



OFFICE OF THE CHANCELLOR

December 4, 2007

The Honorable Thomas V. Mike Miller, Jr.
Co-Chair, Legislative Policy Committee
State House
Annapolis, MD 21401-1991

The Honorable Michael E. Busch
Co-Chair, Legislative Policy Committee
State House
Annapolis, MD 21401-1991

Dear Chairmen:

In accordance with State Government Article Sections 15-523c concerning the quarterly and annual reporting requirements, I am providing you our quarterly report. During the quarter ending September 30, 2007, exemptions were granted by the University of Maryland, Baltimore, as indicated by the enclosed supporting documentation.

These exemptions are in accord with the Board of Regents' Policy on Conflicts of Interest in Research or Development and procedures developed in accordance with the provisions of the Public/Private Partnership Act.

Sincerely yours,

Handwritten signature of William E. Kirwan in black ink.

William E. Kirwan
Chancellor

Enclosures

cc: The Honorable Martin O'Malley
Members of the Legislative Policy Committee
Members of the State Ethics Commission
Office of the Attorney General

1807
University of Maryland,
Baltimore

1856
University of Maryland,
College Park

1865
Bowie State University

1866
Towson University

1886
University of Maryland
Eastern Shore

1898
Frostburg State University

1900
Chesapeake State University

1901
University of Maryland
Baltimore

1902
University of Maryland
Center for Environmental
and Estuarine Science

1907
University of Maryland
University College

1966
University of Maryland,
Baltimore County

1985
University of Maryland
Biotechnology Institute



UNIVERSITY OF MARYLAND

Office of the President

DAVID J. RAMSAY, DM, DPhil
President

520 West Lombard Street
Baltimore, Maryland 21201-1627
410 706 7002 | 410 706 0500 FAX

MEMORANDUM

TO: William E. Kirwan, Ph.D.
Chancellor

FROM: David J. Ramsay, D.M., D.Phil.
President *D. Ramsay*

DATE: October 8, 2007

RE: First Quarter Report on Exemptions Granted
Pursuant to the Public-Private Partnership Act

RECEIVED

OCT 11 2007

CHANCELLOR'S OFFICE

There were 7 exemptions granted to UMB personnel between July 1 and September 30, 2007 pursuant to the Public-Private Partnership Act.

Supporting documentation is enclosed.

EMPLOYEE	INTEREST	ENTITY	DATE OF EXEMPTION
Myung Park, M.D.	Paid Speaker and Advisory Board Member	Actelion Pharmaceuticals	07/02/07
Anthony DeVico, Ph.D.	Equity, Inventor, Paid Advisory Board Member	Profectus Biosciences, Inc.	07/03/07
George Lewis, Ph.D.	Equity, Inventor, Paid Advisory Board Member	Profectus Biosciences, Inc.	07/03/07
Robert Gallo, M.D.	Equity, Inventor, Paid Advisory Board Chair	Profectus Biosciences, Inc.	07/11/07
Steven Gottlieb, M.D.	Consultant	Scios, Inc.	07/12/07
Steven Gottlieb, M.D.	Consultant	Novacardia, Inc.	07/18/07
Hamid Ghandehari, Ph.D.	Equity, Paid Consultant and Advisory Board Member	Rexahn Pharmaceuticals	09/05/07

If any further information is required, please do not hesitate to contact Mr. Joe Giffels in the Office of the Vice President of Academic Affairs at (410) 706-1853.

PC: Mr. Joe Giffels
Dr. Malinda Orlin
State Ethics Commission



UNIVERSITY OF MARYLAND

Office of the President

DAVID J. RAMSAY, DM, DPhil
President

520 West Lombard Street
Baltimore, Maryland 21201-1627
410 706 7002 | 410 706 0500 FAX

MEMORANDUM

TO: Chancellor William E. Kirwan
Vice Chancellor Joseph Vivona
Comptroller Robert Page

FROM: President David J. Ramsay

DATE: August 20, 2007

SUBJECT: Status Report on UMB's Public Private Partnerships

RECEIVED

AUG 21 2007

CHANCELLOR'S OFFICE

Attached please find reports on UMB's public-private partnerships established pursuant to Section 12-113 of the Education Article.

We have included a detailed report on our major partnership, namely the UMB BioPark (see Attachment A) as well as a report on UMB's housing partnership "University Suites at Fayette Square" (Attachment B).

University Medicines Incorporated (UMI), a partnership with SNBL that was also formed pursuant to Section 12-113, although retained for its marketing potential, is currently on inactive status. SNBL has subsequently become a major investor (condominium arrangement) in the UMB Research Park.

University Pharmaceuticals of Maryland (UPM), also formed pursuant to Section 12-113, has been transformed into a private company in which the university has taken an equity position.

If we can provide further information or assistance please let me or Mary Leach know. We can be reached at 410-706-7406.

Attachments

- cc: Dean Natalie D. Eddington
- Mr. James T. Hill
- Mr. James L. Hughes
- Mr. Terrence C. Smith
- Dr. Mary L. Leach

Attachment A

Business Entity name:

UMB Health Sciences Research Park Corporation

Responsible institutional official (person to be contacted for additional information):

James L. Hughes
Vice President, Research and Development

- 1. At what stage of organization is the entity (e.g., in the process of incorporation, organized and operating, seeking outside investors)? If organizing documents such as articles of incorporation, by-laws, partnership agreements have been prepared or finalized, please submit copies along with the report.**

The organization is operating under the direction of a Board of Directors. It has no dedicated staff.

