

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Research Agreement between the University of Michigan and RenaMed Biologics, 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 was then 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 H. David Humes is both an employee of the University and a director and partial owner of RenaMed Biologics, Inc. (formerly Nephros 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:

Dr. H. David Humes, Professor of Internal Medicine, Division of Nephrology, is the director and partial owner of RenaMed Biologics, Inc., a small business (hereafter the "Company"). The Company desires to fund and participate in performing clinical and other research at the University of Michigan Medical School.

Nature of the Agreement:

The Company has licensed proprietary technology from the University and has developed proprietary technology of its own. The University holds an equity interest in the Company.

The University has obtained a grant from the Michigan Life Sciences Corridor Fund ("MLSCF") to conduct a clinical study to evaluate the safety and function of a bioartificial tubule assist device in end stage renal disease. As a condition of the University's receipt of the grant, the Company has received a subcontract for a portion of the grant. The Company now wishes to enter into the Agreement to provide supplemental funding for the MLSCF project under the direction of Dr. Frank Brosius, Professor of Internal Medicine, Division of Nephrology.

Agreement Terms:

The terms of the proposed Agreement conforms to University policy. The Company will support a sponsored project entitled *Supplemental Funding for Adult Stem Cell Therapy for Patients with End-Stage Renal Disease* which will be directed by Dr. Brosius over a 21 month period at an estimated cost of \$300,000.

This project will be reviewed and approved by the Institutional Review Board prior to enrollment of subjects.

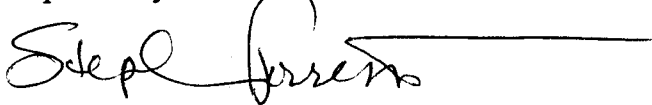
Impact of the Agreement:

This Agreement enables the research and clinical investigation of a new technology for and optimization of the device for patients with end stage renal disease.

Recommendation:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. In light of the disclosure made in this document and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into this Agreement with RenaMed Biologics, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest", with a long horizontal line extending to the right.

Stephen R. Forrest
Vice President for Research

June 2006