

THE RESOLUTION EXPERTS

Demand for Arbitration Before JAMS

TO RESPONDENT: Organovo Holdings, Inc.

(Name of the Party on whom Demand for Arbitration is made)

(Address) 6275 Nancy Ridge Drive, Suite 110

(City) San Diego (State) CA (Zip) 92121

(Telephone) 858-550-9994 (Fax) 858-550-9948 (E-Mail) kmurphy@organovo.com

Representative/Attorney (if known): Jeffrey Thacker, Esq., DLA Piper LLP

(Name of the Representative/Attorney of the Party on whom Demand for Arbitration is made)

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FROM CLAIMANT (Name): Spencer Trask Ventures, Inc.

(Address) 750 Third Ave., 11th Floor

(City) New York (State) NY (Zip) 10017

(Telephone) 212-326-9200 (Fax) 212-829-4405 (E-Mail) jheidenreich@spencertrask.com

Representative/Attorney of Claimant (if known): David Picon, Esq. Proskauer Rose LLP

(Name of the Representative/Attorney for the Party Demanding Arbitration)

(Address) 11 Times Square

(City) New York (State) NY (Zip) 10036-8299

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NATURE OF DISPUTE

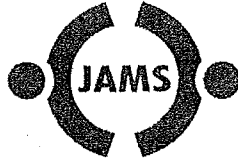
Claimant hereby demands that you submit the following dispute to final and binding arbitration (a more detailed statement of the claim(s) may be attached):

See attached Statement of Claim

ARBITRATION AGREEMENT

This demand is made pursuant to the arbitration agreement which the parties made as follows (cite location of arbitration provision & attach two (2) copies of entire agreement).

Section 13 of Placement Agency Agreement dated December 1, 2011



THE RESOLUTION EXPERTS

Demand for Arbitration Before JAMS

CLAIM & RELIEF SOUGHT BY CLAIMANT

Claimant asserts the following claim and seeks the following relief (include amount in controversy, if applicable):

Breach of contract, indemnification, declaratory judgment. Claimant seeks damages and restitution for unjust enrichment in an amount to be proved at the hearing but believed to exceed \$20 million, as well as interest and attorneys' fees pursuant to the indemnification provision of the contract. See attached Statement of Claim.

RESPONSE

Respondent may file a response and counter-claim to the above-stated claim according to the applicable arbitration rules. Send the original response and counter-claim to the claimant at the address stated above with two (2) copies to JAMS.

REQUEST FOR HEARING

JAMS is requested to set this matter for hearing at: New York, NY
(Preferred Hearing Location)

ELECTION FOR EXPEDITED PROCEDURES (COMPREHENSIVE RULE 16.1)

By checking this box Claimant requests that the Expedited Procedures described in JAMS Comprehensive Rules 16.1 and 16.2 be applied in this matter. Respondent shall indicate not later than 7 days from the date this Demand is served whether it agrees to the Expedited Procedure.

Signed (Claimant):

David A. Picon
(may be signed by an attorney)

Date:

6/27/13

Print Name: David A. Picon

Please include a check payable to JAMS for the required initial, non-refundable \$400 per party deposit to be applied toward your Case Management Fee and submit to your local JAMS Resolution Center.

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Effective 10/20/2011

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JAMS ALTERNATIVE DISPUTE RESOLUTION

SPENCER TRASK VENTURES, INC.,

Claimant,

STATEMENT OF CLAIM

- against -

ORGANOVO HOLDINGS, INC.,

Respondent.

Claimant, Spencer Trask Ventures, Inc. ("STV"), by its attorneys, Proskauer Rose LLP, hereby alleges the following, on personal knowledge as to its own status and conduct and upon information and belief as to the conduct of other persons or entities:

Nature of the Case

1. STV brings this arbitration against Organovo Holdings, Inc. ("Organovo") to recover damages and obtain other appropriate relief for Organovo's breach of its contractual covenants made in consideration of STV's services as placement agent. After STV raised more than \$15 million of seed capital for Organovo from STV's investors pursuant to the parties' Placement Agency Agreement (the "PAA"), Organovo breached its promises (a) not to contact STV customers without STV's prior written consent and (b) to pay STV compensation in the form of cash and placement agent warrants in connection with an additional \$12.5 million worth of investments by STV's customers during the agreement's "tail" period. As a consequence of Organovo's repeated breaches, STV is entitled to an award of (i) approximately \$1.25 million and 2,889,687 Organovo warrants in placement agent compensation, (ii) at least \$14 million in damages and/or disgorgement of the amounts by which Organovo was unjustly enriched through its violative conduct, and (iii) millions of dollars of damages due to loss of customer good will

and injuries to STV's business, plus interest accruing since November 2012 and attorneys' fees pursuant to the indemnification provision in the PAA.

