put such infringer on notice shall lose its right to initiate a suit against such infringer for infringement under Paragraph 22.2 or 22.3 below, as applicable, immediately without the obligation of notice. Both The Regents and the Licensee will use their diligent efforts to cooperate with each other and to terminate such infringement without litigation if reasonably possible unless otherwise agreed to in writing by the Regents and the Licensee. In the event that the infringement involves rights under 35 U.S.C. §154 as relating to a Valid Claim which is not an issued Valid Claim, the Regents and Licensee shall cooperate in issuing the proper notice of such rights to the infringer.

21.2 If infringing activity by the infringer has not been abated within [*] ([*]) days following the date the Infringement Notice takes effect, then the Licensee may commence and control a suit for patent infringement against the infringer and control a defense against a declaratory judgment action. To the extent required by law (i.e. in order for the Licensee to have standing in a court of competent jurisdiction), The Regents agree to be joined as a party to an action under this Section 22.1 if the Licensee so requests and if approved by the UC Board of Regents; provided that the Licensee agrees to reimburse The Regents for any and all expenses of litigation (including attorneys' fees) incurred by The Regents in connection with such action. Additionally, the Regents may voluntarily join such suit at its own expense, but may not otherwise confluence suit against the infringer for the acts of infringement that are the subject of the Licensee's suit or any judgment rendered in that suit. The Licensee may not join The Regents as a party in a suit initiated by the Licensee without the Regents' prior written consent, such consent subject to the approval of the UC Board of Regents. If, in a suit initiated by the Licensee, The Regents is involuntarily joined other than by the Licensee, then the Licensee will pay any costs incurred by The Regents arising out of such suit, including but not limited to, any legal fees of counsel that The Regents selects and retains to represent it in the suit.

21.3 If, within [*] ([*]) days following the date the Infringement Notice takes effect, infringing activity by the infringer has not been abated and if the Licensee has not brought suit against the infringer, then The Regents may institute suit for patent infringement against the infringer at its sole cost and expense. If The Regents institutes such suit, then the Licensee may not join such suit without The Regents' consent and may not thereafter commence suit against the infringer for the acts of infringement that are the subject of The Regents' suit or any judgment rendered in that suit. The Regents may not join the Licensee as a party in a suit initiated by The Regents without the Licensee's prior written consent.

21.4 Notwithstanding anything to the contrary in this Agreement, in the event that the infringement or potential infringement pertains to an issued patent included within the Patent Rights and written notice is given under the Drug Price Competition and Patent Term Restoration Act of 1984 (and/or foreign counterparts of this Law), then the party in receipt of such notice under the Act (in the case of The Regents to the extent of the actual knowledge of the licensing officer responsible for the administration of this Agreement) shall provide the Infringement Notice to the other party promptly. If the time period is such that the Licensee will lose the right to pursue legal remedy for infringement by not notifying a third party or by not filing suit, the notification period and the time period to file suit will be accelerated to within [*] ([*]) days of the date of such notice under the Act to either party.

21.5 Any recovery or settlement received in connection with any suit will first be shared by The Regents and the Licensee equally to cover any litigation costs each incurred and next shall be paid to The Regents or the Licensee to cover any litigation costs it incurred in excess of the litigation costs of the other. In any suit initiated by the Licensee, any recovery in excess of litigation costs will be shared between Licensee and The Regents as follows: (1) for any recovery other than amounts paid for willful infringement, the Regents will receive [*]% of the recovery; (2) for any recovery for willful infringement, the Licensee shall receive [*] ([*]%) of the recovery and the Regents will receive [*]percent ([*]%) of the recovery. In any suit initiated by The Regents, for recover amount other than amounts paid for willful infringement, Licensee shall receive [*]percent ([*]%) of any recovery in excess of litigation costs; (2) for any recovery for willful infringement, the Licensee shall receive [*] ([*]%) of the recovery and the Regents will receive [*]percent ([*]%) of the recovery will belong to the Regents. The Regents and the Licensee agree to be bound by all determinations of patent infringement, validity and enforceability (but no other issue) resolved by any adjudicated judgment in a suit brought in compliance with this Article 22 (Patent Infringement).

