

UNITED STATES BANKRUPTCY COURT District of Delaware		PROOF OF CLAIM
Name of Debtor: ReGen Biologics, Inc., a Delaware corporation		Case Number: 11-11083-PJW
NOTE: This form should not be used to make a claim for an administrative expense arising after the commencement of the case. A request for payment of an administrative expense may be filed pursuant to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): Metropolitan Life Insurance Company, a New York corporation		<input type="checkbox"/> Check this box to indicate that this claim amends a previously filed claim. Court Claim Number: _____ (If known) Filed on: _____
Name and address where notices should be sent: Metropolitan Life Insurance Company 425 Market Street, Suite 1050, San Francisco, CA 94105 Attn: Mark Pallis		
Telephone number: (415) 536-1060		
Name and address where payment should be sent (if different from above): <div style="text-align: center;"> RECEIVED JUL 28 2011 BMC GROUP </div>		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. <input type="checkbox"/> Check this box if you are the debtor or trustee in this case.
Telephone number:		
1. Amount of Claim as of Date Case Filed: \$ <u>748,356.77</u> If all or part of your claim is secured, complete item 4 below; however, if all of your claim is unsecured, do not complete item 4. If all or part of your claim is entitled to priority, complete item 5. <input type="checkbox"/> Check this box if claim includes interest or other charges in addition to the principal amount of claim. Attach itemized statement of interest or charges.		5. Amount of Claim Entitled to Priority under 11 U.S.C. §507(a). If any portion of your claim falls in one of the following categories, check the box and state the amount. Specify the priority of the claim. <input type="checkbox"/> Domestic support obligations under 11 U.S.C. §507(a)(1)(A) or (a)(1)(B). <input type="checkbox"/> Wages, salaries, or commissions (up to \$10,950*) earned within 180 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier – 11 U.S.C. §507 (a)(4). <input type="checkbox"/> Contributions to an employee benefit plan – 11 U.S.C. §507 (a)(5). <input type="checkbox"/> Up to \$2,425* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use – 11 U.S.C. §507 (a)(7). <input type="checkbox"/> Taxes or penalties owed to governmental units – 11 U.S.C. §507 (a)(8). <input type="checkbox"/> Other – Specify applicable paragraph of 11 U.S.C. §507 (a)(). Amount entitled to priority: \$ _____ *Amounts are subject to adjustment on 4/1/10 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.
2. Basis for Claim: <u>Lease - see Attachment</u> (See instruction #2 on reverse side.)		
3. Last four digits of any number by which creditor identifies debtor: _____ 3a. Debtor may have scheduled account as: _____ (See instruction #3a on reverse side.)		
4. Secured Claim (See instruction #4 on reverse side.) Check the appropriate box if your claim is secured by a lien on property or a right of setoff and provide the requested information. Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input checked="" type="checkbox"/> Other Describe: Unpaid pre-petition Rent and post-petition future Rent charges Value of Property: \$ _____ Annual Interest Rate: _____ % Amount of arrearage and other charges as of time case filed included in secured claim, if any: \$ _____ Basis for perfection: _____ Amount of Secured Claim: \$ _____ Amount Unsecured: \$ <u>748,356.77</u>		
6. Credits: The amount of all payments on this claim has been credited for the purpose of making this proof of claim.		
7. Documents: Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. You may also attach a summary. Attach redacted copies of documents providing evidence of perfection of a security interest. You may also attach a summary. (See definition of "redacted" on reverse side.) DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:		
Date: <u>7/19/11</u>	Signature: The person filing this claim must sign it. Sign and print name and title, if any, of the creditor or other person authorized to file this claim and state address and telephone number if different from the notice address above. Attach copy of power of attorney, if any. <div style="text-align: center;"> Joel R. Redmon Regional Director </div>	
Metropolitan Life Insurance Company, a New York corporation By: <i>[Signature]</i>	Regen Biologics 00057	

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

BMC

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, there may be exceptions to these general rules.

Items to be completed in Proof of Claim form**Court, Name of Debtor, and Case Number:**

Fill in the federal judicial district where the bankruptcy case was filed (for example, Central District of California), the bankruptcy debtor's name, and the bankruptcy case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is located at the top of the notice.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the Bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor.

3a. Debtor May Have Scheduled Account As:

Use this space to report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

4. Secured Claim:

Check the appropriate box and provide the requested information if the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See DEFINITIONS, below.) State the type and the value of property that secures the claim, attach copies of lien

documentation, and state annual interest rate and the amount past due on the claim as of the date of the bankruptcy filing.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. §507(a).

If any portion of your claim falls in one or more of the listed categories, check the appropriate box(es) and state the amount entitled to priority. (See DEFINITIONS, below.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:

Attach to this proof of claim form redacted copies documenting the existence of the debt and of any lien securing the debt. You may also attach a summary. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary. FRBP 3001(c) and (d). Do not send original documents, as attachments may be destroyed after scanning.

Date and Signature:

The person filing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2), authorizes courts to establish local rules specifying what constitutes a signature. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. Attach a complete copy of any power of attorney. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS**Debtor**

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

Creditor

A creditor is the person, corporation, or other entity owed a debt by the debtor on the date of the bankruptcy filing.

Claim

A claim is the creditor's right to receive payment on a debt that was owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101(5). A claim may be secured or unsecured.

Proof of Claim

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

Secured Claim Under 11 U.S.C. §506(a)

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car.

A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien. A claim also may be secured if the creditor owes the debtor money (has a right to setoff).

Unsecured Claim

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

Claim Entitled to Priority Under 11 U.S.C. §507(a)

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

Redacted

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor should redact and use only the last four digits of any social-security, individual's tax-identification, or financial-account number, all but the initials of a minor's name and only the year of any person's date of birth.

Evidence of Perfection

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

INFORMATION**Acknowledgment of Filing of Claim**

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system (www.pacer.psc.uscourts.gov) for a small fee to view your filed proof of claim.

Offers to Purchase a Claim

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation or communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim. However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 *et seq.*), and any applicable orders of the bankruptcy court.

ATTACHMENT TO PROOF OF CLAIM FILED BY
METROPOLITAN LIFE INSURANCE COMPANY

IN RE REGEN BIOLOGICS, INC., CHAPTER 11, United States Bankruptcy Court for the
District of Delaware
Case No. 11-11083-PJW

Unexpired Non-Residential Real Property Lease

Debtor, ReGen Biologics, Inc., a Delaware corporation, is the "Tenant" and Metropolitan Life Insurance Company, a New York corporation ("Landlord") is the under that certain written unexpired lease of non-residential real property, as amended, of approximately 15,021 square feet commonly known as Suite 545 located in Building 12 at Penobscot Drive, Redwood City, California (the "Lease"). The Lease is comprised of the following: (a) that certain Office Lease, dated as of April 10, 1996, (b) that certain First Amendment to Lease dated as of May 13, 2003, (c) that certain Second Amendment to Lease dated as of April 13, 2006, (d) that certain Third Amendment to Lease dated as of February 22, 2010, and (d) that certain Fourth Amendment to Lease dated as of March 31, 2011, entered into by and between Landlord and Debtor. The term of the Lease expires on June 30, 2013. A true and correct copy of the Lease is attached as Exhibit A hereto. Capitalized terms used in this Attachment and not defined herein shall have the meanings set forth in the Lease unless the context clearly requires otherwise.

Claim

Landlord hereby claims \$1,300,055.87, which is comprised of the following amounts:

(a) Landlord hereby claims \$268,541.68, which is comprised of unpaid pre-petition rent under the Lease for the period from January 1, 2010 through April 7, 2011, as shown in the Pre-Bankruptcy Calculation Worksheet attached as Exhibit B hereto; and

(b) In the event the Lease has been or will be rejected, giving rise to a damage claim in favor of Landlord, Landlord hereby further claims \$1,031,514.19, which is comprised of unpaid rent reserved under the Lease for the period from the petition date of April 8, 2011 through the Lease expiration date of June 30, 2013, less any administrative expense payments received by Landlord for such period, as shown in the Post-Bankruptcy Calculation Worksheet attached as Exhibit C hereto, and subject to the one-year cap calculation of 11 U.S.C. §502(b)(6), which Landlord has calculated to be \$479,815.09. The one-year cap calculation is comprised of the regular monthly installments of Monthly Base Rent and CAM charges from July 1, 2011 (following the debtor's proposed Lease rejection date of June 30, 2011) through June 30, 2012.

Right To Amend

Landlord reserves the right to amend this Proof of Claim to change the claim based upon further computations for any additional allowable amounts and any applicable credits, including, without limitation, to assert that some of the claim is entitled to priority.

EXHIBIT A

To Proof of Claim Filed By Metropolitan Life Insurance Company

**LEASE BY AND BETWEEN
METROPOLITAN LIFE INSURANCE COMPANY ("LANDLORD") AND
REGEN BIOLOGICS, INC. ("TENANT" OR "DEBTOR")**

[See Attached]

'Net copy'

LEASE

METROPOLITAN LIFE INSURANCE COMPANY
a New York corporation

as Landlord

and

REGEN BIOLOGICS
a Delaware corporation

as Tenant

SEAPORT CENTRE
REDWOOD CITY, CALIFORNIA

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CONSTRUCTION ADDENDUM

EXHIBIT A	Site Plan of Project
EXHIBIT B	Site Plan of Premises
EXHIBIT C	Confirmation of Lease Term
EXHIBIT D	Permitted Hazardous Materials
EXHIBIT E	Hazardous Materials Plans
EXHIBIT F	Form of Subordination, Non-disturbance and Attornment

LEASE

THIS LEASE is made as of April 10, 1996 by and between METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation ("Landlord"), and REGEN BIOLOGICS, a Delaware corporation ("Tenant").

BASIC LEASE PROVISIONS

1. PREMISES LOCATION: Building 12; Suite 545; Phase II of Seaport Centre; Penobscot Drive, Redwood City, California 94063.

2. RENTABLE AREA: Approximately 15,021 square feet.

3. INITIAL BASIC ANNUAL RENT: \$207,289.80 (\$13.80 per rentable square foot per year)

4. INITIAL MONTHLY RENTAL INSTALLMENTS: \$17,274.15 (\$1.15 per rentable square foot per month)

5. RENT ADJUSTMENT DATES (AND BASIC ANNUAL RENT AND MONTHLY RENTAL INSTALLMENTS THEREAFTER):

FOR THE 12 MONTH PERIOD COMMENCING UPON COMMENCEMENT DATE	PSF	MONTHLY INSTALLMENT	ANNUAL RENT
1-12	\$1.15	\$17,274.15	\$207,289.80
13-24	\$1.20	\$18,025.20	\$210,302.40
25-36	\$1.25	\$18,776.25	\$225,315.00
37-48	\$1.30	\$19,527.30	\$234,327.60
49-60	\$1.35	\$20,278.35	\$243,340.20
61-72	\$1.40	\$21,029.40	\$252,352.80
73-84	\$1.45	\$21,780.45	\$261,365.40

6. TENANT'S SHARE OF OPERATING EXPENSES:

Tenant's Building Share: 18.247%
Tenant's Phase Share: 6.375%
Tenant's Project Share: 2.795%

7. TERM OF LEASE: Seven (7) Years and (0) Months

8. COMMENCEMENT DATE: The earlier of either June 1, 1996 or upon substantial completion of the initial tenant improvements.

9. EXPIRATION DATE: _____

10. SECURITY DEPOSIT: Fifty Thousand Dollars (\$50,000) due upon execution and delivery of this Lease by Tenant.

11. LISTING BROKER: Cornish & Carey Commercial

12. COOPERATING BROKER: CB/Madison

13. SOLE PERMITTED USE: General office, research and development, laboratory use, storage, light manufacturing and assembly; however, in no event in violation of any provision of any rules and regulations for the Project.

14. PARKING SPACES: Fifty (50).

IN WITNESS WHEREOF, the parties hereto have executed this Lease, consisting of the foregoing Basic Lease Provisions and Paragraphs 1 through 47 which follow, together with the attached Addendum to Office Lease, Construction Addendum and Exhibits A through C inclusive, incorporated herein by this reference, as of the date first above written. The foregoing Basic Lease Provisions are an integral part of this Lease; however, in the event of any conflict between any Basic Lease Provision and the balance of this Lease, the latter shall control.

LANDLORD:

METROPOLITAN LIFE INSURANCE COMPANY,
a New York corporation

By: Allen N. Nider
Its: Ascertained Board

TENANT:

REGEN BIOLOGICS,
a Delaware corporation

By: James F. McKelvey
Its: President & CEO

LEASE OF PREMISES; TERM

PARAGRAPH 1

(a) Seaport Centre. The real property shown on the map attached hereto as Exhibit A, together with all improvements now or hereafter located on such real property, is referred to in this Lease as the "Project." The Project is more commonly known as Seaport Centre and is located in Redwood City, California. The Project is comprised of Phase I, Phase II and Phase III, which are generally designated on Exhibit A, each of which shall individually be referred to in this Lease as a "Phase." The Phase in which the Premises (as defined in Paragraph 1(b) herein) are located is indicated in Item 1 of the Basic Lease Provisions and is referred to in this Lease as "Tenant's Phase." The building in which the Premises are located is indicated in Item 1 of the Basic Lease Provisions and is referred to in this Lease as the "Building." Landlord reserves the right to amend at any time the definition of "Tenant's Phase" to include any other buildings located in the Project which are owned by Landlord, in which event Tenant's Phase Share (as defined in Paragraph 3(a) below) shall be adjusted to reflect the inclusion of any such additional buildings in the definition of "Tenant's Phase."

(b) Lease of Premises. Landlord hereby leases to Tenant and Tenant hereby hires from Landlord, subject to all the terms and conditions hereinafter set forth, those certain premises (the "Premises") described in Items 1 and 2 of the Basic Lease Provisions above and as shown in the floor plan attached hereto as Exhibit B.

(c) Term. The term of this Lease (the "Term") shall be as shown in Item 7 of the Basic Lease Provisions and shall commence on the earlier to occur of the Commencement Date shown in Item 8 of the Basic Lease Provisions or the date of Substantial Completion (as defined below) of the Tenant Improvements (defined in the Construction Addendum attached hereto) or such earlier date as Tenant takes possession or commences use of all or any portion of the Premises for any purpose other than the construction and installation therein of the Tenant Improvements (the "Commencement Date") and shall expire, if not sooner terminated pursuant to the terms of this Lease, seven (7) years from the Commencement Date, shown in Item 8 of the Basic Lease Provisions (the "Expiration Date"). As used herein, "Substantial Completion" of the Tenant Improvements shall mean that the work of constructing the Tenant Improvements shall be complete when Landlord's and Tenant's architect have issued a Notice of Substantial Completion with respect to the Premises, notwithstanding a requirement to complete "punchlist" or similar corrective work which Landlord shall complete within thirty (30) days of the Commencement Date, subject to force majeure, or that Tenant's furniture, telephones,

telecopiers, photocopiers, computers and other business machines or equipment have not been installed by Tenant. The actual Commencement Date and Expiration Date shall be confirmed by Landlord in the Confirmation of Lease Term attached hereto as Exhibit C upon such commencement.

BASIC ANNUAL RENT AND RENT ADJUSTMENTS

PARAGRAPH 2

(a) Basic Annual Rent. Tenant agrees to pay as Basic Annual Rent for the Premises the initial sum shown in Item 3 of the Basic Lease Provisions, increased as set forth in Paragraph 2(b) below. The Basic Annual Rent shall be payable in equal monthly installments as shown in Items 4 and 5 of the Basic Lease Provisions, each payable in advance and without deduction, abatement or offset. A monthly installment shall be paid to Landlord on the date of this Lease in the full amount and, subsequently, monthly installments shall be paid to Landlord on the first day of the first calendar month commencing after the Commencement Date and continuing on the first day of each calendar month during the Term thereafter. If the Term commences or ends on a day other than the first or last day, respectively, of a calendar month, then the Basic Annual Rent for each such partial month shall be prorated in the proportion that the number of days this Lease is in effect during such partial month bears to the total number of days in such calendar month, and such Basic Annual Rent shall be payable at the commencement of such partial month.

(b) Rent Increases. The amount of Basic Annual Rent and the Monthly Rental Installments shall be adjusted on each Rent Adjustment Date set forth in Item 5 of the Basic Lease Provisions, to be the amount shown in the Basic Lease Provisions.

(c) Rent. Tenant acknowledges and agrees that Landlord has entered into this Lease in reliance upon Tenant's agreement to timely pay all of the Basic Annual Rent, the Additional Rent (as defined in Paragraph 3 below) and all other amounts required to be paid under this Lease (including all Addenda and Exhibits hereto and subsequent amendments hereof) and in no event would Landlord have agreed to grant any occupancy rights in and to the Premises to Tenant for less than all such amounts, however described or designated herein. Accordingly, all sums payable by Tenant to Landlord hereunder are sometimes collectively referred to as, and shall collectively constitute, "rent" for all purposes hereunder, at law and in equity.

ADDITIONAL RENT

PARAGRAPH 3

(a) Tenant's Share of Costs. Tenant shall pay as "Additional Rent" Tenant's proportionate share ("Tenant's Building Share") of the Building Operating Expenses (as defined below), plus Tenant's proportionate share ("Tenant's Phase Share") of Phase Operating Expenses (as defined below), plus Tenant's proportionate share ("Tenant's Project Share") of Project Operating Expenses (as defined below). Tenant's Building Share shall be the percentage obtained by dividing the rentable square footage of the Premises by the total rentable square footage of the Building and Tenant's Phase Share shall be the percentage obtained by dividing the rentable square footage of the Premises by the total rentable square footage of the Phase. Tenant's Project Share shall be the percentage obtained by dividing the rentable square footage of the Premises by the total rentable square footage of the Project. Tenant's Building Share, Tenant's Phase Share and Tenant's Project Share (collectively "Tenant's Operating Expenses") shall initially be as set forth in Item 6 of the Basic Lease Provisions.

(b) Tenant's Operating Expenses Cap. Notwithstanding Paragraph 3(a) hereof, during the calendar year 1997 and each calendar year thereafter during the Initial Term (as defined in Paragraph 47 hereof), Tenant's Operating Expenses, as defined in 3(a) above, shall not exceed the amount that Tenant paid for the previous calendar year, plus fifteen percent (15%).

(c) Operating Expenses Defined. "Operating Expenses" shall include all costs incurred by Landlord in the management, operation, maintenance, overhauling and repair of the Building, Tenant's Phase and the Project. "Building Operating Expenses" shall include Operating Expenses that are directly and separately identifiable to the operation and maintenance of the Building. "Project Operating Expenses" shall include all Operating Expenses incurred in the operation and maintenance of the Project which are neither Building Operating Expenses nor Operating Expenses directly and separately identifiable to the operation and maintenance of any other office building in the Project. "Phase Operating Expenses" may include Building Operating Expenses that are incurred by each building, including the Building, in Tenant's Phase, and also may include Project Operating Expenses that are separately identifiable to Tenant's Phase. Landlord shall have the right to allocate a particular expense as a Building Operating Expense, Project Operating Expense or Phase Operating Expense; however, in no event shall any portion of Building Operating Expenses, Project Operating Expenses or Phase Operating Expenses be assessed or counted against Tenant more than once.

(d) Examples of Operating Expenses. Operating Expenses shall include the following costs, by way of illustration only and not limitation: (1) all "Property Taxes" (as defined below), and all costs and expenses to contest the amount or validity of any of the same; (2) all insurance premiums and other costs (including deductibles), including the cost of rental insurance; (3) all license, permit and inspection fees; (4) all costs of utilities, fuels and related services, including water, sewer, light, telephone, power and steam connection, service and related charges; (5) all costs to repair, maintain and operate heating, ventilating and air conditioning systems, including, without limitation, preventive maintenance; (6) all janitorial, landscaping and security services; (7) all wages, salaries, payroll taxes, fringe benefits and other labor costs, including the cost of workers' compensation and disability insurance; (8) all costs of operation, maintenance and repair of all parking facilities and other common areas; (9) all supplies, materials, equipment and tools; (10) dues of and expenses and assessments incurred in connection with membership in the Seaport Centre Owners' Association; (11) modifications to the Building or the Project occasioned by any applicable laws, statutes, ordinances, orders, requirements, rules or regulations now or hereafter in effect of any governmental or quasi-governmental authority; (12) the total charges of any independent contractors employed in the care, operation, maintenance, repair, leasing and cleaning of the Project, including, without limitation, landscaping, roof maintenance, and repair, maintenance and monitoring of life-safety systems, plumbing systems, electrical wiring and Project signage; (13) the cost of accounting services necessary to compute the rents and charges payable by tenants at the Project; (14) window and exterior wall cleaning and painting; (15) managerial and administrative expenses; (16) all costs in connection with the exercise facility at the Project; (17) all costs and expenses related to Landlord's retention of consultants in connection with the routine review, inspection, testing, monitoring, analysis, and control of Hazardous Materials (defined in Paragraph 9(b) below) and retention of consultants in connection with the clean-up of Hazardous Materials (to the extent not recoverable from a particular tenant of the Project), and all costs and expenses related to the implementation of recommendations made by such consultants concerning the use, generation, storage, manufacture, production, storage, release, discharge, disposal or clean-up of Hazardous Materials on, under or about the Premises or the Project (to the extent not recoverable from a particular tenant of the Project); (18) all capital improvements made that reduce other Operating Expenses, and all other capital expenditures, but only as amortized over such reasonable period as Landlord shall determine, with a return on capital at the rate of ten percent (10%) per annum or at such higher rate as may have been available to Landlord on funds borrowed for the purpose of constructing such capital improvements; (19) all property management costs and fees, including, without

limitation, all costs incurred in connection with the Project property management office; and (20) all fees or other charges incurred in conjunction with voluntary or involuntary membership in any energy conservation, air quality, environmental, traffic management or similar organizations.

(e) Property Taxes. "Property Taxes" shall include (1) all real estate taxes, personal property taxes and other taxes, charges and general and special assessments which are levied with respect to any portion of the Building or the Project or any improvements, fixtures, equipment or other property of Landlord, real or personal, located in or about the Building or Project or used in connection with the operation thereof, (2) any tax, surcharge, assessment or service or other fee which shall be levied or collected in addition to or in lieu of real estate or personal property taxes, other than taxes covered by Paragraph 12 below, (3) any service or other fees collected by governmental agencies in addition to or in lieu of property taxes for services provided by such agencies, and (4) any rental, excise, sales, transaction privilege or other tax or levy, however denominated, imposed upon or measured by any rent reserved hereunder or on Landlord's business of leasing the Premises, excepting only net income taxes.

(f) Statement of Expenses. Prior to the commencement of the Term and of each calendar year thereafter, Landlord shall give Tenant a written estimate of the amount of Operating Expenses for the applicable year, as well as Tenant's share thereof, which amount shall be payable by Tenant as Additional Rent for the ensuing year or portion thereof. During the calendar year that is the subject of Landlord's statement of estimated Operating Expenses, Tenant shall pay such estimated amount to Landlord in twelve (12) equal monthly installments, in advance, on the first (1st) day of each calendar month. Within one hundred twenty (120) days after the end of each calendar year or as soon thereafter as reasonably possible, Landlord shall furnish to Tenant a statement (the "Statement") showing in reasonable detail the actual Building Operating Expenses, Phase Operating Expenses and Project Operating Expenses incurred by Landlord for such period and Tenant's proportionate share thereof in accordance with this Paragraph 3, and Tenant shall within thirty (30) days thereafter make any payment necessary to adjust its previous actual payments to the amount shown as due from Tenant on such annual statement. Any actual overpayment by Tenant shall be credited against installments of Additional Rent next coming due from Tenant under this Paragraph 3. Nothing contained in this Paragraph 3(e) shall be construed to limit the right of Landlord from time to time during any calendar year to revise its estimates of the Operating Expenses which are the subject of this Paragraph and to reflect such revision by prospective adjustments in billings to Tenant for Tenant's monthly installments payable under this Paragraph over the remainder of such year. Tenant's share of such Operating Expenses

for any partial year during the Term shall be that proportion of Tenant's Building Share of Building Operating Expenses, Tenant's Phase Share of Phase Operating Expenses and Tenant's Project Share of Project Operating Expenses for the full year which is the same proportion as the number of days in such partial year is to three hundred sixty-five (365).

(g) Adjustment to Operating Expenses. Notwithstanding anything to the contrary contained in this Paragraph 3, as to each specific category of Operating Expense which one or more tenants of the Building either pays directly to third parties or specifically reimburses to Landlord (for example, separately contracted janitorial services or property taxes directly reimbursed to Landlord), then, on a category by category basis, the amount of Operating Expenses for the affected period shall be adjusted as follows: (1) all such tenant payments with respect to such category of expense and all of Landlord's costs reimbursed thereby shall be excluded from Operating Expenses and Tenant's Building Share, Tenant's Phase Share or Tenant's Project Share, as the case may be, for such category of Operating Expense shall be adjusted by excluding the square footage of all such tenants, and (2) if Tenant pays or directly reimburses Landlord for such category of Operating Expense, such category of Operating Expense shall be excluded from the determination of Operating Expenses for the purposes of this Lease.

(h) Tenant's Audit Right. Within six (6) months following the furnishing of the Statement for any calendar year, Tenant may examine the records of Landlord regarding the Statement during normal business hours. Any amount due Landlord as shown on any such Statement shall be paid by Tenant within thirty (30) days after it is furnished. The payment of the amounts shown on the Statement by Tenant shall not preclude Tenant from questioning the correctness of any item of the Statement paid under protest, subject to the rights herein. Tenant and its authorized representatives shall have the right, at Tenant's cost except as otherwise provided herein, and upon not less than ten (10) days prior written notice to Landlord and during Landlord's normal business hours, to audit Landlord's records with respect to the Operating Expenses. Any such audit shall be performed at Landlord's offices in Foster City, California and any other office where relevant records are kept, by a "Big Six" accounting firm selected by Tenant, or, with the approval of Landlord, which approval shall not be unreasonably withheld, a major regionally known accounting firm. There shall be no more than one (1) audit of Operating Expenses for any 12-month period. To facilitate an audit by Tenant, Landlord shall keep its books and records applicable to Operating Expenses available to Tenant on a reasonable basis for the longer of (i) two (2) years after the expiration date of this Lease, or (ii) one (1) year after the resolution of any dispute with respect to Operating Expenses. Any audit of Operating

Expenses for any calendar year must be commenced within six (6) months after Landlord's delivery of the Statement for such year, or the right to audit Operating Expenses for such year shall be deemed waived. Any legal proceeding to challenge or contest any Statement must be commenced within nine (9) months after Landlord's delivery of the Statement for such year, or the right to commence a legal proceeding to challenge or contest any Statement shall be deemed waived. The costs of the audit shall be at Tenant's expense, unless it is determined that Operating Expenses for any Year were overstated by ten percent (10%) or more, in which event Landlord shall pay for the reasonable costs of such audit. Pending resolution of any disputes as to Operating Expenses, Tenant shall pay to Landlord any Additional Rent alleged to be due from Tenant as reflected on Landlord's Statement or any invoice issued on the basis thereof. Any actual overpayment by Tenant shall be credited against installments of Additional Rent next due from Tenant under this Paragraph 3, with any portion unpaid as of the Expiration Date paid to Tenant in the form of a lump sum within thirty (30) days of vacating the Premises.

SECURITY DEPOSIT

PARAGRAPH 4

Tenant has paid or, upon execution of this Lease, will pay Landlord the sum set forth in Item 9 of the Basic Lease Provisions (the "Security Deposit") as security for the performance of the terms of this Lease by Tenant. Landlord shall keep the Security Deposit in a separate interest bearing account with the interest accruing as part of the Security Deposit. If Tenant defaults with respect to any provision of this Lease, including, without limitation, the provisions relating to the payment of rent or the condition of the Premises upon the termination of this Lease, Landlord may, but shall not be required to, use, apply or retain all or any part of the Security Deposit for the payment of any rent or other sum in default or any other amount which Landlord may spend or become obligated to spend by reason of Tenant's default or to compensate Landlord for any other loss or damage which Landlord may suffer by reason of Tenant's default, including, without limitation, costs and attorneys' fees incurred by Landlord to recover possession of the Premises following a default by Tenant hereunder. If any portion of the Security Deposit is so used or applied, Tenant shall, within ten (10) days following Landlord's demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so within ten (10) days following Landlord's demand, shall constitute a default hereunder by Tenant. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned, without interest, to Tenant (or, at Landlord's

option, to the last assignee of Tenant's interest hereunder) within a reasonable time after the expiration of the Term and surrender of possession of the Premises to Landlord.

SUBSTITUTED PREMISES

PARAGRAPH 5 - Intentionally Omitted.

