

----- NUMBER TWENTY THREE (23) -----

----- DEED OF DECLARATION OF TRUST -----
(PUERTO RICO SCIENCE, TECHNOLOGY AND
RESEARCH TRUST)

--In the City of San Juan, Puerto Rico, this
thirty first (31st) day of December, two thousand
four (2004). -----

----- BEFORE ME -----

---JAIME ARTURO RIERA SEIVANE , Notary Public in
and for the Commonwealth of Puerto Rico, with
residence and office in San Juan, Puerto Rico. -

----- APPEAR -----

---AS THE ONLY PARTY: HIRAM ALFREDO RAMIREZ
RANGEL, social security number
of legal age, married, economist, resident of San
Juan, Puerto Rico, in his capacity as Secretary
of the Puerto Rico Economic Development and
Commerce Department (hereinafter referred to as
the "EDCD Secretary" and the "EDCD",
respectively) and not in his individual capacity,
an instrumentality of the Commonwealth of Puerto
Rico created and existing by virtue of
Reorganization Plan Number Four (4) of June
twenty two (22), nineteen ninety four (1994), as
amended; and Antonio García Padilla, social
security number , of legal age,
single, attorney, resident of San Juan, Puerto
Rico, in his capacity as President of the
University of Puerto Rico (hereinafter referred
to as the "President of the University" and the
"University", respectively) and not in his



individual capacity, an organic system of higher education of the Commonwealth of Puerto Rico existing under Act Number One (1) of January twenty (20), nineteen sixty six (1966), as amended. -----

---The EDCD Secretary and the President of the University are authorized to appear and execute this deed in accordance with the provisions of Act Number Two Hundred Fourteen (214) of August eighteen (18), two thousand and four (2004). When referred to in their capacity as the settlors of the trust hereby created, the EDCD Secretary and the President of the University will be referred to as the "Settlors". -----

---I, the Notary, hereby certify that I personally know the appearing parties. I further certify through their statements as to their personal circumstances. The appearing parties represent to me that they are in full enjoyment and exercise of their rights and that they have, and in my judgment they do have, sufficient legal capacity to execute this deed, and for such purposes they freely and of their own will -----

----- STATE -----

---WHEREAS, the Commonwealth of Puerto Rico (the "Commonwealth"), as part of its public policy to further the establishment of a foundation which allows for the creation of organizations and mechanisms concentrated in science, technology



and research, has promulgated Act Number Two Hundred Fourteen (214) of August eighteen (18), two thousand and four (2004) (the "Puerto Rico Science, Technology and Research Trust Act", or the "Trust Act"), to, among others, authorize the Settlers to settle a non-for-profit trust (the "Puerto Rico Science, Technology and Research Trust", or the "Trust", and, in Spanish, the "Fideicomiso para la Ciencia, Tecnología e Investigación de Puerto Rico"), for the benefit of The People of Puerto Rico; and -----

---WHEREAS, the Settlers, in accordance with the Trust Act, wish to act as settlors for the Trust; and -----

---NOW, THEREFORE, the Settlers agree as follows:

----- ARTICLE ONE -----

----- TRUST AND BENEFICIARY -----

---Section 1.1 Declaration of Trust. The Settlers hereby transfer and assign those sums of money mentioned in Article two point one (2.1) of this deed to the Trustees to be held by them in trust as Trustees. The corpus of the trust herein constituted shall also consist of whichever properties are subsequently segregated in trust from time to time, in accordance with the funding provisions of the Trust Act, and any other additional property transferred by any other person (together with the original amount transferred herein, the "Corpus"), with the condition that the segregation or transfer of the

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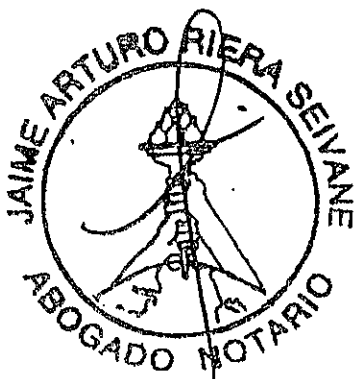


Corpus, and the disposition of the same, will be subject to the provisions of the Trust Act, this deed, the regulations adopted and acceptance by the Trustees, and the budget approved by the Trustees and any other legal parameter that regulates the use of public funds. -----

---Section 1.2 Beneficiary. The People of Puerto Rico shall, at all times, be the beneficiary with respect to the Trust; provided, however, that the Trustees shall have no responsibilities or obligations as Trustees except the responsibilities and obligations expressly set forth in the Trust Act.-----

---Section 1.3 Purpose. The purpose of this Trust is to foster and fund research, development and infrastructure projects related to science and technology, including without limitation "Eligible Activities" as defined in Article two "a" (2a) of the Trust Act, that will promote the economic, social or educational development of the Commonwealth and to operate exclusively for charitable, educational and scientific purposes within the meaning of 26 U.S.C. Section 501(c)(3) (the Internal Revenue Code of 1986, as amended (or corresponding provisions of any subsequent U.S. tax laws)) (hereinafter referred to as the "Code")-----

-----1.3.1. The Trustees shall formulate and implement the policy of the Commonwealth



regarding research and development in science and technology, including by establishing an alliance between the government of the Commonwealth and the private sector to promote development in science and technology for the benefit of the people of the Commonwealth. In furtherance of this purpose, the Trust shall: (i) encourage the promotion and financing of, and investment in, activities that strengthen research and development in science and technology in the Commonwealth and advance the economic development of the Commonwealth; (ii) promote close collaboration among the governmental, academic and industrial sectors of Puerto Rico with respect to, without limitation, basic, applied and clinical research, including investigation of new therapies and interventions; (iii) develop and promote a culture and an infrastructure that recognize the value of research and development in science and technology to the economic and social development of the Commonwealth; (iv) promote the transfer of technology and products resulting from research conducted in Puerto Rico; and (v) provide financing and create a coherent strategy for attracting world-class researchers to Puerto Rico. -----

-----1.3.2. Initially, the Trust shall concentrate its efforts on activities related to (i) the biological sciences and health-related



sectors, including, for example, pharmacology, biotechnology and medical devices, and (ii) information and communication technology.

