

**Application for Recognition of Exemption
 Under Section 501(c)(3) of the Internal Revenue Code**

Read the instructions for each Part carefully.
A User Fee must be attached to this application.
 If the required information and appropriate documents are not submitted along with Form 8718 (with payment of the appropriate user fee), the application may be returned to you.
Complete the Procedural Checklist on page 8 of the instructions.

Part I Identification of Applicant

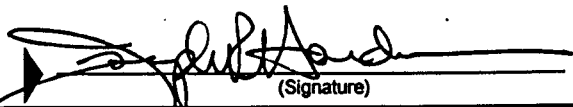
1a Full name of organization (as shown in organizing document)		2 Employer identification number (EIN) (If none, see page 3 of the Specific Instructions.)
UM Foundation, Inc.		Form SS-4 attached
1b c/o Name (if applicable)		3 Name and telephone number of person to be contacted if additional information is needed
1c Address (number and street)		410-580-4107 410-580-4260
520 West Lombard Street	Room/Suite 200	Lee A. Sheller, Esq. 410-576-1750
1d City, town, or post office, state, and ZIP + 4. If you have a foreign address, see Specific Instructions for Part I, page 3.		4 Month the annual accounting period ends
Baltimore, Maryland 21201		June
1e Web site address		5 Date incorporated or formed
		July 14, 1999
		6 Check here if applying under section: a <input type="checkbox"/> 501(e) b <input type="checkbox"/> 501(f) c <input type="checkbox"/> (501(k)) d <input type="checkbox"/> 501(n)
7 Did the organization previously apply for recognition of exemption under this Code section or under any other section of the Code? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," attach an explanation.		
8 Is the organization required to file Form 990 (or Form 990-EZ)? <input type="checkbox"/> N/A <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach an explanation (see page 3 of the Specific Instructions).		
9 Has the organization filed Federal income tax returns or exempt organization information returns? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If "Yes," state the form numbers, years filed, and Internal Revenue office where filed.		

10 Check the box for the type of organization. ATTACH A CONFORMED COPY OF THE CORRESPONDING ORGANIZING DOCUMENTS TO THE APPLICATION BEFORE MAILING. (See Specific Instructions for Part I, Line 10, on page 3.) See also Pub. 557 for examples of organizational documents.)

- a Corporation — Attach a copy of the Articles of Incorporation (including amendments and restatements) showing approval by the appropriate state official; also include a copy of the bylaws.
- b Trust — Attach a copy of the Trust indenture or Agreement, including all appropriate signatures and dates.
- c Association — Attach a copy of the Articles of Association, Constitution, or other creating document, with a declaration (see instructions) or other evidence the organization was formed by adoption of the document by more than one person; also include a copy of the bylaws.

If the organization is a corporation or an unincorporated association that has not yet adopted bylaws, check here

I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, including the accompanying schedules and attachments, and to the best of my knowledge it is true, correct, and complete.

Please Sign Here  Joseph R. Hardiman, President November 17, 1999
 (Signature) (Type or print name and title or authority of signer) (Date)

For Paperwork Reduction Act Notice, see page 7 of the instructions.

**Activities and Operational Information**

- 1 Provide a detailed narrative description of all the activities of the organization — past, present, and planned. Do not merely refer to or repeat the language in the organizational document. List each activity separately in the order of importance based on the relative time and other resources devoted to the activity. Indicate the percentage of time for each activity. Each description should include, as a minimum, the following: (a) a detailed description of the activity including its purpose and how each activity furthers your exempt purpose; (b) when the activity was or will be initiated; and (c) where and by whom the activity will be conducted.

See Exhibit II

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- 2 What are or will be the organization's sources of financial support? List in order of size.

See Exhibit III

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- 3 Describe the organization's fundraising program, both actual and planned, and explain to what extent it has been put into effect. Include details of fundraising activities such as selective mailings, formation of fundraising committees, use of volunteers or professional fundraisers, etc. Attach representative copies of solicitations for financial support.

See Exhibit IV

Part I Activities and Operational Information (Continued)

4 Give the following information about the organization's governing body:

a Names, addresses, and titles of officers, directors, trustees, etc.
 See Exhibit V

b Annual compensation
 See Exhibit V

c Do any of the above persons serve as members of the governing body by reason of being public officials or being appointed by public officials? Yes No
 If "Yes," name those persons and explain the basis of their selection or appointment.

d Are any members of the organization's governing body "disqualified persons" with respect to the organization (other than by reason of being a member of the governing body) or do any of the members have either a business or family relationship with "disqualified persons"? (See Specific Instructions for Part II, Line 4d, on page 3.) Yes No
 If "Yes," explain.

5 Does the organization control or is it controlled by any other organization? Yes No
 Is the organization the outgrowth of (or successor to) another organization, or does it have a special relationship with another organization by reason of interlocking directorates or other factors? Yes No
 If either of these questions is answered "Yes," explain.

See Exhibit VI

6 Does or will the organization directly or indirectly engage in any of the following transactions with any political organization or other exempt organization (other than a 501(c)(3) organization): (a) grants; (b) purchases or sales of assets; (c) rental of facilities or equipment; (d) loans or loan guarantees; (e) reimbursement arrangements; (f) performance of services, membership, or fundraising solicitations; or (g) sharing of facilities, equipment, mailing lists or other assets, or paid employees? Yes No
 If "Yes," explain fully and identify the other organizations involved.

7 Is the organization financially accountable to any other organization? Yes No
 If "Yes," explain and identify the other organization. Include details concerning accountability or attach copies of reports if any have been submitted.

Part II Activities and Operational Information (Continued)

8 What assets does the organization have that are used in the performance of its exempt function? (Do not include property producing investment income.) If any assets are not fully operational, explain their status, what additional steps remain to be completed, and when such final steps will be taken. If none, indicate "N/A."

