



On December 3, 2009 the following recommendation was presented (via e-mail) to the UKRF Executive Committee for approval:

University of Kentucky Research Foundation

EXECUTIVE COMMITTEE RESOLUTION:

December 3, 2009

That the Corporation be authorized to invest \$1,468,088 in Coldstream Laboratories, Inc. This investment reflects the assignment of two lease receivables from the University of Kentucky to UKRF, and UKRF's subsequent release of CLI's obligation to make the specified lease payments. The two equipment lease agreements, both dated effective as of May 1, 2007, are: i) one in the initial amount of \$1,180,505.74 with a balance due as of the effective date of the release of \$1,201,265.89, (current principle balance plus \$119,099.02 interest); and (ii) the second in the initial amount of \$266,249.81 with a balance due as of the effective date of the release of \$266,821.95, (current principle balance plus \$25,294.66 interest), for a combined total of \$1,468,087.84. Relieving CLI of this obligation will provide CLI with additional paid in capital with a corresponding decrease in liabilities, allowing CLI to pursue its role in pharmaceutical manufacturing at Coldstream and assisting economic development efforts in Kentucky by transferring appropriate technology and programs to the public sector.

For purposes of clarification, a third lease agreement also dated effective as of May 1, 2007 (with an initial lease amount of \$1,843,010.11 for equipment financed through GE Capital) remains in full force and effect.

BACKGROUND:

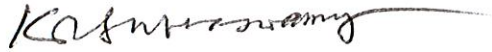
CLI was formed to expand and commercialize pharmaceutical manufacturing, research and development in the Coldstream facilities formerly operated by the College of Pharmacy's Center for Pharmaceutical Science and Technology ("CPST"). One of the Corporation's stated purposes is to make research and inventions available to the public, which is consistent with the Corporation's goals. CLI is now in operation, and is building a client base, but has not yet become self-sufficient. CLI requires the continued financial support that the Corporation anticipated providing this operation. The Corporation desires to maintain adequate capitalization of CLI, so that it may achieve its goals. Working with CLI also provides educational opportunities for the College of Pharmacy, and unique educational opportunities for its students, as well as unique collaborative opportunities for research projects.

CLI seeks to develop and expand the pharmaceutical manufacturing program and make it commercially viable, while maintaining a relationship with the College of Pharmacy via Educational Affiliation Agreements or other similar agreements that will enable the college to continue its goal of training students in the particular area of pharmacy. CLI will expand upon the University of Kentucky's goals of transferring appropriate technology and programs to the public sector at such time advancing the University's goal of assisting economic development efforts.

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The University of Kentucky Board of Trustees approved the above additional investment at the September 15, 2009 University of Kentucky Board of Trustees meeting (FCR 15, attached).

Unanimous consent in writing was received from the Executive Committee.

A handwritten signature in black ink, appearing to read 'Kumble R. Subbaswamy', with a long horizontal flourish extending to the right.

Kumble R. Subbaswamy
Secretary, Executive Committee