The Parties

2. Claimant, STV, is a Delaware corporation and has its principal place of business in New York, New York. STV is a broker-dealer registered with the SEC and a FINRA member organization.

3. STV's business focuses principally on selling private placement investments in its client companies to its extensive network of sophisticated and high-net-worth customers. STV's pool of potential investors, its proprietary customer base, and its relationships with those investors are among its most valuable assets and the foundation of the value STV brings to its client companies as placement agent. Companies in need of financing choose STV as their placement agent based in large part upon STV's ability to tap into its proprietary customer base of investors interested in financing these kinds of companies. And potential investors, both individuals and institutions, choose to work with STV because of its lengthy history of successfully raising capital for socially beneficial companies, maintaining good customer relationships, and preserving the confidentiality of customer information. The appropriate handling of customer relationships is thus essential to STV's business success.

4. Respondent, Organovo, is a publicly-held Delaware corporation and has its principal place of business in San Diego, California. Organovo is an early-stage biotech company that designs and creates functional, three-dimensional human tissues for medical research and therapeutic applications. Organovo's common stock is currently traded on the OTCQX, the top tier of the OTC Markets Group, Inc., under the symbol ONVO.

5. Organovo would not exist in the form it does today without the access to investment capital that was provided by STV. Organovo became a public company in February 2012 through a reverse merger transaction structured by STV. A wholly-owned subsidiary of Organovo (a public shell) merged with and into a privately held Delaware corporation that owned the biotech assets, Organovo, Inc. (“OI”), and its business has continued as a wholly-owned subsidiary of Organovo. Initial funding was provided by \$3 million in private offerings of convertible notes in Fall 2011 and a \$15 million private offering of Organovo common stock in February-March 2012, both offered through STV.

Jurisdiction and Venue

6. The Claimant and Respondent are parties to the PAA (attached hereto as Exhibit 1), which provides that any dispute, controversy or claim relating to the agreement or its breach shall be submitted to JAMS for binding arbitration before a panel of three arbitrators in New York, New York under the JAMS Comprehensive Arbitration Rules and Procedures. (Ex. 1, § 13). The PAA is governed by New York law. (*Id.*)

The Placement Agency Agreement

7. On December 1, 2011, Organovo’s predecessor, OI, and STV entered into the PAA (Exhibit 1). The PAA was in the form of a letter from OI to STV, and its terms also covered “Pubco,” the to-be-identified public company with which OI would be merged, which would execute a Joinder Agreement (in the form of Exhibit A to the PAA) agreeing to be bound to all the terms and provisions of the PAA. The later-identified public company, after it was renamed Organovo Holdings, Inc., executed the Joinder Agreement on or about January 23, 2012.

8. In the PAA, STV was engaged to “act as exclusive Placement Agent” in connection with the private placement (the “Offering”) of Units of Pubco, which would consist of one share of common stock and one warrant allowing the holder to purchase one share of common stock for \$1.00 within a five-year period. The initial closing of the Offering was to coincide with the reverse merger transaction by which OI and Pubco would merge to become the “Company.” In the PAA, the “Company” refers to “Pubco and [OI] on a combined basis after giving effect to the Offering and the Reverse Merger” (*i.e.*, Organovo). (Ex. 1. at p. 1.)

9. Pursuant to ¶ 1 of the PAA, STV was “appointed as exclusive Placement Agent” to assist Organovo and Pubco in finding qualified subscribers for the Offering. As such, STV was entitled to Agent Compensation in connection with all Units purchased in the Offering.