REPAIRS

PARAGRAPH 6

(a) Landlord's Repairs. Subject to Paragraph 6(b), Landlord shall maintain the structural portions of the Building, the roof, exterior walls and exterior doors, foundation, and underslab standard sewer system of the Building in good, clean and safe condition, and shall use reasonable efforts, through Landlord's program of regularly scheduled preventive maintenance, to keep the Building's standard heating, ventilation and air conditioning ("HVAC") equipment in reasonably good order and condition. Notwithstanding the foregoing, Landlord shall have no responsibility to repair the Building's standard heating, ventilation and air conditioning equipment, and all such repairs shall be performed by Tenant pursuant to the terms of Paragraph 6(b) below. Landlord shall also maintain the landscaping, parking facilities and other common areas of the Project. Except as provided in Paragraphs 13 and 14, there shall be no abatement of rent, no allowance to Tenant for diminution of rental value and no liability of Landlord by reason of inconvenience, annoyance or any injury to or interference with Tenant's business arising from the making of or the failure to make any repairs, alterations or improvements in or to any portion of the Project or in or to any fixtures, appurtenances or equipment therein. Tenant waives the right to make repairs at Landlord's expense under any law, statute or ordinance now or hereafter in effect. In the event that repairs are required, Landlord shall use reasonable efforts to minimize interruption to Tenant's business operations and shall use commercially reasonable efforts to use overtime labor when appropriate, provided that Tenant pays the cost thereof.

(b) Tenant's Repairs. Tenant shall, at Tenant's sole cost and expense, make all repairs to the Premises and fixtures therein which Landlord is not required to make pursuant to Paragraph 6(a) above, including, without limitation, repairs to the interior walls, ceilings and windows of the Premises, the interior doors, Tenant's signage, and the electrical, life-safety, plumbing and heating, ventilation and air conditioning systems located within or serving the Premises and shall maintain the Premises, the fixtures

and utilities systems therein, and the area immediately surrounding the Premises (including all garbage enclosures), in a good, clean and safe condition. Tenant shall deliver to Landlord a copy of any maintenance contract entered into by Tenant with respect to the Premises. Tenant shall also, at Tenant's expense, keep any non-standard heating, ventilating and air conditioning equipment and other non-standard equipment in the Building in good condition and repair, using contractors approved in advance, in writing, by Landlord. Notwithstanding Paragraph 6(a) above, Tenant will pay for any repairs to the Building or the Project which are caused by any negligence or carelessness of Tenant or its assignees, subtenants or employees, or of the respective agents of any of the foregoing persons, or of any other persons permitted in the Building or elsewhere in the Project by Tenant or any of them. Tenant will maintain the Premises, and will leave the Premises upon termination of this Lease, in a safe, clean, neat and sanitary condition.

IMPROVEMENTS AND ALTERATIONS

PARAGRAPH 7

(a) Common Area. Landlord shall have the right at any time to change the arrangement and location of the common area of the Building or the Project and, upon giving Tenant reasonable notice thereof, to change any name, number or designation by which the Premises, the Building, the Phase or the Project is commonly known.

(b) Alterations.

(1) Tenant shall not make any alterations, additions, or improvements of or to the Premises (collectively "Alterations") without the prior written consent of Landlord, which consent shall not be unreasonably withheld. At the time such consent is requested, Tenant shall furnish to Landlord for Landlord's written approval (which shall not be unreasonably withheld) the names of Tenant's architect, Tenant's contractor(s) and all subcontractors who will be supplying materials or performing work in connection with such Alterations, a copy of all plans for the proposed work, an estimate of the cost thereof and such other information as shall be requested by Landlord substantiating Tenant's ability to pay for such work. No less than ten (10) days prior to the commencement of any Alterations, Tenant shall deliver to Landlord certificates of insurance from the carrier(s) providing insurance to Tenant's architect and Tenant's contractor(s) evidencing the following types of coverage in such amounts as are reasonably determined by Landlord to be necessary: (i) professional liability insurance; (ii) commercial general liability insurance; (iii) business automobile liability insurance; (iv) workers' compensation insurance; and (v) umbrella liability insurance. The insurance

specified in (i), (ii), (iii) and (v) above shall name Landlord as an additional insured, and all such policies shall provide that thirty (30) days' written notice must be given to Landlord prior to termination or cancellation. Landlord, at its sole option, may require as a condition to the granting of such consent to any work costing in excess of \$20,000, that Tenant provide to Landlord, at Tenant's sole cost and expense, a lien and completion bond in an amount equal to one and one-half (1-1/2) times any and all estimated costs of the proposed work, to insure Landlord against any liability for mechanics' and materialmen's liens and to insure completion of the work. Landlord may also require as a condition to Landlord's consent to any Alterations pursuant to this Paragraph 7(b) that, following completion of any such Alterations, Tenant shall provide Landlord with unconditional waivers of lien in statutory form from all parties performing labor and/or supplying equipment and/or materials in connection with such Alterations, including Tenant's architect(s). Before commencing any work, Tenant shall give Landlord at least ten (10) days written notice of the proposed commencement of such work in order to give Landlord an opportunity to prepare, post and record such notice as may be permitted by law to protect Landlord's interest in the Premises and the Building from mechanics' and materialmen's liens. Within a reasonable period following completion of any work, Tenant shall furnish to Landlord, at Tenant's cost, "as built" plans showing the changes made to the Premises including one (1) complete set of reproducible drawings for the entire Premises (including, but not limited to, a floor plan, HVAC, plumbing, electrical and reflected ceiling), including such Alterations. Notwithstanding anything in the foregoing to the contrary, Tenant may perform certain Tenant's Alterations that do not affect the structural integrity of the Building and which do not cost greater than Twenty Thousand Dollars (\$20,000) in the aggregate in any twelve (12) month period without the requirement of obtaining Landlord's prior consent; provided that the right to perform such Alterations is personal to Regen Biologics, a Delaware corporation, and any Permitted Transferee (as defined in Paragraph 15(i) hereof), and may not be exercised by, and shall not be transferable or assignable (voluntarily or involuntarily) to, any person or entity; and further provided that Tenant shall give Landlord notice prior to the commencement of such Alterations. Landlord reserves the right to deny any Contractor or Subcontractor entry to the Building but Landlord's failure to exercise this right shall not be deemed an approval of either the financial stability or quality of workmanship of any such Contractor or Subcontractor.

(2) All such Alterations shall be made at Tenant's sole expense (including, without limitation, the reasonable cost of any review of Tenant's plans by Landlord's architect and/or Landlord's engineer) and in conformity with plans therefor approved by Landlord in writing prior to the commencement of such work, and such work shall be performed by a contractor(s) approved by

Landlord. All work performed by Tenant shall comply with the laws, rules, orders, directions, regulations and requirements of all governmental entities having jurisdiction over such work and shall comply with the rules, orders, directions, regulations and requirements of any nationally recognized board of insurance underwriters. Tenant shall use all commercially reasonable efforts (including, without limitation, scheduling overtime and weekend work) not to interfere with other tenants in the Building and the Project when performing any Alterations. All such alterations, additions or improvements (except movable furniture, furnishings and trade fixtures) shall, at Landlord's option, become the property of Landlord and shall be surrendered with the Premises, as a part thereof, at the expiration or earlier termination of the Term. Upon any termination of this Lease, Tenant shall, upon demand by Landlord and at Tenant's sole expense, immediately remove any Alterations installed at the Premises and Tenant shall repair and restore the Premises to their original condition, reasonable wear and tear excepted. Any personal property left on the Premises at the expiration or other termination of this Lease may, at the option of Landlord, either be deemed abandoned or be placed in storage at a public warehouse in the name of and for the account of and at the expense and risk of Tenant or otherwise disposed of by Landlord in the manner provided by law; or, alternatively, in the event that Tenant leaves personal property on the Premises following the expiration or other termination of this Lease, Landlord may, in Landlord's sole and absolute discretion, deem Tenant to be holding over pursuant to the terms of Paragraph 26 below. Tenant expressly releases Landlord of and from any and all claims and liability for damage to or destruction or loss of property left by Tenant upon the Premises at the expiration or other termination of this Lease and, to the extent permitted by then applicable law, Tenant shall protect, indemnify, defend and hold Landlord harmless from and against any and all claims and liability with respect thereto.

(3) Removal of Alterations. At the time that Landlord gives Tenant Landlord's consent to any proposed Alterations, or if Landlord's consent is not required, at the time that Tenant notifies Landlord in writing of Tenant's intention to commence Alterations, Landlord shall notify Tenant in writing whether Landlord will require Tenant to remove such Alterations ("Tenant's Alterations") or whether Landlord will require that such Alterations remain at the Premises ("Landlord's Alterations"). Landlord shall have a reasonable time to decide whether any particular Alteration shall be a Landlord's Alteration or a Tenant's Alteration. In the event that, due to a failure of either Landlord or Tenant to comply with the provisions hereof, Landlord does not indicate in writing whether any particular Alteration shall be a Landlord's Alteration or a Tenant's Alteration, such Alteration shall be deemed to be a Tenant's Alteration. All Tenant's Alterations shall be removed by Tenant upon the expiration

or early termination of this Lease, and Tenant shall repair and restore the Premises to the condition existing immediately before such removal, reasonable wear and tear excepted. If, upon the request of Landlord, Tenant does not remove all Alterations and property of Tenant (excluding Landlord's Alterations), Landlord may remove them and Tenant shall pay the expense of such removal to Landlord upon demand. All Landlord's Alterations shall become the property of Landlord and shall remain upon the Premises at the expiration or early termination of this Lease without compensation, allowance or credit to Tenant. At the time of approval of the Final Plans (as defined in the Construction Addendum attached hereto) Landlord shall specify which of the initial Tenant Improvements (as defined in the Construction Addendum attached hereto) are a Tenant Alteration or a Landlord Alteration.

LIENS

PARAGRAPH 8

Tenant shall keep the Premises free from any liens arising out of any work performed, materials furnished or obligations incurred by or for Tenant, its assignees or sublessees. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein and by law, the right but not the obligation to cause such lien to be released by such means as Landlord shall deem proper, including payment of or defense against the claim giving rise to such lien. All sums paid by Landlord and all expenses incurred by it in connection therewith shall create automatically an obligation of Tenant to pay an equivalent amount to Landlord as rent on Landlord's demand therefor, together with interest at the maximum rate per annum then permitted by law until paid to Landlord. Nothing herein shall imply any consent by Landlord to subject Landlord's estate to liability under any mechanics' or other lien law.

Tenant shall give Landlord adequate opportunity, and Landlord shall have the right at all times, to post such notices of nonresponsibility as are provided for in the mechanics' lien laws of California.

USE OF PREMISES

PARAGRAPH 9

(a) Compliance with Law. Tenant shall use the Premises only as set forth in Item 13 of the Basic Lease Provisions and shall not use or permit the Premises to be used for any other purpose. Tenant shall not use or occupy the Premises in violation of any law

or of the certificate of occupancy issued for the Building and shall, upon five (5) days' written notice from Landlord, discontinue any use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of law or of such certificate of occupancy. Tenant shall comply with any direction of any governmental authority having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or with respect to the use or occupancy thereof (collectively "Legal Requirements"). Tenant shall comply with all covenants, conditions and restrictions affecting the Project, as such may be amended from time to time, and all articles, bylaws and rules of the Seaport Centre Owners' Association. Tenant shall be responsible for obtaining all necessary governmental approvals in connection with Tenant's use of the Premises. Tenant shall not do or permit to be done anything which will invalidate, or increase the cost of, any fire, extended coverage or other insurance policy covering any part of the Project or any property located thereon. Notwithstanding the provisions of Paragraph 3 above, Tenant shall, within ten (10) days following Landlord's demand, reimburse Landlord for the full amount of any additional premium charged for any such policy by reason of Tenant's failure to comply with the provisions of this Paragraph 9(a), it being understood that such demand for reimbursement shall not be Landlord's exclusive remedy. Tenant shall not in any way obstruct or interfere with the rights of other tenants or occupants of the Building or the Project, or injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose; nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises or commit or suffer to be committed any waste in or upon the Premises. Notwithstanding anything to the contrary contained herein, Tenant shall not be required to (a) make any alterations or structural changes to the Premises, including but not limited to the electrical, mechanical, or plumbing systems of the Building unless such work is required as a result of Tenant's specific use of the Premises, Tenant's acts or improvements made by Tenant, and is not generally applicable to the Building or Project, other tenants in the Building and Project, or office tenants in general, and (b) undertake any work necessitated by defects in the construction of the Building. Landlord shall comply in a timely fashion with all Legal Requirements that are not Tenant's responsibility under this paragraph to the extent noncompliance would adversely affect Tenant's use and occupancy of the Premises.

(b) Hazardous Materials. Tenant shall not use, generate, manufacture, produce, store, release, discharge, or dispose of, on, under or about the Premises or any part of the Project, or transport to or from the Premises or any part of the Project, any Hazardous Material (as defined below) or allow its employees, agents, contractors, licensees, invitees or any other person or entity to do so.

(1) Notwithstanding the foregoing, Tenant or any Permitted Transferee with a net worth equal to or better than Tenant's as of the Commencement Date, as defined in Paragraph 15(i) below, or alternatively provides Landlord with a lease guaranty from a guarantor acceptable to Landlord in Landlord's good faith discretion, shall be permitted to use and store in, and transport to and from, the Premises the Hazardous Materials identified on Exhibit D hereto and by this reference incorporated herein ("Permitted Hazardous Materials") so long as: (a) each of the Permitted Hazardous Materials is used or stored in, or transported to and from, the Premises only to the extent necessary for Tenant's operation of its business at the Premises; (b) at no time shall any Permitted Hazardous Material be on, under or about the Premises in excess of the quantity specified therefor in Exhibit D; and (c) the conditions set forth in this Paragraph 9(b) are strictly complied with. The right to use and store in, and transport to and from, the Premises the Permitted Hazardous Materials is personal to Regen Biologics and may not be assigned or otherwise transferred by Regen Biologics without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion. Any consent by Landlord pursuant to Paragraph 15 of this Lease to an assignment, transfer, subletting, mortgage, pledge, hypothecation or encumbrance of this Lease, and any interest therein or right or privilege appurtenant thereto, shall not constitute consent by Landlord to the use or storage in, or transportation to, the Premises of any Hazardous Material (including a Permitted Hazardous Material) by any such assignee, sublessee or transferee unless Landlord expressly agrees otherwise in writing. Any consent by Landlord to the use or storage in, or transportation to or from the Premises, of any Hazardous Material (including a Permitted Hazardous Material) by an assignee, sublessee or transferee of Tenant shall not constitute a waiver of Landlord's right to refuse such consent as to any subsequent assignee or transferee.

(2) Tenant shall comply with and shall cause Tenant's employees, agents, contractors, licensees and invitees (collectively, "Tenant's Agents") to comply with, and shall keep and maintain the Premises and cause Tenant's Agents to keep and maintain the Premises, in compliance with all Environmental Laws (as defined below). Neither Tenant nor Tenant's Agents shall violate, or cause or permit the Premises to be in violation of, any Environmental Laws.

Tenant shall, at its own expense prior to Tenant's use and occupancy, procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for Tenant's use of the Premises. Tenant shall cause any and all Hazardous Materials removed from the Premises to be removed and transported solely by duly licensed handlers to duly licensed facilities for final disposal of such materials and wastes. Tenant acknowledges that the sewer piping at

the Project is made of ABS plastic. Accordingly, without Landlord's prior written consent, which may be given or withheld in Landlord's sole discretion, only ordinary domestic sewage is permitted to be put into the drains at the Premises. UNDER NO CIRCUMSTANCES SHALL TENANT EVER DEPOSIT ANY ESTERS OR KETONES (USUALLY FOUND IN SOLVENTS TO CLEAN UP PETROLEUM PRODUCTS) IN THE DRAINS AT THE PREMISES. If Tenant desires to put any substances other than ordinary domestic sewage into the drains, it shall first submit to Landlord a complete description of each such substance, including its chemical composition, and a sample of such substance suitable for laboratory testing. Landlord shall promptly determine whether or not the substance can be deposited into the drains and its determination shall be absolutely binding on Tenant. Upon demand, Tenant shall reimburse Landlord for expenses incurred by Landlord in making such determination. If any substances not so approved hereunder are deposited in the drains in Tenant's Premises, Tenant shall be liable to Landlord for all damages resulting therefrom, including, but not limited to, all costs and expenses incurred by Landlord in repairing or replacing the piping so damaged.

Tenant agrees to provide Landlord with: (a) a copy of any hazardous material management plan or similar document required by any federal, state or local governmental or regulatory authority to be submitted by Tenant; (b) copies of all permits, licenses and other governmental and regulatory approvals with respect to the use of Hazardous Materials; (c) copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises; and (d) copies of all reports, studies and written results of tests or inspections concerning the Premises or any part of the Project with respect to Hazardous Materials, including, without limitation, the "Plans" hereinafter defined (collectively "Documents"). Tenant shall deliver all Documents to Landlord promptly following the earlier of (i) Tenant's submission of such Documents to the requesting governmental agency, or (ii) Tenant's receipt of such Documents (Tenant hereby agreeing that it shall exercise diligent efforts to expeditiously obtain copies of any such Documents known by Tenant to exist). Landlord shall keep the Documents confidential to Landlord unless disclosure is required by any Federal or State law, or any local ordinance; provided, however, Landlord may share relevant information with Landlord's architect, environmental consultant or any third party deemed by Landlord, in its sole discretion, essential to receive such information. Landlord will comply with all applicable laws regarding disclosure of environmental contamination.

(3) Upon commencing any activity involving Hazardous Materials on the Premises, and continuing thereafter throughout the term of this Lease, Tenant shall initiate and maintain the systems set forth in the following (collectively, "Plans") in order to ensure the routine monitoring of the levels of Hazardous Materials which may be present on, under or about the Premises or any part of

the Project or properties adjoining or in the vicinity of the Project as the result of the activities of Tenant or Tenant's Agents and to ensure continued compliance with the procedures and regulations concerning the handling, storage, use and disposal of Hazardous Materials: (a) each permit, license or other governmental or regulatory approval with respect to the use of Hazardous Materials, (b) each Hazardous Materials management plan or similar document required by any federal, state, or local governmental or regulatory entity, (c) each plan for handling and disposing of Hazardous Materials necessary to comply with Environmental Laws prepared by or on behalf of Tenant or Tenant's Agents (whether or not required to be submitted to a governmental agency). Copies of the foregoing described Plans are listed on Exhibit E.

(4) Not less often than once every twelve (12) months during the term of this Lease, Tenant shall provide Landlord with a written report which shall set forth the results of the monitoring of Hazardous Materials during the previous calendar quarter. Landlord may elect (but shall not be obligated) to retain an independent consultant experienced in the use and management of Hazardous Materials for the purpose of reviewing any information received by Landlord in connection with Hazardous Materials. Pursuant to such review, and to the extent there is a violation of law and/or a permit violation, Landlord's consultant may make recommendations in connection with Tenant's control of Hazardous Materials on the Premises, and Tenant shall implement, at Tenant's sole cost, the reasonable recommendations of Landlord's consultant to the extent such action is desirable or necessary to comply with Environmental Laws designed to prevent a release of environmental materials. Landlord's failure to appoint any consultant shall not relieve Tenant of any of Tenant's obligations under this Lease relating to Hazardous Materials nor constitute a waiver of Landlord's rights under this Lease.

(5) Landlord may install permanent or other testing wells or devices at or about the Premises or any part of the Project, and may cause the ground water to be tested to detect the presence of Hazardous Materials at least once every twelve (12) months during the term of this Lease by the use of such wells or devices as are then customarily used for such purposes. If Tenant so requests in writing, Landlord shall supply Tenant with a copy of any such test results. The costs of any such tests, and the installation, maintenance, repair, removal, closure and replacement of such wells or devices shall be an Operating Expense pursuant to Paragraph 3 of this Lease; provided, however, such costs shall be borne solely by Tenant if the same are incurred by Landlord based upon Landlord's reasonable belief, at the time such testing is initiated, that Tenant is in breach of its obligations under this Paragraph 9(b) or if, following the initiation of such testing, the presence of Hazardous Materials is detected and Tenant or Tenant's

Agents are responsible therefor. Tenant's obligations under this Paragraph 9(b)(5) shall survive the expiration or earlier termination of this Lease.

(6) Landlord and its representative shall have the right, at the following times, to enter the Premises and to: (i) conduct any testing, monitoring and analysis for Hazardous Materials; (ii) review any documents, materials, inventory, financial data or notices or correspondence to or from private parties or governmental or regulatory authorities in connection therewith; and (iii) review all storage, use, transportation and disposal facilities and procedures associated with the storage, use, transportation and disposal of Hazardous Materials (collectively, "Inspection"):

a. Once every three months for the first twelve (12) months after the later of the date Tenant introduces Hazardous Materials to the Premises pursuant to this Paragraph 9(b) or notifies Landlord of such use, and once every twelve (12) months thereafter throughout the term of this Lease. Tenant agrees to notify Landlord at least three (3) days prior to the use or storage in, or transportation to, the Premises of Hazardous Materials; and

b. At any time during the term of this Lease if, in Landlord's reasonable judgment, Tenant is breaching its obligation under this Paragraph 9(b) or is not in compliance with any other provision of this Lease.

All costs and expenses incurred by Landlord in connection with any Inspection pursuant to this Paragraph 9(b)(6) shall, subject to Paragraph 9(b)(15) below, become due and payable by Tenant as Additional Rent, within sixty (60) days after presentation by Landlord of an invoice therefor.

(7) Landlord shall comply with all Environmental Laws applicable to Landlord including notification requirements under this Lease. Tenant shall give prompt notice to Landlord of:

a. any proceeding or inquiry by, notice from, or order of any governmental authority (including, without limitation, the California State Department of Health Services) with respect to the presence of any Hazardous Material on, under or about the Premises or any part of the Project or the migration thereof from or to other property;

b. all claims made or threatened by any third party against Tenant, the Premises or any part of the Project relating to any loss or injury resulting from any Hazardous Materials; and

c. any spill, release, discharge or nonroutine disposal of Hazardous Materials that occurs with respect to the Premises or operations at the Premises by Tenant or Tenant's Agents;

d. all matters of which Tenant is required to give notice pursuant to Sections 25249.5 et seq. and 25359.7 of the California Health and Safety Code; and

e. Tenant's discovery of any occurrence or condition on, under or about the Premises or any part of the Project or any real property adjoining or in the vicinity of the Premises or the Project that could cause the Premises or any part of the Project to be subject to any restrictions on the ownership, occupancy, transferability or use of the Premises or any part of the Project under any Environmental Law, including without limitation, Tenant's discovery of any occurrence or condition on any real property adjoining or in the vicinity of the Premises or the Project that could cause the Premises or any part of the Project to be classified as "border zone property" under the provisions of California Health and Safety Code Sections 25220 et seq. or any regulation adopted in accordance therewith, or to be otherwise subject to any restrictions on the ownership, occupancy, transferability or use of the Premises or any part of the Project under any Environmental Law.

(8) Landlord shall have the right to join and participate in, as a party if it so elects, any legal proceedings or actions affecting the Premises or any part of the Project initiated in connection with any Environmental Law and have its attorneys' fees in connection therewith paid by Tenant. In addition, Tenant shall not take any remedial action in response to the presence of any Hazardous Materials in, under, or about the Premises or the Project (except in the case where loss of life or substantial property damage is imminent or immediate action is required by any governmental entity, in which event Tenant shall take immediate remedial action), nor enter into any settlement agreement, consent decree or other compromise in respect to any claims relating to any Hazardous Materials in any way connected with the Premises or the Project, without first notifying Landlord of Tenant's intention to do so and affording Landlord ample opportunity to appear, intervene or otherwise appropriately assert and protect Landlord's interest with respect thereto.

(9) As of the Commencement Date, to the fullest extent permitted by law, Tenant shall protect, defend, indemnify and hold harmless Landlord, its directors, officers, partners, employees, agents, successors and assigns from and against any and all claims, fines, judgments, penalties, losses, damages, costs, expenses or liability (including reasonable attorneys' fees and costs) directly or indirectly arising out of or attributable to Tenant's use,

generation, manufacture, production, storage, release, threatened release, discharge, disposal, transportation to or from, or presence of any Hazardous Material on, under or about the Premises or any part of the Project caused by Tenant, or Tenant's Agents (collectively a "Release") including, without limitation: (a) all foreseeable consequential damages, including, without limitation, loss of rental income and diminution in property value; (b) the costs of any investigation, monitoring, removal, restoration, abatement, repair, cleanup, detoxification or other ameliorative work of any kind or nature (collectively "Remedial Work") and the preparation and implementation of any closure, remedial or other required plans; (c) any injury to or death of persons or damage to or destruction of property; and (d) any failure of Tenant or Tenant's Agents to observe the foregoing covenants. For purposes of this Paragraph 9(b)(9), any acts or omissions of Tenant or Tenant's Agents (whether or not they are negligent, intentional, willful or unlawful) shall be strictly attributable to Tenant. Tenant's obligations under this Paragraph 9(b)(9) shall survive the expiration or earlier termination of this Lease.

To the fullest extent permitted by law, in no event shall Landlord be responsible to Tenant for the presence of Hazardous Materials in, on or about the Premises or the Project to the extent caused or contributed to by any third party which is not an agent or contractor of Landlord.

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(10) Within forty-five (45) days following the end of Tenant's fiscal year, Tenant shall provide Landlord with financial statements prepared in accordance with generally accepted accounting principles consistently applied and certified as true and correct by Tenant's independent certified public accountant setting forth Tenant's performance for the applicable fiscal year. As of the execution of this Lease, Tenant's fiscal year ends 12/31. Tenant shall provide Landlord with prompt written notice of any change in Tenant's fiscal year. If at any time it reasonably appears to Landlord that Tenant is not maintaining sufficient insurance or is not otherwise financially capable of fulfilling its obligations under this Paragraph 9(b), whether or not such obligations have accrued, become liquidated, conditional or contingent, Tenant shall procure and thereafter maintain in full force and effect such insurance or other form of financial assurance, with or from companies or persons and in forms reasonably acceptable to Landlord, as Landlord may from time to time request.

(11) Upon any Release to the extent caused by Tenant or Tenant's Agents, Tenant shall, subject to Paragraph 9(b)(8), promptly notify Landlord of the Release and shall, at its sole expense and immediately after demand by Landlord, commence to perform and thereafter diligently prosecute to completion such Remedial Work as is necessary to restore the Premises, Project or

any other property affected by the Release to the condition existing prior to the use of any Hazardous Materials. All such Remedial Work shall be performed: (a) in conformance with the requirements of all applicable Environmental Laws; (b) by one or more contractors, approved in advance in writing by Landlord; and (c) under the supervision of a consulting engineer approved in advance in writing by Landlord. All costs and expenses of such Remedial Work shall be paid by Tenant including, without limitation, the charges of such contractor(s) and/or the consulting engineer and Landlord's reasonable attorneys' fees and costs incurred in connection with the monitoring or review of such Remedial Work. In the event Tenant shall fail to timely commence, or cause to be commenced, or fail to diligently prosecute to completion, such Remedial Work, Landlord may, but shall not be required to, upon Landlord's prior written notice to Tenant, cause such Remedial Work to be performed and all costs and expenses thereof, or incurred in connection therewith, shall become due and payable by Tenant within thirty (30) days of Tenant's receipt of Landlord's invoice therefor. Tenant's obligations under this Paragraph 9(b)(11) shall survive the expiration or sooner termination of this Lease. Tenant shall not be held responsible for any Remedial Work resulting from a Release to the extent such Release is not directly caused by Tenant or Tenant's Agents.

(12) "Hazardous Materials" shall include, without limitation, (i) those substances included within the definitions of "hazardous substances," "hazardous materials," "toxic substances" or "solid waste" under all present and future federal, state and local laws (whether under common law, statute, rule, regulation or otherwise) relating to the protection of human health or the environment, including, without limitation, California Senate Bill 245 (Statutes of 1987, Chapter 1302), the Safe Drinking Water and Toxic Enforcement Act of 1986 (commonly known as Proposition 65) and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Section 9601 et seq., the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq., and the Hazardous Materials Transportation Act, 49 U.S.C. Sections 1801, et seq., all as heretofore and hereafter amended, or in any regulations promulgated pursuant to said laws; (ii) those substances defined as "hazardous wastes" in Section 25117 of the California Health & Safety Code or as "hazardous substances" in Section 25316 of the California Health & Safety Code, or in any regulations promulgated pursuant to said laws; (iii) those substances listed in the United States Department of Transportation Table (49 CFR 172.101 and amendments thereto) or designated by the Environmental Protection Agency (or any successor agency) as hazardous substances (see, e.g., 40 CFR Part 302 and amendments thereto); (iv) such other substances, materials and wastes which are or become regulated under applicable local, state or federal law or by the United States government or which are or become classified as hazardous or toxic under federal, state or

local laws or regulations, including, without limitation, California Health & Safety Code, Division 20, and Title 26 of the California Code of Regulations; and (v) any material, waste or substance which contains petroleum, asbestos or polychlorinated biphenyls, is designated as a "hazardous substance" pursuant to Section 311 of the Clean Water Act of 1977, 33 U.S.C. Sections 1251, et seq. (33 U.S.C. § 1321) or listed pursuant to Section 307 of the Clean Water Act of 1977 (33 U.S.C. § 1317) or contains any flammable, explosive or radioactive material.

