Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2015**

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to_____

Commission file number: 001-36046

AxoGen, Inc.
(Exact name of registrant as specified in its charter)

Minnesota	**41-1301878**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
13631 Progress Blvd., Suite 400, Alachua, FL	**32615**
(Address of principal executive offices)	(Zip Code)

386-462-6800
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐

Non-Accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

As of November 4, 2015 the registrant had 29,885,688 shares of common stock outstanding.

Table of Contents

Part I - Financial Information

Part II - Other Information

Forward-Looking Statements

From time to time, in reports filed with the Securities and Exchange Commission (the "SEC") (including this Form 10-Q), in press releases, and in other communications to shareholders or the investment community, AxoGen, Inc. (the "Company" or "AxoGen") may provide forward-looking statements concerning possible or anticipated future results of operations or business developments. These statements are based on management's current expectations or predictions of future conditions, events or results based on various assumptions and management's estimates of trends and economic factors in the markets in which we are active, as well as our business plans. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "projects", "forecasts", "may", "should", variations of such words and similar expressions are intended to identify such forward-looking statements. The forward-looking statements may include, without limitation, statements regarding product development, product potential, regulatory environment, sales and marketing strategies, liquidity, capital resources or operating performance. The forward-looking statements are subject to risks and uncertainties, which may cause results to differ materially from those set forth in the statements. Forward-looking statements in this Form 10-Q should be evaluated together with the many uncertainties that affect the Company's business and its market, particularly those discussed in the risk factors and cautionary statements in the Company's filings with the SEC. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from those projected. The forward-looking statements are representative only as of the date they are made, and the Company assumes no responsibility to update any forward-looking statements, whether as a result of new information, future events or otherwise except as required by law.

PART 1 — FINANCIAL INFORMATION

ITEM 1 — CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AxoGen, Inc.
Condensed Consolidated Balance Sheets

	September 30, 2015 (unaudited)	December 31, 2014
Assets		
Current assets:		
Cash and cash equivalents	$ 29,935,467	$ 8,215,791
Accounts receivable, net of allowance for doubtful accounts of approximately $166,000 and $94,000 respectively	4,642,802	2,872,308
Inventory	3,701,755	3,213,620
Prepaid expenses and other	290,231	109,369
Total current assets	38,570,255	14,411,088
Property and equipment, net	830,083	619,028
Intangible assets	635,349	577,174
Deferred financing costs	877,265	793,499
	$ 40,912,952	$ 16,400,789
Liabilities and Shareholders' Equity (Deficit)		
Current liabilities:		
Accounts payable and accrued expenses	$ 4,086,307	$ 2,431,194
Current deferred revenue	14,118	14,118
Total current liabilities	4,100,425	2,445,312
Note Payable - Revenue Interest Purchase Agreement	25,537,367	25,085,777
Long Term Deferred Revenue	99,193	115,380
Total liabilities	29,736,985	27,646,469
Commitments and contingencies		
Shareholders' equity (deficit):		
Common stock, $.01 par value; 50,000,000 shares authorized; 29,844,503 and 19,488,814 shares issued and outstanding	298,445	194,888
Additional paid-in capital	110,738,708	78,675,686
Accumulated deficit	(99,861,186)	(90,116,254)
Total shareholders' equity (deficit)	11,175,967	(11,245,680)
	$ 40,912,952	$ 16,400,789

See notes to condensed consolidated financial statements.

AxoGen, Inc.
Condensed Consolidated Statements of Operations
(unaudited)

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Revenues	$ 8,153,675	$ 4,671,340	$ 19,522,244	$ 12,023,789
Cost of goods sold	1,410,416	896,178	3,433,138	2,485,299
Gross profit	6,743,259	3,775,162	16,089,106	9,538,490
Costs and expenses:				
Sales and marketing	5,512,613	3,250,977	14,257,397	9,326,596
Research and development	936,015	681,230	2,343,450	2,049,603
General and administrative	2,212,457	1,645,859	6,103,058	5,254,082
Total costs and expenses	8,661,085	5,578,066	22,703,905	16,630,281
Loss from operations	(1,917,826)	(1,802,904)	(6,614,799)	(7,091,791)
Other income (expense):				
Interest expense	(1,042,258)	(1,380,470)	(3,060,779)	(3,963,885)
Interest expense — deferred financing costs	(31,419)	(55,217)	(96,375)	(158,648)
Other income (expense)	12,645	417	27,021	(4,886)
Total other income (expense)	(1,061,032)	(1,435,270)	(3,130,133)	(4,127,419)
Net Loss	$(2,978,858)	$(3,238,174)	$(9,744,932)	$(11,219,210)
Weighted Average Common Shares outstanding — basic and diluted	26,841,060	17,466,097	24,778,123	17,437,373
Loss Per Common share — basic and diluted	$ (0.11)	$ (0.19)	$ (0.39)	$ (0.64)

See notes to condensed consolidated financial statements.

AxoGen, Inc.
Condensed Consolidated Statements of Cash Flows
(unaudited)

	Nine Months Ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net loss	$(9,744,932)	$(11,219,210)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation	142,038	111,390
Amortization of intangible assets	34,009	33,468
Amortization of deferred financing costs	96,375	158,648
Stock-based compensation	1,031,218	701,697
Stock grant for service	—	60,125
Interest added to note payable	451,590	2,810,182
Change in assets and liabilities:		
Accounts receivable	(1,770,494)	(849,342)
Inventory	(488,135)	52,323
Prepaid expenses and other	(180,862)	195,796
Accounts payable and accrued expenses	1,655,114	(63,848)
Deferred revenue	(16,187)	(10,714)
Net cash used for operating activities	(8,790,266)	(8,019,485)
Cash flows from investing activities:		
Purchase of property and equipment	(353,093)	(342,875)
Acquisition of intangible assets	(92,184)	(39,454)
Net cash used for investing activities	(445,277)	(382,329)
Cash flows from financing activities:		
Proceeds from issuance of common stock	30,970,735	—
Debt issuance costs	(180,142)	—
Proceeds from exercise of stock options	164,626	134,672
Net cash provided by financing activities	30,955,219	134,672
Net increase / (decrease) in cash and cash equivalents	21,719,676	(8,267,142)
Cash and cash equivalents, beginning of year	8,215,791	20,069,750
Cash and cash equivalents, end of period	$29,935,467	$ 11,802,608
Supplemental disclosures of cash flow activity:		
Cash paid for interest	$ 1,949,381	$ 1,154,738

See notes to condensed consolidated financial statements.

AxoGen, Inc.
Notes to Condensed Consolidated Financial Statements
(unaudited)

Unless the context otherwise requires, all references in these Notes to "AxoGen," "the Company," "we," "us" and "our" refer to AxoGen, Inc. and its wholly owned subsidiary AxoGen Corporation ("AC").

1. Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of AxoGen, Inc. (the "Company" or "AxoGen") and its wholly owned subsidiary AxoGen Corporation ("AC") as of September 30, 2015 and December 31, 2014 and for the three and nine month periods ended September 30, 2015 and 2014. The Company's condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2014, which are included in the Company's Annual Report on Form 10-K as of and for the year ended December 31, 2014. The interim condensed consolidated financial statements are unaudited and in the opinion of management, reflect all adjustments necessary for a fair presentation of results for the periods presented. Results for interim periods are not necessarily indicative of results for the full year. All significant intercompany accounts and transactions have been eliminated in consolidation.

2. Organization and Business

Business Summary

AxoGen is a leading medical technology company dedicated to peripheral nerve repair. The company has created and licensed a unique combination of patented nerve repair technologies to change the standard of care for patients with peripheral nerve injuries. AxoGen's portfolio of regenerative medicine products is available in the United States, Canada and several other countries and includes: (i) Avance® Nerve Graft, an off-the-shelf commercially available processed human nerve allograft for bridging severed nerves without the comorbidities associated with an additional surgical site: (ii) AxoGuard® Nerve Connector, a porcine submucosa extracellular matrix ("ECM") coaptation aid for tensionless repair of severed nerves; (iii) AxoGuard® Nerve Protector, a porcine submucosa ECM product used to wrap and protect injured peripheral nerves and reinforce the nerve reconstruction while preventing soft tissue attachments; and (iv) the AxoTouch™ Two-Point Discriminator, a tool useful for measuring sensation after a nerve injury, following the progression of a repaired nerve, and during the evaluation of a person with a possible nerve injury, such as nerve division or nerve compression.

Avance® Nerve Graft is processed in the United States by AxoGen. AxoGuard® Nerve Connector and AxoGuard® Nerve Protector are manufactured in the United States by Cook Biotech Incorporated, and are distributed worldwide exclusively by AxoGen. AxoGen maintains its corporate offices in Alachua, Florida and is the parent company of its wholly owned operating subsidiary, AxoGen Corporation.

3. Summary of Significant Accounting Policies

Revenue Recognition

Revenue is recognized when persuasive evidence of an arrangement exists, the price is fixed and determinable, delivery has occurred and there is a reasonable assurance of collection of the sales proceeds. Revenues for manufactured products and products sold to a customer or under a distribution agreement are recognized when the product is shipped to the customer or distributor, at which time title passes to the customer or distributor. Once a product is shipped, the Company has no further performance obligations. Shipped product is defined as product being shipped from our facility via courier to a customer location or segregation of product into a contracted distribution location. At such time, this product cannot be sold to any other customer. Fees charged to customers for shipping are recognized as revenues when products are shipped to the customer, distributor or end user. In the case of revenues from consigned sales delivery is

determined when the product is utilized in a surgical procedure. Revenues from research grants are recognized in the period the associated costs are incurred.

Cash and Cash Equivalents and Concentration

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Company has never experienced any losses related to these balances and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable and Concentration of Credit Risk

Accounts receivable are carried at the original invoice amount less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

We regularly review all accounts that exceed 60 days from the invoice date and based on an assessment of current credit worthiness, estimate the portion, if any, of the balance that will not be collected. The analysis excludes certain government related receivables due to our past successful experience in collectability. Specific accounts that are deemed uncollectible are reserved at 100% of their outstanding balance. The remaining balances outstanding over 60 days have a percentage applied by aging category (5% for balances 61-90 days and 20% for balances over 90 days aged), based on a historical valuation that allows us to calculate the total reserve required. The reserve balance was determined by applying a percentage to the cumulative balance between 60 and 90 days and a higher percentage to the balance over 90 days. In the event that we exhaust all collection efforts and deem an account uncollectible, we would subsequently write off the account. The write off process involves approval by senior management based on the write off amount. The allowance for doubtful accounts reserve balance was approximately $166,000 and $94,000 at September 30, 2015 and December 31, 2014, respectively.

Concentrations of credit risk with respect to accounts receivable are limited because a large number of geographically diverse customers make up the Company's customer base, thus spreading the trade credit risk. The Company also controls credit risk through credit approvals, credit limits and monitoring procedures.

Inventories

Inventories are comprised of implantable tissue, nerve grafts, Avance® Nerve Graft, AxoGuard® Nerve Connector, AxoGuard® Nerve Protector, and supplies that are valued at the lower of cost (first-in, first-out) or market and consist of the following:

	September 30, 2015	December 31, 2014
	(unaudited)	
Finished goods	$2,573,348	$2,072,235
Work in process	230,478	331,891
Raw materials	897,929	809,494
	$3,701,755	$3,213,620

Inventories were net of reserve of approximately $618,000 and $404,000 at September 30, 2015 and December 31, 2014, respectively.

Income Taxes

The Company has not recorded current income tax expense due to the generation of net operating losses. Deferred income taxes are accounted for using the balance sheet approach which requires recognition of deferred tax assets and

liabilities for the expected future consequences of temporary differences between the financial reporting basis and the tax basis of assets and liabilities. A valuation allowance is provided when it is more likely than not that a deferred tax asset will not be realized. A full valuation allowance has been established on the deferred tax asset as it is more likely than not that future tax benefit will not be realized. In addition, future utilization of the available net operating loss carryforward may be limited under Internal Revenue Code Section 382 as a result of changes in ownership.

The Company identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the balance sheet. The Company has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, the Company would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses. The Company's remaining open tax years subject to examination by the Internal Revenue Service include the years ended December 31, 2011 through 2014; there currently are no examinations in process.

Fair Value of Financial Instruments

The respective carrying value of certain on-balance-sheet financial instruments approximated their fair values due to the short-term nature of these instruments. These financial instruments include cash, accounts receivable, accounts payable and accrued expenses. The fair value of the Company's long-term debt approximates its carrying value based upon current rates available to the Company.

Share-Based Compensation

Stock-based compensation cost related to stock options granted under the AC 2002 Stock Option Plan (the "AC Plan") and AxoGen 2010 Stock Incentive Plan (the "AxoGen Plan" and, together with the AC Plan, the "Plans") is measured at grant date, based on the fair value of the award, and is recognized as an expense over the employee's requisite service period. The Company estimates the fair value of each option award issued under the Plans on the date of grant using a Black-Scholes-Merton option-pricing model that uses the assumptions noted in the table below. The Company estimates the volatility of its common stock, par value $0.01 per share (the "Common Stock") at the date of grant based on the volatility of comparable peer companies which are publicly traded, for the periods prior to the October 2011 merger of LecTec, Inc. and AC, and based on the Common Stock for periods subsequent to such merger. The Company determines the expected life based on historical experience with similar awards, giving consideration to the contractual terms, vesting schedules and post-vesting forfeitures. The Company uses the risk-free interest rate on the implied yield currently available on U.S. Treasury issues with an equivalent remaining term approximately equal to the expected life of the award. The Company has never paid any cash dividends on its Common Stock and does not anticipate paying any cash dividends in the foreseeable future. The Company used the following weighted-average assumptions for options granted during the nine months ended September 30:

Nine months ended September 30,	2015	2014
	(unaudited)	(unaudited)
Expected term (in years)	4	4
Expected volatility	75.45 %	79.76 %
Risk free rate	1.27 %	1.23 %
Expected dividends	— %	— %

The Company estimates forfeitures when recognizing compensation expense and this estimate of forfeitures is adjusted over the requisite service period based on the extent to which actual forfeitures differ, or are expected to differ, from such estimates. Changes in estimated forfeitures are recognized through a cumulative catch-up adjustment, which is recognized in the period of change, and also impact the amount of unamortized compensation expense to be recognized in future periods. The Company did not apply a forfeiture allocation to its unvested options outstanding during the nine months ended September 30, 2015 and 2014 as they were deemed insignificant.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In April 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03") which changes the presentation of debt issuance costs in financial statements to present such costs as a direct deduction from the related debt liability rather than as an asset. ASU 2015-03 will become effective for public companies during interim and annual reporting periods beginning after December 15, 2015. Early adoption is permitted. We do not expect the adoption of this standard will have a material impact on our consolidated financial statements.

In February 2015, the FASB issued Accounting Standards Update No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis" ("ASU 2015-02") which updates the considerations on whether an entity should consolidate certain legal entities. The update removes the indefinite deferral of specialized guidance for certain investment funds and changes the way that entities evaluate limited partnerships and fees paid to service providers in the consolidation determination. ASU 2015-02 will become effective for public companies during interim and annual reporting periods beginning after December 15, 2015. Early adoption is permitted. We are currently evaluating the impact of the adoption of this standard on our consolidated financial statements.

In January 2015, the FASB issued guidance, which completely eliminates all references to and guidance concerning the concept of an extraordinary item from GAAP. The updated guidance is effective for annual reporting periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted but we do not anticipate electing early adoption. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In June 2014, the FASB issued updated guidance related to stock compensation. The amendment requires that a performance target that affects vesting and that could be achieved after the requisite period, be treated as a performance condition. The updated guidance is effective for annual reporting periods and interim periods within those annual periods beginning after December 15, 2015. Earlier adoption is permitted but we do not anticipate electing early adoption. We do not expect the adoption of this guidance to have a material impact on our consolidated financial statements.

In May 2014, the FASB issued a new standard on revenue recognition which outlines a single comprehensive model to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is designed to create greater comparability for financial statement users across industries and jurisdictions and also requires enhanced disclosures. The guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016; however, on July 9, 2015, the FASB decided to delay the effective date of the new revenue standard by one year. The proposed deferral may permit early adoption, but would not allow adoption any earlier than the original effective date of the standard. We are currently evaluating the impact this standard will have on our consolidated financial statements.

The Company’s management has reviewed and considered all other recent accounting pronouncements and believe there are none that could potentially have a material impact on the Company’s consolidated financial condition, results of operations, or disclosures.

4. Property and Equipment

Property and equipment consist of the following:

	September 30, 2015 (unaudited)	December 31, 2014
Furniture and equipment	$ 1,092,486	$ 873,824
Leasehold improvements	338,399	285,697
Processing equipment	1,276,442	1,194,712
Less: accumulated depreciation and amortization	(1,877,244)	(1,735,205)
Property and equipment	$ 830,083	$ 619,028

5. Intangible Assets

The Company's intangible assets consist of the following:

	September 30, 2015 (unaudited)	December 31, 2014
License agreements	$ 876,063	$ 850,859
Patents	146,976	79,996
Less: accumulated amortization	(387,690)	(353,681)
Intangible assets, net	$ 635,349	$ 577,174

License agreements are being amortized over periods ranging from 17-20 years. Patent costs were being amortized over three years. As of September 30, 2015, the patents were fully amortized, and the remaining patents of $146,976 were pending patent costs and were not amortizable. Amortization expense was approximately $11,000 and $11,000 for the three months ended September 30, 2015 and 2014, respectively, and approximately $34,000 and $33,000 for the nine months ended September 30, 2015 and 2014, respectively. As of September 30, 2015, future amortization of license agreements for the next five years is expected to be $14,000 for the remainder of 2015 and $48,000 for 2016 through 2020.

License Agreements

The Company has entered into multiple license agreements (the "License Agreements") with the University of Florida Research Foundation ("UFRF") and University of Texas at Austin ("UTA"). Under the terms of the License Agreements, the Company acquired exclusive worldwide licenses for underlying technology used in repairing and regenerating nerves. The licensed technologies include the rights to issued patents and patents pending in the United States and international markets. The effective term of the License Agreements extends through the term of the related patents and the agreements may be terminated by the Company with 60 days prior written notice. Additionally, in the event of default, licensors may terminate an agreement if the Company fails to cure a breach after written notice. The License Agreements contain the key terms listed below:

- AxoGen pays royalty fees ranging from 1% to 3% under the License Agreements based on net sales of licensed products. One of the agreements also contains a minimum royalty of $12,500 per quarter, which may include a credit in future quarters in the same calendar year for the amount the minimum royalty exceeds the royalty fees. Also, when AxoGen pays royalties to more than one licensor for sales of the same product, a royalty stack cap applies, capping total royalties at 3.75%;

- If AxoGen sublicenses technologies covered by the License Agreements to third parties, AxoGen would pay a percentage of sublicense fees received from the third party to the licensor. Currently, AxoGen does not

sublicense any technologies covered by License Agreements. The Company is not considered a sub-licensee under the License Agreements and does not owe any sublicensee fees for its own use of the technologies;

- AxoGen reimburses the licensors for certain legal expenses incurred for patent prosecution and defense of the technologies covered by the License Agreements; and

- Currently, under one of the License Agreements, AxoGen would owe a $15,000 milestone fee upon receiving a Phase II Small Business Innovation Research or Phase II Small Business Technology Transfer grant involving the licensed technology. The Company has not received either grant and does not owe such a milestone fee. Other milestone fees are due if AxoGen develops certain pharmaceutical or medical device products under the License Agreements. No such products are currently under development.

Royalty fees were approximately $162,000 and $93,000 during the three months ended September 30, 2015 and 2014, respectively, and were $379,000 and $238,000 for the nine months ended September 30, 2015 and 2014, respectively, and are included in sales and marketing expense on the accompanying condensed consolidated statements of operations.

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consists of the following:

	September 30, 2015	December 31, 2014
Accounts payable	$1,640,811	$1,160,859
Miscellaneous accruals	963,984	105,315
Accrued compensation	1,481,512	1,165,020
Accounts Payable and Accrued Expenses	$4,086,307	$2,431,194

7. Notes Payable

Notes Payable consists of the following:

	September 30, 2015	December 31, 2014
Term Loan and Revenue Interest Agreement with Three Peaks Capital S.a.r.l. (“Three Peaks”) for a total term loan amount of $25,000,000 which has a six year term and requires interest only payments and a final principal payment due at the end of the term. Interest is payable quarterly at 9.00% per annum plus the greater of LIBOR or 1.0% which as of September 30, 2015 and December 31, 2014 resulted in a 10% rate. The Revenue Interest Agreement is for a period of ten years. Royalty payments are based on a royalty rate of 3.75% of revenues up to a maximum of $30 million in revenues in any 12 month period.	$25,537,367	$25,085,777
Long-term portion	$25,537,367	$25,085,777

Note Payable

On October 5, 2012, AxoGen entered into a Revenue Interests Purchase Agreement (the “Royalty Contract”) with PDL BioPharma, Inc. (“PDL”), pursuant to which the Company sold to PDL the right to receive royalties equal to 9.95% of the Company’s Net Revenues (as defined in the Royalty Contract) generated by the sale, distribution or other use of AxoGen’s products Avance® Nerve Graft, AxoGuard® Nerve Connector and AxoGuard® Nerve Protector. The Royalty Contract had a term of eight years. Under the Royalty Contract, PDL received royalty payments based on a

royalty rate of 9.95% of the Company's Net Revenues, subject to certain agreed upon minimum payment requirements, which were anticipated to be approximately $1.3 million to $2.5 million per quarter to begin in the fourth quarter of 2014 through the third quarter of 2020 as provided in the Royalty Contract. The Company recorded interest using its best estimate of the effective interest rate accruing interest using the specified internal rate of return of the Put Option of 20%. The total consideration PDL paid to the Company was $20,800,000 (the "Funded Amount"), which included $19,050,000 PDL paid to the Company on October 5, 2012, and $1,750,000 PDL paid to the Company on August 14, 2012 pursuant to an Interim Revenue Interest Purchase Agreement between the Company and PDL, dated August 14, 2012 (the "Interim Royalty Contract"). Upon the closing (the "Closing") of PDL's purchase of the specified royalties described above, which was concurrent with the execution of the Royalty Contract, the Interim Royalty Contract was terminated. On November 12, 2014, the Company paid PDL $30.3 million to fully extinguish the Royalty Contract. The Company has no further obligations under the Royalty Contract.

On November 12, 2014, the Company sold 643,382 shares of Common Stock for a total of $1.75 million to PDL ("PDL Equity Sale") at a price of $2.72 per share pursuant to a Securities Purchase Agreement by and between the Company and PDL. The Company intends to use the proceeds from the PDL Equity Sale for general corporate purposes.

Term Loan Agreement and Revenue Interest Agreement

On November 12, 2014, (the "Signing Date"), AxoGen, as borrower, and AC, as guarantor, entered into a term loan agreement (the "Term Loan Agreement") with the lenders party thereto and Three Peaks Capital S.a.r.l. ("Three Peaks"), an indirect wholly-owned subsidiary of Oberland Capital Healthcare Master Fund LP ("Oberland"), as administrative and collateral agent for the lenders thereto. Under the Term Loan Agreement, Three Peaks has agreed to lend to AxoGen a term loan of $25 million (the "Initial Term Loan") which has a six year term and requires interest only payments and a final principal payment due at the end of the term. Interest is payable quarterly at 9.00% per annum plus the greater of LIBOR or 1.0% which as of November 13, 2014 ("the Initial Closing Date") resulted in a 10% interest rate. As of September 30, 2015 the Company has accrued $625,000 due for the third quarter interest which was paid on October 9, 2015. The amount is included in accrued expenses at September 30, 2015. Under certain conditions, AxoGen has the option to draw an additional $7 million (the "Subsequent Borrowing" and, together with the Initial Term Loan, the "Term Loan") during the period of April 1, 2016 through June 29, 2016 (the closing date of each such Subsequent Borrowing, a ("Subsequent Closing Date" and, together with the Initial Closing Date, the "Closing Dates") under similar terms and conditions. AxoGen has to maintain certain covenants including limiting new indebtedness, restriction of the payment of dividends and maintain certain levels of revenue. Three Peaks has a first perfected security interest in the assets of AxoGen.

In addition, AxoGen entered into a 10 year Revenue Interest Agreement (the "Revenue Interest Agreement") with Three Peaks. Royalty payments are based on a royalty rate of 3.75% of AxoGen's revenues up to a maximum of $30 million in revenues in any 12 month period. In the event the Subsequent Borrowing is drawn, the royalty rate increases proportionally up to a maximum of 4.80% AxoGen has to maintain certain covenants including those covenants under the Term Loan.

Under the Term Loan Agreement, AxoGen has the option at any time to prepay the Term Loan, in whole or in part, and the Royalty Interest Agreement, defined below, by making the following payment, and Three Peaks has the right to demand the following payment upon a change of control of AxoGen, sale of the majority of AxoGen's assets or a material adverse change to AxoGen: (i) on or prior to the first anniversary of the applicable Closing Date, 120% of the outstanding principal amount of the Term Loan or any portion being prepaid; (ii) after the first anniversary but no later than the second anniversary of the applicable Closing Date, 135% of the outstanding principal amount of the Term Loan or any portion being prepaid; (iii) after the second anniversary but no later than the third anniversary of the applicable Closing Date, 150% of the outstanding principal amount of the Term Loan or any portion being prepaid; or (iv) after the third anniversary of the applicable Closing Date, an amount generating an internal rate of return of 16.25% of the outstanding principal amount of the Term Loan or any portion being prepaid. In all cases, the amount due is reduced by the sum of interest and principal previously paid and all amounts received under the Revenue Interest Agreement. In each such case AxoGen will also owe an additional 3% of the originally advanced Term Loan amount. Upon payment to Three Peaks, AxoGen would have no further obligations to Three Peaks under the Term Loan or the Revenue Interest Agreement.

In connection with the Term Loan Agreement, on the Signing Date, the Company and AC, its wholly owned subsidiary, entered into a Security Agreement (the "Security Agreement") with Three Peaks, pursuant to which each of the Company and AC grants to Three Peaks a security interest in certain collateral as specified in the Security Agreement to guarantee the payment in full when due of the secured obligations. In the event of default per the terms of the Term Loan Agreement Three Peaks would have the ability to foreclose on the pledged collateral and the Company and AC would not be able to continue its current business if such foreclosure occurred.

Also in connection with the above transaction, the Company sold 1,375,969 shares of Common Stock to Three Peaks for a total of $3.55 million ("Three Peaks Equity Sale") at a price of $2.58 per share. Pursuant to the equity purchase provisions in the Three Peaks Term Loan Agreement, in the event that prior to November 12, 2016, we sell our securities at a lower price per share than the $2.58 per share paid by Three Peaks, or where the terms of such subsequent sale are otherwise more favorable, then in such case we have agreed to match the more favorable terms of such subsequent sale with respect to the shares purchased by Three Peaks. A subsequent sale does not include the issuance of securities or options to our employees, officers, directors or consultants pursuant to our approved employee option pool or any other employee stock purchase or option plan existing as of November 12, 2014.

The Company records interest using its best estimate of the effective interest rate. This estimate takes into account both the rate on the Term Loan Agreement and the rate associated with the 10 year Revenue Interest Agreement with Three Peaks. The effective interest rate is based on actual payments to date, projected future revenues and the projected royalty payments and the quarterly interest payments due on the Term Loan Agreement. From time to time, AxoGen will reevaluate the expected cash flows and may adjust the effective interest rate. Determining the effective interest rate requires judgment and is based on significant assumptions related to estimates of the amounts and timing of future revenue streams. Determination of these assumptions is highly subjective and different assumptions could lead to materially different outcomes.

8. Stock Options

The Company granted stock options to purchase 376,000 shares of Common Stock pursuant to the AxoGen Plan for the nine months ended September 30, 2015. Stock-based compensation expense was $334,593 and $227,553 for the three months ended September 30, 2015 and 2014, respectively and $1,031,218 and $701,697 for the nine months ended September 30, 2015 and 2014, respectively. During the quarter, the company granted stock options to purchase 108,000 shares of Common Stock that are contingent upon certain future events. No stock compensation expense has been recorded for these options due to the uncertainty of those future events. Total future stock compensation expense related to nonvested awards is expected to be approximately $2,046,000 at September 30, 2015.

9. Public Offering of Common Stock

On February 5, 2015, AxoGen entered into an underwriting agreement with Wedbush Securities Inc. (the "Underwriter") in connection with the offering, issuance and sale (the " February 2015 Offering") of 4,728,000 shares of Common Stock, at a price to the public of $2.75 per share. The Company also granted to the Underwriter a 30-day option to purchase up to an aggregate of 709,200 additional shares of Common Stock to cover over-allotments, if any.

As of February 13, 2015, the February 2015 Offering was completed with the sale of 5,437,200 shares of Common Stock, including all 709,200 shares of Common stock issued pursuant to the Underwriter's exercise of its over-allotment option, resulting in gross proceeds to AxoGen from the February 2015 Offering of approximately $15.0 million, before deducting underwriting discounts and commissions and other estimated offering expenses payable by AxoGen estimated at approximately $1.4 million. The shares of Common Stock were listed on the NASDAQ Capital Market. The February 2015 Offering was made pursuant to the Company's effective shelf registration statement on Form S-3 (Registration No. 333-195588) previously filed with the SEC on April 30, 2014, and pursuant to the prospectus supplement and the accompanying prospectus describing the terms of the Offering, dated February 5, 2015.

On August 26, 2015, Company entered into a Securities Purchase Agreement (the "Purchase Agreement") with Essex Woodlands Fund IX, L.P. ("ESSEX") for the purchase of 4,861,111 shares of Common Stock, at a public offering price

of $3.60 per share (the "August 2015 Offering). The expenses directly related to the August 2015 Offering were $300,000 of which $181,000 has been paid by the Company. Such expenses included the Company's legal and accounting fees, printing expenses, transfer agent fees and miscellaneous fees and costs related to the August 2015 Offering. Proceeds from the August 2015 Offering of approximately $17.2 million will be used for sales and marketing and general working capital purposes. The Company has provided certain demand and "piggy-back" registration rights in connection with this sale of Common Stock.

The August 2015 Offering was made pursuant to the Company's effective shelf registration statement on Form S-3 (Registration No. 333-195588) previously filed with the SEC on April 30, 2014, and pursuant to the prospectus supplement and the accompanying prospectus describing the terms of the Offering, dated August 26, 2015.

10. Commitments and Contingencies

Commercial Lease

On April 21, 2015, AC entered into a commercial lease (the "New Lease") with Ja-Cole, L.P. ("Ja-Cole")for property located in Burleson, Texas. The New Lease supersedes and replaces a current lease with Ja-Cole. Under the terms of the New Lease, AC leased an additional 2,100 square feet of warehouse space that will be combined with its current 5,400 square feet of warehouse/office space in Burleson, Texas. The New Lease is for a three year term expiring April 21, 2018, renewable thereafter by agreement of the parties, at an annual cost of $60,000 per year. The expanded Burleson facility will house raw material storage and product distribution and allow expansion space as required for AC operations.