N/A

9 Will the organization be the beneficiary of tax-exempt bond financing within the next 2 years? Yes No

10a Will any of the organization's facilities or operations be managed by another organization or individual under a contractual agreement? Yes No

b Is the organization a party to any leases? Yes No
If either of these questions is answered "Yes," attach a copy of the contracts and explain the relationship between the applicant and the other parties.

11 Is the organization a membership organization? Yes No
If "Yes," complete the following:

a Describe the organization's membership requirements and attach a schedule of membership fees and dues.

b Describe the organization's present and proposed efforts to attract members and attach a copy of any descriptive literature or promotional material used for this purpose.

c What benefits do (or will) the members receive in exchange for their payment of dues?

12a If the organization provides benefits, services, or products, are the recipients required, or will they be required, to pay for them? N/A Yes No
If "Yes," explain how the charges are determined and attach a copy of the current fee schedule.

b Does or will the organization limit its benefits, services, or products to specific individuals or classes of individuals? N/A Yes No
If "Yes," explain how the recipients or beneficiaries are or will be selected.

13 Does or will the organization attempt to influence legislation? Yes No
If "Yes," explain. Also, give an estimate of the percentage of the organization's time and funds that it devotes or plans to devote to this activity.

14 Does or will the organization intervene in any way in political campaigns, including the publication or distribution of statements? Yes No
If "Yes," explain fully.

Part III

Technical Requirements

1 Are you filing Form 1023 within 15 months from the end of the month in which your organization was created or formed? Yes No

If you answer "Yes," do not answer questions on lines 2 through 6 below.

2 If one of the exceptions to the 15-month filing requirement shown below applies, check the appropriate box and proceed to question 7.

Exceptions — You are not required to file an exemption application within 15 months if the organization:

- a Is a church, interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church. See **Specific Instructions**, Line 2a, on page 4;
- b Is not a private foundation and normally has gross receipts of not more than \$5,000 in each tax year; or
- c Is a subordinate organization covered by a group exemption letter, but only if the parent or supervisory organization timely submitted a notice covering the subordinate.

3 If the organization does not meet any of the exceptions on line 2 above, are you filing Form 1023 within 27 months from the end of the month in which the organization was created or formed? Yes No

If "Yes," your organization qualifies under Regulation section 301.9100-2, for an automatic 12-month extension of the 15-month filing requirement. Do not answer questions 4 through 6.

If "No," answer question 4.

4 If you answer "No" to question 3, does the organization wish to request an extension of time to apply under the "reasonable action and good faith" and the "no prejudice to the interest of the government" requirements of Regulations section 301.9100-3? Yes No

If "Yes," give the reasons for not filing this application within the 27-month period described in question 3. See **Specific Instructions**, Part III, Line 4, before completing this item. Do not answer questions 5 and 6.

If "No," answer questions 5 and 6.

5 If you answer "No" to question 4, your organization's qualification as a section 501(c)(3) organization can be recognized only from the date this application is filed. Therefore, do you want us to consider the application as a request for recognition of exemption as a section 501(c)(3) organization from the date the application is received and not retroactively to the date the organization was created or formed? Yes No

6 If you answer "Yes" to question 5 above and wish to request recognition of section 501(c)(4) status for the period beginning with the date the organization was formed and ending with the date the Form 1023 application was received (the effective date of the organization's section 501(c)(3) status), check here and attach a completed page 1 of Form 1024 to this application.

Part II Technical Requirements (Continued)

7 Is the organization a private foundation?

- Yes (Answer question 8.)
 No (Answer question 9 and proceed as instructed.)

8 If you answer "Yes" to question 7, does the organization claim to be a private operating foundation?

- Yes (Complete Schedule E.)
 No

After answering question 8 on this line, go to line 14 on page 7.

9 If you answer "No" to question 7, indicate the public charity classification the organization is requesting by checking the box below that most appropriately applies:

THE ORGANIZATION IS NOT A PRIVATE FOUNDATION BECAUSE IT QUALIFIES:

- | | | |
|---|--|--|
| a | <input type="checkbox"/> As a church or a convention or association of churches (CHURCHES MUST COMPLETE SCHEDULE A.) | Sections 509(a)(1) and 170(b)(1)(A)(i) |
| b | <input type="checkbox"/> As a school (MUST COMPLETE SCHEDULE B.) | Sections 509(a)(1) and 170(b)(1)(A)(ii) |
| c | <input type="checkbox"/> As a hospital or cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital (These organizations, except for hospital service organizations, MUST COMPLETE SCHEDULE C.) | Sections 509(a)(1) and 170(b)(1)(A)(iii) |
| d | <input type="checkbox"/> As a governmental unit described in section 170(c)(1). | Sections 509(a)(1) and 170(b)(1)(A)(v) |
| e | <input type="checkbox"/> As being operated solely for the benefit of, or in connection with, one or more of the organizations described in a through d, g, h, or i (MUST COMPLETE SCHEDULE D.) | Section 509(a)(3) |
| f | <input type="checkbox"/> As being organized and operated exclusively for testing for public safety. | Section 509(a)(4) |
| g | <input type="checkbox"/> As being operated for the benefit of a college or university that is owned or operated by a governmental unit. | Sections 509(a)(1) and 170(b)(1)(A)(vi) |
| h | <input checked="" type="checkbox"/> As receiving a substantial part of its support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public. | Sections 509(a)(1) and 170(b)(1)(A)(vi) |
| i | <input type="checkbox"/> As normally receiving not more than one-third of its support from gross investment income and more than one-third of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions). | Section 509(a)(2) |
| j | <input type="checkbox"/> The organization is a publicly supported organization but is not sure whether it meets the public support test of h or i. The organization would like the IRS to decide the proper classification. | Sections 509(a)(1) and 170(b)(1)(A)(vi) or Section 509(a)(2) |

If you checked one of the boxes a through f in question 9, go to question 14. If you checked box g in question 9, go to questions 11 and 12. If you checked box h, i, or j, in question 9, go to question 10.

