

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

April 21, 2006

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and InflaRX, 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 Dr. Renfeng Guo is both an employee of the University of Michigan ("University") and a partial owner of InflaRX, 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. Guo, a Research Assistant Professor in the Department of Pathology at the Medical School, is the partial owner of a for-profit company called InflaRX, Inc. InflaRX, Inc. was formed recently to commercialize therapeutics for acute inflammatory diseases such as sepsis, and desires to option the following technology from the University:

UM OTT File No. 1663c1, entitled: "Compositions and Methods for the Treatment of Sepsis" (Peter Ward, Boris Czermak, Vidya Sarma, and Markus Huber-Lang)

UM OTT File No. 1663p1, entitled: "Anti-C5a for the Treatment of Sepsis" (Ward, Sarma, and Huber-Lang)

UM OTT File No. 2416, entitled: "Diagnostic Test for Sepsis" (Ward, Renfeng Guo and Niels Riedemann)

Parties to the Agreement:

The Regents of the University of Michigan and InflaRX, Inc.

Option Terms:

Option terms include giving InflaRX, Inc. an exclusive option with the right to exercise the option and enter into an exclusive license agreement. 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 review by the Conflict of Interest Board will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Guo arise from his ownership interest in InflaRX, Inc. 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 a world-wide exclusive option agreement for patents related to UM OTT File Nos. 1663p1; 1663c1; and 2416 for the field of use of human therapeutics.

InflaRX, Inc. will obtain use and commercialization 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 InflaRX, Inc.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

April 2006