

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

ACTION REQUEST

March 17, 2006

Subject: Option Agreement between the University of Michigan and Fusion Therapeutics, Inc.

---

Action Requested: Approval of Option Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement which then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest was then developed by the Board and agreed to by the parties involved.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Dr. Arul Chinnaiyan is both an employee of the University of Michigan ("University") and a partial owner of Fusion Therapeutics, Inc. The law permits such an Agreement 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:

Dr. Arul Chinnaiyan, an Associate Professor in Pathology, is the partial owner of and Chair of the Scientific Advisory Board for a for-profit company called Fusion Therapeutics, Inc. ("Fusion"). Fusion was formed recently to develop prostate cancer therapeutics and desires to obtain an option to license the following technology from the University:

UM File No. 2146, entitled: "Expression Profile of Prostate Cancer" (Arun Sreekumar, Mark Rubin, Arul Chinnaiyan, Bharathi Laxman)

UM File No. 3199, entitled: "Identification of Recurrent Gene Fusions in Prostate Cancer" (Daniel Rhodes, Arul Chinnaiyan, Scott Tomlins)

Parties to the Agreement:

The Regents of the University of Michigan and Fusion Therapeutics, Inc.

Option Terms:

Option terms include giving Fusion an option for twelve months to obtain an exclusive license with the right to grant sublicenses in the field of use of therapeutics. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is



obligated or contemplated under the Agreement. Standard disclaimers of warranties and indemnification apply, and the contract may be amended by consent of the parties. Additional review by the Conflict of Interest Board will be done as appropriate.

Pecuniary Interest:

The pecuniary interest of Dr. Chinnaiyan arises from his ownership interest in Fusion. He has waived any personal participation in the sharing of revenue received by the University.

Net Effect:

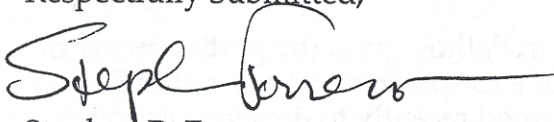
The Office of Technology Transfer has negotiated and finalized the terms of an exclusive option agreement for patents related to UM File Nos. 2146 and 3199 for the fields of use of therapeutics.

Fusion will obtain evaluation rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. In light of this disclosure and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the Option Agreement between the University and Fusion Therapeutics, Inc.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

March 2006