(13) "Environmental Laws" shall mean any federal, state or local law, statute, ordinance, or regulation now in effect or hereafter enacted pertaining to health, industrial hygiene, or the environmental conditions on, under or about the Premises or any part of the Project, including without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 ("CERCLA") as amended, 42 U.S.C. section 9601 et seq., and the Resource Conservation and Recovery Act of 1976 ("RCRA"), 42 U.S.C. sections 6901 et seq.

(14) In addition to Tenant's obligations pursuant to Paragraph 27(b) of this Lease, Tenant shall, on the expiration or sooner termination of this Lease, surrender the Premises to Landlord free of any Hazardous Materials brought onto the Premises and the Project by either Tenant or Tenant's Agents. If Tenant fails to so surrender the Premises and the Project, the provisions of Paragraph 9(b)(9) shall apply. Landlord shall have the right, but not the obligation, to appoint a consultant, at Tenant's expense, to conduct an investigation to determine whether any Hazardous Materials are located in or about the Premises or the Project, and to determine the corrective measures required to remove such Hazardous Materials. Tenant, at its expense, shall comply with all reasonable recommendations of the consultant. A failure by Landlord to appoint such a consultant shall in no way relieve Tenant of any of Tenant's obligations set forth in this Lease relating to Hazardous Materials, nor constitute a waiver of Landlord's rights under this Lease. Tenant's obligations under this Paragraph 9(b)(14) shall survive the expiration or earlier termination of this Lease.

(15) Except as otherwise provided in Paragraphs 9(b)(4) (concerning the implementation of consultant recommendations) and 9(b)(11) (concerning the monitoring and review of Remedial Work), all costs incurred by Landlord in retaining a consultant for any purpose contained in this Paragraph 9(b) shall be an Operating Expense under Paragraph 3 of this Lease unless Landlord retains a consultant pursuant to this Paragraph 9(b), and such consultant reasonably determines after appropriate review of information and/or inspection that Tenant is breaching its obligations under this Lease to comply with this Paragraph 9(b), in which event all costs and expenses incurred by Landlord in connection with any such

review, inspection, and/or implementation of recommendations pursuant to this Paragraph 9(b) shall become due and payable by Tenant as Additional Rent, upon presentation by Landlord of an invoice therefor.

(16) Upon any violation of any of the foregoing covenants, Landlord shall be entitled to exercise all remedies available to a landlord against a defaulting tenant, including but not limited to those set forth in Paragraph 25(b) of this Lease. Without limiting the generality of the foregoing, Tenant expressly agrees that upon any such violation Landlord may, at its option (i) immediately terminate this Lease, or (ii) continue this Lease in effect until compliance by Tenant with its clean-up and removal covenant (notwithstanding the expiration of the Term). No action by Landlord hereunder shall impair the obligations of Tenant pursuant to this Paragraph 9(b).

(b) ADA. Tenant acknowledges that the Americans with Disabilities Act of 1990 (as amended and as supplemented by further laws from time to time, the "ADA") imposes certain requirements upon the owners, lessees and operators of commercial facilities and places of public accommodation, including, without limitation, prohibitions on discrimination against any individual on the basis of disability. Accordingly, but without limiting the generality of and in addition to all other requirements under this Lease, Tenant agrees to take all proper and necessary action to cause the Premises to be maintained, used and occupied in compliance with the ADA throughout the Term of this Lease and, further, to otherwise assume all responsibility to ensure the Premises' continued compliance with all provisions of the ADA throughout the Term of this Lease.

UTILITIES AND SERVICES

PARAGRAPH 10

(a) Payment by Tenant. Tenant shall be responsible for and shall pay promptly all charges for gas, electricity, sewer, heat, light, power, telephone, refuse pickup (to be performed on a regularly scheduled basis so that accumulated refuse does not exceed the capacity of Tenant's refuse bins), janitorial service and all other utilities, materials and services furnished directly to or used by Tenant in, on or about the Premises, together with all taxes thereon. Tenant shall contract directly with the providing companies for such utilities and services.

(b) No Abatement of Rent. Landlord shall not be liable for, and Tenant shall not be entitled to, any abatement or reduction of rent by reason of any failure or interruption of any utility or other service furnished to the Premises or the Project. No such

failure, stoppage, or interruption of any such utility or service shall constitute an eviction of Tenant or relieve Tenant of the obligation to perform any covenant or agreement of this Lease to be performed by Tenant. In the event of any such failure, stoppage or interruption of the utilities or services to be supplied by Landlord, Landlord shall use good faith efforts to have service promptly resumed. Where the cause of any such failure, stoppage or interruption of such utilities or services is within the control of a public utility or other public or quasi-public entity outside Landlord's control, notification to such utility or entity of such failure, stoppage or interruption and request to remedy the same shall constitute "good faith efforts" by Landlord to have service promptly resumed.

RULES AND REGULATIONS

PARAGRAPH 11

Tenant agrees to abide by all rules and regulations for use of the Premises, the Building, the Phase and the Project imposed by Landlord, as the same may be revised from time to time, including, without limitation, the following: (a) Tenant shall comply with all of the requirements of Landlord's emergency response plan, as the same may be amended from time to time; and (b) Tenant shall not place any furniture, furnishings, fixtures or equipment in the Premises in a manner so as to obstruct the windows of the Premises to cause the Building, in Landlord's good faith determination, to appear unsightly from the exterior. Such rules and regulations are and shall be imposed for the cleanliness, good appearance, proper maintenance, good order and reasonable use of the Premises, the Building, the Phase and the Project and as may be necessary for the enjoyment of the Building and the Project by all tenants and their clients, customers, and employees. Landlord shall not be liable for the failure of any tenant or of the agents or employees of any tenant to conform to such rules and regulations.

TAXES ON TENANT'S PROPERTY

PARAGRAPH 12

Tenant shall be liable for, and shall pay, at least ten (10) days before delinquency, all taxes, levies and assessments levied against any personal property or trade fixtures placed by Tenant in or about the Premises or against the cost or value of any leasehold improvements made in or to the Premises by or for Tenant regardless of whether title to such improvements shall be in Tenant or Landlord. If any such tax, levy or assessment on Tenant's personal property, trade fixtures or leasehold improvements is levied against Landlord or Landlord's property, or if the assessed value

of the Building or the Project is increased by the inclusion therein of a value placed upon such personal property, trade fixtures or leasehold improvements of Tenant and if Landlord pays such taxes, levies or assessment based upon such increased assessment (which Landlord shall have the right to do regardless of the validity thereof), Tenant shall upon demand repay to Landlord the amount of such taxes, levies or assessments so levied against Landlord, or the proportion of any taxes, levies or assessments resulting from such increase in assessment. Tenant shall also be liable for and shall upon demand repay to Landlord the amount of any rental, excise, sales, transaction privilege or other tax or levy, however denominated, imposed upon or measured by the rent reserved hereunder or on Landlord's business of leasing the Premises, excepting only net income taxes, franchise taxes and estate, inheritance or gift taxes.

FIRE OR CASUALTY

PARAGRAPH 13

(a) Obligation to Restore. Except as otherwise provided below, in the event the Premises or access thereto is wholly or partially destroyed by fire or other casualty covered by the form of fire and extended coverage insurance maintained by Landlord, Landlord shall rebuild, repair or restore the Premises and access thereto to substantially the same condition as when the same were furnished to Tenant, excluding any improvements installed by Tenant, and this Lease shall continue in full force and effect, except that rent shall abate during the period which, and to the extent to which, any portion of the Premises is untenable and is not used by Tenant. Notwithstanding the foregoing, in no event shall Landlord be required to expend more than the amount of insurance proceeds received by Landlord in respect of any such casualty in connection with Landlord's restoration of the Premises.

(b) Election Not to Restore. In the event that the Building is damaged or destroyed to the extent of more than twenty-five percent (25%) of its replacement cost or to any extent by a casualty not so covered, or if the buildings at the Project shall be damaged to the extent of fifty percent (50%) or more of the replacement value or to any extent by a casualty not so covered, and regardless of whether or not the Premises be damaged, Landlord may elect by written notice to Tenant given within thirty (30) days after the occurrence of the casualty to terminate this Lease in lieu of so restoring the Premises, in which event this Lease shall terminate as of the date specified in Landlord's notice, which date shall be no later than sixty (60) days following the date of Landlord's notice.

(c) Restoration. Upon the occurrence of a casualty as to which Landlord does not elect to terminate this Lease, Landlord shall, within thirty (30) days after the date of such casualty, or as soon thereafter as reasonably possible, notify Tenant in writing of the time estimated by Landlord's architect to repair or restore the damage caused by such casualty. If Landlord's estimated time to complete such restoration is more than one hundred eighty (180) days from the date of the occurrence and such damage or destruction materially adversely interferes with Tenant's use of the Premises, Tenant may elect to terminate this Lease by written notice to Landlord given within fifteen (15) days after receipt of Landlord's estimate. If Tenant has the right to terminate this Lease and timely and properly exercises such right, this Lease shall terminate on the date of Tenant's notice to Landlord. If Tenant is not entitled to terminate this Lease or if Tenant is so entitled but fails to do so in time and in the manner herein specified, Landlord shall repair or restore the Premises as promptly as practicable, and this Lease shall continue in effect. Landlord shall in no event be obligated to make any repairs or replacement of any items other than those items installed by and at the expense of Landlord. If the Premises and access thereto are damaged, to the extent Tenant is unable to use and does not use the Premises, rent shall abate in proportion to Tenant's use. However, in no event shall Tenant be entitled to any compensation or damages for loss of the use of less than twenty-five percent (25%) of the Premises, or for damage to Tenant's personal property in or improvements to the Premises or for any inconvenience or annoyance occasioned by any such destruction, rebuilding or restoration of the Premises or the Building or access thereto. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) and any present or future laws or case decisions to the same effect. In the event a casualty to the Premises occurs within the six (6) month period preceding the Expiration Date of the Lease, either Landlord or Tenant may elect to terminate this Lease within thirty (30) days following the occurrence of the casualty upon written notice to the other party. Notwithstanding the foregoing, if Tenant has properly exercised its Option To Renew the Lease shall continue in full force and effect.

(d) Landlord, in repairing the Building and the Premises, shall repair any damage to the Building itself, including any damage to the shell of the Premises as existing as of the date hereof, and Tenant shall pay the cost of repairing or replacing the Tenant Improvements in the Premises existing immediately prior to the occurrence of any damage, and Tenant shall repair or replace all of Tenant's trade fixtures, furnishings, equipment and other personal property. Landlord shall not be required to repair any injury or damage to the personal property of Tenant, or to make any repairs to or replacement of any alterations, additions, improvements or fixtures installed on the Premises by or for Tenant.

EMINENT DOMAIN

PARAGRAPH 14

(a) Termination of Lease. In case the whole of the Premises, or such part thereof as shall substantially interfere with Tenant's use and occupancy thereof, shall be taken by any lawful power or authority by exercise of the right of eminent domain, or shall be sold to prevent such taking, either Tenant or Landlord may terminate this Lease effective as of the date possession is required to be surrendered to such authority. If at least twenty-five percent (25%) of the leasable area of Tenant's Phase, or twenty-five percent (25%) of the leasable area of the Project, is taken by any lawful power or authority by exercise of the right of eminent domain, or shall be sold to prevent such taking, Landlord may terminate this Lease effective as of the date possession is required to be surrendered to such authority. Landlord may, without any obligation to Tenant, agree to sell or convey to the taking authority the Premises, the Building, Tenant's Phase, the Project or any portion thereof sought by the taking authority, free from this Lease and the right of Tenant hereunder, without first requiring that any action or proceeding be instituted or, if instituted, pursued to a judgment.

(b) Partial Taking. In the event the amount of property or the type of estate taken shall not substantially interfere with Tenant's use of the Premises, and neither Landlord nor Tenant shall have terminated this Lease pursuant to Paragraph 14(a) above, then Landlord shall promptly restore the Premises to substantially their condition prior to such partial taking and this Lease shall continue in full force and effect except that a proportionate allowance shall be made to Tenant for the rent corresponding to the time during which, and to the part of the Premises of which, Tenant shall be deprived on account of such taking and restoration.

(c) Awards. Except as expressly provided herein, Tenant shall not because of any taking of all or any portion of the Premises assert any claim against Landlord or the taking authority for any compensation because of such taking, and Landlord shall be entitled to receive the entire amount of any award therefor without deduction for any estate or interest of Tenant. Nothing contained in this subparagraph, however, shall be deemed to give Landlord any interest in, or prevent Tenant from seeking any award against the taking authority independent of Landlord, and without in any manner interfering with or reducing any claim of Landlord against the taking authority for, the taking of personal property and fixtures belonging to Tenant or for relocation or business interruption expenses recoverable from the taking authority.

ASSIGNMENT AND SUBLETTING

PARAGRAPH 15

(a) Landlord's Consent. Tenant shall not voluntarily or involuntarily assign, sublet, mortgage or otherwise transfer or encumber all or any portion of its interest in this Lease or in the Premises or permit the use of the Premises by any party other than Tenant without obtaining the prior written consent of Landlord, which consent shall not be unreasonably withheld. Any such attempted assignment, subletting, mortgaging, transfer or other encumbering without such consent shall be null and void and of no effect. Without limiting the generality of the foregoing, it shall be reasonable for Landlord to deny any proposed assignment or sublease if (1) the use to be made of the Premises by the proposed assignee or subtenant is not generally consistent with the character and nature of all other tenancies in the Project, or (2) the proposed assignee or subtenant uses Hazardous Materials, or (3) the character, reputation or financial responsibility of the proposed assignee or subtenant is not satisfactory to Landlord, as reasonably determined by Landlord, or in any event is not at least equal to that which was possessed by Tenant as of the date of execution of this Lease, or (4) the proposed assignee or subtenant is an existing tenant in the Project or is negotiating with Landlord or Landlord's representative, or the owner (or the owner's representative) of any other Phase of the Project, to lease space at the Project, or (5) Tenant is in default hereunder and said default continues following notice and the expiration of any applicable cure period.

(b) No Relief. No permitted assignment, subletting, mortgaging or other encumbering of Tenant's interest in this Lease shall relieve Tenant of its obligation to pay the rent and to perform all of the other obligations to be performed by Tenant hereunder. The acceptance of rent by Landlord from any person other than Tenant shall not be deemed to be a waiver by Landlord of any provision of this Lease or to be a consent to any subletting, assignment, mortgaging or other encumbering of the Premises. Consent to an assignment, sublease, mortgage or other encumbrance shall not be deemed to constitute consent to any subsequent attempted assignment, sublease, mortgage or other encumbrance.

(c) Notice to Landlord. If Tenant desires at any time to assign this Lease or to sublet the Premises or any portion thereof, it shall first notify Landlord of its desire to do so and shall submit in writing to Landlord (1) the name of the proposed subtenant or assignee, (2) the nature of the proposed subtenant's or assignee's business to be carried on in the Premises, (3) copies of all applicable documentation in connection with the proposed sublease or assignment, and (4) such financial and other

information as Landlord may reasonably request concerning the proposed subtenant or assignee.

(d) Condition to Consent. As a condition to Landlord's consent to such assignment or subletting, if the net aggregate rental paid or given by any sublessee or assignee exceeds, on a square foot basis, the amount per square foot payable by Tenant to Landlord for the Premises, then Tenant shall pay to Landlord as additional rental hereunder, monthly as received, fifty percent (50%) of such excess rental. Net aggregate rental as used herein shall mean gross rental and additional consideration of any kind or type received by Tenant with respect to the subleased or assigned premises, less the following actual and documented out-of-pocket costs incurred by Tenant: Tenant's actual costs of any commercially reasonable commission paid by Tenant to a broker independent of Tenant in connection with such sublease or assignment, reasonable legal fees in processing such assignment or subletting, reasonable advertising costs and commercially reasonable costs to remodel or renovate the area subject to such subletting or assignment and taking into account the value of any utilities and services provided to such transferee if the rental paid by any assignee or sublessee is for fully serviced premises. "Sublet" and "sublease" shall include a sublease as to which Tenant is sublessor and any sub-sublease or other sub-subtenancy, irrespective of the number of tenancies and tenancy levels between the ultimate occupant and Landlord, as to which Tenant receives any consideration. Tenant shall require on any sublease which it executes that Tenant receive all profit from all sub-subtenancies, irrespective of the number of levels thereof. Any rent or other consideration which is to be passed through to Landlord by Tenant pursuant to this Paragraph 15(d) shall be paid to Landlord promptly upon receipt by Tenant and shall be paid in cash, irrespective of the form in which received by Tenant from any subtenant or assignee. In the event that any rent or other consideration received by Tenant from a subtenant or assignee is in a form other than cash, Tenant shall pay to Landlord in cash the fair value of such consideration.

(e) Landlord's Election. At any time within fifteen (15) days after Landlord's receipt of the information specified in Paragraph 15(c) above, Landlord may by written notice to Tenant elect to (1) consent to the proposed sublease or assignment; or (2) reasonably withhold its consent to the proposed sublease or assignment.

(f) No Merger. The voluntary or other surrender of this Lease by Tenant or a mutual cancellation hereof shall not work a merger but shall, at the option of Landlord, either terminate all or any existing subleases or subtenancies or operate as an assignment to Landlord of such subleases or subtenancies. If Tenant is a corporation which under the then current guidelines

published by the Commissioner of Corporations of the State of California, is not deemed to be a public corporation or is an unincorporated association or partnership, then the transfer, assignment or hypothecation of any stock or interest in such corporation, association or partnership in the aggregate in excess of twenty-five percent (25%) shall be deemed to be an assignment within the meaning and provisions of this Paragraph 15.

(g) Assignment of Rent. Tenant immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Lease, all rent from any subletting of all or a part of the Premises as permitted by this Lease, and Landlord, as assignee and attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord's application, may immediately following the applicable notice and/or cure period, if any, collect such rent and apply it toward Tenant's obligation under this Lease; except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

(h) Landlord's Costs. Tenant agrees to reimburse Landlord for Landlord's costs and attorneys' fees incurred in conjunction with the processing and documentation of any requested assignment, subletting, transfer, change of ownership or hypothecation of this Lease or Tenant's interest in and to the Premises which is submitted for approval to Landlord, whether or not Landlord approves the same.

(i) Permitted Transfer. Notwithstanding Paragraph 15(a) to the contrary, Tenant shall have the right, without Landlord's consent, to assign or transfer all or any portion of the Premises to an entity which controls, is controlled by, or is under common control with Tenant; or to any entity which results from a merger, reincorporation or consolidation with Tenant, or to any entity which acquires substantially all of the stock or assets of Tenant, as a going concern, with respect to the business that is being conducted in the Premises (hereinafter each a "Permitted Transferee"), provided however that the net worth of such Permitted Transferee is equal to or better than the net worth of Tenant as of the Commencement Date of this Lease; and further provided that the other provisions of this Paragraph 15 shall apply to such assignment. If the net worth of any Permitted Transferee does not equal or exceed the net worth of Tenant as provided herein, landlord shall not withhold its consent to any assignment or subletting to such transferee provided that Landlord is furnished with a reasonably satisfactory lease guaranty respecting such transferee's leasehold obligations from a guarantor who satisfies the foregoing net worth requirements.

ACCESS

PARAGRAPH 16

Landlord reserves and shall at all times have the right to enter the Premises upon twenty-four (24) hours notice (except in case of emergency, when no notice shall be required) to inspect the same, to supply any service to be provided by Landlord to Tenant hereunder, to submit the Premises to prospective purchasers or tenants (but as to prospective tenants only during the last six months of the Term), to post notices of nonresponsibility, to use and maintain pipes and conduits in and through the Premises and to alter, improve or repair the Premises or any other portion of the Building, all without being deemed guilty of an eviction of Tenant and without abatement of rent. Landlord may, for the purpose of altering, improving or repairing the Premises or any other portion of the Building, erect scaffolding and other necessary structures where reasonably required by the character of the work to be performed. Landlord shall use commercially reasonable efforts where practicable to conduct such entries and activities in a workmanlike manner so as to reasonably minimize interference with Tenant's ability to conduct its business at the Premises and Tenant hereby waives any claim for damages for any injury or inconvenience to or interference with Tenant's business, any loss of occupancy or quiet enjoyment of the Premises and any other loss occasioned thereby or arising therefrom. Landlord shall have the right at all times to have and retain a key with which to unlock all of the doors in, upon and about the Premises, excluding Tenant's vaults and safes, if any. Landlord shall have the right to use any and all means which Landlord may deem proper to open such doors in an emergency in order to obtain entry to the Premises and any such entry shall not under any circumstances be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Premises or an eviction of Tenant from the Premises or any portion thereof. No provision of this Paragraph 16 shall be construed as obligating Landlord to perform any repairs, alterations or decoration not otherwise expressly required of Landlord under this Lease.

SUBORDINATION; ATTORNMENT; ESTOPPEL CERTIFICATES

PARAGRAPH 17

(a) Subordination. Subject to the last sentence of this Paragraph 17(a), this Lease is junior, subject and subordinate to all declarations of restrictions and all mortgages, deeds of trust and other security instruments of any kind now covering the Premises, the Project, or any portion of thereof. Landlord reserves the right to place liens or encumbrances on the Premises, the Project, or any part of or interest in any of the foregoing,

and, subject to the last sentence of this Paragraph 17(a), this Lease shall be subject and subordinate to any such liens or encumbrances now or hereafter imposed by Landlord without the necessity of the execution and delivery of any further instruments on the part of Tenant to effectuate such subordination. Notwithstanding the foregoing, Tenant covenants and agrees to execute and deliver upon demand such further instruments evidencing any such subordination of this Lease as may be requested by Landlord. In the event Tenant fails to so execute any such further instrument within ten (10) business days after demand therefor. In the event of the foreclosure of any such lien or encumbrance, Tenant shall attorn to the then owner who owns or acquires title to the Premises or the Project and will recognize such owner as Landlord under this Lease. Tenant hereby waives any right to terminate this Lease because of any such foreclosure. Notwithstanding the foregoing, Tenant agrees that if any holder of a mortgage, deed of trust or other security instrument covering the Premises or the Project desires this Lease to be senior to the lien of such mortgage, deed of trust or security instrument, upon written notice from Landlord or such holder to Tenant indicating such desire, this Lease shall automatically become senior to such mortgage, deed of trust or security instrument and Tenant agrees to execute, promptly upon Landlord's or such holder's demand therefor, such instruments as Landlord or such holder shall reasonably require confirming the priority of this Lease, but Tenant's failure to execute such instrument shall not affect such holder's election to cause this Lease to be superior to such holder's lien. Landlord shall use reasonable efforts to obtain a subordination, non-disturbance and attornment agreement from the holder of any mortgage hereinafter encumbering the Project in the form attached hereto as Exhibit F, or the standard form of such mortgagee.

(b) Estoppel Certificates. Tenant shall at any time and from time to time, upon not less than three (3) business days' prior notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and describing the same), the dates through which the Basic Annual Rent, Additional Rent and all other charges have been paid in advance, if any, and stating whether or not, to the best knowledge of Tenant, Landlord is in default in the performance of any covenant, agreement or condition contained in this Lease and, if so, specifying each such default. Any such statement delivered pursuant to this Paragraph 17(b) may be relied upon by any prospective purchaser or encumbrancer (and all successors thereof) of any interest of Landlord in or to Tenant's Phase or the Project and Tenant shall be liable for all loss, cost or expense resulting from the failure of any sale or funding of any loan caused by any material misstatement contained in any such statement or other estoppel certificate supplied to Landlord by Tenant. Tenant's

failure to timely deliver any such statement shall be conclusive upon Tenant that (1) this Lease is in full force and effect, without modification except as may be represented by Landlord, (2) there are no uncured defaults in Landlord's performance, and (3) not more than one month's Basic Annual Rent has been paid in advance.

SALE BY LANDLORD

PARAGRAPH 18

In the event of a sale or conveyance by Landlord of the Premises, such transfer shall operate to release Landlord from any and all liability under this Lease. Subject to the provisions of Paragraph 17 above, Tenant's right to quiet possession of the Premises shall not, however, be disturbed on account of such transfer, so long as Tenant shall pay all rent and observe and perform all provisions of this Lease to be observed and performed by Tenant, unless this Lease is terminated pursuant to specific provisions relating to termination contained in this Lease. If any security deposit has been made by Tenant, Landlord may transfer the then balance of such deposit to Landlord's transferee in connection with the sale or conveyance of the Premises, and thereupon Landlord shall be discharged from any further liability in connection with such deposit.

NON-LIABILITY AND INDEMNIFICATION OF LANDLORD; INSURANCE

PARAGRAPH 19

(a) Landlord's Non-liability. Except to the extent caused solely by the active negligence or intentional misconduct of Landlord, Landlord shall not be liable for any injury or damage which may be sustained by any person or any goods, wares, merchandise or other property of Tenant, of Tenant's employees, invitees or customers or of any other person in or about the Premises resulting from any cause whatsoever (including, without limitation, fire, steam, electricity, gas, water, rain or dampness which may occur, leak or flow from or into any part of the Premises or any other place, any breakage, leakage, obstruction or other defect in the pipes, sprinklers, wires, appliances, plumbing, air conditioning or lighting fixtures of the Premises, theft, explosion or falling plaster). In no event shall Landlord be liable for any damage arising from any act or neglect of any other tenant of the Project or any of their officers, employees, agents, representatives, customers, visitors or invitees, for any damage to Tenant's property entrusted to employees of Landlord or its agents, for any interference with light or other incorporeal hereditaments

or for any damage arising from any latent defect in the Premises or the Project.

(b) Indemnification. To the fullest extent permitted by then applicable law, Tenant shall protect, indemnify and hold Landlord harmless from, and defend Landlord against any and all claims, losses, costs, damages, expenses, or liabilities, including, without limitation, attorneys' fees and costs of defense, for any injury or damage to any person or property whatsoever caused in part or in whole by the act, neglect, fault or omission of Tenant or its assignees, subtenants or agents, of the respective servants, employees or invitees of any of the foregoing persons or of any other persons permitted in the Building or elsewhere in the Project by Tenant or any of such persons; excluding, however, such damage to the extent caused solely by the negligence or intentional misconduct of Landlord. This indemnity shall not require payment by Landlord as a condition precedent to recovery from Tenant. In addition, if any person not a party to this Lease shall institute any other type of action against Tenant in which Landlord, involuntarily and without cause, shall be made a party defendant, Tenant shall indemnify Landlord, hold Landlord harmless from, and defend Landlord against any and all claims, losses, costs, damages, expenses or liabilities by reason thereof, unless such claims, losses, costs, damages, expenses or liabilities result directly from Landlord's active negligence or intentional misconduct.

(c) Tenant's Insurance. Tenant hereby agrees to maintain in full force and effect at all times during the Term and any other period of its occupancy or possession of the Premises, at its own expense, for the protection of Tenant and Landlord, as their interests may appear, policies of insurance which afford the following coverages: (1) Worker's Compensation and Employer's Liability Insurance to the extent required by then applicable law, (2) Commercial General Liability Insurance with a Broad Form Liability Endorsement (including protective liability coverage on operations of independent contractors engaged in construction, coverage of Tenant's indemnity obligations under this Lease and blanket contractual liability insurance) on an "occurrence" basis against claims for "personal injury" liability, including, without limitation, bodily injury, death and property damage liability, with a limit of not less than Three Million Dollars (\$3,000,000) in the event of "personal injury" to any number of persons or of damages to property arising out of any single "occurrence," (3) insurance against loss or damage by fire and such other risks and hazards as are insurable under then applicable standard forms of "all risk" fire and extended coverage insurance policies to all of the Tenant Improvements and the personal property, furniture, furnishings and fixtures belonging to Tenant used or located in the Premises for not less than one hundred percent (100%) of the actual replacement value thereof (the proceeds of which insurance, so long as this Lease remains in effect, shall be used to repair or replace

such personal property, furnishings and fixtures in the Premises; provided, however, that upon any termination of this Lease pursuant to Paragraph 13 above, all such proceeds shall be the property of Landlord), and (4) business interruption or loss of income insurance in an amount equal to the Basic Annual Rent for a period of at least nine (9) months commencing with the date of loss (the proceeds of which insurance shall be paid to Landlord to the extent of any abatement of rent under the Lease).