-----1.3.3. In furtherance of the purposes of the Trust, the Trust shall, among other things:

- (i) develop a coherent strategic plan to facilitate, through alliances among government, academia and industry, the fostering of conditions favorable to scientific and technological development in Puerto Rico;
- (ii) help to promote the needed educational and societal infrastructure in the scientific and technical fields;
- (iii) support commercialization of products and services based on science, technology and research;
- (iv) increase the funding available for research or development in science and technology activities in the academic institutions of Puerto Rico;
- (v) identify capital and funding for research or development in science and technology initiatives;
- (vi) promote private investment in research or development in science and technology activities and projects, and in new Puerto Rican high-tech companies as well as multinational high-tech companies that have a significant presence in Puerto Rico;
- (vii) increase investment in innovation through alliances between public and private institutions;
- (viii) initiate or support initiatives for the patenting and protection of



intellectual property, scientific works, and the results of research and development in science and technology; (ix) collaborate with the private sector to develop innovative products, services, processes and businesses, while stimulating economic growth and the potential for global competition; (x) promote means for all citizens to have access to existing international resources with respect to research and development in science and technology; and (xi) strengthen the research capacity of public and private educational institutions in Puerto Rico as a means to promoting long-term economic development. -----

----- **ARTICLE TWO** -----

----- **TRUST FUND** -----

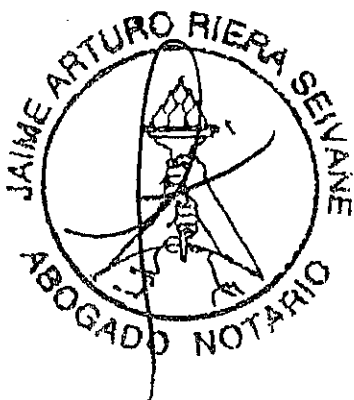
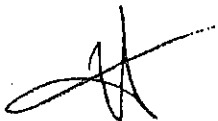
---Commencing as of the date of this instrument and during existence of the Trust, the Trustees shall administer the Corpus and any net income thereof as provided below. -----

---**Section 2.1 Establishment of the Trust Fund.**

All money and property contributions to the Trust, along with any income thereof, shall be maintained, administered and invested in a fund under the custody of the GDB (the "Puerto Rico Science, Technology and Research Trust Fund", or the "Trust Fund", known in Spanish as the "Fondo del Fideicomiso de Ciencia, Tecnología e Investigación de Puerto Rico").-----



-----2.1.1.. The contributions are expected to come, as provided in Article six "a" (6a) of the Trust Act, from: (i) twenty percent (20%) of the money deposited in the Special Fund for Economic Development ("Special Fund") managed by the Puerto Rico Industrial Development Company; (ii) the moneys that at the effective date of Act Number Two Hundred Fourteen (214) of August eighteen (18), two thousand and four (2004) have not been disbursed by PRIDCO to the University pursuant to PRIDCO'S Board of Resolution Number two thousand three dash eighteen (2003-18) dated June eighteen (18), two thousand three (2003), for the "Scientific Investigation Fund for the Centenary of the University". (iii) a special appropriation of five (5) million dollars from the Improvements Fund for fiscal year two thousand four dash two thousand five (2004-2005), pursuant to legislation approved to that effect, such funds to be accounted for and maintained in a separate account from the rest of the funds; (iv) beginning in fiscal year thousand five dash two thousand six (2005-2006), five (5) million dollars a year from the balance of collections of federal excise taxes sent to the Department of the Treasury of Puerto Rico each fiscal year, in accordance with Section 7652(a)(3) of the United States Internal Revenue Code of 1986, as amended and pursuant to the conditions set forth in



Article 6(a)iv of the Trust Act; and (v) private donations, other government funds, legislative appropriations and federal concessions or royalties.

-----2.1.2. Pursuant to the Trust Act, on or before ninety days (90) after the closing of each fiscal year of the Commonwealth, the Secretary of the Treasury shall present a report to the Board of Trustees regarding the revenues transferred to the Trust Fund. -----

---Section 2.2 Contributions to and Investment of Property in the Trust Fund. The Trustees will direct all contributions made to the Trust into the Trust Fund. All property contributed to the Trust Fund shall be invested in accordance with the provisions of Act Number One Hundred Thirteen (113) of August three (3), nineteen ninety five (1995), as amended ("Act 113"), as further described below. The GDB shall ensure that such investments generate the maximum yield that market conditions permit while protecting the principal invested. On or before ninety days (90) after the closing of each fiscal year of the Commonwealth, the GDB shall provide to the Board of Trustees an annual activity report concerning the Trust Fund.-----

---Section 2.3 Trust Fund Accounts. The Trustees are empowered to create and designate all accounts they deem necessary under the Trust



Fund. -----

---Section 2.4 Disbursements from the Trust Fund.

All amounts contributed into the Trust Fund, along with any income thereto, shall be distributed solely for the purposes set forth in the Trust Act, as further described in Article Three of this deed. - -----

----- ARTICLE THREE -----

----- DISTRIBUTIONS FROM THE TRUST -----

---Section 3.1 Evaluation and Selection of Proposals. The Trustees shall develop rules and regulations concerning the presentation, evaluation and selection of proposals and requests for distribution of funds from the Trust Fund. All such rules and regulations shall include the criteria that the Trustees will apply in order to determine which projects or requests will be awarded distributions from the Trust Fund. -----

---3.2. Minimum Criteria Requirements. At a minimum, the rules and regulations adopted by the Trustees for evaluation and selection of proposals for Trust Fund disbursements shall include the following selection criteria, as applicable: -----

-----3.2.1 The Proponent's financial and commercial reputation and its economic, technical or professional capabilities; -----

