

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

October 25, 2007

ACTION REQUEST

Subject: Amendment to Option Agreement between the University of Michigan and Phrixus Pharmaceuticals, Inc.

Action Requested: Approval of Amendment

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 amendment to option 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. 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"). Phrixus was formed recently to commercialize methods and applications of Poloxamer 188 for the prevention of cardiomyopathy and obtained an option to certain university technology. Phrixus would like to add an additional file to the existing option:

UM File No. 3838, entitled: "Methods and Compositions Relating to Skeletal Muscle Injury/Damage and Poloxamer-Based Skeletal Muscle Repair"
(Joseph Metzger and John Faulkner)

Parties to the Agreement:

The Regents of the University of Michigan and Phrixus Pharmaceuticals, Inc.

Agreement Terms:

Agreement terms include adding to the above-referenced technology to the current option agreement and extending the option period to October 24, 2008. Phrixus will pay for ongoing patent expenses, perform technical diligence, and provide a business plan that describes Phrixus' intention and ability to develop and commercialize the licensed technology. The University will retain ownership of the optioned 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 interest of Dr. Metzger arises from his ownership interest in Phrixus.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an amendment to option agreement for patents related to UM OTT File No. 3015 and 3838 for all fields of use.

Phrixus will obtain use and evaluation 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 Agreement between the University and Phrixus Pharmaceuticals, Inc.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

October 2007