21.6 Any agreement made by the Licensee for purposes of settling litigation or other dispute shall comply with the requirements of Article 3 (Sublicenses) of this Agreement.

21.7 Each party will cooperate with the other in litigation proceedings instituted hereunder but at the expense of the party who initiated the suit (unless such suit is being jointly prosecuted by the parties).

21.8 Any litigation proceedings will be controlled by the party bringing the suit, except that The Regents may be represented by counsel of its choice in any suit brought by the Licensee.

22. INDEMNIFICATION

22.1 The Licensee will indemnify, hold harmless and defend The Regents, the sponsors of the research that led to the Invention, and the inventors of any invention claimed in patents or patent applications under Patent Rights (including the Licensed Products and Licensed Methods contemplated hereunder) and their employers and their trustees, officers, employees and agents (the “Indemnitees”), against any and all claims, suits, losses, damages, costs, fees and expenses incurred by or imposed upon any of them in connection with any claim or suit resulting from, or arising out of, any theory of product liability (including actions in the form of tort, warranty, or strict liability) concerning any product, process or service made, used or sold by or on behalf of the Licensee pursuant to any right or license granted under this Agreement; provided, however, that the foregoing indemnification shall not apply to any losses, damages, costs, fees and expenses to the extent attributable to the gross negligence, reckless misconduct, violation of law or intentional misconduct of the Indemnitees. The Licensee shall control any such action with legal counsel of its choosing, provided, however, that if The Regents, in its reasonable sole discretion, determines that there will he a conflict of interest or it will not otherwise be adequately represented by counsel chosen by the Licensee to defend The Regents in accordance with this Paragraph 23.1, then The Regents may retain one counsel of its choice to represent it and the Licensee will pay all expenses for such representation.

22.2 The Licensee, at its sole cost and expense, will insure its activities in connection with any work performed hereunder upon commencement of clinical trials and continuing through commercialization of any Licensed Product and will obtain, keep in force, and maintain the following insurance:

22.2.1 Commercial Form General Liability Insurance (contractual liability included) with limits as follows:

Each Occurrence	$[*]
Products/Completed Operations Aggregate	$[*]
Personal and Advertising Injury	$[*]
General Aggregate (commercial form only)	$[*]

22.2.2 Worker's Compensation as legally required in the jurisdiction in which the Licensee is doing business.

22.3 The coverage and limits referred to in Paragraph 23.2.1 and 23.2.2 above will not in any way limit the liability of the Licensee under this Article 23 (Indemnification). Prior to initiation of any clinical trials of a Licensed Product, the Licensee will furnish The Regents with certificates of insurance evidencing compliance with all requirements. Such certificates will:

- Provide for [*] ([*]) days' ([*] ([*]) days for non-payment of premium) advance written notice to The Regents of any cancellation of insurance coverage; the Licensee will promptly notify The Regents of any material modification of the insurance coverage;
- Indicate that The Regents has been endorsed as an additional insured under the coverage described above in Paragraph 24.2.1; and
- Include a provision that the coverage will be primary and will not participate with, nor will be excess over, any valid and collectable insurance or program of self-insurance maintained by The Regents.

22.4 The Regents will promptly notify the Licensee in writing of any claim or suit brought against The Regents for which The Regents intends to invoke the provisions of this Article 23 (Indemnification). The Licensee will keep The Regents informed of its defense of any claims pursuant to this Article 23 (Indemnification).

23. NOTICES

23.1 Any notice or payment required to be given to either party under this Agreement will be in writing and will be deemed to have been properly given and to be effective as of the date specified below if delivered to the respective address given below or to another address as designated by written notice given to the other party:

23.1.1 on the date of delivery if delivered in person;

23.1.2 on the date of mailing if mailed by first-class certified mail, postage paid; or

23.1.3 on the date of mailing if mailed by any global express carrier service that requires the recipient to sign the documents demonstrating the delivery of such notice or payment.