-----3.2.2 The Proponent's experience in conducting research or development in science and



technology, in developing new manufacturing processes (or improving existing manufacturing processes), or in developing and commercializing innovative products; -----

-----3.2.3 The competitive funding for scientific research that the Proponent has received from other sources; -----

-----3.2.4 The accreditation of the Proponent institution or its programs by federal, state or other public or private entities; -----

-----3.2.5 The competitiveness of the Proponent's faculty or of its human resources; --

-----3.2.6 The competitiveness of the Proponent's student body; -----

-----3.2.7 The quality and quantity of the Proponent's infrastructure dedicated to high-quality scientific research and technology transfer; -----

-----3.2.8 The availability of funds in the Trust Fund; -----

-----3.2.9 The relative merit of the Proponent's proposal with respect to other proposals; -----

-----3.2.10 The proposal's novelty and complexity with respect to the research and development areas to be explored by the Proponent, and the estimated time needed for its completion; -----

-----3.2.11 The Proponent's investment of its



own funds in the project, if any; -----

-----3.2.12 The Proponent's business plan and economic capability, and the financing requested to implement the business plan; -----

-----3.2.13 The viability of the Proponent's project, including the project's prospects with respect to commercialization of activities or products; -----

-----3.3.14. The proposal's alignment with the Trust's Strategic Plan;-----

-----3.3.15. The proposal's ability to impact more than one research or development initiative;

-----3.3.16. The proposal's compliance with the strategic program areas stipulated in the Strategic Plan, and its impact on the indicators delineated in Section four point two point ten (4.2.10) of this Deed. -----

-----3.2.17 Any other criteria that the Trustees deem appropriate and relevant to advance the purposes of the Trust Act, including the definition of competitiveness for purposes of Section Three Point Two Point Five and Section Three Point Two Point Six; -----

---3.3. Distribution of Corpus from the Trust Fund. All distributions of Corpus from the Trust Fund shall be used to fund Trust Fund Projects (in Spanish, "Proyectos del Fideicomiso") as required by Article Seven (7) of the Trust Act, as follows:-----



-----3.3.1 Corporate Projects and Activities:

Between thirty percent (30%) and forty percent (40%) of the Trust Fund annual budget shall be used to fund corporate activities and projects that affect research or development of science and technology in Puerto Rico.-----

-----3.3.2 Academic Research, Recruitment and Retention of Highly Qualified Researchers, and Technology Transfer Activities: Between thirty percent (30%) and forty percent (40%) of the Trust Fund annual budget shall be used to fund the following:-----

-----3.3.2.1 Matching Funds for Research:

Provide matching funds for academic research initiatives which have received partial funding from federal agencies that fund research on a highly competitive basis;-----

-----3.3.2.2 Recruitment and Retention of

Highly Qualified Researchers: Provide support to programs to promote the recruitment and retention of highly qualified researchers in biomolecular sciences and information and communication technologies, including the creation of endowed professorships, awards to distinguished academicians, and recognition of the achievements of young researchers who demonstrate the ability to conduct world-class research; and-----

-----3.3.2.3 Technology Transfer Activities:

Pursuant to the terms of the Memorandum of



Understanding executed between the University and PRIDCO, dated February eleven two thousand four (February 11, 2004) ("Memorandum of Understanding"), create a flexible and effective structure for commercialization of the products of research in science and technology, that may be used by academic institutions and private companies to protect intellectual property and improve their capacity to produce and develop new products.-----

-----3.3.4 Research Infrastructure: Between twenty percent (20%) and thirty percent (30%) of the Trust Fund annual budget shall be used to provide financial support for the development of infrastructure for research, such as, for example, the following:-----

-----3.3.4.1 Investment in public or private institutes that specialize in information and communication technologies, including such institutes that (i) are established or operated by companies that are eligible to receive funding from the Trust Fund and (ii) employ researchers who receive competitive funding for research;-----

-----3.3.4.2 Financial support for institutions, programs or collaborative arrangements directly related to corporate research and development;-----

-----3.3.4.3 Financial support for development of incubators, related to support



centers in key locations, that may facilitate technology transfer; and-----

-----3.3.4.4 Financial support for the improvement and development of physical facilities for research and/or development in science and technology.-----

-----3.3.5 The percentages set forth in Sections Three Point Three Point One (3.3.1), Three Point Three Point Two (3.3.2) and Three Point Three Point Four (3.3.4) may be revised annually by the Board of Trustees, in consideration of the investment possibilities at a precise moment, the needs of the academy and of industry, and the number and merits of the proposals received. ---

-----3.3.6 Notwithstanding the foregoing, if in any Fiscal Year (as such term is defined below) any amount of Corpus is not distributed, such remaining Corpus shall be accumulated and added to the Corpus for the following Fiscal Year. ----

-----3.3.7 Priority Academic Research, Recruitment and Retention of Highly Qualified Researchers, Technology Transfer Activities, and Infrastructure Initiatives: -----

-----3.3.7.1 Premises: The Board of Trustees shall consider the following premises when the deciding the first initiatives to be funded by Trust Fund: a) that the Governor of Puerto Rico during the centennial anniversary of the University committed to provide new governmental support for the University's research and development initiatives; b) that PRIDCO



contributed to the Governor's proposal by creating the Scientific Investigation Fund for the Centennial of the University ("the Centennial Fund"); c) that the University and PRIDCO, as previously mentioned in this deed, executed a Memorandum of Understanding to implement the Centennial Fund and the special incentive contract signed by the University and PRIDCO on June thirtieth (30), two thousand four (2004); and d) that the Trust Act, included the Centennial Fund as part of the resources of the Trust Fund in order to provide a stronger foundation on which to forge closer collaboration among governmental, academic and industrial sectors in Puerto Rico.-----

-----3.3.7.2 Priority Initiatives to be Funded: In light of the above stated premises, the Board of Trustees, after proper evaluation and consideration of the information submitted to it, will include in the first group of initiatives to be funded by the Trust Fund with respect to academic research, recruitment and retention of highly qualified researchers, technology transfer activities, and infrastructure initiatives those listed in Section Three Point Three Point Seven Point Three (3.3.7.3), below, and all its subsections; provided, however, the Board of Trustees may consider and include other projects, in addition to those listed, among the group of initiatives to be funded first by the Trust Fund.-----