Part II Technical Requirements (Continued)

- 10** If you checked box h, i, or j in question 9, has the organization completed a tax year of at least 8 months?
- Yes** — Indicate whether you are requesting:
- A definitive ruling. (Answer questions 11 through 14.)
 - An advance ruling. (Answer questions 11 and 14 and attach two Forms 872-C completed and signed.)
- No** — You must request an advance ruling by completing and signing two Forms 872-C and attaching them to the Form 1023.

- 11** If the organization received any unusual grants during any of the tax years shown in Part IV-A, Statement of Revenue and Expenses, attach a list for each year showing the name of the contributor; the date and the amount of the grant; and a brief description of the nature of the grant.

- 12** If you are requesting a definitive ruling under section 170(b)(1)(A)(iv) or (vi), check here and:

- a Enter 2% of line 8, column (e), Total, of Part IV-A.
- b Attach a list showing the name and amount contributed by each person (other than a governmental unit or "publicly supported" organization) whose total gifts, grants, contributions, etc., were more than the amount entered on line 12a above.

- 13** If you are requesting a definitive ruling under section 509(a)(2), check here and:

- a For each of the years included on lines 1, 2, and 9 of Part IV-A, attach a list showing the name of and amount received from each "disqualified person." (For a definition of "disqualified person," see Specific Instructions, Part II, Line 4d, on page 3.)
- b For each of the years included on line 9 of Part IV-A, attach a list showing the name of and amount received from each payer (other than a "disqualified person") whose payments to the organization were more than \$5,000. For this purpose, "payer" includes, but is not limited to, any organization described in sections 170(b)(1)(A)(i) through (vi) and any governmental agency or bureau.

14 Indicate if your organization is one of the following. If so, complete the required schedule. (Submit only those schedules that apply to your organization. Do not submit blank schedules.)	Yes	No	If "Yes," complete Schedule:
Is the organization a church?		x	A
Is the organization, or any part of it, a school?		x	B
Is the organization, or any part of it, a hospital or medical research organization?		x	C
Is the organization a section 509(a)(3) supporting organization?		x	D
Is the organization a private operating foundation?		x	E
Is the organization, or any part of it, a home for the aged or handicapped?		x	F
Is the organization, or any part of it, a child care organization?		x	G
Does the organization provide or administer any scholarship benefits, student aid, etc.?		x	H
Has the organization taken over, or will it take over, the facilities of a "for profit" institution?		x	I

Part IV Financial Data

Complete the financial statements for the current year and for each of the 3 years immediately before it. If in existence less than 4 years, complete the statements for each year in existence. If in existence less than 1 year, also provide proposed budgets for the 2 years following the current year.

A. Statement of Revenue and Expenses

	Current tax year	3 prior tax years or proposed budget for 2 years			(e) TOTAL
	(a) From 7/14/99 to 9/30/99	(b) FYE 6/30/2000	(c) FYE 6/30/2001	(d) FYE 6/30/2002	
Revenue					
1 Gifts, grants, and contributions received (not including unusual grants — see page 6 of the instructions).....	0	6,411,794	15,636,359	17,293,177	39,341,330
2 Membership fees received	0				0
3 Gross investment income (see instructions for definition)	0	1,355,923	2,777,988	2,916,888	7,050,799
4 Net income from organization's unrelated business activities not included on line 3	0	28,019	57,405	60,275	145,699
5 Tax revenues levied for and either paid to or spent on behalf of the organization	0				0
6 Value of services or facilities furnished by a governmental unit to the organization without charge (not including the value of services or facilities generally furnished the public without charge).....	0				0
7 Other income (not including gain or loss from sale of capital assets) (attach schedule)	0	607,854	1,245,360	1,307,628	3,160,842
8 Total (add lines 1 through 7)	0	8,403,590	19,717,112	21,577,968	49,698,670
9 Gross receipts from admissions, sales of merchandise or services, or furnishing of facilities in any activity that is not an unrelated business within the meaning of section 513. Include related cost of sales on line 22.....	0	21,362	43,766	45,954	111,082
10 Total (add lines 8 and 9).....	0	8,424,952	19,760,878	21,623,922	49,809,752
11 Gain or loss from sale of capital assets (attach schedule)	0				0
12 Unusual grants	0				0
13 Total revenue (add lines 10 through 12).....	0	8,424,952	19,760,878	21,623,922	49,809,752
Expenses					
14 Fundraising expenses	0	148,877	305,016	320,266	
15 Contributions, gifts, grants, and similar amounts paid (attach schedule)	0	2,360,945	5,057,580	5,553,034	
16 Disbursements to or for benefit of members (attach schedule).....	0				
17 Compensation of officers, directors, and trustees (attach schedule)	0	26,906	55,125	57,881	
18 Other salaries and wages	0	22,572	46,246	48,559	
19 Interest	0				
20 Occupancy (rent, utilities, etc.) ..	0				
21 Depreciation and depletion	0				
22 Other (attach schedule)	0	2,948,389	5,820,079	5,868,508	
23 Total expenses (add lines 14 through 22).....	0	5,507,689	11,284,046	11,848,248	
24 Excess of revenue over expenses (line 13 minus line 23)	0	2,917,263	8,476,832	9,775,674	