(d) Deductibles. Tenant may, with the prior written consent of Landlord, elect to have reasonable deductibles in connection with the policies of insurance required to be maintained by Tenant under Paragraph 19(c)(3) above.

(e) Certificates of Insurance. Tenant shall deliver to Landlord at least thirty (30) days prior to the time such insurance is first required to be carried by Tenant, and thereafter at least thirty (30) days prior to expiration of each such policy, certificates of insurance from the carrier providing such insurance evidencing the above coverages with limits not less than those specified above. Such certificates, with the exception of worker's compensation, shall designate Landlord, each of its partners, subsidiaries, affiliates, directors, agents and employees, as additional insureds and shall expressly provide that the interest of such persons therein shall not be affected by any breach by Tenant of any policy provision for which such certificates evidence coverage. Further, each such certificate shall expressly provide that no less than thirty (30) days' prior written notice shall be given to Landlord in the event of a material alteration to or cancellation of the coverages evidenced by such certificate. The insurance which Tenant is required to maintain in force and effect under this Paragraph 19 shall be primary insurance as respects Landlord (and any other additional insureds designated by Landlord) and not excess over or contributory with any other available insurance. Certificates of insurance evidencing the liability insurance coverage required under Paragraph 19(c)(2) above shall contain an endorsement providing, in substance, that such insurance as is afforded thereby for the benefit of Landlord (and any other additional insureds designated by Landlord) shall be primary and any insurance carried by Landlord (and any other such additional insureds) shall be excess and not contributory.

(f) Increase in Coverage. Upon demand, Tenant shall provide Landlord, at Tenant's expense, with such increased amounts of existing insurance and such other coverages and insurance as Landlord may reasonably require.

(g) No Co-Insurance. If on account of the failure of Tenant to comply with the provisions of this Paragraph 19, Landlord or any other person is adjudged a co-insurer by its insurance carrier, then any loss or damage which Landlord or such other person shall

sustain by reason thereof shall be borne by Tenant and shall be immediately paid by Tenant upon receipt of a bill therefor and evidence of such loss.

(h) Insurance Limits. Landlord makes no representation that the limits of liability specified to be carried by Tenant under this Lease are adequate to protect Tenant against Tenant's undertaking under this Lease. In the event Tenant believes that any such required coverage is insufficient, Tenant shall provide, at its own expense, such additional insurance as Tenant deems adequate. In no event shall the limits of any coverage maintained by Tenant pursuant to this Paragraph 19 be considered as limiting Tenant's liability under this Lease.

(i) Consequential Damages. In no event shall Landlord be liable to Tenant for any damage by reason of loss of profits, business interruption or other consequential damage.

(j) General Requirements. All insurance required to be carried by Tenant hereunder shall be with companies reasonably acceptable to Landlord. All policies and certificates delivered by Tenant pursuant to this Paragraph shall contain liability limits not less than those set forth herein, shall list all additional insureds and shall specify all endorsements and special coverages required by this Paragraph. Any insurance required to be maintained by Tenant may be maintained pursuant to so-called "blanket" policies of insurance so long as the Premises are specifically identified therein (by endorsement or otherwise) as included in the coverage provided and such policies otherwise comply with the provisions of this Lease.

WAIVER OF SUBROGATION

PARAGRAPH 20

(a) Without affecting any other rights or remedies hereunder, at law or in equity, Landlord and Tenant each hereby waives all rights of recovery against the other, any other tenant or occupant in the Building or the Project and all officers, employees, agents, representatives, customers and business visitors of such persons for loss of or damage to property at the Project arising from any cause insured against under any policy of all-risk insurance either required to be carried by such waiving party pursuant to the provisions of this Lease or actually carried by such waiving party. The foregoing waiver shall be effective whether or not such waiving party shall actually obtain and maintain the "all risk" insurance required pursuant to this Lease. Tenant shall, upon obtaining the policies of insurance which it is required to maintain under this Lease, give notice to its insurance carriers that the foregoing waiver of subrogation is contained in this Lease.

(b) In the event either Landlord or Tenant notifies the other that an insurer under any policy described in Paragraph 20(a) above has refused to consent to or permit the waiver of subrogation thereunder in any fashion or has conditioned the same upon the payment of an additional premium, then such waiver shall be of no force or effect with respect to loss or damage covered by such policy during the period commencing five (5) business days after such other party's receipt of such notice and continuing until such insurer reinstates such consent; provided, however, that if such other party elects to reimburse the notifying party for any required additional premium, the notifying party shall obtain such insurer's consent.

ATTORNEYS' FEES

PARAGRAPH 21

In the event any party to this Lease brings any suit or other proceeding with respect to the subject matter or enforcement of this Lease (including all addenda and exhibits hereto), the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover attorneys' fees, expenses and costs of investigation as actually incurred (including, without limitation, attorneys' fees, expenses and costs of investigation incurred in appellate proceedings or in connection with the enforcement or collection of any judgment obtained in any suit or other proceeding with respect to the subject matter or enforcement of this Lease, costs incurred in establishing any right to indemnification, or in any action or participation, or in connection with, any case or proceeding under Chapters 7, 11 or 13 of the Bankruptcy Code, 11 United States Code Section 101 et seq., or any successor statutes). The parties hereto expressly agree that (i) any attorneys' fees incurred in connection with the enforcement or collection of any judgment obtained in any suit or other proceeding with respect to the subject matter or enforcement of this Lease shall be recoverable as a separate item, (ii) the provisions of this Paragraph 21 shall survive the entry of any judgment with respect to the subject matter or enforcement of this Lease, and (iii) the provisions of this Paragraph 21 will not merge, or be deemed to have merged, into any such judgment.

WAIVER

PARAGRAPH 22

No waiver by Landlord of any provision of this Lease or of any breach by Tenant hereunder shall be deemed to be a waiver of any

other provision hereof or of any subsequent breach by Tenant of the same or any other provision. Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant. No act or thing done by Landlord or Landlord's agents during the Term, including, without limitation, Tenant's delivery of the keys to the Premises to any employee or agent of Landlord, shall operate as or be deemed to be a termination of this Lease, a surrender of the Premises or an acceptance of a surrender of the Premises unless expressly stated in a writing signed by Landlord. The acceptance of any rent by Landlord following a breach of this Lease by Tenant shall not constitute a waiver by Landlord of such breach or any other breach unless such waiver is expressly stated in a writing signed by Landlord. The acceptance of any payment from a debtor-in-possession, a trustee, a receiver or any other person acting on behalf of Tenant or Tenant's estate shall not constitute a waiver of or cure a default under Paragraphs 15 or 24 hereof.

NOTICES

PARAGRAPH 23

(a) Any notice required by law to be given by Landlord to Tenant as a condition to the filing of an action alleging an unlawful detainer of the Premises, including, without limitation, any three (3) days' notice under Section 1161(2) or (3) of the California Code of Civil Procedure, and any service of process made by Landlord in connection with any action arising out of or related to this Lease or the Premises shall be effective only if in writing and either sent by registered or certified mail, return receipt requested, or delivered personally to Tenant at the Premises.

(b) Except as otherwise expressly provided in this Lease, any notice, demand, request or other communication not described in (a) above given or required to be given by Landlord hereunder shall be effective only if in writing and either sent by registered or certified mail, return receipt requested, or by recognized overnight courier or delivered personally to the following:

Regen Biologics
545 Penobscot Drive
Redwood City, CA 94063
Attention: Jim McKinley

(c) Except as otherwise expressly provided in this Lease, any notice, demand, request or other communication given or required to be given by Tenant hereunder shall be effective only if in writing and either sent by registered or certified mail, return receipt

requested, or by recognized overnight courier or delivered personally to each of the following:

- (1) METROPOLITAN LIFE INSURANCE COMPANY
101 Lincoln Centre Drive, Sixth Floor
Foster City, California 94404
Attention: Assistant Vice President
- (2) METROPOLITAN LIFE INSURANCE COMPANY
101 Lincoln Centre Drive, Sixth Floor
Foster City, California 94404
Attention: Associate General Counsel
- (3) LINCOLN PROPERTY COMPANY N.C., INC.
101 Lincoln Centre Drive, Fourth Floor
Foster City, California 94404
Attention: Director of Property Management,
Seaport Centre

(d) Tenant and Landlord may designate new addresses for notice for the purposes of (b) or (c) above (however, in no event may any party have more than four (4) separate designations at any one time) by notice given to the other in accordance with the provisions of this Paragraph 23.

(e) Any notice hereunder shall be deemed effectively given upon its delivery or the addressee's refusal to accept delivery as indicated by the person attempting such personal delivery, by the applicable return receipt, if sent by registered or certified mail, or by similar advice from the recognized courier company, as the case may be.

INSOLVENCY OR BANKRUPTCY

PARAGRAPH 24

(a) Prior to Term. If at any time prior to the date herein fixed as the commencement of the Term there shall be filed by or against Tenant in any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee or conservator of all or a portion of Tenant's property, or if Tenant makes an assignment for the benefit of creditors (collectively, an "Insolvency Event"), this Lease shall ipso facto be canceled and terminated and in such event neither Tenant nor any person claiming through or under Tenant or by virtue of any statute or by an order of any court shall be entitled to possession of the Premises and Landlord, in addition to the other rights and remedies given by Paragraph 25(b) hereof or by virtue of any other provision in this Lease contained or by virtue of any

statute or rule of law, may retain as damages any rent, security, deposit or moneys received by it from Tenant or others on behalf of Tenant.

(b) No Assignment. In no event shall this Lease be assigned or assignable by operation of law and in no event shall this Lease be an asset of Tenant in any receivership, bankruptcy, insolvency or reorganization proceeding.

DEFAULT

PARAGRAPH 25

(a) Default by Tenant. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant:

(1) Any failure by Tenant to pay rent or to make any other payment required to be made by Tenant hereunder at the time specified for payment.

(2) Any abandonment of the Premises by Tenant.

(3) Any warranty, representation or written statement made or furnished by Tenant to Landlord at any time in connection with this Lease or any other agreement to which Tenant and Landlord are parties is determined to have been false or misleading in any material respect when made or furnished.

(4) Any attempted assignment, sublease, mortgage or encumbrance in violation of Paragraph 15 above.

(5) The occurrence of any Insolvency Event filed against Tenant by a third party other than Landlord which is not dismissed within thirty (30) days after such occurrence or the occurrence of any other Insolvency Event.

(6) Any failure by Tenant to observe and perform any other provision of this Lease (or of the addenda attached hereto) to be observed or performed by Tenant, where such failure continues for fifteen (15) days (except where a different period is specified in this Lease or in the addenda) after written notice thereof by Landlord to Tenant; provided, however, that any such notice shall be in lieu of, and not in addition to, any notice required under Section 1161 et seq. of the California Code of Civil Procedure, and provided, further, that if the nature of such default is such that the same cannot reasonably be cured within such fifteen (15) day period, Tenant shall not be deemed to be default if Tenant shall within such period commence such cure and thereafter diligently

prosecute the same to completion; but in no event shall any such cure period exceed one hundred twenty (120) days in the aggregate.

(b) Remedies. In the event of any such default by Tenant, then in addition to all other remedies available to Landlord at law or in equity:

(1) Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder by giving Tenant written notice of such intention to terminate, in which event Landlord may recover from Tenant all of the following: (i) the worth at the time of award of any unpaid rent which had been earned at the time of such termination; plus (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss Tenant proves reasonably could have been avoided; plus (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that Tenant proves reasonably could be avoided; plus (iv) any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom; plus (v) at Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable California law. As used in (i) and (ii) above, the "worth at the time of award" shall be computed by allowing interest at the rate specified in Paragraph 36(a) below and as used in (iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

(2) Landlord shall also have the right, with or without terminating this Lease, to re-enter the Premises and remove all persons and property from the Premises. Such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant.

(3) In the event Landlord elects to re-enter the Premises under (2) above or takes possession of the Premises pursuant to any proceeding or notice provided by law or Tenant vacates or abandons the Premises, but Landlord does not elect to terminate this Lease as provided in this Paragraph 25, Landlord may from time to time without terminating this Lease either recover from Tenant all rent as it becomes due or relet the Premises or any part thereof upon such terms and conditions as Landlord in its sole discretion may deem advisable, with the right of Landlord to make alterations and repairs to the Premises. In the event of any such reletting, rental and other charges received by Landlord therefrom shall be applied in the following order: (i) to the payment of any

indebtedness other than rent due hereunder from Tenant to Landlord, (ii) to the payment of all costs of such reletting, (iii) to the payment of the cost of any alterations and repairs to the Premises, and (iv) to the payment of rent and other charges due and unpaid hereunder. The residue, if any, shall be held by Landlord and applied in payment of future rent and other charges due hereunder, as the same may become due. In the event the rental and other charges received by Landlord from such reletting are at any time less than the then aggregate of (i) through (iv) above, Tenant shall pay such deficiency to Landlord immediately upon demand therefor, but not more often than monthly.

(4) No re-entry or taking possession of the Premises by Landlord pursuant to this Paragraph 25 shall be construed as an election to terminate this Lease unless a written notice of such intention shall be given to Tenant or unless such termination shall be decreed by a court of competent jurisdiction. Notwithstanding any reletting without termination by Landlord because of any default by Tenant, Landlord may at any time after such reletting elect to terminate this Lease for any such default.

(5) In any action for unlawful detainer commenced by Landlord against Tenant by reason of any default hereunder, the reasonable rental value of the Premises for the period of the unlawful detainer shall be the amount of rent reserved in this Lease for such period, unless Landlord or Tenant shall prove to the contrary by competent evidence. The rights and remedies reserved to Landlord herein, including those not specifically described, shall be cumulative and, except as otherwise provided by then applicable California law, Landlord may pursue any or all of such rights and remedies at the same time or otherwise.

(6) Provided that Landlord serves notice in accordance with the provisions of this Paragraph 25 and Paragraph 23 above, Tenant hereby waives any notice required by Section 1161 of the California Code of Civil Procedure.

(c) Default by Landlord. Landlord shall not be in default or breach of this Lease unless Landlord fails to observe or perform an obligation required under this Lease to be observed or performed by Landlord and such failure continues for thirty (30) days (except where a different period is specified in this Lease) after written notice thereof by Tenant to Landlord; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30) day period, Landlord shall not be deemed to be default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion.

HOLDING OVER

PARAGRAPH 26

If Tenant holds over after the expiration or earlier termination of the Term without the express written consent of Landlord, Tenant shall become a tenant at sufferance only at one hundred fifty percent (150%) of the Basic Annual Rental, in each case in effect upon the date of such expiration or earlier termination (subject to such adjustments as may be provided for in Paragraph 2 above and prorated on a daily basis) and otherwise upon the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of rent after such expiration or earlier termination shall not constitute a consent to a holdover hereunder or result in a renewal of this Lease. The foregoing provisions of this Paragraph are in addition to and do not affect Landlord's right of re-entry or any other rights of Landlord hereunder or as otherwise provided by law, including without limitation Landlord's right to receive damages, consequential and direct, sustained by reason of Tenant's retention of possession.

CONDITION OF PREMISES

PARAGRAPH 27

(a) Possession of Premises. Tenant acknowledges that except as may be expressly specifically provided herein, if at all, neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises, the Building or the Project or with respect to the suitability of any part of the same for the conduct of Tenant's business. The taking of possession of the Premises by Tenant shall conclusively establish that the Premises and the Building were at such time in a good and sanitary order, condition and repair acceptable to Tenant.

(b) Surrender of Premises. Upon the expiration or early termination of this Lease, Tenant shall surrender the Premises to Landlord in the same condition as existing at the time of the Commencement Date (except for ordinary wear and tear associated with normal office use and casualty and condemnation) and free of Hazardous Materials brought onto the Premises by Tenant or Tenant's Agents. Tenant shall remove all of its personal property as of the expiration date or termination date, as the case may be. In addition, at Landlord's option, Landlord may require Tenant to remove all alterations installed by Tenant or for Tenant's benefit at the Premises. If Tenant shall remove or restore any such property or alterations, Tenant shall repair any damage arising from such removal. The terms of this Paragraph 27(b) shall survive the expiration or earlier termination of this Lease.

QUIET POSSESSION

PARAGRAPH 28

Upon Tenant's paying the rent reserved hereunder and observing and performing all of the covenants, conditions and provisions on Tenant's part to be observed and performed hereunder, Tenant shall have quiet possession of the Premises for the entire Term, subject to all the provisions of this Lease.

NOTICE OF DAMAGE

PARAGRAPH 29

Tenant shall give prompt notice to Landlord in case of fire or accidents in the Premises or at the Project or of any defects discovered therein or in their fixtures or equipment.

GOVERNING LAW

PARAGRAPH 30

This Lease shall be governed by, and construed in accordance with the laws of the State of California.

COMMON FACILITIES; PARKING

PARAGRAPH 31

(a) Right to Use Common Facilities. Tenant shall have the non-exclusive right, in common with others, to the use of any common entrances, ramps, drives and similar access and serviceways and other common facilities in the Project. The rights of Tenant hereunder in and to the common facilities shall at all times be subject to the rights of Landlord and other tenants and owners in the Project who use the same in common with Tenant, and it shall be the duty of Tenant to keep all the common facilities free and clear of any obstructions created or permitted by Tenant or resulting from Tenant's operations. Tenant shall not use the common areas of the Building or the Project, including, without limitation, the Building's electrical room, parking lot or trash enclosures, for storage purposes. Nothing herein shall affect the right of Landlord at any time to remove any persons not authorized to use the common facilities from such facilities or to prevent the use of such facilities by unauthorized persons.

(b) Changes in Common Facilities. Landlord reserves the right, at any time and from time to time to (i) make alterations in or additions to the common areas or facilities of the Project, including, without limitation, constructing new buildings or changing the location, size, shape or number of the driveways, entrances, parking spaces, parking areas, loading and unloading areas, landscape areas and walkways, (ii) designate property to be included in or eliminate property from the common areas or facilities of the Project, (iii) close temporarily any of the common areas or facilities of the Project for maintenance purposes, and (4) use the common areas and facilities of the Project while engaged in making alterations in or additions and repairs to the Project; provided, however, that reasonable access to the Premises and parking at or near the Project remains available.

(c) Parking. Tenant shall have the right to use the number of parking spaces indicated on Item 14 of the Basic Lease Provisions on an unassigned basis on that portion of the Project designated by Landlord from time to time for parking. The parking spaces shall be used for parking only by vehicles no larger than full-sized passenger automobiles or pick-up trucks, and Tenant shall park no vehicles at the Project overnight. Landlord shall have the right to impose rules and regulations on parking at the Project. Landlord shall also have the right, in addition to all other rights and remedies that it may have under this Lease, to remove or tow away a vehicle which is in violation of Landlord's rules, without prior notice to Tenant, and Tenant shall pay the cost thereof to Landlord within ten (10) days after notice from Landlord to Tenant. Upon any sale by Landlord of any building located at the Project, Landlord shall have the right to alter the parking area.

SIGNAGE

PARAGRAPH 32

Tenant shall not install any signage within the Project, the Building or the Premises without obtaining the prior written approval of Landlord, and Tenant shall be responsible for the maintenance of any such signage installed by Tenant. Any such signage shall comply with Landlord's current Project signage criteria and all applicable governmental requirements.

SUCCESSORS AND ASSIGNS

PARAGRAPH 33

Except as otherwise provided in this Lease, and subject to the terms of Paragraph 15 above, all of the covenants, conditions, and

provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors, and assigns.

BROKERS

PARAGRAPH 34

Landlord warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the broker named in Item 11 of the Basic Lease Provisions (the "Listing Broker") and Tenant warrants that it has had no dealings with any real estate broker or agent in connection with the negotiation of this Lease, excepting only the broker named in Item 12 of the Basic Lease Provisions (the "Cooperating Broker"). Landlord and Tenant know of no other real estate broker or agent who is or might be entitled to a commission or finder's or similar fee in connection with this Lease. Tenant agrees to indemnify, protect, defend and hold Landlord harmless from and against any and all costs, expenses and liabilities for any compensation claimed by any broker, finder or agent in connection with the negotiation of this Lease, claiming solely through Tenant, other than the Cooperating Broker, and Landlord agrees to indemnify, protect, defend and hold Tenant harmless from and against any and all costs, expenses and liabilities for any compensation claimed by any broker, finder or agent in connection with the negotiation of this Lease, claiming solely through Landlord, other than Landlord's Listing Broker.

NAME

PARAGRAPH 35

Tenant shall not, without the prior written consent of Landlord, use the name of the Building or the Project for any purpose other than as the address of the business to be conducted by Tenant in the Premises and in no event shall Tenant acquire any rights in or to such names.

EXAMINATION OF LEASE

PARAGRAPH 36

Submission of this Lease for examination or signature by Tenant does not constitute a reservation of or option for lease, and it is not effective as a lease or otherwise until execution by and delivery to both Landlord and Tenant.

INTEREST ON TENANT'S OBLIGATIONS; LATE CHARGE

PARAGRAPH 37

(a) Any amount due from Tenant to Landlord which is not paid when due shall bear interest at the lesser of eighteen percent (18%) per annum or the maximum rate then permitted by law in this context from the date such payment is due until paid. The rate so determined shall continue in effect following any default by Tenant pursuant to this Lease. Payment of such interest shall not excuse or cure any default by Tenant under this Lease.

(b) In the event Landlord does not receive any installment of rent due under this Lease on the date such installment is due, Tenant shall pay Landlord a late charge equal to five percent (5%) of the delinquent installment of rent. The parties agree that the amount of such late charge represents a reasonable estimate of the cost and expense that will be incurred by Landlord in processing each delinquent payment of rent by Tenant and that such late charge shall be paid to Landlord as liquidated damages for each delinquent payment pursuant to Section 1671 of the California Civil Code. The parties further agree that the payment of late charges and the payment of interest provided for in Paragraph 36(a) above are distinct and separate from one another in that the payment of interest is to compensate Landlord for its inability to use the money improperly withheld by Tenant, while the payment of late charges is to compensate Landlord for its additional administrative expenses in handling and processing delinquent payments.

TIME

PARAGRAPH 38

Time is and shall be of the essence of this Lease and each and all of its provisions.

DEFINED TERMS AND MARGINAL HEADINGS

PARAGRAPH 39

The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. If more than one person is named as Tenant under this Lease, the obligations of such persons shall be joint and several. Whenever under the provisions of this Lease Landlord is required or agrees to take certain action, Landlord's obligation to do so shall be deemed fulfilled if Landlord causes such action to be taken by any other person. The marginal headings and titles to the Paragraphs and other divisions

of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

PRIOR AGREEMENTS; SEVERABILITY

PARAGRAPH 40

This Lease, including all of the Addenda and Exhibits attached hereto, contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreement, understanding or representation pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. If any term or provision of this Lease the deletion of which would not adversely affect the receipt of any material benefit by either party hereunder shall be held invalid or unenforceable to any extent, the remainder of this Lease shall not be affected thereby and each term and provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

CORPORATE AUTHORITY

PARAGRAPH 41

Each individual executing this Lease on behalf of Landlord and Tenant represents and warrants that (a) such individual has full power and authority to execute this Lease on behalf of its party, and (b) the execution and delivery of this Lease have been duly authorized by such party. If Tenant is a corporation Tenant shall, within ten (10) days after execution of this Lease, deliver to Landlord a certified copy of a resolution of the Board of Directors of Tenant authorizing or ratifying the execution of this Lease.

NO LIGHT, AIR OR VIEW EASEMENTS

PARAGRAPH 42

Any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to the Building or the Project shall in no way affect this Lease or impose any liability on Landlord.

LANDLORD'S APPROVALS

PARAGRAPH 43

In no event shall the review, approval, inspection or examination by Landlord of any item to be reviewed, approved, inspected or examined by Landlord under the terms of this Lease be deemed to be an approval of or representation or warranty as to the adequacy, accuracy, sufficiency or soundness of any such item or the quality or suitability of such item for its intended use. Any such review, approval, inspection or examination by Landlord shall be for the sole purpose of protecting Landlord's interests in the Building and the Project and under this Lease and no third parties shall have any rights pursuant thereto.

EXERCISE FACILITY

PARAGRAPH 44

Tenant agrees to inform all employees of Tenant of the following: (i) the exercise facility is available for the use of the employees of tenants of the Project only and for no other person; (ii) use of the facility is at the risk of Tenant or Tenant's employees, and all users must sign a release; (iii) the facility is unsupervised; and (iv) users of the facility must report any needed equipment maintenance or any unsafe conditions to the Landlord immediately. Landlord may discontinue providing such facility at Landlord's sole option at any time without incurring any liability. As a condition to the use of the exercise facility, Tenant and each of Tenant's employees that uses the exercise facility shall first sign a written release in form and substance acceptable to Landlord. Landlord may change the rules and/or hours of the exercise facility at any time, and Landlord reserves the right to deny access to the exercise facility to anyone due to misuse of the facility or noncompliance with rules and regulations of the facility. Tenant will indemnify, defend and hold harmless Landlord from any claims, liabilities or damages resulting from use of the exercise facility in the Project by Tenant, Tenant's employees or invitees.

MISCELLANEOUS

PARAGRAPH 45

(a) At the expiration or earlier termination of this Lease, Tenant shall execute, acknowledge and deliver to Landlord, within five (5) days after written demand from Landlord to Tenant, any quitclaim deed or other document as may be reasonably requested by

any title insurance company to remove this Lease as a matter affecting title to the Premises.

(b) Tenant acknowledges that the liability of Landlord with respect to its obligations pursuant to this Lease is limited to Landlord's equity interest in the Building. Tenant shall look solely to Landlord's equity interest in the Building to satisfy any claim or judgment against or any liability or obligation of Landlord to Tenant. No recourse shall be had by Tenant against Landlord or the assets of Landlord (other than the equity interest of Landlord in the Building) to satisfy any claim or judgment of Tenant against Landlord or any obligation or liability of Landlord to Tenant.

WAIVER OF JURY TRIAL

PARAGRAPH 46

Landlord and Tenant (including any assignee, successor or personal representative of such party) HEREBY WAIVE THEIR RESPECTIVE RIGHT TO TRIAL BY JURY of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either Landlord against Tenant or Tenant against Landlord on any matter whatsoever arising out of, or in any way connected with, this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect. Neither party will seek to consolidate any such action in which a jury has been waived, with any other action in which a jury trial cannot or has not been waived. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND EACH PARTY HAS RECEIVED THE ADVICE OF COUNSEL WITH RESPECT TO SUCH WAIVER. IT IS THE INTENTION OF THE PARTIES THAT THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. BY EXECUTING THIS LEASE, LANDLORD AND TENANT AGREE THAT THIS PROVISION MAY BE FILED BY ANY PARTY HERETO WITH THE CLERK OR JUDGE BEFORE WHOM ANY ACTION IS INSTITUTED, WHICH FILING SHALL CONSTITUTE THE WRITTEN CONSENT TO A WAIVER OF JURY TRIAL REQUIRED PURSUANT TO AND IN ACCORDANCE WITH SECTION 631 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. NO PARTY HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

CONSTRUCTION ADDENDUM

This Construction Addendum ("Addendum") is made and entered into as of _____, by and between Metropolitan Life Insurance Company, a New York corporation ("Landlord"), and Regen Biologics, a Delaware corporation ("Tenant").

RECITALS

A. Pursuant to the terms of that certain Lease of even date herewith (the "Lease"), Landlord leased to Tenant, and Tenant hired from Landlord, those certain premises consisting of approximately 15,111 square feet of space (the "Premises"), located in Building No. 12 (the "Building") in Phase II of Seaport Centre, Redwood City, California (the "Project"), as more particularly described in the Lease.

B. Subject to the terms and provisions hereof, Landlord has agreed that Tenant may construct certain tenant improvements in the Premises. Accordingly, Landlord and Tenant now desire to set forth the terms and conditions upon which Tenant shall construct the tenant improvements in the Premises, as more particularly set forth hereinbelow. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Lease.

NOW THEREFORE, the parties agree as follows:

1. General Requirements for Construction.

1.1 Tenant's Obligation to Construct. Tenant shall construct and install, in a good and workmanlike manner, the tenant improvements and fixtures generally described in Exhibit "A" attached hereto (the "Tenant Improvements") substantially in accordance with the Final Plans (as defined in Section 2.2 below) and otherwise in strict compliance with this Addendum. Tenant shall be solely responsible for all cost and expenses related to the construction and installation of the Tenant Improvements, subject to reimbursement by Landlord pursuant to Section 4 below.