In the case of Licensee:	ChromaDex, Inc., 10005 Muirlands Blvd, Suite G Irvine, CA 102618 United States of America. Attention:_____
In the case of The Regents:	The Regents of the University of California Innovation Alliances and Services 1111 Franklin Street, 5th Floor Oakland, CA 94607-5200 Attention: Executive Director Research Administration and Technology Transfer RE: UC Case No. 2011-432
With a copy to:	Ronnie Hanecak Assistant Vice Chancellor Research and Technology Alliances Office of Technology Alliances 5171 California Avenue, Suite 150 Irvine, CA 92697-7700 RE: UC Case 2011-432

24. ASSIGNABILITY

The Licensee may not assign or transfer this Agreement without the Regents' prior written consent; provided, however, that the Licensee may, without such consent, assign all of its rights and obligations under this Agreement in connection with a merger or consolidation of the Licensee with a Third Party, or the sale of substantially all of the Licensee's assets to which this Agreement relates to a Third Party. In the event of any assignment permitted hereunder, such assignee or successor in interest shall assume all of the transferring Party's rights and obligations under this Agreement; accordingly, all references herein to such Party shall thereafter be deemed references to the assignee to whom the Agreement is so assigned. Any purported assignment in violation of this Paragraph 25 shall be void.. This Agreement is binding upon and will inure to the benefit of The Regents, its successors and assigns.

25. WAIVER

No waiver by either party of any breach or default of any of the agreements contained herein will be deemed a waiver as to any subsequent and/or similar breach or default. No waiver will be valid or binding upon the parties unless made in writing and signed by a duly authorized officer of each party.

26. FORCE MAJEURE

26.1 Except for the Licensee's obligation to make any payments to The Regents hereunder, the parties shall not be responsible for any failure to perform due to the occurrence of any events beyond their reasonable control which render their performance impossible or onerous, including, but not limited to: accidents (environmental, toxic spill, etc.); acts of God; biological or nuclear incidents; casualties; earthquakes; fires; floods; governmental acts; orders or restrictions; inability to obtain suitable and sufficient labor, transportation, fuel and materials; local, national or state emergency; power failure and power outages; acts of terrorism; strike; and war.

26.2 Either party to this Agreement, however, will have the right to terminate this Agreement upon [*] ([*]) days' prior written notice if either party is unable to fulfill its obligations under this Agreement due to any of the causes specified in Paragraph 27.1 for a period of [*] ([*])[*].

27. GOVERNING LAWS; VENUE; ATTORNEYS' FEES

27.1 THIS AGREEMENT WILL BE INTERPRETED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, excluding any choice of law rules that would direct the application of the laws of another jurisdiction and without regard to which party drafted particular provisions of this Agreement, but the scope and validity of any patent or patent application will be governed by the applicable laws of the country of such patent or patent application.

27.2 Any legal action brought by the parties hereto relating to this Agreement may be brought and conducted in any court of competent jurisdiction in the state of California.

27.3 The prevailing, party in any suit related to this Agreement will be entitled to recover its reasonable attorneys' fees in addition to its costs and necessary disbursements.

28. GOVERNMENT APPROVAL OR REGISTRATION

If this Agreement or any associated transaction is required by the law of any nation to be either approved or registered with any governmental agency, the Licensee will assume all legal obligations to do so. The Licensee will notify The Regents if it becomes aware that this Agreement is subject to a United States or foreign government reporting or approval requirement. The Licensee will make all necessary filings and pay all costs including fees, penalties and all other out-of-pocket costs associated with such reporting or approval process.

29. COMPLIANCE WITH LAWS

The Licensee shall comply with all applicable international, national, state, regional and local laws and regulations in performing its obligations hereunder and in its use, manufacture. Sale or import of the Licensed Products or practice of the Licensed Method. The Licensee will observe all applicable United States and foreign laws with respect to the transfer of Licensed Products and related technical data to foreign countries, including, without limitation, the International Traffic in Arms Regulations (ITAR) and the Export Administration Regulations. The Licensee shall manufacture Licensed Products and practice the Licensed Method in compliance with applicable government importation laws and regulations of a particular country for Licensed Products made outside the particular country in which such Licensed Products are used, Sold or otherwise exploited.