Form 1023 Part IV
Financial Data

	Period Ending <u>6/30/00</u>	Period Ending <u>6/30/01</u>	Period Ending <u>6/30/02</u>
A. Statement of Revenue and Expenses			
7. Other Income			
Other Program Income	\$ 122,157	\$ 250,273	\$ 262,786
Courses & Conferences	\$ 220,257	\$ 451,258	\$ 473,821
Transfers of endowment income from University of Maryland Foundation, Inc.	\$ 265,440	\$ 543,829	\$ 571,021
	<u>\$ 607,854</u>	<u>\$ 1,245,360</u>	<u>\$ 1,307,628</u>
15. Contributions			
Various 501(C) (3) Corp.	\$ 100,586	\$ 215,484	\$ 236,558
Transfers to University of Maryland, Baltimore	\$ 2,260,359	\$ 4,842,096	\$ 5,316,437
	<u>\$ 2,360,945</u>	<u>\$ 5,057,580</u>	<u>\$ 5,553,034</u>
17. Compensation of officers			
Treasurer	\$ 26,906	\$ 55,125	\$ 57,881
	<u>\$ 26,906</u>	<u>\$ 55,125</u>	<u>\$ 57,881</u>
22. Other			
Advertising	\$ 9,924	\$ 19,590	\$ 19,753
Awards	\$ 33,372	\$ 65,876	\$ 66,424
Building Construction & Repairs	\$ 30,774	\$ 60,747	\$ 61,253
Conferences	\$ 29,868	\$ 58,959	\$ 59,450
Delivery	\$ 9,117	\$ 17,997	\$ 18,147
Dues & Memberships	\$ 36,243	\$ 71,543	\$ 72,138
Educational Programs	\$ 661,890	\$ 1,306,562	\$ 1,317,432
Equipment	\$ 165,657	\$ 327,005	\$ 329,725
General & Administrative Expenses	\$ 441,204	\$ 870,931	\$ 878,177
Insurance	\$ 1,467	\$ 2,896	\$ 2,920
Office Expense	\$ 30,942	\$ 61,079	\$ 61,587
Personnel	\$ 15,939	\$ 31,463	\$ 31,725
Printing	\$ 180,768	\$ 356,834	\$ 359,802
Relocation & Recruitment	\$ 17,382	\$ 34,312	\$ 34,597
Services - Consultants - Honorariums	\$ 1,093,044	\$ 2,157,654	\$ 2,175,605
Telephone	\$ 12,951	\$ 25,565	\$ 25,778
Travel	\$ 177,847	\$ 351,067	\$ 353,994
	<u>\$ 2,948,389</u>	<u>\$ 5,820,079</u>	<u>\$ 5,868,508</u>

Part IV

Financial Data (Continued)

B. Balance Sheet (at the end of the period shown)

Current tax year
Date 9/30/99

Assets			
1	Cash	1	0
2	Accounts receivable, net	2	0
3	Inventories	3	0
4	Bonds and notes receivable (attach schedule)	4	0
5	Corporate stocks (attach schedule)	5	0
6	Mortgage loans (attach schedule)	6	0
7	Other investments (attach schedule)	7	0
8	Depreciable and depletable assets (attach schedule)	8	0
9	Land	9	0
10	Other assets (attach schedule)	10	0
11	Total assets (add lines 1 through 10)	11	0
Liabilities			
12	Accounts payable	12	0
13	Contributions, gifts, grants, etc., payable	13	0
14	Mortgages and notes payable (attach schedule)	14	0
15	Other liabilities (attach schedule)	15	0
16	Total liabilities (add lines 12 through 15)	16	0
Fund Balances or Net Assets			
17	Total fund balances or net assets	17	0
18	Total liabilities and fund balances or net assets (add line 16 and line 17)	18	0

If there has been any substantial change in any aspect of the organization's financial activities since the end of the period shown above, check the box and attach a detailed explanation.

**UM Foundation, Inc.
520 West Lombard Street, Suite 200,
Baltimore, Maryland 21201
E.I.N.:
Form 1023
Exhibit II**

**Answer in Response to
Question No. 1, Part II**

Introduction

UM Foundation, Inc. (the "Organization") was formed pursuant to the filing of Articles of Incorporation with the Maryland State Department of Assessments and Taxation on July 14, 1999.

The Organization was established to encourage, solicit, receive and manage voluntary private support and grants and contributions for the benefit of the University of Maryland, Baltimore ("UMB"), an institution of public higher education created by Maryland law. UMB is an institution of the University System of Maryland (the "System"), a public corporation and an agency of the State of Maryland. The Organization will be managed and operated consistent with policies of the governing body of the System, its Board of Regents, applicable to foundations affiliated with institutions of the System.

The purposes of the Organization are:

- (a) to facilitate fundraising programs and contributions from private sources to foster and promote the general welfare of the University;
- (b) to manage and invest private gifts and/or property for the benefit of UMB; and

(c) to promote, sponsor, and implement educational, scientific, research, charitable or cultural activities for the benefit of UMB and to engage in activities to enhance and further the educational, research or service mission of UMB.

Presently, fundraising and development functions for UMB are being carried out by the University of Maryland Foundation, Inc. ("UMF"), a Maryland corporation recognized as exempt from federal income tax as an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). UMF operates to benefit UMB and several other institutions in the System. Some assets of UMF are held specifically for the benefit of UMB and will be transferred to the Organization. Functions of UMF that are carried out for the direct benefit of UMB are performed in part by UMB employees and in part by UMF. These functions will become the responsibility of the Organization on approximately January 1, 2000.

Legal Argument

Section 501(c)(3) of the Code provides for the exemption from Federal income tax of organizations organized and operated exclusively for charitable, scientific, or educational purposes, no part of the net earnings of which inures to the benefit of any private shareholder or individual. The Foundation will raise funds to be contributed to support the University's exempt educational activities, and is thus educational and charitable within the meaning of IRC §501(c)(3).