1.2 Tenant's Access to the Premises. Tenant shall coordinate with the Seaport Centre project manager for access to the Premises and the scheduling of construction work therein. Tenant shall exercise due diligence and commercially reasonable efforts to minimize any interference with the use and enjoyment of other tenants of the Building or the Project caused by Tenant's construction and installation of the Tenant Improvements. If any shutdown of plumbing, electrical or air conditioning equipment of the Building becomes necessary during the course of construction of the Tenant Improvements, Tenant shall notify Landlord and Landlord

and Tenant shall agree upon when, and upon what conditions, such shutdown may be made in order to cause the least disruption to other tenants in the Building and provided Tenant's construction of the Tenant Improvements is not unduly delayed or the costs thereof substantially increased. Any damage to the Building or the Project caused by Tenant or its contractor or subcontractors in connection with the construction of the Tenant Improvements shall be immediately repaired at Tenant's sole cost and expense.

2. Development of Plans.

2.1 Preliminary Plans. Prior to Tenant's commencement of the construction and installation of the Tenant Improvements, Tenant shall prepare and deliver to Landlord preliminary plans and specifications (the "Preliminary Plans") setting forth the Tenant Improvements to be constructed in the Premises. Within three (3) business days following delivery of the Preliminary Plans, Landlord shall approve the Preliminary Plans or deliver to Tenant written notice of Landlord's disapproval of the Preliminary Plans. Such notice shall specify all changes that must be made to the Preliminary Plans as a condition of Landlord's approval thereof. Within five (5) business days following receipt of Landlord's notice of disapproval, Tenant shall deliver a revised set of Preliminary Plans to Landlord, which Preliminary Plans shall incorporate all changes specified in Landlord's notice of disapproval.

2.2 Final Plans. As soon as the Preliminary Plans are approved by Landlord, Tenant shall prepare final plans, specifications and working drawings for the Tenant Improvements (the "Final Plans") that are consistent with and logical evolutions of the approved Preliminary Plans and shall deliver the same to Landlord for approval. Concurrently with the delivery of the Final Plans, Tenant shall deliver to Landlord for Landlord's approval a schedule of values ("Schedule of Values") allocating costs to the various portions of the work involved in the construction and installation of the Tenant Improvements and setting forth Tenant's reasonable, good faith estimate of the timing of Landlord's disbursements of the Tenant Improvement Allowance (as defined in Section 4.1 below) and the amount of each such disbursement. If Landlord disapproves the Final Plans and/or the Schedule of Values, Landlord shall deliver to Tenant, as soon as reasonably possible but within five (5) business days following receipt thereof, written notice of such disapproval. Such notice shall specify all changes that must be made to the Final Plans and/or the Schedule of Values as a condition of Landlord's approval thereof which approval shall not be unreasonably withheld. Within five (5) business days following receipt of Landlord's notice of disapproval, Tenant shall deliver a revised set of Final Plans and/or Schedule of Values to Landlord, which Final Plans and/or Schedule of Values shall incorporate all changes specified in Landlord's notice of

disapproval. As soon as Landlord approves the Final Plans and the Schedule of Values submitted by Tenant, Landlord and Tenant shall each sign the same. Except as otherwise specifically provided in this Addendum, the term "Final Plans" as hereinafter used shall mean the final plans, specifications, working drawings and Schedule of Values approved by Landlord for the construction of the Tenant Improvements.

2.3 Form of Final Plans; Approval of Architect. The Final Plans shall include tracings and other reproducible drawings, shall be in a form satisfactory for filing with appropriate governmental authorities and shall conform to all applicable codes, rules, regulations and ordinances of all governing authorities. All plans submitted by Tenant to Landlord shall be prepared by an architect selected by Tenant and approved by Landlord which approval shall not be unreasonably withheld. Landlord's approval of Tenant's architect shall not constitute Landlord's warranty that said architect is professionally qualified.

2.4 Landlord's Approval. If the Final Plans otherwise conform to the Preliminary Plans and this Addendum, Landlord's approval thereof shall not be unreasonably withheld. If the Final Plans show work requiring a material modification or change to the shell of the Building, Landlord shall not be deemed unreasonable if Landlord disapproves such Final Plans or if Landlord conditions its consent to such Final Plans upon Tenant paying to Landlord, prior to the commencement of construction, the full cost of modifying or changing the shell of the Building. Landlord may, at Landlord's option, have the Preliminary Plans or the Final Plans reviewed by Landlord's architect, engineer and/or construction manager; provided, however, that any such review shall be performed within the time periods set forth above for Landlord's review of the Preliminary Plans and the Final Plans. The costs of any such review shall be included in the construction management fee as described in Section 4.4 of this Addendum. In no event shall the approval by Landlord (or Landlord's architect, engineer or construction manager) of the Preliminary Plans or the Final Plans constitute a representation or warranty by Landlord (or Landlord's architect, engineer or construction manager) of: (i) the accuracy or completeness thereof, (ii) the absence of design defects or construction flaws therein, or (iii) the compliance thereof with applicable laws; and the parties agree that Landlord (and Landlord's architect, engineer and construction manager) shall incur no liability by reason of such approval.

2.5 Changes. There shall be no changes to the Final Plans without the prior written consent of Landlord which shall not be unreasonably withheld. All change orders requested by Tenant shall be made in writing and shall specify any added or reduced cost resulting therefrom. Any change proposed by Tenant shall be approved or disapproved by Landlord within three (3) business days

following Landlord's receipt of plans and specifications therefor. Landlord's failure to approve any proposed change within said three (3) day period shall be deemed Landlord's disapproval thereof.

3. Construction of Tenant Improvements.

3.1 Permits and Approvals. Tenant shall submit the Final Plans to all appropriate governmental agencies for approval and shall not commence construction or installation of the Tenant Improvements described therein unless and until Tenant has obtained all necessary permits and approvals required for the construction and installation of the same and has delivered a copy or copies thereof to Landlord.

3.2 Construction Documents. Prior to the commencement of construction and installation of the Tenant Improvements, Tenant shall submit to Landlord, for Landlord's approval, the following (collectively, the "Construction Documents"): (a) the name of the proposed general contractor and a copy of the proposed construction contract for the Tenant Improvements, which shall be consistent with the terms hereof, (b) a written assignment of such construction contract, creating in favor of Landlord a prior perfected security interest in all of Tenant's rights thereunder and containing the written consent of Tenant's general contractor to such assignment, (c) a copy of the architect's contract for the Tenant Improvements, which shall be consistent with the terms hereof, (d) a written assignment of such architect's contract, creating in favor of Landlord a prior perfected security interest in all of Tenant's rights under said architect's contract and containing the written consent of Tenant's architect to such assignment, and (e) a list of all subcontractors and materials suppliers proposed to be used by Tenant in connection with the construction of the Tenant Improvements. Within three (3) business days following the delivery of all of the Construction Documents, Landlord shall approve such information or deliver to Tenant written notice of Landlord's disapproval of all or any information contained therein. If Landlord disapproves the proposed construction contract or the proposed architect's contract for the Tenant Improvements, Landlord's notice shall specify all changes that must be made to the proposed architect's and/or contractor's agreements as a condition of Landlord's approval thereof. Within five (5) business days following receipt of Landlord's notice of disapproval, Tenant shall deliver to Landlord revised copies of the proposed architect's and/or contractor's agreements, which revised copies shall incorporate all changes specified in Landlord's notice of disapproval. If Landlord disapproves the general contractor, any subcontractor or materials supplier, the parties shall negotiate in good faith to select another contractor, subcontractor or materials supplier mutually acceptable to the parties. Landlord shall be entitled to withhold its approval of the general contractor, any subcontractor, or any materials supplier, who, in

Landlord's reasonable determination, is financially or otherwise professionally unqualified to construct the Tenant Improvements. In addition, Landlord may condition its approval of a general contractor upon Tenant obtaining a performance bond and labor and materials payment bond, each in an amount equal to one hundred percent (100%) of the estimated cost of the Tenant Improvements and in a form acceptable to Landlord, in the event Landlord determines that such bonds are necessary to ensure lien-free completion of the Tenant Improvements. Landlord's failure to disapprove a contractor, subcontractor or materials supplier shall not constitute Landlord's warranty that any contractor, subcontractor or supplier not so disapproved is in fact qualified. Following approval by Landlord, Tenant shall not materially amend or consent to the material amendment of the construction contract or the bonds, if the same are required, without Landlord's prior written approval.

3.3 Commencement and Completion of Construction. Following Tenant's satisfaction of all of the requirements of Section 2 above and this Section 3, Tenant shall commence construction and installation of the Tenant Improvements in accordance with the Final Plans and shall pursue the same diligently to completion. Tenant covenants to give Landlord at least five (5) days' prior written notice of its commencement of construction or delivery of materials related thereto to enable Landlord to post a notice of nonresponsibility respecting the Tenant Improvements to be constructed in the Premises.

All work done in connection with the Tenant Improvements shall be performed in compliance with all applicable laws, ordinances, rules, orders and regulations of all federal, state, county and municipal governments or agencies now in force or that may be enacted hereafter, with the requirements and standards of any insurance underwriting board, inspection bureau or insurance carrier insuring the Premises pursuant to the terms of the Lease, and with all directives, rules and regulations of the fire marshal, health officer, building inspector, or other proper officers of any governmental agency now having or hereafter acquiring jurisdiction.

3.4 Building Systems. In no event shall Tenant interfere with the provision of heating, plumbing, electrical or mechanical system services to the Building, make any structural changes to the Building, make any changes to the heating, plumbing, electrical or mechanical systems of the Building, or make any changes to the Premises which would weaken or impair the structural integrity of the Building, alter the aesthetic appearance of the Building exterior, or which would affect any warranties applicable to the Building or any improvements constructed or installed by Landlord therein, without Landlord's prior written consent, which consent may be withheld in Landlord's sole discretion.

or Landlord's agents by reason of the negligence of Tenant or Tenant's contractors, subcontractors and/or employees. Tenant hereby waives, and Tenant shall use best efforts to cause each of its contractors and subcontractors to waive, all rights to recover against Landlord and its agents, contractors and employees for any loss or damage arising from a cause covered by insurance required to be carried by Tenant hereunder to the extent of such coverage and shall cause each respective insurer to waive all rights of subrogation against Landlord and its agents, contractors and employees in connection therewith to the same extent.

(b) At least five (5) days prior to the date Tenant commences construction of the Tenant Improvements, Tenant shall deliver to Landlord certificates of insurance from the carrier(s) providing insurance to Tenant's contractor(s) (and, upon Landlord's request, from the carrier(s) providing insurance to Tenant's architect) evidencing the following types of coverage in such amounts as are reasonably determined by Landlord to be necessary: (i) professional liability insurance; (ii) commercial general liability insurance; (iii) business automobile liability insurance; (iv) workers' compensation insurance; and (v) umbrella liability insurance. The insurance specified in (i), (ii), (iii) and (v) above shall name Landlord and Landlord's property manager as additional insureds, and all such policies shall provide that thirty (30) days' written notice must be given to Landlord prior to termination or cancellation.

3.8 Final Documents. Following completion of the Tenant Improvements, Tenant shall comply with the following: (a) Tenant shall obtain and deliver to Landlord a copy of the certificate of occupancy for the Tenant Improvements from the governmental agency having jurisdiction thereof; (b) Tenant shall promptly cause a notice of completion to be validly recorded for the Tenant Improvements; (c) Tenant shall furnish Landlord with unconditional waivers of lien in statutory form from all parties performing labor and/or supplying equipment and/or materials in connection with the Tenant Improvements, including Tenant's architect(s); (d) Tenant shall deliver to Landlord a certificate of Tenant's architect(s) certifying completion of the Tenant Improvements in substantial accordance with the Final Plans; (e) Tenant shall deliver to Landlord a certificate of Tenant's contractor(s) certifying completion of the Tenant Improvements in substantial accordance with the construction contract(s) approved by Landlord; (f) Tenant shall deliver to Landlord a full set of reproducible as-built drawings (signed and dated by the general contractor and each responsible subcontractor) for the Tenant Improvements; and (g) Tenant shall deliver to Landlord copies of all written construction and equipment warranties and manuals related to the Tenant Improvements.

3.9 Indemnification. Tenant shall, at Tenant's sole cost and expense, defend, indemnify, save and hold Landlord harmless from and against any and all claims, liabilities, demands, losses, expenses, damages or causes of actions (whether legal or equitable in nature) asserted by any person, firm, corporation, governmental body or agency or entity arising out of the construction of the Tenant Improvements unless such claims, liabilities, demands, losses, expenses, damages or causes of actions result directly from Landlord's active negligence or intentional misconduct. Tenant shall pay to Landlord upon demand all claims, judgments, damages, losses or expenses (including attorneys' fees) incurred by Landlord as a result of any legal action arising out of the construction of the Tenant Improvements.

4. Tenant Improvement Allowance.

4.1 Amount of Allowance. Subject to the terms and conditions of this Addendum, Landlord shall pay to Tenant an amount not in excess of \$110,105.00 (the "Tenant Improvement Allowance") on account of all construction costs, space planning and design fees, architecture and engineering fees, permit fees and construction management fees (including Landlord's construction management fee) incurred by Tenant in designing and constructing the Tenant Improvements in the Premises. In no event shall Tenant be entitled to any cash payment, credit, offset or other benefit whatsoever based on any excess of the Tenant Improvement Allowance over the actual costs of the construction and installation of the Tenant Improvements.

4.2 Tenant's Cost. Any cost incurred in the design or construction of the Tenant Improvements in excess of the Tenant Improvement Allowance shall be borne by Tenant in accordance with the terms and conditions set forth below. Prior to the construction of the Tenant Improvements, Tenant shall cause its general contractor to submit an estimate of the total cost of constructing the Tenant Improvements.

4.3 Procedure for Disbursement of the Tenant Improvement Allowance. On or before the twenty-fifth (25th) day of each calendar month during the construction of the Tenant Improvements, but in no event more frequently than once every thirty (30) days, Tenant shall deliver to Landlord such invoices marked paid and other evidence as Landlord shall reasonably require of the cost of the design of the Tenant Improvements and the cost of the Tenant Improvements already constructed and Landlord shall pay within thirty (30) days of confirmation of such amount Landlord's Share of each amount invoiced by Tenant's architect or Tenant's general contractor; provided, however, that such invoices and other evidence shall not be submitted by Tenant to Landlord until all of the following, if appropriate, have occurred: (i) Landlord has reasonably and timely determined that all of the Tenant

Improvements constructed to date have been satisfactorily completed in accordance with the Construction Documents, based upon certifications satisfactory to Landlord delivered by Tenant and Tenant's architect; and (ii) Tenant has delivered to Landlord unconditional partial lien releases from the general contractor and each subcontractor. Following substantial completion of the Tenant Improvements and prior to Landlord's final disbursement of the Tenant Improvement Allowance (which shall include a retention of ten percent (10%) of the Tenant Improvement Allowance), Tenant shall comply with the requirements set forth in Section 3.8 above, together with the following: (a) Tenant shall have submitted to Landlord a cost breakdown of Tenant's final and total construction costs incurred in connection with the Tenant Improvements, together with receipted invoices showing evidence of full payment therefor; (b) Tenant and Landlord shall have completed punchlist items, which list shall be provided jointly compiled by Tenant and Landlord in accordance with Section 5 below; and (c) the Lease shall be in full force and effect and there shall exist no uncured event of default under the Lease or this Addendum.

4.4 Construction Management. Lincoln Property Company shall be retained by Landlord to supervise the construction of the Tenant Improvements. A reasonable construction management fee, in an amount which is the lesser of four percent (4%) of the cost of constructing the Tenant Improvements or Twenty Five Thousand Dollars (\$25,000), shall be payable out of the Tenant Improvement Allowance.

5. Walk-Through of Tenant Improvements. Within two (2) business days following the completion of the Tenant Improvements, Tenant shall notify Landlord of the completion thereof and shall provide Landlord an opportunity to inspect the Tenant Improvements. Within three (3) business days following Tenant's notice, Landlord (or its representative) shall walk-through and inspect Tenant's work on the Tenant Improvements and shall either approve Tenant's work or advise Tenant in writing of any defects or uncompleted items. Tenant shall as soon as reasonably practical repair such defects or uncompleted items to Landlord's reasonable satisfaction. Landlord's approval of the Tenant Improvements, or Landlord's failure to advise Tenant of any defects or uncompleted items in the Tenant Improvements, shall not relieve Tenant of responsibility for constructing and installing the Tenant Improvements in accordance with the Final Plans and this Addendum, and in compliance with all applicable laws.

6. Nature of Improvements. The ownership of the Tenant Improvements shall be governed by Paragraph 7 of the Lease, with the Tenant Improvements constituting "alterations, additions, or improvements" to or of the Premises as used thereunder and specify if initial Tenant Improvements are Landlord or Tenant Alterations.

7. Default. Each of the following events shall constitute an event of default ("Default") under this Addendum:

(a) Failure to comply with those conditions set forth in this Addendum which are required to be fulfilled by Tenant prior to the commencement and installation of Tenant Improvements, provided such failure is not caused by any omission or breach by Landlord of its obligations hereunder;

(b) Failure to commence and/or complete construction of the Tenant Improvements in compliance with this Addendum;

(c) Material deviations in construction from the Final Plans (as determined by Landlord or its representative) without the approval of Landlord, defective workmanship or materials in the construction of the Tenant Improvements which impair the structural integrity of the Premises or Building and are not corrected by Tenant within thirty (30) days after notice from Landlord (or if the defect is such that it cannot reasonably be corrected within said thirty (30) day period, the correction of such defect is not initiated by Tenant within said thirty (30) day period and thereafter prosecuted diligently to completion), or any other failure by Tenant to complete construction and installation of the Tenant Improvements substantially in accordance with the conditions set forth in this Addendum; and

(d) The default by Tenant of any provision of the Lease which remains uncured after notice and the expiration of any applicable cure period under the Lease.

8. Remedies. In the event of a default by Tenant pursuant to Paragraph 7 hereunder, Landlord shall thereafter have no further obligation to disburse any portion of the Tenant Improvement Allowance unless and until such default is cured, and any such default shall be a default under the Lease and shall entitle Landlord to exercise all remedies set forth in the Lease. In addition, upon the occurrence of a default by Tenant hereunder, Landlord shall have the right (but not the obligation), at Tenant's sole cost and expense, to enter upon the Premises and take over and complete construction and installation only as to those areas where the construction or installation of the Tenant Improvements has been commenced and such other areas to the extent necessary to relet the Premises, and to make disbursements from the Tenant Improvement Allowance toward completion of the Tenant Improvements. In connection therewith, Landlord may discharge or replace the contractors or subcontractors performing such work. In no event shall Landlord be required to expend its own funds to complete the Tenant Improvements if the Tenant Improvement Allowance is insufficient. Where substantial deviations from the Final Plans have occurred which have not been approved by Landlord, or defective or unworkmanlike labor or materials are being used in

construction of the Tenant Improvements, Landlord shall have the right to demand that such labor or materials be corrected, and if the same are not so corrected, shall have the right to immediately order the stoppage of all construction until such condition is corrected. After issuance of such an order in writing, no further work shall be done on the Tenant Improvements without the prior written consent of Landlord unless and until said condition has been fully corrected.

9. Miscellaneous. Time is of the essence of this Addendum. The invalidity or unenforceability of any one or more provisions of this Addendum will in no way affect the validity or enforceability of any other provision. This Addendum and the Lease to which this Addendum is attached constitute the entire agreement of the parties with respect to the subject matter hereof. This Addendum may not be modified or amended except by a written agreement signed by Landlord and Tenant. The captions of the paragraphs of this Addendum are for convenience and reference only, and in no way modify, amplify or interpret the provisions of this Addendum.

10. Attorneys' Fees. If any action or proceeding is commenced to enforce the provisions of this Addendum, the prevailing party in such action or proceeding will have the right to recover from the other party its reasonable attorneys' fees and costs and expenses of litigation.

11. Conflict. In the event of any conflict between the terms of the Lease and the terms of this Addendum concerning the construction of the Tenant Improvements, the terms of this Addendum shall prevail.

12. Any Landlord delay whether to timely approve Plans or otherwise pursuant to this Addendum, shall delay the commencement of Rent by an equally corresponding period of time, but in no event more than thirty (30) days.

LANDLORD:

METROPOLITAN LIFE INSURANCE COMPANY
a New York corporation

By: Chs. Niles

Its: Robert J. Smith, General Counsel

TENANT:

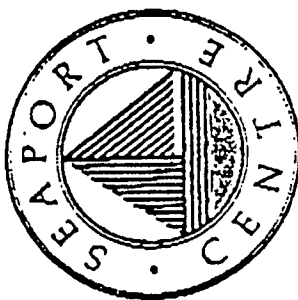
REGEN BIOLOGICS
a Delaware corporation

By: James F. M. Kelly

Its: President & CEO

Total Square Feet by Building

101 Saginaw	81,338	101 Galveston	47,186	900 Saginaw	41,351
400 Penobscot	37,856	301 Penobscot	47,900	800 Saginaw	41,351
501 Chesapeake	37,856	501 Penobscot	82,320	700 Saginaw	41,351
200 Penobscot	28,224	900 Chesapeake	40,897	800 Saginaw	41,351
600 Galveston	50,976	800 Chesapeake	40,795	500 Saginaw	41,351
301 Chesapeake	30,528	600 Chesapeake	24,600	400 Saginaw	60,777
501 Galveston	31,166	400 Chesapeake	19,800	300 Saginaw	19,477
701 Galveston	23,880	200 Chesapeake	25,250	200 Saginaw	32,400
301 Galveston	25,314	700 Chesapeake	25,000	total	1,000,561



Stanford Sailing & Crew Facility

Lockheed

Clark's by the Bay Restaurant

Spinnaker Sailing

Sasport office
cafe
exercise facility

Port of Redwood City

Pete's Harbor Restaurant

EXHIBIT A

Site Plan of Project

Project Entrance



Phase I: Buildings 1-8
Phase II: Buildings 9-12, 27

Legend:
* two-story building
• dock door

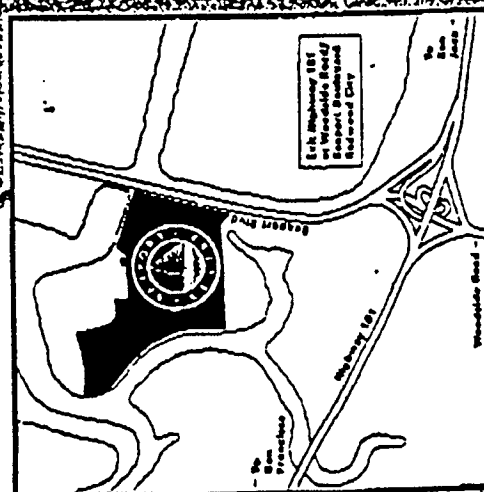
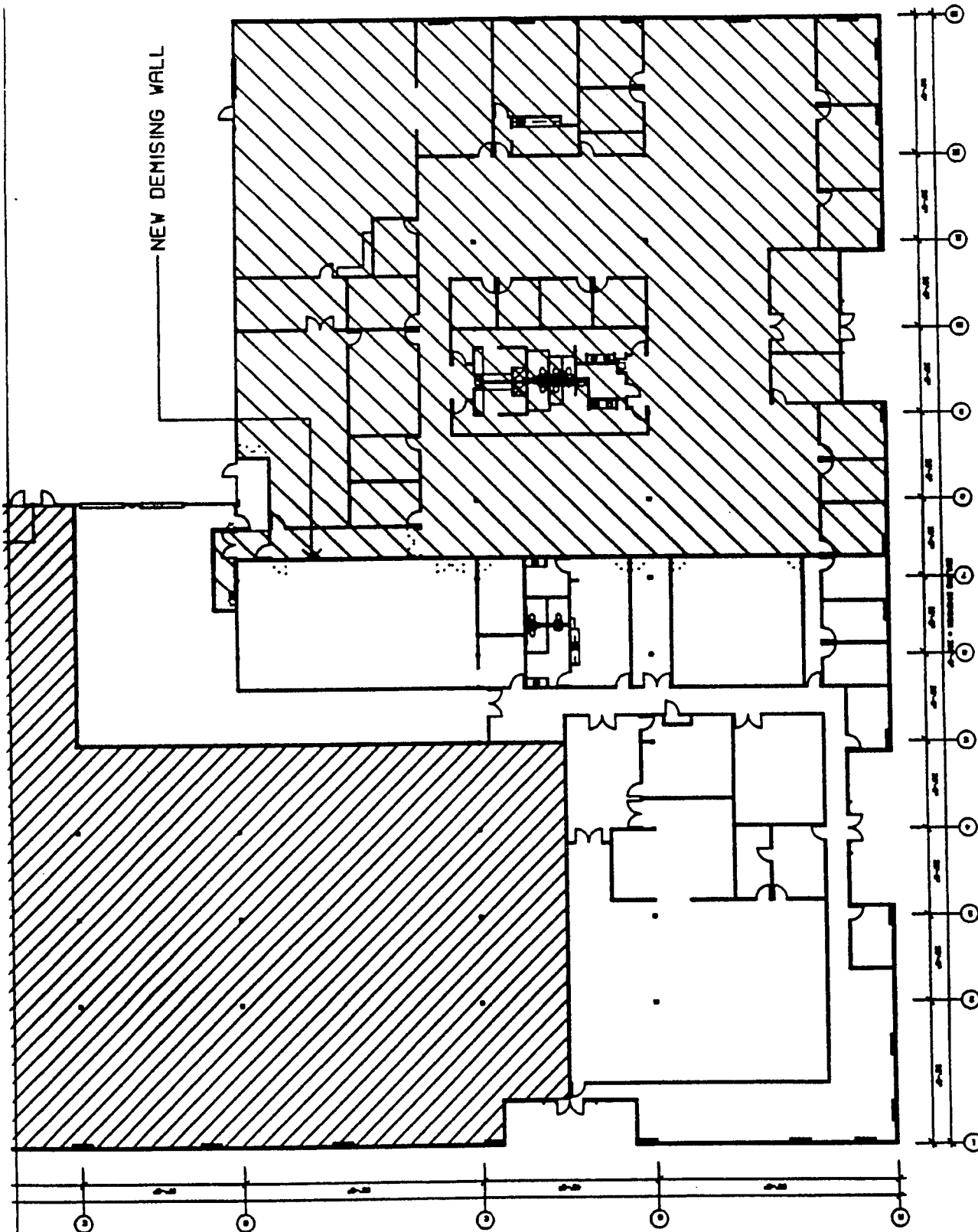


EXHIBIT B
SITE PLAN OF PREMISES



OFFICE: 14,978 S.F.
ELEC. RM. 43 S.F.
TOTAL: 15,021 S.F.

PLANNING DEPARTMENT
101 LINCOLN CENTRE DRIVE
FOSTER CITY, CA. 94404

LINCOLN PROPERTY COMPANY
SEAPORT CENTRE

DATE: 1/31/81
SCALE: 1/32"=1'-0"

EXHIBIT C

CONFIRMATION OF LEASE TERM

THIS MEMORANDUM is made on _____, 1996, between METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation ("Landlord"), and REGEN BIOLOGICS, a Delaware corporation ("Tenant"), who entered into a lease dated for reference purposes as of _____, 19____, covering certain premises located at 545 Penobscot Drive, Redwood City, California, which premises are commonly known as Seaport Centre, Phase II. All capitalized terms, if not defined herein, shall be defined as they are defined in the Lease.

1. The parties to this Memorandum hereby agree that the date of _____, 19____ is the "Commencement Date" of the Term and that _____, 19____ is the "Expiration Date" of the Term.

2. Tenant hereby confirms the following:

(a) That it has accepted possession of the Premises pursuant to the terms of the Lease;

(b) That Landlord has fulfilled all of its duties of an inducement nature;

(c) That the Lease has not been modified, altered or amended, except as follows:

(d) That there are no offsets or credits against rentals, nor has any security deposit been paid except as provided pursuant to the terms of the Lease; and

(e) That the Lease is in full force and effect.

Exhibit D

Permitted Hazardous Materials

Page 1 of 2

Chemical	Grade	Annual Quantity	Manufacturer
Ammonium hydroxide	ACS	30 liters	J.T. Baker
Ferric Chloride		30 kg	Aldrich Chemical Co
Formaldehyde	ACS	80 liters	J.T. Baker
Hydrochloric acid	ACS	24 liters	Fischer Scientific
Hydrogen peroxide	Tech.	120 liters	Spectrum
Isopropanol	ACS	700 liters	J.T. Baker
Lactic acid	ACS	20 liters	J.T. Baker
Sodium chloride	ACS	140 kg	J.T. Baker
Sodium hydroxide	ACS	20 kg	Aldrich Chemical Co
Sodium sulphate	ACS	60 kg	J.T. Baker
Sulfuric acid	ACS	2 liters	Fischer Scientific



REGEN
Biologics

List of R&D Chemicals for ReGen Biologics, Inc.

