

November 12, 2010

Mr. Paul G. Allen  
6451 West Mercer Way  
Mercer Island, Washington 98040

**Gift to WSU School for Global Animal Health**

Dear Paul:

This letter sets forth our agreement (“Agreement”) regarding the terms of your gift to Washington State University (“WSU”) of \$26 Million (the “Gift”) to fund certain programs of the WSU School for Global Animal Health (“SGAH”) and to enable WSU to complete construction of the new SGAH Building (the “SGAH Building”), construction of which was recently commenced at Ott Road and Olympia Avenue on the main campus in Pullman.

We are very pleased to tell you that the Gift constitutes the largest single private financial commitment in the history of Washington State University.

We understand the Gift is made under the following conditions, to which WSU agrees:

1. **Background.** The WSU School for Global Animal Health is the newest addition to the College of Veterinary Medicine. Conceived in 2005 as an Academic Center, it was elevated to a School in 2007. This transition focused the core components of the SGAH to graduate and post-doctoral education programs, training of international scientists, and a multidisciplinary approach to global animal health research. The School’s mission is to provide solutions to global animal health challenges, particularly in African nations, with research programs in pathogen detection, disease transmission control, and vaccine development.

Ground was broken in June of 2010 on the SGAH Building, a three-story 62,000-square-foot flagship research building for the new SGAH. The first of its kind research facility will house a state-of-the-art infectious disease research center for investigating emerging zoonotic diseases, infectious diseases transmitted from animals to humans. The new research building will support scientific staff with two floors of research laboratory space and an administrative wing containing conference rooms, administrative offices, and eventual access to a planned second facility providing high-level bio-security laboratory space for surveillance and test development for zoonotic diseases. The SGAH Building is scheduled for completion in the spring of 2012.

Currently the SGAH has eight research scientists, 12 affiliate faculty (joint positions within other WSU-based departments), and five adjunct faculty based in institutions outside of the United States. Over the next ten years WSU plans to grow these numbers significantly by adding more than 20 research scientists in Pullman and three faculty in Africa. The number of graduate students conducting research will grow three-fold as well, from 32 in 2010 to more than 100 by 2020.

Over the next ten years, WSU plans to establish research programs in Africa. The first five years will involve training of researchers and building of laboratory capacity in joint exchange programs and graduate education between WSU and the Kenya and Tanzania governments. The second five years will enable the Africa programs to become financially self-sufficient, precluding the need for long-term fiscal support from WSU. This will be accomplished through funding from local African governments and the awarding of competitive grants and support by WSU faculty.

2. Gift. The purpose of the Gift includes, without limitation, enabling WSU to complete construction of the School of Global Animal Health Building in Pullman, support vaccine development and pathogen discovery research programs, and increase African capacity to respond to animal-based diseases over the next ten years.

You have committed to contribute to WSU Twenty-Six Million Dollars (\$26,000,000), on the following schedule and subject to WSU and the SGAH performing their commitments as provided herein:

By December 31 <sup>st</sup> of the Year	Contribution Installment Amount	Milestones to be Achieved During that Calendar Year
2010	\$6,700,000	<ul style="list-style-type: none"> <li>• Progress to date</li> </ul>
2011	\$5,895,000	<ul style="list-style-type: none"> <li>• Sufficient construction progress on SGAH Building</li> <li>• Hiring two WSU full-time core SGAH faculty</li> <li>• Completion of detailed capital and human resources infrastructure assessment in Kenya and Tanzania</li> </ul>
2012	\$3,780,000	<ul style="list-style-type: none"> <li>• Completion and occupancy of the SGAH Building</li> <li>• Hiring of three full-time core SGAH faculty with at least one specific to the Africa program</li> <li>• Initiate equipping of the Africa program laboratory</li> <li>• Identify new SGAH trainees (graduate students and short-term training) from Africa program</li> </ul>