30. CONFIDENTIALITY

30.1 The Licensee and The Regents will treat and maintain the other party's proprietary business, patent prosecution, software, engineering drawings, process and technical information and other proprietary information, including the negotiated terms of this Agreement and any progress reports and royalty reports and any sublicense agreement issued pursuant to this Agreement ("Proprietary Information") in confidence using at least the same degree of care as the receiving party uses to protect its own proprietary information of a like nature from the date of disclosure until [*] ([*]) years after the termination or expiration of this Agreement. This confidentiality obligation will apply to the information defined as "Data" under the Secrecy Agreement and such Data will be treated as Proprietary information hereunder.

30.2 The Licensee and The Regents may use the other party's Proprietary Information only for the purposes contemplated under this Agreement and may disclose such Proprietary Information to their employees, agents, consultants, contractors and, in the case of the Licensee, its Sublicensees, investors or acquirors, provided that such parties are bound by a like duty of confidentiality as that found in this Article 31 (Confidentiality). Notwithstanding anything to the contrary contained in this Agreement, The Regents may release this Agreement or any sublicense, including any terms thereof, and information regarding royalty payments or other income received in connection with this Agreement to the inventors, senior administrative officials employed by The Regents and individual Regents upon their request. If such release is made, The Regents will request such individuals to keep such terms in confidence in accordance with the provisions of this Article 31 (Confidentiality), and will make best efforts to ensure compliance. In addition, notwithstanding anything to the contrary in this Agreement, if a third party inquires whether a license to Patent Rights is available, then The Regents may disclose the existence of this Agreement and the extent of the grant in Articles 2 (Grant) and 3 (Sublicenses) and related definitions to such third party, but will not disclose the name of the Licensee or the economic terms unless Licensee has already made such disclosure publicly.

30.3 All written Proprietary Information will be labeled or marked confidential or proprietary. If the Proprietary Information is orally disclosed, it will be reduced to writing or some other physically tangible form, marked and labeled as confidential or proprietary by the disclosing party and delivered to the receiving party within [*] ([*]) days after the oral disclosure.

30.4 Nothing contained herein will restrict or impair, in any way, the right of the Licensee or The Regents to use or disclose any Proprietary Information:

30.4.1 that recipient can demonstrate by written records was previously known to it prior to its disclosure by the disclosing party;

30.4.2 that recipient can demonstrate by written records is now, or becomes in the future, public knowledge other than through acts or omissions of recipient;

30.4.3 that recipient can demonstrate by written records was obtained lawfully and without restrictions on the recipient from sources independent of the disclosing party; and

30.4.4 that The Regents is required to disclose pursuant to the California Public Records Act or other applicable law.

The Licensee or The Regents also may disclose Proprietary Information that is required to be disclosed (i) to a governmental entity or agency in connection with filing a prosecuting patent applications, seeking any governmental or regulatory approval, governmental audit, or other governmental contractual requirement or (ii) by law, provided that the recipient uses reasonable efforts to give the party owning the Proprietary Information sufficient notice of such required disclosure to allow the party owning the Proprietary Information reasonable opportunity to object to, and to take legal action to prevent, such disclosure.

30.5 Upon termination of this Agreement, the Licensee and The Regents will destroy or return any of the disclosing party's Proprietary Information in its possession within [*] ([*]) days following the termination of this Agreement. The Licensee and The Regents will provide each other, within [*] ([*]) days following termination, with written notice that such Proprietary Information has been returned or destroyed. Each party may, however, retain one copy of such Proprietary Information for archival purposes in non-working files.