10. The compensation to be paid to STV for its services in the Offering was set forth in ¶ 3 of the PAA, titled “Placement Agent Compensation.” Subsection 3(a) provides that “the Company will pay” at each Closing an Agent Cash Fee “equal to 10% of the gross proceeds from the sale of the Units consummated at such Closing.” Subsection 3(b) provides that “[a]s additional compensation at each Closing “the Company will issue to the Placement Agent” Agent Warrants exercisable for the “number of shares of Common Stock equaling 20% of the number of shares of Common Stock [] included in the Units” at an exercise price of \$1.00 per share. The Agent Warrants were to be exercisable for five years and would contain customary weighted average anti-dilution price protection provisions and immediate cashless exercise provisions. (Ex. 1 at pp. 9-10, §§ 3(a)-(b)).

11. Organovo also promised to pay compensation to STV for any investments by STV customers during an 18-month “tail” period after the closing of the initial Offering. Subsection 3(d) provides that “the Company shall also pay and issue to the Placement Agent” the

“Agent Compensation calculated according to the percentages set forth in Sections 3(a) and (b)” if any person contacted by STV during the Offering Period with whom STV discussed a potential investment in the Offering (the “Potential Post-Closing Investors”) “invests in the Company (other than through open market purchases)” at any time during the 18 months following the final closing. (The final closing was completed on March 16, 2012.) This additional compensation applies “irrespective of whether such potential investor purchased Units in the Offering” or not. (Ex. 1 at p. 10, § 3(d)).

12. To facilitate Organovo’s identification of investments made by STV customers, § 3(d) further provided:

“The names of potential Post-Closing Investors shall be provided in writing by the Placement Agent to the Company upon request following the Final Closing (the “Post Closing Investor List”). The Company acknowledges and agrees that the Post-Closing Investor List is proprietary to the Placement Agent, shall be maintained in strict confidence by the Company and those persons/entities on such list shall not be contacted by the Company without the Placement Agent’s prior written consent.”

(Ex. 1 at p. 10, § 3(d) (emph. added)).

13. This confidentiality and no-contact clause plainly illustrates the importance to STV of preserving the value of its proprietary customer base and maintaining control over all contacts with its customers – to which Organovo agreed in exchange for obtaining the benefits flowing from STV’s tapping into that pool of investors. Thus, in § 3(d), Organovo both acknowledged the proprietary nature of STV’s customer relationships and covenanted that it “shall” maintain that information in confidence and “shall not” contact those persons for investment purposes without STV’s written consent.

14. A further clause evidencing the importance of STV maintaining control over all contacts with STV customers is found in § 3(f) of the PAA. This clause provides: “In the event

the Company elects to redeem the Warrants pursuant to the provisions thereto [*sic*], [STV] will be engaged as exclusive warrant solicitation agent at least 20 calendar days prior to the time notice of redemption is delivered to holders of Warrants”; and the engagement letter in that case is to “provide for the payment to [STV] of, inter alia, a cash fee of 5% of the exercise price for each warrant exercised that has been solicited by [STV] following a redemption notice.” (Ex. 1 at p. 10). A warrant redemption is essentially a way to force the warrant holders to “use it or lose it” – they must either make a further investment in the company by exercising the warrant at the stated \$1.00 purchase price or have it bought back by the company for one penny. The terms of the Warrants permitted a redemption if the Organovo stock price were at least \$2.50 for 20 consecutive trading days at any time during the five-year life of the warrants (not just within the 18-month tail period). Again, the requirement to engage STV as exclusive agent for this particular type of warrant solicitation is another way in which the parties acknowledged the proprietary nature of STV’s customer contacts and ensured that any solicitation of those customers would be done exclusively through STV.

15. The PAA further provided that STV could designate a person to sit on Organovo’s board of directors. (Ex. 1 § 5(1)). STV designated Adam Stern, at that time a Senior Managing Director at STV and a member of the STV group that solicited investors for Organovo. Mr. Stern was personally involved in the negotiation of the PAA in November 2011 and was well aware of its terms. Mr. Stern resigned as a director of Organovo on or about June 10, 2013.