- 2. What is the form of entity (e.g., limited liability corporation, partnership, corporation)?**

The entity is a 501-C3 not-for-profit corporation.

- 3. Describe the financial relationship between the institution and the business entity (e.g., ownership, contractual).**

UMB has a contractual relationship with the entity:

- UMB has leased approximately 4.7 acres of land to the entity. The entity is overseeing the development of the land into the UMB BioPark.
- The entity has leased a 10,000 square foot building and an adjacent parking lot that the entity owns to UMB.

- 4. What is the composition of the business entity governing board? Who selects Board of Director members? What members of the business entity's governing board are also employees of the University System or its institutions?**

Board of Directors

Jerome D. Smalley, <i>Chairman</i> President & CEO, Haven Homes, Inc.	Philippe Jacon President, BD Diagnostics – Microbiology Systems
John M. Hamilton, <i>Treasurer</i> President & CEO, Advance Bank	Diane L. Bell McKoy President/CEO, Associated Black Charities
Harold E. Chappellear, LLD (Hon.) Former Chairman, UPM Pharmaceuticals	Edward M. Rudnic, Ph.D. Founder, President, and CEO, Middlebrook Pharmaceuticals
Dr. David L. Dalton President, Health Resources, Inc.	Ex-Officio

Marilynn K. Duker President, The Shelter Group	James L. Hughes, Vice President, UMB Jane M. Shaab, Assistant Vice President, UMB
Richard J. Himelfarb Executive VP, Stifel, Nicolaus & Company, Inc.	

The Board selects the directors, all of whom must be approved by UMB's Vice President for Research & Development.

Two UMB employees serve as ex-officio directors:

James Hughes, Vice President, Research & Development
Jane Shaab, Assistant Vice President, Business Development

5. Describe any situations in which the institution, the University System of Maryland, or the Board of Regents may be held liable for actions of the business entity.

The organization has been established in such a way to protect UMB from any claims of liability. The organization has purchased directors and officers insurance to protect the directors, including the two employees of the University.

6. Is there any institutional requirement that the entity engage an independent auditor to conduct an annual audit of the financial records of the business entity?

Yes.

7. Please submit an update of financial projections of revenues, and expenses for the business entity for the five year period FY 2008 – 2013.

Please see Attachment.

8. What institutional funds have been provided to the business entity and what are the arrangements relating to those funds (e.g., loans, stock purchases, advances)? What foundation funds have been provided and under what arrangements?

The UMB Foundation has agreed to loan the entity \$185,000 for three years at 3% interest. The loan enabled the entity to purchase a property for the expansion of the UMB BioPark. In addition, the UMB Foundation paid approximately \$125,000 in legal expenses and design fees on behalf of the entity. These funds were donated in FY02 and FY03.

9. Are there other mechanisms (other than selection of governing board members) that give the institution control over activities of the business entity?

The ground lease between UMB and the entity require the entity to develop the UMB BioPark in accordance with the goals and objectives of UMB. Any development of the property must be approved by UMB.

10. What are the activities / businesses conducted by the business entity?

The entity is responsible for developing and managing the UMB BioPark, a 1.2 million square-foot bioscience research park adjacent to the UMB campus. Specific activities include:

- Selecting and managing developers of individual buildings in a timely and effective manner.
- Assisting the building owners to market lab and office space to bioscience businesses that complement the research interests of UMB.
- Maintaining good relationships with the UMB BioPark's various constituents:
 - Community residents;
 - Local, State, and Federal agencies and elected leaders;
 - The Maryland bioscience community;
 - UMB faculty.
- Enhancing UMB's reputation and increasing entrepreneurial activities at UMB.

11. What are the key performance indicators for this business entity?

- a. Lab and office space developed
- b. Lab and office space leased
- c. Employment in the BioPark
- d. Interaction between BioPark tenants and UMB
- e. Maintaining a break-even budget

12. How has the business entity performed with respect to key performance indicators?

As of June 30, 2007, the entity has accomplished the following:

- a. Two buildings totaling 360,000 square feet and one parking garage with 650 parking spaces have been developed. Total capital investment is approximately \$135 million. In addition, the entity has issued an RFP for Building Three, which will be between 120,000 and 160,000 square feet and should be completed in 2009. The entity has also signed a 58-year ground sublease with the Department of Health and Mental Hygiene to locate the new Forensic Medical Center in the BioPark. This 110,000 square foot, \$40 million building should open in early 2010.
- b. Building One is 100% leased. 7 private companies occupy 65% of the space and the UMB Center for Vascular and Inflammatory Diseases occupies 35% of the space. UMB has leased 17% of Building Two.
- c. 200 people work in the BioPark.
- d. Collaboration is extensive between UMB and the two largest tenants in the BioPark:
 - UMB is subcontracting with SNBL to house an NIH-funded phase one clinical trial. Without this collaboration, UMB would not be able to do this work. In addition, SNBL is contracting with the UMB School of Pharmacy to do translational research.
 - Alba Therapeutics, a UMB-startup, has successfully completed phase two clinical trials on a drug for celiac disease that is based on UMB technology. Drugs for diabetes and crones disease are entering clinical trials in FY08. Alba sponsors on-going research at UMB's Schools of Medicine and Pharmacy. In addition, it has won several MIPS grants to conduct research at UMB.