Processing Agreement

Under an Amended and Restated Nerve Tissue Processing Agreement (the "LifeNet Agreement") with LifeNet Health ("LifeNet"), the Company processes and packages Avance® Nerve Graft using its employees and equipment located at LifeNet, Virginia Beach, Virginia. As a result of business requirements of LifeNet and their need for additional space, on April 16, 2015 LifeNet notified the Company that it will need to transition out of the Virginia Beach facility on or before February 27, 2016 and therefore is terminating the LifeNet Agreement effective February 27, 2016.

As a result of the termination of the LifeNet Agreement, on August 6, 2015 the Company entered into a License and Services Agreement (the "CTS Agreement") with Community Blood Center (d/b/a Community Tissue Services) ("CTS") whose headquarters are located in Dayton, Ohio. The CTS facility and CTS Agreement will provide the Company a cost effective, quality controlled and licensed facility to process and package its Avance® Nerve Graft using its employees and processing equipment. It is anticipated that processing currently being performed at LifeNet will be transferred completely to the CTS facility by the end of first quarter of 2016 It is anticipated that the Company will have approximately $400,000 of capital expenditures for the placement of equipment and build-out at this facility.

The CTS Agreement is for a five year term, subject to earlier termination by either party for cause, or after the two year anniversary of the CTS Agreement without cause, upon 180 days' notice. Under the CTS Agreement, the Company pays CTS a facility fee for clean room/processing, storage and office space. Under the CTS Agreement, CTS also provides services in support of the Company's processing such as routine sterilization of daily supplies, providing disposable supplies, microbial services and office support. The service fee is based on a per donor batch rate.

11. Subsequent Events

On November 4, 2015, AC exercised its option right pursuant to the Development, License & Option Agreement (the "Agreement"), dated November 3, 2014 made by and between AC and Sensory Management Services LLC ("SMS"). SMS developed and sold a pressure-specified sensory device ("PSSD") for use in evaluating patients with peripheral nerve conditions. AC entered into the Agreement to validate and develop an updated PSSD to be named the AcroVal™ Neurosensory & Motor Testing System (the "AcroVal™") and SMS granted AC an option pursuant to the Agreement to purchase the assets and technology necessary to own and commercialize the PSSD. AC's validation of the PSSD, and development of the AcroVal™, were positive, leading to the exercise of the option and acquisition of the rights and assets related to the PSSD.

AC intends to launch the AcroVal™ in the first quarter of 2016 through its current sales channel. Evaluating patients with peripheral nerve conditions is essential to confirming diagnosis, mapping a course of action and monitoring post-intervention results. Although examiners of peripheral nerves have many assessment options, there is little consistency on measurement protocols. With the AcroVal™ Neurosensory & Motor Testing System, AC anticipates that examiners will have digital, less subjective results for their patients with conditions such as peripheral neuropathy, nerve compression syndromes, and transected nerves. Ultimately, standardization of assessment techniques will facilitate comparison and interpretation of clinical results leading to better understanding and care for patients with peripheral nerve conditions.

Upon exercise of the option AC paid a fee of $15,000 and is obligated to pay prior development fees owed by SMS of up to $39,500. Commencing November 4, 2015 and for a ten year period, AC will also pay to SMS a 15% royalty on sales of AcroVal™ and AC will provide SMS an AcroVal™ instrument, with upgrades, for 10 years, without cost. The SMS Agreement also provides for certain payments in the event that certain milestones are obtained during the royalty term. AC, as a result of such option exercise, now has ownership of all necessary technology, information and know-how necessary for its commercialization of the AcroVal™.

ITEM 2 – MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless the context otherwise requires, all references in this report to "AxoGen," "the Company," "we," "us" and "our" refer to AxoGen, Inc. and its wholly owned subsidiary AxoGen Corporation ("AC").

OVERVIEW

AxoGen, Inc. (NASDAQ: AXGN) is a leading medical technology company dedicated to peripheral nerve repair. The company has created and licensed a unique combination of patented nerve repair technologies to change the standard of care for patients with peripheral nerve injuries. AxoGen's portfolio of regenerative medicine products is available in the United States, Canada and several other countries and includes: (i) Avance® Nerve Graft, an off-the-shelf processed human nerve allograft for bridging severed nerves without the comorbidities associated with an additional surgical site; (ii) AxoGuard® Nerve Connector, a porcine submucosa extracellular matrix ("ECM") coaptation aid for tensionless repair of severed nerves; (iii) AxoGuard® Nerve Protector, a porcine submucosa ECM product used to wrap and protect injured peripheral nerves and reinforce the nerve reconstruction while preventing soft tissue attachments; and (iv) the AxoTouch™ Two-Point Discriminator, a tool useful for measuring sensation after a nerve injury, following the progression of a repaired nerve, and during the evaluation of a person with a possible nerve injury, such as nerve division or nerve compression.

Revenue from the distribution of these products is the main contributor to AxoGen's total reported sales and has been the key component of its growth to date. AxoGen revenues increased in the first nine months of 2015 compared to 2014 primarily as a result of sales to new accounts, increased product usage by existing accounts and a price increase effective March 1, 2015. AxoGen has continued to broaden and strengthen its sales and marketing activity with a focus on the execution of its sales operations. This is expected to have a continued positive contribution to its revenue growth in the long term.

Results of Operations

Comparison of the Three and Nine Months Ended September 30, 2015 and 2014

Revenues

Revenues for the three months ended September 30, 2015 increased 74.6% to approximately $8,154,000 as compared to approximately $4,671,000 for the three months ended September 30, 2014. Additionally, revenues for the nine months ended September 30, 2015 increased 62.4% to approximately $19,522,000 as compared to approximately $12,024,000 for the nine months ended September 30, 2014. This increase was primarily a result of increased product usage by existing accounts and sales to new accounts. Also contributing to the increase, AxoGen recognized approximately $118,000 and $57,000 of grant revenue for the three months ended September 30, 2015 and 2014, respectively and approximately $387,000 and $175,000 of grant revenue for the nine months ended September 30, 2015 and 2014, respectively.

Gross Profit

Gross profit for the three months ended September 30, 2015 increased 78.6% to approximately $6,743,000 as compared to approximately $3,775,000 for the three months ended September 30, 2014. Such increase in aggregate dollars was primarily attributable to the increased revenues in the third quarter of 2015, and to a lesser extent by an improvement in gross margin. Gross margin improved to 82.7% for the three months ended September 30, 2015 as compared to 80.8% for the same period in 2014 as a result of processing efficiencies and favorable product mix as a result of changes both within and between product lines.

Gross profit for the nine months ended September 30, 2015 increased 68.7% to approximately $16,089,000 as compared to approximately $9,538,000 for the nine months ended September 30, 2014. Such increase in aggregate dollars was primarily attributable to the increased revenues in the first nine months of 2015, and to a lesser extent by an improvement in gross margin. Gross margin improved to 82.4% for the nine months ended September 30, 2015 as

compared to 79.3% for the same period in 2014 as a result of processing efficiencies and changes in product mix as a result of changes both within and between product lines.

Costs and Expenses

Total cost and expenses increased 55.3% to approximately $8,661,000 for the three months ended September 30, 2015 as compared to approximately $5,578,000 for the three months ended September 30, 2014. These increases were primarily due to increased sales and marketing activities and costs associated with increased revenue, along with an increase in employee compensation expenses and research and development costs as the Company enrolls patients in its clinical trial for the Avance© Nerve Graft.

Total cost and expenses increased 36.5% to approximately $22,704,000 for the nine months ended September 30, 2015 as compared to approximately $16,630,000 for the nine months ended September 30, 2014. These increases were primarily due to increasing sales and marketing activities and costs associated with increased revenue, along with increases in employee compensation. These increases were also attributable to facility costs and research and development costs associated with the Company's preparation for, and start of, its clinical trial for Avance® Nerve Graft.

Sales and marketing expenses increased 69.6% to approximately $5,513,000 for the three months ended September 30, 2015 as compared to approximately $3,251,000 for the three months ended September 30, 2014. This increase was primarily due to the costs associated with the continued expansion of our direct sales force and surgeon education programs, and to a lesser extent increased support for both our direct sales force and independent distributors and marketing research and activity with respect to new products and markets. As a percentage of revenues, sales and marketing expenses were 67.6% for the three months ended September 30, 2015 compared to 69.6% for the three months ended September 30, 2014. Such lower sales and marketing expenses as a percentage of revenue were a result of the revenue increase outpacing increases in costs and expenses.

Sales and marketing expenses increased 52.8% to approximately $14,257,000 for the nine months ended September 30, 2015 as compared to approximately $9,327,000 for the nine months ended September 30, 2014. This increase was primarily due to the costs associated with the continued expansion of the direct sales force and surgeon education programs, and to a lesser extent increased support for both AxoGen's direct sales force and independent distributors. As a percentage of revenues, sales and marketing expenses were 73.0% for the nine months ended September 30, 2015 compared to 77.6% for the nine months ended September 30, 2014. Such lower sales and marketing expenses as a percentage of revenue were a result of the revenue increase outpacing increases in costs and expenses.

General and administrative expenses increased 34.4% to approximately $2,212,000 for the three months ended September 30, 2015 as compared to approximately $1,646,000 for the three months ended September 30, 2014. Such increase was primarily a result of increased expenses related to employee compensation and professional service fees. Also contributing to the rise in expenses but to a much lesser extent was an increase in bad debt allowance to adjust for greater account receivables as revenues increase and bank charges related to sales activity also increased, offset by a reduction in travel expenses and certain outside service costs. As a percentage of revenues, general and administrative expenses were 27.1% for the three months ended September 30, 2015 as compared to 35.2% for the three months ended September 30, 2014. Such lower general and administrative expenses as a percentage of revenue were a result of the revenue increase outpacing increases in costs and expenses.

General and administrative expenses increased 16.2% to approximately $6,103,000 for the nine months ended September 30, 2015 as compared to approximately $5,254,000 for the nine months ended September 30, 2014. The increase was primarily a result of increased expenses related to employee compensation. Bank charges related to sales activity also increased, as did bad debt allowance to adjust for greater account receivables as revenues increased. As a percentage of revenues, general and administrative expenses were 31.3% for the nine months ended September 30, 2015 as compared to 43.7% for the nine months ended September 30, 2014. Such lower general and administrative expenses as a percentage of revenue were a result of the revenue increase outpacing increases in costs and expenses.

Research and development expenses increased approximately 37.4% to approximately $936,000 for the three months ended September 30, 2015 as compared to approximately $681,000 for the three months ended September 30, 2014.

Research and development costs increased 14.3% to approximately $2,343,000 for the nine months ended September 30, 2015 as compared to approximately $2,050,000 for the nine months ended September 30, 2014. Research and development costs include AxoGen's product development and clinical efforts substantially focused on its biological license application ("BLA") for the Avance® Nerve Graft. This activity varies from quarter to quarter due to the timing of certain projects. A substantial portion of the increase in expenses for the three and nine months ended September 30, 2015, relate to expenditures for such clinical activity including preparation for, and the start of, the pivotal clinical trial to support the BLA, and hiring additional personal to support both clinical and product development activity, offset by reduced costs of its RANGER Registry and certain projects that have been completed or are near completion. It is expected that costs associated with the BLA will continue to increase as more patients are enrolled in the trial over approximately the next two years. Although AxoGen's products are developed for sale in their current use, it does conduct limited research and product development efforts focused on new products and new applications to existing products. AxoGen is active in pursuing research grants to support this research. This AxoGen product pipeline development also contributed to a portion of the research and development expenses in 2015, with grant revenue offsetting a portion of this activity.

Other Income and Expenses

Interest expense decreased 24.5% to approximately $1,042,000 for the three months ended September 30, 2015 as compared to approximately $1,380,000 for the three months ended September 30, 2014. Interest expense decreased 22.8% to approximately $3,061,000 for the nine months ended September 30, 2015 as compared to approximately $3,964,000 for the nine months ended September 30, 2014. This decrease was due to the difference in the interest related to the Revenue Interest Agreement with Three Peaks as compared to the interest related to the Royalty Contract and the interest accrued related to PDL. As a result of the accounting treatment for the Three Peaks and the PDL transactions, interest expense included approximately $743,000 and $890,000 for the three months ended September 30, 2015 and 2014, respectively, and approximately $1,111,000 and $2,809,000 for the nine months ended September 30, 2015 and 2014, respectively, of non-cash expense that is based upon the terms of the Three Peaks and PDL transactions and increases in AxoGen revenues. Other than the $1,111,000 and $2,809,000 non-cash expense, the remaining $1,950,000 and $1,155,000 in interest expense for the nine months ended September 30, 2015 and 2014, respectively, is related to cash paid for interest on the Term Loan Agreement and note payable.

Interest expense—deferred financing costs decreased 43.6% to approximately $31,000 for the three months ended September 30, 2015 as compared to approximately $55,000 for the three months ended September 30, 2014. Interest expense—deferred financing costs decreased 39.6% to approximately $96,000 for the nine months ended September 30, 2015 as compared to approximately $159,000 for the nine months ended September 30, 2014. This decrease is primarily due to lower deferred financing cost amortization associated with the Revenue Interest Agreement as compared to the Royalty Contract. Additionally, the deferred financing fees associated with the Revenue Interest Agreement are spread out over 10 years compared to 8 years for the Royalty Contract.

Income Taxes

The Company had no income tax expenses or income tax benefit for each of the three months and nine months ended September 30, 2015 and 2014 due to incurrence of net operating loss in each of these periods.

Effect of Inflation

Inflation has not had a significant impact on the Company's operations or cash flow.

Liquidity and Capital Resources

Note Payable

On October 5, 2012, AxoGen entered into a Revenue Interests Purchase Agreement (the "Royalty Contract") with PDL BioPharma, Inc. ("PDL"), pursuant to which the Company sold to PDL the right to receive royalties equal to 9.95% of the Company's Net Revenues (as defined in the Royalty Contract) generated by the sale, distribution or other use of AxoGen's products Avance® Nerve Graft, AxoGuard® Nerve Connector and AxoGuard® Nerve Protector. The Royalty Contract had a term of eight years. Under the Royalty Contract, PDL received royalty payments based on a

royalty rate of 9.95% of the Company's Net Revenues, subject to certain agreed upon minimum payment requirements, which were anticipated to be approximately $1.3 million to $2.5 million per quarter to begin in the fourth quarter of 2014 through the third quarter of 2020 as provided in the Royalty Contract. The Company recorded interest using its best estimate of the effective interest rate accruing interest using the specified internal rate of return of the Put Option of 20%. The total consideration PDL paid to the Company was $20,800,000 (the "Funded Amount"), which included $19,050,000 PDL paid to the Company on October 5, 2012, and $1,750,000 PDL paid to the Company on August 14, 2012 pursuant to an Interim Revenue Interest Purchase Agreement between the Company and PDL, dated August 14, 2012 (the "Interim Royalty Contract"). Upon the closing of PDL's purchase of the specified royalties described above, which was concurrent with the execution of the Royalty Contract, the Interim Royalty Contract was terminated. On November 12, 2014, the Company paid PDL $30.3 million to fully extinguish the Royalty Contract. The Company has no further obligations under the Royalty Contract.

As a result of the accounting treatment for the PDL transaction, interest expense for the nine months ended September 30, 2014 included approximately $2,809,000 of non-cash expense that was to be paid in the future based upon the terms of the PDL transaction and increases in AxoGen revenues. The $2,809,000 of non-cash expense was derived from taking the effective interest on the put in 2014 on the PDL agreement less the actual cash payment made to PDL for the nine months. Other than the $2,809,000 non-cash expense, the remaining $1,155,000 in interest expense for the nine months ended September 30, 2014 is related to cash paid for interest on the note payable with PDL.

On November 12, 2014, the Company sold 643,382 shares of Common Stock for a total of $1.75 million to PDL ("PDL Equity Sale") at a price of $2.72 per share pursuant to a securities purchase agreement by and between the Company and PDL. The Company intends to use the proceeds from the PDL Equity Sale for general corporate purposes.

Term Loan Agreement and Revenue Interest Agreement

On the Signing Date, AxoGen, as borrower, and AC, as guarantor, entered into the Term Loan Agreement with the lenders party thereto and Three Peaks , as administrative and collateral agent for the lenders party thereto. Under the Term Loan Agreement, Three Peaks has agreed to lend to AxoGen the Initial Term Loan which has a six year term and requires interest only payments and a final principal payment due at the end of the term. Interest is payable quarterly at 9.00% per annum plus the greater of LIBOR or 1.0% which as of the Initial Closing Date resulted in a 10% interest rate. Under certain conditions, AxoGen has the option to draw an additional $7 million as a Subsequent Borrowing during the period of April 1, 2016 through June 29, 2016 under similar terms and conditions. AxoGen has to maintain certain covenants including limiting new indebtedness, restriction of the payment of dividends and maintain certain levels of revenue. Three Peaks has a first perfected security interest in the assets of AxoGen.

In addition, AxoGen entered into a 10 year Revenue Interest Agreement with Three Peaks. Royalty payments are based on a royalty rate of 3.75% of AxoGen's revenues up to a maximum of $30 million in revenues in any 12 month period. In the event the Subsequent Borrowing is drawn, the royalty rate increases proportionally up to a maximum of 4.80%. AxoGen has to maintain certain covenants including those covenants under the Term Loan.

Under the Term Loan Agreement, AxoGen has the option at any time to prepay the Term Loan, in whole or in part, and the Royalty Interest Agreement by making the following payment, and Three Peaks has the right to demand the following payment upon a change of control of AxoGen, sale of the majority of AxoGen's assets or a material adverse change to AxoGen: (i) on or prior to the first anniversary of the applicable Closing Date, 120% of the outstanding principal amount of the Term Loan or any portion being prepaid; (ii) after the first anniversary but no later than the second anniversary of the applicable Closing Date, 135% of the outstanding principal amount of the Term Loan or any portion being prepaid; (iii) after the second anniversary but no later than the third anniversary of the applicable Closing Date, 150% of the outstanding principal amount of the Term Loan or any portion being prepaid; or (iv) after the third anniversary of the applicable Closing Date, an amount generating an internal rate of return of 16.25% of the outstanding principal amount of the Term Loan or any portion being prepaid. In all cases, the amount due is reduced by the sum of interest and principal previously paid and all amounts received under the Revenue Interest Agreement. In each such case AxoGen will also owe an additional 3% of the originally advanced Term Loan amount. Upon payment to Three Peaks, AxoGen would have no further obligations to Three Peaks under the Term Loan or the Revenue Interest Agreement.

In connection with the Term Loan Agreement, on the Signing Date, the Company and AC entered into the Security Agreement with Three Peaks, pursuant to which each of the Company and AC grants to Three Peaks a security interest in certain collateral as specified in the Security Agreement to guarantee the payment in full when due of the secured obligations. In the event of default per the terms of the Term Loan Agreement Three Peaks would have the ability to foreclose on the pledged collateral and the Company and AC would not be able to continue its current business if such foreclosure occurred.

Also in connection with the above transaction, the Company sold 1,375,969 shares of Common Stock to Three Peaks for a total of $3.55 million at a price of $2.58 per share. Pursuant to the equity purchase provisions in the Three Peaks Term Loan Agreement, in the event that prior to November 12, 2016 we sell our securities at a lower price per share than the $2.58 per share paid by Three Peaks, or where the terms of such subsequent sale are otherwise more favorable, then in such case we have agreed to match the more favorable terms of such subsequent sale with respect to the shares purchased by Three Peaks. A subsequent sale does not include the issuance of securities or options to our employees, officers, directors or consultants pursuant to our approved employee option pool or any other employee stock purchase or option plan existing as of November 12, 2014.

As a result of the accounting treatment for the Three Peaks transaction, interest expense for the nine months ended September 30, 2015 included approximately $1,111,000 of non-cash expense that is expected to be paid in the future based upon the terms of the Three Peaks transaction and increases in AxoGen revenues. The $1,111,000 of non-cash expense was derived from taking the imputed interest on the Revenue Interest Agreement less the actual cash payment made to Three Peaks for the nine months. Other than the $1,111,000 non-cash expense, the remaining $1,950,000 in interest expense for the nine months ended September 30, 2015 is related to cash paid for interest on the Term Loan with Three Peaks.

The Company records interest using its best estimate of the effective interest rate. This estimate takes into account both the rate on the Term Loan Agreement and the rate associated with the 10 year Revenue Interest Agreement with Three Peaks. The effective interest rate is based on actual payments to date, projected future revenues and the projected royalty payments and the quarterly interest payments due on the Term Loan Agreement. From time to time, AxoGen will reevaluate the expected cash flows and may adjust the effective interest rate. Determining the effective interest rate requires judgment and is based on significant assumptions related to estimates of the amounts and timing of future revenue streams. Determination of these assumptions is highly subjective and different assumptions could lead to materially different outcomes.

The Company had no material commitments for capital expenditures at September 30, 2015. However, it is anticipated that the Company will have approximately $400,000 of capital expenditures for the placement of equipment and build-out at CTS over the next two quarters.

Public Offering of Common Stock

On February 5, 2015, AxoGen entered into an underwriting agreement with the Underwriter in connection with the February 2015 Offering. The Company also granted to the Underwriter a 30-day option to purchase up to an aggregate of 709,200 additional shares of Common Stock to cover over-allotments, if any.

As of February 13, 2015, the February 2015 Offering was completed with the sale of 5,437,200 shares of Common Stock, which included the full exercise of the over-allotment option, at $2.75 per share, resulting in gross proceeds to AxoGen from the February 2015 Offering of approximately $15.0 million, before deducting underwriting discounts and commissions and other estimated offering expenses payable by AxoGen estimated at approximately $1.4 million. The shares of Common Stock were listed on the NASDAQ Capital Market. The February 2015 Offering was made pursuant to the Company's effective shelf registration statement on Form S-3 (Registration No. 333-195588) previously filed with the SEC on April 30, 2014, and pursuant to the prospectus supplement and the accompanying prospectus describing the terms of the Offering, dated February 5, 2015.

On August 26, 2015, the Company entered into the Purchase Agreement with ESSEX for the purchase of 4,861,111 shares of Common Stock at a public offering price of $3.60 per share, raising approximately $17.5 million in gross proceeds before deducting expenses. The expenses directly related to the August 2015 Offering were approximately $300,000 and were paid or accrued by the Company. Such expenses include the Company's legal and accounting fees, printing expenses, transfer agent fees and miscellaneous fees and costs related to the August 2015 Offering. Proceeds from the August 2015 Offering will be used for sales and marketing and general working capital purposes. The Company has provided certain demand and "piggy-back" registration rights in connection with this sale of Common Stock. The August 2015 Offering was made pursuant to the Company's effective shelf registration statement on Form S-3 (Registration No. 333-195588) previously filed with the SEC on April 30, 2014, and pursuant to the prospectus supplement and the accompanying prospectus describing the terms of the Offering, dated August 26, 2015.

Cash Flow Information

AxoGen had working capital of approximately $34.47 million and a current ratio of 9.41 at September 30, 2015, compared to working capital of $11.97 million and a current ratio of 5.89 at December 31, 2014. The increase in working capital and the current ratio at September 30, 2015 as compared to December 31, 2014 was primarily due to the February 2015 Offering and the August 2015 Offering. In February 2015 AxoGen completed a public offering of 5,437,200 shares of Common Stock at $2.75 per share resulting in gross proceeds to AxoGen from the offering of approximately $15.0 million, before deducting underwriting discounts and commissions and other estimated offering expenses payable by AxoGen estimated at approximately $1.4 million. In August 2015, AxoGen completed the August 2015 Offering for the purchase of 4,861,111 shares of Common Stock at $3.60 per share resulting in gross proceeds to AxoGen from the offering of approximately $17.5 million, before deducting underwriting and other offering expenses paid or accrued by AxoGen of approximately $300,000. The Company believes it has sufficient cash resources to meet its liquidity requirements for at least the next 12 months.

AxoGen's future capital requirements depend on a number of factors, including, without limitation, continued adoption of our products by surgeons and growth of our revenues, continued expansion and development of our direct sales force, expenses associated with our professional education programs, maintaining our gross margins, expenses related to our facilities for production and distribution of products and general market conditions. AxoGen could face increasing capital needs depending on the extent to which AxoGen is unable to increase revenues.

If AxoGen needs additional capital in the future, it may raise additional funds through public or private equity offerings, debt financings or from other sources. The sale of additional equity would result in dilution to AxoGen's shareholders. There is no assurance that AxoGen will be able to secure funding on terms acceptable to it, or at all. The increasing need for capital could also make it more difficult to obtain funding through either equity or debt. Should additional capital not become available to AxoGen as needed, AxoGen may be required to take certain action, such as, slowing sales and marketing expansion, delaying regulatory approvals or reducing headcount.

During the nine months ended September 30, 2015, the Company had a net increase in cash and cash equivalents of approximately $21,720,000 as compared to a net decrease of cash and cash equivalents of approximately $8,267,000 in for nine months ended September 30, 2014. The Company's principal sources and uses of funds are explained below:

Cash used in operating activities

The Company used approximately $8,790,000 of cash for operating activities for the nine months ended September 30, 2015, as compared to using approximately $8,019,000 of cash for operating activities for the nine months ended September 30, 2014. This increase in cash used in operating activities is primarily attributable to the increase in accounts receivable and inventory accompanied by the net loss generated for the nine months ended September 30, 2015, offset by the increase in our accounts payable and accrued expenses.

Cash used for investing activities

Investing activities for the nine months ended September 30, 2015 used approximately $445,000 of cash as compared to using approximately $382,000 of cash for the nine months ended September 30, 2014. This increase in use is principally

attributable to the non recurrence of purchases of certain fixed assets for the expansion of the headquarters office and the opening of the worldwide distribution facility in Burleson, Texas that occurred in the period in 2014.

Cash provided by financing activities

Financing activities for the nine months ended September 30, 2015 provided approximately $30,955,000 of cash as compared to providing approximately $135,000 of cash for the nine months ended September 30, 2014. The increase was due to proceeds received from the February 2015 Offering and August 2015 Offering.

Off-Balance Sheet Arrangements

AxoGen does not have any off-balance sheet arrangements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains "disclosure controls and procedures" as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act"), that are designed to ensure that information required to be disclosed by us in reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, and Board of Directors, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that disclosure controls and procedures, no matter how well conceived and operated, can provide only reasonable assurance of achieving the desired objectives, and we necessarily are required to apply our judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

Our management, including our principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of September 30, 2015 and concluded that our disclosure controls and procedures were effective.

Changes in Internal Controls Over Financial Reporting

During the nine months ended September 30, 2015, there were no changes in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) and 15d–15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

UNITED STATES
PART II –OTHER INFORMATION

ITEM 1 – Legal Proceedings

The Company is not a party to any material litigation as of September 30, 2015.

ITEM 1A - RISK FACTORS

The Company faces a number of risks and uncertainties. In addition to the other information in this report and the Company's other filings with the SEC, readers should consider carefully the risk factors discussed in Part I "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K as of and for the year ended December 31, 2014. There have been no material changes to these risk factors. If any of these risks actually occur, the Company's business, results of operations or financial condition could be materially adversely affected.

ITEM 2 - UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3 - DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 - MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5 - OTHER INFORMATION

On November 4, 2015, AC exercised its option right pursuant to the Development, License & Option Agreement (the "Agreement"), dated November 3, 2014 made by and between AC and Sensory Management Services LLC ("SMS"). SMS developed and sold a pressure-specified sensory device ("PSSD") for use in evaluating patients with peripheral nerve conditions. AC entered into the Agreement to validate and develop an updated PSSD to be named the AcroVal™ and SMS granted AC an option pursuant to the Agreement to purchase the assets and technology necessary to own and commercialize the PSSD. AC's validation of the PSSD, and development of the AcroVal™, were positive , leading to the exercise of the option and acquisition of the rights and assets related to the PSSD.

AC intends to launch the AcroVal™ in the first quarter of 2016 through its current sales channel. Evaluating patients with peripheral nerve conditions is essential to confirming diagnosis, mapping a course of action and monitoring post-intervention results. Although examiners of peripheral nerves have many assessment options, there is little consistency on measurement protocols. With the AcroVal™, AC anticipates that examiners will have digital, less subjective results for their patients with conditions such as peripheral neuropathy, nerve compression syndromes, and transected nerves. Ultimately, standardization of assessment techniques will facilitate comparison and interpretation of clinical results leading to better understanding and care for patients with peripheral nerve conditions.

Upon exercise of the option AC paid a fee of $15,000 and is obligated to pay prior development fees owed by SMS of up to $39,500. Commencing November 4, 2015 and for a ten year period, AC will also pay to SMS a 15% royalty on sales of AcroVal™ and AC will provide SMS an AcroVal™ instrument, with upgrades, for 10 years, without cost. The SMS Agreement also provides for certain payments in the event that certain milestones are obtained during the royalty term. AC, as a result of such option exercise, now has ownership of all necessary technology, information and know-how necessary for its commercialization of the AcroVal™.

ITEM 6 - EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on August 26, 2015).
10.1†	Securities Purchase Agreement, dated as of August 26, 2015, between AxoGen, Inc and Essex Woodlands Fund IX, L.P.
10.2†	Asset Assignment Agreement, dated November 4, 2014 by and between AxoGen Corporation and Sensory Management Services LLC.
10.3*	License and Services Agreement, dated as of August 6, 2015, by and between AxoGen Corporation and Community Blood Center (d/b/a Community Tissue Services).
10.4**	Amendment No. 2 to Employment Agreement, dated as of August 6, 2015, by and between Gregory G. Freitag and AxoGen, Inc.
31.1†	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2†	Certification of Principle Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32††	Certification Pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Extension Labels Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Confidential treatment has been requested as to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission.

** Management contract or compensatory plan or arrangement.

† Filed herewith.

†† Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AXOGEN, INC.

Dated November 5, 2015

/s/ Karen Zaderej

Karen Zaderej
Chief Executive Officer
(Principal Executive Officer)

/s/ Gregory G. Freitag

Gregory G. Freitag
Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

Exhibit Number	Description
3.1	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K filed on August 26, 2015).
10.1†	Securities Purchase Agreement, dated as of August 26, 2015, between AxoGen, Inc and Essex Woodlands Fund IX, L.P.
10.2†	Asset Assignment Agreement, dated November 4, 2014 by and between AxoGen Corporation and Sensory Management Services LLC.
10.3*	License and Services Agreement, dated as of August 6, 2015, by and between AxoGen Corporation and Community Blood Center (d/b/a Community Tissue Services).
10.4**	Amendment No. 2 to Employment Agreement, dated as of August 6, 2015, by and between Gregory G. Freitag and AxoGen, Inc.
31.1†	Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2†	Certification of Principle Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32††	Certification Pursuant to 18 U.S.C. §1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Extension Labels Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

* Confidential treatment has been requested as to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission.

