

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

October 20, 2006

ACTION REQUEST

Subject: Visitor Agreement between the University of Michigan and Phrixus Pharmaceuticals, Inc.

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the proposed 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 conflicts of interest was then developed by the Board and agreed to by the parties involved.

This proposed visitor agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Joseph Metzger, Ph.D., Professor, Department of Molecular and Integrative Physiology, is a partial owner and member of the Scientific Advisory Committee of a for profit company, Phrixus Pharmaceuticals, Inc. (hereinafter "Company"). The Company wishes to enter into the Agreement. 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. Joseph Metzger, Professor, Department of Molecular and Integrative Physiology, is a partial owner and member of the Scientific Advisory Committee of the Company. The Company has two employees who are familiar with a technique for making certain compounds that Dr. Metzger uses in his research but has been purchasing from a large chemical company.

Nature of the Agreement:

This proposed project will be the Agreement between the Company and the Regents of the University of Michigan (UM) to allow two Company employees to visit Dr. Metzger's lab during normal business hours to teach him how to make certain compounds. No materials will be transferred in connection with the Agreement.

Agreement Terms:

The terms of the proposed Agreement conform to University policy. Dr Metzger will host two Company employees for one year and during that time will learn how to produce certain compounds. There are no licensing provisions in the Agreement and no cash transaction is involved. The Agreement may be extended in the time and scope of work. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

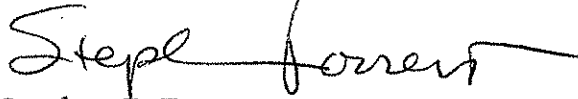
Impact of the Agreement:

The Agreement enables Dr. Metzger to learn a cost-effective way to acquire compounds that he uses in his research.

Recommendation:

This matter was 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 Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into this Agreement with Phrixus Pharmaceuticals, Inc.

Respectfully submitted,



Stephen R. Forrest  
Vice President for Research

October 2006