In addition, the president of Acidophil has become an adjunct faculty member of the School of Medicine and Paragon is sponsoring research at the School of Medicine.

e. Financial results:

	FY05	FY06	FY07 (preliminary)
Assets	\$1,629,142	\$2,489,181	\$2,830,997
Net Income	(116,301)	(42,045)	435,960

The Net Income for FY07 is unusually high due to several one-time events. As indicated in the projected revenues and expenses, the entity anticipates break-even financial results in the future.

Business Entity Name: University Suites at Fayette Square

Responsible institutional official: Terrence C. Smith, Senior Associate Vice President
University of Maryland Baltimore
Paca-Pratt Building
110 South Paca Street
Baltimore, MD 21201
(410) 706-8200; tsmith@af.umaryland.edu

1. Description of basic contractual relationships:

Is the facility on institutional property that has been ground leased to another party? Yes - MEDCO

If so, how are ground rents determined?

The ground lease is a net lease and therefore the lessee shall pay the University monies owed free from charges. Rent will be paid annually in the amount of net revenues. Net revenue is defined as gross revenue plus operating carryover at the end of the immediately preceding period minus permitted expenses minus deposits to the replacement fund minus debt service minus operating carryover minus other expenses approved by the University.

2. Describe any risks of the arrangement to the institution.

Neither the State nor any other unit or constituent institution of the State of Maryland shall be in any way liable for or subject to any mortgage or other indebtedness or contractual obligation of the lessee.

3. What is the rating received on debt to finance the facility?

The rating is B2 Stable.

4. Provide the most recent occupancy figures for the facility in the form of percentage of capacity.

The most recent occupancy percentage is 90.8%, as of all leases signed for 07-08 (08/03/07).

5. What is the most recent wait-list information for student housing (including that of the public-private partnership)?

No wait list to date. Applications will continue to be received during the 07-08 academic year.

Source of reference: Ground Lease and Agreement made as of 12/18/2002 by and among the State of Maryland for the use of the University System of Maryland on behalf of its constituent institution, the University of Maryland Baltimore, and Maryland Economic Development Corporation and Fayette Street Housing, LLC.



Rating Update: Univ.SuitesatFayetteSq.atUniv.ofMD-Baltimore

MOODY'S INVESTORS SERVICE DOWNGRADES THE RATING TO B2 FROM B1 ON MARYLAND ECONOMIC DEVELOPMENT CORPORATION'S SENIOR STUDENT HOUSING REVENUE BONDS (UNIVERSITY OF MARYLAND, BALTIMORE PROJECT), SERIES 2003A

RATING OUTLOOK REVISED TO STABLE FROM DEVELOPING

Maryland Economic Development Corporation
Housing
MD

Opinion

NEW YORK, Apr 5, 2007 – Moody's Investors Service has downgraded the rating to B2 from B1 on the Maryland Economic Development Corporation's Senior Student Housing Revenue Bonds (University of Maryland, Baltimore Project), Series 2003A. Approximately \$33.85 million of the original \$34.40 million remains outstanding. The downgrade reflects the likelihood that the debt service reserve fund may continue to be tapped over the short term to meet debt service, and the expectation that the project will continue to perform below underwriting expectations in the next few years. This is notwithstanding the near 100% current physical occupancy and positive steps taken by the University, the new property manager and the owner to reverse the negative cashflow that the project has experienced over the past two fiscal years. The rating outlook has been revised to stable reflecting the new rating level.

CREDIT STRENGTHS:

- The willingness by the University to provide the project with limited resources to prevent further draws on the reserves in an effort to give the project more time to stabilize.
- The new property manager, Capstone Management Corp., with experience nationally and in the State of Maryland in privatized student housing, has taken positive steps to rebuild the project's reputation and relationships with each school within the University, as reflected by near 100% occupancy for the current fiscal year. Additionally, Capstone's management fee is subordinated to debt service.
- Strong oversight by MEDCO, as both issuer for the bonds and owner of the project.
- As confirmed by recent site visit by Moody's, the project is constructed beautifully and centrally located in close proximity to several of the graduate schools within the University.

CREDIT CHALLENGES:

- The debt service reserve fund currently remains under-funded following the withdrawal of approximately \$480,000 for October 1, 2006 debt service payment.
- In order to achieve financial stability, the property manager is implementing 7% average annual rent increases over the next several years despite of newly constructed apartments coming online in downtown Baltimore.
- Absence of a long-term financial or legal commitment from the University, the University System of Maryland, or the State of Maryland.

RECENT DEVELOPMENTS/RESULTS:

Since our rating action last March, the project withdrew approximately \$480,000 from its debt service reserve fund to make the October 1, 2006 debt service payment. The reserve fund remains under-funded and it is our expectation that the project will not be able to replenish the fund in the near term and may continue to access it to meet debt service coverage. The project did not tap the reserve fund on April 1, 2007 to meet interest-only debt service. Based on un-audited operating statements for the first six months of the current fiscal year and reports from the owner, the project is generating revenues at the expected level per the 2007 budget, and either at or below the budget levels with regards to operating expenses. The new property manager at

the renamed Fayette Square now lives at the facility and the management office remains on-site. The physical appearance of the housing is nice and appealing as verified by a recent Moody's site visit. Occupancy for Fall 2006 and Spring 2007 is reported to be 99% and 98% respectively, a significant increase from 71% at the end of the last fiscal year. Nevertheless, to achieve higher occupancy, MEDCO and Capstone decided to maintain the rents at previous levels this year, which levels were already lower than what was necessary to meet underwriting projections. MEDCO and Capstone feel confident that residents desiring to live at Fayette Square will be able to absorb rent increases despite competition off-campus, and they implemented rent increases of 7% on average starting in fiscal year 2008 and plan to implement similar rate increases the following year. In spite of these positive steps taken by MEDCO, the University and Capstone, we believe that the economics of the project remain weak given the substantial declines in financial performance of the last two years and the deficiencies in both the debt service reserve fund and the repair and replacement reserve fund.