2013	\$2,690,000	<ul style="list-style-type: none"><li>• Fully equipped and operational labs in SGAH Building</li><li>• Hiring of three full-time core SGAH faculty with at least one specific to the Africa program</li><li>• Increased total enrollment of students in SGAH graduate and certificate training programs (target 40-55)<sup>1</sup></li><li>• Africa program laboratory comes on-line and is operational</li><li>• Enroll no less than six new students from African nations/Africa program</li></ul>
2014	\$1,715,000	<ul style="list-style-type: none"><li>• Initial PAULYS<sup>2</sup> baseline assessment</li><li>• Independent Disease Surveillance Capacity conducted</li><li>• Strategic plan to strengthen disease surveillance and implement disease control</li><li>• Hiring of one full-time core SGAH faculty specific to the Africa program</li><li>• Enroll no less than six new students from African nations/Africa program</li><li>• Graduation/program completion for no less than four African students</li></ul>
2015	\$1,220,000	<ul style="list-style-type: none"><li>• Hiring of five full-time core SGAH faculty</li><li>• Implementation of strategic plan for disease control</li><li>• Increased total enrollment of students in SGAH graduate and certificate training programs (target 65-80)</li><li>• Adequate progress towards financial sustainability through grants and contracts</li></ul>
2016	\$1,000,000	<ul style="list-style-type: none"><li>• Graduation/program completion for no less than four African students</li><li>• Independent assessment on disease control programs</li></ul>

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<sup>1</sup> SGAH graduate students and students in the certificate training programs are defined as those actively training in the U.S. and/or internationally under the direct mentorship of SGAH core, adjunct, or affiliate faculty.

<sup>2</sup> PAULYS (Productivity Adjusted Usable Life Years) is an index that defines the ratio of the expected net present value of a disease-burdened animal unit to the expected net present value of a healthy animal unit. PAULYS are both specific (impact of livestock disease versus health on productivity of small-holder families by exact calculations of household welfare) and aggregate (impact measures across households, locations, and time periods) to allow transferability and scalability.

		<ul style="list-style-type: none"> <li>• Implementation of Strategic Plan to strengthen disease control and vaccine development programs</li> <li>• Continued Africa program development</li> </ul>
2017	\$1,000,000	<ul style="list-style-type: none"> <li>• Annual program support for Africa programs of \$1,000,000</li> <li>• Ongoing PAULYS Assessment to measure economic impact of program</li> <li>• Implementation of new vaccines and disease control based on research results</li> <li>• Continued Africa program development/enhancement</li> <li>• Total faculty of approximately 90, of whom will be: 27-30 full-time core SGAH faculty; 25-35 affiliate WSU faculty; and 25-35 international adjunct faculty</li> <li>• Total enrollment of 100 SGAH graduate and certificate training program students; approximately 75% of whom will be international students</li> </ul>
2018	\$1,000,000	
2019	\$500,000	
2020	\$500,000	Payable within 60 days of the Final Performance by the SGAH. "Final Performance" means satisfactory completion of actual performance Milestones followed by submission of a final written report in form and substance satisfactory to you.
<b>Total</b>	<b>\$26,000,000</b>	

a. Your obligation to fund each installment of the Gift following the initial installment is contingent upon WSU's timely performance of all of the terms and conditions of this Agreement, including performance Milestones, to your satisfaction. WSU shall submit a written annual report in form and substance satisfactory to you by the first day of December of each calendar year describing in detail the performance of each of the Milestones contemplated for that and all preceding calendar years, and any exceptions to WSU's performance;

b. In the event that not every Milestone in any calendar year has been achieved to your satisfaction, you have the right to cease making any further installment. However, without waiving this right with respect to any future installment, in such circumstance and in your sole discretion, you may make any partial installment or any installment that is delayed, conditioned, qualified or limited by you;

c. Under no circumstance will WSU be required to return a made installment of the Gift; and

d. Your Gift may be satisfied by contributing any combination of cash, or, upon at least five (5) days notice to WSU, marketable securities, or, by agreement with WSU, any other asset. If you contribute any marketable securities, they shall be valued at the closing price on the relevant public exchange on the business day prior to actual transfer to WSU. You will at all times prior to the actual transfer of any marketable securities retain all rights with respect to the marketable securities, including but not limited to the right to vote the marketable securities, the right to receive dividends and other credits or distributions with respect to the marketable securities.

3. Participation on Allen School of Global Animal Health Advisory Board. The SGAH shall maintain at all times an advisory board (the "SGAH Advisory Board") comprised of representatives of WSU, SGAH faculty, representative experts in the relevant fields from other institutions, and representative stakeholders. The SGAH Advisory Board shall meet at least quarterly (which meetings may be by any combination of in-person or electronic participation), and receive monthly reports. You may designate one or more individuals from time-to-time to serve as a member or members of the SGAH Advisory Board, with full voting and participatory power. However, your participation in the SGAH Advisory Board shall not affect, modify or waive any other rights that you have pursuant to this Agreement.