Chemical Name	Volume
1,6 Diisocyanohexane	
2-Propanol	8L/6months
4-trans-Hydroxy-L-Proline	
6-Aminocaproic Acid	
Acetic Acid, Glacial	
Acetic Anhydride	
Acetone	100ml/6months
Acetyl Acetone	
Albumin Standard	
Albumin, bovine	
Ammonium Carbonate	
Ammonium Hydroxide, 30%	
Ammonium Sulfate	
Anthrone	
Barium Chloride	
Basic Fuchsin	
Benzoic Acid	
Bromocresol Green	
Calcium Chloride	
Calcium Phosphate	
Carbozole	
Chitosan	
Chloramine-T	
Chondroitin Sulfate	
Citric Acid Anhydrous	
Collagenase	
Coomassie Plus Protein Assay Reagent	
Diatrizoic Acid	
Dichlorofluorescein	
Dichloromethane	
Dihydroxynaphthalene	
Dimethyl Adipimide	
Dimethylaminobenzaldehyde	
EDC	
Ethyl Alcohol	
Ferric Chloride	
Formaldehyde, 37%	250mL/6months
Glucorono(D)-6,3- lactone	
Glucosamine[D(+)] hydrochloride	
Glucose[D-(-)]	
Glutaraldehyde, 8%	50mL/6months
Glycerol	100mL/6months
Guanidine	
Heparin	

Chemical Name	Volume
Heparin Assay Kit	
Heparin Sodium	
Hydrochloric Acid, 36.5%-38%	100mL/6months
Hydroxylapatite	
Hylucare	
Lactic Acid, 85%	100mL/6months
Methanol	
Papain	
Pepsin	
Perchloric Acid	
Phenolphthalene	
Phosphorous Pentoxide	100g/6months
PHB-PHV Co-Polymer	
Polycaprolactone	
Potassium Chloride	
Potassium Permanganate	
Potassium Phosphate Dibasic	500g/6months
Potassium Phosphate Monobasic	250g/6months
Protamine Sulfate	
Resazurin	
Silver Nitrate	
Sodium Acetate, Anhydrous	
Sodium Bicarbonate	
Sodium Borohydride	
Sodium Carbonate	
Sodium Chloride, Ultrapure	2.5kg/6months
Sodium Hyaluronate	
Sodium Hydroxide, Pellets, ACS	250g/6months
Sodium Sulfate, Anyhdrous	
Sodium Sulfite	
Sodium Tetraborate	
Sodium Tetraboratedecahydrate	
Succinic Anhydride	
Sulfuric Acid	
Thymol	
Toluidine Blue O	
Trichloroacetic Acid	
Trizma	
Trypsin	

Note: All others are less than 10g or 10ml/year

509 Commerce Street
Second Floor
Franklin Lakes,
New Jersey 07417
201/405-1477
fax 201/405-1355

EXHIBIT E

HAZARDOUS MATERIALS PLANS

TO BE SUPPLIED TO AND APPROVED BY LANDLORD PRIOR TO THE
COMMENCEMENT OF TENANT'S BUSINESS AT THE PREMISES.

RECORDING REQUESTED BY AND
WHEN RECORDED RETURN TO:

**SUBORDINATION,
NON-DISTURBANCE AND ATTORNMENT AGREEMENT**

NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT RESULTS IN YOUR LEASEHOLD ESTATE IN THE PROPERTY BECOMING SUBJECT TO AND OF LOWER PRIORITY THAN THE LIEN OF SOME OTHER OR LATER SECURITY INSTRUMENT.

THIS AGREEMENT is entered into by and among Tenant, Landlord, and Beneficiary and affects the Property described in Exhibit A attached hereto. The terms "Tenant", "Landlord", "Beneficiary", "Premises", "Lease", "Property", "Loan", "Note", and "Mortgage" are defined in the Schedule of Definitions attached hereto as Exhibit B. This Agreement is entered into with reference to the following facts:

- A. Landlord and Tenant have entered into the Lease covering the Premises in the Property.
- B. Beneficiary has agreed to make the Loan to Landlord to be evidenced by the Note, which Note is to be secured by the Mortgage covering the Property, provided that the Lease is subordinated to the lien of the Mortgage.
- C. For the purposes of completing the Loan, the parties hereto desire expressly to subordinate the Lease to the lien of the Mortgage, it being a condition precedent to Beneficiary's obligation to consummate the Loan that the lien of the Mortgage be unconditionally and at all times prior and superior to the leasehold interests and estates created by the Lease.
- D. Tenant has requested that Beneficiary agree not to disturb Tenant's possessory rights in the Premises in the event Beneficiary should foreclose the Mortgage; provided that Tenant is not then in default under the Lease and provided further that Tenant attorns to Beneficiary or the purchaser at any foreclosure or trustee's sale of the Property.

NOW THEREFORE, in consideration of the mutual covenants contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Subordination. Notwithstanding anything to the contrary set forth in the Lease, the Lease and the leasehold estate created thereby and all of Tenant's rights thereunder shall be and shall at all times remain subject, subordinate and inferior to the Mortgage and the lien thereof, and all rights of Beneficiary thereunder and to any and all renewals, modifications, consolidations, replacements and extensions thereof.

2. Acknowledgment and Agreement by Tenant. Tenant acknowledges and agrees that:
- (a) Beneficiary would not make the Loan without this Agreement;

EXHIBIT F

(b) It consents to and approves the Mortgage and the agreements evidencing and securing the Loan; and

(c) Beneficiary, in making any disbursements to Landlord, is under no obligation or duty to oversee or direct the application of the proceeds of such disbursements, and such proceeds may be used by Landlord for purposes other than improvement of the Property.

(d) From and after the date hereof, in the event of any act or omission by Landlord which would give Tenant the right, either immediately or after the lapse of time, to terminate the Lease or to claim a partial or total eviction, Tenant will not exercise any such right:

(i) until it has given written notice of such act or omission to Beneficiary; and

(ii) until the same period of time as is given to Landlord under the Lease to cure such act or omission shall have elapsed following such giving of notice to Beneficiary and following the time when Beneficiary shall have become entitled under the Mortgage to remedy the same.

(e) It has notice that the Lease and the rent and all other sums due thereunder have been assigned or are to be assigned to Beneficiary as security for the Loan secured by the Mortgage. In the event that Beneficiary notifies Tenant of a default under the Mortgage and demands that Tenant pay its rent and all other sums due under the Lease to Beneficiary, Tenant shall honor such demand and pay its rent and all other sums due under the Lease directly to Beneficiary or as otherwise required pursuant to such notice.

(f) It shall send a copy of any notice or statement under the Lease to Beneficiary at the same time such notice or statement is sent to Landlord.

(g) It has no right or option of any nature whatsoever, whether pursuant to the Lease or otherwise, to purchase the Premises or the Property, or any portion thereof or any interest therein, and to the extent that Tenant has had, or hereafter acquires, any such right or option, the same is hereby acknowledged to be subject and subordinate to the Mortgage and is hereby waived and released as against Beneficiary.

(h) This Agreement satisfies any condition or requirement in the Lease relating to the granting of a non-disturbance agreement.

3. Foreclosure and Sale. In the event of foreclosure of the Mortgage, or upon a sale of the Property pursuant to the trustee's power of sale contained therein, or upon a transfer of the Property by conveyance in lieu of foreclosure, then:

(a) *Non-Disturbance.* So long as Tenant complies with this Agreement and is not in default under any of the terms, covenants, or conditions of the Lease, the Lease shall continue in full force and effect as a direct lease between the succeeding owner of the Property and Tenant, upon and subject to all of the terms, covenants and conditions of the Lease, except as set forth in Exhibits C and D attached hereto, for the balance of the term of the Lease. Tenant hereby agrees to adhere to and accept any such successor owner as landlord under the Lease, and to be bound by and perform all of the obligations imposed by the Lease, and Beneficiary, or any such successor owner of the Property, will not disturb the possession of Tenant, and will be bound by all of the obligations imposed on the Landlord by the Lease, except as set forth in Exhibits C and D attached hereto; provided, however, that Beneficiary, or any purchaser at a trustee's or sheriff's sale or any successor owner of the Property shall not be:

(i) liable for any act or omission of a prior landlord (including Landlord); or

(ii) subject to any offsets or defenses which Tenant might have against any prior landlord (including Landlord); or

(iii) bound by any rent or additional rent which Tenant might have paid in advance to any prior landlord (including Landlord) for a period in excess of one month or by any security deposit, cleaning deposit or other prepaid charge which Tenant might have paid in advance to any prior landlord (including Landlord); or

(iv) bound by any agreement or modification of the Lease made without the written consent of Beneficiary.

(b) *New Lease*. Upon the written request of either Beneficiary or Tenant to the other given at the time of any foreclosure, trustee's sale or conveyance in lieu thereof, the parties agree to execute a lease of the Premises upon the same terms and conditions as the Lease between Landlord and Tenant, with the changes set forth in Exhibits C and D attached hereto, which lease shall cover any unexpired term of the Lease existing prior to such foreclosure, trustee's sale or conveyance in lieu of foreclosure.

(c) The provisions of the Lease set forth in Exhibit C shall be of no force or effect and shall not be binding upon Beneficiary or any purchaser or transferee acquiring the Property as a result of such foreclosure, trustee's sale or conveyance in lieu thereof, and in the event of such foreclosure, trustee's sale, or conveyance in lieu thereof, the provisions set forth in Exhibit D shall be added to the Lease and shall be effective and binding upon Tenant.

(d) Beneficiary shall have no responsibility to provide (or liability for not providing) any additional space for which Tenant has any option or right under the Lease unless Beneficiary at its option elects to provide the same and Tenant hereby releases Beneficiary from any obligation it may otherwise have to provide the same, and agrees that Tenant shall have no right to cancel the Lease, abate rent or assert any claim against Beneficiary as a result of the failure to provide any option space.

(e) Beneficiary shall have no liability to Tenant or any other party for any conflict between the provisions of the Lease and the provisions of any other lease affecting the Property, including, but not limited to, any provisions relating to renewal options and options to expand, and in the event of such a conflict, Tenant shall have no right to cancel the Lease or take any other remedial action against Beneficiary or action against any other party for which Beneficiary would be liable.

4. Acknowledgment and Agreement by Landlord. Landlord, as landlord under the Lease and mortgagor or trustor under the Mortgage, acknowledges and agrees for itself and its heirs, successors and assigns, that:

(a) This Agreement does not:

(i) constitute a waiver by Beneficiary of any of its rights under the Mortgage; and/or

(ii) in any way release Landlord from its obligations to comply with the terms, provisions, conditions, covenants, agreements and clauses of the Mortgage;

(b) The provisions of the Mortgage remain in full force and effect and must be complied with by Landlord; and

(c) In the event of a default under the Mortgage, Tenant may pay all rent and all other sums due under the Lease to Beneficiary as provided in this Agreement.

5. **No Obligation of Beneficiary.** Beneficiary shall have no obligation or incur any liability with respect to the erection or completion of the improvements in which the Premises are located or for completion of the Premises or any improvements for Tenant's use and occupancy, either at the commencement of the term of the Lease or upon any renewal or extension thereof or upon the addition of additional space, pursuant to any expansion rights contained in the Lease.

6. **Notice.** All notices hereunder to Beneficiary shall be deemed to have been duly given if mailed by United States registered or certified mail, with return receipt requested, postage prepaid to Beneficiary at its address set forth in Exhibit B attached hereto (or at such other address as shall be given in writing by Beneficiary to Tenant) and shall be deemed complete upon any such mailing.

7. **Miscellaneous.**

(a) This Agreement supersedes any inconsistent provision of the Lease.

(b) Nothing contained in this Agreement shall be construed to derogate from or in any way impair or affect the lien and charge or provisions of the Mortgage.

(c) Beneficiary shall have no obligations nor incur any liability with respect to any warranties of any nature whatsoever, whether pursuant to the Lease or otherwise, including, without limitation, any warranties respecting use, compliance with zoning, Landlord's title, Landlord's authority, habitability, fitness for purpose or possession.

(d) In the event that Beneficiary shall acquire title to the Premises or the Property, Beneficiary shall have no obligation, nor incur any liability, beyond Beneficiary's then equity interest, if any, in the Premises, and Tenant shall look exclusively to such equity interest of Beneficiary, if any, in the Premises for the payment and discharge of any obligations imposed upon Beneficiary hereunder or under the Lease, and Beneficiary is hereby released and relieved of any other obligations hereunder and under the Lease.

(e) This Agreement shall inure to the benefit of the parties hereto, their respective successors and permitted assigns; provided however, that in the event of the assignment or transfer of the interest of Beneficiary, all obligations and liabilities of Beneficiary under this Agreement shall terminate, and thereupon all such obligations and liabilities shall be the responsibility of the party to whom Beneficiary's interest is assigned or transferred; and provided further that the interest of Tenant under this Agreement may not be assigned or transferred without the prior written consent of Beneficiary.

(f) This Agreement shall be governed by and construed in accordance with the laws of the State in which the Property is located.

IN WITNESS WHEREOF, the parties have executed this Subordination, Non-Disturbance, and
Attornment Agreement as of _____, 19_____

NOTICE: THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT
CONTAINS PROVISIONS WHICH ALLOW THE PERSON OBLIGATED ON THE
LEASE TO OBTAIN A LOAN, A PORTION OF WHICH MAY BE EXPENDED FOR
OTHER PURPOSES THAN IMPROVEMENT OF THE PROPERTY.

IT IS RECOMMENDED THAT, PRIOR TO THE EXECUTION OF THIS SUBORDINATION,
NON-DISTURBANCE AND ATTORNMENT AGREEMENT, THE PARTIES CONSULT WITH
THEIR ATTORNEYS WITH RESPECT THERETO.

BENEFICIARY:

METROPOLITAN LIFE INSURANCE
COMPANY, a New York corporation

By _____

TENANT:

_____,
a _____

By _____

By _____

LANDLORD:

_____,
a _____

By _____

By _____

Legal Description

EXHIBIT A

Schedule of Definitions

"Beneficiary" shall mean Metropolitan Life Insurance Company, a New York corporation. All notices hereunder to Beneficiary shall be mailed to:

Metropolitan Life Insurance Company
One Madison Avenue
New York, New York 10010
Attn: Senior Vice President
Real Estate Investments

with a copy to:

Metropolitan Life Insurance Company
2855 Campus Drive
San Mateo, California 94403
Attn: Vice President
Real Estate Investments

"Mortgage" shall mean a first lien Mortgage or Deed of Trust and Security Agreement with Assignment of Rents dated as of _____, 19____, encumbering the Property, executed by Landlord, as Mortgagor or Trustor, to _____,

a _____, as Trustee, in favor of Beneficiary, securing repayment of the Loan evidenced by the Note, to be recorded in the records of the County in which the Property is located.

"Landlord" shall mean _____,

a _____,

having an office at _____,

_____.

"Lease" shall mean a certain lease entered into by and among Landlord and Tenant dated as of _____, 19____, covering the Premises.

"Loan" shall mean a first mortgage loan in an amount up to \$ _____ from Beneficiary to Landlord.

"Note" shall mean that certain Installment Note executed by Landlord in favor of _____,

_____,

a _____,

dated as of _____, 19____, in the amount of \$ _____.

"Premises" shall mean certain space in the improvements located in and upon the Property.

"Property" shall mean the real property described in Exhibit A attached hereto together with the improvements thereon.

"Tenant" shall mean _____,

a _____,

having an office at _____,

_____.

EXHIBIT B

In the event of foreclosure of the Mortgage, or upon a sale of the Property pursuant to the trustee's power of sale contained therein, or upon a transfer of the Property by conveyance in lieu of foreclosure, the provisions set forth below shall be added to the Lease and shall be effective and binding:

EXHIBIT D

In the event of foreclosure of the Mortgage, or upon a sale of the Property pursuant to the trustee's power of sale contained therein, or upon a transfer of the Property by conveyance in lieu of foreclosure, the provisions of the Lease set forth below shall be of no force or effect:

EXHIBIT C

FIRST AMENDMENT TO LEASE

This First Amendment to Lease ("Amendment") is entered into, and dated for reference purposes, as of MAY 13, 2003 (the "Execution Date") by and between METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation ("Metropolitan"), as Landlord ("Landlord"), and REGEN BIOLOGICS, INC., a Delaware corporation ("ReGen"), as Tenant ("Tenant"), with reference to the following facts ("Recitals"):

A. Landlord and Tenant entered into that certain written Office Lease, dated as of April 10, 1996, for certain premises described therein consisting of approximately 15,021 rentable square feet (the "Premises") of Building 12, Phase II of Seaport Centre, located at Penobscot Drive, Redwood City, California (the "Building") (the "Existing Lease"), all as more particularly described in the Existing Lease.

B. Landlord and Tenant desire to provide for an extension of the Term and other amendments of the Existing Lease as more particularly set forth below.

NOW, THEREFORE, in consideration of the foregoing, and of the mutual covenants set forth herein and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Scope of Amendment; Defined Terms. Except as expressly provided in this Amendment, the Existing Lease shall remain in full force and effect. Should any inconsistency arise between this Amendment and the Existing Lease as to the specific matters which are the subject of this Amendment, the terms and conditions of this Amendment shall control. The term "Existing Lease" defined above shall refer to the Existing Lease as it existed before giving effect to the modifications set forth in this Amendment and the term "Lease" as used herein and in the Existing Lease shall refer to the Existing Lease as modified by this Amendment, except as expressly provided in this Amendment. All capitalized terms used in this Amendment and not defined herein shall have the meanings set forth in the Existing Lease unless the context clearly requires otherwise.

Section 2. Extension of Term. Landlord and Tenant acknowledge and agree that the current Term pursuant to the Existing Lease will expire on May 31, 2003, and that the Term is hereby extended for the period of thirty-six (36) months (the "Extended Term"). The Extended Term will commence June 1, 2003 (the "Extension Commencement Date") and expire May 31, 2006 (hereafter, the "Expiration Date" in lieu of the date provided in the Existing Lease), unless sooner terminated pursuant to the terms of the Lease. Landlord and Tenant acknowledge and agree that this Amendment provides all rights and obligations of the parties with respect to extension of the current Term, whether or not in accordance with any other provisions, if any, of the Existing Lease regarding renewal or extension, and any such provisions, options or rights for renewal or extension provided in the Existing Lease are hereby deleted as of the Execution Date.

Section 3. Basic Annual Rent for Extended Term. Notwithstanding anything in the Existing Lease to the contrary, commencing on the Extension Commencement Date and continuing through the Expiration Date of the Extended Term, Basic Annual Rent shall be due and payable by Tenant for the Premises in equal monthly installments as set forth below:

<u>Period</u>	<u>Monthly Installment</u>	<u>Monthly Rate Per RSF</u>
06/01/03 – 05/31/04	27,788.85	\$1.85
06/01/04 – 05/31/05	28,622.52	\$1.906
06/01/05 – 05/31/06	29,481.19	\$1.963

Section 4. Tenant's Share of Operating Expenses for Extended Term. As of the Extension Commencement Date and continuing through the Expiration Date of the Extended Term, Tenant shall continue to be responsible for Tenant's Building Share of Building Operating Expenses,

Tenant's Phase Share of Phase Operating Expenses and Tenants Project Share of Project Operating Expenses, and for such purposes, it is agreed that (i) Tenant's Building Share is 18.247%; (ii) Tenant's Phase Share is 6.375% and (iii) Tenant's Project Share is 2.795%, as more particularly set forth in Section 6 of the Basic Lease Provisions of the Existing Lease. Landlord and Tenant further acknowledge and agree that on and after the Extension Commencement Date, Paragraph 3(b) of the Existing Lease shall be deleted and of no further force and effect.

Section 5. "AS IS" Condition. Tenant hereby leases for the Extended Term and accepts the Premises in its "AS IS" condition existing on the Execution Date, without any express or implied representations or warranties of any kind by Landlord, its brokers, manager or agents, or the employees of any of them regarding the Premises; and Landlord shall not have any obligation to construct or install any tenant improvements or alterations or to pay for any such construction or installation in connection with this Amendment.

Section 6. Tenant agrees, on its behalf and on behalf of its successors and assigns, that any liability or obligation of Landlord in connection with this Lease shall only be enforced against Landlord's equity interest in Phase II up to a maximum of Five Million Dollars (\$5,000,000.00) and in no event against any other assets of the Landlord, or Landlord's officers or directors or partners, and that any liability of Landlord with respect to this Lease shall be so limited and Tenant shall not be entitled to any judgment in excess of such amount.

Section 7. Option To Extend.

(a) Landlord hereby grants Tenant a single option to extend the Extended Term for an additional period of three (3) years (such period may be referred to as the "Option Term"), as to the entire Premises as it may then exist, upon and subject to the terms and conditions of this Section (the "Option To Extend"), and provided that at the time of exercise of such right there has been no material adverse change in Tenant's financial position from such position as of the date of execution of the Lease, as certified by Tenant's independent certified public accountants, and as supported by Tenant's certified financial statements, copies of which shall be delivered to Landlord with Tenant's written notice exercising its right hereunder.

(b) Tenant's election (the "Election Notice") to exercise the Option To Extend must be given to Landlord in writing no earlier than the date which is twelve (12) months before the Expiration Date and no later than the date which is nine (9) months before the Expiration Date. If Tenant either fails or elects not to exercise its Option to Extend by not timely giving its Election Notice, then the Option to Extend shall be null and void.

(c) The Option Term shall commence immediately after the expiration of the Extended Term. Tenant's leasing of the Premises during the Option Term shall be upon and subject to the same terms and conditions contained in the Lease, as amended, except that: (i) monthly installments of Basic Annual Rent shall be amended to an amount to equal the "Option Term Rent", defined and determined in the manner set forth in the immediately following Subsection (and otherwise, Tenant shall continue to pay Tenant's Share of Operating Expenses, all other Rent and all other charges pursuant to the Lease, as amended, and Tenant shall continue to pay directly the utility or service provider for all utilities or services which Tenant is to obtain directly pursuant to other provisions of the Lease, collectively, "Triple Net Payables"); (ii) the Security Deposit, if any, shall be increased within fifteen (15) days after the Prevailing Market Rent has been determined to equal one hundred percent (100%) of the highest monthly installment of Annual Basic Rent thereunder, but in no event shall the Security Deposit be decreased; (iii) Tenant shall accept the Premises in its "AS-IS" condition without any obligation of Landlord to repaint, remodel, repair, improve or alter the Premises or to provide Tenant any allowance therefor; and (iv) there shall be no further option or right to extend the term of the Lease. If Tenant timely and properly exercises the Option To Extend, references in the Lease to the Term shall be deemed to mean the current Term as extended by the Option Term unless the context clearly requires otherwise.

(d) The Option Term Rent shall mean the greater of (i) the monthly installment of Basic Annual Rent payable by Tenant under this Lease calculated at the rate applicable for the last full month of the Extended Term ("Preceding Rent") or (ii) the "Prevailing Market Rent" (defined below). During the Option Term, Tenant shall continue to pay Triple Net Payables (as defined in the preceding Subsection), and such Triple Net Payables shall be taken into account in determining, but shall be additional to and not included in, the Preceding Rent or Prevailing Rent, as such terms are used herein. As used herein, "Prevailing Market Rent" shall mean the base rent and all other monetary payments and escalations, including consumer price increases, payable by a tenant, excluding Triple Net Payables (provided however, Prevailing Market Rent shall be determined taking into account an obligation to pay such Triple Net Payables, so, for example, any comparable transaction with so-called gross rent shall be adjusted to be equivalent to the base rent and payments which would be payable if such tenant was obligated to pay Triple Net Payables as Tenant does), that Landlord could obtain from a third party desiring to lease the Premises for a term equal to the Option Term and commencing when the Option Term is to commence under market leasing conditions, and taking into account the following: the size, location and floor levels of the Premises; the type and quality of tenant improvements; age and location of the Project; quality of construction of the Project; services to be provided by Landlord or by tenant; the rent, all other monetary payments and escalations obtainable for new leases of space comparable to the Premises in the Project and in comparable buildings in the mid-Peninsula area, and other factors that would be relevant to such a third party in determining what such party would be willing to pay therefor, provided, however, that Prevailing Market Rent shall be determined without reduction or adjustment for "Tenant Concessions" (as defined below), if any, being offered to prospective new tenants of comparable space. For purposes of the preceding sentence, the term "Tenant Concessions" shall include, without limitation, so-called free rent, tenant improvement allowances and work, moving allowances, and lease takeovers. The determination of Prevailing Market Rent based upon the foregoing criteria shall be made by Landlord, in the good faith exercise of Landlord's business judgment. Within thirty (30) days after Tenant's exercise of the Option To Extend, Landlord shall notify Tenant of Landlord's determination of Option Term Rent for the Premises. If Landlord's determination of Prevailing Market Rent is greater than the Preceding Rent, and if Tenant, in Tenant's sole discretion, disagrees with the amount of Prevailing Market Rent determined by Landlord, Tenant may elect to revoke and rescind the exercise of the option by giving written notice thereof to Landlord within thirty (30) days after notice of Landlord's determination of Prevailing Market Rent.

(e) This Option to Extend is personal to ReGen and any Permitted Transferees and may not be used by, and shall not be transferable or assignable (voluntarily or involuntarily) to any person or entity.

(f) Upon the occurrence of any of the following events, Landlord shall have the option, exercisable at any time prior to commencement of the Option Term, to terminate all of the provisions of this Section with respect to the Option to Extend, with the effect of canceling and voiding any prior or subsequent exercise so this Option to Extend is of no force or effect:

(i) Tenant's failure to timely exercise the Option to Extend in accordance with the provisions of this Section.

(ii) The existence at the time Tenant exercises the Option to Extend or at the commencement of the Option Term of any default on the part of Tenant under the Lease or of any state of facts which with the passage of time or the giving of notice, or both, would constitute such a default.

(iii) Tenant's third default under the Lease prior to the commencement of the Option Term, notwithstanding that all such defaults may subsequently be cured.

(g) Without limiting the generality of any provision of the Lease, time shall be of the essence with respect to all of the provisions of this Section.

Section 8. Notices; Change of Address. Paragraph 23 of the Lease is hereby amended to provide that (a) notices which either party desires or is required to give the other may additionally be sent via reputable overnight national delivery service maintaining records of receipts, delivery and attempts at delivery, and (b) the current addresses for notices to be sent to Landlord and Tenant pursuant to Paragraph 23 of the Lease are as follows:

Notices to Landlord shall be addressed:

Metropolitan Life Insurance Company
c/o Seaport Centre Property Manager
701 Chesapeake Drive
Redwood City, California 94063

with copies to the following:

Metropolitan Life Insurance Company
400 South El Camino Real, Suite 800
San Mateo, CA 94402
Attention: EIM Manager, Real Estate Investments

and

Metropolitan Life Insurance Company
400 South El Camino Real, Suite 800
San Mateo, CA 94402
Attention: Associate General Counsel

Notices to Tenant shall be addressed to Tenant at the Premises.

Section 9. Brokers. Tenant represents that except for Landlord's Broker (defined below), Tenant has not dealt with any real estate broker, sales person, or finder in connection with the subject matter of this Amendment, and no such person is entitled to any commission, broker's or finder's fee or similar compensation in connection herewith. Tenant hereby agrees to indemnify, protect, defend and hold Landlord and Landlord's Broker harmless from and against any and all liabilities, demands and claims for commissions, fees or any compensation (and costs and expenses in connection therewith, including, without limitation, attorneys fees and costs of defense) by any person arising out of any dealing or discussion allegedly had by Tenant with any such person in connection with the transaction contemplated by this Amendment. Landlord represents that in connection with the subject matter of this Amendment it is represented by Cornish & Carey Commercial ("Landlord's Broker") and, except for Landlord's Broker, Landlord has not dealt with any real estate broker, sales person, or finder in connection with the subject matter of this Amendment. Landlord hereby agrees to indemnify, protect, defend and hold Tenant harmless from and against any and all liabilities, demands and claims for commissions, fees or any compensation (and costs and expenses in connection therewith, including, without limitation, attorneys fees and costs of defense) by any other person arising out of any dealing or discussion allegedly had by Landlord with any such person in connection with the transaction contemplated by this Amendment. Landlord hereby agrees to pay such commission, if any, to which Landlord's Broker is entitled in connection with the subject matter of this Amendment pursuant to Landlord's written agreement with Landlord's Broker and agrees that Tenant is not obligated to pay or fund any amount to Landlord's Broker.

Section 10. Time of Essence. Without limiting the generality of any other provision of the Lease, time is of the essence to each and every term and condition of this Amendment.

Section 11. Attorneys' Fees. Each party to this Amendment shall bear its own attorneys' fees and costs incurred in connection with the discussions preceding, negotiations for and

documentation of this Amendment. In the event any party brings any suit or other proceeding with respect to the subject matter or enforcement of this Amendment or the Lease as amended, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover reasonable attorneys' fees, expenses and costs of investigation as actually incurred, including court costs, expert witness fees, costs and expenses of investigation, and all reasonable attorneys' fees, costs and expenses in any such suit or proceeding (including in any action or participation in or in connection with any case or proceeding under the Bankruptcy Code, 11 United States Code Sections 101 et seq., or any successor statutes, in establishing or enforcing the right to indemnification, in appellate proceedings, or in connection with the enforcement or collection of any judgment obtained in any such suit or proceeding).