Outlook

The rating outlook over the course of the next 18 months is stable given the rating downgrade to B2.

What could change the rating - UP

- A substantial increase in debt service coverage and stabilized occupancy.
- Replenished reserves.

What could change the rating - DOWN

- An ongoing depletion of debt service reserves.

CONTACTS:

Jeff Wilke

Assistant Director

Maryland Economic Development Corporation

410-625-0051 (phone)

Mary Clemens

Office of Financial Affairs

University System of Maryland

301-445-1939 (phone)

Analysts

Maria Ting

Analyst

Public Finance Group

Moody's Investors Service

Florence Zeman

Backup Analyst

Public Finance Group

Moody's Investors Service

Contacts

Journalists: (212) 553-0376

Research Clients: (212) 553-1653


© Copyright 2007, Moody's Investors Service, Inc. and/or its licensors including Moody's Assurance Company, Inc. (together, "MOODY'S"). All rights reserved.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY COPYRIGHT LAW AND NONE OF SUCH INFORMATION MAY BE



MEMORANDUM

TO: Myung H. Park, M.D.
Assistant Professor
Director of Pulmonary Vascular Diseases
Division of Cardiology
Department of Medicine
School of Medicine

FROM: David J. Ramsay, D.M., D.Phil.
President 

DATE: July 2, 2007

SUBJECT: Conflict of Interest Disclosure #07-07-004
Actelion Pharmaceuticals, US, Inc.

I approve, subject to compliance with the following conditions, your conflict of interest exemption request dated June 29, 2007, involving advisory board and speaking activities for, and a research agreement with, Actelion Pharmaceuticals, Inc., as described in your exemption request. Your association with Actelion Pharmaceuticals, Inc. will facilitate research and development. I have determined that your relationship with Actelion Pharmaceuticals, Inc. would not be a harmful interest, as described in the USM Board of Regents' Policy on Conflicts of Interest in Research and Development. This exemption permits your association with Actelion Pharmaceuticals, Inc. as described in your exemption request. In the absence of this exemption, your association with Actelion Pharmaceuticals, Inc. would conflict with Maryland law, including, but not limited to, Title 15, Subtitle 5 of the Maryland Public Ethics Law, and with USM and UMB policy.

The conditions of this exemption follow:

- Your business and financial relationship with Actelion Pharmaceuticals, Inc. must be disclosed by you to anyone (including, but not limited to, collaborating faculty, staff, trainees and subjects) participating in your Actelion Pharmaceuticals, Inc. funded research or related research. Your relationship with Actelion Pharmaceuticals, Inc. must also be disclosed when you publish or speak on the Research. While this latter requirement is already standard with most professional journals and scientific meetings, in the interest of mitigating your conflicts, it must also be applied to presentations made on campus.

- Information about your research plans and outcomes must not be disclosed to Actelion Pharmaceuticals, Inc. prior to the time that such information is made available to the scientific community as a result of publication, except as specified in any research, licensing, material transfer or other agreements between the University and Actelion Pharmaceuticals, Inc. or except as necessary to the development of collaborative research proposals involving the University and Actelion Pharmaceuticals, Inc..
- All of the research you propose, all of the findings that result from or affect your Actelion Pharmaceuticals, Inc. activities, and the conflict of interest issues surrounding your Actelion Pharmaceuticals, Inc. relationship must be disclosed to and discussed with your Department Chair on a regular basis to ensure the integrity of the science proposed and the publications prepared. Your discussions should be documented by you in writing and include an implementation plan for any changes suggested by your Department Chair. Copies of this documentation must be promptly submitted to the School of Medicine Dean's Office and the UMB Conflict of Interest Officer. These requirements are intended to diminish any perception that your research plans, results or publications may be biased as a result of your relationship with Actelion Pharmaceuticals, Inc..
- If graduate students or postdoctoral fellows join your laboratory to conduct research sponsored by Actelion Pharmaceuticals, Inc. under your direction and mentorship, it will be necessary for a faculty member uninvolved with your academic division or research to monitor the student's academic progress and research work and publications to assure that your financial interests in Actelion Pharmaceuticals, Inc. do not adversely affect the student's academic needs. Your Department Chair will be responsible for identifying the faculty monitor and assuring that this provision is met.
- It is assumed that your Actelion Pharmaceuticals, Inc. - sponsored research activities are related to your advisory board and speaking activities only as described in the disclosure documentation you provided, and that mechanisms for ensuring the integrity of the research (including its design and conduct, and the collection, analysis and reporting of data) are in place. Further, it is assumed that any other University research activities undertaken by you are unrelated to your consulting activities for Actelion Pharmaceuticals, Inc.. You must inform the Conflict of Interest Officer and your Department Chair immediately if these assumptions are incorrect or the facts change. Your advisory board and speaking activities for Actelion Pharmaceuticals, Inc. shall not involve the use of University funds or facilities, or personnel other than yourself, as described.
- All research personnel and activities in your laboratory must be supported according to their level of effort and use, respectively, on various projects, supported by the standard departmental review and approval of related documentation (such as University Grant Routing Forms and Time and Effort Reports). Actelion Pharmaceuticals, Inc. must pay full compensation for the time of personnel and for

other research costs, and must pay full facilities and administrative costs unless waivers or reductions have been approved in accordance with University policy.

