

THE UNIVERSITY OF MICHIGAN

Approved by the Regents  
September 17, 2009

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Subcontract Agreement between the University of Michigan and Alluvium Biosciences, Inc.

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research, Development & Administration while reviewing the Proposal Approval Form. This 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 developed by this Committee and agreed to by the parties involved.

This proposed subcontract agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor David Sherman is an employee of the University of Michigan ("University") and a founder and member of the Board of Directors, Scientific Advisory Board, and a Consultant to Alluvium Biosciences, Inc. and Dr. Jeffrey Kittendorf is an employee of the University and an employee and part owner of Alluvium Biosciences, 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. David Sherman is a Professor of Medicinal Chemistry in the College of Pharmacy, Professor of Microbiology and Immunology in the Medical School, Professor of Chemistry in the College of Literature, Sciences and the Arts, and Research Professor of the Life Sciences at the Life Sciences Institute and is also a founder, member of the Board of Directors, member of the Scientific Advisory Board, and Consultant to Alluvium Biosciences, Inc. ("Company"). The Company is a privately held, for-profit company. Dr. Jeffrey Kittendorf is a Research Fellow, Life Sciences Institute, College of Pharmacy, Department of Medicinal Chemistry, and is also an employee and part owner of the Company.

Nature of the Agreement:

The Company anticipates an award from the National Institutes of Health (NIH) under the under the Small Business Technology Transfer (STTR) program. The

Company would like to subcontract a portion of the work under this award to the University, under the direction of Dr. Sherman, as Principal Investigator. Dr. Kittendorf will have no role at the University in the research to be performed by and under the direction of Dr. Sherman at the University.

Agreement Terms:

The terms of the Agreement will conform to University policy. Under the project, total funding of \$94,000 is anticipated to cover a period of twelve months. In the event of an amendment, the Agreement will provide for changes in time, amount, and scope of the project. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

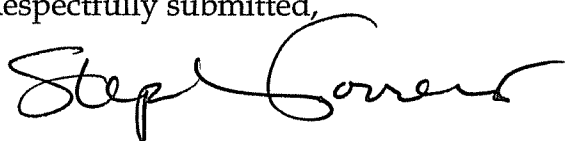
Impact of the Agreement:

The Agreement will enable the University to participate in an important research effort in the area of high throughput chemoenzymatic synthetic platforms for the synthesis of novel cryptophycins in support of oncology therapies.

Recommendation:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee. In light of this disclosure made in this document and our finding that the agreement will be negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into this Agreement with Alluvium Biosciences, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest". The signature is fluid and cursive, with the first name "Stephen" and last name "Forrest" clearly distinguishable.

Stephen R. Forrest  
Vice President for Research

September 2009