16. Unbeknownst to STV, Mr. Stern had become a faithless employee and engaged in certain improper actions while at STV. He left STV’s employ in the Fall of 2012 and immediately began working for Aegis Capital Corp., a direct competitor of STV. Upon

information and belief, Mr. Stern used his influence as an Organovo board member and fundraiser to induce Organovo to engage in some of the breaches described below, to advance his personal agenda of punishing STV and serving his own self-interest and his new employer's interests. STV's claims against Mr. Stern are the subject of a pending FINRA arbitration.

17. The PAA also contains a broad indemnification clause in favor of STV. Section 8(a) of the PAA provides:

“Pubco and Organovo ... will: (i) indemnify and hold harmless the Placement Agent, its agents [etc.] ... (each an “Indemnatee” or a “Placement Agent Party”) against, and pay or reimburse each Indemnatee for, any and all losses, claims, damages, liabilities or expenses whatsoever (or actions or proceedings or investigations in respect thereof), joint or several (which will, for all purposes of this Agreement, include, but not be limited to, all reasonable costs of defense and investigation and all reasonable attorneys' fees, including appeals), to which any Indemnatee may become subject ... (y) as a result of the breach of any representation, warranty or covenant made by either Organovo or Pubco herein, regardless of whether such losses, claims, damages, liabilities or expenses shall result from any claim by any Indemnatee or by any third party; and (ii) reimburse each Indemnatee for any legal or other expenses reasonably incurred in connection with investigating or defending against any such loss, claim, action, proceeding or investigation

18. Under this provision, Organovo is obliged to indemnify STV for, among other things, its legal fees and expenses in investigating and seeking redress for Organovo's breaches of its covenants in § 3(d) of the PAA, as described below.

The Post-Closing Solicitations of Further Investments

19. Since the closing of the Offering in March 2012, Organovo has engaged in two publicly-announced mass solicitations of investments from STV customers during the tail period – one in November-December 2012 and one in February-March 2013. On information and belief, Organovo has also engaged in non-public, individual solicitations of STV customers to make further investments without seeking STV's consent or even informing STV.

20. On November 16, 2012, eight months into the 18-month tail period, Organovo launched a tender offer directed specifically to holders of the five-year warrants issued as part of the Units in the initial Offering – *i.e.*, investors that were known by Organovo to be STV’s customers. To induce these investors to make further investments in Organovo, the tender offer gave them the opportunity to simultaneously exchange their existing warrants for amended warrants at a more favorable exercise price – \$.80 rather than the stated \$1.00 price – and immediately exercise the amended warrants to purchase additional shares of Organovo common stock (which was then trading above \$2.00). Organovo issued a letter to those investors, stating that the purposes of this offer were both to reduce the company’s outstanding warrant liability and to raise funds to support the company’s operations; and also issued promotional materials encouraging investments in the company during the tender offer period.

21. Organovo, upon information and belief under the influence of Mr. Stern, did not, as required by the PAA, either ask STV to serve as agent for this offer directed to its customers or ask STV for permission to allow another broker to contact STV customers for this purpose. On the contrary, Organovo intentionally cut STV out of the process and concealed from STV this solicitation of its customers. STV did not learn about the offer until it was publicly announced and its customers began contacting STV after being contacted by Organovo or its agents.

22. The Schedule TO filed with the SEC stated that Organovo had retained Aegis Capital to serve as the Warrant Agent for this investment solicitation, and noted that Mr. Stern was the Head of Private Equity Banking at Aegis Capital. Organovo also issued a form 8-K report with a promotional video presentation to solicit investments, again stating that Organovo had retained Aegis Capital to serve as the Warrant Agent for this investment solicitation and specifically identifying Adam Stern as the contact person there.

23. During the tender offer, upon information and belief, Mr. Stern personally and others at Aegis Capital, as agents for Organovo, repeatedly made contact with STV customers to solicit their further investment in Organovo.

24. The tender offer directed to STV's customer base was successful. According to Amendment no. 4 to the Schedule TO, issued on December 28, 2012, 66% of the outstanding warrant holders exchanged their warrants and exercised the amended warrants to purchase additional shares of Organovo stock, raising a total of about \$7.7 million for Organovo. That is, numerous STV customers, after being improperly contacted by Organovo and Aegis Capital, its designated Agent, invested more than \$7 million in Organovo.

