

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

March 17, 2006

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Phrixus Pharmaceuticals, 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 Professor Joseph Metzger is both an employee of the University of Michigan ("University") and a partial owner of Phrixus Pharmaceuticals, 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. Metzger, a Professor of Molecular and Integrative Physiology, is the partial owner of a for-profit company called Phrixus Pharmaceuticals, Inc. ("Phrixus"). He also is a member of the Scientific Advisory Board for Phrixus.

Phrixus was formed recently to commercialize methods and applications of Poloxamer 188 for the prevention of cardiomyopathy and desires to obtain an option to the following technology:

UM File No. 3015, entitled: "Methods and Compositions for the Prevention of Cardiomyopathy and Muscle Injury" (Joseph Metzger, DeWayne Townsend, Soichiro Yasuda, Daniel Michele)

Parties to the Agreement:

The Regents of the University of Michigan and Phrixus Pharmaceuticals, Inc.

Option Terms:

Option terms include giving Phrixus a one-year option to obtain an exclusive license. Phrixus will pay for ongoing patent expenses, perform technical diligence, and provide a business plan that describes Phrixus' intention and ability to develop and commercialize the licensed technology. 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. Metzger arises from his ownership interest in Phrixus. He has waived any personal participation in the sharing of revenue received by the University.

Net Effect:

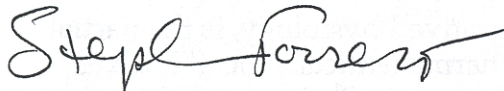
The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM File No. 3015 for all fields of use.

Phrixus will obtain use and 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 Phrixus Pharmaceuticals, Inc.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

March 2006