

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

December 15, 2006

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Innovational Therapeutics, 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 this Board and agreed to by the parties involved.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Mr. Ewen Nichol is both an employee of the University of Michigan ("University") and a partial owner, director and officer of Innovational 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:

Mr. Ewen Nichol, a Physician's Assistant in the Department of Radiology, is a partial owner, director and officer of a for-profit company called Innovational Therapeutics, Inc. ("Innovational"). Innovational was formed to commercialize a device for endovascular treatment of intracranial aneurysms, and desires to option the following technology from the University:

UM File No. 2779, entitled: "MES: A Novel Device For The Endovascular Treatment of Intracranial Aneurysms" (Inventors: Ewen Nichol and Dr. Nasser Razack, Director of Interventional Neuroradiology, Bayfront Medical Center, St. Petersburg, FL [Formerly: Clinical Assistant Professor, U-M Radiology Department])

Parties to the Agreement:

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

Option Terms:

Option terms include giving Innovational an exclusive twelve (12) month option. 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 interest of Mr. Nichol arises from his ownership interest in Innovational.

Net Effect:

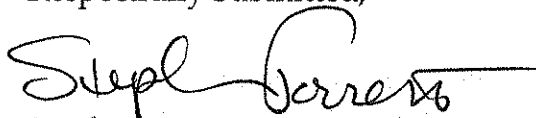
The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM OTT File No. 2779 for the fields of use of interventional radiology, endovascular surgery, cardiology and other therapeutic fields involving minimally invasive procedures.

Innovational will obtain use but not 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 Innovational Therapeutics, Inc.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

December 2006