

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

*Project received*

MOTION  
*Maynard*  
*Brandon*  
APPROVED BY THE REGENTS

ACTION REQUEST

DEC 15 2005

Subject: Subcontract Agreement between the University of Michigan and Innovative Biotherapies, Inc.

Action Requested: Authorization to enter into Agreement

Preamble:

A conflict of interest situation was identified by DRDA while reviewing the Proposal Approval Form that then triggered a review by the Medical School's Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest was developed by the committee and agreed to by the parties involved in this agreement.

This proposed Agreement falls under the State of Michigan Conflict of Interest Statute because Dr. H. David Humes is both an employee of the University and a founder, owner, director and officer of Innovative Biotherapies (InnoBio). 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.

Background:

Dr. H. David Humes, Professor of Internal Medicine, Division of Nephrology is both an employee of the University (70%) and a founder, owner, director and officer of InnoBio. InnoBio wishes to have the University participate as a subcontractor under an InnoBio Small Business Technology Transfer grant.

Nature of the Agreement:

The Company has applied for and will receive funding from the National Institutes of Health. This proposed project will constitute a subcontract to the University to provide services under the InnoBio's grant. Dr. Humes will serve as the Principal Investigator on the subcontract.

Agreement Terms:

The terms of the proposed Agreement conform to University policy. The project at the University is to be conducted over an initial twelve month period at an estimated total cost of \$125,937. Since research agreements are often amended, the Agreement includes provisions for changes in time, amount, and scope. University procedures for approval of these changes will be followed and additional review by the Conflict of Interest Committee will be done as appropriate.

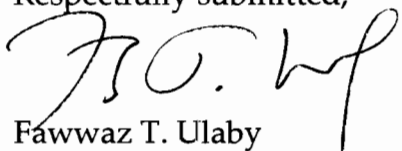
Impact of the Agreement:

The agreement enables research to be performed to explore cell therapy for septic shock with the ultimate objective of developing a miniature cellular device. The proposed research plan applies a new technology to the engineering of therapy related to systemic inflammatory response syndrome. It also provides for ongoing support and collaboration between the Medical School and a University start-up company.

Recommendation:

This matter has been reviewed and approved by the Medical School's Conflict of Interest Board and by the Associate Dean for Research of the Medical School. 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 Innovative Biotherapies, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'F. T. Ulaby', written in a cursive style.

Fawwaz T. Ulaby  
Vice President for Research

December 2005