4. Naming Honor. We are pleased that the SGAH School will be re-named in perpetuity the "**Paul G. Allen School for Global Animal Health**" and the SGAH Building will be named in perpetuity the "**Paul G. Allen Center for Global Animal Health,**" or such other name as you and WSU may agree.

a. So long as you are not in default of your obligations hereunder, even if the Gift shall not be fully funded by reason of failure of WSU to achieve promised Milestones or default of its obligations hereunder, the naming honors described in this Agreement shall not be affected;

b. Consistent with WSU practices, the "official informal" name of the SGAH will be the "**Allen School,**" and of the SGAH Building will be the "**Allen Center.**" In addition to appropriate signage at each entrance of the Allen Center, an appropriate dedicatory plaque will be designed, executed, installed and maintained in a prominent interior location of the SGAH Building. The content, design, size, and placement location of the plaque will be subject to your approval;

c. As you are aware, certain elements in the SGAH Building, such as classrooms, laboratory spaces, and other areas, may be named to honor individuals, sponsors or other donors or individuals in whose honor donations are made, in particular the Gates Foundation which has itself made a very significant gift to WSU for the SGAH, a gift second in size only to your Gift; and

d. If the SGAH shall ever be substantially relocated from the SGAH Building, the naming honor described in this paragraph may no longer be appropriate for the SGAH Building. In such circumstance, you may approve a different name for the SGAH Building which continues to incorporate your name, or choose to have your name removed from the SGAH Building entirely and in lieu thereof have your name incorporated as part of the name of another major WSU building to which the SGAH is substantially relocated or associated, which building name shall be subject to your approval.

5. Privileges. In recognition of the Gift, WSU, for itself and on behalf of the College of Veterinary Medicine (the "CVM") and the School of Global Animal Health, covenants and grants to you in perpetuity the following privileges:

a. WSU would be delighted to welcome you to attend any class, or any session of any class, at any time;

b. The SGAH would particularly welcome your participation in any and all aspects of its programs. Professor Guy H. Palmer, Director of the SGAH, or his successor as the then-serving director, (or, with your consent, his designee) will serve as your single point of contact;

c. WSU and the SGAH shall offer and give you detailed presentations at least annually on general developments within the SGAH and on related developments. Such presentations shall be in person, by electronic communication, or in writing, as you may prefer;

d. The SGAH would welcome you to attend and participate in any national or international conferences, symposia, conventions, or the like, dealing with global health or global animal health or zoonotic disease issues at which the SGAH participates, with full credentials as an "SGAH Affiliate"; and

e. You shall have access, with privileges and notice which is as at least as good and as timely as the best access, privileges and notice available to any other non-WSU person or entity, to SGAH undergraduates, graduates, postgraduates, faculty and staff, for any purpose including for interviewing for employment or consulting with you or any of your affiliates.

6. Publicity. WSU and your representatives shall agree on the timing, content and method of public announcements of the Gift, and of any ceremonies related to the Gift, the Allen School and the Allen Center (including its construction, completion, dedication, and opening). Until a public announcement, the Gift will be kept confidential. After the public announcement, WSU shall be permitted to include information on the Gift in its periodic donor and similar public reports and in its own publicity and promotional efforts.

7. Covenants and Representations of Washington State University.  
WSU covenants and represents:

a. Your Gift shall be used only for the purposes and in the manner described in this Agreement, and for no other purpose, in whole or part, without your express written consent;

b. Not more than \$12 Million of the Gift shall be used to complete the construction of the SGAH Building. With such forgoing amount of the Gift, and other public and private funds and irrevocable binding commitments WSU currently has in-hand, together with the fixed-price and/or guaranteed maximum price construction and furnishing contracts to which WSU is party covering the full project, the construction, landscaping, equipping and furnishing of the SGAH Building is fully funded;

c. The SGAH Building will be completed by Summer 2012 in accordance with its current plans and specifications, without compromise to its size, scope, quality of construction or finishes, furniture, fixtures or equipment, or in any other material respect from the current plans for the completed, furnished and outfitted building;

