

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

October 25, 2007

ACTION REQUEST

Subject: Master 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 will be developed by the Board and agreed to by the parties involved.

This proposed research agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Joseph Metzger is both an employee of the University of Michigan ("University") and a partial owner of and member of the Scientific Advisory Board for Phrixus ("Company"). 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. Metzger, a Professor of Molecular and Integrative Physiology, is the partial owner of and a member of the Scientific Advisory Board for a for-profit company called Phrixus Pharmaceuticals, Inc. ("Phrixus"). Company wishes to have the University participate in various projects that Company will support independently or from grants from federal agencies related to technology licensed or optioned to the Company by the University. The role of Dr. Metzger in each project will be described in a project statement and a conflict of interest management plan will be developed. An option to the Company to license technology related to this research has been disclosed under separate Regental Action.

Nature of the Agreement:

The University will enter into a master agreement with the Company that will cover standard procedures for performance of projects, as well as, provisions implementing University and federal policies related to intellectual property and publication. The master agreement will cover an initial five-year period with a total authorization not to exceed \$500,000. The University will use standard sponsored project accounting procedures to determine the cost of each project. Budgets will be reviewed and approved by authorized representatives of each

department and school/college where projects are to be performed. The master agreement will allow the University and the Company to specify projects that the University will conduct under the terms of the master agreement. Since research projects are often amended, the master agreement includes provisions for changes in time, amount, and scope of each supported project. University procedures for approval of each project will be followed and additional review by the Medical School Conflict of Interest Board will be done on a project-by-project basis.

Agreement Terms:

The master agreement will enable research to be performed in a timely manner to explore and further develop the technology licensed to the Company from the University regarding methods and applications of Poloxamer 188 for the prevention of cardiomyopathy. It also provides for ongoing support and collaboration between the Medical School and a University start-up company.

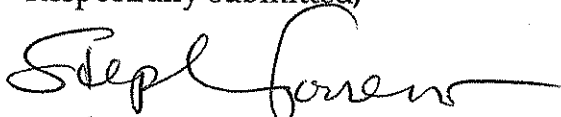
Impact of the Agreement:

This evaluation will provide further information that will assist the Company and Michigan in developing licensed technologies.

Recommendation:

This matter will be reviewed and approved by the Medical School Conflict of Interest Board and a conflict of interest management plan will be developed to manage the potential conflict of interest risks associated with each project that will be implemented under the terms of the master agreement prior to the University's acceptance of any individual project. In light of the 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 master Agreement with Phrixus Pharmaceuticals, Inc.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

October 2007