- You file timely annual reports with the Conflict of Interest Officer.

Note that this exemption may be voided by me in the event of your failure to satisfy all of the foregoing conditions. Procedural questions regarding this exemption should be directed to the UM Conflict of Interest Officer, Mr. Joe Giffels (x6-1853), or to my office.

This exemption permits your association with Actelion Pharmaceuticals, Inc. in a manner that comports with the requirements of the Maryland Public Ethics Law and University policy, provided that the conditions of the exemption are observed. Any significant change in your planned relationship with Actelion Pharmaceuticals, Inc., as disclosed in your exemption request, must be promptly disclosed to the University (through your Department Chair and Dean), so that the effect of the change in circumstances may be determined. I recommend you disclose and discuss proposed changes prospectively to avoid potential withdrawal of this exemption.

PC: Frank Calia, M.D., M.A.C.P.
Joseph Giffels, M.A.S.
James Hughes, M.B.A.
Malinda Orlin, Ph.D.
E. Albert Reece, M.D., Ph.D., M.B.A.

EXEMPTION REQUEST FORM
DISCLOSING CONFLICT OF INTEREST
RELATED TO RESEARCH OR DEVELOPMENT

PART TWO:

DISCLOSURE AND EXEMPTION REQUEST

Please provide all information in **boldface type**.

Section One. Directory Information. Supply the requested information about yourself, as the employee requesting the exemption, and about the entity with which your relationship is proposed:

A. About You

Name: **Myung H. Park, MD**

University Title: **Assistant Professor of Medicine; Director, Pulmonary Vascular Diseases**

Division/Department or Administrative Unit: **Division of Cardiology, Dept of Medicine**

FTE: **Yes** _____ Annual Salary: _____(01)_____

University Business Address: **_22 S. Greene St. S3B08 Baltimore, MD 21201**

Phone Number: **410-328-7260** _____

Facsimile: **410-328-1048** _____

E-mail Address: **mpark@medicine.umaryland.edu**

B. About Your Immediate Supervisor

Name: **Mandeep R. Mehra, MD**

University Title: **Herbert Berger Professor of Medicine; Chief, Division of Cardiology**

University Business Address: **22 S. Greene St. Baltimore, MD 21201**

Phone Number: **_410-328-2056** _____

Facsimile: _____

E-mail Address: mmehra@medicine.umaryland.edu

C. About the Entity

Name: **Actelion Pharmaceuticals, US, Inc.**

Form of Organization: _____
(e.g., LLC, corporation, partnership)

State in which it is organized: **California**

General nature of its business activities: **Actelion is an independent pharmaceutical company developing and marketing drugs focusing in areas of high unmet medical needs.**

Any other names under which it does business, and the names of any wholly owned subsidiaries, or corporate parents (companies which own the entity) which conduct business similar to the entity's business, or which also have relationships with UM or you. **None.**

A Contact Person: Give the name and title of an officer or other person at the entity or its parent who is informed about the proposed relationship: **David Melikian, PharmD. Senior Director, US Medical Science Liaisons**

Give the person's business address: **5000 Shoreline Court, South San Francisco, CA 94080**

Telephone Number: **1-650-624-6998**

Facsimile Number: _____

E-Mail Address: **David.Melikian@Actelion.com**

D. Additional Information

Is the entity an ongoing business concern? yes no

If the entity is to be established, (a) when do you think it will be created? _____ (give month and year)

(b) What state will it be organized in? _____

Section Two. Your Conflict of Interest Concerns. Supply information about the potential or actual conflict of interest and your proposal to mitigate it.

- A. Description of Conflict of Interest.** Describe in your own words the potential or actual conflict of interest which you or others have identified which led you to file this exemption request. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

Pulmonary arterial hypertension (PAH) is a life-threatening disease characterized by progressive increase in pulmonary artery pressure and pulmonary vascular resistance, leading to right ventricular failure and death. Left untreated, PAH is associated with high mortality with median life expectancy of 2.8 years from diagnosis. PAH was considered uniformly fatal disease with no effective treatment. Now, there are five approved therapies which have emerged in the last 10 years, four in the last 5 years, which have dramatically improved survival and quality of life for those patients who are appropriately recognized, diagnosed and treated.

However, PAH is still very under-recognized, under-diagnosed and under-treated. The reasons for this lack of recognition of PAH among physicians of all background – ranging from general internists to specialists such as cardiologist and pulmonologist – are that there are no routine tests that distinguish this disease. A high index of suspicion and invasive testing usually performed at specialized centers are necessary to render proper diagnosis. Unfortunately, this diagnosis is often not considered when patients initially present with milder, more manageable disease, and is missed until the problem become more severe and life threatening.

Thus there has been a growing, concerted effort by all within the PAH community to increase awareness of this disease, especially among physicians and medical care givers. Actelion Pharmaceuticals has been an active proponent in educating the medical community about PAH and I participate in this process as a compensated member of the Speaker's Bureau and Scientific Advisory Board.