** Management contract or compensatory plan or arrangement.

† Filed herewith.

†† Furnished herewith.

EXHIBIT 10.1

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is dated as of August 26, 2015, between AxoGen, Inc., a Minnesota corporation (the "Company"), and Essex Woodlands Fund IX, L.P., a Delaware limited partnership (the "Purchaser").

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Securities Act"), the Company desires to issue and sell to the Purchaser, and the Purchaser desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Company and the Purchaser agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Definitions. In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms have the meanings set forth in this Section 1.1:

"Action" shall have the meaning ascribed to such term in Section 3.1(j).

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person as such terms are used in and construed under Rule 405 under the Securities Act.

"Annual Meeting" has the meaning set forth in Section 4.6(a).

"Base Prospectus" has the meaning set forth in Section 3.1(g).

"Board" means the Company's board of directors.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Closing" means the closing of the purchase and sale of the Shares pursuant to Section 2.1.

"Closing Date" means the Trading Day on which this Agreement has been executed and delivered by the parties hereto, and all conditions precedent to (i) the Purchaser's obligations to pay the Subscription Amount and (ii) the Company's obligations to deliver the Shares, in each case, have been satisfied or waived, but in no event later than the third Trading Day following the date hereof.

"Commission" means the United States Securities and Exchange Commission.

"Common Shares" means the common shares of the Company, par value $0.01 per share.

"Company Counsel" means DLA Piper LLP with offices located at One Liberty Place, 1650 Market Street, Suite 4900, Philadelphia, Pennsylvania 19103-7300.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Fund Indemnitors" shall have the meaning ascribed to such term in Section 4.2(b).

"GAAP" shall have the meaning ascribed to such term in Section 3.1(h).

"Knowledge," with respect to a party, shall mean the actual knowledge, or that which would or should have been known after reasonable inquiry, of any officer, director or employee of the Company or the Subsidiary relating to a particular matter.

"Initial Purchaser Designee" shall have the meaning ascribed to such term in Section 4.6(a).

"Intellectual Property Rights" shall have the meaning ascribed to such term in Section 3.1(n).

"Liens" means a lien, charge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

"Material Adverse Effect" shall have the meaning assigned to such term in Section 3.1(b).

"Material Permits" shall have the meaning ascribed to such term in Section 3.1(l).

"Per Share Purchase Price" means $3.60 per share.

"Permitted Lien" means those liens existing pursuant to (i) the Term Loan Agreement, dated as of November 12, 2014, by and among the Company, Axogen Corporation, the lenders party thereto and Three Peaks Capital S.a.r.l. ("Three Peaks"), an indirect wholly-owned subsidiary of Oberland Capital Healthcare Master Fund LP, as administrative and collateral agent for the lenders, and (ii) the Security Agreement, dated as of November 12, 2014, by and among the Company, Axogen Corporation, Three Peaks, as administrative agent and collateral agent for the lenders.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Prospectus" has the meaning set forth in Section 3.1(g).

"Prospectus Supplement" has the meaning set forth in Section 3.1(g).

"Purchaser Designee" shall have the meaning ascribed to such term in Section 4.6(a).

"Purchaser Party" shall have the meaning ascribed to such term in Section 4.2.

"Registration Rights Agreement" shall mean that certain Registration Rights Agreement between the Purchaser and the Company, to be dated as of the Closing Date, in substantially the form of Exhibit A attached hereto, as the same may be amended from time to time.

"Registration Statement" means the effective registration statement with Commission file No. 333-195588 which registers the sale of the Shares (including any registration statement relating to the same offering filed pursuant to Rule 462(b) under the Securities Act to register additional securities).

"Required Approvals" shall have the meaning ascribed to such term in Section 3.1(e).

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"SEC Reports" shall have the meaning ascribed to such term in Section 3.1(h).

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Shares" has the meaning set forth in Section 2.1.

"Short Sales" means all "short sales" as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include the location and/or reservation of borrowable Common Shares).

"Subscription Amount" has the meaning set forth in Section 2.1.

"Subsidiary" means AxoGen Corporation, a Delaware corporation, which is a wholly owned subsidiary of the Company.

"Trading Day" means a day on which the NASDAQ Capital Market is open for trading.

"Transaction Agreements" means this Agreement and the Registration Rights Agreement.

"Transfer" means to transfer, sell, convey, contract to sell (including pursuant to any derivative instrument) or otherwise dispose, in each case, for consideration.

"Transfer Agent" means Wells Fargo Shareholder Services.

ARTICLE II.
PURCHASE AND SALE

2.1 Closing. On the Closing Date, upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of the Transaction Agreements by the parties hereto, the Company agrees to sell, and the Purchaser agrees to purchase, the number of Common Shares (the "Shares") equal to $17,499,999.60 (the "Subscription Amount") divided by the Per Share Purchase Price. The Company shall deliver the Shares to the Purchaser, against payment by the Purchaser of the Subscription Amount by wire transfer of federal (same day) funds to the account specified by the Company to the Purchaser by causing the Transfer Agent to credit the Shares to the account of the Purchaser. The Closing of the purchase of the Shares shall occur at the offices of Company Counsel or such other location as the parties shall mutually agree.

2.2 Deliveries.

(a) On or prior to the Closing Date, the Company shall deliver or cause to be delivered to the Purchaser the following:

(i) the Transaction Agreements duly executed by the Company;

(ii) a copy of the irrevocable instructions to the Transfer Agent instructing the Transfer Agent to deliver on an expedited basis via The Depository Trust Company Deposit or Withdrawal at Custodian system ("DWAC") the Shares registered in the name of the Purchaser;

(iii) the Prospectus and Prospectus Supplement (which may be deemed delivered pursuant to Rule 172 under the Securities Act) which may be filed with the SEC within two days of the Closing Date;

(iv) a certificate in form and substance reasonably satisfactory to the Purchaser duly executed on behalf of the Company by an authorized executive officer of the Company, certifying that (A) the representations and warranties of the Company contained in Article III shall be true and correct in all respects as of the Closing Date with the same effect as though made at and as of such date (except those representations and warranties that address matters only as of a specified date, which shall be true and correct in all respects as of that specified

date), and (B) the conditions to Closing set forth in Section 2.3(a)(ii) of this Agreement have been fulfilled;

(v) a certificate of the secretary of the Company dated as of the Closing Date certifying (A) that attached thereto is a true and complete copy of the bylaws of the Company as in effect at the time of the actions by the Board referred to in clause (B) below, and on the Closing Date; (B) that attached thereto is a true and complete copy of all resolutions adopted by the Board authorizing the execution, delivery and performance of the Transaction Agreements and that all such resolutions are in full force and effect and are all the resolutions adopted in connection with the transactions contemplated hereby as of the Closing Date; (C) that attached thereto is a true and complete copy of the Company's Certificate of Incorporation as in effect at the time of the actions by the Board referred to in clause (B) above, and on the Closing Date; and (D) as to the incumbency of any officer of the Company executing a Transaction Agreement on behalf of the Company; and

(vi) a legal opinion of Company Counsel, in form and substance reasonably satisfactory to the Purchaser.

(b) On or prior to the Closing Date, the Purchaser shall deliver to the Company, the following:

(i) the Transaction Agreements duly executed by the Purchaser; and

(ii) the Subscription Amount by wire transfer to the account specified by the Company.

2.3 Closing Conditions.

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met or able to be satisfied contemporaneous with the Closing:

(i) the accuracy in all material respects on the Closing Date of the representations and warranties of the Purchaser contained herein (unless as of a specific date therein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements of the Purchaser required to be performed at or prior to the Closing Date shall have been performed; and

(iii) the delivery by the Purchaser of the items set forth in Section 2.2(b) of this Agreement.

(b) The obligations of the Purchaser hereunder in connection with the Closing are subject to the following conditions being met or able to be satisfied contemporaneous with the Closing:

(i) the accuracy in all material respects when made and on the Closing Date of the representations and warranties of the Company contained herein (unless as of a specific date therein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed;

(iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement; and

(iv) there shall have been no Material Adverse Effect with respect to the Company since the date hereof; and

(v) there shall be a vacancy on the Board to permit the appointment of the Purchaser Designee to the Board as of the Closing.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company. The Company hereby makes the following representations and warranties to the Purchaser:

(a) Subsidiary. Other than Permitted Liens, the Company owns, directly or indirectly, all of the capital stock or other equity interests of the Subsidiary free and clear of any Liens, and all of the issued and outstanding shares of capital stock of the Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities. Other than the Subsidiary, the Company does not control, directly or indirectly, through one or more intermediaries, any other Person.

(b) Organization and Qualification. Each of the Company and the Subsidiary is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor the Subsidiary is in violation or default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiary is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in a material adverse effect on (i) the results of operations, assets, business or condition (financial or otherwise) of the Company and the Subsidiary, taken as a whole, or (ii) the consummation of the transactions contemplated by the Transaction Agreements or the Prospectus Supplement (each, a "Material Adverse Effect").

(c) Authorization; Enforcement. The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by the Transaction Agreements and otherwise to carry out its obligations thereunder. The execution and delivery of the Transaction Agreements by the Company and the consummation by it of the transactions contemplated thereby have been duly authorized by all necessary action on the part of the Company, its officers, directors and shareholders and no further action is required by the Company, its officers, directors or shareholders in connection therewith other than in connection with the Required Approvals. The Transaction Agreements have been duly executed and delivered by the Company and constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts. The execution, delivery and performance by the Company of the Transaction Agreements, the issuance and sale of the Shares and the consummation by it of the transactions contemplated thereby do not and will not (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals. Except as provided in the Registration Rights Agreement, the Company is not required to obtain any consent, waiver, authorization, approval or order of, give any notice to, or make any filing or registration with, any court or other federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Agreements and the consummation of the transactions contemplated thereby, other than: (i) the filing with the Commission of the Prospectus Supplement, and (ii) application to the NASDAQ Capital Market for the listing of the Shares for trading thereon in the time and manner required thereby (collectively, clauses (i) and (ii), the "Required Approvals").

(f) Issuance of the Shares. The Shares have been duly authorized by the Company and, when issued and delivered against payment therefor as provided herein, will be validly issued, fully paid and nonassessable and free and clear of any Lien and will conform to the description thereof in the Registration Statement and the Prospectus; and the issuance of the Shares is not subject to any preemptive or similar rights that have not been waived.

(g) Registration.

(i) The Company has filed with the Commission a "shelf" registration statement relating to the Common Shares on Form S-3 (Registration No. 333-195588), which has become effective, under the Securities Act. The registration statement, as amended or supplemented as of the date of this Agreement, including the exhibits and information (if any) deemed to be part of the registration statement pursuant to Rule 430B under the Securities Act, is hereinafter referred to as the "Registration Statement." The base prospectus filed as part of the Registration Statement, in the form in which it has most recently been filed with the Commission on or prior to the date of this Agreement, is hereinafter called the "Base Prospectus." The term "Prospectus" means the Base Prospectus and any amendments or further supplements to such prospectus, and including, without limitation, the final prospectus supplement (the "Prospectus Supplement"), to be filed pursuant to and within the limits described in Rule 424(b) with the Commission in connection with the sale of the Shares contemplated by this Agreement through the date of such prospectus supplement. Unless otherwise stated herein, any reference herein to the Registration Statement and the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein, including pursuant to Item 12 of Form S-3 under the Securities Act, which were filed under the Securities Exchange Act on or before the date hereof or are so filed hereafter. Any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement or the Prospectus shall be deemed to refer to and include any such document filed or to be filed under the Exchange Act after the date of the Registration Statement or Prospectus, as the case may be, and deemed to be incorporated therein by reference. No stop order suspending the effectiveness of the Registration Statement has been issued and, to the Company's knowledge, no proceeding for that purpose has been initiated or threatened by the Commission.

(ii) As of the date hereof, the Registration Statement (and any post-effective amendment thereto) and the Prospectus (as amended or as supplemented), complied as to form in all material respects to the requirements of the Securities Act, and did not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein (in the light of the circumstances under which they were made, in the case of the Prospectus) not misleading.

(iii) The Company meets all conditions and requirements for the use of Form S-3 to register the offer and sale of the Shares.

(iv) The sale of the Shares has been duly registered under the Securities Act pursuant to the Registration Statement.

(v) The issued and outstanding shares of capital stock of the Company have been validly issued, are fully paid and nonassessable and are not subject to any preemptive or similar rights that have not been effectively waived. The Company has an authorized, issued and outstanding capitalization as set forth in the Registration Statement and the Prospectus as of the dates referred to therein (other than the grant of additional options under the Company's existing stock option plans, or changes in the number of outstanding Common Shares due to the issuance of shares upon the exercise or conversion of securities exercisable for, or convertible into, Common Shares outstanding on the date hereof, including without limitation issuances of shares under the Company's employee stock purchase plan) and such authorized capital stock conforms to the description thereof set forth in the Registration Statement and the Prospectus. The description of the securities of the Company in the Registration Statement and the Prospectus is complete and accurate in all material respects. Except as disclosed in or contemplated by the Registration Statement or the Prospectus, as of the dates referred to therein, the Company did not have outstanding any options to purchase, or any rights or warrants to subscribe for, or any securities or obligations convertible into, or exchangeable for, or any contracts or commitments to issue or sell, any shares of capital stock or other securities.

(h) SEC Reports; Financial Statements.

(i) The Company has filed all reports, schedules, forms, statements and other documents with the Commission required to be filed by the Company under the Securities Act and the Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, for the two years preceding the date hereof and the Company will file prior to the Closing all forms, reports and documents with the Commission that are required to be filed by it under the Securities Act and the Exchange Act prior to such time (the foregoing materials, including the exhibits thereto and documents incorporated by reference therein, together with the Prospectus and the Prospectus Supplement, being collectively referred to herein as the "SEC Reports") on a timely basis or has received or will receive a valid extension of such time of filing and has filed or will file any such SEC Reports prior to the expiration of any such extension. As of their respective dates, the SEC Reports complied in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and none of the SEC Reports, when filed, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the SEC Reports comply in all material respects with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods specified therein ("GAAP"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiary as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(ii) To the Knowledge of the Company, since January 1, 2012, the Company has (x) devised and maintained a system of internal accounting controls sufficient to

provide reasonable assurances regarding the reliability of financial reporting and preparation of financial statements in accordance with GAAP, and has evaluated such system on a quarterly basis and concluded that it is effective and (y) disclosed to the Company's auditors and the audit committee of the Company's board of directors (i) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting that have been identified and which are reasonably likely to adversely affect the Company's or the Subsidiary's ability to record, process, summarize and report financial information and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the internal controls of the Company. The Company has established and maintains disclosure controls and procedures (as such term is defined in Rule 13a-14 under the Exchange Act); such disclosure controls and procedures are designed to ensure that material information relating to the Company and the Subsidiary required to be included in the Company's periodic reports under the Exchange Act is made known to the Company's principal executive officer and its principal financial officer by others within those entities, and, to the Knowledge of the Company, such disclosure controls and procedures are effective in timely alerting the Company's principal executive officer and its principal financial officer to such material information required to be included in the Company's periodic reports required under the Exchange Act. There are no outstanding loans made by the Company or the Subsidiary to any executive officer (as defined in Rule 3b-7 under the Exchange Act) or director of the Company. Since the enactment of the Sarbanes-Oxley Act of 2002, neither the Company nor the Subsidiary has made any loans to any executive officer (as defined in Rule 3b-7 under the Exchange Act) or director of the Company or the Subsidiary.

(iii) Neither the Company nor the Subsidiary is a party to, or has any commitment to become a party to, (x) any off-balance sheet partnership or any similar contract or arrangement (including any contract or arrangement relating to any transaction or relationship between or among the Company and the Subsidiary, on the one hand, and any unconsolidated Affiliate on the other hand), including any "off-balance sheet arrangement" (as defined in Item 303(a) of Regulation S-K promulgated by the Commission); (y) any hedging, derivatives or similar contract or arrangement, in each case in an amount material to the Company and the Subsidiary, taken as a whole, or (z) any contract or arrangement pursuant to which the Company or the Subsidiary is obligated to make any capital contribution or other investment in or loan to any Person (other than a Subsidiary of the Company).

(i) Material Changes; Undisclosed Events, Liabilities or Developments. Since the date of the latest audited financial statements included within the SEC Reports, except as specifically disclosed in a subsequent SEC Report filed prior to the date hereof, the business of the Company and the Subsidiary has been conducted in the ordinary course of business consistent with past practices and (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice and (B) liabilities not required to be reflected in the Company's financial statements pursuant to GAAP or disclosed in filings made with the Commission, (iii) the Company has not altered its method of accounting, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase

or redeem any shares of its capital stock and (v) the Company has not issued any equity securities to any officer, director or Affiliate, except pursuant to existing Company stock option plans. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Shares contemplated by this Agreement or as set forth in the Prospectus, no event, liability, fact, circumstance, occurrence or development has occurred or exists or is reasonably expected to occur or exist with respect to the Company or the Subsidiary or their respective businesses, properties, operations, assets or financial condition that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least 1 Trading Day prior to the date that this representation is made.

(j) Litigation. There is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action") which (i) adversely affects or challenges the legality, validity or enforceability of the Transaction Agreements or the Shares or (ii) could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect. Neither the Company nor any Subsidiary, nor any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company. The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(k) Compliance. Neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any judgment, decree or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any statute, rule, ordinance or regulation of any governmental authority, including without limitation all foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in the case of clauses (ii) or (iii) as could not have or reasonably be expected to result in a Material Adverse Effect. To the knowledge of the Company, neither the Company or the Subsidiary nor any director, officer, employee, consultant or agent of the Company or the Subsidiary has (i) used any funds for unlawful contributions, gifts, entertainment or other unlawful payments relating to political activity, (ii) made any unlawful payment to any foreign or domestic government official or employee or to any foreign or domestic

political party or campaign or violated any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended, (iii) consummated any transaction, made any payment, entered into any contract or arrangement or taken any other action in violation of Section 1128B(b) of the U.S. Social Security Act, as amended, or (iv) made any other similar unlawful payment under any similar foreign laws.

(l) Regulatory Permits. The Company and the Subsidiary possess all material certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as currently conducted and as described in the SEC Reports ("Material Permits"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(m) Title to Assets. The Company and the Subsidiary have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property (whether tangible or intangible) owned by them that is material to the business of the Company and the Subsidiary, in each case free and clear of all Liens, except for (i) Permitted Liens, (ii) Liens that do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiary and (iii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made in accordance with GAAP and, the payment of which is neither delinquent nor subject to penalties. Other than Permitted Liens, any real property and facilities held under lease by the Company and the Subsidiary are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiary are in compliance.

(n) Intellectual Property. The Company and the Subsidiary have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights necessary or required for use in connection with their respective businesses as described in the SEC Reports except for such failure to so have that could have a Material Adverse Effect (collectively, the "Intellectual Property Rights"). All such Intellectual Property Rights are enforceable and to the knowledge of the Company there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and the Subsidiary have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Since December 31, 2013, neither the Company nor the Subsidiary (i) has received any written claim or notice alleging any such infringement, violation or misappropriation, or (ii) has been or is subject to any settlement, order, decree, injunction, or stipulation imposed by any governmental authority that may affect the use, validity or enforceability of Intellectual Property Rights.

(o) Insurance. The Company and the Subsidiary are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which the Company and the Subsidiary

are engaged and which the Company believes is adequate for the operation of its business, including, but not limited to, directors and officers insurance coverage at least equal to the aggregate Subscription Amount. All such insurance policies are in full force and effect, no notice of cancellation has been received, and there is no existing default or event which, with the giving of notice or lapse of time or both, would constitute a default, by any insured thereunder, except for such defaults that would not, individually or in the aggregate, have a Material Adverse Effect. To the knowledge of the Company, there is no material claim pending under any of such policies as to which coverage has been denied or disputed by the underwriters of such policies and there has been no threatened termination of any such policies. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(p) Certain Fees. Except as set forth in the Prospectus Supplement, no brokerage or finder's fees or commissions are or will be payable by the Company or any Subsidiary to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by this Agreement. The Purchaser shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by this Agreement.

(q) Investment Company. The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(r) Listing and Maintenance Requirements. The Common Shares are registered pursuant to Section 12(b) of the Exchange Act and are listed on the NASDAQ Capital Market, and the Company has taken no action designed to, or which to its knowledge is likely to have the effect of, terminating the registration of the Common Shares under the Exchange Act or delisting the Common Shares from the NASDAQ Capital Market, nor has the Company received any notification that the Commission or the NASDAQ Capital Market is contemplating terminating such registration or listing. The Company has not, in the 12 months preceding the date hereof, received notice from the NASDAQ Capital Market on which the Common Shares are or have been listed to the effect that the Company is not in compliance with the listing or maintenance requirements of the NASDAQ Capital Market. The Company is, and has no reason to believe that it will not in the foreseeable future continue to be, in compliance with all such listing and maintenance requirements.

(s) Tax Status. The Company and the Subsidiary each (i) has made or filed all material United States federal, state and local income and all foreign income and franchise tax returns, reports and declarations required by any jurisdiction to which it is

subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company or of any Subsidiary know of no basis for any such claim.

(t) Regulation M Compliance. The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or, paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company.

(u) U.S. Real Property Holding Corporation . The Company is not and has never been a U.S. real property holding corporation within the meaning of Section 897 of the Internal Revenue Code of 1986, as amended, and the Company shall so certify upon Purchaser's request.

(v) Minnesota Business Combination Statute . The execution, delivery and performance by the Company of the Transaction Agreements, the issuance and sale of the Shares and the consummation by the Company of the transactions contemplated thereby have been approved by a committee of the Board comprised solely of one or more disinterested directors and formed and acting in accordance with Section 302A.673 of the Minnesota Business Combination Statute, such that Purchaser will not be deemed an interested shareholder following the issuance and sale of the Shares, and there is no other applicable business combination statute or similar statute under the Minnesota statutes that would be implicated by the Transaction Agreements and the transactions contemplated thereby.

3.2 Representations and Warranties of the Purchaser . The Purchaser hereby represents and warrants as of the date hereof and as of the Closing Date (unless as of a specific date therein) to the Company as follows:

(a) Organization; Authority. The Purchaser is an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation with full corporate power and authority to enter into and to consummate the transactions contemplated by the Transaction Agreements and otherwise to carry out its obligations thereunder. The execution and delivery of the Transaction Agreements and performance by the Purchaser of the transactions contemplated by the Transaction Agreements have been duly authorized by all necessary corporate action on the part of the Purchaser. The Transaction Agreements have been duly executed and delivered by the Purchaser and constitute the valid and legally binding obligations of the Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws

of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Understandings or Arrangements. The Purchaser is acquiring the Shares as principal for its own account and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of the Shares (this representation and warranty not limiting the Purchaser's right to sell the Shares pursuant to the Registration Statement or otherwise in compliance with applicable federal and state securities laws).

(c) Certain Transactions and Confidentiality. Other than consummating the transactions contemplated hereunder, the Purchaser has not, nor has any Person acting on behalf of or pursuant to any understanding with the Purchaser, directly or indirectly executed any purchases or sales, including Short Sales, of the securities of the Company during the period commencing as of July 23, 2015.

(d) No Legal Advice from the Company. The Purchaser acknowledges that it had the opportunity to review the Transaction Agreements and the transactions contemplated by the Transaction Agreements with its own legal counsel and investment and tax advisors. The Purchaser is relying solely on such counsel and advisors and not on any statements or representations of the Company, except as specifically set forth in the Transaction Agreements, or any of its representatives or agents for legal, tax or investment advice with respect to this investment, the transactions contemplated by the Transaction Agreements or the securities laws of any jurisdiction.

(e) No Trading while in Possession of Material Non-Public Information. The Purchaser acknowledges and agrees that it is in possession of material non-public information of the Company and shall not trade any Common Shares until the earlier of (A) November 23, 2015, and (B) the date on which the Company has filed with the SEC (i) its Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2015, and (ii) its Current Report on Form 8-K regarding the transactions contemplated by this Agreement (collectively, the "Non-Public Information").

ARTICLE IV.
OTHER AGREEMENTS OF THE PARTIES

4.1 Furnishing of Information; Public Information. Until the time the Purchaser owns no Shares, the Company covenants to maintain the registration of the Common Shares under Section 12(b) or 12(g) of the Exchange Act and to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act.

4.2 Indemnification of the Purchaser.

(a) Indemnification by Company. Subject to the provisions of this Section 4.2, the Company will indemnify and hold the Purchaser and its directors, officers,

stockholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls the Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, stockholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Purchaser Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement, (b) any action instituted against the Purchaser Parties in any capacity, or any of them or their respective Affiliates, by any shareholder of the Company who is not an Affiliate of such Purchaser Party (including any derivative action brought by any shareholder on behalf of the Company), with respect to the transactions contemplated by this Agreement (unless such action is based upon a breach of such Purchaser Party's representations, warranties or covenants under this Agreement or any agreements or understandings such Purchaser Party may have with any such shareholder or any violations by such Purchaser Party of state or federal securities laws or any conduct by such Purchaser Party which constitutes fraud, gross negligence, willful misconduct or malfeasance), (c) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment or part thereof), or the Prospectus, (d) any omission or alleged omission to state a material fact required to be stated in such Registration Statement or the Prospectus, or necessary to make the statements made therein not misleading. If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, such Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party. Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel (not to exceed 90 days) or (iii) in such action there is a conflict or potential conflict on any material issue between the position of the Company and the position of such Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel and local counsel and shall pay such fees and expenses as incurred. The Company will not be liable to any Purchaser Party under this Agreement (y) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; provided, however, that if at any time a Purchaser Party shall have requested the Company to reimburse such Purchaser Party for fees and expenses of counsel as contemplated by this Section 4.2, the Company agrees that its shall be liable for any settlement of any proceeding effected without their written consent if (i) such settlement is entered into more than 30 days after receipt by such Purchaser Party of the aforesaid

request, (ii) the Company shall have received notice of the terms of such settlement at least 10 days prior to such settlement being entered into, and (iii) the Company shall not have reimbursed the Purchaser Party in accordance with such request; or (z) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of any of the representations, warranties, covenants or agreements made by such Purchaser Party in this Agreement. The Company shall not, without the prior written consent of the Purchaser, not to be unreasonably withheld, effect any settlement, compromise or consent to the entry of judgment in any pending or threatened action, suit or proceeding in respect of which any Purchaser Party is or could have been a party and indemnity was or could have been sought hereunder by such Purchaser Party, unless such settlement, compromise or consent (i) includes an unconditional release of such Purchaser Party from all liability on claims that are the subject matter of such action, suit or proceeding and (ii) does not include any statements as to or any findings of fault, culpability or failure to act by or on behalf of any Purchaser Party. The indemnification required by this Section 4.2 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or are incurred. The indemnity agreements contained herein shall be in addition to any cause of action or similar right of any Purchaser Party against the Company or others and any liabilities the Company may be subject to pursuant to law.

(b) Company as Indemnitor of First Resort. The Company hereby acknowledges that a Purchaser Party may have certain rights to indemnification, advancement of expenses or insurance, provided by Purchaser and certain of its affiliates (other than the Company and its subsidiaries, collectively, the "Fund Indemnitors"). In the event that any Purchaser Party is, or is threatened to be made, a party to or a participant in any proceeding, to the extent resulting from any claim based on a Purchaser Party's service to the Company as a director or other fiduciary of the Company, then the Company shall (i) be an indemnitor of first resort (i.e., its obligations to such Purchaser Party are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by such Purchaser Party are secondary), (ii) be required to advance reasonable expenses incurred by such Purchaser Party, and (iii) be liable for the full amount of all expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement, Section 302A.521 subdivisions 2 and 3 of the Minnesota Statutes, and any provision of the Company's bylaws or Certificate of Incorporation, as amended (or any other agreement between the Company and Purchaser), without regard to any rights such Purchaser Party may have against the Fund Indemnitors. The Company irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. No advancement or payment by the Fund Indemnitors on behalf of a Purchaser Party with respect to any claim for which such Purchaser Party has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution or be subrogated to the extent of such advancement or payment to all of the rights of recovery of such Purchaser Party against the Company. The Fund Indemnitors are third party beneficiaries of the terms of this Section 4.2 (b).

(c) Amendment to Indemnification. For so long as a Purchaser Designee is serving on the Board, the Company shall not amend any provision relating to indemnification in its bylaws or Articles of Incorporation, as amended, without the written consent of Purchaser.

4.3 Reservation of Common Shares. As of the date hereof, the Company has reserved, free of preemptive rights, a sufficient number of Common Shares for the purpose of enabling the Company to issue the Shares pursuant to this Agreement.

4.4 Listing of Common Shares. The Company hereby agrees to apply to list the Shares on the NASDAQ Capital Market and promptly secure the listing of the Shares on the NASDAQ Capital Market.

4.5 Disclosure of Non-Public Information. The Company hereby covenants and agrees with the Purchaser that the Company will file with or furnish to the Commission a Form 8-K, Form 10-Q or widely disseminate a press release disclosing in full all of the Non-Public Information by no later than 5:30 p.m. (Eastern) on November 14, 2015.

4.6 Board Designee.

(a) Purchaser Designee. Effective immediately after the Closing, and, in the case of any Purchaser Designee other than the Initial Purchaser Designee (as defined below), for so long as Purchaser (and its Affiliates) beneficially owns at least thirty three percent (33%) of the Shares issued to Purchaser at the closing, Purchaser shall have the right to designate, and the Company shall nominate and recommend in the Company's proxy statement for each annual meeting of Shareholders (the "Annual Meeting"), one individual designated by the Purchaser and approved by the Company, such approval not to be unreasonably withheld (the "Purchaser Designee"), who shall serve on the Board until the Company's next succeeding Annual Meeting. Immediately following the Closing, the Company shall appoint the Purchaser Designee to the Board with a term expiring at the Company's next Annual Meeting. The initial Purchaser Designee shall be Guido Neels (the "Initial Purchaser Designee"). If there is a vacancy on the Board as a result of (1) the resignation, death or removal of the Purchaser Designee, or (2) the Purchaser Designee's failure to obtain the requisite approval of the Company's shareholders necessary for election at any annual or special meeting of the Company's shareholders, and where no other individual is elected to fill such vacancy, Purchaser shall have the right to designate another Purchaser Designee to fill such vacancy, and the Company shall take all actions necessary to appoint such individual to the Board. The Company shall have taken all actions necessary at or prior to the Closing to ensure there is a vacancy on the Board as of the Closing to permit the appointment of the Purchaser Designee to the Board as of the Closing. The Company covenants and agrees to take no action that is inconsistent with the objective of having Purchaser Designee serve on the Board pursuant to this Section 4.6(a).