The Organization is similar to an organization described in Rev. Rul. 67-149, 1967-1 C.B. 133 which carried on no operations other than to receive contributions and investment income and to make distributions to organizations exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The organization was held to be tax-exempt under Section 501(c)(3). The Organization meets the organizational test

described in Section 1.501(c)(3)-1(b)(ii) of the Regulations as an organization created to "receive contributions and pay them over to organizations which are described in section 501(c)(3) and exempt from taxation under section 501(a)." The Organization therefore qualifies for recognition of exemption as an organization described in Section 501(c)(3) of the Code.

UM Foundation, Inc.
520 West Lombard Street, Suite 200
Baltimore, Maryland 21201
E.I.N.:
Form 1023
Exhibit III

Answer in Response to
Question No. 2, Part II

The Organization's sources of support, in order of magnitude, are expected to be (i) donations and bequests from individuals; (ii) donations from corporations; and (iii) revenues from sales of items such as T-shirts and mugs.

**UM Foundation, Inc.
520 West Lombard Street, Suite 200
Baltimore, Maryland 21201
E.I.N.:
Form 1023
Exhibit IV**

**Answer in Response to
Question No. 3, Part II**

Current and future fundraising activities include direct mail appeals to alumni and parents of students, solicitation by telephone and solicitation of potential and major individual and corporate donors by written proposals and personal visits. No professional fund-raisers will be used. Committees of volunteers (from student, faculty and alumni groups) may be used to assist in fundraising. Copies of sample solicitation letters used by another foundation affiliated with the University are attached hereto as Exhibit IV-A. Similar letters will be used by the Organization.

Minor revenues will be obtained through sales of low cost products such as T-shirts and mugs by alumni or student groups affiliated with UMB, all of whom will perform their services without compensation.

UM Foundation, Inc.
520 West Lombard Street, Suite 200
Baltimore, Maryland 21201
E.I.N.#
Form 1023
Exhibit IV-A

30

August 31, 1999

J. Leighton Read, M.D.
Chief Executive Officer
Aviron
297 North Bernardo Avenue
Mountain View, California 94043

Dear Dr. Read:

The University of Maryland Center for Vaccine Development will celebrate its 25th Anniversary in November, 1999. The School of Medicine and the University wish to recognize this era of accomplishment by establishing an endowed professorship in honor of Myron M. Levine M.D., D.T.P.H., founder and Director of the Center. It is our hope that Aviron will join us in recognizing Dr. Levine's outstanding work by helping to endow this faculty position with a gift made in his name. An endowment fund of \$1.5 million to be paid to the University of Maryland Foundation over a three year period is required.

The Center for Vaccine Development (CVD) at the University of Maryland enjoys an international reputation for genetically engineering and testing vaccines against cholera, typhoid, *Shigella* dysentery, *Escherichia coli* and malaria. The CVD is unique among academic centers worldwide in that it has housed under one roof a multidisciplinary interactive staff of scientists engaged in the full range of vaccinology research activities - from basic science through pre-clinical vaccine development, clinical evaluation of vaccines in pediatric and adult subjects and large scale field evaluations of vaccines. The various clinical trials undertaken by the CVD take place not only in the United States but in many countries in Latin America, Asia and Africa. The CVD's international staff includes molecular biologists, microbiologists, immunologists, internists, pediatricians, epidemiologists, biostatisticians and entomologists. Its faculty and staff consult on a regular basis with international agencies such as the World Health Organization, Agency for International Development and the World Bank as well as with individual governments. In addition to the research and clinical facilities here in Baltimore, the Center also has offices and laboratories in Santiago, Chile (representing a collaboration spanning two decades) and in Mali, West Africa. While research is the primary activity of the Center, the faculty are extensively engaged in teaching and training. Indeed, the CVD provides a wide array of teaching activities in vaccinology and Dr. Levine is the recipient of the first (and heretofore the only) National Institutes of Health Training Grant for Vaccinology. Dr. Levine provided the founding vision for the broad agenda of vaccinology activities currently underway at the Center and continues to set the pace for

its future. His scientific accomplishments, leadership and professional excellence make him most deserving of this honor.

I am hoping to gain your support for this project. Jane Shaab, Director of Corporate Relations, will call you to discuss Aviron's interest in helping to endow the Myron M. Levine, M.D., D.T.P.H., Professorship at the Center for Vaccine Development in the School of Medicine at the University of Maryland.

Thank you for your serious consideration of this request. I look forward to meeting you and having an opportunity to welcome you to the University of Maryland campus.

Sincerely,

David J. Ramsay, D.M., D.Phil.
President

September 1, 1998

«mail_name»
«curr_line1»
«currline2»

Dear «salutation»:

Greetings fellow classmates, I hope this letter finds you and your family well and enjoying the rest of your summer.

I am writing on behalf of our alma mater, and it is my pleasure to invite you, as a member of the most recent School of Pharmacy class, to become a part of the University of Maryland School of Pharmacy Annual Fund for the 1998-1999 academic year.

The Annual Fund (AF) supports projects and programs that directly benefit the School of Pharmacy and helps develop the institution that was integral in our professional development. Alumni involvement in the AF also works to encourage corporate and foundation giving. Moreover, as professionals, the higher an institution is ranked, the more prestigious it is for its graduates in the workforce "climbing the ladder to success." So, a gift to the AF helps benefit us as well as to advance the institution.

I am asking you to join me in supporting this year's Annual Fund with a tax-deductible gift that will be used wisely and greatly appreciated. As an incentive, it has come to my attention that all Annual Fund participants from the Class of '98, responding by September 30, will be eligible for a drawing of a pair of tickets to the 'Terps at Ravens Stadium' game on October 31. Please remember, support at any level is important.

