



*Sample only – Not an offer*

[DATE]

To: ♦ (“Founder”)

Dear ♦,

Re: Non-Binding Letter of Intent

Yeda Research and Development Co. Ltd. (“Yeda”), the commercial arm of the Weizmann Institute of Science (the “Institute”), is pleased to offer this letter of intent (“LOI”) to you, in recognition of a company in formation (“Company”) for the purpose of negotiating a license agreement (“License”) in respect of the above-referenced technology, in the following manner.

To the extent that within the next 180 days you notify Yeda that a written commitment (including a written term sheet) is received from reputable third parties to invest at least US\$♦ in the Company, Yeda will negotiate, during a 90-day period from the date of such notice (“Negotiation Period”), a worldwide, royalty-bearing, exclusive, sublicensable (subject to customary sublicensing provisions) license to the Licensed Information for the development, manufacture and sale of products and services in the Field, as defined below, based inter alia upon the following general terms (“License”).

*“Licensed Information”*: The invention(s) as more fully described in PCT patent application number ♦ and other corresponding patents or applications, if any (Yeda ref. ♦), and certain related know-how, generated by Prof. ♦ et al of the Institute. The Licensed Information was produced in whole or in part with funding by ♦ and the License will be subject to the terms and restrictions pertaining thereto.

*Field*: Products and services solely for the purpose of ♦.

*Exclusivity*. Licensed patents will be licensed exclusivity, and certain portions of the licensed know-how will be licensed non-exclusively.

*Royalties and payments*. In consideration of the License, Yeda will be entitled to the following:

- a. License fee in the amount of US\$♦ payable upon execution of the License.
- b. Annual license fee in the amount of US\$♦, which may be set off against royalties on sales accrued during the respective calendar year;
- c. Royalties at the rate of ♦% of sales of products and services invoiced by the Company or an affiliated entity or a sublicensee, less customary deductions, such rate to be reduced to ♦% of net sales of products or services which are not covered by a valid patent claim in each of the countries of manufacture, import and sale; royalties shall apply in respect of products and services which either (a) are covered by a licensed patent or patent application or other statutory protection such as patent term extension, orphan drug status, supplementary protection certificate, paediatric use approval, or data exclusivity, or (b) incorporate or are based upon licensed know-how, or (c) are discovered or developed through the use of Licensed Information;
- d. Royalties on sublicensing, assignment and other non-sales-based receipts at the rate of ♦%;
- e. Milestone fees in the following amounts: ♦.
- f. The issuance of ordinary shares in the Company with rights equivalent to founders’ equity, constituting ♦% of the Company’s fully-diluted share capital, with dilution protection through third-party investments of US\$♦ (excluding grants, non-convertible debt) by way of the issuance of a warrant to Yeda.
- g. Patent costs will be paid by Company to Yeda’s patent counsel throughout the License period, and patent costs incurred by Yeda (currently estimated at US\$♦) prior to the License will be reimbursed by

Company upon execution of the License. Patenting activities will be administered by Yeda in consultation with the Company. The License will specify countries in which patents will necessarily be prosecuted.

*Royalty term:* Subject to early termination provisions, the royalty term will expire on a product-by-product and country-by country basis upon the later of (a) the date of expiry of the last patent and other protection, and (b) 15 years following the achievement of sales in the amount of US\$ ♦.

*Development Program and Milestones:* The license will be subject to the performance by Company of a development plan and the achievement of milestones. The License will be conditional upon Company raising at least US\$ ♦ in grants and investments (other than non-convertible debt) within ♦ months of the License date.

*Board observer:* Yeda shall be entitled to appoint an observer to the Company's board of directors.

*Sponsored Research:* The Company will fund a research program to be conducted at the Institute for a period of approximately ♦ months, in the amount of US\$ ♦ (including Institute overhead at the rate of 25%), the results of which shall vest in Yeda and be deemed included in the Licensed Information.

*Consulting Services:* Consulting services rendered by any Institute scientist to the Company will be subject to Institute rules and advance approval. Intellectual property generated by the scientist in the course of such services shall vest in Yeda and be included in the Licensed Information. Founder confirms that as of the effective date s/he has not engaged, paid consideration or other benefit to, nor promised to pay any consideration or any benefit to, any faculty member or employee of the Institute or Yeda. Founder shall notify Yeda in writing before any such action takes place, or upon becoming aware of such circumstances, during the term of this LOI and the License as applicable.

*Other provisions:* The License will provide for liability limitation, indemnification, and license grant-back rights in favor of Yeda, as customary in academic technology transfer transactions.

With the sole exception of the confidentiality and exclusive negotiation provisions set forth below, (i) the terms of this LOI shall not be binding upon the parties and are not intended to create rights accruing to either party; and (ii) any binding agreement between Yeda and the Company in connection with the matters herein shall be subject in all respects to the execution and delivery of a License agreed by both parties.

Until the incorporation of the Company and delivery to Yeda of its written acceptance of the terms hereof, this letter will be deemed accepted by the Founder/s, and any reference herein to the Company will be deemed a reference to the Founder/s.

During the Negotiation Period, Yeda shall not actively solicit any proposal, negotiation or offer by any third party relating to the commercialization of the Invention in the Field.

This LOI and any related correspondence, and other disclosures made by Yeda in connection therewith, and all evaluation results produced by the Company or Founder with respect to information and materials provided by Yeda shall be deemed "Confidential Information" of Yeda under the Non-Disclosure Agreement between the parties dated ♦ and shall be owned by Yeda. The term for disclosure of Confidential Information under the said Non-Disclosure Agreement shall not in any event expire prior to the end of the term of this LOI.

This LOI shall be governed exclusively by the laws of the State of Israel, without reference to its conflict of laws provisions, and the competent courts of Tel Aviv – Jaffa shall have exclusive jurisdiction with respect to any dispute arising from this LOI.

This LOI shall expire upon the earlier of (i) the expiration of the Negotiation Period, (ii) notification by Company that it is no longer interested in negotiating a License, (iii) execution of a License, (iv) failure to obtain

an investment commitment within the period set forth above. The two preceding paragraphs of this LOI (confidentiality, governing law, jurisdiction) shall survive expiration of this LOI.

Sincerely,

Yeda Research & Development Co. Ltd.

Agreed and accepted:

\_\_\_\_\_  
Founder

Date: \_\_\_\_\_