

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

ACTION REQUEST

September 20, 2007

Subject: Subcontract Agreements between the University of Michigan and Incept Biosystems, Inc.

Action Requested: Authorization to enter into Agreements

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the proposed agreements which then triggered a review by the OVPR Conflict of Interest Review Committee and by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflicts of interest will be developed and adopted by the Committee and the Board prior to signature of the Agreements by the University of Michigan.

The proposed agreements ("Agreements") fall under the State of Michigan Conflict of Interest Statute because Professors Shuichi Takayama and Gary D. Smith are both employees of the University of Michigan ("University"), partial owners of, and members of the Scientific Advisory Board and Board of Directors for Incept Biosystems ("Incept"). The law permits such Agreements 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. Shuichi Takayama is an Associate Professor in Biomedical Engineering and Macromolecular Science and Engineering, and Dr. Gary D. Smith is an Associate Professor in Molecular and Integrative Physiology, Obstetrics and Gynecology, and Urology and are founding owners of Incept and members of the Scientific Advisory Board and Board of Directors for Incept. A license agreement with Incept has already been reviewed by the OVPR Conflict of Interest Review Committee and disclosed under separate Regental Action.

Nature of the Agreement:

There are currently three proposed projects involving use or further development of technology licensed by the University to Incept. Two of these agreements will be subcontracts from federal grants awarded to Incept.

Agreement Terms:

The terms of the proposed Agreements conform to University policy.

Microfluidics For In Vitro Maturation of Mammalian Oocytes will be directed by Dr. Yolanda Smith, Associate Professor, Obstetrics and Gynecology at an estimated cost of \$71,000 over a twelve-month period.

Stability of Osmolality on a Micro-fluidic Chip will be directed by Dr. Douglas Noll, Professor, Biomedical Engineering, at an estimated cost of \$4,404 over a twelve-month period.

Improved Implantation and Pregnancy Using Microfluidic Embryo Culture will be directed by Dr. Gary Smith at an estimated cost of \$45,923 over a seven-month period.

All three Agreements include a provision allowing extension and modification upon mutual agreement of the parties. University procedures for approval of the changes will be followed and additional conflict of interest review will be done as appropriate.

These projects do not involve human subjects.

Impact of the Agreement:

These Agreements will enable further research that will assist the Company and the University in developing licensed technologies.

Recommendation:

These matters will be reviewed and approved by the OVPR Conflict of Interest Review Committee and the Medical School Conflict of Interest Board and conflict of interest management plans will be adopted prior to signature of the Agreements by the University. In light of the disclosures made in this document and our finding that the Agreements will be in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into these Agreements with Incept Biosystems, Inc.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

September 2007