

ACTION REQUEST

Subject: Fourth Amendment to License Agreement between the University of Michigan and RenaMed Biologics, Inc.

Action Requested: Approval of Fourth 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 fourth amendment agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor H. David Humes is both an employee of the University of Michigan ("University") and a partial owner of RenaMed Biologics, Inc. ("RenaMed," formerly known as Nephros Therapeutics, Inc.). Dr. Humes also is a director and Chair of the Medical and Scientific Advisory Board for RenaMed. 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. Humes, a Professor in the Department of Internal Medicine, Division of Nephrology, is the partial owner of and manager for a for-profit company called RenaMed. In 1994, Dr. Humes formed the company, Nephros Therapeutics, Inc. ("Nephros"), to generate investment to further develop certain technologies in the area of bioartificial reproduction of kidney function.

In 1996, the Regents of the University of Michigan entered into a license agreement with Nephros for the original inventions made by Dr. Humes. Since that time, additional inventions relating to the original technology have been disclosed to the Office of Technology Transfer and patent applications have been filed to protect the inventions. A number of former amendments to the original license have been made to add these inventions. In addition, the company has changed its name from Nephros to RenaMed.

Currently, RenaMed desires to license the following technology from the University:

UM OTT File No. 3123, entitled: "Use of Renal Tubule Cells for the Treatment of Cardiorenal Syndrome and Primary Essential Hypertension" (David Humes)

Parties to the Agreement:

The Regents of the University of Michigan and RenaMed Biologics, Inc.

Amendment Terms:

Amendment terms include adding the above-referenced invention into RenaMed's exclusive license with the right to grant sublicenses. RenaMed will pay a royalty on sales and reimburse patent costs. 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 contract 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 Review Committee will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Humes arises from his ownership interest in RenaMed. He has waived any personal participation in the sharing of revenue received by the University.

Net Effect:

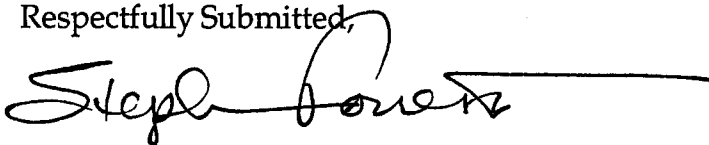
The Office of Technology Transfer has negotiated and finalized the terms of an amendment to the existing license agreement for patents related to UM OTT File No. 3123 in all fields of use.

RenaMed 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 Amendment Agreement between the University and RenaMed Biologics, Inc.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

May 2006