-----3.3.7.3 List of First Priority Initiatives: The first group of initiatives to be



funded by the Trust Fund as provided above, are all those included in the following subsections, which are not listed in any particular rank or order:-----

-----3.3.7.3.1 Funding for University

Research: The Trust Fund shall provide to the University matching funds for academic research initiatives which have received partial funding from federal agencies that fund research on a highly competitive basis, and which fall within the scientific areas identified as key for economic development in the Memorandum of Understanding to implement the Centennial Fund.--

-----3.3.7.3.2 Recruitment and

Retention of University Researchers: The Trust Fund shall provide to the University financial support for programs of the University that promote recruitment and retention of highly qualified researchers in biological sciences and information and communication technology, as well as those scientific areas identified as key for economic development in the Memorandum of Understanding to implement the Centennial Fund. Such support shall include creation of endowed professorships, awards to distinguished academicians, and grants to recognize the achievements of young researchers who demonstrate the ability to conduct world-class research.-----

-----3.3.7.3.3 Structure for Technology



Transfer: The Trust Fund shall provide to the University and PRIDCO financial support to create a flexible and effective structure for commercialization of the products of research in science and technology as well as provision of services to academic institutions and/or private companies to protect intellectual property and improve their capacity to produce and develop new products, pursuant to the Memorandum of Understanding to implement the Centennial Fund.

-----3.3.7.3.4 **Research Park of Puerto**

Rico: The Trust Fund shall provide financial support for the completion of the Research Park of Puerto Rico, a project to be jointly developed by the University and PRIDCO;-----

-----3.3.7.3.5 **Bioprocesses Pilot**

Plant: The Trust Fund shall provide financial support for the completion of the Bioprocesses Pilot Plant, a project to be jointly developed by the University, PRIDCO and the pharmaceutical industry.-----

---3.4. **Distribution of Net Income from the Trust Fund.** Any excess of the income generated by investment of the Corpus over any authorized expenses paid therefrom shall be considered net income from the Trust Fund ("Net Income"). The Trustees may determine, in their sole discretion, to either reclassify all or part of the Net Income for a particular Fiscal Year as part of



the Corpus available for distributions in the subsequent Fiscal Year, or to accumulate any or all of such Net Income in one or more accounts under the Trust Fund. However, any Net Income that is so accumulated shall be subject to the same restrictions with respect to its use and distribution as all other Corpus of the Trust. --

---3.5. Method of Distribution of Corpus and Net Income from the Trust Fund. The Trustees shall have the authority to determine the method by which any distributions from the Trust Fund are made to Proponents whose projects or activities have been selected for funding from the Trust Fund. Such methods may include, but are not limited to, loans, grants, outright gifts, investments, or any combination thereof. -----

----- ARTICLE FOUR -----

----- TRUSTEE POWERS -----

---Section 4.1 Trustee Statutory Powers. The Trustees shall have the following powers, exercisable at their discretion, with respect to the Trust and the money and other property held in the Trust Fund: -----

-----4.1.1. To act as the governing body of the Trust; -----

-----4.1.2. To establish general policies of the Trust consistent with the objectives of the Trust Act; -----

-----4.1.3. To prepare, and to update and revise every five (5) years, a strategic plan for the



Trust, which shall include, among other things, the Trustees' plan for achieving the purposes and objectives of the Trust set forth in Section One Point Three and its subsections. The Strategic Plan could cover the strategic areas of research, public policy, commercialization and educational goals, and strategies to attract more funding for research and development; -----

-----4.1.4. To develop and authorize an annual work plan and annual budget for the Trust; -----

-----4.1.5. To appoint an Executive Director of the Trust (the "Executive Director"), establish his powers and duties as set forth in Section Six Point One (6.1) of this deed, and set his compensation; -----

-----4.1.6. To establish, adopt, amend, and revoke any and all rules, regulations and procedures with respect to the internal operation of the Board of Trustees and the Trust;

-----4.1.7. To establish such committees of the Board of Trustees as the Trustees deem necessary and convenient to further the objectives of the Trust, and to adopt rules concerning the functioning of such committees, including election of Trustees to such committees; -----

-----4.1.8. To determine eligibility of Proponents and prospective projects to receive funding from the Trust Fund; -----

-----4.1.9. To establish through regulation



the criteria to be used for the disbursement of Trust funds, in accordance with the Trust Act and this deed; -----

-----4.1.10. To authorize disbursement of and oversee accounting for funds from the Trust Fund and other administrative operations of the Trust, and to establish mechanisms for auditing the disposition of Trust Fund assets; -----

-----4.1.11. To implement the public policy and objectives of the Trust, in accordance with the Trust Act and this deed; -----

-----4.1.12. To determine programmatic priorities for the Trust and to approve work plans that may be developed consistent with such priorities; ---

-----4.1.13. To delegate to any instrumentality of the Commonwealth of Puerto Rico the responsibility and authority to implement projects or plans related to the Trust that have been duly approved by the Trustees, in accordance with the Trust Act and this deed; -----

-----4.1.14. To enter into any agreement or contract with any person or entity, public or private, as the Trustees may deem necessary to perform their functions and responsibilities with respect to the Trust; -----

-----4.1.15. To acquire any property, real or personal, through any lawful means, be that concession, gift, purchase, devise, trust or otherwise, and to enter into possession and to



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exercise all applicable property rights with respect to such properties, including the right to dispose of such property; -----

