

THE UNIVERSITY OF MICHIGAN

Approved by the Regents  
June 21, 2012

REGENTS COMMUNICATION

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Opsidio, 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 that 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 and approved by this Board and agreed to by the parties involved in this plan.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professors Nicholas Lukacs, Steven Kunkel, and Cory Hogaboam are employees of the University of Michigan ("University") and partial owners of Opsidio, 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. Lukacs, Assistant Dean of Research and Faculty and Professor of Pathology, Dr. Kunkel, Senior Associate Dean of Research and Endowed Professor of Pathology, and Dr. Hogaboam, a Professor of Pathology, in the Medical School, are the partial owners of a for-profit company called Opsidio, Inc. (the "Company"). The Company was formed recently to commercialize a therapeutic for attenuation of fibrosis and related disorders and desires to option from the University of Michigan to the University's rights associated with the following technology:

UM OTT File No. 4063, entitled: "Therapeutic for Attenuation of Fibrosis"  
(Lukacs, Kunkel, Hogaboam, Vladislav Dolgachev, and Sem Phan)

The Office of Technology Transfer selected the Company as a University partner and negotiated the terms of the proposed Agreement in accordance with University policy and its accepted licensing principles.

Parties to the Agreement:

The Regents of the University of Michigan and Opsidio, Inc.

Agreement Terms Include:

Agreement terms include granting the Company an option to obtain an exclusive license with the right to grant sublicenses. The Company will pay a royalty on sales and reimburse patent costs. The University may receive equity in the Company, along with the right to purchase more equity. 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, such as adding related technology. 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 interests of Drs. Lukacs, Kunkel, and Hogaboam arise from their ownership interest in Opsidio, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option for patents related to UM OTT File No. 4063 in all fields of use.

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 Opsidio, Inc.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Stephen R. Forrest".

Stephen R. Forrest  
Vice President for Research

June 2012