(b) Limitation on Removal. Purchaser Designee shall notify the Company if such Purchaser Designee becomes or expects to become an officer or director of any company not listed on Exhibit B attached hereto. A Purchaser Designee director may not

be subject to removal from the Board pursuant to Article 3.10(b) of the Company's bylaws unless the Board objects to Purchaser Designee becoming an officer or director of a company within 10 business days of being notified thereof pursuant to the prior sentence because the Board has bona fide reason to believe such company engages in activity that is competitive with any business of the Company , in which case such Purchaser director shall remain subject to removal from the Board; provided, however, that Purchaser Designee shall not be subject to removal pursuant to this Section 4.6(b) for Purchaser Designee's service as an officer or director of any company listed in Exhibit B attached hereto .

(c) Waiver of Corporate Opportunities . In recognition that the Purchaser and Purchaser Designee currently have and will in the future have, or will consider, investments in numerous companies with respect to which Purchaser, Purchaser Designee or another Purchaser Party may serve as an advisor, a director or in some other capacity, and in recognition that Purchaser, Purchaser Designee and other Purchaser Parties have myriad duties to various investors and partners, and in anticipation that the Company and its subsidiaries, on the one hand, and the Purchaser, Purchaser Designee and any other Purchaser Party, on the other hand, may engage in the same or similar activities or lines of business and have an interest in the same areas of corporate opportunities, and in recognition of the benefits to be derived by the Company hereunder and in recognition of the difficulties which may confront any advisor who desires and endeavors fully to satisfy such advisor's duties in determining the full scope of such duties in any particular situation, the provisions of this Section 4.6(c) are set forth to regulate, define and guide the conduct of certain affairs of the Company as they may involve the Purchaser, Purchaser Designee or Purchaser Party, and, except as the Purchaser and Purchaser Designee may otherwise agree in writing after the date hereof:

(i) the Purchaser, Purchaser Designee and any Purchaser Party will have the right: (A) to directly or indirectly engage in any business (including, without limitation, any business activities or lines of business that are the same as or similar to those pursued by, or competitive with, the Company and its subsidiaries), (B) to directly or indirectly do business with any client or customer of the Company and its subsidiaries, (C) to take any other action that the Purchaser, Purchaser Designee or Purchaser Party believes in good faith is necessary to or appropriate to fulfill its obligations as described in the first sentence of this Section 4.6(c) to third parties and (D) not to communicate or present potential transactions, matters or business opportunities to the Company or any of its subsidiaries, and to pursue, directly or indirectly, any such opportunity for itself, and to direct any such opportunity to another person or entity;

(ii) the Purchaser, Purchaser Designee and any Purchaser Party will have no duty (contractual or otherwise) to communicate or present any corporate opportunities to the Company or any of its Affiliates or to refrain from any actions specified in the preceding paragraph, and the Company, on its own behalf and on behalf of its Affiliates, hereby renounces and waives any right to require the Purchaser, Purchaser Designee or any Purchaser Party to act in a manner inconsistent with the provisions of this Section 4.6(c);

(iii) none of the Purchaser, Purchaser Designee or any Purchaser Party will be liable to the Company or any of its Affiliates for breach of any duty (contractual or

otherwise) by reason of any activities or omissions of the types referred to in this Section 4.6(c) or of any such person's or entity's participation therein; and

(iv) there is no restriction on Purchaser, Purchaser Designee or any Purchaser Party using such knowledge and understanding in making investment, voting, monitoring, governance or other decisions relating to other entities or securities.

(d) Benefits. During the period that a Purchaser Designee is a director of the Board, such director shall be entitled to the same benefits, including benefits under any director and officer indemnification or insurance policy maintained by the Company, as any other director of the Board.

(e) Initial Purchaser Designee. Effective immediately after the Closing, Purchaser shall designate Guido Neels as the I nitial Purchaser Designee.

ARTICLE V.
MISCELLANEOUS

5.1 Termination. This Agreement may be terminated by the Purchaser by written notice to the Company, if the Closing has not been consummated on or before September 1, 2015. In the event of termination of this Agreement pursuant to this Section 5.1, the Agreement shall forthwith become void and there shall be no liability on the part of either party; provided, however, that nothing herein shall relieve either party from liability for (i) any breach of this Agreement or any agreement made as of the date hereof or subsequent thereto pursuant to this Agreement or (ii) any willful breach of, or fraud in connection with this Agreement.

5.2 Fees and Expenses. Each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of the Transaction Agreements; provided, however, that the Company shall reimburse Purchaser for up to $150,000.00 of such fees and expenses incurred by Purchaser and any fees and expenses provided for under the Registration Rights Agreement. The Company shall pay all Transfer Agent fees (including, without limitation, any fees required for same-day processing of any instruction letter delivered by the Company and any exercise notice delivered by the Purchaser), stamp taxes and other taxes and duties levied in connection with the delivery of the Shares to the Purchaser.

5.3 Entire Agreement. The Transaction Agreements, the Prospectus and the Prospectus Supplement, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents.

5.4 Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Business Day, (b) the next Business Day after the date of

transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a Business Day or later than 5:30 p.m. (New York City time) on any Business Day, (c) the next Business Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.5 Amendments; Waivers. No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed by the Company and the Purchaser. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.6 Headings. The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Purchaser (other than by merger). The Purchaser may assign any or all of its rights under the Transaction Agreements to any Person to whom the Purchaser assigns or transfers any Shares.

5.8 No Third-Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.2.

5.9 Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective affiliates, directors, officers, stockholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing

contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action, suit or proceeding to enforce any provisions of this Agreement, then, in addition to the obligations of the Company under Section 4.2, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

5.10 Survival. The representations and warranties contained herein shall survive the Closing and the delivery of the Shares.

5.11 Execution. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5.12 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.13 Replacement of Shares. If any certificate or instrument evidencing any Shares is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.14 Remedies. In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, the Purchaser will be entitled to specific performance under this Agreement. The parties agree that monetary damages may not be adequate compensation for any loss incurred by the Purchaser by reason of any breach of obligations contained in this Agreement and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.15 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.16 Construction. The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise this Agreement and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments thereto. In addition, each and every reference to share prices and Common Shares in this Agreement shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Shares that occur after the date of this Agreement.

5.17 **WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.**

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

AXOGEN, INC.

By:/s/ Greg Freitag
Name: Greg Freitag
Title: Chief Financial Officer, General Counsel &
VP Business Development

Address for Notice:

AxoGen, Inc.
13631 Progress Blvd., Suite 400
Alachua, Florida 32615

Attention: General Counsel

Telephone: (386) 462-6800
Facsimile: (386) 462-6801
Email: gfreitag@axogeninc.com

With a copy to (which shall not constitute notice):

DLA Piper LLP (US)
One Liberty Place
1650 Market Street, Suite 4900
Philadelphia, Pennsylvania 19103-7300

Attention: Fahd M.T. Riaz, Esq.
Telephone: 215.656.3316
Facsimile: 215.606.2069
Email: Fahd.Riaz@dlapiper.com

[Signature Page of AxoGen, Inc. to Securities Purchase Agreement]

ESSEX WOODLANDS FUND IX, L.P.

By: Essex Woodlands Fund IX-GP, L.P., its General Partner

By: Essex Woodlands IX, LLC, its General Partner

By: /s/ R. Scott Barry
Name: R. Scott Barry
Title: Manager

Address for Notice:

Essex Woodlands Fund IX, L.P.

21 Waterway Avenue, Suite 225
The Woodlands, TX 77380

Attn: Richard Kolodziejcyk, Chief Financial Officer
rkolodziejcyk@ewhv.com
Office: (281) 364-8338
Fax: (281) 364-9755

With a copy to (which shall not constitute notice):

Ropes & Gray LLP
Three Embarcadero Center
San Francisco, CA 94111
Attention: Thomas Holden
thomas.holden@ropesgray.com
Office: (415) 315-2355
Fax: (415) 315-4823

[Signature Page of Essex Woodlands Fund IX, L.P. to Securities Purchase Agreement]

EXHIBIT A

FORM OF REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT

BY AND AMONG

AXOGEN, INC.

AND

Essex Woodlands Fund IX, L.P.

Dated as of August 26, 2015

TABLE OF CONTENTS

This REGISTRATION RIGHTS AGREEMENT (as it may be amended from time to time in accordance with the terms hereof, the "Agreement"), dated as of August 26, 2015, is made by and among:

i. AxoGen, Inc., a Minnesota corporation (the "Company"); and

ii. Essex Woodlands Fund IX, L.P., a Delaware limited partnership (together with its Permitted Transferees that become party hereto, the "Purchaser").

RECITALS

WHEREAS, on or about the date hereof, the Company is entering into a Securities Purchase Agreement by and between the Company and the Purchaser (the "Purchase Agreement"); and

WHEREAS, the parties believe that it is in the best interests of the Company and the other parties hereto to set forth their agreements regarding registration rights.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

EFFECTIVENESS

Section 1.1. Effectiveness. This Agreement shall become effective upon the Closing Date, as defined in the Purchase Agreement.

ARTICLE II

DEFINITIONS

Section 2.1. Definitions. As used in this Agreement, the following terms shall have the following meanings:

"Adverse Disclosure" means public disclosure of material non-public information that, in the good faith judgment of the board of directors of the Company: (i) would be required to be made in any Registration Statement filed with the SEC by the Company so that such Registration Statement, from and after its effective date, does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (ii) would not be required to be made at such time but for the

filing, effectiveness or continued use of such Registration Statement; and (iii) the Company has a bona fide business purpose for not disclosing publicly.

"Affiliate" means, with respect to any specified Person, (a) any Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person or (b) in the event that the specified Person is a natural Person, a Member of the Immediate Family of such Person; provided that the Company and each of its subsidiaries shall be deemed not to be Affiliates of Purchaser. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" shall have the meaning set forth in the preamble.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of New York.

"Common Stock" means the common stock of the Company, par value $0.01 per share.

"Demand Registration" shall have the meaning set forth in Section 3.1.1(a).

"Demand Registration Request" shall have the meaning set forth in Section 3.1.1(a).

"Demand Registration Statement" shall have the meaning set forth in Section 3.1.1(c).

"Demand Suspension" shall have the meaning set forth in Section 3.1.6.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

"FINRA" means the Financial Industry Regulatory Authority.

"Issuer Free Writing Prospectus" means an issuer free writing prospectus, as defined in Rule 433 under the Securities Act, relating to an offer of the Registrable Securities.

"Loss" shall have the meaning set forth in Section 3.9.1.

"Member of the Immediate Family" means, with respect to any Person who is an individual, (a) each parent, spouse (but not including a former spouse or a spouse from whom such Person is legally separated) or child (including those adopted) of such individual and (b) each trustee, solely in his or her capacity as trustee, for a trust naming only one or more of the Persons listed in sub-clause (a) as beneficiaries.

"Permitted Transferee" means any Affiliate of Purchaser.

"Person" means any individual, partnership, corporation, company, association, trust, joint venture, limited liability company, unincorporated organization, entity or division, or any government, governmental department or agency or political subdivision thereof.

"Piggyback Notice" shall have the meaning set forth in Section 3.3.1.

"Piggyback Registration" shall have the meaning set forth in Section 3.3.1.

"Potential Takedown Participant" shall have the meaning set forth in Section 3.2.5(b).

"Prospectus" means (i) the prospectus included in any Registration Statement, all amendments and supplements to such prospectus, including post-effective amendments and supplements, and all other material incorporated by reference in such prospectus, and (ii) any Issuer Free Writing Prospectus.

"Public Offering" means the offer and sale of Registrable Securities for cash pursuant to an effective Registration Statement under the Securities Act (other than a Registration Statement on Form S-4 or Form S-8 or any successor form).

"Purchase Agreement" shall have the meaning ascribed to such term in the preamble.

"Registrable Securities" means (i) all shares of Common Stock that are not then subject to forfeiture to the Company, (ii) all shares of Common Stock issuable upon exercise, conversion or exchange of any option, warrant or convertible security not then subject to vesting or forfeiture to the Company and (iii) all shares of Common Stock directly or indirectly issued or then issuable with respect to the securities referred to in clauses (i) or (ii) above by way of a stock dividend or stock split, or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (w) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such Registration Statement, (x) such securities shall have been Transferred pursuant to Rule 144, (y) such holder is able to immediately sell such securities under Rule 144 without any restrictions on transfer (including without application of paragraphs (c), (d), (e), (f) and (h) of Rule 144), as reasonably determined by Purchaser, or (z) such securities shall have ceased to be outstanding.

"Registration" means registration under the Securities Act of the offer and sale to the public of any Registrable Securities under a Registration Statement. The terms "register", "registered" and "registering" shall have correlative meanings.

"Registration Expenses" shall have the meaning set forth in Section 3.8.

"Registration Statement" means any registration statement of the Company filed with, or to be filed with, the SEC under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement other

than a registration statement (and related Prospectus) filed on Form S-4 or Form S-8 or any successor form thereto.

"Representatives" means, with respect to any Person, any of such Person's officers, directors, employees, agents, attorneys, accountants, actuaries, consultants, equity financing partners or financial advisors or other Person associated with, or acting on behalf of, such Person.

"Rule 144" means Rule 144 under the Securities Act (or any successor rule).

"SEC" means the Securities and Exchange Commission or any successor agency having jurisdiction under the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, and any successor thereto, and any rules and regulations promulgated thereunder, all as the same shall be in effect from time to time.

"Selling Stockholder Information" shall have the meaning set forth in Section 3.9.1.

"Shelf Period" shall have the meaning set forth in Section 3.2.3.

"Shelf Registration" shall have the meaning set forth in Section 3.2.1(a).

"Shelf Registration Request" shall have the meaning set forth in Section 3.2.1(a).

"Shelf Registration Statement" shall have the meaning set forth in Section 3.2.1(a).

"Shelf Suspension" shall have the meaning set forth in Section 3.2.4.

"Shelf Takedown Request" shall have the meaning set forth in Section 3.2.5(a).

"Transfer" means, with respect to any Registrable Security, any interest therein, or any other securities or equity interests relating thereto, a direct or indirect transfer, sale, exchange, assignment, pledge, hypothecation or other encumbrance or other disposition thereof, including the grant of an option or other right, whether directly or indirectly, whether voluntarily, involuntarily, by operation of law, pursuant to judicial process or otherwise. "Transferred" shall have a correlative meaning.

"Underwritten Public Offering" means an underwritten Public Offering, including any bought deal or block sale to a financial institution conducted as an underwritten Public Offering.

"Underwritten Shelf Takedown" means an Underwritten Public Offering pursuant to an effective Shelf Registration Statement.

"UFRF Agreement" shall have the meaning set forth in Section 3.7.

"WKSI" means any Securities Act registrant that is a well-known seasoned issuer as defined in Rule 405 under the Securities Act at the most recent eligibility determination date specified in paragraph (2) of that definition.

Section 2.2. Other Interpretive Provisions. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

The words "hereof", "herein", "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and any subsection and section references are to this Agreement unless otherwise specified.

The term "including" is not limiting and means "including without limitation."

The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

Whenever the context requires, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms.

ARTICLE III

REGISTRATION RIGHTS

The Company will perform and comply, and cause each of its subsidiaries to perform and comply, with such of the following provisions as are applicable to it. Purchaser will perform and comply with such of the following provisions as are applicable to Purchaser.

Section 3.1. Demand Registration.

Section 3.1.1. Request for Demand Registration.

(a) At any time six (6) months after the date of this Agreement, Purchaser shall have the right to make a written request from time to time (a "Demand Registration Request") to the Company for Registration of all or part of the Registrable Securities held by Purchaser. Any such Registration pursuant to a Demand Registration Request shall hereinafter be referred to as a " Demand Registration".

(b) Each Demand Registration Request shall specify (x) the kind and aggregate amount of Registrable Securities to be registered, provided that the anticipated net proceeds from the Registrable Securities to be registered must be at least $4,375,000, and (y) the intended method or

methods of disposition thereof.

(c) Upon receipt of a Demand Registration Request, the Company shall as promptly as practicable file a Registration Statement (a "Demand Registration Statement") relating to such Demand Registration, and use its reasonable best efforts to cause such Demand Registration Statement to be promptly declared effective under the Securities Act.

Section 3.1.2. Limitation on Demand Registrations. The Company shall not be obligated to take any action to effect any Demand Registration if a Demand Registration was declared effective or an Underwritten Shelf Takedown requested by Purchaser was consummated within the preceding ninety (90) days.

Section 3.1.3. Demand Withdrawal. Purchaser may withdraw all or any portion of its Registrable Securities included in a Demand Registration from such Demand Registration at any time prior to the effectiveness of the applicable Demand Registration Statement. Upon receipt of a notice to such effect from Purchaser with respect to all of its Registrable Securities included in such Demand Registration, the Company shall cease all efforts to secure effectiveness of the applicable Demand Registration Statement.

Section 3.1.4. Effective Registration. The Company shall use reasonable best efforts to cause the Demand Registration Statement to become effective and remain effective for not less than one hundred eighty (180) days (or such shorter period as will terminate when all Registrable Securities covered by such Demand Registration Statement have been sold or withdrawn), or, if such Demand Registration Statement relates to an Underwritten Public Offering, such longer period as in the opinion of counsel for the underwriter or underwriters a Prospectus is required by law to be delivered in connection with sales of Registrable Securities by an underwriter or dealer.

Section 3.1.5. Delay in Filing; Suspension of Registration. If the filing, initial effectiveness or continued use of a Demand Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to Purchaser, delay the filing or initial effectiveness of, or suspend use of, the Demand Registration Statement (a "Demand Suspension"); provided, however, that the Company shall not be permitted to exercise a Demand Suspension more than once during any twelve (12)-month period for a period not to exceed sixty (60) days. In the case of a Demand Suspension, Purchaser agrees to suspend use of the applicable Prospectus in connection with any sale or purchase, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately notify Purchaser in writing upon the termination of any Demand Suspension, amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission and furnish to Purchaser such numbers of copies of the Prospectus as so amended or supplemented as Purchaser may reasonably request. The Company shall, if necessary, supplement or amend the Demand Registration Statement, if required by the registration form used by the Company for the Demand Registration or by the instructions applicable to such registration form or by the

Securities Act or the rules or regulations promulgated thereunder or as may reasonably be requested by the Purchaser.

Section 3.2. Shelf Registration.

Section 3.2.1. Request for Shelf Registration.

(a) At any time six (6) months after the date of this Agreement, upon the written request of Purchaser from time to time (a "Shelf Registration Request"), the Company shall promptly file with the SEC a shelf Registration Statement pursuant to Rule 415 under the Securities Act ("Shelf Registration Statement") relating to the offer and sale of Registrable Securities by Purchaser from time to time in accordance with the methods of distribution elected by Purchaser, and the Company shall use its reasonable best efforts to cause such Shelf Registration Statement to promptly become effective under the Securities Act. Any such Registration pursuant to a Shelf Registration Request shall hereinafter be referred to as a "Shelf Registration."

(b) If on the date of the Shelf Registration Request the Company is a WKSI, then the Shelf Registration Request may request Registration of an unspecified amount of Registrable Securities to be sold by unspecified holders. If on the date of the Shelf Registration Request the Company is not a WKSI, then the Shelf Registration Request shall specify the aggregate amount of Registrable Securities to be registered. The Company shall provide to Purchaser the information necessary to determine the Company's status as a WKSI upon request.

Section 3.2.2. Continued Effectiveness. The Company shall use its reasonable best efforts to keep such Shelf Registration Statement continuously effective under the Securities Act in order to permit the Prospectus forming part of the Shelf Registration Statement to be usable by Purchaser until the earlier of: (i) the date as of which all Registrable Securities have been sold pursuant to the Shelf Registration Statement or another Registration Statement filed under the Securities Act (but in no event prior to the applicable period referred to in Section 4(a)(3) of the Securities Act and Rule 174 thereunder); and (ii) the date as of which Purchaser no longer holds Registrable Securities (such period of effectiveness, the "Shelf Period"). Subject to Section 3.2.4, the Company shall be deemed not to have used its reasonable best efforts to keep the Shelf Registration Statement effective during the Shelf Period if the Company voluntarily takes any action or omits to take any action that would result in Purchaser not being able to offer and sell any Registrable Securities pursuant to such Shelf Registration Statement during the Shelf Period, unless such action or omission is required by applicable law.

Section 3.2.3. Suspension of Registration. If the continued use of such Shelf Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to

Purchaser, suspend use of the Shelf Registration Statement (a "Shelf Suspension"); provided, however, that the Company shall not be permitted to exercise a Shelf Suspension more than one time during any twelve (12)-month period for a period not to exceed sixty (60) days. In the case of a Shelf Suspension, Purchaser agrees to suspend use of the applicable Prospectus in connection with any sale or purchase of, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately notify Purchaser in writing upon the termination of any Shelf Suspension, amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission and furnish to Purchaser such numbers of copies of the Prospectus as so amended or supplemented as Purchaser may reasonably request. The Company shall, if necessary, supplement or amend the Shelf Registration Statement, if required by the registration form used by the Company for the Shelf Registration Statement or by the instructions applicable to such registration form or by the Securities Act or the rules or regulations promulgated thereunder or as may reasonably be requested by Purchaser.

Section 3.2.4. Shelf Takedown.

(a) At any time the Company has an effective Shelf Registration Statement with respect to Purchaser's Registrable Securities, by notice to the Company specifying the intended method or methods of disposition thereof, Purchaser may make a written request (a "Shelf Takedown Request") to the Company to effect a Public Offering, including an Underwritten Shelf Takedown, of all or a portion of such Purchaser's Registrable Securities that may be registered under such Shelf Registration Statement, and as soon as practicable the Company shall amend or supplement the Shelf Registration Statement as necessary for such purpose.

(b) All determinations as to whether to complete any Underwritten Shelf Takedown and as to the timing, manner, price and other terms of any Underwritten Shelf Takedown contemplated by this Section 3.2.5 shall be determined by the Purchaser.

(c) The Company shall not be obligated to take any action to effect any Underwritten Shelf Takedown if (x) the anticipated net proceeds from the Registrable Securities to be sold are not at least $4,375,000, or (y) a Demand Registration was declared effective or an Underwritten Shelf Takedown requested by Purchaser was consummated within the preceding ninety (90) days.

Section 3.3. Piggyback Registration.

Section 3.3.1. Participation. If the Company at any time proposes to file a Registration Statement under the Securities Act or to conduct a Public Offering with respect to any offering of its equity securities for its own account or for the account of

any other Persons (other than (i) a Registration under Sections 3.1 or 3.2, (ii) a Registration on Form S-4 or Form S-8 or any successor form to such forms or (iii) a Registration of securities solely relating to an offering and sale to employees or directors of the Company or its subsidiaries pursuant to any employee stock plan or other employee benefit plan arrangement), then, as soon as practicable (but in no event less than ten (10) Business Days prior to the proposed date of filing of such Registration Statement or, in the case of a Public Offering under a Shelf Registration Statement, the anticipated pricing or trade date), the Company shall give written notice (a "Piggyback Notice") of such proposed filing or Public Offering to Purchaser, and such Piggyback Notice shall offer Purchaser the opportunity to register under such Registration Statement, or to sell in such Public Offering, such number of Registrable Securities as Purchaser may request in writing (a "Piggyback Registration"). Subject to Section 3.3.2, the Company shall include in such Registration Statement or in such Public Offering as applicable, all such Registrable Securities that are requested to be included therein within seven (7) Business Days after the receipt from Purchaser of any such notice; provided, however, that if at any time after giving written notice of its intention to register or sell any securities and prior to the effective date of the Registration Statement filed in connection with such Registration, or the pricing or trade date of a Public Offering under a Shelf Registration Statement, the Company determines for any reason not to register or sell or to delay the Registration or sale of such securities, the Company shall give written notice of such determination to Purchaser and, thereupon, (i) in the case of a determination not to register or sell, shall be relieved of its obligation to register or sell any Registrable Securities in connection with such Registration or Public Offering (but not from its obligation to pay the Registration Expenses in connection therewith), without prejudice, however, to the rights of Purchaser to request that such Registration or sale be effected as a Demand Registration under Section 3.1 or an Underwritten Shelf Takedown under Section 3.2, as the case may be, and (ii) in the case of a determination to delay Registration or sale, in the absence of a request for a Demand Registration or an Underwritten Shelf Takedown, as the case may be, shall be permitted to delay registering or selling any Registrable Securities, for the same period as the delay in registering or selling such other securities. Purchaser shall have the right to withdraw all or part of its request for inclusion of its Registrable Securities in a Piggyback Registration by giving written notice to the Company of its request to withdraw.

Section 3.3.2. Priority of Piggyback Registration. If the managing underwriter or underwriters of any proposed offering of Registrable Securities included in a Piggyback Registration informs the Company and Purchaser in writing that, in its or their opinion, the number of securities that Purchaser and any other Persons intend to include in such offering exceeds the number that can be sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Registration shall be (i) first, one hundred percent (100%) of the securities that the Company proposes to sell, and (ii) second, and only if all the securities referred to in clause (i) have been included, the number of Purchaser's Registrable Securities that, in the opinion of such managing underwriter or underwriters, can be sold without having such adverse effect and (iii) third, and only if all of the Registrable Securities referred to

in clause (ii) have been included in such Registration, any other securities eligible for inclusion in such Registration.

Section 3.3.3. No Effect on Other Registrations. No Registration of Registrable Securities effected pursuant to a request under this Section 3.3 shall be deemed to have been effected pursuant to Sections 3.1 and 3.2 or shall relieve the Company of its obligations under Sections 3.1 and 3.2.

Section 3.4. Lock-Up Agreements. In connection with each Registration or sale of Registrable Securities pursuant to Section 3.1, 3.2 or 3.3 conducted as an Underwritten Public Offering, the Company agrees to cause its directors and executive officers, if requested, to become bound by and to execute and deliver a lock-up agreement with the underwriter(s) of such Underwritten Public Offering restricting such directors and officers and their respective affiliated funds from (a) transferring, directly or indirectly, any equity securities of the Company held by such director, officer or affiliated fund or (b) entering into any swap or other arrangement that transfers to another any of the economic consequences of ownership of such securities during the period commencing on the date of the final Prospectus relating to the Underwritten Public Offering and ending on the date specified by the underwriters (such period not to exceed ninety (90) days plus such additional period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on the publication or other distribution of research reports and analyst recommendations and opinions, if applicable).

Section 3.5. Registration Procedures.

Section 3.5.1. Requirements. In connection with the Company's obligations under Sections 3.1 – 3.4, the Company shall use its reasonable best efforts to effect such Registration and to permit the sale of such Registrable Securities in accordance with the intended method or methods of distribution thereof as expeditiously as reasonably practicable, and in connection therewith the Company shall:

(a) As promptly as practicable prepare the required Registration Statement, including all exhibits and financial statements required under the Securities Act to be filed therewith and Prospectus, and, before filing a Registration Statement or Prospectus or any amendments or supplements thereto, (x) furnish to the underwriters, if any, and to Purchaser, copies of all documents prepared to be filed, which documents shall be subject to the review of such underwriters and Purchaser and their respective counsel, (y) make such changes in such documents concerning Purchaser prior to the filing thereof as Purchaser, or its counsel, may reasonably request and (z) except in the case of a Registration under Section 3.3 not file any Registration Statement or Prospectus or amendments or supplements thereto to which Purchaser, in such capacity, or the underwriters, if any, shall reasonably object;

(b) prepare and file with the SEC such amendments and post-effective

amendments to such Registration Statement and supplements to the Prospectus as may be (x) reasonably requested by Purchaser with Registrable Securities covered by such Registration Statement, (y) reasonably requested by Purchaser (to the extent such request relates to information relating to Purchaser), or (z) necessary to keep such Registration Statement effective for the period of time required by this Agreement, and comply with provisions of the applicable securities laws with respect to the sale or other disposition of all securities covered by such Registration Statement during such period in accordance with the intended method or methods of disposition by the sellers thereof set forth in such Registration Statement;

(c) notify the Purchaser and the managing underwriter or underwriters, if any, and (if requested) confirm such notice in writing and provide copies of the relevant documents, as soon as reasonably practicable after notice thereof is received by the Company (a) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, and when the applicable Prospectus or any amendment or supplement thereto has been filed, (b) of any written comments by the SEC, or any request by the SEC or other federal or state governmental authority for amendments or supplements to such Registration Statement or such Prospectus, or for additional information (whether before or after the effective date of the Registration Statement) or any other correspondence with the SEC relating to, or which may affect, the Registration, (c) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or any order by the SEC or any other regulatory authority preventing or suspending the use of any preliminary or final Prospectus or the initiation or threatening of any proceedings for such purposes, (d) if, at any time, the representations and warranties of the Company in any applicable underwriting agreement cease to be true and correct in all material respects and (e) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(d) promptly notify Purchaser and the managing underwriter or underwriters, if any, when the Company becomes aware of the happening of any event as a result of which the applicable Registration Statement or the Prospectus included in such Registration Statement (as then in effect) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of such Prospectus or any preliminary Prospectus, in light of the circumstances under which they were made) not misleading, when any Issuer Free Writing Prospectus includes information that may conflict with the information contained in the Registration Statement, or, if for any other reason it shall be necessary during such time period to amend or

supplement such Registration Statement or Prospectus in order to comply with the Securities Act and, as promptly as reasonably practicable thereafter, prepare and file with the SEC, and furnish without charge to Purchaser and the managing underwriter or underwriters, if any, an amendment or supplement to such Registration Statement or Prospectus, which shall correct such misstatement or omission or effect such compliance;

(e) to the extent the Company is eligible under the relevant provisions of Rule 430B under the Securities Act, if the Company files any Shelf Registration Statement, the Company shall include in such Shelf Registration Statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner) in order to ensure that Purchaser may be added to such Shelf Registration Statement at a later time through the filing of a Prospectus supplement rather than a post-effective amendment;

(f) use its reasonable best efforts to prevent, or obtain the withdrawal of, any stop order or other order or notice preventing or suspending the use of any preliminary or final Prospectus;

(g) promptly incorporate in a Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment such information as the managing underwriter or underwriters and Purchaser agree should be included therein relating to the plan of distribution with respect to such Registrable Securities; and make all required filings of such Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment as soon as reasonably practicable after being notified of the matters to be incorporated in such Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment;

(h) furnish to Purchaser and each underwriter, if any, without charge, as many conformed copies as Purchaser or such underwriter may reasonably request of the applicable Registration Statement and any amendment or post-effective amendment or supplement thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(i) deliver to Purchaser and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary Prospectus) and any amendment or supplement thereto and such other documents as Purchaser or such underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities by Purchaser or underwriter (it being understood that the Company shall consent to the use of such Prospectus or any amendment or supplement thereto by Purchaser and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus or any

amendment or supplement thereto);

(j) on or prior to the date on which the applicable Registration Statement becomes effective, use its reasonable best efforts to register or qualify, and cooperate with Purchaser, the managing underwriter or underwriters, if any, and their respective counsel, in connection with the Registration or qualification of such Registrable Securities for offer and sale under the securities or "Blue Sky" laws of each state and other jurisdiction as any Purchaser or managing underwriter or underwriters, if any, or their respective counsel reasonably request in writing and do any and all other acts or things reasonably necessary or advisable to keep such Registration or qualification in effect for such period as required by Section 3.1 or Section 3.2, as applicable, provided that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject;

(k) cooperate with Purchaser and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends and enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters may request prior to any sale of Registrable Securities to the underwriters;

(l) use its reasonable best efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities;

(m) make such representations and warranties to Purchaser being registered, and the underwriters or agents, if any, in form, substance and scope as are customarily made by issuers in public offerings similar to the offering then being undertaken;

(n) enter into such customary agreements (including underwriting and indemnification agreements) and take all such other actions as Purchaser or the managing underwriter or underwriters, if any, reasonably request in order to expedite or facilitate the Registration and disposition of such Registrable Securities;

(o) obtain for delivery to Purchaser being registered and to the underwriter or underwriters, if any, an opinion or opinions from counsel for the Company dated the most recent effective date of the Registration Statement or, in the event of an Underwritten Public Offering, the date of the closing under the underwriting agreement, in customary form, scope and substance, which

opinions shall be reasonably satisfactory to Purchaser or underwriters, as the case may be, and their respective counsel;

(p) in the case of an Underwritten Public Offering, obtain for delivery to the Company and the managing underwriter or underwriters, with copies to Purchaser included in such Registration or sale, a comfort letter from the Company's independent certified public accountants or independent auditors (and, if necessary, any other independent certified public accountants or independent auditors of any subsidiary of the Company or any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Registration Statement) in customary form and covering such matters of the type customarily covered by comfort letters as the managing underwriter or underwriters reasonably request, dated the date of execution of the underwriting agreement and brought down to the closing under the underwriting agreement;

(q) cooperate with each seller of Registrable Securities and each underwriter, if any, participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(r) use its reasonable best efforts to comply with all applicable securities laws and, if a Registration Statement was filed, make available to its security holders, as soon as reasonably practicable, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and the rules and regulations promulgated thereunder;

(s) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement;

(t) use its reasonable best efforts to cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of the Company's equity securities are then listed or quoted and on each inter-dealer quotation system on which any of the Company's equity securities are then quoted;

(u) make available upon reasonable notice at reasonable times and for reasonable periods for inspection by a representative appointed by Purchaser, by any underwriter participating in any disposition to be effected pursuant to such Registration Statement and by any attorney, accountant or other agent retained by Purchaser or any such underwriter, all pertinent financial and other records and pertinent corporate documents and properties of the Company, and cause all of the Company's officers, directors and employees and the independent public accountants who have certified its financial statements to make themselves available to discuss the business of the Company and to supply all information reasonably

requested by any such Person in connection with such Registration Statement;

(v) in the case of an Underwritten Public Offering, cause the senior executive officers of the Company to participate in the customary "road show" presentations that may be reasonably requested by the managing underwriter or underwriters in any such offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto;

(w) take no direct or indirect action prohibited by Regulation M under the Exchange Act;

(x) take all reasonable action to ensure that any Issuer Free Writing Prospectus utilized in connection with any Registration complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related Prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(y) take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities in accordance with the terms of this Agreement.