Section 12. Effect of Headings; Recitals; Exhibits. The titles or headings of the various parts or sections hereof are intended solely for convenience and are not intended and shall not be deemed to or in any way be used to modify, explain or place any construction upon any of the provisions of this Amendment. Any and all Recitals set forth at the beginning of this Amendment are true and correct and constitute a part of this Amendment as if they had been set forth as covenants herein.

Section 13. Entire Agreement; Amendment. This Amendment taken together with the Existing Lease, together with all exhibits, schedules, riders and addenda to the Existing Lease, constitutes the full and complete agreement and understanding between the parties hereto and shall supersede all prior communications, representations, understandings or agreements, if any, whether oral or written, concerning the subject matter contained in this Amendment and the Existing Lease, as so amended, and no provision of the Lease as so amended may be modified, amended, waived or discharged, in whole or in part, except by a written instrument executed by all of the parties hereto.

Section 14. Authority. Each party represents and warrants to the other that it has full authority and power to enter into and perform its obligations under this Amendment, that the person executing this Amendment is fully empowered to do so, and that no consent or authorization is necessary from any third party. Landlord may request that Tenant provide Landlord evidence of Tenant's authority.

Section 15. Counterparts. This Amendment may be executed in duplicates or counterparts, or both, and such duplicates or counterparts together shall constitute but one original of the Amendment. Each duplicate and counterpart shall be equally admissible in evidence, and each original shall fully bind each party who has executed it.

[Signatures follow on continuing Page 6]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first set forth above.

TENANT:

REGEN BIOLOGICS, INC.,
a Delaware corporation

By: _____

Print Name: _____

Title: Chairman + CEO
(Chairman of Board, President or Vice President)

By: _____

Print Name: _____

Title: Senior Vice President + CFO
(Secretary, Assistant Secretary, CFO or Assistant Treasurer)

LANDLORD:

METROPOLITAN LIFE INSURANCE COMPANY,
a New York corporation

By: _____

Print Name: _____

Title: Asst. Vice-President

SECOND AMENDMENT TO LEASE

This Second Amendment to Lease ("Amendment") is entered into, and dated for reference purposes, as of April 13, 2006 (the "Execution Date") by and between METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation ("Metropolitan"), as Landlord ("Landlord"), and REGEN BIOLOGICS, INC., a Delaware corporation ("ReGen"), as Tenant ("Tenant"), with reference to the following facts ("Recitals"):

A. Landlord and Tenant entered into that certain written Office Lease, dated as of April 10, 1996, for certain premises described therein known as Suite 545 and consisting of approximately 15,021 rentable square feet (the "Premises") of Building 12, Phase II of Seaport Centre, located at Penobscot Drive, Redwood City, California (the "Building") (the "Original Lease") and that certain First Amendment to Lease dated as of May 13, 2003 (the "First Amendment"), all as more particularly described in the foregoing. The Original Lease, as amended, is referred to herein as the "Existing Lease".

B. Landlord and Tenant desire to provide for an extension of the Term and other amendments of the Existing Lease as more particularly set forth below.

NOW, THEREFORE, in consideration of the foregoing, and of the mutual covenants set forth herein and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Scope of Amendment; Defined Terms; Retroactive Effect.

(a) Except as expressly provided in this Amendment, the Existing Lease shall remain in full force and effect. Should any inconsistency arise between this Amendment and the Existing Lease as to the specific matters which are the subject of this Amendment, the terms and conditions of this Amendment shall control. The term "Existing Lease" defined above shall refer to the Existing Lease as it existed before giving effect to the modifications set forth in this Amendment and the term "Lease" as used herein and in the Existing Lease shall refer to the Existing Lease as modified by this Amendment, except as expressly provided in this Amendment. All capitalized terms used in this Amendment and not defined herein shall have the meanings set forth in the Existing Lease unless the context clearly requires otherwise.

(b) Tenant and Landlord acknowledge that they have executed this Amendment as of the Execution Date set forth above, but intend and agree that this Amendment shall be effective as of January 31, 2006 with the same force and effect as if executed on that date. Tenant shall be entitled to credit against the rents due and becoming due under the Lease the amount (if any) by which the rents actually paid by Tenant from February, 2006 through the date of execution of this Amendment exceeded the rents payable under the Lease for such period, and Tenant shall pay Landlord within ten days after notice from Landlord the amount (if any) by which the rent actually paid by Tenant from February, 2006 through the date of execution of this Amendment underpaid the rents payable under this Amendment for such period.

Section 2. Modification and Extension of Term.

Landlord and Tenant acknowledge and agree that, before giving effect to this Amendment, the Expiration Date of the Extended Term of the Existing Lease is May 31, 2006. Notwithstanding any provision of the Existing Lease to the contrary, the Existing Lease is hereby amended to provide that the Expiration Date of the Term of the Existing Lease shall be January 31, 2006 instead of May 31, 2006, and then this Lease shall continue for a term of seven (7) years (the "Second Extended Term") beginning on February 1, 2006 (the "Second Extension Commencement Date") and expiring on January 31, 2013, (hereafter, the "Expiration Date" with respect to the Second Extended Term), unless sooner terminated pursuant to the terms of the Lease. Landlord and Tenant acknowledge and agree that this Amendment provides all rights and obligations of the parties with respect to the extension of the Extended Term, whether or not in accordance with any other provisions, if any, of the Existing Lease regarding renewal or extension, and any such provisions, options or rights for renewal or extension provided in the Existing Lease are hereby deleted as of the Execution Date, and without limiting the generality of the foregoing, the Option to Extend the Extended Term set forth in Section 7 of the First Amendment is hereby deleted. With reference to any period after the Second Extension Commencement Date through the expiration of the Second Extended Term, the defined term "Term" in the Existing Lease shall be deemed to include the Second Extended Term.

Section 3. Basic Annual Rent for Second Extended Term.

Notwithstanding anything in the Existing Lease to the contrary, commencing on the Second Extension Commencement Date and continuing through the Expiration Date of the Second Extended Term, Basic Annual Rent shall be due and payable by Tenant for the Premises in equal monthly installments as set forth below:

Period	Monthly Installment	Monthly Rate Per RSF
Months 01 - 12*	\$29,741.58*	\$1.98
Months 13 - 24	\$30,642.84	\$2.04
Months 25 - 36	\$31,544.10	\$2.10
Months 37 - 48	\$32,445.36	\$2.16
Months 49 - 60	\$33,496.83	\$2.23
Months 61 - 72	\$34,548.30	\$2.30
Months 73 - 84	\$35,559.77	\$2.37

*Notwithstanding any provision of this Lease to the contrary, provided that there is no uncured default by Tenant under the Lease, Landlord agrees to forbear in collection of the monthly installment of Basic Annual

Rent for the first full calendar month after the Execution Date, and further provided that there is no default by Tenant under the Lease which remains uncured a full year after expiration of such month, the Monthly Base Rent for such month shall be waived.

Section 4. Tenant's Share of Operating Expenses for Second Extended Term. As of the Second Extension Commencement Date and continuing through the Expiration Date of the Second Extended Term, Tenant shall continue to be responsible for Tenant's Building Share of Building Operating Expenses, Tenant's Phase Share of Phase Operating Expenses and Tenant's Project Share of Project Operating Expenses, and for such purposes, it is agreed that (i) Tenant's Building Share is 18.247%; (ii) Tenant's Phase Share is 6.375% and (iii) Tenant's Project Share is 2.795%, as more particularly set forth in Section 6 of the Basic Lease Provisions of the Existing Lease. Landlord and Tenant further acknowledge and agree that Paragraph 3(b) of the Existing Lease was deleted pursuant to the First Amendment and is of no force and effect.

Section 5. "AS IS" Condition. Construction. Allowance.

(a) **AS IS.** Tenant hereby leases for the Second Extended Term and accepts the Premises in its "AS IS" condition existing on the Execution Date, without any express or implied representations or warranties of any kind by Landlord, its brokers, manager or agents, or the employees of any of them regarding the Premises, and Landlord shall not have any obligation to construct or install any tenant improvements or alterations or to pay for any such construction or installation in connection with this Amendment, except to the extent funds are available from the Allowance as set forth below. The foregoing AS IS provision shall not relieve Landlord of any ongoing obligations to repair certain parts of the Building as expressly set forth in Paragraph 6(a) of the Existing Lease.

(b) **Tenant Work Generally.** Landlord and Tenant acknowledge and agree that notwithstanding any provisions of the Lease to the contrary: (1) Tenant desires to do certain remodeling, repair, improvement or alteration in connection with this extension for the Second Extended Term, which for purposes of this Lease is referred to as the Tenant Work; (2) all Tenant Work, if any, shall be done as Alterations within the meaning of Paragraph 7 of the Lease, subject to and in compliance with all conditions and provisions of the Lease applicable to Alterations, except as expressly provided in this Amendment; (3) the parties acknowledge and intend that such Tenant Work shall be to remodel, improve and alter the Premises for research and development, laboratory, light manufacturing and assembly applications in the life-science ("Life-Science") field (including, without limitation, biotechnology, pharmaceuticals, and medical devices); (4) all remodeling, improvements and alterations which Tenant proposes as the Tenant Work, and the plans and specifications therefor, shall be subject to Landlord's review and prior written approval, in Landlord's sole discretion, but so long as such remodeling, improvements and alterations are for research and development and laboratory applications in the Life-Science field, Landlord shall not unreasonably withhold consent and shall respond to Tenant's request for approval within ten (10) business days after Tenant's delivery to Landlord of plans and specifications and all reasonably requested documentation therefor; (5) Tenant's selection of Tenant's space planner and/or architect and Tenant's selection of contractors and subcontractors for the Tenant Work shall be subject to Landlord's prior written approval, which shall not be required to obtain a completion and lien indemnity bond for it; (7) such work, including, without limitation, all design, plan review, obtaining all approvals and permits, and construction shall be at Tenant's sole cost and expense, including, without limitation, delivery to Landlord of plans and specifications of such Tenant Work (including, without limitation, 3 sets of as-built plans and specifications upon completion), subject to reimbursement out of the Allowance (as described in Subsection (d) below); and (8) Tenant shall pay Landlord a fee for monitoring such design, construction and work by Tenant which shall not exceed Seven Thousand Dollars (\$7,000.00), which shall be paid as and when due by applying part of the Allowance to such payment.

(c) **Design & Construction Responsibility for any Tenant Work.** Tenant shall be responsible for the suitability for the Tenant's needs and business of the design and function of all Tenant Work and for its construction in compliance with all laws as applicable and as interpreted at the time of construction of the Tenant Work, including, without limitation, all building codes and the ADA (collectively herein "Laws"). Tenant, through its architects and/or space planners ("Tenant's Architect"), shall prepare all architectural plans and specifications, and engineering plans and specifications, for the real property improvements to be constructed by Tenant in the Premises in sufficient detail to be submitted for approval by Landlord and to be submitted by Tenant for governmental approvals and building permits and to serve as the detailed construction drawings and specifications for the contractor, and shall include, among other things, all partitions, doors, heating, ventilating and air conditioning installation and distribution, ceiling systems, light fixtures, plumbing installations, electrical installations and outlets, telephone installations and outlets, any other installations required by Tenant, fire and life-safety systems, wall finishes and floor coverings, whether to be newly installed or requiring changes from the as-is condition of the Premises as of the Execution Date hereof. Tenant shall be responsible for the oversight, supervision and construction of all Tenant Work in compliance with this Lease, including, without limitation, compliance with all Laws as applicable and as interpreted at the time of construction.

(d) **Allowance: Amount. Reimbursable Costs & Payment.** Provided that there is no uncured default by Tenant beyond any applicable cure period under the Lease and subject to the other terms and conditions of this Subsection, Landlord shall make available the Allowance, in an amount up to a maximum of Six Hundred Seventy-five Thousand Nine Hundred Forty-five Dollars (\$675,945.00) to reimburse Tenant for the actual costs of design, plan review, obtaining all approvals and permits, and construction of Tenant Work in the Premises. In no event shall the Allowance be used to reimburse any costs of designing, procuring or installing equipment, cabling or wiring for Tenant's telephone and/or computer systems, any of the foregoing, or other personal property (collectively "Personal Property") for purposes of this Amendment), and the cost of such

Personal Property shall be paid by Tenant. Notwithstanding any of the foregoing to the contrary, equipment and laboratory installations that are attached to the floors, walls and/or ceilings and approved for installation by Landlord shall not be considered to be Personal Property of Tenant, and shall qualify for reimbursement out of the Allowance and shall remain in the Premises unless and except to the extent that Landlord in writing notifies Tenant that one or more of such installations must be removed on the expiration or earlier termination of the Lease. Subject to the other conditions and requirements set forth herein, the Allowance shall be payable to Tenant in up to (and Tenant may not submit applications for more than) a maximum of four (4) progress payments for work or services performed and material installed at the Premises prior to the date of Tenant's application for such payment and one final payment (but in no event more than a total of five (5) applications and payments regardless of the number of separate phases and contracts by which the Tenant Work is performed). Applications may not be submitted more frequently than monthly and the first application for payment may not be submitted earlier than February 1, 2007. Landlord shall not be required to make any progress or final payment directly to any contractor or subcontractor, and shall only reimburse Tenant for payment made by Tenant. Any applicable payment shall be made within thirty (30) days after Landlord's receipt of all of the following: (i) Tenant's application for reimbursement, which shall include a reasonable description of the Tenant Work and reasonable substantiation of the costs incurred and paid for by Tenant which are covered by the application, including, without limitation, bills and invoices covering all labor and material expended and used and proof of payment thereof by Tenant; and (ii) with respect to any progress payment, unconditional lien releases from all those providing labor, services, materials and/or equipment in connection with the Tenant Work, (bb) final as-built plans and specifications, (cc) applicable warranties, (dd) architect's certificate of completion, (ee) a certificate of occupancy (if applicable) and if not applicable, then all required final written approvals of work. Tenant must prior to March 1, 2009 submit written application with the items required above for reimbursement of any reimbursable costs out of the Allowance, and to the extent of any funds for which application has not been made prior to that date or if and to the extent that the reimbursable costs of the Tenant Work are less than the amount of the Allowance, then Landlord shall retain the unapplied or unused balance of the Allowance and shall have no obligation or liability to Tenant with respect to such excess.

Section 6. Increase in the Security Deposit. Notwithstanding any provision of the Existing Lease to the contrary, upon execution of this Amendment Tenant shall pay Landlord Fifty Thousand Dollars (\$50,000.00) to be held by Landlord to increase the amount of the Security Deposit required in item 10 of the Basic Lease Provisions and Paragraph 4 of the Original Lease from the amount of Fifty Thousand Dollars (\$50,000.00) to the amount of One Hundred Thousand Dollars (\$100,000.00), which greater amount is the Security Deposit hereafter required under the Lease.

Section 7. Option To Extend.

(a) Landlord hereby grants Tenant a single option to extend the Second Extended Term for an additional period of five (5) years (such period may be referred to as the "Option Term"), as to the entire Premises as it may then exist, upon and subject to the terms and conditions of this Section (the "Option To Extend"), and provided that at the time of exercise of such option Tenant must be conducting regular, active, ongoing business in, and be in occupancy (and occupancy by a subtenant, licensee or other party permitted or suffered by Tenant shall not satisfy such condition) of the entire Premises.

(b) Tenant's election (the "Election Notice") to exercise the Option To Extend must be given to Landlord in writing no earlier than the date which is fifteen (15) months before the Expiration Date and no later than the date which is nine (9) months before the Expiration Date. If Tenant either fails or elects not to exercise its Option to Extend by not timely giving its Election Notice, then the Option to Extend shall be null and void. With the Election Notice Tenant shall deliver, and the Election Notice shall not be valid or timely given without, a copy of the following audited financial statements of Tenant, including audited balance sheet, income statement and cash flow statement, certified by Tenant's independent certified public accountants, for the most recent completed year and for the two prior years, and unaudited balance sheet, income statement and cash flow statement for each quarter completed since the most recent completed year. Tenant's financial condition shall be a factor taken into consideration in determining pursuant to Exhibit A the Fair Market Rent which would be payable by Tenant and may be compared and contrasted to the financial condition and rent payable by other tenants in Comparable Transactions (as defined in Exhibit A).

(c) The Option Term shall commence immediately after the expiration of the Second Extended Term. Tenant's leasing of the Premises during the Option Term shall be upon and subject to the same terms and conditions contained in the Lease, as amended, except that: (i) monthly installments of Basic Annual Rent shall be amended to an amount to equal the "Option Term Rent", as defined and determined in the manner set forth in the immediately following Subsection; (ii) Tenant shall accept the Premises in its "AS-IS" condition without any obligation of Landlord to repair, remodel, repair, improve or alter the Premises or to provide Tenant any allowance therefor, except to the extent tenants (whose financial condition is comparable to Tenant's financial condition) leasing space in Comparable Transactions receive an allowance pursuant to the definition of Fair Market Rent Rate defined in Exhibit A hereto, provided, however, Landlord by notice given to Tenant within thirty (30) days after final determination of the Fair Market Rental Rate, may elect to provide, in lieu of such allowance for alterations to the Premises, a rent credit equal to the amount of the allowance that would have otherwise been given, credited toward the rents applicable only to the Premises and due starting after such rent obligation commences; and (iii) there shall be no further option or right to extend the term of the Lease. If Tenant timely and properly exercises the Option To Extend, references in

provided for in a separate written agreement between Tenant's Broker and Landlord's Broker. Tenant is not obligated to pay or fund any amount to Landlord's Broker, and Landlord hereby agrees to pay such commission, if any, to which Landlord's Broker is entitled in connection with the subject matter of this Lease pursuant to Landlord's separate written agreement with Landlord's Broker. Such commission shall include an amount to be shared by Landlord's Broker with Tenant's Broker to the extent that Tenant's Broker and Landlord's Broker have entered into a separate agreement between themselves to share the commission paid to Landlord's Broker by Landlord. The provisions of this Section shall survive the expiration or earlier termination of the Lease.

Section 9. Time of Essence. Without limiting the generality of any other provision of the Lease, time is of the essence to each and every term and condition of this Amendment.

Section 10. Attorneys' Fees. Each party to this Amendment shall bear its own attorneys' fees and costs incurred in connection with the discussions preceding, negotiations for and documentation of this Amendment. In the event any party brings any suit or other proceeding with respect to the subject matter or enforcement of this Amendment or the Lease as amended, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover reasonable attorneys' fees, expenses and costs of investigation as actually incurred, including, without limitation, court costs, expert witness fees, costs and expenses of investigation, and all reasonable attorneys' fees, costs and expenses in any such suit or proceeding (including, without limitation, in any action or participation in or in connection with any case or proceeding under the Bankruptcy Code, 11 United States Code Sections 101 et seq., or any successor statutes, in establishing or enforcing the right to indemnification, in appellate proceedings, or in connection with the enforcement or collection of any judgment obtained in any such suit or proceeding).

Section 11. Effect of Headings; Recitals; Exhibits. The titles or headings of the various parts or sections hereof are intended solely for convenience and are not intended and shall not be deemed to or in any way be used to modify, explain or place any construction upon any of the provisions of this Amendment. Any and all Recitals set forth at the beginning of this Amendment are true and correct and constitute a part of this Amendment as if they had been set forth as covenants herein.

Section 12. Entire Agreement Amendment. This Amendment taken together with the Existing Lease, together with all exhibits, schedules, riders and addenda to the Existing Lease, constitutes the full and complete agreement and understanding between the parties hereto and shall supersede all prior communications, representations, understandings or agreements, if any, whether oral or written, concerning the subject matter contained in this Amendment and the Existing Lease, as so amended, and no provision of the Lease as so amended may be modified, amended, waived or discharged, in whole or in part, except by a written instrument executed by all of the parties hereto.

Section 13. Authority. Each party represents and warrants to the other that it has full authority and power to enter into and perform its obligations under this Amendment, that the person executing this Amendment is fully empowered to do so, and that no consent or authorization is necessary from any third party. Landlord may request that Tenant provide Landlord evidence of Tenant's authority.

Section 14. Counterparts. This Amendment may be executed in duplicates or counterparts, or both, and such duplicates or counterparts together shall constitute but one original of the Amendment. Each duplicate and counterpart shall be equally admissible in evidence, and each original shall fully bind each party who has executed it.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first set forth above.

TENANT:

REGEN BIOLOGICS, INC.,
a Delaware corporation

By: _____

Print Name: _____

Title: _____
(Chairman of Board, President or Vice President)

By: _____

Print Name: _____

Title: _____
(Secretary, Assistant Secretary, CFO or Assistant Treasurer)

LANDLORD:

METROPOLITAN LIFE INSURANCE COMPANY,
a New York corporation

By: _____

Print Name: _____

Title: _____
DIRECTOR

EXHIBIT A
FAIR MARKET RENTAL RATE

1. Definition of Fair Market Rental Rate. "Fair Market Rental Rate" shall mean the Monthly Base Rent equal to the monthly base rent per rentable square foot which a tenant would pay and which a willing landlord would accept for space comparable to the Premises in the Building and in other buildings of Life-Science (as defined in Section 5(b) of this Amendment) standards in Seaport Centre and along the Highway 101 corridor in Redwood City, Redwood Shores, San Carlos and Belmont (the "Applicable Market") for the period for which such rental is to be paid and for a lease on terms substantially similar to those of the Lease (including, without limitation, those applicable to Taxes, Operating Expenses and exclusions, but also considering so-called net and triple net leases, and leases utilizing operating expense stops or base years, and making appropriate adjustment between such leases and this Lease, as described below), based on prevailing market conditions in the Applicable Market at the time such determination is made ("Comparable Transactions"). Without limiting the generality of the foregoing, Comparable Transactions shall be for a term similar to the term of tenancy and for space comparable in use, floor levels, view and orientation, square footage and location within the Building and in the Applicable Market as the transaction for which Fair Market Rental Rate is being determined; however, leases of unusual or odd shaped spaces shall not be considered. In any determination of Fair Market Rental Rate, the stated or contract monthly net or base rental in Comparable Transactions shall be appropriately adjusted to take into account the different terms and conditions prevailing in such transactions and those present in the Lease, including, without limitation: (a) the extent to which average annual expenses and taxes per rentable square foot payable by tenants in Comparable Transactions vary from those payable by Tenant under the Lease, and so, for example, if the Lease provides for payment of Rent Adjustments and/or certain Operating Expenses on the basis of increases over a base year, then the rate of Monthly Base Rent under the Lease shall be based upon a step-up to change the calendar year which serves as the base year for calculation of the base for such Operating Expenses for the Option Term to be the full calendar year in which the Option Term commences, and such step-up shall be considered in the determination of the Fair Market Rental Rate; (b) tenant improvements, value of existing tenant improvements, the concessions, if any, being given by landlords in Comparable Transactions, such as parking charge abatement, free rent or rental abatement applicable after substantial completion of any construction improvements (and no adjustment shall be made for any free or abated rent during any construction period), loans at below-market interest rates, moving allowances, space planning allowances, lease takeover payments and work allowances, as compared to any tenant improvement, refurbishment or repairing allowance given to Tenant under the Lease for the space for which Fair Market Rental Rate is being determined; (c) the brokerage commissions, fees and bonuses payable by landlords in Comparable Transactions (whether to tenant's agent, such landlord or any person or entity affiliated with such landlord), as compared to any such amounts payable by Landlord to the broker(s) identified with respect to the transaction for which Fair Market Rental Rate is being determined; (d) the time value of money; (e) any material difference between the definition of rentable area and the ratio of project rentable to useable square feet in Comparable Transactions, as compared to such figures applicable to the space for which Fair Market Rental Rate is being determined; and (f) the extent to which charges for parking by tenants in Comparable Transactions vary from those payable by Tenant under the Lease. Further, in any determination of Fair Market Rental Rate, the stated or contract monthly net or base rental in Comparable Transactions shall be appropriately adjusted to take into account the financial condition of Tenant relative to the financial condition of other tenants in Comparable Transactions.

2. Sealed Estimates. In the event the Lease requires Fair Market Rental Rate to be determined in accordance with this Exhibit, Landlord and Tenant shall meet within fifteen (15) business days thereafter and each simultaneously submit to the other in a sealed envelope its good faith estimate of Fair Market Rental Rate (the "Estimates"). If the higher Estimate is not more than one hundred five percent (105%) of the lower Estimate, then Fair Market Rental Rate shall be the average of the two Estimates. If such simultaneous submission of Estimates does not occur within such fifteen (15) business day period, then either party may by notice to the other designate any reasonable time within five (5) business days thereafter and any reasonable place at or near the Building for such meeting to take place. In the event only one party submits an Estimate at that meeting, such Estimate shall be Fair Market Rental. In the event neither party submits an Estimate at that meeting, the transaction for which Fair Market Rental Rate is being determined shall be deemed cancelled and of no further force or effect.

3. Selection of Arbitrators. If the higher Estimate is more than one hundred five percent (105%) of the lower Estimate, then either Landlord or Tenant may, by written notice to the other within five (5) business days after delivery of Estimates at the meeting, require that the disagreement be resolved by arbitration. In the event neither party gives such notice, the transaction for which Fair Market Rental Rate is being determined shall be deemed cancelled and of no further force or effect. Within five (5) business days after such notice, the parties shall select as arbitrators three (3) mutually acceptable independent MAI appraisers with experience in real estate activities, including at least five (5) years experience in appraising comparable space in the Applicable Market ("Qualified Appraisers"). If the parties cannot timely agree on such arbitrators, then within the following five (5) business days, each shall select and inform the other party of one (1) Qualified Appraiser and within a third period of five (5) business days, the two appraisers (or if only one (1) has been duly selected, such single appraiser) shall select as arbitrators a panel of three additional Qualified Appraisers, which three arbitrators shall proceed to determine Fair Market Rental Rate pursuant to Section 4 of this Exhibit. Both Landlord and Tenant shall be entitled to present evidence supporting their respective positions to the panel of three arbitrators.

4. Arbitration Procedure. Once a panel of arbitrators has been selected as provided above, then as soon thereafter as practicable each arbitrator shall select one of the two Estimates as the one which,

in its opinion, is closer to Fair Market Rental Rate. Upon an Estimate's selection by two (2) of the arbitrators, it shall be the applicable Fair Market Rental Rate and such selection shall be binding upon Landlord and Tenant. If the arbitrators collectively determine that expert advice is reasonably necessary to assist them in determining Fair Market Rental Rate, then they may retain one or more qualified persons, including but not limited to legal counsel, brokers, architects or engineers, to provide such expert advice. The party whose Estimate is not chosen by the arbitrators shall pay the costs of the arbitrators and any experts retained by the arbitrators. Any fees of any counsel or expert engaged directly by Landlord or Tenant, however, shall be borne by the party retaining such counsel or expert.

5. Rent Pending Determination of Fair Market Rental Rate. In the event that the determination of Fair Market Rental Rate has not been concluded prior to commencement of the applicable rental period for the applicable space for which the Fair Market Rental Rate is being determined, Tenant shall pay Landlord Monthly Base Rent and Rent Adjustment Deposits as would apply under Landlord's Estimate pursuant to Section 2 of this Exhibit until the Fair Market Rental Rate is determined. In the event that the Fair Market Rental Rate subsequently determined is different from the amount paid for the applicable period, then within thirty (30) days after such determination, Tenant shall pay Landlord any greater amounts due and Landlord shall credit Tenant (against the next Monthly Base Rent installments due) for any reduction in the amounts due.

THIRD AMENDMENT TO LEASE

This Third Amendment to Lease ("Amendment") is entered into, and dated for reference purposes, as of February 22, 2010 (the "Execution Date") by and between METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation ("Metropolitan"), as Landlord ("Landlord"), and REGEN BIOLOGICS, INC., a Delaware corporation ("ReGen"), as Tenant ("Tenant"), with reference to the following facts ("Recitals"):

A. Landlord and Tenant entered into that certain written Office Lease, dated as of April 10, 1996, for certain premises described therein known as Suite 545 and consisting of approximately 15,021 rentable square feet (the "Premises") of Building 12, Phase II of Seaport Centre, located at Penobscot Drive, Redwood City, California (the "Building") (the "Original Lease"), that certain First Amendment to Lease dated as of May 13, 2003 (the "First Amendment") and that certain Second Amendment to Lease dated as of April 13, 2006 (the "Second Amendment"), all as more particularly described in the foregoing. The Original Lease, as amended, is referred to herein as the "Existing Lease".

B. Landlord and Tenant desire to provide for an extension of the Term and other amendments of the Existing Lease as more particularly set forth below.