Specifically, as a Speaker I educate physicians, nurses and other medical care givers about PAH. This takes place in majority of cases as a CME program (Medical Grand Rounds, Cardiology Grand Rounds, Cath Conference, etc). Other venues that I have spoken include dinner programs and small group sessions. In all these programs, the topics covered include:

- **Epidemiology of PAH**
- **Pathology and mechanism of disease**
- **Method of diagnosis and recognition of the disease**
- **All current approved therapies and the published treatment guidelines**
- **Advantages and sides effects of each medication**
- **Investigational drugs currently being studied**

As a member of Actelion's Scientific Advisory Board, I am asked to meet on occasion (average twice a year or so) to discuss specific topics regarding PAH. Topics can range from current concern from assembled key opinion leaders regarding state of treatment, specific problems or

side effect profile of certain medications, how better to treat the disease, etc. Meetings such as these usually assemble physicians who specialize in PAH from major university centers.

B. Steps to Mitigate Conflict. Describe in your own words what steps you think UM could take to ensure that the integrity of your UM work is not compromised by your relationship with the entity. Be thorough. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

Please see above. Essentially, it is commitment of my role as an educator in field of PAH among the medical community.

All sessions I deliver are well rounded and balanced without commercial bias.

Furthermore, I have control over the content of my presentations.

Have you discussed these suggestions with the entity (y/n)? No

Is the entity prepared to pay the costs associated with implementing these suggestions (y/n)? **No costs are anticipated.**_____

Section Three. Research and Development Activities. Explain how, in your view, the exemption will advance the research and development goals of the Public-Private Partnership Act. What are the research and development activities of the entity? In providing this information, remember that the UM Procedures Implementing Board of Regents Policy on Conflicts of Interest in Research or Development define "research" and "development" as basic or applied research or development, including (A) the development or marketing of university-owned technology or intellectual property; (B) the acquisition of services of an official or employee by an entity for research and development purposes; or (c) participation in State economic development programs. Research does not have to be sponsored research in order for relationships with entities to be eligible for Public-Private Partnership Act exemptions.

My participation with Actelion has several benefits for the University:

- **This increases the possibility of patients being referred to a specialty center (like at U of MD) and be initiated on a therapy.**
- **Delivering lectures and having group discussions lets physicians around the community know that U of MD has a Pulmonary Hypertension Program now (has not been in place for close to 10 years; all referrals has been going to Johns Hopkins by default until now).**

- Physicians get a chance to hear new treatment options and knowing that necessary tests can be performed at the University.
- Building such relationships allow for referring physicians and/or patients themselves to seek medical care with other departments within the University.
- Multiple sponsored clinical trials in the field of PAH exist at UMB.

Through such efforts, University of Maryland Pulmonary Hypertension Program is well known and recognized within the region as well as neighboring states. The program has grown tremendously bringing in new patients to the institution. Furthermore, we are recognized nationally as a leading center in PAH treatment. As such, University of Maryland is asked to participate in all the important, ground-breaking clinical trials in PAH.

Section Four. Details of Relationship. Provide information about the entity's relationship, present and/or proposed, with UM, and the entity's present or proposed interest in your work at UM.

A. Sponsored Research Agreements. Describe any present or proposed sponsored research agreements with the entity, as sponsor or as subcontractor to UM, involving you or your laboratory or academic group. Give the approximate budget, the Principal Investigator, the title of the project, and the name of the UM grants and contracts administrator most familiar with the project.

Active Studies Involving Treatments in PAH: Part of Multicenter Study

COMPASS II: EFFECTS OF COMBINATION OF BOSENTAN AND SILDENAFIL VS SILDENAFIL MONOTHERAPY ON MORBIDITY AND MORTALITY IN SYMPTOMATIC PATIENTS WITH PULMONARY ARTERIAL HYPERTENSION - A MULTICENTER, DOUBLE-BLIND, RANDOMIZED, PLACEBO-CONTROLLED, PARALLEL GROUP, PROSPECTIVE, EVENT DRIVEN PHASE IV STUDY.

PI: Myung H. Park, MD. Analyst: GRIM, SUZANNE

VISION TRIAL - A RANDOMIZED, DOUBLE-BLIND, PLACEBO-CONTROLLED STUDY TO EVALUATE THE SAFETY AND EFFICACY OF THE ADDITION OF INHALED ILOPROST IN PATIENTS WITH PULMONARY ARTERIAL HYPERTENSION RECEIVING ORAL SILDENAFIL

PI: Myung H. Park, MD. Analyst: GRIM, SUZANNE

AN OPEN-LABEL, MULTI-CENTER STUDY EMPLOYING A TARGETED 6-MWT DISTANCE THRESHOLD APPROACH TO GUIDE BOSENTAN-BASED THERAPY AND TO ASSESS THE UTILITY OF MRI ON CARDIAC REMODELING

PI: Myung H. Park, MD. Analyst: REDD, RASHIDA

A COMPARISON OF SAFETY AND INHALATION TIMES OF VENTAVIS (ILOPROST) INHALATION SOLUTION DELIVERED BY I-NEB UTILIZING POWER DISC-6 AND POWER DISC-15

PI: Myung H. Park, MD. Analyst: SHAFFER, CYNTHIA

Registry Studies As Part Of Multicenter Study To Collect Clinical Information on Patients with PAH