d. SGAH programs and numbers of filled faculty positions will grow and increase pursuant to the Milestones during the ten-year period in which Gift installments are made. No SGAH program or filled faculty position will be eliminated, reduced or shifted out of SGAH during that period, other than programs that end pursuant to their original terms; except that new programs of equivalent scope may replace earlier programs, new filled faculty positions of at least equivalent stature may replace previously filled faculty positions, and new faculty members of at least equivalent stature may replace previous faculty members;

e. WSU shall notify you immediately of any significant organizational changes including changes in key personnel at the level of WSU, the CVM or the SGAH;

f. WSU shall, insofar as possible within its power, manage its affairs so that regular funding of the SGAH will continue as if the Gift did not exist, so as to ensure that none of the Gift will be used to offset the commitment of the state of Washington, WSU, or any domestic or foreign governmental funder, foundation, NGO, or private donor, or any other sources of funds, to support the SGAH (including maintenance of the SGAH Building).

8. Prohibited Use of Gift Funds. No Gift funds may be used for any of the following purposes:

a. For lobbying or political activities;

b. To carry on propaganda or otherwise to attempt to influence legislation within the meaning of Code Section 4945(d)(1);

c. To influence the outcome of any specific public election within the meaning of Code Section 4945(d)(2);

d. To make any gift, grant or contribution to any other organization (other than to public charities or exempt operating foundations) which does not comply with the requirements of Code Section 4945 (d)(4);

e. To undertake any activity for any purpose other than the charitable purposes specified in Code Section 170(c)(2)(B);

f. To provide material support or resources to any individual or entity that commits, attempts to commit, advocates, facilitates, or participates in terrorist acts, or has committed, attempted to commit, facilitated or participated in terrorist acts; or

g. For any purpose other than those stated in this Agreement, without your express written consent.

9. Tax Exempt Status. Your obligations hereunder are contingent upon WSU being and remaining a tax-exempt organization as provided in Sections 170(b)(1)(A)(v) and 170(c)(1) of the United States Internal Revenue Code of 1986, as amended (the "Code"). WSU hereby certifies, warrants and represents that it has been determined by the Internal Revenue Service to be a tax-exempt organization under Sections 170(b)(1)(A)(v) and 170(c)(1) of the Code. WSU shall immediately inform you of any change in or challenge to its status as a tax-exempt organization. WSU shall comply with the provisions of the Code and the Treasury Regulations thereunder applicable to it and will not violate any other statute or regulation applicable to it where such violation jeopardizes its tax-exempt status. In the event that the tax-exempt status of WSU is terminated or in jeopardy, your obligations under this Agreement shall terminate.

10. Reporting; Record Maintenance and Inspection. WSU will submit to you semi-annual progress reports, as well as annual reports and a final report, regarding the expenditures of Gift funds and WSU's progress in achieving the Milestones and other purposes for which the Gift was made. The procedure which WSU shall follow for submitting reports shall be determined by you, and may be changed from time-to-time. WSU shall maintain adequate records to enable you to easily determine how the Gift funds were expended. WSU shall also make books and records available for inspection by you at reasonable times and locations and permit you to monitor and conduct an evaluation of operations under this Gift which may include site visits, discussions with WSU staff, and review of financial and other records connected with this Gift.



11. Compliance. You have the right to discontinue funding the Gift if WSU fails to comply with any term or condition of this Agreement. If you are not reasonably satisfied with WSU's progress or the content of any written report to you regarding this Gift, we will discuss the reasons for such dissatisfaction with you and, if no resolution satisfactory to you is reached within a reasonable amount of time, you shall have the right in your discretion to discontinue funding the Gift. Notwithstanding the foregoing, so long as you are not in default of your obligations hereunder, even if the Gift has not been fully funded, the naming honors described in this Agreement shall not be affected.

12. Future Funding. WSU acknowledges that neither you nor your representatives have made any actual or implied promise of funding except for the amounts specified by this Agreement, subject to the terms of this Agreement. If the funding of the Gift is terminated, or upon fulfillment of the Gift, WSU acknowledges that you will have no further or additional obligation in connection with this Gift or any other financial contribution as a result of such termination or fulfillment.