Section 3.5.2. Company Information Requests. The Company may require Purchaser to furnish to the Company such information regarding the distribution of such securities and such other information relating to Purchaser and its ownership of Registrable Securities as the Company may from time to time reasonably request in writing and the Company may exclude from such Registration or sale the Registrable Securities of Purchaser who unreasonably fails to furnish such information within a reasonable time after receiving such request. Purchaser agrees to furnish such information to the Company and to cooperate with the Company as reasonably necessary to enable the Company to comply with the provisions of this Agreement.

Section 3.6. Underwritten Offerings.

Section 3.6.1. Shelf and Demand Registrations. If requested by the underwriters for any Underwritten Public Offering, pursuant to a Registration or sale under Sections 3.1 or 3.2, the Company shall enter into an underwriting agreement with such underwriters, such agreement to be reasonably satisfactory in substance and form to each of the Company, Purchaser and the underwriters, and to contain such representations and warranties by the Company and such other terms as are generally prevailing in agreements of that type, including indemnities no less favorable to the recipient thereof

than those provided in Section 3.9 of this Agreement. Purchaser shall cooperate with the Company in the negotiation of the underwriting agreement and shall give consideration to the reasonable suggestions of the Company regarding the form thereof, and Purchaser shall complete and execute all questionnaires, powers of attorney and other documents reasonably requested by the underwriters and required under the terms of such underwriting arrangements. Purchaser shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding Purchaser, Purchaser's title to the Registrable Securities, Purchaser's intended method of distribution and any other representations to be made by Purchaser as are generally prevailing in agreements of that type, and the aggregate amount of the liability of Purchaser under such agreement shall not exceed Purchaser's proceeds from the sale of its Registrable Securities in the offering, net of underwriting discounts and commissions but before expenses.

Section 3.6.2. Piggyback Registrations. If the Company proposes to register or sell any of its securities under the Securities Act as contemplated by Section 3.3 and such securities are to be distributed through one or more underwriters, the Company shall, if requested by Purchaser pursuant to Section 3.3 and, subject to the provisions of Section 3.3.2, use its reasonable best efforts to arrange for such underwriters to include on the same terms and conditions that apply to the other sellers in such Registration or sale all the Registrable Securities to be offered and sold by Purchaser among the securities of the Company to be distributed by such underwriters in such Registration or sale. Purchaser shall be party to the underwriting agreement between the Company and such underwriters and shall complete and execute all questionnaires, powers of attorney and other documents reasonably requested by the underwriters and required under the terms of such underwriting arrangements. Purchaser shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding Purchaser, Purchaser's title to the Registrable Securities, Purchaser's intended method of distribution and any other representations to be made by the Purchaser as are generally prevailing in agreements of that type, and the aggregate amount of the liability of Purchaser shall not exceed Purchaser's proceeds from the sale of its Registrable Securities in the offering, net of underwriting discounts and commissions but before expenses.

Section 3.6.3. Selection of Underwriters; Selection of Counsel. In the case of an Underwritten Public Offering under Sections 3.1 or 3.2, the managing underwriter or underwriters to administer the offering shall be determined by the Purchaser. In the case of an Underwritten Public Offering under Section 3.3, the managing underwriter or underwriters to administer the offering shall be determined by the Company; provided that such underwriter or underwriters shall be reasonably acceptable to Purchaser.

Section 3.7. No Inconsistent Agreements; Additional Rights. Neither the Company nor any of its subsidiaries shall hereafter enter into, and neither the Company nor any of its subsidiaries is currently a party to, any agreement with respect to its securities that is inconsistent with the rights granted to Purchaser by this Agreement, except for

that certain Amended and Restated Shareholders and Registration Rights Agreement (the "UFRF Agreement") dated February 21, 2006, by and between by and between the University of Florida Research Foundation, Inc. and the Axogen Corporation, a subsidiary of the Company. Without Purchaser approval, neither the Company nor any of its subsidiaries shall enter into any agreement granting registration or similar rights to any Person, and the Company hereby represents and warrants that, as of the date hereof, no registration or similar rights have been granted to any other Person other than pursuant to this Agreement and the UFRF Agreement.

Section 3.8. Registration Expenses. All expenses incident to the Company's performance of or compliance with this Agreement shall be paid by the Company, including (i) all registration and filing fees, and any other fees and expenses associated with filings required to be made with the SEC or FINRA, (ii) all fees and expenses in connection with compliance with any securities or "Blue Sky" laws (including reasonable fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Securities), (iii) all printing, duplicating, word processing, messenger, telephone, facsimile and delivery expenses (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company and of printing Prospectuses), (iv) all fees and disbursements of counsel for the Company and of all independent certified public accountants or independent auditors of the Company and any subsidiaries of the Company (including the expenses of any special audit and comfort letters required by or incident to such performance), (v) Securities Act liability insurance or similar insurance if the Company so desires or the underwriters so require in accordance with then-customary underwriting practice, (vi) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange or quotation of the Registrable Securities on any inter-dealer quotation system, (viii) all reasonable fees and disbursements of one legal counsel for the Purchaser, (ix) any reasonable fees and disbursements of underwriters customarily paid by issuers or sellers of securities, (x) all fees and expenses incurred in connection with the distribution or Transfer of Registrable Securities to or by a Purchaser or its Permitted Transferees in connection with a Public Offering, (xi) all fees and expenses of any special experts or other Persons retained by the Company in connection with any Registration or sale, (xii) all of the Company's internal expenses (including all salaries and expenses of its officers and employees performing legal or accounting duties) and (xiii) all expenses related to the "road show" for any Underwritten Public Offering, including the reasonable out-of-pocket expenses of Purchaser and underwriters, if so requested. All such expenses are referred to herein as "Registration Expenses". The Company shall not be required to pay any fees and disbursements to underwriters not customarily paid by the issuers of securities in an offering similar to the applicable offering, including underwriting discounts and commissions and transfer taxes, if any, attributable to the sale of Registrable Securities.

Section 3.9. Indemnification.

Section 3.9.1. Indemnification by the Company. The Company shall indemnify and hold harmless, to the full extent permitted by law, Purchaser, each shareholder, member, limited or general partner of Purchaser, each shareholder, member, limited or

general partner of each such shareholder, member, limited or general partner, each of their respective Affiliates, officers, directors, shareholders, employees, advisors, and agents and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Persons and each of their respective Representatives from and against any and all losses, penalties, judgments, suits, costs, claims, damages, liabilities and expenses, joint or several (including reasonable costs of investigation and legal expenses and any indemnity and contribution payments made to underwriters) (each, a "Loss" and collectively "Losses") arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Securities are registered or sold under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein) or any other disclosure document produced by or on behalf of the Company or any of its subsidiaries including any report and other document filed under the Exchange Act, (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or preliminary Prospectus, in light of the circumstances under which they were made) not misleading or (iii) any violation or alleged violation by the Company or any of its subsidiaries of any federal, state, foreign or common law rule or regulation applicable to the Company or any of its subsidiaries and relating to action or inaction in connection with any such registration, disclosure document or other document or report; provided, that Purchaser shall not be entitled to indemnification pursuant to this Section 3.9.1 in respect of any untrue statement or omission contained in any information relating to Purchaser furnished in writing by Purchaser to the Company specifically for inclusion in a Registration Statement and used by the Company in conformity therewith (such information "Selling Stockholder Information"). This indemnity shall be in addition to any liability the Company may otherwise have. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of Purchaser or any indemnified party and shall survive the Transfer of such securities by Purchaser and regardless of any indemnity agreed to in the underwriting agreement that is less favorable to Purchaser. The Company shall also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the Securities Act and the Exchange Act) to the same extent as provided above (with appropriate modification) with respect to the indemnification of the indemnified parties.

Section 3.9.2. Indemnification by the Purchaser. Purchaser agrees (severally and not jointly) to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors and officers and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) from and against any Losses resulting from (i) any untrue statement of a material fact in any Registration Statement under which such Registrable Securities were registered or sold under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein) or (ii) any omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or preliminary

Prospectus, in light of the circumstances under which they were made) not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission is contained in Purchaser's Selling Stockholder Information. In no event shall the liability of Purchaser hereunder be greater in amount than the dollar amount of the proceeds from the sale of its Registrable Securities in the offering giving rise to such indemnification obligation, net of underwriting discounts and commissions but before expenses, less any amounts paid by Purchaser pursuant to Section 3.9.4 and any amounts paid by Purchaser as a result of liabilities incurred under the underwriting agreement, if any, related to such sale.

Section 3.9.3. Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that any delay or failure to so notify the indemnifying party shall relieve the indemnifying party of its obligations hereunder only to the extent, if at all, that it forfeits substantive legal rights by reason of such delay or failure) and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided, however, that any Person entitled to indemnification hereunder shall have the right to select and employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (i) the indemnifying party has agreed in writing to pay such fees or expenses, (ii) the indemnifying party shall have failed to assume the defense of such claim within a reasonable time after receipt of notice of such claim from the Person entitled to indemnification hereunder and employ counsel reasonably satisfactory to such Person, (iii) the indemnified party has reasonably concluded (based upon advice of its counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, or (iv) in the reasonable judgment of any such Person (based upon advice of its counsel) a conflict of interest may exist between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person). If the indemnifying party assumes the defense, the indemnifying party shall not have the right to settle such action without the consent of the indemnified party. No indemnifying party shall consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of an unconditional release from all liability in respect to such claim or litigation without the prior written consent of such indemnified party. If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its prior written consent, but such consent may not be unreasonably withheld. It is understood that the indemnifying party or parties shall not, except as specifically set forth in this Section 3.9.3, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements or other charges of more than one separate firm admitted to practice in such jurisdiction at any one time unless (x) the employment of more than one counsel has been authorized in writing by the indemnifying party or

parties, (y) an indemnified party has reasonably concluded (based on the advice of counsel) that there may be legal defenses available to it that are different from or in addition to those available to the other indemnified parties or (z) a conflict or potential conflict exists or may exist (based upon advice of counsel to an indemnified party) between such indemnified party and the other indemnified parties, in each of which cases the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels.

Section 3.9.4. Contribution. If for any reason the indemnification provided for in Section 3.9.1 and Section 3.9.2 is unavailable to an indemnified party or insufficient in respect of any Losses referred to therein (other than as a result of exceptions or limitations on indemnification contained in Section 3.9.1 and Section 3.9.2), then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party or parties on the other hand in connection with the acts, statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. In connection with any Registration Statement filed with the SEC by the Company, the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if contribution pursuant to this Section 3.9.4 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 3.9.4. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The amount paid or payable by an indemnified party as a result of the Losses referred to in Sections 3.9.1 and 3.9.2 shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 3.9.4, in connection with any Registration Statement filed by the Company, Purchaser shall not be required to contribute any amount in excess of the dollar amount of the proceeds from the sale of its Registrable Securities in the offering giving rise to such indemnification obligation, net of underwriting discounts and commissions but before expenses, less any amounts paid by Purchaser pursuant to Section 3.9.2 and any amounts paid by Purchaser as a result of liabilities incurred under the underwriting agreement, if any, related to such sale. If indemnification is available under this Section 3.9, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Sections 3.9.1 and 3.9.2 hereof without regard to the provisions of this Section 3.9.4. The remedies provided for in this Section 3.9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

Section 3.10. Rules 144 and 144A and Regulation S . The Company shall file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if the Company is not required to file such reports, it will, upon the request of Purchaser, make publicly available such necessary information for so long as necessary to permit sales that would otherwise be permitted by this Agreement pursuant to Rule 144, Rule 144A or Regulation S under the Securities Act, as such rules may be amended from time to time or any similar rule or regulation hereafter adopted by the SEC), and it will take such further action as Purchaser may reasonably request, all to the extent required from time to time to enable Purchaser to sell Registrable Securities without Registration under the Securities Act in transactions that would otherwise be permitted by this Agreement and within the limitation of the exemptions provided by (i) Rule 144, Rule 144A or Regulation S under the Securities Act, as such rules may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the request of Purchaser, the Company will deliver to Purchaser a written statement as to whether it has complied with such requirements and, if not, the specifics thereof.

Section 3.11. Existing Registration Statements. Notwithstanding anything herein to the contrary and subject to applicable law and regulation, the Company may satisfy any obligation hereunder to file a Registration Statement or to have a Registration Statement become effective by a specified date by designating, by notice to Purchaser, a Registration Statement that previously has been filed with the SEC or become effective, as the case may be, as the relevant Registration Statement for purposes of satisfying such obligation, and all references to any such obligation shall be construed accordingly; provided that such previously filed Registration Statement may be, and is, amended or, subject to applicable securities laws, supplemented to add the number of Registrable Securities, and, to the extent necessary, to identify Purchaser as selling stockholders demanding the filing of a Registration Statement pursuant to the terms of this Agreement. To the extent this Agreement refers to the filing or effectiveness of other Registration Statements, by or at a specified time and the Company has, in lieu of then filing such Registration Statements or having such Registration Statements become effective, designated a previously filed or effective Registration Statement as the relevant Registration Statement for such purposes, in accordance with the preceding sentence, such references shall be construed to refer to such designated Registration Statement, as amended or supplemented in the manner contemplated by the immediately preceding sentence.

ARTICLE IV

MISCELLANEOUS

Section 4.1. Authority; Effect. Each party hereto represents and warrants to and agrees with each other party that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized on behalf of such party and do

not violate any agreement or other instrument applicable to such party or by which its assets are bound. This Agreement does not, and shall not be construed to, give rise to the creation of a partnership among any of the parties hereto, or to constitute any of such parties members of a joint venture or other association. The Company and its subsidiaries shall be jointly and severally liable for all obligations of each such party pursuant to this Agreement.

Section 4.2. Notices. Any notices, requests, demands and other communications required or permitted in this Agreement shall be effective if in writing and (i) delivered personally, (ii) sent by facsimile or e-mail, or (iii) sent by overnight courier, in each case, addressed as follows:

If to the Company to:

AxoGen, Inc.
13631 Progress Blvd., Suite 400
Alachua, Florida 32615
Attention: General Counsel
Telephone: (386) 462-6800
Facsimile: (386) 462-6801
Email: gfreitag@axogeninc.com

With a copy to (which shall not constitute notice):

DLA Piper LLP (US)
One Liberty Place
1650 Market Street, Suite 4900
Philadelphia, Pennsylvania 19103-7300
Attention: Fahd M.T. Riaz, Esq.
Telephone: 215.656.3316
Facsimile: 215.606.2069
Email: Fahd.Riaz@dlapiper.com

If to Purchaser, to:

Essex Woodlands Fund IX, L.P.
21 Waterway Avenue, Suite 225
The Woodlands, TX 77380
Attn: Richard Kolodziejcyk, Chief Financial Officer
rkolodziejcyk@ewhv.com
Office: (281) 364-8338
Fax: (281) 364-9755

with a copy (which shall not constitute notice) to:

Ropes & Gray LLP

Three Embarcadero Center

San Francisco, CA 94111

Attention: Thomas Holden

thomas.holden@ropesgray.com

Office: (415) 315-2355

Fax: (415) 315-4823

Notice to the holder of record of any Registrable Securities shall be deemed to be notice to the holder of such securities for all purposes hereof.

Unless otherwise specified herein, such notices or other communications shall be deemed effective (i) on the date received, if personally delivered, (ii) on the date received if delivered by facsimile or e-mail on a Business Day, or if not delivered on a Business Day, on the first Business Day thereafter and (iii) two (2) Business Days after being sent by overnight courier. Each of the parties hereto shall be entitled to specify a different address by giving notice as aforesaid to each of the other parties hereto.

Section 4.3. Termination and Effect of Termination. This Agreement shall terminate upon the date on which Purchaser no longer holds any Registrable Securities, except for the provisions of Sections 3.9 and 3.10, which shall survive any such termination. No termination under this Agreement shall relieve any Person of liability for breach or Registration Expenses incurred prior to termination. In the event this Agreement is terminated, each Person entitled to indemnification rights pursuant to Section 3.9 hereof shall retain such indemnification rights with respect to any matter that (i) may be an indemnified liability thereunder and (ii) occurred prior to such termination.

Section 4.4. Permitted Transferees. The rights of Purchaser hereunder may be assigned (but only with all related obligations as set forth below) in connection with a Transfer of Registrable Securities to a Permitted Transferee of Purchaser. Without prejudice to any other or similar conditions imposed hereunder with respect to any such Transfer, no assignment permitted under the terms of this Section 4.4 will be effective unless the Permitted Transferee to which the assignment is being made, if not the Purchaser, has delivered to the Company a written acknowledgment and agreement in form and substance reasonably satisfactory to the Company that the Permitted Transferee will be bound by, and will be a party to, this Agreement. A Permitted Transferee to whom rights are transferred pursuant to this Section 4.4 may not again transfer those rights to any other Permitted Transferee, other than as provided in this Section 4.4.

Section 4.5. Remedies. The parties to this Agreement shall have all remedies available at law, in equity or otherwise in the event of any breach or violation of this Agreement or any default hereunder. The parties acknowledge and agree that in the event of any breach of this Agreement, in addition to any other remedies that may be available, each of the parties hereto shall be

entitled to specific performance of the obligations of the other parties hereto and, in addition, to such other equitable remedies (including preliminary or temporary relief) as may be appropriate in the circumstances. No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by any other party under this Agreement shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of any similar breach or default occurring later; nor shall any such delay, omission nor waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

Section 4.6. Amendments. This Agreement may not be orally amended, modified, extended or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be amended, modified, extended or terminated, and the provisions hereof may be waived, only by an agreement in writing signed by the Company and Purchaser. Each such amendment, modification, extension or termination shall be binding upon each party hereto. In addition, each party hereto may waive any right hereunder by an instrument in writing signed by such party.

Section 4.7. Governing Law. This Agreement and all claims arising out of or based upon this Agreement or relating to the subject matter hereof shall be governed by and construed in accordance with the domestic substantive laws of the State of New York without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

Section 4.8. Consent to Jurisdiction. Each party to this Agreement, by its execution hereof, (i) hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the State of New York for the purpose of any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof, (ii) hereby waives to the extent not prohibited by applicable law, and agrees not to assert, and agrees not to allow any of its subsidiaries to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such proceeding brought in one of the above-named courts is improper, or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court and (iii) hereby agrees not to commence or maintain any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof or thereof other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation to any court other than one of the above-named courts whether on the grounds of inconvenient forum or otherwise. Notwithstanding the foregoing, to the extent that any party hereto is or becomes a party in any litigation in connection with which it may assert indemnification rights set forth in this Agreement, the court in which such litigation is being heard shall be deemed to be included in

clause (i) above. Notwithstanding the foregoing, any party to this Agreement may commence and maintain an action to enforce a judgment of any of the above-named courts in any court of competent jurisdiction. Each party hereto hereby consents to service of process in any such proceeding in any manner permitted by New York law, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 4.2 hereof is reasonably calculated to give actual notice.

Section 4.9. WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH PARTY HERETO HEREBY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE OR ACTION, CLAIM, CAUSE OF ACTION OR SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTIES HERETO THAT THIS SECTION 4.9 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THEY ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 4.9 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

Section 4.10. Merger; Binding Effect, Etc. This Agreement constitutes the entire agreement of the parties with respect to its subject matter, supersedes all prior or contemporaneous oral or written agreements or discussions with respect to such subject matter, and shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective heirs, representatives, successors and permitted assigns. Except as otherwise expressly provided herein, neither Purchaser nor any other party hereto may assign any of its respective rights or delegate any of its respective obligations under this Agreement without the prior written consent of the other parties hereto, and any attempted assignment or delegation in violation of the foregoing shall be null and void.

Section 4.11. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one instrument.

Section 4.12. Severability. In the event that any provision hereof would, under applicable law, be invalid or unenforceable in any respect, such provision shall be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law. The provisions hereof are severable, and in the event any provision hereof should be held invalid or unenforceable in any respect, it shall not

invalidate, render unenforceable or otherwise affect any other provision hereof.

Section 4.13. No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, the Company and Purchaser covenant, agree and acknowledge that no recourse under this Agreement or any documents or instruments delivered in connection with this Agreement shall be had against any current or future director, officer, employee, general or limited partner or member of Purchaser or of any Affiliate or assignee thereof, as such, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other applicable law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any current or future officer, agent or employee of Purchaser or any current or future member of Purchaser or any current or future director, officer, employee, partner or member of Purchaser or of any Affiliate or assignee thereof, as such, for any obligation of Purchaser under this Agreement or any documents or instruments delivered in connection with this Agreement for any claim based on, in respect of or by reason of such obligations or their creation.

[Signature pages follow]

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first above written.

Company: **AxoGen, Inc.**

By: _____
Name: Greg Freitag

Title: Chief Financial Officer, General Counsel & VP Business Development

IN WITNESS WHEREOF, the undersigned has duly executed this Agreement as of the date first above written.

Purchaser:	**Essex Woodlands Fund IX, L.P.** By: Essex Woodlands Fund IX-GP, L.P., its General Partner By: Essex Woodlands IX, LLC, its General Partner By: _____ Name: Title: Manager

EXHIBIT B

EXCLUDED COMPANIES (SECTION 4.6(b))

Endologix, Inc.
Entellus Medical, Inc.
Bioventus LLC
Oraya Therapeutics Inc.
480 Biomedical, Inc.
Arsenal Medical, Inc.
Endgenitor Technologies, Inc.
Christel House International
Essex Woodlands Fund IX, L.P. and its affiliates, other than its portfolio companies and its investment advisers.

EXHIBIT 10.2

DEVELOPMENT, LICENSE & OPTION AGREEMENT

This Development, License & Option Agreement (the "**Agreement**"), dated November 3, 2014 (the "**Effective Date**") is made by and among **AxoGen, Corporation**, a Delaware corporation with an address of 13631 Progress Blvd., Suite 400, Alachua, FL 32615 ("**AxoGen**"), Sensory Management Services LLC ("**SMS**"), a limited liability company with an address of 10 Luce Del Sol, Unit 3, Henderson, Nevada 89011, AxoGen and SMS herein referred to each as a "**Party**" and collectively, the "**Parties**".

R E C I T A L S

WHEREAS, SMS has developed a proprietary pressure-specified sensory device, DIGI-Grip and Pinch device (collectively "**PSSD**");

WHEREAS, AxoGen and SMS wish to enter into a development license and option agreement for AxoGen to validate and commercialize an updated PSSD (Next Generation PSSD) and SMS to grant AxoGen a license under the Licensed Technology, as defined below, to make, to develop and commercialize such Next Generation PSSD product; and

WHEREAS, SMS wishes to grant to AxoGen, and AxoGen wishes to obtain, an option for AxoGen to purchase assets relating to its existing proprietary PSSD.

NOW, THEREFORE, in consideration of the mutual covenants set forth in this Agreement, AxoGen and SMS, intending to be legally bound, hereby agree as follows:

Article I.
DEFINITIONS

Unless specifically set forth to the contrary herein, the following terms, whether used in the singular or plural, shall have the respective meanings set forth below:

"Affiliate" shall mean (a) any corporation or business entity of which fifty percent (50%) (or the maximum ownership interest permitted by law) or more of the securities or other ownership interests representing the equity, the voting stock or general partnership or membership interest are owned, controlled or held, directly or indirectly, by AxoGen or SMS, as applicable; (b) any corporation or business entity which, directly or indirectly, owns, controls or holds fifty percent (50%) (or the maximum ownership interest permitted by law) or more of the securities or other ownership interests representing the equity, the voting stock or general partnership or membership interest, of AxoGen or SMS, as applicable; (c) any corporation or business entity of which fifty percent (50%) or more of the securities or other ownership interests representing the equity, the voting stock or general partnership or membership interest are owned, controlled or held, directly or indirectly, by a corporation or business entity described in (a) or (b); and (d) possession, directly or indirectly, of the power to direct or cause the direction of management or policies of the entity in question (whether through ownership of securities or other ownership interests, by contract or otherwise).

"Applicable Laws" shall mean the applicable laws, rules, regulations, guidelines or other requirements of any governmental authority and Regulatory Authority, that may be in effect from time to time in the Territory.

"Assets" shall mean the Existing Product, Licensed Technology, Tangible Assets and Existing Product Regulatory Approvals.

"Calendar Quarter" shall mean any period of three (3) consecutive calendar months ending on March 31, June 30, September 30 or December 31.

"Calendar Year" shall mean a period of twelve consecutive (12) months commencing on January 1 and ending on December 31.

"**Control**" shall mean, when used in relation to an intellectual or other property right, the right of one Party to license or transfer such intellectual or other property right to the other Party without breaching any agreement or obligations to any other Third Party.

"Development Activities" shall mean any and all processes and activities conducted in researching, optimizing, developing and/or seeking, and obtaining Regulatory Approvals for the Existing Product or Next Generation Product. "**Develop**" and "**Developing**" shall have their correlative meanings.

"Existing Product" shall mean SMS' existing proprietary PSSD device, including sensory measurement device, box, DIGIT-grip device, and Pinch device and including touch screen, laptop and PDA versions of such PSSD device, as described on **Exhibit B**.

"FDA" shall mean the United States Food and Drug Administration or any successor regulatory agency.

"Licensed Technology" shall mean all of the following: (a) the Patent Rights and (b) all SMS Know-How.

"Net Sales" shall mean, for any time period, the total of all invoiced gross sales in that time period by AxoGen or by an Affiliate of AxoGen, for Next Generation Products sold by AxoGen, an Affiliate of AxoGen, or a sublicensee of AxoGen to arm's length purchasers (but excluding sales by AxoGen to an Affiliate or sublicensee for resale to such purchasers), net of, where applicable:

(a) discounts, credits, allowances and adjustments granted to non-sublicensee Third Parties consistent with AxoGen's usual course of dealing for its products other than the Existing Product (including, without limitation, government mandated and managed healthcare negotiated rebates and distributors', wholesalers' or trade discounts or rebates, and rebates for distribution services);

(b) price adjustments to customers' inventories;

(c) charge-backs or rebates actually allowed and taken on such sales in such amounts as are customary in the trade and are specifically related to the Existing Product (excluding cash discounts, except for normal trade discounts for early payment of invoices);

(d) free goods, including without limitation promotional samples;

(e) import and customs duties and taxes including sales, excise, turnover, inventory, value-added, and similar taxes assessed on the sale of the Existing Product (but excluding income taxes) to the extent separately included in the amount billed;

(f) other payments required by law to be made under Medicaid, Medicare or other government special medical assistance programs;

(g) transportation charges and insurance that are separately itemized;

(h) credits or allowances for Existing Product returns and rejected Existing Product;

(i) amounts repaid, credited or written off by reason of uncollectible debt, rejections, recalls, billing errors and returns; and

(j) other allowances (including third party royalties) actually given by AxoGen or an Affiliate of AxoGen to Third Parties.

"Next Generation Product" shall mean the PSSD product validated and updated by AxoGen pursuant to this agreement representing changes made to the Existing Product by AxoGen and its suppliers.

"Patent Rights" shall mean the patent and patent applications, if any, including those that have expired (a) Controlled or previously controlled by SMS (or any of its Affiliates) as of the Effective Date or at any time thereafter relating to Existing Product, and (b) necessary or useful for the development, manufacture or commercialization of the Next Generation Product, including: (i) the patents and patent applications set forth on **Exhibit C**; (ii) any divisions, continuations, continuations-in-part, reissues, re-examinations, renewals, extensions, supplementary protection certificates, and the like of any patent and patent applications set forth in subsection (i), and (c) foreign equivalents of subsections (i) and (ii).