-----4.1.16. To borrow money at interest rates then prevailing from any individual, bank, securities brokerage firm, financial institution or other source; to issue notes, bonds and any other evidence of debt on behalf of the Trust; and to refinance, pay or redeem any of the notes, bonds or other obligations, all of these in order to provide funds to pay for the cost of the Trust's operation. The Trustees may create any security interest with respect to such notes, bonds and any other obligations through mortgage, pledge, margin or any other lien with respect to contracts, rents, income or properties of the Trust. The Trustees may also negotiate or enter into financing contracts, debt evidence notes and any other instruments, agreements and obligations of any nature as they may deem necessary or convenient, in order to perform their functions with respect to the Trust; provided however that in any debt issuance that is done with respect to the Trust, the GDB shall act as fiscal agent; ---

-----4.1.17. To invest in or provide financial support for Trust Fund Projects (in Spanish, "Proyectos del Fideicomiso"), and to pay for the cost of acquisition of any property for the Trust; -----



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-----4.1.18. To provide financing for, invest in, or make grants to Trust Fund Projects, under such terms as the Trustees may deem appropriate, in accordance with the Trust Act and this deed; ----

-----4.1.19. To provide assistance, financial or otherwise, to any instrumentality of the Commonwealth of Puerto Rico or to any private entity, in order to foster and support the development of projects and infrastructure related to science, technology and research; ----

-----4.1.20. To procure any managerial, technical and administrative assistance that may be required to perform their functions and responsibilities with respect to the Trust, and to contract with any individual or entity to this end; -----

-----4.1.21. Pursuant to a resolution of the Board of Trustees, to invest the assets of the Trust Fund in accordance with the requirements and limitations of Act Number one hundred thirteen (113) of August three (3), one thousand ninete five (1995), as amended, and in coordination with the GDB; -----

-----4.1.22. To execute instruments of any kind, including instruments containing covenants and warranties binding upon and creating a charge against the Trust property, with any person or entity, including any federal, state or local government, as the Trustees may deem necessary or



convenient to perform their functions and responsibilities with respect to the Trust; -----

-----4.1.23. To create any and all advisory councils they may deem necessary or convenient with the purpose of providing the Trustees with technical, or scientific advice with respect to the objectives of the Trust; -----

-----4.1.24. To create any and all Peer Review Panels they may deem necessary or convenient to provide technical and scientific advice with respect to the selection of proposals; -----

-----4.1.25. To modify, in whole or in part, the pending or remaining disbursements to Trust Fund Projects based on periodic assessments of the Trust Fund Projects' merits.-----

-----4.1.26. To use the Trust Fund assets, in accordance with the requirements and limitations of the Trust Act and this deed; -----

-----4.1.27. Periodically to articulate, in coordination with the PRIDCO Executive Director, the investment policy for the assets of the Special Fund for Economic Development, a fund created pursuant to Act Number One Hundred Thirty Five (135) of December two (2), nineteen ninety seven (1997), as amended ("Special Fund"); provided, however, that this provision shall have no effect on PRIDCO's authority and discretion to manage the monies in the Special Fund that have not been transferred to the Trust Fund; ----



-----4.1.28. To create a General Audits Division and to appoint a General Auditor who shall be the director of the General Audits Division. The General Auditor shall report directly to the Board of Trustees and shall be responsible for monitoring the withdrawal, use and disbursement of Trust funds, and for auditing the Trust on a quarterly basis.-----

-----4.1.29. To exercise all powers granted to the Board of Trustees pursuant to the Trust Act and this deed. -----

---Section 4.2 Other Trustee Powers. To the extent necessary to facilitate the exercise of the general statutory powers granted to the Trustees under Section Four Point One (4.1), the Board of Trustees shall have the following powers, provided that nothing in this Section Four Point Two (4.2) shall limit or expand the statutory powers set forth in Section Four Point One (4.1): --- -----

-----4.2.1. To sell at public or private sale, wholly or partly for cash or credit, contract to sell, grant or exercise options to buy, convey, transfer, exchange, or lease (for a term within or extending beyond the term of the Trust) any real or personal property of the Trust, and to partition, dedicate, grant easements in or over, subdivide, improve, and remodel, repair, or raze improvements on any real property of the Trust,

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in such manner, for such prices, and on such terms and conditions as any individual might do as outright owner of the property; -----

-----4.2.2. To open and maintain accounts with banks, securities brokerage firms or other financial institutions with respect to the administration and maintenance of the Trust; ----

-----4.2.3. To make allocations, divisions, and distributions of Trust property in cash or in kind, or partly in each; to allocate different kinds or disproportionate shares of property or undivided interests in property among the beneficiaries or separate trusts, without liability for, or obligation to make compensating adjustments by reason of, disproportionate allocations; and to determine the value of any property so allocated, divided, or distributed; -

-----4.2.4. To exercise in person or by general or limited proxy all voting and other rights, powers, and privileges and to take all steps to realize all benefits with respect to stocks or other securities; and to enter into or oppose, alone or with others, voting trusts, mergers, consolidations, foreclosures, liquidations, reorganizations, or other changes in the financial structure of any corporation; -----

-----4.2.5. To pay, or designate the individuals to be in charge of making payments for all expenses incurred in the administration of the



Trust, in accordance with the provisions of Section Six Point Three (6.3) of this deed, and as authorized by the Trust Act; -----

-----4.2.6. To deal with the fiduciary or fiduciaries of any other trust or estate, even though a Trustee is also the fiduciary or one of the fiduciaries of the other trust or estate; ---

-----4.2.7. To compromise or abandon any claim in favor of or against the Trust; -----

-----4.2.8. To receive any property, real or personal, to be added to the Trust, from any of the Settlers in any event (and, if the majority of the Trustees consent in writing, from any other person) by outright, lifetime or testamentary transfer, or otherwise; -----

-----4.2.9. To nominate any other trustee or trustees to deal with property located in a jurisdiction in which the Board of Trustees is not authorized to act; -----

-----4.2.10. To adopt a set of indicators (the "Indicators") to keep track of the progress with respect to the factors that will help Puerto Rico reach its science, technology and research goals, pursuant to the Trust Act. -----

-----4.2.11. To perform all other acts necessary to protect, conserve, sell, lease, encumber or otherwise to manage and dispose of any Trust property, including applying, if desired, to the U.S. Internal Revenue Service for recognition of



the Trust as an organization described under Section five hundred one(c)(3) of the Code. -----