Sincerely,

Sandy Werking, Pharm.D.
President, Class of '98

September 1, 1998

«mail_name»
«curr_line1»
«currline2»

Dear «salutation»:

Hey class! I hope everything is going well with your careers, health and family. It is hard to believe we have been done for over a year now!

On behalf of our alma mater, I need to bring to your attention an important issue. It is vital for all of us to help support the school that has given us a good career. That is why I am asking all of you to become a part of the University of Maryland School of Pharmacy Annual Fund for the 1998-1999 academic year.

The Annual Fund (AF) supports projects and programs that directly benefit the School of Pharmacy and helps develop the institution that was integral in our professional development. Alumni involvement in the AF also works to encourage corporate and foundation giving. Moreover, as professionals, the higher an institution is ranked, the more prestigious it is for its graduates in the workforce "climbing the ladder to success." So, a gift to the AF helps benefit us as well as the advancement of the pharmacy school.

I am asking you to join me in supporting this year's Annual Fund with a tax-deductible gift. As an incentive, all Annual Fund participants from the Class of '97, responding by September 30, will be eligible for a drawing of a pair of tickets to the 'Terps at Ravens Stadium' game on October 31st. Please remember, support at any level is important.

Sincerely,



Nicole J. Brandt, PharmD
President, Class of '97

P.S. On a different note, I would love to plan a 'get together'. If interested - please drop me an email to: duckie44@crols.com or a note to: 14 Gorsuch Road, Lutherville, MD 21093. Take care and keep in touch! Hoops.

UM Foundation, Inc.
520 West Lombard Street, Suite 200
Baltimore, Maryland 21201
E.I.N.:
Form 1023
Exhibit V

Answer in Response to
Question Nos. 4(a), (b) and (c), Part II

(a) Board of Trustees and Officers

Board of Trustees

Joseph R. Hardiman
8 Bowen Mill Road
Baltimore, Maryland 21212

Sylvan Frieman, M.D.
2304 Velvet Ridge Drive
Owings Mills, Maryland 21117

John C. Weiss, III
1420 North Charles Street
Baltimore, Maryland 21201

Alan Silverstone
10620 Belfast Place
Potomac, Maryland 20804

Francis P. Burch
36 South Charles Street
Baltimore, Maryland 21201

Richard J. Himelfarb
100 Light Street, 35th Floor
Baltimore, Maryland 21202

David J. Ramsay, D.M.D. Phil.
520 West Lombard Street
Baltimore, Maryland 21201

T. Sue Gladhill
515 West Lombard Street, First Floor
Baltimore, Maryland 21201

Officers

Joseph R. Hardiman	President
T. Sue Gladhill	Vice-President
Sylvan Frieman, M.D.	Secretary
Judith S. Blackburn 105 Tunbridge Road Baltimore, Maryland 21212	Treasurer

(b) No compensation shall be paid to the officers or directors acting in their capacity as such, except that Judith S. Blackburn receives reasonable compensation for performing her duties as Treasurer of the Organization.

UM Foundation, Inc.
520 West Lombard Street, Suite 200
Baltimore, Maryland 21201
E.I.N.:
Form 1023
Exhibit VI

Answer in Response to
Question No. 5, Part II

The Organization has a special relationship with the University of Maryland, Baltimore because it is expected to be an affiliated foundation of UMB under the System policy on affiliated foundations, a copy of which is attached hereto as Exhibit VI-A.

VI-1

POLICY ON AFFILIATED FOUNDATIONS

Form 1023
Exhibit VI-A

(Approved by the Board of Regents on March 1, 1989; amended on November 29, 1990 and amended on October 1, 1999)

The Board of Regents of the University System of Maryland recognizes the importance of voluntary private support and encourages grants and contributions for the benefit of the University System, its constituent institutions and components (hereinafter collectively referred to as "the System") or for any or all of the educational and support activities that are operated by the System. Accordingly, the Board of Regents wishes to encourage a broad base of support from many sources, particularly increased levels of voluntary support. To achieve this goal, the System will cooperate in every way possible with the work of affiliated foundations. The Board of Regents may recognize as an affiliated foundation an organization that is created and operated in support of the interests of the University System of Maryland or one of its constituent institutions or components, and has as its purpose one or more of the following:

1. To facilitate fund-raising programs and contributions from private sources to foster and promote the general welfare of the System or one of its components;
2. To manage and invest private gifts and/or property for the benefit of the System or one of its components; or
3. To promote, sponsor, and implement educational, scientific, research, charitable or cultural activities for the benefit of the System or one of its components and to engage in activities to enhance further the educational, research or service mission of the System.

A subsidiary legal entity formed or owned by an affiliated foundation may use the name or facilities of the System (including any of its institutions or components) only if it is separately recognized by the Board of Regents pursuant to this policy. Each organization recognized as an affiliated foundation shall comply with the policies listed below.* Pursuant to its statutory responsibilities, the Board of Regents may revoke its recognition of a foundation that fails to comply with these policies, in which case the foundation shall no longer be entitled to use the name or facilities of the System.

Establishing a Foundation

1. A foundation may be affiliated with one of the following entities: the University System of Maryland, one of the 13 institutions of the System, or such other component of the System as the Board of Regents may determine. The following official shall be the System official responsible for relations with foundations affiliated with his or her institution; including monitoring compliance with System policies and agreements between the foundation and the System:

- (a) The University System of Maryland -- the Chancellor
- (b) The 13 institutions and any component of the institutions -- the appropriate President unless otherwise approved by the Board of Regents.

The officials listed above shall hereinafter be referred to as the "Responsible Official" with respect to any foundations affiliated with his or her institution or component.