"Regulatory Approval" shall mean the permission or consent granted by any relevant Regulatory Authority for the commercialization of the Existing Product and/or Next Generation Product.

"Regulatory Authority" shall mean any applicable government regulatory authority involved in granting approvals for the development, manufacture and commercialization of the Existing Product and Next Generation Product, including without limitation, in the United States, the FDA, and any successor government authority having substantially the same function, and foreign equivalents thereof.

"SMS Know-How" shall mean all information and materials (including but not limited to, discoveries, improvements, processes, copyrights (whether or not registered), computer software, proprietary reference data bases, customers lists, design history files including all change documentation and graphical user interface designs, data, inventions, know-how

and trade secrets, patentable or otherwise) relating to the Licensed Technology and to the Existing Product, which at the Effective Date or during the term of this Agreement: (a) are in the possession or Control of SMS or any of its Affiliates, (b) were not provided by AxoGen or an Affiliate of AxoGen, (c) are not generally known outside SMS and (d) are necessary or useful to AxoGen in connection with the development, manufacture or commercialization of an Existing Product and/or Next Generation Product.

"Tangible Assets" shall mean all tangible assets related to the Existing Product, including, but not limited to the assets on **Exhibit A**.

"Third Party" shall mean any person or entity that is not a Party or an Affiliate of a Party.

Other Definitions. The following definitions have the meanings ascribed to them in the corresponding Section:

Definition	Section
Agreement	Introduction
AxoGen	Introduction
AxoGen Indemnitees	9.01
Confidential Information	8.01
Deferred Purchase Price	5.02
Disclosing Party	8.01
Effective Date	Introduction
Exercise Fee	5.02
Inventions	6.01
Milestone	5.01
Notice Period	10.04
Option	3.02(a)
Option Term	3.02(b)
Party(ies)	Introduction
PSSD	Recitals
Quarterly Payment	5.02
Receiving Party	8.01
SMS	Introduction
SMS Indemnitees	9.03

Article II.
DEVELOPMENT & COMMERCIALIZATION

Section 2.01 Development. AxoGen shall conduct the Development Activities to develop a Next Generation Product.

Section 2.02 Development Costs. All costs relating to development shall be the responsibility of AxoGen.

Section 2.03 Product Permits and Licenses. SMS shall obtain and maintain the necessary licenses and permits for sale of the Existing Product. AxoGen shall obtain and maintain the necessary licenses and permits for development, manufacture, testing, storage and commercialization of the Next Generation Product as required under this Agreement.

Article III.
GRANT OF RIGHTS

Section 3.01 License Grant from SMS to AxoGen. Subject to the terms and conditions of this Agreement, during the Term of this Agreement, SMS hereby grants to AxoGen and its Affiliates, subject to the license to be provided in Section 3.02 (c), an exclusive, irrevocable, perpetual, world-wide right and license with the right to grant sublicenses in the Licensed Technology and Existing Product, to develop, make, have made and use the Next Generation Product.

Section 3.02 Option.

(a) **Grant to AxoGen.** Subject to the terms and conditions of this Agreement, during the Option Term of this Agreement, SMS hereby grants to Company an exclusive option to purchase the Assets (the "Option").

(b) **Exercise of Option**. AxoGen may exercise the Option any time from the Effective Date until April 1, 2016 ("**Option Term**") by providing written notice to SMS ("**Exercise Notice**"). Within thirty (30) days of SMS

receiving such Exercise Notice, SMS shall execute any and all documents to effectuate the transfer of the Assets to AxoGen, including but not limited to, executing, and causing any of its employees or Affiliates to execute assignment and assumption agreements.

(c) **Warranty on Existing Product**. AxoGen will have no responsibility for service and warranty on Existing Products either prior to or after exercise of the Option and is not responsible, and assumes no obligation, for any liabilities of SMS or its Affiliates.

Section 3.03 Option Payment No Implied License. Each Party acknowledges that the rights granted in this Agreement are limited to the terms and agreements expressly granted and provided in this Agreement. Accordingly, except for the rights expressly granted under this Agreement, no right, title, or interest of any nature whatsoever is granted whether by implication, estoppel, reliance, or otherwise, by either Party to the other Party.

Section 3.04 Claw Back of Assets After Option Exercise. During a period of 5 years from the exercise of the Option, if AxoGen does not continue to diligently pursue the commercialization, or once commercialized, the sale of Next Generation Products, SMS may demand, in its reasonable discretion, the return of the Assets, any Existing Products held by AxoGen and revocation of all licenses provided to AxoGen herein. Upon SMS's notice of revocation to AxoGen, AxoGen must return the Assets and Existing Products to SMS within 60 days. After an effective revocation neither party will have any obligation to the other party as a result of this Agreement, except the return of Assets and Existing Product as provided in this Section 3.04.

Article IV.
REGULATORY

Section 4.01 SMS Data Technology Transfer. At the reasonable request of AxoGen, anytime after the Effective Date, SMS shall transfer, at no cost to AxoGen, except for costs AxoGen will pay associated with the physical transfer of any items both to receive such items or to send them back in the event the Option is not exercised or a revocation occurs pursuant to Section 3.04, all SMS Know-How that exists in written or electronic form. SMS shall provide to AxoGen all information required for AxoGen to update a design history file or update an existing Regulatory Filing or complete a new Regulatory Filing for the Next Generation Product.

Article V.
PAYMENTS

Section 5.01 Milestone and Other Payments to SMS.

(a) Milestone Payments. In partial consideration for the license to Licensed Technology and Option granted to AxoGen under Article 3, AxoGen shall pay SMS the following amounts after the first achievement by AxoGen, its Affiliates or sublicensees, as the case may be, of each of the following milestones with respect to the Next Generation Product (each, a "**Milestone**"):

Milestone	**Amounts (US dollars)**
Next Generation Product receives a reimbursement code from a Regulatory Authority in the United States	$ 100,000.00
Issuance of a Next Generation Product Patent that was originally approved by AxoGen for filing.	$ 25,000.00
Total of Potential Milestones	$ 125,000.00

provided that:

(i) No Milestone payment shall be paid more than one time irrespective of the number of the Next Generation Products Developed;

(ii) Payment shall not be owed for a Milestone that is not achieved; and

(iii) Milestone payments shall be payable by AxoGen to SMS within forty-five (45) calendar days after achievement of the Milestone.

(b) Other Payments. The Next Generation Product Patent as provided in Section 5.01 (a) provides for an instrument for use initially in the areas of acute nerve injury/regeneration in the upper or lower extremity,

chronic nerve compression such as carpal tunnel syndrome and tarsal tunnel syndrome, and neuropathy related to chemotherapy, diabetes and unknown etiology, and its treatment as it relates to individual patients. If SMS or its Affiliates provide to AxoGen in writing inventions or concepts which result in granted patents to AxoGen outside of the Next Generation Product Patent, AxoGen will pay SMS or its Affiliates $25,000 per patent granted without any cap as to the maximum number of payments that may be made pursuant to this Section 5.01 (b). Establishment of such payments hereby is to provide SMS and its Affiliates the incentive to grow AxoGen's product line and product usage beyond the New Generation Product Patent. Notwithstanding the forgoing, no payment will be owed if AxoGen can provide proof in writing that it conceived of any invention or concepts both (1) independently, without use or reference to information provided by SMS or its Affiliates, and (2) prior to the written disclosure provided by SMS or its Affiliates.

Section 5.02 Purchase Price Upon Exercise of Option. Upon AxoGen's exercise of the Option set forth in Section 3.01 and assignment of the Assets, AxoGen shall pay SMS (a) fifteen thousand dollars ($15,000.00) to purchase the Assets ("**Exercise Fee**"), (b) a fee equal to fifteen percent (15%) of Net Sales on the Existing or Next Generation Product ("**Deferred Purchase Price**") for a period of 10 years from the Option exercise date; (c) SMS actual out of pocket costs for up to 5 Existing Products that they may have in inventory, such up to 5 Existing Products being included in the Assets, (d) AxoGen will provide SMS with one Next Generation Product from the first twenty Next Generation Products produced, and provide upgrades so long as the Deferred Purchase Price is being paid, at no cost to SMS; and (d) AxoGen will assume the responsibility of deferred payments owed to Cybernetic Research Laboratories, Inc. by SMS on the sale of Existing Products to a maximum of $39,500 (it being agreed that such amount prior to exercise of the Option will be reduced by $500 for every Existing Product sold by SMS after the execution of this Agreement).

Payment of the Deferred Purchase Price shall be made sixty (60) days after the end of each Calendar Quarter on all Net Sales in the preceding quarter ("**Quarterly Payment**"). Each Quarterly Payment shall be accompanied by a report detailing the total Net Sales for the preceding Calendar Quarter.

Section 5.03 Exempt Sales. The Deferred Purchase Price shall not be payable under Section 5.02 above with respect to sales of the Existing Product among AxoGen, its Affiliates and sublicensees for resale to a Third Party. In no event shall AxoGen make payments to SMS hereunder with respect to the sale of any Existing Product to its Affiliates or sublicensees.

Section 5.04 Currency and Manner of Payment. Payments under this Agreement shall be made in United States dollars. All sums due to SMS under this Agreement shall be payable in immediately available fund.

Section 5.05 Tax Withholding. Any tax, duty or other levy paid or required to be withheld by AxoGen or its sublicensees on account of Deferred Purchase Price or other payments payable to SMS under this Agreement shall be deducted from the amount of Deferred Purchase Price or payments otherwise due, provided that AxoGen shall make such deductions only to the minimum extent required by the relevant jurisdiction. AxoGen shall secure and send to SMS proof of any such taxes, duties or other levies withheld and paid by AxoGen or its sublicensees for the benefit of SMS, and cooperate at SMS's reasonable request and expense to ensure that amounts withheld are reduced to the fullest extent permitted by the relevant jurisdiction.

Article VI.
INTELLECTUAL PROPERTY

Section 6.01 Ownership of Inventions. All inventions, discoveries, data, work product, results and information ("**Inventions**") conceived, generated, discovered or made by any Party, its employees, agents and consultants in connection with this Agreement, the Next Generation Product, use of the Licensed Technology and/or Tangible Assets shall be owned by AxoGen.

Section 6.02 Disclosure of Patent Rights. SMS shall ensure that only those of its and its Affiliate's personnel or permitted sub-contractors who are necessary to perform SMS' obligations under this Agreement shall perform work under this Agreement and have access to the Confidential Information of AxoGen. SMS shall require and ensure that all such personnel, prior to performing any work under this Agreement, shall have: (a) been advised of SMS' obligations of confidentiality under this Agreement and have agreed in writing to confidentiality obligations at least as strict as those applicable to SMS under this Agreement; and (b) signed and delivered to SMS written agreements assigning to SMS all Inventions, discoveries and works of authorship arising from or related to work performed under this Agreement; each to the extent permitted by applicable law. For clarity, SMS shall require Affiliates to execute an employee invention disclosure

and assignment agreement, and AxoGen shall be a third-party beneficiary to such agreement. SMS shall reasonably disclose to AxoGen in writing any and all Inventions or improvements, whether patentable or not, made or conceived in connection with, and all data and information arising from, this Agreement. Such disclosures of Inventions shall identify all inventors, the date such Inventions were conceived, and shall describe such inventions in sufficient detail to permit the other Party to evaluate the ownership, subject matter and patentability of such Inventions.

Section 6.03 Filing, Prosecution, Maintenance. AxoGen shall have the sole right, using in-house or outside legal counsel selected at AxoGen's sole discretion, to prepare, file, prosecute, maintain and extend patent applications and patents concerning all Inventions.

Section 6.04 Enforcement of Patent Rights. In the event that a Party learns that any of the Patent Rights are infringed or misappropriated by activities of a Third Party, such Party shall promptly notify in writing the other Party hereto. AxoGen shall have the initial right (but not the obligation) to enforce such Patent Rights and SMS agrees to join such proceeding, at AxoGen's expense, if required by law for AxoGen to bring such action. AxoGen agrees to indemnify SMS, its Affiliates and Luiann Greer and A. Lee Dellon for any expenses actually and reasonably paid or incurred by SMS in connection with any action or proceeding by AxoGen to enforce such Patent Rights, except for such actions or proceedings that are a result of activity by such parties prior to the Effective Date and not disclosed to AxoGen. In the event AxoGen is required to provide indemnification pursuant to the sentence immediately preceding this sentence, SMS, its Affiliates and Luiann Greer and A. Lee Dellon shall have the right to advancement by AxoGen of any and all expenses actually and reasonably paid or incurred in connection with AxoGen's enforcement of its Patent Rights.

Section 6.05 Infringement Claims. If the manufacture, sale, use or importation of an Existing Product or Next Generation Product results in any claim, suit or proceeding alleging patent infringement against SMS or AxoGen, such Party shall promptly notify in writing the other Party hereto. If AxoGen is named as a party to such claim, suit or proceeding, or if AxoGen intervenes, at its own expense and through counsel of its own choice, in any such claim, suit or proceeding initiated against SMS (which intervention SMS will not oppose), AxoGen shall have the right to control the defense and settlement of such claim, suit or proceeding, at its own expense, using counsel of its own choice, provided that SMS shall have the right to participate in the defense at its own expense. No Party shall enter into any agreement that makes any admission regarding (a) wrongdoing on the part of the other Party, or (b) the invalidity, unenforceability or infringement of any Patent Rights, without the prior written consent of the other Party. The Parties shall cooperate with each other in connection with any such claim, suit or proceeding and shall keep each other reasonably informed of all material developments in connection with any such claim, suit or proceeding.

Article VII.
REPRESENTATIONS, WARRANTIES & COVENANTS

Section 7.01 Mutual Representations and Warranties. Each Party warrants and represents to the other that:

(a) as of the Effective Date, it has the full right and authority to enter into this Agreement;

(b) as of the Effective Date, there are no existing or threatened actions, suits or claims pending against it with respect to its right to enter into and perform its obligations under this Agreement;

(c) there is nothing in any Third Party agreement or understanding, written or oral, entered into or agreed to by such Party as of the Effective Date, that, in any way, will preclude such Party's ability to perform all of the obligations undertaken by it hereunder, and that it will not enter into any agreement after the Effective Date under which such performance would be precluded;

(d) it is not a party to any agreement or arrangement with any Third Party or under any obligation or restriction agreement (including any outstanding order, judgment or decree of any court or administrative agency) which in any way limits or conflicts with its ability to fulfill any of its obligations under this Agreement;

(e) this Agreement is a legal and valid obligation binding upon it and enforceable in accordance with its terms. The execution, delivery and performance of this Agreement by such Party does not violate any law or regulation of any court, governmental body or administrative or other agency having jurisdiction over it; and

(f) it has never been, is not currently, and, during the term of this Agreement, will not become, a Debarred Entity, Excluded Entity or Convicted Entity. The Parties further warrant and represent that no Debarred Individual, Debarred Entity, Excluded Individual, Excluded Entity, Convicted Individual or Convicted Entity has performed

or rendered, or will perform or render, any services or assistance on its behalf relating to activities taken pursuant to this Agreement.

(iv) A "Debarred Individual" is an individual who has been debarred by the FDA pursuant to 21 U.S.C. §335a (a) or (b) from providing services in any capacity to a person that has an approved or pending drug product application, or an employer, employee or partner of a Debarred Individual;

(v) A "Debarred Entity" is a corporation, partnership or association that has been debarred by the FDA pursuant to 21 U.S.C. §335a (a) or (b) from submitting or assisting in the submission of any abbreviated drug application, or an employee, partner, shareholder, member, subsidiary or affiliate of a Debarred Entity;

(vi) An "Excluded Individual" or "Excluded Entity" is (x) an individual or entity who has been excluded, debarred, suspended or is otherwise ineligible to participate in federal health care programs such as Medicare or Medicaid by the Office of the Inspector General (OIG/HHS) of the U.S. Department of Health and Human Services, or (y) is an individual or entity who has been excluded debarred, suspended or is otherwise ineligible to participate in federal procurement and non-procurement programs, including those produced by the U.S. General Services Administration (GSA); and

(vii) A "Convicted Individual" or "Convicted Entity" is an individual or entity who has been convicted of a criminal offense that falls within the ambit of 42 U.S.C. §1320a – 7(a), but has not yet been excluded, debarred, suspended or otherwise declared ineligible.

(g) "Notwithstanding anything to the contrary in this Agreement, as a material part of the consideration for this Agreement, AxoGen and SMS agree that AxoGen is taking the Existing Product "AS IS" with any and all latent and patent defects and that there is no warranty by Seller that the Existing Product is fit for a particular purpose. AxoGen acknowledges that it is not relying upon any representation, statement or other assertion with respect to the Existing Product condition, but is relying upon its own due diligence, including its own examination of the Existing Product. AxoGen takes the Existing Product under the express understanding there are no express or implied warranties (except for limited warranties of title set above.)

Section 7.02 SMS Representations, Warranties & Covenants. SMS represents, warrants and covenants to AxoGen that:

(a) SMS owns all right, title and interest in and to the Assets;

(b) SMS has not entered into any licensing or other agreement with any Third Party in conflict with the rights granted to AxoGen hereby;

(c) SMS has full control of the Licensed Technology and Assets, is entitled to grant the rights, licenses and options granted under Article 3, and is not currently subject to any Third Party agreement or to any outstanding order, judgment or decree of any court or administrative agency that restricts it in any way from using the Licensed Technology or Assets or from licensing, sublicensing or assigning to AxoGen, any know-how or patent rights that would otherwise be necessary or useful for the manufacture, development or commercialization of the Next Generation Product;

(d) there are no existing or threatened actions, suits or claims pending against SMS with respect to the Existing Product, Assets and the Licensed Technology;

(e) as of the Effective Date, SMS has not granted, and will not grant during the term of this Agreement, any right, license or interest in or to the Licensed Technology that is in conflict with the rights or licenses granted under this Agreement, nor, as of the Effective Date, has it encumbered any Asset, SMS Know-How and/or Patent Rights and SMS will not encumber any Asset, SMS Know-Howand/or Patent Rights;

(f) the Licensed Technology licensed or sublicensed to AxoGen pursuant to this Agreement has not been obtained by SMS or its Affiliates (or its or their predecessors-in-interest) in violation of any contractual or fiduciary obligation owed by any of them to a Third Party or by misappropriation of the trade secrets of any Third Party;

(g) the Patent Rights listed on **Exhibit C** list all Patent Rights SMS had relating to the Licensed Technology. To the best of SMS's knowledge, the issued claims under any issued Patent Rights were valid and in full force and effect;

(h) SMS has no knowledge of any infringement by any Third Party of any of the Licensed Technology as of the Effective Date;

(i) upon AxoGen's exercise of the Option, SMS shall not, directly or indirectly, make, use, or sell any Existing Product or any Next Generation Product to any Third Party;

(j) Except for the sale of Existing Product as provided herein prior to exercise of the Option and allowance to distribute pursuant to Section 3.02(c), during the Term, SMS and its Affiliates will not distribute, sell, develop or advise others regarding instruments, devices or products that could compete with the Existing Product, Next Generation Product or any similar diagnostic product or device developed by the Company.

(k) Approval necessary from all Regulatory Authorities and are legally adequate to allow for its sales and distribution and is exactly as described in applicable 510(k) clearance letters, except as to any and all changes that have been made to the device since any 510(k) was first released to market as provided in Exhibit A;

(l) any 510(k) applicable to the Existing Product has not been previously transferred to another party;

(m) has provide complete copies of applicable 510(k)s for the Existing Products including correspondence between SMS and any of its Affiliates and FDA, all letter to files concerning changes to labeling, components or design and the design history file including all change documentation; and

(n) has provided complaint files, reports of adverse events, removals and device master records for the Existing Product.

Article VIII.
CONFIDENTIALITY AND EXCHANGE OF INFORMATION

Section 8.01 **Confidential Information**. As used in this Agreement, the term "**Confidential Information**" means, except as set forth in this Section 8.01, all information that is secret, confidential or proprietary, whether provided in written, oral, graphic, video, electronic or other form, provided pursuant to this Agreement by a Party (the "**Disclosing Party**") to the other Party (the "**Receiving Party**"); provided that the Disclosing Party shall prominently mark any such tangible or electronic documents as "Confidential" and shall identify any such orally or visually disclosed information as "Confidential" at the time of first disclosure to the Receiving Party and shall summarize such Confidential Information in a writing delivered to Receiving Party within thirty (30) days after such first disclosure. Notwithstanding the foregoing sentence, Confidential Information shall exclude any information or materials that:

(a) was already known to the Receiving Party before receipt of such information under this Agreement;

(b) was or is independently developed by or for the Receiving Party without reliance on information received from the other Party under this Agreement, as evidenced by such Receiving Party's written records;

(c) is hereafter disclosed to the Receiving Party without restriction by a Third Party having a legal right to make such disclosure; or

(d) is or becomes part of the public domain through no breach of this Agreement by the Receiving Party.

Section 8.02 **Confidentiality Obligations.** During the term of this Agreement and for seven (7) years thereafter, the Receiving Party shall exercise all reasonable care to prevent the disclosure of Confidential Information received from the Disclosing Party and shall not use or permit to be used such Confidential Information for any purpose other than that expressly permitted under this Agreement without the Disclosing Party's prior written approval. The Receiving Party may disclose Confidential Information of the Disclosing Party to the Receiving Party's employees, consultants, contractors and Affiliates so long as such persons agree in writing, before such disclosure, to abide by non–disclosure obligations at least as strict as with those set forth in this Article 8.

Section 8.03 **Required Disclosures.** Nothing in this Agreement shall be construed to restrict the Parties from disclosing Confidential Information as required by law or court order or other governmental order or request, provided in each case the Party requested to make such disclosure shall timely inform the other Party and use all reasonable efforts to limit the disclosure and maintain the confidentiality of such Confidential Information to the extent possible. In addition, the Party requested to make such disclosure will allow the other Party to prevent or limit such disclosure by appropriate legal means.

Section 8.04 **Public Announcements**. No public announcement or other disclosure to any Third Party concerning the existence of, terms, or subject matter of this Agreement shall be made, either directly or indirectly, by any Party to this Agreement, except as may be legally required or as may be required for recording purposes, without first obtaining the approval of the other Party (not to be unreasonably withheld) and agreement upon the nature and text of such announcement or disclosure; *provided*, *however*, that each Party shall be entitled to disclose this Agreement or its terms (a) as required by law, including without limitation any disclosure requirements imposed by a stock exchange or securities regulatory agency

or CMS, and (b) to such Party's financial, tax and legal advisors, and to potential investors, corporate partners or acquirers, in each case provided that such persons or entities have confidentiality obligations at least as stringent as set forth in this Article 8. The Party desiring to make any legally-required public announcement or other disclosure (including those which may be required for recording purposes) shall inform the other Party of the proposed announcement or disclosure in reasonably sufficient time prior to public release, which shall be at least ten (10) business days prior to release of such proposed announcement or disclosure, and shall provide the other Party with a written copy thereof, in order to allow such other Party to comment upon such announcement or disclosure. Each Party agrees that it shall cooperate fully with the other with respect to all disclosures regarding this Agreement to the Securities Exchange Commission and any other governmental or regulatory agencies, including requests for confidential treatment of Confidential Information of either Party included in any such disclosure.

Section 8.05 Bankruptcy. All Confidential Information disclosed by one Party to the other Party shall remain the intellectual property of the Disclosing Party. In the event that a court or other legal or administrative tribunal, directly or through an appointed master, trustee or receiver, assumes partial or complete control over the assets of a Party to this Agreement based on the insolvency or bankruptcy of such Party, the bankrupt or insolvent Party shall promptly notify the court or other tribunal (a) that Confidential Information received from the other Party under this Agreement remains the property of the other Party, and (b) of the confidentiality obligations under this Agreement. In addition, the bankrupt or insolvent Party shall, to the extent permitted by law, take all steps necessary or desirable to maintain the confidentiality of the other Party's Confidential Information and to ensure that the court, other tribunal or appointee maintains such information in confidence in accordance with the terms of this Agreement.

Article IX.
INDEMNIFICATION

Section 9.01 Indemnification of AxoGen. SMS shall defend, indemnify and hold harmless AxoGen and its Affiliates, and their respective directors, officers, employees, agents and counsel, and the successors and assigns of the foregoing (the "**AxoGen Indemnitees**"), from and against any and all liabilities, damages, losses, costs or expenses (including reasonable attorneys' and professional fees and other expenses of litigation and/or arbitration) incurred in connection with a claim, suit or proceeding brought by a Third Party against an AxoGen Indemnitee, arising from or occurring as a result of: (a) the failure by SMS to take reasonable measures to obtain or maintain rights under the Licensed Technology sufficient to grant AxoGen a license under Section 3.01 and an Option under Section 3.02(a) of this Agreement; (b) SMS' development, manufacture and commercialization of the Existing Product, including all warranties and service costs for the Existing Product prior to exercise of the Option, or (c) SMS's material breach of any representation or warranty set forth in Section 7.01 or 7.02, except, in each case, to the extent caused by the negligence or willful misconduct of a AxoGen Indemnitee.

Section 9.02 Procedure. An AxoGen Indemnitee that intends to claim indemnification under this Article 9 shall promptly notify SMS in writing of any loss, claim, damage, liability or action in respect of which the AxoGen Indemnitee or any of its Affiliates, sublicensees or their directors, officers, employees, agents or counsel intend to claim such indemnification, and SMS shall have the right to participate in, and, to the extent SMS so desires, to assume the defense thereof with counsel of its own choice, subject to AxoGen's approval of such counsel, which approval may not be unreasonably withheld. The indemnity agreement in this Article 9 shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is made without the consent of SMS, which consent shall not be withheld unreasonably. The failure to deliver written notice to SMS within a reasonable time after the commencement of any such action, if materially prejudicial to its ability to defend such action, shall relieve SMS of any liability to the AxoGen Indemnitee under this Article 9. At SMS' request, the AxoGen Indemnitee under this Article 9, and its employees and agents, shall cooperate fully with SMS and its legal representatives in the investigation and defense of any action, claim or liability covered by this indemnification and provide full information with respect thereto.

Section 9.03 INDEMNIFICATION OF SMS. AxoGen shall defend, indemnify and hold harmless SMS and its Affiliates, and their respective directors, officers, employees, agents and counsel, Luiann Greer and A. Lee Dellon, and the successors and assigns of the foregoing (the "**SMS Indemnitees**"), from and against any and all liabilities, damages, losses, costs or expenses (including reasonable attorneys' and professional fees and other expenses of litigation and/or arbitration) incurred in connection with a claim, suit or proceeding brought by a Third Party against a SMS Indemnitee, arising from or occurring as a result of: (a) AxoGen's development, manufacture and commercialization of the Next Generation Product, including all warranties and service costs for the Next Generation Product, or (b) AxoGen's material breach of any representation or warranty set forth in this Agreement, except, in each case, to the extent caused by the negligence or willful misconduct of a SMS Indemnitee. The SMS Indemnitees shall have the right to the advance of reasonable attorneys' fees and expenses in

connection with defending against any Third party claim, suit or proceeding arising from or in connection with the Development Activities or AxoGen's negligence, misconduct or fraud.

Section 9.04 Procedure. An SMS Indemnitee that intends to claim indemnification under this Article 9 shall promptly notify AxoGen in writing of any loss, claim, damage, liability or action in respect of which the SMS Indemnitee or any of its Affiliates, sublicensees or their directors, officers, employees, agents or counsel intend to claim such indemnification, and AxoGen shall have the right to participate in, and, to the extent AxoGen so desires, to assume the defense thereof with counsel of its own choice, subject to SMS Indemnitee's approval of such counsel, which approval may not be unreasonably withheld. The indemnity agreement in this Article 9 shall not apply to amounts paid in settlement of any loss, claim, damage, liability or action if such settlement is made without the consent of AxoGen, which consent shall not be withheld unreasonably. The failure to deliver written notice to AxoGen within a reasonable time after the commencement of any such action, if materially prejudicial to its ability to defend such action, shall relieve AxoGen of any liability to the SMS Indemnitee under this Article 9. At AxoGen's request, the SMS Indemnitee under this Article 9, and its employees and agents, shall cooperate fully with AxoGen and its legal representatives in the investigation and defense of any action, claim or liability covered by this indemnification and provide full information with respect thereto.

Limitation of Liability.

(a) EXCEPT FOR A PARTY'S INDEMNIFICATION OBLIGATIONS, NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, INDIRECT OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION, LOST PROFITS OR LOST REVENUES, ARISING OUT OF THIS AGREEMENT, HOWEVER CAUSED, UNDER ANY THEORY OF LIABILITY, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(b) AXOGEN SHALL NOT BE LIABLE TO SMS OR ANY THIRD PARTY FOR ANY DAMAGES ARISING OUT OF THE DEVELOPMENT, MANUFACTURE OR COMMERCIALIZATION OF THE EXISTING PRODUCT BY SMS, ITS AFFILIATES, SUBLICENSEES OR ANY THIRD PARTY.

Article X.
TERM AND TERMINATION

Section 10.01 Term. This Agreement shall commence on the Effective Date and shall continue in full force and effect until terminated pursuant to this Article 10, provided, however, this Agreement will expire at the end of the Option Term if AxoGen has not exercised the Option and if the Option is exercised it will terminate 10 years from the date of such Option exercise.

Section 10.02 Termination for Material Breach. Either Party shall have the right to terminate this Agreement in the event the other Party has materially breached or defaulted in the performance of any of its obligations hereunder, and if such breach or default is not corrected within sixty (60) days after the breaching Party receives written notice identifying such breach.

Section 10.03 Termination for Insolvency; Retention of License. If voluntary or involuntary proceedings by or against a Party are instituted in bankruptcy under any insolvency law, or a receiver or custodian is appointed for such Party, or proceedings are instituted by or against such Party for corporate reorganization or the dissolution of such Party, which proceedings, if involuntary, shall not have been dismissed within ninety (90) days after the date of filing, or if such Party makes an assignment for the benefit of creditors, or substantially all of the assets of such Party are seized or attached and not released within ninety (90) days thereafter, the other Party may immediately terminate this Agreement effective upon notice of such termination. Notwithstanding the bankruptcy of a Party, or the impairment of performance by a Party of its obligations under this Agreement as a result of bankruptcy or insolvency of such Party, and subject to such other Party's rights to terminate this Agreement for reasons other than bankruptcy or insolvency as expressly provided in this Agreement, the other Party shall be entitled to retain the licenses under the terms and conditions granted herein.

Section 10.04 Termination by AxoGen. Prior to exercise of the Option, if any, AxoGen shall have the right to terminate this Agreement in its sole discretion in its entirety by providing thirty (30) days written notice thereof of the termination of this Agreement (the "**Notice Period**").

Section 10.05 General Effect of Termination.

