

February 17, 2006

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Research Agreements between the University of Michigan and Ascenta Therapeutics, Inc.

Action Requested: Authorization to enter into Agreements

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the proposed research agreements which then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflicts of interest was then developed by the Board and agreed to by the parties involved.

The proposed agreements fall under the State of Michigan Conflict of Interest Statute because Drs. Marc Lippman, Shaomeng Wang and Dajun Yang are employees of the University of Michigan ("University") and partial owners of a for-profit start-up company called Ascenta Therapeutics, Inc. (previously AccuTherapeutics, Inc.) (the "Company"). Drs. Lippman and Wang are also Directors and members of the Company's Scientific Advisory Board. Dr. Yang is also an employee and Officer of the Company. The law permits such agreements provided it is disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Drs. Marc Lippman, Professor and Chair of Internal Medicine, Shaomeng Wang, Associate Professor of Internal Medicine and Assistant Professor of Pharmacy, and Dajun Yang, Associate Professor of Internal Medicine, have equity interests and other management positions in the Company. The Company wishes to support research contracts for further development of the inventions made by Drs. Lippman, Wang and Yang. A technology license has been disclosed under separate Regental Action.

Nature of the Agreement:

The Company has received a license from the University that relates to the subject of the research projects. The proposed projects involve study and testing to further develop promising small molecule inhibitors for use against various cancers. One of the proposed projects is a subcontract from the Company under a grant it has received from the National Institutes of Health. The other projects

involve the transfer of proprietary material from the Company to the University for use in research not financially supported by the Company.

Agreement Terms:

The terms of the proposed agreements conform to University policy. Dr. Liang Xu, Assistant Research Scientist, Department of Internal Medicine, who is an inventor of technology licensed to the Company but has no direct financial interest in the Company, will direct one of the projects over an initial one-year period at an estimated cost of \$100,000. Dr. Wang is participating as a co-investigator at the University.

The other projects will be directed respectively by Dr. Thomas Carey of the Department of Otolaryngology and Dr. Kenneth Pienta of the Department of Internal Medicine. Dr. Yang is not participating in any of these projects as a University employee but will be the principal investigator at the Company for Dr. Xu's project. The contracts include a provision allowing extension and modification of the projects upon mutual agreement of the parties (collectively "Agreements"). University procedures for approval of these changes will be followed and additional review by the Conflict of Interest Board will be done as appropriate.

None of these projects involve human subjects.

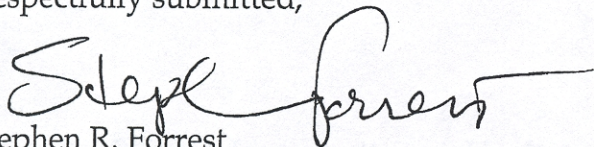
Impact of the Agreement:

These studies will provide further information that will assist the Company in developing compounds, obtaining regulatory approvals, and commercializing small molecule technologies as therapeutic agents.

Recommendation:

These matters were reviewed and approved by the Medical School Conflict of Interest Board. In light of the disclosure made in this document and our finding that the Agreements were negotiated in conformance with standard University practices, I recommend that the Regents approve the University's entering into these Agreements with Ascenta Therapeutics, Inc.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

February 2006