2. In accordance with Senate Bill 296, Laws of Maryland, 1999, the President of a constituent institution may establish campus-based foundations without the approval of the Board of Regents. All foundations shall operate in accordance with policies adopted from time to time by the Board of Regents in consultation with the Presidents of the institutions and approved for form and legal sufficiency by the Office of the Attorney General.
3. A President shall give the Chancellor timely notification of any new affiliation with a foundation. Such notice shall include the name of the foundation, its mission statement, its initial Board members, and copies of its Articles of Incorporation and corporate bylaws. Any issue about the propriety or right to a foundation's name shall be resolved by the Board of Regents. The Board of Regents shall be notified of any change in the purposes or scope of activities of an affiliated foundation occurring after its recognition by the Board.
4. Each foundation shall enter into an annual written agreement with the System or with the component or institution with which the foundation is affiliated. The written agreement shall establish the relationship between the parties, describe the purpose of the foundation, and acknowledge the applicability of these policies, which shall be incorporated by reference therein. Written agreements must be signed by the Responsible Official and by the foundation officer authorized to sign such agreements and shall be approved by the Chancellor or the Chancellor's designee to ensure consistency with all applicable Regents' policies.
5. The written agreement between the institution and the foundation shall condition the organization's use of the institution's name or any other name, emblem, or mark to which the University has any legal right, upon the foundation's continuing compliance with the agreement and all System policies on affiliated foundations.
6. Ensuring foundation compliance with Regents' policies and reasonably prudent business practices shall be included in the President's and, if different than the President, the Responsible Official's annual evaluation.

Structure and Independence

7. Each foundation shall operate as a Maryland not for profit non-stock corporation that is legally separate from the System and is recognized as a 501 (c) (3) public charity by the Internal Revenue Service. The management and control of a foundation shall rest with a board of directors. Officers and staff members of a foundation and system staff assigned to carry out functions of a foundation shall be bonded and liability insurance for directors and officers shall be obtained by the foundation, in amounts to be determined by the board of directors.
8. Presidents may only be ex-officio and non-voting members of the foundation's board of directors. System employees may serve as voting members of the board of directors of any affiliated foundation, provided that System employees do not constitute more than 20% of the foundation's board of directors.
9. With the approval of the Responsible Official, an officer or employee of the System may also serve as an officer or employee of an affiliated foundation. An employee or officer of a foundation who is also an employee or officer of the System may not represent both parties in any negotiation between the foundation and the System.

- a. The executive director and support staff of an affiliated foundation should be paid employees of the foundation and not of the institution. Support staff are defined to be those individuals who provide direct services to the foundation, such as clerks, secretaries, and accountants and does not include fundraisers. Should this not be practical (e.g. an institution employee provides only part-time services to the foundation), the foundation shall make a direct reimbursement to the institution for its share of the employee's salaries and fringe benefits. The foundation shall reimburse the institution for at least 33% of these costs beginning July 1, 1999, 66% beginning July 1, 2000 and 100% beginning July 1, 2001.

If a foundation requires a 100% level of effort from an individual, that individual shall be a paid employee of the foundation and not of the institution. If an institution employee currently provides that level of effort and would lose benefits if transferred to the foundation, then the foundation shall hire and pay for that support when the current employee no longer provides that support.

- b. Alternatively, institution staff may be assigned to carry out functions of an affiliated foundation, including serving as administrative officers and support staff of the foundation without reimbursement to the institution. In any such case, the University resources so used shall be quantified, included in the written agreements, and measured against funds transferred from the foundation to the institution. Also, the written agreement shall require that the foundation's funds may be expended only by transfer to

appropriate institution accounts from which they may be paid out only in accordance with donor's wishes and applicable system and institutional policies and procedures. Any exception to that requirement must be approved in advance by a member of the foundation's board of directors who shall not be a university employee and shall be reported annually to the Chancellor.

10. A foundation may use non-staff resources (e.g. space, equipment, facilities) of its affiliated institution without direct, dollar for dollar reimbursement to the institution. The resources shall be quantified, included in an annual agreement, and measured against funds transferred from the foundation to the institution, or paid by the foundation on behalf of the institution.

Activities

11. Foundations may not engage in activities that conflict with federal or state laws, rules and regulations, System policies, or the role and mission of the System. Foundations shall comply with applicable Internal Revenue Code provisions and regulations and all other applicable policies and guidelines.
12. All activities of affiliated foundations shall be in conformance with Section 501 (c) (3) of the United States Code. In particular, "No substantial part of the activities (of an affiliated foundation shall be) carrying on propaganda, or otherwise attempting to influence legislation." Furthermore, no affiliated foundation shall directly or indirectly "participate in, or intervene in (including the publishing or distributing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office." In particular, an affiliated foundation may not make any contribution, whether in money or in kind, to any candidate for public office. The purchase of tickets to an event intended to raise money for use by a candidate in a political campaign is a violation of this policy.
13. Except with the express, prior approval of the Responsible Official, no foundation shall conduct educational or research activities (including administration of a research grant or contract) that would be considered within the normal scope of the mission of the System or any of its components. If approved, the Responsible Official must justify in a letter to the Chancellor the reasons for a federal or state contract or grant to be managed by the foundations.
14. Pursuant to State law, a foundation may not offer an educational program (i.e., an organized course of study that leads to the award of a certificate, diploma or degree) unless it has obtained a certificate of approval from the Maryland Higher Education Commission to operate as an institution of postsecondary education. A foundation shall not apply for a certificate of approval without first obtaining written approval from the Responsible Official.