-----4.2.12. To see to it that an independent evaluation of the Trust Fund disbursements to all Trust Fund Projects be conducted from time to time, according to a framework and timeframe approved by the Board of Trustees. Such evaluation will measure the Trust Fund Projects' overall performance in achieving the objectives contained in the Trust Act, and the impact the disbursements are having in the Indicators referred to in Section four point two point ten (4.2.10) of this Deed.-----

---Section 4.3 Accounting and Bonds. To the extent that such requirements can legally be waived, no Trustee(s) hereunder shall ever be required to give bond or security as trustee, or to qualify before, be appointed by, or account to any court, or to obtain the order or approval of any court before exercising any power or discretion granted in this instrument. -----

---Section 4.4 Third Party Protection. No person paying money or delivering property to the Trustees hereunder shall be required or privileged to see to its application. The certificate of the Trustees hereunder that the Trustees are acting in compliance with this instrument shall fully protect all persons dealing with the Trustees. -----



---Section 4.5 Trustee Fees. No individual or entity shall receive any compensation for acting as a Trustee, except for a meeting fee (the "Meeting Fee") payable only to the Non-Government Trustees (defined below). The Meeting Fee shall be established by the unanimous vote of the members of the Board of Trustees, and shall be payable in accordance with the provisions of Section Six Point Four (6.4). -----

----- ARTICLE FIVE -----
----- TRUSTEE APPOINTMENTS AND RESIGNATIONS -----

---Section 5.1 Number of Trustees. The Board of Trustees shall be composed of eleven (11) Trustees, five (5) of whom shall be the individuals holding office as EDCD Secretary, President of the University, GDB President, PRIDCO Executive Director, and MBO Director (the "Government Trustees"), who shall act as Ex Oficio Trustees, and who may be represented in their functions by the individuals they may appoint formally in writing for those purposes. The other six (6) Trustees (the "Non-Government Trustees") shall be individuals appointed by the Board of Trustees, three (3) of whom must be (or must have been) either university professors or university researchers, and three (3) others of whom must belong to the private sector high-technology field. Two (2) of the Non-Government Trustees must be internationally recognized in their field of study. Two (2) of the Non-



Government Trustees shall have at least general knowledge of either the biological sciences, the health care sector, or information and communication technologies, and be proficient with respect to recent research developments in these areas and technical and scientific mechanisms used to translate new knowledge into applications that stimulate and further economic growth. -- -----

---One of the Government Trustees shall be elected as President of the Board of Trustees by a majority vote of the five (5) Government Trustees. Two Non-Government Trustees shall act as Vice-President and Secretary of the Board of Trustees, their appointments to be made by a majority vote of all the Trustees. Other Trustees may be appointed to other positions by a majority vote of the Board of Trustees. -----

---Section 5.2 Term of Trustee Appointments. Each Government Trustee shall hold his appointment as Trustee as long as he holds the governmental office that entitles him to such appointment. Upon such Government Trustee's termination from such governmental office, he shall be succeeded as Trustee by the person who succeeds him in such governmental office. -----

---The Non-Government Trustees shall be appointed for six (6) year terms by a majority vote of the members of the Board of Trustees at the time of



such appointment, provided that at no time shall any Non-Government Trustee serve as a member of the Board of Trustees for more than two (2) consecutive full six (6) year terms. -----

---Section 5.3 Initial Non-Government Trustees.

Notwithstanding the provisions of the previous section, upon execution of this deed, the Government Trustees shall appoint the initial six (6) Non-Government Trustees for the following terms: one (1) initial Non-Government Trustee shall be appointed for a term of three (3) years; another one for a term of four (4) years; two (2) others for a term of five (5) years; and the other two (2) for a term of six (6) years. -----

---Section 5.4 Trustee Resignation. Any Non-Government Trustee may resign at any time by giving prior written notice to the Board of Trustees, provided that the effective date of resignation shall be at least sixty (60) days from the date of said written notice. -----

-----Section 5.5 Removal of Trustee. Any individual Non-Government Trustee may be removed at any time and from time to time if he or she is found to be disabled, by competent court or medical authority, because of advanced age, illness or other causes have impaired his or her ability to perform effectively his or her duties as Trustee. Also, any Trustee can be removed if he is convicted of moral turpitude. The decision



as to whether a Trustee is disabled as defined above shall be made by a vote to that effect of three fourths (3/4) or more of the members of the Board of Trustees, excluding the Trustee(s) subject to removal. Said decision shall be in writing, signed by all the Trustees taking such decision, and delivered to the Trustee or Trustees being removed.- -----

---Section 5.6 Successor Trustees. In the event that any Non-Government Trustee ceases to serve as such, either because of resignation or removal, a majority of the remaining members of the Board of Trustees shall appoint a successor for such Trustee, and such successor shall hold office as Non-Government Trustee for the remainder of the term of the terminated Trustee. In the case of the termination of a Non-Government Trustee due to lapse of his term, or in the case of the termination of a Government Trustee, his successor shall be appointed as provided in Section Five Point Two (5.2) of this deed.-----

---Section 5.7 Powers of Successor Trustee. The incumbent Trustees shall have the same title, powers, and discretion granted to the original Trustees, without court order or act of transfer. No successor Trustee shall be personally liable for any act or failure to act of any predecessor Trustee. -----



-----Section 5.8 Trustee Voting Provisions.