REVEAL: REGISTRY TO EVALUATE EARLY AND LONG-TERM PAH DISEASE MANAGEMENT

PI: Myung H. Park, MD. Analyst: GRIM, SUZANNE

PULMONARY ARTERIAL HYPERTENSION QUALITY ENHANCEMENT RESEARCH INITIATIVE

PI: Myung H. Park, MD. Analyst: REDD, RASHIDA

B. Options or License Agreements. Describe any present or proposed options or license agreements known to you between UM and the entity if such agreements relate to inventions or other intellectual property developed by you or in your laboratory or academic group, giving the title of the subject intellectual property. **N/A**

C. Entity Interest in Outcome. If, to your knowledge, the entity is interested in the outcome of your research or academic work, but is not a sponsor of your work, explain why the entity has such interest, in your opinion. **N/A -- Entity is sponsor of the clinical research studies, which University of Maryland is participating as part of multicenter trials.**

D. Gifts or Grants. If the entity has made gifts or grants to UM or the University of Maryland Foundation (UM Fund) in support of your work at UM, give information about the dates and amounts of the gifts or grants, including whether or not the funds were used for any purpose related to your proposed relationship with the entity.

Actelion Pharmaceuticals was one of many sponsors for the University of Maryland Cardiology Symposium. It was held May 5th, 2007, and it focused on Advanced Heart Failure and Pulmonary Hypertension. Actelion sponsored \$4500 for the symposium to the University. I received no funds personally.

Section Five. Ownership Information. If you are requesting an exemption permitting you to have an ownership interest in an entity, provide the requested information, and attach a copy of any written proposal or offer covering the ownership interest.

A. What "units" you will or may own. (E.g., stock, warrants, limited partnership interest, LLC interest.) **N/A - no ownership.**

B. Ownership.

Individual _____ Joint _____

If joint, name of co-owner: _____

C. Value of your Ownership Interest. Current estimated dollar value _____ Percent of total ownership _____.

D. Conditions of Ownership. Describe any conditions or encumbrances affecting your ownership interest. (E.g., will you be prohibited from exercising options or selling stock for a certain period of time, or until certain events occur?)

E. Will you purchase the ownership interest? (Y/N) ____ If so, what will you pay for it? _____ How does that price compare with the market value, if there is a market value?

F. If you are not purchasing the ownership interest, what is the consideration for the ownership interest?

G. From what person or organization will you acquire your ownership interest?

Section Six. Your Employment Relationship. If you are requesting an exemption for an employment relationship (including both traditional compensated employment and other relationships e.g., consulting, office or executive responsibility in the entity's operations, board membership, royalties, etc.), attach a copy of any written proposal or offer covering the employment relationship and provide the requested information:

A. What position will you hold? What duties will you have on behalf of the entity? Be as specific as possible. In particular, if you will be conducting any research or scientific work for the entity, address what you will be doing, where you will do it, and the relationship, if any, to your work at UM.

Title: **Member, Scientific Advisory Board and Speaker Bureau**
Responsibilities: **Meet and advise, as requested by Actelion, on scientific and clinical issues related to PAH; also, speak to physician audiences _____**

B. How much time per biweekly period _____, month _____, year _____ will you be providing to the entity? _____ **3-5 meetings per year as a Member of Scientific Advisory Board; 8-10 presentations per year to physicians educating them regarding pulmonary hypertension**

C. What compensation, if any, do you expect from the entity?

Consultants are compensated with fees ranging from \$1500-\$2500 for attending a meeting for Advisory Board; \$500 to 1500 for conducting education lectures or discussion sessions as part of Speaker's Bureau

D. Will you use annual and other paid leave time for the work for the entity? (Y/N) No If no, please explain. **The meetings and discussions are performed on behalf of the University. (This was discussed with Mr. Pat Breault, Dept of Medicine Administrator and Dr. Mandeep Mehra, Chief of Cardiology).**

E. Are you requesting a leave of absence or change in level of FTE at UM in order to make your time available to the entity? (Y/N) No If available, attach a copy of the request you have made and the approval.

F. If you are an externally funded investigator, what percentage of your FTE is budgeted to grants and contracts at this time?
No, no external funds.

Section Seven. Gifts. Describe any gifts for which you are requesting an exemption because of your relationship with the donating entity, or that entity's interest in your work.

If you are seeking permission to accept a gift or honorarium from an entity which has a relationship with you, or an interest in your work, provide the nature and value of the gift. You need to give this information whether you are considering a gift directly to you which you plan to retain, a gift you plan to give to another person or entity (e.g., assigning the gift to the UM Fund), or a gift arranged through you but directed to the UM Fund or other UM affiliates which can hold and administer funds for the benefit of your work.

Give the nature and value of the gift (cash, stock, etc.; market value or face value), and attach a copy of any written offer.

None

Section Eight.

A. Other Relationships with the Entity. Provide information about any other relationship with the entity which has not been discussed above, but which may require an exemption to be lawful. Include here matters such as employment of a spouse or dependent child by the entity, ownership of an interest in the entity by a spouse, dependent child, or other dependent, or relationships between the entity and other organizations with which you or your spouse or dependent child

have ownership or employment relationships. In describing ownership interests, give details, including percentage interest and value. In describing employment, give levels of effort and salary. **None**

B. Relationship with other organizations. Describe any employment, ownership, or business relationship held by you or a spouse or dependent child in any business which could be affected (positively or negatively) by your relationship, or the results of your work, for the entity discussed in this exemption request.