Business Operations

15. All correspondence, solicitations, activities, and advertisements on behalf of a foundation shall use the name of the foundation and shall be clearly identified as an activity of that foundation to ensure that the public is aware that the activities undertaken by the foundation are separate and distinct from those of the System. The letterhead of a foundation shall carry the complete legal name of the foundation (e.g., The University of Maryland Foundation, Inc.). Trademarks, service marks, logos, seals, or the name of the System or any of its constituent institutions or components may be used by a foundation only with the prior written approval of the Responsible Official.
16. In all negotiations and transactions with third parties, for fund raising, enterprise activities and all other activities, foundation officers and employees shall take care to ensure that all parties involved are aware that the foundation is an independently established and separately operated legal entity from the System. Obligations of affiliated foundations shall not be obligations of the System or the State of Maryland.
17. Foundation funds shall be kept separate from System funds. System trust funds shall not be transferred to foundations for any purpose except, when appropriate, by action of the Board of Regents after approval by the Attorney General's Office. Funds or gifts payable to the Regents, the University System of Maryland, one of its constituent institutions, or to any other system component shall not be deposited with a foundation.
18. Acceptance of gifts by the System or a foundation is subject to applicable University System of Maryland policies on gifts. Fund-raising campaigns and solicitations of major gifts for the benefit of the System by foundation personnel shall be approved in advance by appropriate System officials and should be compatible with the plans and needs of the System. Before accepting contributions or grants for restricted or designated purposes that may require administration or direct expenditure by a constituent institution or other component of the System, a foundation must obtain the prior approval of the Responsible Official. The foundation shall assure that each gift shall be used in accordance with the legally enforceable terms and conditions attached to such gift.
19. Financial activities of a foundation shall be administered in accordance with prudent business practices. Each foundation's board of directors shall adopt an expense authorization and reporting process. The process shall define the dollar threshold and nature of expenses requiring approval of a member of the board of directors, who shall not be a USM employee, and it shall define the type and frequency of expense reporting to the board of directors.

20. Should an affiliated foundation's investments underperform appropriate market indices for three consecutive years, the Regents may request from the foundation an independent review of its investment strategies along with plans for corrective action.
21. All USM affiliated foundations shall be assessed an annual overhead charge that shall be determined by the Board of Regents in consultation with the Presidents. The charge shall be transferred to the University of Maryland Foundation, Inc. (UMF) to cover certain costs incurred by UMF on behalf of the Board of Regents and the Chancellor.

Audits and Reports

22. Each foundation shall be audited annually by an independent certified public accountant who is not a director or officer of the foundation and who is approved by the Responsible Official. Each foundation should conduct its fiscal operations to conform to the University System's fiscal year. Each foundation shall prepare its annual financial statements in accordance with generally accepted accounting principles. The independent audit shall be a full scope review, performed in accordance with generally accepted auditing standards. As part of the audit, the auditor shall verify a summary annual report of transfers of funds made to the System. Additionally, each foundation shall have a management letter prepared annually by its independent certified public accountant and submitted to the foundation's board of directors.
23. To ensure compliance with Paragraphs 11 and 12 of this policy, each year each affiliated foundation shall provide a separate audit of all unrestricted funds available to the Chancellor and/or the President(s).
24. Foundations shall make use of an internal auditor to strengthen their ongoing commitment to continuously improve internal operations and processes. Foundation internal auditors shall possess sufficient experience and training to be able to carry out their duties in a professional manner. They must adhere to the Standards for Internal Audit published by the Institute for Internal Auditors, Inc.
25. From time to time, the directors and chief officers of each foundation should review their responsibilities and the business and operational risks facing the foundation. The Director of Internal Audit of the USM shall coordinate meetings with the presidents, foundation boards, directors and principal managers of each foundation to discuss these risks and the potential impact on the foundation. These meetings may also take place at the request of the Chancellor, president, or the foundations' board of directors, but shall occur at least every three years. Such reviews shall include such topics as engagement letters from outside auditors, review of tax laws as they impact foundations, best business practices, internal control structures, and the experiences of similar foundations throughout the country.

26. A foundation shall permit the Responsible Official or his or her designee to inspect, at reasonable times, the following documents: the foundation's books and records; its most recent federal and state tax returns; and a list of employees, consultants, and legal counsel for the fiscal year.
27. Within 120 days after the close of the System's fiscal year, each foundation shall provide the Responsible Official with copies of the following:
- annual financial audit report;
 - annual audit report of transfers made to the system;
 - annual audit report of unrestricted funds available to the Chancellor and/or the President(s);
 - a list of foundation officers and directors;
 - a list of System employees who received compensation or other payments from the foundation during the fiscal year and the amount of that compensation or payment;
 - a list of all state and federal contracts and grants managed by the foundation; and
 - an annual report of the foundation's major activities.
28. Should the foundation not submit the required reports within the required time period, the Chancellor and the responsible official shall issue a joint warning to the foundation. Should the foundation not demonstrate satisfactory progress toward immediate compliance, the Board of Regents may revoke its affiliated status or take other appropriate action.
29. The Chancellor may request from the Responsible Official information on affiliated foundations according to the schedule and format specified by the Chancellor.
30. At the request of the Chancellor or the Chairperson of the Board of Regents, the foundation shall permit the internal auditors of the Board of Regents access to all books and records of the foundation.
31. The Chancellor shall annually send any revised Regents' policies, foundation audits and other reports required by the Board of Regents in this policy to the Legislative Reference Office within 180 days of the end of the USM fiscal year.
32. The Board of Regents shall issue an annual report to the Legislative Joint Audit Committee regarding the operations of the affiliated foundations. The report shall be available no later than 180 days after the end of the System's fiscal year.

* Note: Clinical practice plans and alumni associations are not covered by this policy, but shall be governed by a separate policy. The following provisions of this policy do not apply to the University Research Corporation International: 1) second sentence of #8; 2) #9a and b; and 3) #13.