Except as provided below, a majority of the members of the Board of Trustees shall constitute a quorum for all matters requiring a vote of the members of such Board of Trustees, with all decisions being taken by a majority of the Trustees present at such meeting. In the case of the appointment of the President, Vice-President, Secretary and any other official positions of the Board of Trustees, the provisions of Section Five Point One (5.1) shall apply. In the case of the removal or appointment of a successor Trustee, the voting provisions of Sections Five Point Five (5.5) and Five Point Six (5.6) of this deed shall apply, respectively. In the case of the establishment of the Meeting Fee, the voting requirements will be those set forth in Section Four Point Five (4.5) of this deed. -----Any Trustee may participate in any Board of Trustees meeting via telephone conference or other means of electronic communication, as long as such method allows for the simultaneous communication of all participants in such meeting. Furthermore, any action or decision allowed to be taken at a meeting of the Board of Trustees may be authorized without such meeting taking place, as long as all the members of the Board of Trustees consent in writing to such action. Notwithstanding the foregoing, no Trustee shall



vote on any question with respect to which such Trustee has a Personal, Institutional or Economic Interest, as such terms are defined in the Trust Act and to be adopted in a conflict of interest policy by the Board of Trustees. -----

----- ARTICLE SIX -----

----- ADMINISTRATIVE PROVISIONS -----

---Section 6.1 Executive Director. The Board of Trustees shall appoint the Executive Director of the Trust and establish his powers and duties. The Executive Director shall be responsible for the day-to-day operations of the Trust and the Trust Fund and shall keep the Board of Trustees informed regarding disbursements and uses of Trust funds, the financial status of the Trust and its efficiency in utilizing its resources, and the systems, procedures and practices employed by the Trust to monitor use and disbursement of Trust funds. The Executive Director shall be employed by the Trust.-----

---Section 6.2 Other Administrative Personnel. The Board of Trustees may designate, or grant to the Executive Director the authority to designate, other individuals to assist the Executive Director in carrying out his duties and responsibilities with respect to the Trust and the Trust Fund (the "Administrative Personnel"). The Administrative Personnel shall be employed by the Trust.-----



---Section 6.3 Payments from the Trust Fund for Administrative Expenses. The cost of compensation of the Executive Director (including salary and benefits) shall be paid directly from the Trust Fund, if not paid from other sources, and, except as provided in Section Six Point Four (6.4), shall be the only expense paid directly from the Trust Fund. All other administrative expenses related to the Trust, including but not limited to the compensation of the Administrative Personnel, shall be paid from annual assessments that the EDCD and the University shall provide. On or before ninety days (90) before the closing of each fiscal year of the Commonwealth, the Trustees will establish annually the assessments to be paid by the University and the EDCD, provided that no amount shall be assessed against the University without the concurrence of the President of the University and no amount shall be assessed against the EDCD without the concurrence of the EDCD Secretary.-----

---Section 6.4 Payment of Trustee Fees. The cost of the Meeting Fee for Non-Government Trustees shall be paid from the Trust Fund, unless the members of the Board of Trustees agree that it shall be paid from the yearly assessments to be provided by the EDCD and the University. -----

---Section 6.5 Fiscal Year of the Trust. The fiscal year of the Trust (the "Fiscal Year")



shall be the twelve (12) consecutive months that constitute the fiscal year of the Commonwealth of Puerto Rico, pursuant to the Puerto Rico Governmental Accounting Act, Act Number Two Hundred Thirty (230) of July twenty three (23), nineteen seventy four (1974), as amended (at present, from the first day of July of each calendar year, until the last day of June of the subsequent calendar year). -----

---Section 6.6 Annual Report. Within one hundred and twenty (120) days after the closing of each Fiscal Year, the Board of Trustees and the Executive Director shall render to the Governor of Puerto Rico and Secretaries of the Senate and of the House of Representatives of Puerto Rico an annual report for the Trust and the Trust Fund. Such annual report shall include the following with respect to the Fiscal Year just ended: -----

----- (a) Financial statements for the Trust and the Trust Fund, audited by certified public accountants authorized to practice in Puerto Rico, along with a complete report of the activities of the Trust during such Fiscal Year;

----- (b) A complete and detailed report of the contracts executed and transactions effected with respect to the Trust; -----

----- (c) A complete and detailed report of the status of the activities being funded by the Trust; -----



----- (d) A work plan for the Trust for the Fiscal Year following the Fiscal Year just ended; -----

----- (e) An external evaluation of the activities being funded through the Trust and its impact on the Indicators.. -----

----- ARTICLE SEVEN -----

----- RIGHTS RESERVED IN SETTLORS -----

---Section 7.1 Right to Amend or Revoke. The Settlers, or their successors in office to the position that the initial Settlers held, with the consent of a majority of the Board of Trustees, reserve the right from time to time, acting jointly by written instrument, to amend or revoke this instrument in whole or in part; provided, however, that no amendment may be contrary to the provisions of the Trust Act, as such act may be amended from time to time; and if this deed is completely revoked, all Trust property held by the Trustees shall be transferred or delivered in trust into a new trust fund, in accordance with the provisions of the Trust Act provided, however, that if the Trust has been determined by the U.S. Internal Revenue Service to qualify as an organization described under Section 501(c)(3) of the Code, any new trust fund receiving funds from the Trust shall first be determined by the U.S. Internal Revenue Service to be organized and operated to meet the requirements of Section five hundred one (501)(c)(3) of the Code. -----

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---Section 7.2 Termination of Trust. If the Trust is terminated, the Board of Trustees shall distribute the remaining Corpus and Net Income, if any, to the Commonwealth of Puerto Rico, or any instrumentality thereof, as required by applicable legislation, for the benefit of The People of Puerto Rico. The Trust will terminate immediately after such distribution. -----

----- ARTICLE EIGHT -----

----- INDEMNITY OF TRUSTEES -----

---Section 8.1 Reliance on Counsel and Consultants. If the Trustees consult with counsel (who may be counsel for the EDCD, the University, the GDB, PRIDCO and/or MBO), consultants, accountants or actuaries, the Trustees shall be fully protected in acting in good faith upon such advice. -----