25. Organovo did not pay STV the compensation required by § 3(d) for these \$7.7 million worth of investments by STV customers in Organovo during the tail period.

26. On February 5, 2013, Organovo launched a solicitation of the remaining outstanding warrant holders. This took the form of a warrant redemption pursuant to the provisions of the warrants, as the stock price by then had been at least \$2.50 for more than 20 consecutive trading days. However, Organovo did not retain STV as exclusive agent 20 days in advance as would have been required to invoke § 3(f) of the PAA for this type of solicitation. Organovo mailed a notice of redemption directly to the warrant holders, *i.e.*, the STV customers, soliciting their further investments in the company.

27. Again, this solicitation by Organovo of additional investments by STV customers was successful. As announced in the company's form 8-K report and press release on March 19, 2013, 100% of the affected warrant holders exercised their warrants and purchased additional shares of Organovo stock, raising an additional approximately \$2.3 million for Organovo. Although Organovo had not timely or properly invoked § 3(f) of the PAA, Organovo tried to

cover up for its intentional circumvention of STV by belatedly negotiating (but not finalizing) a warrant solicitation agency agreement and then sending STV payments purportedly representing 5% of the invested amounts

28. In addition, on information and belief, Organovo has also engaged in individual solicitations of investments in Organovo by STV customers. In particular, on information and belief, Mr. Stern and other agents of Organovo individually solicited the exercise of warrants by STV customers outside of the two public solicitation periods discussed above, inducing them to invest an additional \$4.8 million in Organovo. Organovo did not seek STV's written consent before contacting these STV investors, nor did it inform STV of any of these individual investments during the tail period.

29. In sum, between the \$7.7 million invested in the 2012 tender offer and the \$2.3 million invested in the 2013 warrant redemption, plus investments in connection with individual exercises of warrants by STV customers totaling about \$4.8 million, Organovo has obtained approximately \$14.8 million from additional investments by STV customers so far during the 18-month tail period (which continues to September 2013). It has achieved this tremendous value by repeatedly disregarding STV's proprietary customer relationship rights, violating the § 3(d) no-contact provision, and refusing to compensate STV as required by § 3(d). Indeed, Organovo has persisted in that refusal despite several demands by STV.

First Cause of Action
for Breach of Confidentiality/No-Contact Clause

30. STV repeats and realleges the foregoing paragraphs as if fully set forth herein.

31. The PAA is a valid and subsisting agreement between the parties. STV has performed all of its covenants and obligations under the PAA.

32. In § 3(d) of the PAA, Organovo acknowledged that STV's customer list was proprietary to STV and covenanted that the list "shall be maintained in strict confidence by the Company" and that "those persons/entities on such list shall not be contacted by the Company without the Placement Agent's prior written consent."

33. Organovo repeatedly breached the confidentiality/no-contact provisions of § 3(d) of the PAA. In connection with its 2012 tender offer, its 2013 warrant redemption, and individual solicitations, Organovo repeatedly contacted STV investors to solicit additional investments. Such improper contacts were made by Organovo through, among others, its director Mr. Stern and its agent, Aegis Capital (also represented by Mr. Stern). Indeed, Aegis Capital was expressly retained and paid to serve as Organovo's agent for such improper contacts with STV customers during the tender offer.

34. Organovo did not obtain, or even seek, STV's prior written consent to any of these improper contacts.

35. STV has been damaged as a proximate result of Organovo's breaches of the § 3(d) confidentiality/no-contact clause. Organovo's misuse of STV's valuable proprietary information and blatant violation of the no-contact rule enabled Organovo to raise about \$14.8 million that it would not have raised had it adhered to the no-contact provision of § 3(d). Organovo was thus unjustly enriched by about \$14.8 million due to its wrongful conduct at STV's expense, which amount should be disgorged to STV. Indeed, the value to Organovo of tapping directly into STV's investor base exceeds \$14.8 million because the capital so raised was essential to Organovo's continued viability as a business.