(a) **Accrued Obligations**. Termination of this Agreement for any reason shall not release any Party hereto from any liability which, at the time of such termination, has already accrued to the other Party or which is attributable to a

period prior to such termination, nor preclude either Party from pursuing any rights and remedies it may have hereunder or at law or in equity which accrued or are based upon any event occurring prior to such termination; provided, that AxoGen shall not be obligated to pay any amounts that may become due following delivery of notice of termination.

(b) **Return of Materials**. Upon any termination of this Agreement, each Party shall promptly return to the other Party all materials and tangible Confidential Information received from the other Party (except one copy of which may be retained by legal counsel for archival purposes).

Section 10.06 Bankruptcy Provisions. All rights and distribution rights granted under or pursuant to this Agreement by SMS to AxoGen are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101(52) of the U.S. Bankruptcy Code. The Parties agree that AxoGen, as licensee of such rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code or any comparably rights under other applicable bankruptcy law, subject to performance by AxoGen of its preexisting obligations under this Agreement. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against SMS, AxoGen shall be entitled to a complete duplicate of (or complete access to, as appropriate) any such intellectual property and all embodiments of such intellectual property, and same, if not already in its possession, shall be promptly delivered to AxoGen (a) upon any commencement of any bankruptcy proceeding upon written request therefore by AxoGen, unless SMS elects to continue to perform all of its obligations under this Agreement, or (b) if not delivered under (a) above, upon the rejection of this Agreement by or on behalf of SMS upon written request therefore by AxoGen, provided, however, that upon SMS's (or its successor's) written notification to AxoGen that it is again willing and able to perform all of its obligations under this Agreement, AxoGen shall promptly return all such tangible materials to SMS, but only to the extent that AxoGen does not require continued access to such materials to enable AxoGen to perform its obligations under this Agreement.

Section 10.07 Survival. Articles 7, 8 and 9 and Sections 11.02 and 11.04, shall survive the expiration or termination of this Agreement for any reason. In addition, any other provision required to interpret and enforce the Parties' rights and obligations under this Agreement shall also survive, but only to the extent required for the observation and performance of the aforementioned surviving portions of this Agreement.

Article XI.
MISCELLANEOUS

Section 11.01 Governing Law; Equitable Relief.

(a) This Agreement shall be governed by and interpreted in accordance with the laws of the State of Maryland without giving effect to any conflict of laws provisions, except matters of intellectual property that will be determined in accordance the intellectual property laws relevant to the intellectual property in question.

(b) No provision herein shall be construed as precluding a Party from bringing an action for injunctive relief or other equitable relief prior to the initiation or completion of the above procedure.

Section 11.02 Waiver. Neither Party may waive or release any of its rights or interests in this Agreement except in writing. The failure of either Party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition. No waiver by either Party of any condition or term in any one or more instances shall be construed as a further or continuing waiver of such condition or term or of another condition or term.

Section 11.03 Assignment. This Agreement shall not be assignable by SMS without the written consent of AxoGen. The terms and conditions of this Agreement shall be binding on and inure to the benefit of the permitted successors and assigns of the Parties.

Section 11.04 Notices. Any notices, requests and other communications hereunder shall be in writing and shall be personally delivered or sent by international express delivery service, registered or certified air mail, return receipt requested, postage prepaid, or by facsimile (confirmed by prepaid registered or certified air mail letter or by international express delivery mail) (e.g., FedEx)), and shall be deemed to have been properly served to the addressee upon receipt of such written communication, to the following addresses of the Parties, or such other address as may be specified in writing to the other Parties hereto:

if to AxoGen: AxoGen Corporation
13631 Progress Blvd.
Suite 400
Alachua, FL 32615
Attention: Karen Zaderej
Fax: 386-462-6803

if to SMS: Sensory Management Services LLC

10 Luce Del Sol
Unit 3
Henderson, Nevada 89011
Attention: Lee Dellon

And

1122 Kennilworth Drive
Suite 18
Towson, Maryland 21204
Attention: Lee Dellon

Attention: Lee Dellon
Fax: 410-337-0040

Section 11.05 Force Majeure. Neither Party shall be liable to the other for failure or delay in the performance of any of its obligations under this Agreement for the time and to the extent such failure or delay is caused by earthquake, riot, civil commotion, terrorism, war, hostilities between nations, governmental law, order or regulation, embargo, action by the government or any agency thereof, act of God, storm, fire, accident, labor dispute or strike, sabotage, explosion or other similar or different contingencies, in each case, beyond the reasonable control of the respective Party. The Party affected by force majeure shall provide the other Party with full particulars thereof as soon as it becomes aware of the same (including its best estimate of the likely extent and duration of the interference with its activities), and will use its best endeavors to overcome the difficulties created thereby and to resume performance of its obligations as soon as practicable. If the performance of any obligation under this Agreement is delayed owing to a force majeure for any continuous period of more than six (6) months, the Parties hereto shall consult with respect to an equitable solution including the possible termination of this Agreement.

Section 11.06 Independent Contractors. Nothing contained in this Agreement is intended implicitly, or is to be construed, to constitute AxoGen or SMS as partners or joint venturers in the legal sense. No Party hereto shall have any express or implied right or authority to assume or create any obligations on behalf of or in the name of any other Party or to bind any other Party to any contract, agreement or undertaking with any Third Party.

Section 11.07 Severability. If any of the terms or provisions of this Agreement are in conflict with any applicable statute or rule of law, then such terms or provisions shall be deemed inoperative to the extent that they may conflict therewith and shall be deemed to be modified to conform with such statute or rule of law. In the event that the terms and conditions of this Agreement are materially altered as a result of the above, the Parties will renegotiate the terms and conditions of this Agreement to resolve any inequities

Section 11.08 Further Assurances. At any time or from time to time on and after the date of this Agreement, either Party shall at the request of the other Party (i) deliver to the requesting Party such records, data or other documents consistent with the provisions of this Agreement, (ii) execute, and deliver or cause to be delivered, all such consents, documents or further instruments of assignment, transfer or license, and (iii) take or cause to be taken all such actions, as the requesting Party may reasonably deem necessary or desirable in order for the requesting Party to obtain the full benefits of this Agreement and the transactions contemplated hereby.

Section 11.09 Entire Agreement. This Agreement constitutes the entire agreement, both written and oral, with respect to the subject matter hereof, and supersedes and terminates all prior or contemporaneous understandings or agreements, whether written or oral, between AxoGen and SMS with respect to such subject matter. No terms or provisions of this Agreement shall be varied or modified by any prior or subsequent statement, conduct or act of either of the Parties, except that the Parties may amend this Agreement by written instruments specifically referring to and executed by authorized representatives of each Party in the same manner as this Agreement.

Section 11.10 Headings. The captions to the Articles and Sections hereof are not a part of this Agreement, but are included merely for convenience of reference only and shall not affect its meaning or interpretation.

Section 11.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

Section 11.12 Venue. Any dispute arising under or in connection with the agreement or related to any matter which is the subject of the agreement shall be subject to the exclusive jurisdiction of the state and/or federal courts located in Baltimore, Maryland.

Section 11.1 3 Arbitration. Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in the State of Maryland and City of Baltimore in accordance with its Commercial or other Arbitration Rules, and judgment on the award rendered by the arbitrator[s] may be entered in any court having jurisdiction thereof.

Section 11.14 Assignment. This Agreement or the right to receive royalties hereunder may be assigned by SMS without the consent of AxoGen. AxoGen may assign this Agreement without consent in the event of a merger or acquisition of the Company, sale of substantially all of the Company's assets or a change of greater than 50% of the ownership of the Company or its parent Company AxoGen Inc.

IN WITNESS WHEREOF, the Parties hereto have caused this Development, License and Option Agreement to be duly executed by their authorized representatives effective as of Effective Date.

Sensory Management Services LLC		**AxoGen Corporation**	
By:	/s/ A Lee Dellon	**By:**	/s/Karen Zaderej
Name:	A Lee Dellon	**Name:**	Karen Zaderej
Title:	President	**Title:**	CEO
Date:	11/5/14	**Date:**	11/3/2014

By: /s/Luiann O. Greer

Name: Luiann O. Greer

Title: CEO

Date: 11/5/14

EXHIBIT A

ASSETS

1.	Regulatory Approvals (including filings and changes since filings)
2.	Design history files
3.	Quality systems
4.	Customer files
5.	Product molds
6.	CAD drawings
7.	Existing inventory of the Existing Product
8.	Customer Lists

EXHIBIT B

EXISTING PRODUCT

(From: SMS Assets List June 2013)

Copyright to Instructional Manuals

1. Seiler D, Barrett SL, Dellon AL:
   Interpretation Guide to Neurosensory and Motor Testing
   Sensory Management Services, LLC, publisher Baltimore, MD, 2002.

2. Seiler, D, Motwani, L, Dellon, AL,
   Interpretation Guide to Neurosensory and M otor Testing: The PDA Platform
   Sensory Management Services, LLC, publisher, Nevada, 2007.

3. Seiler, D, Motwani, L, Dellon, AL,
   Interpretation Guide to Neurosensory and Motor Testing: The Touch-Screen Platform,
   Sensory Management Services, LLC, publisher, Nevada, 2013.

Copyright to Instructional Video

1. Dellon, A.L., Computer-Assisted Sensorimotor Testing, 1995.

Artwork

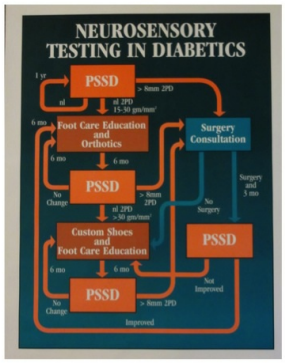
1. The Pressure-Specified Sensory: Framed Schematic

Trademarks

1. Pressure-Specified Sensory Device™

2. Disk-Criminator™

Neurosensory Testing Algorithm

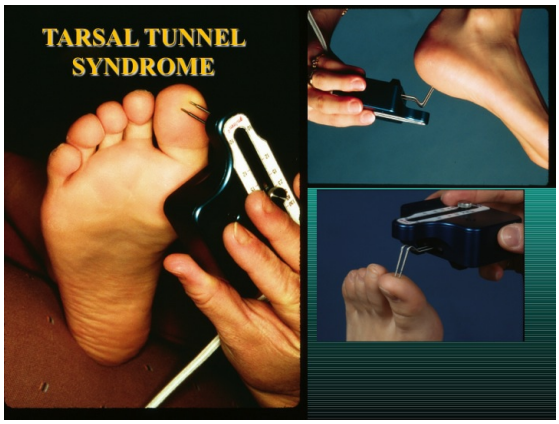


Administrative Law Judge Proceedings:

1. Medicare copies of medicare procedings, ALJ DECISIONS, ETC related to the PSSD, AND THE SURGERY

Neurosensory Testing Lecture

1. Powerpoint, (153 MB)



Collection of PSSD Reprints

1. Binder with 180 different reprints related to the PSSD

EXHIBIT C

PATENT RIGHTS

1. Disk-Criminator™, Canadian Patent #1,282,660, 1991;
   Mackinnon, S.E., and Dellon, A.L.,
   Registration Numbers: Canadian TMA336,211; United States 1,511,664

2. Pressure Specifying Sensory Device, Patent #5,027,828, 1991;
   Dellon, A.L. and Kovacevic, N.

3. Digit-Grip, Patent #5, 317, 916, 1992;
   Dellon, A.L., Kovacevic, N.
   Sensory Management Services, LLC

4. Force-Defined Vibrometer, Patent pending, 1991;
   Dellon, A.L. and Kovacevic, N.

5. Skin Compliance Device, Patent #5, 373, 730, 1992;
   Dellon, A.L. and Kovacevic, N.

6. Breast Compliance Device, Patent #346, 124, 1993;
   Dellon, A.L., Kovacevic, N

Patent Applications:

1. 11/643,281 System and method for managing neurosensory test information.

2. 11/643,398 Apparatus and method for testing of neurosensory sensitivity.

3. 11/643,205 Apparatus and method for testing of neurosensory response.

4. 29/270,609 Portable Medical Device.

LICENSE AND SERVICES AGREEMENT

This License and Services Agreement (the "Agreement") is made as of the 6th day of August, 2015 ("Effective Date"), by and between Community Blood Center (d/b/a Community Tissue Services), an Ohio Corporation, as Licensor (the "Licensor"), and AxoGen Corporation, a Delaware Corporation as Licensee (the "Licensee").

WITNESSETH:

WHEREAS:

1. Licensor owns the real property in that certain building located at 349 South Main Street, Dayton, Ohio 45402 (the "Premises");

2. Licensor currently occupies all or a portion of the Premises;

3. Licensor desires to license to Licensee, and Licensee desires to license and use, a portion of the Premises designated for the purpose of conducting tissue processing, other laboratory related activities, business activity related thereto, storage, shipping and receiving of products and materials and related activities. The configuration of the Premises is shown on Exhibit A, attached hereto and made a part hereof by reference;

4. Licensor desires to conduct support services for Licensee and Licensee desires to have Licensor conduct such support services;

5. Licensee desires for Licensor to become Licensee's next nerve recovery agency; and

6. Licensor and Licensee are willing to enter into such license and, engage Licensor to perform such support services under the terms, covenants and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants contained herein the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I. DEFINITIONS

Section 1.01 The following terms used herein shall have the meaning set forth in the corresponding section set forth in the table below:

Defined Term	Section
Agreement	Preamble
Clean Room(s)	2.01
Common Space	2.01
Confidential Information	9.01
Dedicated Space	2.01
Deposit	7.01
Effective Date	Preamble
Equipment	3.03
Executive Officers	13.05
Fees	7.01
Licensed Space	2.01
License	2.01
Licensee	Preamble
License Fee	7.01

Licensor	Preamble
Licensor's FF&E	4.02
Licensor Claimed Space	2.03
Losses	11.02
Occupancy Date	6.01
Office Space	2.01
Option	2.03
Option Space	2.03
Premises	Recitals
Processing	3.01
Product	3.01
Project Intellectual Property	8.01
Regulatory Approval	6.02
Reserved Space	2.03
SOPs	2.04
Support Services	4.01
Support Services Fee	7.01
Term	12.01
Third Party Claims	11.02
Warehouse Space	2.01

ARTICLE II. GRANT OF LICENSE

Section 2.01 Grant of License. Licensor does hereby grant to Licensee upon the terms and conditions of this Agreement an irrevocable license (the "License"), except as otherwise expressly set forth herein, to occupy exclusively the two (2) clean rooms (each a "Clean Room" and collectively, the "Clean Rooms"), the two (2) offices/work areas ("Office Space") and the storage space ("Warehouse Space") specifically identified in Exhibit A (collectively, the Clean Rooms, Office Space and Warehouse Space, referred to herein as the "Dedicated Space"), together with a non-exclusive right in common with the Licensorand Licensor's invitees and other licensees at the Premises to access and use the main lobby, necessary hallways, shared rest rooms, shared parking areas, and the conference room adjacent to the Clean Rooms (which conference room will be shared space but when not required by Licensor or its invitees or licensees may be used byLicensee's employees to use as additional work space), shared copier/scanner room, elevators, stairs and ingress and egress points (the "Common Space", and collectively with the Dedicated Space, the "Licensed Space").

Section 2.02 Licensor Equipment. The foregoing License grant contained in this Agreement provides Licensee with the exclusive use of the Licensor's equipment, furniture and other property located in the Dedicated Space and, subject to the SOPs, non-exclusive use of the equipment, furniture and other property located in the Common Space, each as described on Schedule I attached hereto.

Section 2.03 Option. During the Term, Licensor hereby grants to Licensee the exclusive first right and option (even to Licensor) ("Option") to add to the Licensed Space additional clean rooms, office space and warehouse space at the Premises on the same floor as the Licensed Space (such rooms and space are specifically identified in Exhibit A; the portion thereof that at any time has not been added to the Licensed Space or has become Licensor Claimed Space as provided below,is referred to as the "Option Space"). The Option is not limited to a single exercise, but may be exercised multiple times during the Term, subject to the restrictions provided in this Section 2.03.

(a) In the event Licensor at any time duringthe Term desires to use any of the Option Space excluding the Reserved Space, directly or indirectly, Licensor will notify Licensee which notice shall contain a description of the scope and intended use. Licensee will have thirty (30) days from receipt of

Licensor's notice to exercise the Option for such rooms and space as described in Licensor's notice (the "Licensor Claimed Space") by providing written notice of exercise to Licensor. If Licensee exercises the Option under the circumstances described in this Section 2.03(a), it must be for all of the Licensor Claimed Space. If Licensee fails to so timely exercise the Option, then the Option will lapse relative to the Licensor Claimed Space as long as use of the rooms and space as described in Licensor's notice commences within ninety (90) days after Licensor's notice. Notwithstanding the foregoing, Licensor will not provide a notice to Licensee under this provision within the first 18 months of this Agreement. "Reserved Space" will mean at any time that Licensor desires to use any of the Option Space, such number of clean rooms then existing within the Option Space as required to provide additional square footage of clean room space equal to fifty percent (50%) of the aggregate clean room space then included in the Licensed Space, up to a maximum of all clean rooms remaining in the Option Space(i.e., there shall not be any obligation for Licensor to create any more clean rooms).

(b) If Licensee exercises the Option, the fees associated with such additional space are set forth on Schedule II.

(c) If Licensee exercises the Option at any time Licensor shall provide to Licensee such additional space within 90 days of Licensee's written exercise. Upon exercise of such Option, such additional space shall be included in the definition of "Licensed Space" and shall be subject to the terms and conditions set forth in this Agreement, provided, however, that upon 30 days' notice Licensee may terminate its use of this additional space, such termination having no effect on any other terms of this Agreement.

(d) The parties will meet within 30 days prior to 18 months from the date of this Agreement, and every 6 months thereafter, to discuss the space needs of the parties for the next 6 months with respect to the space described in Exhibit A.

Section 2.04 SOPs. The Licensee hereby agrees to make commercially reasonable efforts to comply with, the SOPs as from time to time in effect with respect to the Premises, including the SOPs for cleaning procedures for the Clean Rooms. The initial SOPs are listed on Exhibit B and copies thereof have been made available to Licensee or will be provided to Licensee during orientation. The Standard Operating Procedures for the Premises applicable to Licensee, as revised and amended from time to time by Licensor, in Licensor's sole discretion, are referred to herein as, the 'SOPs". No revision or amendment to the initial SOPs by Licensor that would have an adverse impact on Licensee's use of the Licensed Space shall be made by Licensor, except and only to the extent any such revision or amendment is required by applicable laws, regulations or ordinances or the permits, orders or requirements of any government authorities in connection with the use of the Licensed Space, performance of the Support Services or Processing of the Product.

ARTICLE III. USE OF LICENSED SPACE

Section 3.01 Use of Space. Licensee shall use the Licensed Space for the purpose of conducting tissue processing ("Processing") of Licensee's Avance® Nerve Graft and such other human tissue products as Licensee may have in the future ("Product"), other laboratory related activities, business activity related thereto, storage, shipping and receiving of products and materials and related activities. The parties agree to discuss in good faith potential collaborations between the parties, including Licensor Processing the Product on behalf of Licensee two (2) years after the Effective Date.

Section 3.02 Access. Except in the case of emergencies, Licensee and its employees shall have access to the Dedicated Space and to Common Space twenty-four (24) hours per day and seven (7) days per week. Licensee's agents, invitees or guests may enter the Licensed Space in accordance with access and security procedures as set forth in applicable SOPs provided in writing to Licensee by Licensor.

Section 3.03 Equipment. Licensee may install in the Dedicated Space at Licensee's own cost and expense equipment necessary for the Processing, including cold storage freezers and refrigerators ("Equipment"). All such Equipment shall be the sole property of Licensee, and Licensee shall be responsible for the calibration and preventive maintenance of such Equipment. Upon Licensee's reasonable request, Licensor shall assist Licensee in (a) making any UCC or other filings necessary to secure and evidence Licensee's ownership in such Equipment, and (b) delivery or removal of such Equipment from the Premises.

ARTICLE IV. SUPPORT SERVICES

Section 4.01 Support Services. Licensor shall provide the following support services ("Support Services") to Licensee during the Term: (a) routine sterilization of daily supplies (by validated sterilization process set forth in SOPs) and disposable supplies, including, but not limited to, sterile gowns, sleeves, gloves, table covers and required cleaning supplies to meet Licensee's Processing schedule provided in writing by Licensee to Licensor, (b) dry ice in amounts sufficient for Licensee to ship Product (which cost of such dry ice shall be reimbursable by Licensee pursuant to Section 7.03), (c) microbial services, consisting of culture plates, lab testing, monitoring and reporting in agreed upon formats and frequency by the parties, (d) access to a shared business capable copier and scanner; (e) internet access via a public wireless network (provided that Licensee shall be responsible for data security and IT support in connection with such wireless network for Licensee's employees) and (f) those Standard License Services as provided in Schedule IV. The cost of such Support Services is set forth as the Support Services Fee on Schedule II; provided that such cost was based on Licensee's current methodologies and Processing of the Avance® Nerve Graft only. If there are material changes to such methodologies by Licensee or if additional products are processed by Licensee during the Term, the parties will negotiate in good faith an amendment to this Agreement to adjust the pricing appropriately.

Section 4.02 Licensor's FF&E. All personal property, including furniture and equipment installed in or located in the Licensed Space prior to Licensee's use of the Licensed Space is the property of Licensor and is described on Schedule I attached hereto (the "Licensor's FF&E").

Section 4.03 Training. Licensee (and its employees and any of its consultants or contractors needed for any of Licensee's activities on the Premises) will participate in certain training modules as stated in the SOPs. Such required training modules may include (i) training before occupying and using Licensed Space; (ii) updated training as applicable; and (iii) training as procedures change and periodic refresher training including as to life safety matters as Licensor may direct from time to time. Training shall be provided by Licensor at its sole cost and expense. Licensee employee discipline shall be the responsibility of the Licensee and Licensor shall direct any complaints with respect to a Licensee employee to the attention of Licensee's Director of Operations.

Section 4.04 Utilities. Licensor shall provide continuous monitoring of environmental conditions (temperature and pressure as appropriate) for the Licensed Space and Equipment twenty-four hours a day/seven days a week. Licensor shall provide services to back-up electrical equipment to allow for Processing and storage, at the necessary temperatures, to continue in the event of a power outage, including back-up power for the Equipment and any other ancillary equipment, including but not limited to, incubators, hoods, freezers and Clean Rooms at the Licensed Space.

Section 4.05 Security. Licensor shall provide security at the Premises and with respect to the Licensed Space. Licensee shall comply with all security procedures and requirements including all applicable SOPs related to security identified in Exhibit B.

Section 4.06 Parking. Licensee and its employees will park in the areas on the Premises so designated from time to time by Licensor as the parking areas for Licensee. Such parking areas will be non-exclusive. Licensee's guests and invitees shall park in the parking areas on the Premises so designated from time to time by Licensor as the parking areas for visitors.

Section 4.07 Other Licensee Operations, Activities and Requirements. Except, and only to the extent of the Support Services expressly provided for in this Agreement, Licensor shall not have any obligations or otherwise be responsible or liable for any other operations, activities or requirements of Licensee or any services in support of the same, whether arising out of the Processing or other activity at the Licensed Space or otherwise, including equipment, supplies, services and facilities.

ARTICLE V. RENOVATIONS; REPAIRS AND MAINTENANCE

Section 5.01 Renovations. Prior to the Occupancy Date, Licensor shall renovate the Licensed Space to the agreed specifications set forth in Schedule III with the renovation of the Clean Rooms to meet at least the requirements set forth by the International Organization for Standardization in ISO 7 in accordance with ISO 14644 standards. On the Occupancy Date, Licensee shall reimburse Licensor one-third (1/3) of such costs, provided that Licensee's reimbursement shall not exceed $166,666, for such renovations. Other than as agreed upon by the parties or as contemplated herein, Licensee shall not make any changes, additions, improvements, alterations or other physical changes to the Licensed Space.

Section 5.02 Routine Repairs and Maintenance. Licensor, at its cost, shall provide routine maintenance and repairs to the Premises and Dedicated Space. Licensee shall inform Licensor if Licensor's FF&E in the Dedicated Space requires maintenance or repair in order to keep the same in good order and repair and Licensor shall maintain and repair Licensor's FF&E.

Section 5.03 Licensor Access to Licensed Space. Licensor and its employees, contractors and agents shall have the right, on no less than twenty-four (24) hours' prior notice to Licensee (except in the case of an emergency in which event Licensor shall have the immediate right without notice), from time to time throughout the Term, to enter any portion of the Dedicated Space during business hours to examine the same, to show the same to prospective purchasers, mortgagees, licensees or tenants and to make such repairs, alterations, improvements or additions to the Dedicated Space or any other portion of the Premises; provided that (except in the event of an emergency) such access shall be subject to reasonable limitations imposed by Licensee related to proprietary and confidential information of the Licensee and any work performed or inspections or installations made by Licensor shall be using reasonable efforts to minimize disruption to the business and operations of Licensee.

ARTICLE VI. REGULATORY

Section 6.01 Certification of Clean Rooms. No later than October 15, 2015, the Licensor shall obtain certification that the Clean Rooms including the hallways of the Cleanroom meet a minimum of ISO 7 standards as certified by an independent third party so as to allow the first pilot processing to be able to proceed. The date of such validation is referred to herein as the "Occupancy Date".

Section 6.02 Regulatory Registrations and Approvals. Licensee shall obtain all Regulatory Approvals necessary for the Processing of the Product. Licensor shall obtain all Regulatory Approvals necessary for the Licensed Space and Support Services. "Regulatory Approval" means any and all approvals, licenses, registrations, accreditations or authorizations of the relevant regulatory authority, including all approvals and permits necessary for the Processing, development, manufacture, use, storage, import, or transport of Product. Regulatory Authorities include international country regulatory agencies, US FDA, US State regulatory agencies and voluntary regulatory agencies such as the American Association of Tissue Banks (AATB) and other similar agencies.

Section 6.03 Inspections and Audits. Each party shall promptly advise the other party if an authorized agent of a governmental authority or AATB visits the Premises for the purpose of performing an audit or inspection. Each party shall supply the other with all material information supplied by such Governmental Authority or AATB in connection with such visit.

Section 6.04 Communications with Regulatory Authorities. Licensor shall be responsible, and act as the sole point of contact, for communications with regulatory authorities in connection with the Licensed Space and Support Services. Licensee shall be responsible, and act as the sole point of contact, for communications with regulatory authorities in connection with the Processing of Product. Following the Effective Date, Licensor shall consult with Licensee prior to any meetings or contact with regulatory authorities related to the Licensed Space or Support Services. To the extent Licensor receives any written or oral communication from any regulatory authority relating to Licensed Space of Support Services, Licensor shall as soon as reasonably practicable (but in any event within twenty-four (24) hours), notify Licensee and provide Licensee with a copy of any written communication received by Licensor or, if applicable, complete accurate minutes of such oral communication. At the request of a Party, the other Party shall make available to the requesting Party, free of charge, a qualified representative who shall, together with the representatives of requesting Party, participate in and contribute to meetings with the regulatory authorities with respect to regulatory matters relating to the Licensed Space or Support Services.

Section 6.05 Quality Agreement. The parties shall enter into a quality agreement, which shall include the requirements of each party which requirements shall be in compliance to 21 C.F.R. 1271 and American Association of Tissue Bank (AATB) standards. Such quality agreement shall be executed by the parties prior to the Occupancy Date. To the extent any provision of the Quality Agreement expressly conflicts with any provision of this Agreement, the provisions of the Quality Agreement shall govern.

ARTICLE VII. FEES

Section 7.01 Fees. Licensee shall pay to Licensor a monthly license fee (the "License Fee") and a monthly support services fee (the "Support Services Fee") as such fees are set forth on the fee schedule on Schedule II. The License Fee and Support Services Fee are collectively referred to herein as, the "Fees". Payment of such Fees shall commence on the Occupancy Date and continue during the Term in accordance with Schedule II. In the event that the Occupancy Date occurs after the first of the month or termination or expiration occur after the first of the month, the License Fee for such month shall be pro-rated based on the number of days in such month and the Occupancy Date or date of termination or expiration, respectively. The Licensee Fee shall be paid in advance and the Support Services Fee shall be paid in arrears. On the Occupancy Date, Licensee shall also pay an amount equal to $17,334 to be held by Licensor as security for Licensee's performance of its obligations under this Agreement (the "Deposit"). Upon termination of this Agreement for any reason, Licensee shall pay Licensor for all Support Services Fees accruing through the effective date of termination, and Licensor shall return the Deposit less any amounts due to Licensor under this Agreement.

Section 7.02 Payments. All Fees shall be paid on the first day of each month and paid in lawful money of the United States of America by electronic transfer of funds to the account of Licensor set forth in a written notice from Licensor or by another method approved by Licensor.

Section 7.03 Out-of-Pocket Expenses. Licensee shall also pay Licensor for any actual out of pocket costs for the amount of dry ice used by Licensee per month. Licensor shall provide such amount in a monthly invoice to Licensee, and shall be payable by Licensee within thirty (30) days from receipt of such invoice.

Section 7.04 Taxes. Licensor shall be responsible for the payment of any and all taxes levied on account of Fees paid to Licensor by Licensee under this Agreement.

ARTICLE VIII. INTELLECTUAL PROPERTY

Section 8.01 Project Intellectual Property. Licensor agrees not to claim any rights, title or ownership in the Licensee Confidential Information or any Project Intellectual Property, and that the rights, title and ownership in

the Confidential Information and Project Intellectual Property shall, as between the parties, vest in Licensee. Licensor agrees to promptly disclose to Licensee any Project Intellectual Property. Licensor agrees to assign, and hereby assigns, to Licensee or its Affiliates throughout the world, the sole and exclusive ownership in all Project Intellectual Property, including all right, title and interest thereto and in any copyright in any work product generated in the performance of the Services. Licensor hereby waives the whole of Licensor's moral rights to any copyrights developed under this Agreement or any Statement of Work. Licensor further agrees not to use any trademark of Licensee, or any other identifier for any advertising, promotion or any other purpose without the prior written consent of Licensee. "Project Intellectual Property" means all intellectual property, whether patentable or not, created, conceived or reduced to practice by Licensor, either alone or in combination with others, in carrying out any services hereunder or otherwise in connection with this Agreement, including inventions, discoveries, modifications, and/or improvements, patents, patent applications, trademarks, trade names, service marks, copyrights, creative works, derivative works, moral rights, trade secrets, proprietary information, rights to use, industrial designs, proprietary materials, including chemical and biological materials, compositions, methods of use, methods of administration, or methods of treatment.

Section 8.02 Assistance. Licensor shall reasonably cooperate in the preparation, filing, prosecution and maintenance of all patent rights of any Project Intellectual Property. Such cooperation shall include execution of all papers and instruments appropriate so as to enable Licensee to prepare, file, prosecute and maintain such rights in any country.