30.6 If the Regents, or its employees, wish to make a publication or presentation (including any oral disclosure made without obligation of confidentiality) in connection with the Regents' retained rights under Section 2.5, the Regents shall use its best efforts to first transmit to the Licensee a copy' of the proposed written publication or a written detailed description of the proposed oral disclosure at least [*] ([*]) days prior to submission or disclosure. The Licensee shall have the right (a) to propose modifications to the publication for accuracy and/or patent reasons, and (b) to request a delay in publication or presentation in order to protect patentable information or maintain trade secrets. If the Licensee requests such a delay, the Regents shall delay submission or presentation of the publication for a period not to exceed [*] ([*]) days from the date of such request to enable patent applications protecting such information to be filed and/or to allow the Parties to agree to a modification of the publication so as not to disclose the Licensee's Proprietary Information. Upon the expiration of [*] ([*]) days from the transmission to the Licensee of a proposed written disclosure or an abstract of a proposed oral disclosure, the Regents shall be free to proceed with the written publication or the oral presentation, unless the Licensee has requested the delay described above.

31. MISCELLANEOUS

31.1 The headings of the several sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

31.2 This Agreement is not binding on the parties until it has been signed below on behalf of each party. It is then effective as of the Effective Date.

31.3 No amendment or modification of this Agreement is valid or binding on the parties unless made in writing and signed on behalf of each party.

31.4 This Agreement embodies the entire understanding of the parties and supersedes all previous communications, representations or understandings, either oral or written, between the parties relating to the subject matter hereof.

31.5 In case any of the provisions contained in this Agreement is held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability will not affect any other provisions of this Agreement and this Agreement will be construed as if such invalid, illegal or unenforceable provisions had never been contained in it.

31.6 No provisions of this Agreement are intended or shall be construed to confer upon or give to any person or entity other than The Regents and the Licensee any rights, remedies or other benefits under, or by reason of, this Agreement.

31.7 In performing their respective duties under this Agreement, each of the parties will be operating as an independent contractor. Nothing contained herein will in any way constitute any association, partnership, or joint venture between the parties hereto, or be construed to evidence the intention of the parties to establish any such relationship. Neither party will have the power to bind the other party or incur obligations on the other party's behalf without the other party's prior written consent.

IN WITNESS WHEREOF, both The Regents and the Licensee have executed this Agreement, in duplicate originals, by their respective and duly authorized officers on the day and year written.

CHROMADEX INC.,	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
By: /s/ Frank Jaksch Name: Frank Jaksch Title: CEO	By: /s/ Ronnie Hanecak Name: Ronnie Hanecak Title: Assistant Vice Chancellor Office of Technology Alliances
Date: 9/7/2011	Date: September 8, 2011

[*] INDICATES CONFIDENTIAL PORTION HAS BEEN OMITTED PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT AND HAS BEEN FILED SEPARATELY WITH THE COMMISSION.

Exhibit A

Patent Rights

UC Case Number	United States Application Number or United States Patent Number	Filing or Issue Date
2011-432	61484977	5/11/2011

300991214.2

Exhibit 31.1

Certification of the Chief Executive Officer
Pursuant to
§240.13a−14 or §240.15d−14 of the Securities Exchange Act of 1934, as amended

I, Frank L. Jaksch Jr., certify that:

1. I have reviewed this quarterly report on Form 10−Q of ChromaDex Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15a-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2011

/s/ FRANK L. JAKSCH JR
Frank L. Jaksch Jr.
Chief Executive Officer

Exhibit 31.2

Certification of the Chief Financial Officer
Pursuant to
§240.13a−14 or §240.15d−14 of the Securities Exchange Act of 1934, as amended

I, Thomas C. Varvaro, certify that:

1. I have reviewed this quarterly report on Form 10−Q of ChromaDex Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a−15(e) and 15d−15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15a-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 10, 2011

/s/ THOMAS C. VARVARO
Thomas C. Varvaro
Chief Financial Officer

Exhibit 32.1

Certification Pursuant to 18 U.S.C. Section 1350
(as adopted pursuant to Section 906 of the Sarbanes−Oxley Act of 2002)

In connection with this quarterly report of ChromaDex Corporation (the "Company") on Form 10−Q for the quarter ending October 1, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Frank L. Jaksch Jr., Chief Executive Officer of the Company, and Thomas C. Varvaro, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes−Oxley Act of 2002, that, to our knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 10, 2011

/s/ FRANK L. JAKSCH JR
Frank L. Jaksch Jr.
Chief Executive Officer

/s/ THOMAS C. VARVARO
Thomas C. Varvaro
Chief Financial Officer