March 5, 2010

Audit Sub-Committee and
Board of Trustees
University of Kentucky
411 South Limestone Street
Peterson Service Building.
Lexington, KY 40506-0005

We are pleased to confirm the arrangements of our engagement and the nature of the services we
will provide to the following specified users: COLDSTREAM LABORATORIES, INC. (CLI)
and the UNIVERSITY OF KENTUCKY.

OUR SERVICES AND THE RESPONSIBILITIES OF THE PARTIES

We will apply the procedures enumerated in the attachment to this letter to various account balances
and transactions of CLI’s financial statements for the year ended December 31, 2009, and to certain
reconciliations and cash disbursements for the three months ending March 31, 2010, in
accordance with attestation standards established by the American Institute of Certified Public
Accountants. The sufficiency of the requested procedures is solely the responsibility of the parties
to be specified in our report. Consequently, we make no representation regarding the sufficiency of
the procedures for the purpose for which the report has been requested or for any other purpose.

Because we have not been engaged to conduct an examination, we will not express an opinion on
CLI’s financial statements for the year ended December 31, 2009. In addition, we have no
obligation to perform any procedures beyond those listed in the attachment to this letter.

Our engagement will not include a detailed examination of all transactions and cannot be relied
upon to disclose misstatements that might exist due to error, fraud and illegal acts. However, we
will inform you of any such matters, if material, that come to our attention.

It should be understood the management of CLI is responsible for the proper recording of
transactions and preparation of financial statements. Management of CLI is also responsible for
establishing and maintaining effective internal control over financial reporting and setting the
proper tone, creating and maintaining a culture of honesty and high ethical standards and
establishing appropriate controls to prevent, deter and detect fraud and illegal acts. Management
of CLI is also responsible for identifying and ensuring compliance with laws and regulations
applicable to its activities and for establishing and maintaining effective internal control over
compliance.
Audit Sub-Committee and
Board of Trustees
March 5, 2010
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We will submit a report summarizing the procedures performed and the results of those procedures. The report is intended solely for the information and use of CLI and is not intended to be and should not be used by anyone other than these specified parties.

Mary McKinley is responsible for supervising the engagement and authorizing the signing of the report. If, for any reason, we are unable to complete our procedures, we may decline to issue a report as a result of this engagement.

OTHER SERVICES

We may perform other services for you not covered by this engagement letter. You agree to assume full responsibility for the substantive outcomes of those services including any findings that may result. You also acknowledge that those services are adequate for your purposes and that you will establish and monitor the performance of those services to ensure that they meet management’s objectives. Any and all decisions involving management functions related to those services will be made by you and you accept full responsibility for such decisions. We understand that you will designate a management-level individual to be responsible and accountable for overseeing the performance of those services and that you will have determined this individual is qualified to conduct such oversight.

ENGAGEMENT FEES

Our fees will be based on time expended, plus charges for travel, long-distance telephone, copies, etc. Our time required for these procedures will be based on our hourly rates as shown below:

<table>
<thead>
<tr>
<th>Position</th>
<th>Average Hourly Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff accountant</td>
<td>$120 – $145</td>
</tr>
<tr>
<td>Senior</td>
<td>$150 – $165</td>
</tr>
<tr>
<td>Supervisor</td>
<td>$170 – $190</td>
</tr>
<tr>
<td>Manager</td>
<td>$200 – $230</td>
</tr>
<tr>
<td>Senior manager</td>
<td>$240 – $265</td>
</tr>
<tr>
<td>Partner</td>
<td>$330 – $350</td>
</tr>
</tbody>
</table>

Our pricing for this engagement and our fee structure is based upon the expectation that our invoices will be paid promptly. We will issue progress billings during the course of our engagement and payment of our invoices is due upon receipt. Interest will be charged on any unpaid balance after 30 days at the rate of 10% per annum.

Our engagement fee does not include any time for post-engagement consultation with your personnel or third parties, inquiries from regulators or testimony or deposition regarding any subpoena. Charges for such services will be billed separately.
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   Board of Trustees
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If our invoices for this or any other engagement you may have with BKD are not paid within 30 days, we may suspend or terminate our services for this or any other engagement. In the event our work is suspended or terminated as a result of nonpayment, you agree we will not be responsible for any consequences to you.

OTHER ENGAGEMENT MATTERS AND LIMITATIONS

Our workpapers and documentation retained in any form of media for this engagement are the property of BKD. We can be compelled to provide information under legal process. In addition, we may be requested by regulatory or enforcement bodies to make certain workpapers available to them pursuant to authority granted by law or regulation. You agree that we have no legal responsibility to you in the event we provide such documents or information.

You agree to indemnify and hold harmless BKD and its personnel from any claims, liabilities, costs and expenses relating to our services under this agreement attributable to false or incomplete representations by management, except to the extent determined to have resulted from the intentional or deliberate misconduct of BKD personnel.

You agree that any dispute regarding this engagement will, prior to resorting to litigation, be submitted to mediation upon written request by either party. Both parties agree to try in good faith to settle the dispute in mediation. The American Arbitration Association will administer any such mediation in accordance with its Commercial Mediation Rules. The results of the mediation proceeding shall be binding only if each of us agrees to be bound. We will share any costs of mediation proceedings equally.

Either of us may terminate these services at any time. Both of us must agree, in writing, to any future modifications or extensions. If services are terminated, you agree to pay us for time expended to date, plus charges for travel, long-distance telephone, copies, etc.

If any provision of this agreement is declared invalid or unenforceable, no other provision of this agreement is affected and all other provisions remain in full force and effect.