Section 8.03 Work-for Hire. The parties further expressly agree that the aforementioned Services will be considered and deemed as work made for hire for the benefit and exclusive ownership of Licensee to the fullest extent permitted by applicable law; provided, however, that if said work shall not be legally qualified as a work made for hire, Licensor agrees to assign, and does hereby so assign to Licensee, all rights, title and interest in and to said work, including the copyright therein. Licensor agrees to furnish and execute such additional documents as Licensee may require in order to establish Licensee's ownership of the copyright in the work including such assignments of the copyright therein throughout the world as Licensee may deem appropriate.

ARTICLE IX. CONFIDENTIALITY

Section 9.01 Confidential Information. "Cxgonfidential Information" of a party means information relating to the business, operations or products of a party, including any know-how, that such party discloses to the other party under this Agreement, in any form, or otherwise becomes known to the other party by virtue of this Agreement.

Section 9.02 Confidentiality Obligations. Each party agrees that, for the Term and for five (5) years thereafter, such party shall, and shall ensure that its representatives hold in confidence all Confidential Information disclosed to it by the other party or learned by such party pursuant to this Agreement, unless such information:

(i) is or becomes generally available to the public other than as a result of disclosure by the recipient;

(ii) is already known by or in the possession of the recipient at the time of disclosure by the disclosing party;

(iii) is independently developed by recipient without use of or reference to the disclosing party's Confidential Information; or

(iv) is obtained by recipient from a third party that has not breached any obligations of confidentiality.

The recipient shall not disclose any of the Confidential Information, except to representatives of the recipient who need to know the Confidential Information for the purpose of performing the recipient's obligations, or exercising

its rights, under this Agreement and who are bound by obligations of non-use and non-disclosure substantially similar to those set forth herein. The recipient shall be responsible for any disclosure or use of the Confidential Information by such representatives. The recipient shall protect Confidential Information using not less than the same care with which it treats its own confidential information, but at all times shall use at least reasonable care. Each party shall: (a) implement and maintain appropriate security measures to prevent unauthorized access to, or disclosure of, the other party's Confidential Information; (b) promptly notify the other party of any unauthorized access or disclosure of such other party's Confidential Information; and (c) cooperate with such other party in the investigation and remediation of any such unauthorized access or disclosure.

Section 9.03 Use. Notwithstanding Section 9.02, a party may use the Confidential Information of the other party solely for the purpose of performing its obligations under this Agreement.

Section 9.04 Required Disclosure. The recipient may disclose the Confidential Information to the extent required by law or court order; provided, however, that the recipient promptly provides to the disclosing party prior written notice of such disclosure and provides reasonable assistance in obtaining an order or other remedy protecting the Confidential Information from public disclosure.

ARTICLE X. REPRESENTATIONS AND WARRANTIES

Section 10.01 Representations and Warranties by each Party. Each party represents, warrants and covenants that:

(a) Organization and Good Standing. Such party is and will remain a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization;

(b) Authorization. The execution and delivery of this Agreement has been authorized by all requisite corporate action. This Agreement is and will remain a valid and binding obligation of such party, enforceable in accordance with its terms, subject to anyapplicable laws with respect to bankruptcy, insolvency and the relief of debtors;

(c) No Broker. Neither party has dealt with abroker, agent or finder in connection with this Agreement;

(d) No Conflict. Such party is authorized to enter into this Agreement and that the respective signatories hereto have been authorized to sign this Agreement, and such party does not require consent from and is not violating any contractual obligation with any other party by entering into this Agreement; and

(e) Compliance with Laws. Such party shall comply with all applicable laws, regulations and ordinances and the permits, orders and requirements of all government authorities in connection with its grant of and use of the Licensed Space, Support Services and Processing of the Product Without limiting the preceding sentence, Licensee acknowledges that its obligations will include maintaining appropriate material safety data sheets and other records and provide the same to Licensor to enable Licensor to comply with its obligations.

Section 10.02 Restrictions on Licensor and Licensee Activities. Licensor and Licensee acknowledge that each of them and their officers, employees and agents will during the Term gain substantial knowledge of the business of the other party. Accordingly, Licensor and Licensee each on behalf of itself, its officers and employees hereby covenants that, during the Term and for a period of two (2) years after the expiration or termination of this Agreement, it will not, without the prior written consent of the other party hire, employ, solicit or attempt to solicit or induce any person employed by the other party to leave such employment or to break his or her non-competition agreement, non-disclosure agreement or any other agreement with the other party (the Parties acknowledge that general advertisements and job postings shall not be violations of this Section 10.02).

Section 10.03

Licensor's Officers, Employees and Agents. Licensor shall bind and engage all of its officers, employees and agents who will or might reasonably be expected to perform or assist to perform Support Services under this Agreement to an agreement having terms the same as or equivalent to the terms of Article 9.

Section 10.04 Permits. Each party represents, warrants and covenants that it shall apply for, obtain and maintain, at its expense, any additional permits or approvals required for such party to obtain in accordance with Schedule IV.

Section 10.05 Hazardous Materials. Each party represents, warrants and covenants that it, its employees, and agents shall not generate, store, install, dispose of or otherwise handle in the Common Space any hazardous material. Without limiting the effect of the preceding sentence, Licensee shall be responsible for proper labeling and storage of all hazardous materials generated, stored, installed, disposed of or otherwise handled in the Licensed Space by Licensee and its employees, or in or around the Premises, by Licensee.

ARTICLE XI. INSURANCE, INDEMNIFICATION & LIMITATION OF LIABILITY

Section 11.01 Insurance. Each party shall obtain and maintain throughout the Term, at its sole cost and expense, commercially reasonable insurance coverage under an insurance policy/ies, in an amount and with an insurance carrier that is reasonably satisfactory to the other party. Each party shall provide the other party with a certificate of insurance suitable to the other party evidencing such insurance policy/ies and stating that such policy/ies are in full force and effect and shall remain in effect throughout the Term, unless the insurance carrier provides not less than sixty (60) days prior written notice of expiration or cancellation. Upon receipt of any such notice from an insurance carrier, such party shall promptly provide such notice to the other party. Licensor and Licensee agree to have their respective insurance companies issuing property damage insurance waive any rights of subrogation that such companies may have against Licensor or Licensee, as the case may be, so long as the insurance carried by Licensor and Licensee, respectively, is not invalidated thereby, and except with respect to loss or damage caused by the gross negligence or willful misconduct of the other party, its employees or agents. As long as such waivers of subrogation are contained in their respective insurance policies, Licensor and Licensee hereby waive any right that either may have against the other on account of any loss or damage to their respective property to the extent such loss or damage is insurable under property damage insurance, and except with respect to loss or damage caused by the gross negligence or willful misconduct of the other party, its employees or agents.

Section 11.02 Indemnification by Licensor. Licensor shall save, defend, indemnify and hold Licensee, its affiliates and their respective officers, directors, employees and agents harmless from and against any and all losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) (collectively, "Losses") to the extent arising in connection with any and all charges, complaints, actions, suits, proceedings, hearings, investigations, claims, demands, judgments, orders, decrees, stipulations or injunctions by a third party (each a "Third Party Claim") resulting or otherwise arising from or in connection with (a) Licensor's breach of its obligations, covenants, representations or warranties contained in this Agreement, (b) any negligent act or omission or willful misconduct of Licensor, its employees or any individuals involved in the fulfillment of Licensor's obligations under this Agreement, or (c) resulting from Licensor's or its other licensees, tenants or subtenants other than Licensee use of the Licensed Space, except to the extent any of the foregoing results from the negligence or willful misconduct of Licensee, its agents, employees, invitees or guests or any failure by Licensee to observe or perform any of the terms, covenants or conditions of this Agreement required to be observed or performed by Licensee.

Section 11.03 Indemnification by Licensee. Licensee shall save, defend, indemnify and hold Licensor, its affiliates and their respective officers, directors, employees and agents harmless from and against any and all Losses to the extent arising in connection with any and all Third Party Claim resulting or otherwise arising from or in connection with (a) Licensee's breach of its obligations, covenants, representations or warranties contained in

this Agreement, (b) any negligent act or omission or willful misconduct of Licensee, its employees or any individuals involved in the fulfillment of Licensee's obligations under this Agreement, (c) resulting from Licensee's use of the Licensed Space, except to the extent any of the foregoing results from the negligence or willful misconduct of Licensor, Licensor's other licensees, tenants or subtenants other than Licensee, anyone claiming through or under Licensor, or Licensor's or such other party's agents, employees, invitees or guests or any failure by Licensor to observe or perform any of the terms, covenants or conditions of this Agreement required to be observed or performed by Licensor.

SECTION 11.04 LIMITATION OF LIABILITY. NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT TO THE CONTRARY, AND EXCEPT FOR BREACHES OF ARTICLE IX, A PARTY'S INDEMNIFICATION OBLIGATION UNDER SECTIONS 11.02 OR 11.03, OR DAMAGES RESULTING FROM A PARTY'S WILLFUL MISCONDUCT, IN NO EVENT SHALL LICENSOR OR LICENSEE, OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, SHAREHOLDERS, INVESTORS, EMPLOYEES, ADVISERS OR AGENTS, BE RESPONSIBLE UNDER OR FOR BREACH OF ANY PROVISION OF THIS AGREEMENT FOR INTERRUPTION OR LOSS OF BUSINESS (SPECIFICALLY INCLUDING ANY INTERRUPTION RESULTING FROM THE NEED TO CONDUCT REPAIRS OR MAINTENANCE ON ANY OF THE PREMISES OR ANY OF THE EQUIPMENT PROVIDED BY LICENSOR), INCOME OR PROFITS, OR ANY CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES.

Section 11.05 DISCLAIMER OF WARRANTIES. EXCEPT FOR THE EXPRESS WARRANTIES IN SECTION 10.1, THE PARTIES HEREBY EXPRESSLY DISCLAIM ANY AND ALL OTHER EXPRESS OR IMPLIED WARRANTIES REGARDING THE PREMISES, THE LICENSED SPACE, THE SUPPORT SERVICES AND ANY OTHER MATERIALS OR SUPPLIES PROVIDED UNDER THIS AGREEMENT, INCLUDING ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. WITHOUT LIMITING THE FOREGOING, LICENSEE ACKNOWLEDGES THAT (a) LICENSOR MAKES NO REPRESENTATIONS ABOUT THE PERFORMANCE OR CONDITION OF THE PREMISES, ANY EQUIPMENT ON THE PREMISES AND ANY BUILDING SYSTEMS SERVING THE PREMISES (INCLUDING HVAC, ELECTRICAL AND PLUMBING), AND (b) LICENSEE HAS BEEN GIVEN FULL OPPORTUNITY TO EVALUATE AND ASSESS THE PREMISES AND ALL SUCH EQUIPMENT AND SYSTEMS AND ASSOCIATED BOOKS AND RECORDS OF LICENSOR.

ARTICLE XII. LICENSE TERM & TERMINATION

Section 12.01 Term. Unless otherwise terminated pursuant to the terms of this Agreement, the License granted hereunder shall commence on the Occupancy Date and shall end five (5) years after such date ("Term").

Section 12.02 Termination. This Agreement may be terminated as follows:

(a) If either Licensee or Licensor materially breaches or materially defaults in the performance or observance of any of its respective obligations under this Agreement, and such breach or default is not cured within sixty (60) days (fifteen (15) days in the event of default in the payment of Fees under Article VII) after the giving of written notice by the other party specifying such breach or default, then such other party shall have the right to terminate this Agreement by providing the breaching party written notice within ten (10) days following the expiration of such ninety (90)-day period (such termination to be effective upon receipt of such termination notice).

(b) If either party is generally unable to meet its debts when due, or makes a general assignment for the benefit of its creditors, or there shall have been appointed a receiver, trustee or other custodian for such party for or a substantial part of its assets, or any case or proceeding shall have been commenced or other action taken by

or against such party in bankruptcy or seeking the reorganization, liquidation, dissolution or winding-up of such party or any other relief under any bankruptcy, insolvency, reorganization or other similar act or law, and any such event shall have continued for sixty (60) days undismissed, unstayed, unbonded and undischarged, then the other party may, upon notice to such party, terminate this Agreement, such termination to be effective upon such party's receipt of such notice.

(c) If a substantial portion of the Licensed Space is damaged as a result of fire or other casualty or is taken by means of eminent domain, Licensor may terminate this Agreement upon notice to Licensee.

(d) If either party provides the other eighteen (18) months written notice of termination anytime two (2) years after the Effective Date.

Section 12.03 Effects of Expiration and Termination.

(a) Upon expiration or termination of this Agreement, all licenses and rights shall terminate;

(b) Following expiration or termination of this Agreement, (i) each of Licensee and Licensor shall, upon request of the other party, return or destroy all Licensor Confidential Information and Licensee Confidential Information, respectively, disclosed to it pursuant to this Agreement, including all copies and extracts of documents, as promptly as practicable following receipt of such request, except that one (1) copy may be kept for the purpose of complying with continuing obligations under this Agreement; and

(c) Following expiration or termination of this Agreement, Licensee shall vacate and decommission to commercially reasonable standards the Dedicated Space, leave the Licensed Space broom clean and in the same general order and condition as the Licensed Space on the Occupancy Date, except for reasonable wear and tear, and promptly provide a copy of all decommissioning documentation to Licensor. Licensee shall after such termination or expiration (1) remove all of Licensee's personal property and all other property and effects of Licensee and all persons claiming through or under Licensee from the Licensed Space and the Premises, (2) remove all Equipment, and (3) repair all damage to the Licensed Space and the Premises, if any, occasioned by such removal, reasonable wear and tear excepted. Licensor shall provide Licensee with full access and the right to remove the foregoing property (including Equipment) from the Licensed Space following expiration or termination of this Agreement.

Section 12.04 Survival. The termination or expiration of this Agreement shall not relieve the parties of any obligations accruing prior to such termination, and any such termination shall be without prejudice to the rights of either party against the other. The provisions of Sections 6.04, 7.01, 7.04 and 12.03 and Articles 8, 9, 10 and 11 shall survive any termination of this Agreement.

ARTICLE XIII. MISCELLANEOUS

Section 13.01 Notices.

(a) Any notice or communications given or required to be given pursuant to this Agreement shall be effective only if rendered or given in writing, sent by (1) registered or certified mail, return receipt requested, (2) a nationally recognized courier service such as Federal Express or UPS, or (3) hand delivery (with a duplicate copy sent via either method described in (1) or (2) immediately above) addressed:

If to Licensee, to:

AxoGen Corporation
13631 Progress Blvd, Suite 400

Alachua, FL 32615
Attn: Karen Zaderej

With a copy to:

DLA Piper LLP
One Liberty Place
1650 Market Street, Suite 4900
Philadelphia, PA 19103
Attn: Fahd M.T. Riaz, Esq.

If to Licensor, to:

Community Tissue Services
349 S. Main Street
Dayton, OH 45402
Attn: Diane Wilson, COO

With a copy to:

Coolidge Wall
600 W. First Street
Dayton, OH 45402
Attn: Sam Warwar, Esq.

(b) Any such demand, notice, communication or report shall be deemed to have been given pursuant to this Agreement upon delivery or refusal of delivery. Either party may at any time change its address for notification purposes by providing written notice stating the change and setting forth the new address.

Section 13.02 Entire Agreement. Except as expressly otherwise provided herein, this Agreement together with the exhibits and schedules attached hereto, which are incorporated herein by this reference, embodies and constitutes the entire understanding between the parties with respect to the licensing transaction contemplated herein. This Agreement may not be modified, amended or terminated, and Licensee's obligations hereunder shall in no way be discharged, except as expressly provided in this Agreement or by written instrument executed by the parties hereto. This Agreement shall not be construed in any way to grant Licensee any leasehold or other real property interest in the Licensed Space. This Agreement merely grants Licensee this License to enter upon, occupy and use the Licensed Space during the Term in accordance with the terms and conditions hereof.

Section 13.03 Assignment. Neither party may assign its rights or delegate its duties under this Agreement (whether by operation of law or otherwise) without the prior written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns.

Section 13.04 Recording. Neither Licensor nor Licensee shall have the right to record this Agreement or any memorandum thereof.

Section 13.05 Dispute Resolution. Either party may, by written notice to the other party, request that a dispute be resolved by the Chief Executive Officer or General Counsel of Licensee and Chief Operating Officer of Licensor (collectively referred to herein as the "Executive Officers"), within fifteen (15) days after referral of such dispute to them. If the Executive Officers cannot resolve such dispute within fifteen (15) days after referral of such dispute to

them, then, at any time after such fifteen (15) day period, either party may proceed to enforce any and all of its rights with respect to such dispute.

Section 13.06 Injunctive Relief. No provision herein shall be construed as precluding a party from bringing an action for injunctive relief or other equitable relief prior to the initiation or completion of the procedure set forth in Section 13.05.

Section 13.07 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflict of law provisions.

Section 13.08 Severability. If and solely to the extent that any provision of this Agreement shall be invalid or unenforceable, or shall render this entire Agreement to be unenforceable or invalid, such offending provision shall be of no effect and shall not affect the validity of the remainder of this Agreement or any of its provisions; provided, however, the parties shall use their respective reasonable efforts to replace the invalid provisions in a manner that best accomplishes the original intentions of the parties.

Section 13.09 Waivers. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party or parties waiving such term or condition. Neither the waiver by any party of any term or condition of this Agreement nor the failure on the part of any party, in one or more instances, to enforce any of the provisions of this Agreement or to exercise any right or privilege, shall be deemed or construed to be a waiver of such term or condition for any similar instance in the future or of any subsequent breach hereof. All rights, remedies, undertakings, obligations and agreements contained in this Agreement shall be cumulative and none of them shall be a limitation of any other remedy, right, undertaking, obligation or agreement.

Section 13.10 Interpretation. The term "business days" as used in this Agreement shall exclude Saturdays, Sundays and holidays, the term "Saturdays" as used in this Agreement shall exclude holidays and the term "holidays" as used in this Agreement shall mean all days observed as legal holidays by either the State of Ohio or the United States of America. The terms "Person" and "persons" as used in this Agreement shall be deemed to include natural persons, firms, corporations, associations and any other private or public entities, whether any of the foregoing are acting on their own behalf or in a representative capacity. Whenever the words "including", "include" or "includes" are used in this Agreement, they shall be interpreted in a nonexclusive manner.

Section 13.11 Execution and Counterparts. This Agreement shall not be binding or effective until this Agreement is executed and delivered by Licensor and Licensee. This Agreement may be executed in several counterparts, each of which shall constitute an original, but all of which together shall constitute one and the same instrument. The execution of this Agreement may be effected by electronically transmitted (email) or facsimile signatures, all of which shall be treated as originals.

[signatures on next page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

LICENSOR:

COMMUNITY BLOOD CENTER (D/B/A COMMUNITY TISSUE SERVICES)

By: /s/ Diane Wilson
Name: Diane Wilson
Title: COO

LICENSEE:

AXOGEN CORPORATION
By: /s/ Karen Zaderej
Name: Karen Zaderej
Title: CEO

EXHIBIT A

Premises

See attached

EXHIBIT B

List of Initial Standard Operating Procedures

Document #	Document Name
ARTICLE XIV.	**HUMAN RESOURCES**
HRTECH-001-POL	Unauthorized Computer Software Usage
HRTECH-002-POL	Telephones & Cellular Phones
HRTECH-003-POL	Electronic Mail Usage
HRTECH-004-POL	Social Media
HRTECH-005-POL	Internet Usage
HRTECH-006-POL	Using Mobile Devices
HREMP-002-POL	Harassment Policy
HREMP-003-POL	Customer Service Policy
HREMP-009-POL	Code of Ethics
HREMP-010-POL	Temporary Contract Workers
HREMP-011-POL	Drug Free Workplace
HRPERS-015-POL	Dress Code
HRPERS-016-POL	Parking Lot Policy
HR-004-F	Parking Agreement
HRBEN-012-POL	Holidays
HRHSAF-001-POL	Safety/Security
HRHSAF-002-POL	Identification Badges
HRHSAF-003-POL	Workplace Violence
HRHSAF-004-POL	Weapons-Workplace
HRHSAF-006-POL	Drug & Alcohol Testing
HRHSAF-012-POL	Smoking in the Workplace
ARTICLE XV.	**SAFETY**
SAF-100	Accident/Illness Process
SAF-102	Exposure Control
SAF-200	Portable Fire Extinguishers
SAF-201	Fire Drills
SAF-401	Biological Spills
SAF-409	Prevention of Chemical Injuries
SAF-411	Prevention of Biological Hazards
SAF-505	CBC/CTS Dayton Intruder Plan
SAF-510	Incident Reports

SAF-Form 368	Fire Alarm Activation Work Aid
ARTICLE XVI.	**FACILITIES**
FAC-200	Performing Preventive Maintenance
FAC-500-POL	Visitors & Guests
ARTICLE XVII.	**INFORMATION TECHNOLOGY**
IT-202	Requesting IT Support
ARTICLE XVIII.	**GENERAL**
CTS-300-F-02	Incineration Record
CTS-300-WI-03	Physical Discard of Tissue/Regulated Waste
300-WI-04	Maintaining Biohazard Documentation
CTS-300-JA-04	Maintaining Biohazard Documentation
CTS-300-JA-05	Maintaining Biohazard Documentation
CTS-300-JA-06	Monthly Invoice-Certificate of Treatment
CTS-300-JA-07	Maintaining Biohazard Documentation
CTS-500 series	Storage of Human Tissue
ARTICLE XIX.	**QUALITY ASSURANCE**
JCI-010 series	Probe Calibration
JCI-011 series	Event Report Review
JCI-100 series	Overview of JCI monitoring system
	Alarm Trouble Shooting
DRC-410 Series	JCI Event Notification

SCHEDULE I

Licensor's FF&E

- Room M-432 (AxoGen office) - 1 desk, 1 table, 4 chairs & 1 credenza.
- Room M-430 (AxoGen office) - 1 desk and 1 chair.
- Room M-431 (common area) - 2 desks, 10 Chairs, 1 love seat, 1 end table, 1 conference table & a copy/scanner.
- Room M-405 (AxoGen conference) - 1 Conference table, 6 chairs & TV cabinet.
- Room M-404 (AxoGen office) - 4 drawer file, desk chair & 2-3 drawer files.
- Room M-403 (AxoGen office) - 1 desk chair, 1-4 drawer file, 1-2 drawer file & 1-3 drawer file.

SCHEDULE II

Fees

1. **License Fees:**

   a. Licensee shall pay the following License Fee for the Licensed Space:

      i. During the period after the Occupancy Date and before the earlier of: (a) February 1, 2016 or (b) the date Licensee commences Processing of tissue prior to the commercial sales of the Product at the Licensed Space, Licensee shall pay to Licensor a monthly License Fee of $17,334/month; and

      ii. After the earlier of: (a) the date Licensee commences Processing of tissue prior to the commercial sales of the Product; or (b) February 1, 2016, and for the remainder of the Term, Licensee shall pay to Licensor a monthly License Fee of $34,667/month.

   b. In the event that Licensee obtains clean rooms during the Term in addition to those set forth in Section 2.01, then Licensee shall pay to Licensor the amount of: $4,000/week for space that is greater than 185 sq ft and configured to allow for two (2) or more hoods for Processing, or $2,400/week for space that is equal to or less than 185 sq ft and configured to allow for one (1) hood for Processing. The foregoing additional costs shall include the necessary additional Office Space and Warehouse Space related to such additional clean rooms.

2. **Support Services Fees:** Licensee shall pay the rate of (a) **[***]**; and (b) **[***]**. Licensee will provide Licensor a monthly report of **[***]** no later than fifteen (15) days following the end of each calendar moth during the Term. Licensee will cooperate with Licensor in the periodic auditing of the Support Services Fees by providing Licensor access to such books and records of Licensee as needed to validate Licensee's compliance with this Agreement; provided that Licensor shall not request such access more often than once per calendar year during the Term.

3. **Fee Adjustment:** In addition to adjustments under the circumstances described in Section 4.01, The License Fee and the Support Services Fees shall increase by the lesser of: (1) the increase in the particular year of the Producer Price Index; or (2) three percent (3%), effective January 1, 2016 and on each January 1 thereafter during the Term.

SCHEDULE III

Improvement Specifications

CTS shall provide:

- 2 clean rooms and clean corridor area meeting ISO 7 or better in accordance with ISO 14644 standards.
- Adequate electrical service for current and future expansion in accordance with National Electrical Code (NEC). Emergency electrical generator service shall be provided to the hoods, incubators, sealers, burst test, freezers and other ancillary equipment.
- A modified water plumbing system to provide decontamination floor sink and spray faucet, double sink and spray faucet along with eye wash and safety shower.
- Compressed air and outlets to sealers and test devices.
- 24/7 clean room temperature, humidity and pressure via the building automation system (BAS).
- Incubator, refrigerator and freezer 24/7 monitoring via Johnson Control system.
- Conditioned space for refrigerators and freezers with dedicated 20 A circuits on emergency electrical generator.

Construction shall be permitted in accordance with the City of Dayton, Ohio requirements.

Clean space shall have fiberglass reinforced plastic (FRP) walls.

Lighting shall be upgraded to accommodate the hoods being located inside the clean rooms.

Renovated space shall have Mannington Biospec welded seam vinyl flooring.

All spaces in the clean core area shall be air balanced for proper air pressure control.

Agape Instrument Service shall test and certify the spaces in accordance to ISO 14644.

SCHEDULE IV

Standard License Services

1	**Receptionist**			
	1.1	Generally	A receptionist will attend the main lobby during business hours (business hours stated in the SOPs) to greet Licensee's guests.	
2	**Waste**			
	2.1	Removal	Remove office and non-office waste. Waste to be handled by Licensee pursuant to the SOPs.	
3	**Courier & Post**			
	3.1	Mail	Licensee will have a separate mailbox. Delivery to the mailbox will be pursuant to the SOPS and consistent with deliveries to Licensor internal users.	
	3.2	Shipping & Receiving	Materials for shipping will be shipped consistent with the SOPs when delivered to the designated collection point. Materials received for Licensee will be delivered to the designated location on the 4th floor according to the SOPs.	
4	**Utilities**			
	4.1	Non-telecommunications	Licensor will pay for reasonable usage of heating, cooling, electricity and water pursuant to the Agreement. Licensor will provide temperature monitoring systems twenty-four hours a day/seven days a week for the Equipment and Clean Rooms. Licensor will provide back-up electrical equipment to allow Processing and storage to continue in the event of a power outage, including backup power for all Equipment, incubators, hoods, freezers, Clean Rooms, and other ancillary equipment used by Licensee.	
	4.2	Telecommunications	Licensor will arrange for the local provider (currently Verizon) to provide phone and internet services to Licensee in the Dedicated Space. Expenses associated with set-up, usage and other costs and fees related to telecommunications services are the responsibility of Licensee.	
5	**Access**			

	5.1	Badges	Licensor will provide security badges to Licensee for use by Licensee's employees.	
6	**Parking**			
	6.1	Generally	Licensor will provide a reasonable number of parking spaces for use by Licensee.	
	6.2	Location	Location of parking spaces for use by Licensee will be determined by Licensor from time to time.	
7	**Signage**			
	7.1	Generally	Licensor will provide one sign in the immediate area of the Dedicated Space.	
8	**Permits**			
	8.1	Generally	Licensor will hold the following permits relevant to the Licensed Space and Support Services: (a) FDA HCT/P Establishment Registration listing Nerve Tissue (b) AATB Accreditation Licensee will hold the following permits relevant to the Licensed Space: (a) FDA HCT/P Establishment Registration listing Nerve Tissue (b) AATB Accreditation (c) State of California License (d) State of Florida License (e) State of New York License (f) State of Maryland License (g) State of Delaware Registration (h) State of Illinois Registration (i) State of Oregon Registration (j) Canada CTO Registration	

EXHIBIT 10.4

Amendment NO. 2 To Employment AGreement

This Amendment No. 2 to Employment Agreement (this "Amendment") is entered into as of August 6, 2015 by and between Greg Freitag ("Freitag") and AxoGen, Inc. ("AxoGen").

WHEREAS, Freitag and AxoGen entered into that certain Employment Agreement dated October 1, 2011 (the "Agreement") as amended May 11, 2014 ("Amendment") for the employment of Freitag; and

WHEREAS, Freitag will assume the additional duties and title as AxoGen CFO; and

WHEREAS, Freitag and AxoGen desire to amend the Agreement and cancel all terms of the Amendment, upon the terms and conditions hereinafter provided ;

NOW, THEREFORE, in consideration of the foregoing and for other consideration, the receipt and sufficiency of which are hereby acknowledged, Freitag and AxoGen agree that the Agreement and Amendment are hereby amended as follows:

1. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement.

2. The Amendment is hereby terminated and of no further force or effect.

3. Schedule 1, Section 1 is replaced as follows: AxoGen hereby employs Employee as CFO, General Counsel and Senior Vice President of Business Development, which title may change at A xoGen's discretion.

4. Schedule 1, Section 2. Will include that Employee will additionally provide support to AxoGen and Corp. as to legal matters and business development activity, assist on all strategic and tactical matters as they relate to forecasting, financial structure, corporate development, investor/public relations and the securing of additional funding.

5. The last sentence of Schedule 1, Section 2. (d) (i) is replaced as follows: Notwithstanding the forgoing, AxoGen confirms and agrees that Employee is on the Board of Directors of PDS Biotechnology Corporation, on the Foundation Board of HealthEast Care System and is a principal in FreiMc, LLC. and EmployRx, LLC. Employee hereby represents and warrants that such activity is not competitive with that of Employer and any activity associated with such organizations will not interfere with Employee's performance of his duties for Employer.

6. Schedule 2, Section 1 (a) is amended to provide that Base Salary will be $285,000.

7. As amended hereby, the Agreement is hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereunto have executed this Amendment as of the date first written above.

FREITAG:

By: /s/ Greg Freitag
Gregory Freitag

AXOGEN:

AXOGEN, INC

By: /s/ Karen Zaderej
Name: Karen Zaderej
Title: CEO

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Karen Zaderej, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AxoGen, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2015

/s/ Karen Zaderej
Karen Zaderej
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gregory G. Freitag, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AxoGen, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 5, 2015

/s/ Gregory G. Freitag
Gregory G. Freitag
Chief Financial Officer

EXHIBIT 32

CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002 (SUBSECTIONS (A) AND (B) OF SECTION 1350, CHAPTER 63 OF TITLE 18, UNITED STATES CODE)

In connection with the Quarterly Report on Form 10-Q (the "Report") of AxoGen, Inc. (the "Company"), Karen Zaderej, Chief Executive Officer of the Company and Gregory G. Freitag, Chief Financial Officer of the Company, each certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of her/his knowledge that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 5, 2015

/s/ Karen Zaderej
Karen Zaderej
Chief Executive Officer
(Principal Executive Officer)

/s/ Gregory G. Freitag
Gregory G. Freitag
Chief Financial Officer
(Principal Financial Officer)