

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

May 15, 2008

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Tissue Regenerative Systems, Inc.

Action Requested: Approval of Patent License Agreement

Preamble:

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

This proposed Patent License Agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Drs. Scott Hollister, Frank LaMarca, Stephen Feinberg, Suman Das, and Chia-Ying Lin are all employees of the University of Michigan ("University") and partial owners of Tissue Regenerative Systems, Inc. ("TRS"). 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:

Drs. Scott Hollister, an Associate Professor in Biomedical Engineering, Frank La Marca, a Clinical Assistant Professor in Neurosurgery, Stephen Feinberg, a Professor in Oral and Maxillofacial Surgery Department, Suman Das, an Assistant Professor in Mechanical Engineering, and Chia-Ying Lin, a Research Assistant Professor in the Department of Neurosurgery, are all partial owners of a for-profit company called TRS. TRS was formed to commercialize regenerative tissue engineering, and desires to license the following technologies from the University:

UM File No. 2129, entitled "Design Methodology for Tissue Engineering Scaffolds and Biomaterial Implants" (Juan Taboas, Tien-Min Chu, Scott Hollister)

UM File No. 1704, entitled "Rapid Vascularization of Bioengineered Tissues" (William Murphy, David Mooney, David Kohn, Martin Peters)

UM File No. 1704d1, entitled "Mineralization and Biological Modification of Biomaterial Surfaces" (William Murphy, David Mooney, David Kohn, Martin Peters)

UM File No. 3361, entitled "Engineered Scaffolds for Intervertebral Disc Repair and Regeneration" (Scott Hollister, Frank LaMarca, Sara Mantilla, Suman Das, Chia-Ying Lin)

UM File No. 3360, entitled "Designed Degradable Cage Coated with Mineral Layers for Spine Interbody Fusion" (Chia-Ying Lin, William Murphy, Scott Hollister, Suman Das)

UM File No. 2954, entitled "A Biodegradable Implant for Intertransverse Process Fusion (Scott Hollister, Karen Bovid, Chia-Ying Lin, Frank LaMarca)

UM File No. 2130, entitled "Controlled Micro/Macro porous 3D Plastic Polymer and Ceramic/Cement Composite Scaffold Fabrication and Applications Thereof" (Tien-Min Chu, Paul Krebsbach, Rachel Maddox, Scott Hollister)

Parties to the Agreement:

The Regents of the University of Michigan and Tissue Regenerative Systems, Inc.

License Terms :

License terms include giving TRS an exclusive license with the right to grant sublicenses. Terms of the license agreement will include an upfront payment, royalty on sales, milestones for development, and annual fees. The University will retain ownership of the licensed 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. University procedures for approvals of the changes will be followed and additional conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Drs. Scott Hollister, Frank LaMarca, Stephen Feinberg, Suman Das, and Chia-Ying Lin arise from their ownership interest in TRS.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a worldwide exclusive license agreement for patents related to UM OTT File Nos. 2129, 1704, 1704d1, 2954, 2130, 3360, and 3361 for the field of use of human and animal health.

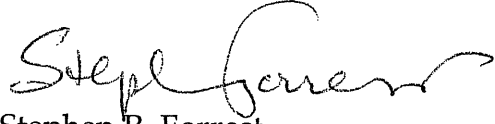
TRS will obtain use and commercialization rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee. 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 License Agreement between the University and TRS.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest". The signature is written in a cursive style with a large, looping initial "S".

Stephen R. Forrest
Vice President for Research

May 2008