36. STV is also entitled to damages for injury to STV's business and customer relationships as a result of Organovo's improper solicitations of STV customers. A number of

STV customers objected to being contacted by multiple brokers, were unhappy that their information had been shared, or thought less of STV when it appeared not to be knowledgeable about the company it sponsored. STV has thus suffered a loss of customer good will in an amount that cannot yet be determined but will be proven at the hearing.

37. In addition, pursuant to the indemnification provision of § 8(a) of the PAA, STV is entitled to be reimbursed for its expenses, including attorneys' fees, arising from Organovo's breach of its confidentiality/no-contact covenants in § 3(d).

Second Cause of Action
for Breach of Tail Compensation Clause

38. STV repeats and realleges the foregoing paragraphs as if fully set forth herein.

39. The PAA is a valid and subsisting agreement between the parties. STV has performed all of its covenants and obligations under the PAA.

40. In § 3(d) of the PAA, Organovo promised that it would pay STV the compensation calculated according to §§ 3(a) and (b) if any person contacted by STV during the Offering Period with whom STV discussed a potential investment in the Offering "invests in the Company (other than through open market purchases)" at any time during the 18-month tail period following the final closing. STV customers did invest in the Company in non-market purchases in the November-December 2012 tender offer, as well as in connection with individual warrant exercises, for a total of about \$12.5 million in additional investments.

41. Because these investments by STV customers occurred during the contractually-agreed tail period, STV was entitled to be paid the 10% cash and 20% warrants compensation set forth in §§ 3(a) and (b). The amounts due for these investments totaled about \$1,253,277 in cash and 2,889,687 placement agent warrants.

42. However, Organovo repeatedly and intentionally breached the tail compensation clause of § 3(d) of the PAA. Organovo failed to pay any compensation at all to STV in connection with the 2012 tender offer or any of the individual warrant exercises.

43. STV has been damaged as a proximate result of Organovo's breaches of the § 3(d) tail compensation clause, insofar as it was not paid approximately \$1,253,277 in cash and 2,889,687 placement agent warrants to which it was entitled. STV is entitled to interest on those amounts running from the dates of the investments.

44. In addition, pursuant to the indemnification provision of § 8(a) of the PAA, STV is entitled to be reimbursed for its expenses, including attorneys' fees, arising from Organovo's breach of its tail period compensation covenant in § 3(d).

Third Cause of Action
for Declaratory and Equitable Relief

45. STV repeats and realleges the foregoing paragraphs as if fully set forth herein.

46. The 18-month tail period extends until September 16, 2013. In light of the foregoing breaches of both the non-contact and compensation clauses of § 3(d), and given that there may have been or may yet be additional contacts with STV investors and/or additional investments by STV customers about which STV is presently unaware, STV is also entitled to declaratory and/or equitable relief enforcing the terms of § 3(d).

47. In particular, STV is entitled to a judgment specifically enforcing the confidentiality and no-contact provisions of § 3(d); declaring that STV must be compensated in accordance with the 10% cash and 20% warrants provisions of §§ 3(a)-(b) for any investments by STV customers prior to September 17, 2013; and granting an accounting in order to identify all contacts with and/or investments made by STV customers and calculate the compensation due and/or damages to STV resulting therefrom.

Request for Relief

WHEREFORE, STV respectfully requests entry of an award against Organovo as follows:

- A. Granting expedited procedures pursuant to Rules 16.1 and 16.2 of the JAMS Comprehensive Arbitration Rules & Procedures;
- B. Granting STV compensatory damages for the losses suffered as a result of Organovo's wrongful acts, plus pre-judgment interest at the New York statutory rate;
- C. Ordering restitution of the amounts by which Organovo and Aegis Capital were unjustly enriched;
- D. Granting specific enforcement of all terms of § 3(d) of the PAA;
- E. Granting declaratory relief declaring STV's entitlement to compensation under § 3(d) of the PAA for any investments in Organovo by STV customers during the 18-month tail period;
- F. Granting an accounting to identify all such investments, all contacts with STV customers, and any resulting damages;
- G. Granting STV punitive damages for Organovo's willful, wanton misconduct;
- H. Granting STV the costs, expenses and disbursements of this action, including attorneys' fees; and
- I. Granting STV such other and further relief as is just, equitable, and proper.

Dated: New York, New York
June 27, 2013

PROSKAUER ROSE LLP

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