NOW, THEREFORE, in consideration of the foregoing, and of the mutual covenants set forth herein and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Scope of Amendment; Defined Terms; Retroactive Effect.

(a) Except as expressly provided in this Amendment, the Existing Lease shall remain in full force and effect. Should any inconsistency arise between this Amendment and the Existing Lease as to the specific matters which are the subject of this Amendment, the terms and conditions of this Amendment shall control. The term "Existing Lease" defined above shall refer to the Existing Lease as it existed before giving effect to the modifications set forth in this Amendment and the term "Lease" as used herein and in the Existing Lease shall refer to the Existing Lease as modified by this Amendment, except as expressly provided in this Amendment. All capitalized terms used in this Amendment and not defined herein shall have the meanings set forth in the Existing Lease unless the context clearly requires otherwise.

(b) Tenant and Landlord acknowledge that they have executed this Amendment as of the Execution Date set forth above, but intend and agree that this Amendment shall be effective as of February 1, 2010 (the "Effective Date") with the same force and effect as if executed on that date. Tenant shall be entitled to credit against the rents due and becoming due under the Lease the amount (if any) by which the rents actually paid by Tenant from February 1, 2010 through the date of execution of this Amendment exceeded the rents payable under the Lease for such period, and Tenant shall pay Landlord within ten days after notice from Landlord the amount (if any) by which the rent actually paid by Tenant from February 1, 2010 through the date of execution of this Amendment underpaid the rents payable under this Amendment for such period.

Section 2. Modification and Extension of Term; Amendment of Rent.

(a) Landlord and Tenant acknowledge and agree that, before giving effect to this Amendment, the Expiration Date of the Second Extended Term of the Existing Lease is January 31, 2013. Notwithstanding any provision of the Existing Lease to the contrary, the Existing Lease is hereby amended to provide that this Lease shall continue for a term of five (5) months (the "Third Extended Term") beginning on February 1, 2013 (the "Third Extension Commencement Date") and expiring on June 30, 2013, (hereafter, the "Expiration Date" with respect to the Third Extended Term), unless sooner terminated pursuant to the terms of the Lease. Landlord and Tenant acknowledge and agree that this Amendment provides all rights and obligations of the parties with respect to the terms of the extension of the Extended Term, whether or not in accordance with any other provisions, if any, of the Existing Lease regarding renewal or extension, and any such provisions, options or rights for renewal or extension provided in the Existing Lease are hereby deleted as of the Execution Date, and without limiting the generality of the foregoing, the Option to Extend the Second Extended Term set forth

in Section 7 of the Second Amendment is hereby deleted. With reference to any period after the Third Extension Commencement Date through the expiration of the Third Extended Term, the defined term "Term" in the Existing Lease shall be deemed to include the Third Extended Term.

(b) Basic Annual Rent for Third Extended Term. Notwithstanding anything in the Existing Lease to the contrary, commencing on the Effective Date and continuing through the Expiration Date of the Third Extended Term, Basic Annual Rent shall be due and payable by Tenant for the Premises in equal monthly installments as set forth below:

<u>Period</u>	<u>Monthly Installment</u>	<u>Monthly Rate Per RSF</u>
Months 49 – 60*	\$33,496.83	\$2.23
Months 61 - 72	\$34,548.30	\$2.30
Months 73 - 84	\$35,559.77	\$2.37
Months 85-90	\$35,559.77	\$2.37

*Notwithstanding any provision of this Lease to the contrary, provided that there is then no uncured default by Tenant under the Lease, Landlord agrees to forbear in collection of fifty percent (50%) of each monthly installment of Basic Annual Rent and Tenant's Operating Expenses for the period commencing on February 1, 2010 and continuing through June 30, 2010, totaling not more than One Hundred Three Thousand Eight Hundred Eighty-Nine and 58/100 Dollars (\$103,889.58) in the aggregate (the "Deferred Rent"). Tenant shall pay Landlord any outstanding Deferred Rent on or before the first to occur of any of the following: (i) November 1, 2010; (ii) Tenant defaults under the Lease; or (iii) ReGen assigns the Lease or sublets any portion of the Premises. Tenant agrees that the failure to pay the Deferred Rent as set forth in this paragraph shall constitute an immediate default under the Lease.

Section 3. Security Deposit. Tenant acknowledges that as of the Effective Date, Tenant is in default of the Lease for failing to replenish the Security Deposit in the total amount of Forty-Two Thousand Five Hundred Twenty-Nine and 58/100 Dollars (\$42,529.58) (the "Default Amount"). Landlord agrees that it will forbear the exercise of its rights and remedies with respect to such default, provided that Tenant pays Landlord the Default Amount on the first to occur of any of the following: (i) December 31, 2010; or (ii) Tenant defaults under the Lease; or (iii) ReGen assigns the Lease or sublets any portion of the Premises. Tenant agrees that the failure to pay the Default Amount shall constitute an immediate default under the Lease.

Section 4. Tenant's Share of Operating Expenses for Third Extended Term. As of the Third Extension Commencement Date and continuing through the Expiration Date of the Third Extended Term, Tenant shall continue to be responsible for Tenant's Building Share of Building Operating Expenses, Tenant's Phase Share of Phase Operating Expenses and Tenants Project Share of Project Operating Expenses pursuant to the terms of Section 4 of the Second Amendment.

Section 5. AS IS. Tenant hereby leases for the Third Extended Term and accepts the Premises in its "AS IS" condition existing on the Third Extension Commencement Date, without any express or implied representations or warranties of any kind by Landlord, its brokers, manager or agents, or the employees of any of them regarding the Premises; and Landlord shall not have any obligation to construct or install any tenant improvements or alterations or to pay for any such construction or installation in connection with this Amendment. The foregoing AS IS provision shall not relieve Landlord of any ongoing obligations to repair certain parts of the Building as expressly set forth in Paragraph 6(a) of the Existing Lease.

Section 6. Time of Essence. Without limiting the generality of any other provision of the Lease, time is of the essence to each and every term and condition of this Amendment.

Section 7. Attorneys' Fees. Each party to this Amendment shall bear its own attorneys' fees and costs incurred in connection with the discussions preceding, negotiations for and documentation of this Amendment. In the event any party brings any suit or other proceeding with respect to the subject matter or enforcement of this Amendment or the Lease as amended, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover reasonable attorneys' fees, expenses and costs of

investigation as actually incurred, including, without limitation, court costs, expert witness fees, costs and expenses of investigation, and all reasonable attorneys' fees, costs and expenses in any such suit or proceeding (including, without limitation, in any action or participation in or in connection with any case or proceeding under the Bankruptcy Code, 11 United States Code Sections 101 et seq., or any successor statutes, in establishing or enforcing the right to indemnification, in appellate proceedings, or in connection with the enforcement or collection of any judgment obtained in any such suit or proceeding).

Section 8. Effect of Headings; Recitals; Exhibits. The titles or headings of the various parts or sections hereof are intended solely for convenience and are not intended and shall not be deemed to or in any way be used to modify, explain or place any construction upon any of the provisions of this Amendment. Any and all Recitals set forth at the beginning of this Amendment are true and correct and constitute a part of this Amendment as if they had been set forth as covenants herein.

Section 9. Entire Agreement; Amendment. This Amendment taken together with the Existing Lease, together with all exhibits, schedules, riders and addenda to the Existing Lease, constitutes the full and complete agreement and understanding between the parties hereto and shall supersede all prior communications, representations, understandings or agreements, if any, whether oral or written, concerning the subject matter contained in this Amendment and the Existing Lease, as so amended, and no provision of the Lease as so amended may be modified, amended, waived or discharged, in whole or in part, except by a written instrument executed by all of the parties hereto.

Section 10. Authority. Each party represents and warrants to the other that it has full authority and power to enter into and perform its obligations under this Amendment, that the person executing this Amendment is fully empowered to do so, and that no consent or authorization is necessary from any third party. Landlord may request that Tenant provide Landlord evidence of Tenant's authority.

Section 11. Counterparts. This Amendment may be executed in duplicates or counterparts, or both, and such duplicates or counterparts together shall constitute but one original of the Amendment. Each duplicate and counterpart shall be equally admissible in evidence, and each original shall fully bind each party who has executed it.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first set forth above.

TENANT:

REGEN BIOLOGICS, INC.,
a Delaware corporation

By: _____

Print Name: _____

Title: _____

By: _____

Print Name: _____

Title: _____

LANDLORD:

METROPOLITAN LIFE INSURANCE COMPANY,
a New York corporation

By: _____

Print Name: _____

Joel R. Hochman

Title: _____

Director

(u)

FOURTH AMENDMENT TO LEASE

This Fourth Amendment to Lease ("Amendment") is entered into, and dated for reference purposes, as of March 31, 2011 (the "Execution Date") by and between METROPOLITAN LIFE INSURANCE COMPANY, a New York corporation ("Metropolitan"), as Landlord ("Landlord"), and REGEN BIOLOGICS, INC., a Delaware corporation ("ReGen"), as Tenant ("Tenant"), with reference to the following facts ("Recitals"):

A. Landlord and Tenant entered into that certain written Office Lease, dated as of April 10, 1996, for certain premises described therein known as Suite 545 and consisting of approximately 15,021 rentable square feet (the "Premises") of Building 12, Phase II of Seaport Centre, located at Penobscot Drive, Redwood City, California (the "Building") (the "Original Lease"), as amended by that certain First Amendment to Lease dated as of May 13, 2003 (the "First Amendment"), that certain Second Amendment to Lease dated as of April 13, 2006 (the "Second Amendment"), and that certain Third Amendment to Lease dated as of February 22, 2010 (the "Third Amendment"), all as more particularly described in the foregoing. The Original Lease, as amended, is referred to herein as the "Existing Lease".

B. Tenant has requested some rent accommodation, and Landlord and Tenant desire to amend the Existing Lease to modify certain provisions as more particularly set forth below.

NOW, THEREFORE, in consideration of the foregoing, and of the mutual covenants set forth herein and of other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Scope of Amendment; Defined Terms; Retroactive Effect.

(a) Except as expressly provided in this Amendment, the Existing Lease shall remain in full force and effect. Should any inconsistency arise between this Amendment and the Existing Lease as to the specific matters which are the subject of this Amendment, the terms and conditions of this Amendment shall control. The term "Existing Lease" defined above shall refer to the Existing Lease as it existed before giving effect to the modifications set forth in this Amendment and the term "Lease" as used herein and in the Existing Lease shall refer to the Existing Lease as modified by this Amendment, except as expressly provided in this Amendment. All capitalized terms used in this Amendment and not defined herein shall have the meanings set forth in the Existing Lease unless the context clearly requires otherwise.

(b) Tenant and Landlord acknowledge that they have executed this Amendment as of the Execution Date set forth above, but intend and agree that this Amendment shall be effective as of October 1, 2010 (the "Effective Date") with the same force and effect as if executed on that date. Tenant shall be entitled to credit against the rents due and becoming due under the Lease the amount (if any) by which the rents actually paid by Tenant from October 1, 2010 through the date of execution of this Amendment exceeded the rents payable under the Lease for such period, and Tenant shall pay Landlord within ten days after notice from Landlord the amount (if any) by which the rent actually paid by Tenant from October 1, 2010 through the date of execution of this Amendment underpaid the rents payable under this Amendment for such period.

Section 2. Basic Annual Rent for Third Extended Term. Section 2(b) of the Third Amendment is amended and restated in its entirety as follows:

"(b) Basic Annual Rent for Third Extended Term. Notwithstanding anything in the Existing Lease to the contrary, commencing on the Effective Date and continuing through the Expiration Date of the Third Extended Term, Basic Annual Rent shall be due and payable by Tenant for the Premises in equal monthly installments as set forth below:

<u>Period</u>	<u>Monthly Installment</u>	<u>Monthly Rate Per RSF</u>
Months 49 – 60*	\$33,496.83	\$2.23
Months 61 – 72*	\$34,548.30	\$2.30
Months 73 - 84	\$35,559.77	\$2.37
Months 85-90	\$35,559.77	\$2.37

*Notwithstanding any provision of this Lease to the contrary, provided that Tenant pays the Default Amount as required in Section 3 below and there is then no uncured default (other than the default evidenced by the Default Amount) by Tenant under the Lease, Landlord agrees to forbear in collection of fifty percent (50%) of each monthly installment of Basic Annual Rent and Tenant's Operating Expenses for (i) the period commencing on February 1, 2010 and continuing through June 30, 2010, totaling not more than One Hundred Three Thousand Eight Hundred Eighty-Nine and 58/100 Dollars (\$103,889.58) in the aggregate, provided however, due to Landlord's application of the remaining Security Deposit, such total amount has been reduced to Eighty-Nine Thousand Six Hundred Fourteen and 50/100 Dollars (\$89,614.50) (the "First Deferred Rent"); (ii) the period commencing on October 1, 2010 and continuing through January 31, 2011, totaling not more than Eighty-Two Thousand Eight Hundred Sixty-Three and 68/100 Dollars (\$82,863.68) in the aggregate (the "Second Deferred Rent"); and (iii) the period commencing on February 1, 2011 and continuing through March 31, 2011, totaling not more than Forty-Two Thousand Four Hundred Eighty-Three and 30/100 Dollars (\$42,483.30) in the aggregate (the "Third Deferred Rent", and together with the First Deferred Rent and the Second Deferred Rent collectively referred to herein as the "Deferred Rent"). Tenant shall pay Landlord any outstanding Deferred Rent on or before the first to occur of any of the following: (x) April 30, 2011; (y) Tenant defaults under the Lease (other than the default evidenced by the Default Amount); or (z) ReGen assigns the Lease or sublets any portion of the Premises. Tenant agrees that the failure to pay the Deferred Rent as set forth in this paragraph shall constitute an immediate default under the Lease."

Section 3. Security Deposit. Notwithstanding any provisions of the Lease to the contrary, Tenant acknowledges that as of the Effective Date, Tenant is in default of the Lease for failing to replenish the Security Deposit in the total amount of One Hundred Thousand Dollars (\$100,000.00) (the "Default Amount"). Landlord agrees that it will forbear the exercise of its rights and remedies with respect to such default, provided that Tenant pays Landlord the Default Amount on the first to occur of any of the following: (i) April 30, 2011; or (ii) Tenant defaults under the Lease (other than the default evidenced by the Default Amount); or (iii) ReGen assigns the Lease or sublets any portion of the Premises. Tenant agrees that the failure to pay the Default Amount shall constitute an immediate default under the Lease.

Section 4. Landlord's Option to Terminate. Notwithstanding any provision of the Lease to the contrary, Landlord hereby reserves the right ("Landlord's Early Termination Option") to accelerate the Expiration Date, exercisable in Landlord's sole discretion and without payment of any termination fee or other amount, by giving Tenant written notice of such early termination of the Third Extended Term, and by such notice the Expiration Date is thereby accelerated to that date (the "Early Termination Date") which is the later of (a) thirty days (30) days after Landlord gives such notice, or (b) the date, if any, specified by Landlord in such notice, and the Early Termination Date shall have the same force and effect as if it was the date originally specified as the Expiration Date of the Third Extended Term, subject to and governed by all the provisions of the Lease as apply with respect to the Expiration Date.

Section 5. Confidentiality; No Disclosure. As a material inducement to Landlord to enter into this Amendment, Tenant agrees that Tenant shall not, directly or indirectly, disclose this Amendment, its subject matter, any matter set forth in it, or the negotiations or discussions in connection with it (collectively, "Confidential Information") to any third party or any of Tenant's employees, officers, directors, shareholders, members, partners, brokers, attorneys, accountants, agents, representatives or independent contractors ("Tenant-Related Persons"), or suffer or permit any Tenant-Related Persons to disclose any Confidential Information, except to the extent that (a) certain of the Tenant-Related Persons have a need to know the disclosed Confidential Information to implement the provisions of the Amendment or to comply with

applicable law, provided that Tenant shall take reasonable measures to protect confidentiality and avoid disclosure of the Confidential Information, including requiring Tenant-Related Persons who have access to Confidential Information to keep such information confidential as required by the terms of this Amendment; and (b) Tenant is requested or becomes legally compelled (to comply with legal, regulatory or similar requirements, or court order) to make any disclosure which would otherwise be prohibited by this Amendment, Tenant may do so and Tenant shall, if lawfully permitted to do so, provide Landlord with prompt notice of such request(s) so that Landlord may seek an appropriate protective order or other appropriate remedy and/or waive compliance with some or all provisions of this Section. The foregoing obligations of this Section shall not apply to the extent that Confidential Information: (i) has become publicly known through no act of Tenant or any of the Tenant-Related Persons; or (ii) has been approved for disclosure by express written approval of the Landlord.

Section 6. Time of Essence. Without limiting the generality of any other provision of the Lease, time is of the essence to each and every term and condition of this Amendment.

Section 7. Attorneys' Fees. Each party to this Amendment shall bear its own attorneys' fees and costs incurred in connection with the discussions preceding, negotiations for and documentation of this Amendment. In the event any party brings any suit or other proceeding with respect to the subject matter or enforcement of this Amendment or the Lease as amended, the prevailing party (as determined by the court, agency or other authority before which such suit or proceeding is commenced) shall, in addition to such other relief as may be awarded, be entitled to recover reasonable attorneys' fees, expenses and costs of investigation as actually incurred, including, without limitation, court costs, expert witness fees, costs and expenses of investigation, and all reasonable attorneys' fees, costs and expenses in any such suit or proceeding (including, without limitation, in any action or participation in or in connection with any case or proceeding under the Bankruptcy Code, 11 United States Code Sections 101 et seq., or any successor statutes, in establishing or enforcing the right to indemnification, in appellate proceedings, or in connection with the enforcement or collection of any judgment obtained in any such suit or proceeding).

Section 8. Effect of Headings; Recitals; Exhibits. The titles or headings of the various parts or sections hereof are intended solely for convenience and are not intended and shall not be deemed to or in any way be used to modify, explain or place any construction upon any of the provisions of this Amendment. Any and all Recitals set forth at the beginning of this Amendment are true and correct and constitute a part of this Amendment as if they had been set forth as covenants herein.

Section 9. Entire Agreement; Amendment. This Amendment taken together with the Existing Lease, together with all exhibits, schedules, riders and addenda to the Existing Lease, constitutes the full and complete agreement and understanding between the parties hereto and shall supersede all prior communications, representations, understandings or agreements, if any, whether oral or written, concerning the subject matter contained in this Amendment and the Existing Lease, as so amended, and no provision of the Lease as so amended may be modified, amended, waived or discharged, in whole or in part, except by a written instrument executed by all of the parties hereto.

Section 10. OFAC. Landlord advises Tenant hereby that the purpose of this Section is to provide to the Landlord information and assurances to enable Landlord to comply with the law relating to OFAC.

Tenant hereby represents, warrants and covenants to Landlord, either that (i) Tenant is regulated by the SEC, FINRA or the Federal Reserve (a "Regulated Entity") or (ii) neither Tenant nor any person or entity that directly or indirectly (a) controls Tenant or (b) has an ownership interest in Tenant of twenty-five percent (25%) or more, appears on the list of Specially Designated Nationals and Blocked Persons ("OFAC List") published by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of the Treasury.

If, in connection with the Lease, there is one or more Guarantors of Tenant's obligations under the Lease, then Tenant further represents, warrants and covenants either that (i) any such Guarantor is a Regulated Entity or (ii) neither Guarantor nor any person or entity that directly or indirectly (a) controls such Guarantor

or (b) has an ownership interest in such Guarantor of twenty-five percent (25%) or more, appears on the OFAC List.

Tenant covenants that during the term of the Lease to provide to Landlord information reasonably requested by Landlord including without limitation, organizational structural charts and organizational documents which Landlord may deem to be necessary ("Tenant OFAC Information") in order for Landlord to confirm Tenant's continuing compliance with the provisions of this Section. Tenant represents and warrants that the Tenant OFAC Information it has provided or to be provided to Landlord or Landlord's Broker in connection with the execution of this Amendment is true and complete.

Section 11. Ratification. Tenant represents to Landlord that: (a) the Existing Lease is in full force and effect and has not been modified except as provided by this Amendment; (b) as of the Execution Date, there are no uncured defaults or unfulfilled obligations on the part of Landlord or Tenant; and (c) Tenant is currently in possession of the entire Premises as of the Execution Date, and neither the Premises, nor any part thereof, is occupied by any subtenant or other party other than Tenant.

Section 12. Authority. Each party represents and warrants to the other that it has full authority and power to enter into and perform its obligations under this Amendment, that the person executing this Amendment is fully empowered to do so, and that no consent or authorization is necessary from any third party. Landlord may request that Tenant provide Landlord evidence of Tenant's authority.

Section 13. Counterparts. This Amendment may be executed in duplicates or counterparts, or both, and such duplicates or counterparts together shall constitute but one original of the Amendment. Each duplicate and counterpart shall be equally admissible in evidence, and each original shall fully bind each party who has executed it.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first set forth above.

TENANT:

REGEN BIOLOGICS, INC.,
a Delaware corporation

By: _____

Print Name: Gerald E. Bishop
Title: Chairman and CEO
(Chairman of Board, President or Vice President)

By: _____

Print Name: _____
Title: _____
(Secretary, Assistant Secretary, CFO or Assistant Treasurer)

LANDLORD:

METROPOLITAN LIFE INSURANCE COMPANY,
a New York corporation

By: _____

Print Name: Joel R. Redmon
Title: Regional Director

EXHIBIT B

To Proof of Claim Filed By Metropolitan Life Insurance Company

Pre-Bankruptcy Calculation Worksheet

[See Attached]

CBRE TENANT RECONCILIATION
Regen
1/1/10-4/07/11

				CHARGES				RECEIPTS			
Lease	Suite	Month	Year	Base Rent	Common Area Maintenance	PA CAM	Late Fee	Total Charged To Tenant	Check Total	Check Number	Date Paid
CB6807		January	2010	32,445.36	8,059.00		2,025.22	\$ 42,529.58	\$ 42,529.58	Sec Dep	1/15/2010
CB6807		February	2010	15,696.94	4,029.50			\$ 19,726.44	\$ 20,252.18	16005	2/17/2010
CB6807		March	2010	17,799.88	4,029.50	(135.00)		\$ 21,694.38	\$ 20,777.92	16056	2/17/2010
CB6807		April	2010	16,748.42	7,811.00			\$ 24,559.42	\$ 24,424.40	16059	3/8/2010
CB6807		May	2010	16,748.42	7,935.00			\$ 24,683.42	\$ 24,683.42	16148	3/31/2010
CB6807		June	2010	16,748.42	7,935.00			\$ 24,683.42	\$ 24,683.42	16217	4/27/2010
CB6807		July	2010	33,496.83	7,935.00			\$ 41,431.83	\$ 33,496.83	16272	6/3/2010
CB6807		August	2010	33,496.83	7,935.00			\$ 41,431.83	\$ 7,935.00	16322	7/7/2010
CB6807		September	2010	33,496.83	7,935.00			\$ 41,431.83	\$ 7,935.00	16378	7/20/2010
CB6807		October	2010	33,496.83	7,935.00			\$ 41,431.83	\$ 41,431.83	16386	8/3/2010
CB6807		November	2010	117,238.83	28,204.00			\$ 145,442.83	\$ 43,503.42	Sec Dep	9/14/2010
CB6807		December	2010	33,496.83	8,059.00			\$ 41,555.83	\$ 41,555.83	16519	11/19/2010
CB6807		January	2011	33,496.83	7,715.00			\$ 41,211.83	\$ 41,211.83	16547	1/5/2011
CB6807		February	2011	34,548.30	7,715.00			\$ 42,263.30	\$ 42,263.30	Sec Dep	12/10/2010
CB6807		March	2011	34,548.30	7,715.00			\$ 42,263.30	\$ 42,263.30	16598	1/5/2011
CB6807		April Prorated (4/1-4/7)	2011	8,061.27	1,800.17	1,342.00		\$ 11,203.44	\$ 11,203.44	16598	12/10/2010
TOTALS				\$ 511,565.12	\$ 132,747.17	\$ 1,207.00	\$ 4,096.81	\$ 649,610.10	\$ 381,074.42		
								*This amount is not prorated as it relates to the 2010 CAM reconciliation.			
								Balance per MRJ			
								Ledge			
								\$			
								\$			
								(0.00)			

EXHIBIT C

To Proof of Claim Filed By Metropolitan Life Insurance Company

Post-Bankruptcy Calculation Worksheet

[See Attached]

CBRE TENANT RECONCILIATION
Regen
4/8/11-6/30/13

CHARGES										RECEIPTS			
Lease Suite	Month	Year	Base Rent	Common Area Maintenance	PY CAM	Late Fees	Total Charged To Tenant	Check Total	Check Number	Date Paid	Unpd (Overpd) Per Month	Balance Due Running Total	
CB6807	April Pro-rated (4/8-4/30)	2011	26,487.03	5,914.83	-		\$ 32,401.86				\$ 32,401.86	\$ -	
CB6807	May	2011	34,548.30	7,715.00			\$ 42,263.30	1008	5/9/2011		\$ -	\$ 32,401.86	
CB0099	June	2011	34,548.30	7,715.00			\$ 42,263.30	1051	5/27/2011		\$ -	\$ 32,401.86	
	Future Charges												
	July	2011											
	August	2011	34,548.30	7,715.00								\$ 42,263.30	
	September	2011	34,548.30	7,715.00								\$ 84,526.60	
	October	2011										\$ 126,789.90	
	November	2011	34,548.30	7,715.00								\$ 169,053.20	
	December	2011	34,548.30	7,715.00								\$ 211,316.50	
	January	2012	34,548.30	7,715.00								\$ 253,579.80	
	February	2012	35,559.77	7,715.00								\$ 295,843.10	
	March	2012	35,559.77	7,715.00								\$ 339,117.87	
	April	2012	35,559.77	7,715.00								\$ 382,392.64	
	May	2012	35,559.77	7,715.00								\$ 425,667.41	
	June	2012	35,559.77	7,715.00								\$ 468,942.18	
	July	2012										\$ 512,216.95	
	August	2012	35,559.77	7,715.00								\$ 555,491.72	
	September	2012	35,559.77	7,715.00								\$ 598,766.49	
	October	2012	35,559.77	7,715.00								\$ 642,041.26	
	November	2012	35,559.77	7,715.00								\$ 685,316.03	
	December	2012	35,559.77	7,715.00								\$ 728,590.80	
	January	2013	35,559.77	7,715.00								\$ 771,865.57	
	February	2013	35,559.77	7,715.00								\$ 815,140.34	
	March	2013	35,559.77	7,715.00								\$ 858,415.11	
	April	2013	35,559.77	7,715.00								\$ 901,689.88	
	May	2013	35,559.77	7,715.00								\$ 944,964.65	
	June	2013	35,559.77	7,715.00								\$ 988,239.42	
		2013	35,559.77	7,715.00								\$ 1,031,514.19	

*This amount (\$32,401.86) plus the previous balance as of 4/7 (\$268,541.68) lie to tenant's ledger (\$300,943.54).
All charges after June have not yet been posted to the tenants ledger, but are future charges per their lease.
Please note that CAM charges will change each budget year.

One-Year cap total (July 1, 2011 to June 30, 2012 is \$479,815.09).

Metropolitan Life Insurance Company
425 Market Street, Suite 1050
San Francisco, CA 94105
Tel: 415-536-1050 Fax: 415-536-1097

Akkhim R. Little
Legal Assistant

July 22, 2011

VIA FEDERAL EXPRESS

United States Bankruptcy Court
Attn: Claims
824 Market Street, 3rd Floor
Wilmington, DE 19801

Re: In Re ReGen Biologics, Inc., Chapter 11, U.S. Bankruptcy Court for the District of Delaware (Delaware), Case No. 1:11-bk-11083-PJW

To Whom It May Concern:

Please find enclosed a Proof of Claim to be filed on the abovementioned Chapter 11 Bankruptcy case. The Proof of Claim includes the following attachments and exhibits:

- 1) Completed Proof of Claim form;
- 2) Attachment to Proof of Claim Filed by Metropolitan Life Insurance Company;
- 3) Exhibit A – Lease by and between Metropolitan Life Insurance Company and ReGen Biologics, Inc.;
- 4) Exhibit B – Pre-Bankruptcy Calculation Worksheet; and
- 5) Exhibit C – Post-Bankruptcy Calculation Worksheet.

A duplicate copy of the entire Proof of Claim, with self-addressed stamped envelope, is enclosed. Please return a file-endorsed copy of the Proof of Claim to the undersigned in the envelope provided.

If you have any questions or comments regarding this matter or the documentation contained herein, please do not hesitate to contact me. My direct dial line is 415-536-1057 and my email address is arlittle@metlife.com. Thank you.

Sincerely,


Akkhim R. Little

MetLife®

US BANKRUPTCY COURT
DISTRICT OF DELAWARE

2011 JUL 25 AM 11:37