This engagement letter represents the entire agreement regarding the services described herein and supersedes all prior negotiations, proposals, representations or agreements, written or oral, regarding these services. It shall be binding on heirs, successors and assigns of you and BKD.

We may from time to time utilize third-party service providers, e.g., domestic software processors or legal counsel, or disclose confidential information about you to third-party service providers in serving your account. We remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures and safeguards to protect the confidentiality of your information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information. In the event we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider.
We will, at our discretion or upon your request, deliver financial or other confidential information to you electronically via email or other mechanism. You recognize and accept the risk involved, particularly in email delivery as the Internet is not necessarily a secure medium of communication as messages can be intercepted and read by those determined to do so.

You agree you will not modify these documents for internal use or for distribution to third parties. You also understand that we may on occasion send you documents marked as draft and understand that those are for your review purpose only, should not be distributed in any way and should be destroyed as soon as possible.

BKD is a registered limited liability partnership under Missouri law. Under applicable professional standards, partners of BKD, LLP have the same responsibilities as do partners in a general accounting and consulting partnership with respect to conformance by themselves and other professionals in BKD with their professional and ethical obligations. However, unlike the partners in a general partnership, the partners in a registered limited liability partnership do not have individual civil liability, directly or indirectly, including by way of indemnification, contribution, assessment or otherwise, for any debts, obligations or liabilities of or chargeable to the registered limited liability partnership or each other, whether arising in tort, contract or otherwise.

We are an independent accounting firm allowed to use the name “Praxity, AISBL” in relation to our practice. We are not connected by ownership with any other firm using the name “Praxity,” and we will be solely responsible for all work carried out by us on your behalf. In deciding to engage us, you acknowledge that we have not represented to you that any other firm using the name “Praxity” will in any way be responsible for the work that we do.

We will be pleased to discuss this letter with you at any time and look forward to the opportunity of serving you. If the above arrangements are acceptable to you, please sign the enclosed copy of this letter and return it to us.

BKD, LLP

BKD, LLP

The services and arrangements described in this letter are in accordance with our understanding and are acceptable to us.

UNIVERSITY OF KENTUCKY

BY

Stephen Branscum
Audit Subcommittee Chair

DATE March 9, 2010
Cash

- For the Central Bank operating and money market accounts, we will compare and agree amounts per the general ledger to supporting bank statements and reconciliations as of December 31, 2009, noting whether there is evidence of the controller’s review of the reconciliation.
- We will obtain bank reconciliations for the Central Bank operating and money market accounts for the months of February and March 2010 and note the date of completion and the date of the controller’s review.

Accounts Receivable

- We will compare and agree the total amounts of accounts receivable per the general ledger to subsidiary records as of December 31, 2009.
- We will select two jobs from the production logs from January 1, 2010, through March 31, 2010, and compare and agree customer invoices and the related journal entries recorded in the general ledger as revenues or deferred revenues.

Inventory

- We will compare and agree physical inventory worksheet totals to the recorded general ledger balance at December 31, 2009.
- We will select five items from the physical inventory worksheet and compare and agree the recorded costs for those items to invoices, purchase orders or other supporting documentation.

Fixed Assets

- We will compare and agree the total amounts from the fixed asset detail subsidiary ledger as of December 31, 2009, to the general ledger.
- We will select two of the 2009 fixed asset additions from the detail subsidiary ledger and compare and agree the cost of those additions to supporting purchase documentation and observe the existence of those selected items on CLI’s premises.

Accounts Payable

- We will compare and agree the total amount of accounts payable per the general ledger as of December 31, 2009, to subsidiary records.
Coldstream Laboratories, Inc.
Agreed-upon Procedures
Attachment to Engagement Letter Dated March 5, 2010

- We will compare and agree all disbursements from January 1, 2010, through March 31, 2010, greater than $3,000 to recorded amounts in the accounts payable detail at December 31, 2009, or to recorded amounts in expense in 2010. We will document the date of the receipt of the goods or services for each of the selected disbursements.

Debt

- For all capital leases, we will compare and agree the outstanding obligation balance and the year-to-date interest expense recorded in the general ledger as of December 31, 2009, to the related amortization schedules.

Equity

- We will obtain a schedule of management’s calculation of stock-based compensation as of December 31, 2009, and recalculate the compensation expense reported in the schedule.
- We will compare and agree the number of shares outstanding and the Black Scholes price as of December 31, 2009, to the schedule of stock-based compensation as of December 31, 2008, for existing awards and compare the shares issued in 2009 to supporting agreements.
- For shares issued in 2009, we will compare and agree the Black Scholes price of each employee’s shares to supporting calculations prepared by management.

Purchases, Cash Disbursements and Accounts Payable Cycle

- We will obtain from CLI’s management the duties grid analysis as of December 31, 2009, and document the conflicting access, recording and monitoring duties for the purchases, cash disbursements and accounts payable cycle.
- For all conflicts identified in the purchases, cash disbursements and accounts payable cycle, we will obtain from management a written description of the related compensating controls.

Revenues, Cash Receipts and Accounts Receivable Cycle

- We will obtain from CLI’s management the duties grid analysis as of December 31, 2009, and document the conflicting access, recording and monitoring duties for the revenues, cash receipts and accounts receivable cycle.
- For all conflicts identified in the revenues, cash receipts and accounts receivable cycle, we will obtain from management a written description of the related compensating controls.
Payroll Cycle

- We will obtain from CLI’s management the duties grid analysis as of December 31, 2009, and document the conflicting access, recording and monitoring duties for the payroll cycle.
- For all conflicts identified in the payroll cycle, we will obtain from management a written description of the related compensating controls.