---Section 8.2 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit, or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a Settlor, Trustee, Executive Director or member of the Administrative Staff of the Trust or is or was serving at the request of the Trust as a director, trustee or officer of any corporation or of a partnership, joint venture, trust or other enterprise (whether for profit or non-



profit), including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a Trustee, Executive Director, member of the Administrative Staff or such other director, trustee or officer or in any other capacity while serving as Trustee, Executive Director or member of the Administrative Staff of the Trust shall be indemnified and held harmless by the Trust to the fullest extent authorized by the laws of the Commonwealth of Puerto Rico as the same exist or may hereafter be amended, against all expense, liability and loss (including, without limitation, attorneys' fees, judgments, fines, [ERISA excise taxes] or penalties and amounts paid or to be paid in settlement) reasonably incurred by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to be a Trustee, Executive Director or member of the Administrative Staff of the Trust or such other director, trustee or officer and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that except as provided in Section Eight Point Three below with respect to proceedings seeking to enforce rights to indemnification, the Trust shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by



such person only if such proceeding (or part thereof) initiated by such person was authorized by the Board of Trustees of the Trust.-----

---Section 8.3 Recovery of Unpaid Indemnification. If a claim under Section Eight Point Two is not paid in full by the Trust within thirty (30) days after a written claim has been received by the Trust, the claimant may at any time thereafter bring suit against the Trust to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant also shall be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Trust) that the claimant has not met the standards of conduct which make it permissible under the laws of the Commonwealth of Puerto Rico for the Trust to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Trust. Neither the failure of the Trust (including its Board of Trustees and independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the



applicable standard of conduct set forth in the laws of the Commonwealth of Puerto Rico, nor an actual determination by the Trust (including the Board of Trustees or independent legal counsel) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.--

---Section 8.3 Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Deed shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Deed, agreement, vote of disinterested Trustees or otherwise.-----

---Section 8.4 Insurance. The Trust may maintain insurance, at its expense, to protect itself and any Trustee, Executive Director or member of the Administrative Staff of the Trust or any of the foregoing persons serving at the request of the Trust as any director, trustee or officer of any corporation or of a partnership, joint venture, trust or other enterprise (whether for profit or non-profit), including service with respect to employee benefit plans, against any expense, liability or loss, whether or not the Trust would have the power to indemnify such person against



such expense, liability or loss under the the laws of the Commonwealth of Puerto Rico.-----

---Section 8.5 Advancement. The Trust shall pay the expenses (including attorneys' fees) incurred by a person described in the first sentence of Section Eight Point Two (a "Section Eight Point Two Person") in defending any such proceeding in advance of its final disposition; provided, however, that if the laws of the Commonwealth of Puerto Rico requires, the payment of such expenses incurred by a Section Eight Point Two Person in his or her capacity as a Trustee, Executive Director or member of the Administrative Staff of the Trust (and not in any other capacity in which service was or is rendered by such Section Eight Point Two Person while a Trustee, Executive Director or member of the Administrative Staff of the Trust, including, without limitation, service to an employee benefit plan), in advance of the final disposition of a proceeding, shall be made only upon delivery to the Trust of an undertaking by or on behalf of such Section Eight Point Two Person to repay all amounts so advanced if it shall ultimately be determined that such Section Eight Point Two Person is not entitled to be indemnified hereunder or otherwise.-----

---Section 8.6 Amendment or Repeal. Any amendment or repeal of this Article Eight shall not



adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such amendment or repeal.

---Section 8.7 Other Sources. The Trust's obligation, if any, to indemnify or to advance expenses to any person who was or is serving at its request as a Trustee, Executive Director or member of the Administrative Staff of the Trust or is or was serving at the request of the Trust as a director, trustee or officer of any corporation or of a partnership, joint venture, trust or other enterprise (whether for profit or non-profit), shall be reduced by any amount such person may collect as indemnification or advancement of expenses from such corporation, partnership, joint venture, trust or other enterprise.-----

----- ARTICLE NINE -----

----- CONSTRUCTION PROVISIONS -----

---Section 9.1 Headings. The headings, titles, and subtitles in this deed have been inserted solely for convenient reference, and shall be ignored in its construction. -----

---Section 9.2 Severability. The Settlers intend all provisions of this deed to be enforced to the fullest extent permitted by law. Accordingly, should a court of competent jurisdiction determine that the scope of any provision is too broad to be enforced as written, the Settlers intend that the court should reform the provision



to such narrower scope as it determines to be enforceable. If, however, any provision of this deed is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable, this deed shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the remaining provisions of this deed shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance. -----

---Section 9.3 Miscellaneous. Whenever the context so requires, the masculine shall include the feminine, the feminine shall include the masculine, the singular shall include the plural and the plural shall include the singular. If any provision of this deed is held to be void or unenforceable, the remaining provisions of this deed shall nevertheless be carried into effect. -

---Section 9.4 Defined Terms. All defined terms used herein shall have the meaning set forth in this deed and in the equivalent defined term in the Spanish language under the Trust Act. -----

---Section 9.5 Construction. This deed, the Trust and the Trust Fund created hereby shall be construed, administered and enforced in accordance with the laws of the Commonwealth of Puerto Rico, and specifically in accordance with



the Trust Act. Any incompatibility between the provisions of this Deed and the provisions of the Trust Act shall be settled in accordance with the terms and provisions of the Trust Act. Transfers of funds or other property to or from the Trustees shall be deemed to take place in the Commonwealth of Puerto Rico. Any controversy or claim arising out of or relating to the Trust, the Trust Fund or this Deed, shall be settled in the courts of the Commonwealth of Puerto Rico.

----- ACCEPTANCE AND WARNINGS -----

---The appearing parties hereby accept this deed in all its parts, and I, the Notary, do hereby certify that I have advised them as to the pertinent legal warnings and of the legal effect of the present deed, as well as to their right under the Notarial Law of Puerto Rico to have two (2) witnesses appear herein and read and sign this deed together with them, and this deed having been read by them, to which fact I hereby certify, the said appearing parties approve its contents and sign the same before me, and affix their initials on each and every page of this instrument all before me, the Notary. -----

---WHEREFORE, I, the Notary authorizing this ----



instrument, certify upon my notarial faith and
under my signature, mark and seal, attest to all
of which is hereinabove stated. -----

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All

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Jaime Arturo Riera Seivane
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