13. Special Definitions. For purposes of this Agreement, (i) when we refer to "you," it is meant to include you, and, during your lifetime, any other person or reasonable number of persons you designate for any particular purpose or position described in or contemplated by this Agreement. If you should become disabled, it shall mean your guardian, and upon your death, it shall mean the trustee or any succession of trustees of any testamentary Allen Family Trust, or any other person or persons whom you specifically designate in any binding instrument for this purpose, including in your will or trust documents, each of whom shall have the same powers that you have during your lifetime plus the power to designate such person's own successor if provision for succession is not otherwise effective (the "Allen Successor"), and (ii) "Failure of Designation" shall mean that you have become disabled or died, and there is no longer a serving Allen Successor or a reasonable basis or mechanism to identify or appoint an Allen Successor.

14. Strict Performance. In the case of any breach or failure of performance by WSU of the terms of this Agreement, in addition to all other rights and remedies available to you, you reserve the right in your absolute discretion, to terminate further funding of this Gift. Your determination will be final and will be binding and conclusive upon WSU. Upon termination of this Gift for any reason, you may withhold any further payments of Gift funds. Notwithstanding the foregoing, so long as you are not in default of your obligations hereunder, even if the Gift has not been fully funded, the naming honors described in this Agreement shall not be affected.

15. Relationship of Parties. Nothing in this Agreement creates a partnership, joint venture, agency or other relationship between you and WSU other than one of donor/donee. Nothing in this Agreement grants authority to WSU to create obligations, express or implied, on your behalf.

16. Entire Agreement; Amendment. This Agreement sets forth all terms of this Gift and supersedes all prior understandings and agreements. This Agreement may be amended only by a written instrument signed by WSU and you. Notwithstanding the foregoing, if changed circumstances should at some future time cause any of the provisions of this Agreement to be inappropriate or impractical, and there has been a Failure of Designation, as defined herein, then the Board of Regents of WSU may unilaterally amend this Agreement to the minimum extent necessary to reasonably address the changed circumstances while continuing to adhere as closely as possible to your original intent; provided, however, that in any event you shall continue to be recognized with your name incorporated in the name of a major WSU building.

17. Notice to You. Notices to you contemplated by this Agreement shall be sent to you at Vulcan Inc., 505 Union Station, 505 Fifth Avenue South, Suite 900, Seattle, Washington 98104, or such other contact information as you may provide to WSU from time-to-time, or otherwise at your last known address.

18. Recognition in Your Will. You shall provide in your will recognition of your obligations under this Agreement, and maintain the provisions thereof in force, either by codicil or later will, until completion of the Gift.

19. Board of Regents Approval. Your Gift and the foregoing terms and conditions are subject to formal approval by the WSU Board of Regents. The President of WSU shall submit to the Board of Regents for its approval a recommendation that the SGAH and the new SGAH Building be named as provided in this Agreement, and that the other terms and conditions of this Agreement be ratified and approved. We expect this matter to be considered by the Regents at a special meeting to be held on Thursday, December 2, 2010, at 9:30 a.m., in Seattle. You will be given prompt notice of such Board of Regents approval. If the terms and conditions of this Agreement are not formally approved by the Board of Regents of WSU by December 16, 2010, your obligations under this Agreement shall terminate.

If the above-stated terms and conditions are agreeable to you, please sign, date and return the enclosed copy of this letter.

Paul, over ten years ago WSU recognized your contributions to society as a citizen, technologist, entrepreneur and philanthropist, and acknowledged your many contributions to WSU, by awarding you the WSU Regents' Distinguished Alumnus Award. Your aggregate financial contributions to date have already made you one of WSU's most generous supporters ever. This new Gift standing alone constitutes the largest single private financial commitment in the history of Washington State University, and will allow us to complete and fully furnish and equip the Allen Center, as well as fund several programs of the Allen School for the next decade or more. We are enormously grateful for your farsighted generosity to the WSU School for Global Animal Health, which will soon be proudly called "The

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Paul G. Allen School for Global Animal Health." On behalf of Washington State University, the WSU College of Veterinary Medicine, and the entire University community, I thank you for the transformational impact you are having on your alma mater. Everyone associated with WSU takes great pride in the fact that you are a Cougar.

Sincerely,

Washington State University



Elson S. Floyd, Ph.D., President



Laura M. Jennings, Chair of the Board of Regents

Washington State University



Guy H. Palmer, DVM, Ph.D.,  
Regents Professor of Pathology and  
Infectious Disease,  
Director of the School For Global Animal  
Health

ACCEPTED AND AGREED:

\_\_\_\_\_  
Paul G. Allen

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