

ACTION REQUEST

Subject: License Agreement between the University of Michigan and Vega Therapeutics, Inc.

Action Requested: Approval of License Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement. 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 then developed and approved by this Committee and agreed to by the parties involved in this plan.

This proposed license agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Alan R. Saltiel is both an employee of the University of Michigan ("University") and a partial owner of Vega 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. Alan R. Saltiel, a Professor and the Director of the Life Sciences Institute, is the partial owner of a for-profit company called Vega Therapeutics, Inc. ("Company"). The Company was formed recently to commercialize methods for the treatment of insulin resistance, diabetes and obesity and desires to license from the University of Michigan the University's rights associated with the following technology:

UM OTT File No. 3946, entitled: "Treatment of Obesity, Insulin Resistance, Diabetes and Related Disorders" (Alan R. Saltiel, Carey Nien-Kai Lymeng, Shian-Huey Chiang and Merlijn Bazuine)

UM OTT File No. 4801, entitled: "Treatment for Obesity, Diabetes, Steatosis, Nonalcoholic Steatotic Hepatitis and Related Disorders" (Alan R. Saltiel and Stuart Decker)

The Office of Technology Transfer selected the Company as a University partner and negotiated the terms of the proposed Agreement in accordance with University policy and its accepted licensing principles.

Parties to the Agreement:

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

Agreement Terms Include:

Agreement terms include granting the Company an exclusive license with the right to grant sublicenses. The Company will pay royalty and reimburse patent costs during the term of the license. 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 Agreement may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Saltiel arise from his ownership interest in Vega Therapeutics, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a license agreement for patents related to UM OTT File No. 3946 and 4801 in the fields of use of therapeutics. The Company 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 Vega Therapeutics, Inc.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

November 2010