Section Nine. Signature and Approvals.

Before routing this form, execute it here. Please remind other reviewers to consider this form thoughtfully, complete their sections below, and execute the form if they are forwarding your request with a positive recommendation. Omit any steps of review which are not applicable to you. Be sure the last reviewer forwards the exemption request to the Conflict of Interest Officer.

A. I hereby make oath or affirm that the contents of this Exemption Request are true and correct to the best of my knowledge, information and belief.

Myu Park
Your Signature
6/11/07
Date

B. Supervisor's Statement

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

Date

Supervisor's Signature


C. Statement of Division Head or Director

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

N/A

6/12/07

Date



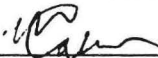
Signature of Division Head or Director

D. Statement of Chairperson or Assistant/Associate Vice President

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

6/13/07

Date



Signature of Chairperson or Assistant/
Associate Vice President

E. Statement of Vice Dean for Research and Academic Affairs

I have reviewed this exemption request. I am aware of the nature of the conflict and the proposed measures to mitigate it. I am forwarding it to the Conflict of Interest Advisory Committee for its review, comments and suggestions.

21 June 2007
Date

Bruce E. Janel
Signature of Vice Dean

F. Statement of Dean

I have reviewed this exemption request. I am aware of the nature of the conflict and the proposed measures to mitigate it. I am forwarding it to the Conflict of Interest Advisory Committee for its review, comments and suggestions.

6/28/07
Date

E. Albert Rees
Signature of Dean

FORWARD THIS FORM VIA CAMPUS MAIL TO J. JOSEPH GIFFELS, UMB CONFLICT OF INTEREST OFFICER, ACADEMIC AFFAIRS, FOURTH FLOOR, PACA-PRATT BUILDING.



UNIVERSITY OF MARYLAND

Office of the President

DAVID J. RAMSAY, DM, DPhil
President

520 West Lombard Street
Baltimore, Maryland 21201-1627
410 706 7002 | 410 706 0500 FAX


MEMORANDUM

TO: Anthony DeVico, Ph.D.
Professor
School of Medicine

FROM: David J. Ramsay, D.M., D.Phil.
President

DATE: September 28, 2007

SUBJECT: Profectus Biosciences, Inc. Conflict of Interest



I am writing to extend the temporary exemption covering your financial relationships with Profectus Biosciences, Inc., which expires on September 30, 2007. The extension is valid from October 1, 2007 through November 31, 2007. It is being granted in recognition of progress made to date in disclosing your conflict of interest for review by the School of Medicine and the University, and anticipates a decision regarding a more permanent exemption within the next sixty days.

In the absence of an exemption, your association with Profectus Biosciences, Inc. would conflict with Maryland law, including, but not limited to, Title 15, Subtitle 5 of the Maryland Public Ethics Law, and with USM and UMB policy.

UMB's Conflict of Interest Officer, Mr. Joe Giffels, is available for consultation on UMB's conflict of interest procedures. He may be reached at 410-706-1853.

PC: Joseph Giffels, M.A.S.
James Hughes, M.B.A.
Frank Calia, M.D.
Malinda Orlin, Ph.D.
E. Albert Reece, M.D., Ph.D., M.B.A.




UNIVERSITY OF MARYLAND
Office of the President

DAVID J. RAMSAY, DM, DPhil
President

520 West Lombard Street
Baltimore, Maryland 21201-1627
410 706 7002 | 410 706 0500 FAX

MEMORANDUM

TO: Anthony DeVico, Ph.D.
Professor
School of Medicine

FROM: David J. Ramsay, D.M., D.Phil. 
President

DATE: July 3, 2007

SUBJECT: Profectus Biosciences, Inc. Conflict of Interest

As you may know, UMBI has furnished the UMB conflict of interest officer, Mr. Joe Giffels, with information concerning the COI exemption you have been granted by UMBI. I am pleased that you have sought guidance promptly about obtaining an exemption from UMB to permit lawful continuation of the relationships for which you have an exemption granted by the UMBI President.

As authorized by the University System of Maryland Board of Regents' Policy on Conflicts of Interest in Research and Development, I am granting a temporary exemption, from July 1, 2007 through September 30, 2007, for your financial relationships with Profectus Biosciences, Inc. This exemption covers your relationship with Profectus as disclosed to UMBI when you requested the exemption in effect before July 1. The exemption I am granting at this time is subject to the conditions set out by UMBI in its approval, substituting the Vice President for Academic Affairs at UMB for the Vice President, Research and Development at UMBI. The exemption I am granting also is subject to the additional condition that you must seek an exemption under the UMB conflict of interest procedures by filing an exemption request no later than July 31, 2007.

In the absence of an exemption, your association with Profectus Biosciences, Inc. would conflict with Maryland law (the Public Ethics Law), and with USM and UMB policy.

UMB's Conflict of Interest Officer, Mr. Joe Giffels, is available for consultation on UMB's conflict of interest procedures. He may be reached at 410-706-1853.

PC: Frank Calia, M.D., M.A.C.P.
Joseph Giffels, M.A.S.
James Hughes, M.B.A.
Malinda Orlin, Ph.D.
E. Albert Reece, M.D., Ph.D., M.B.A.

EXEMPTION REQUEST FORM
DISCLOSING CONFLICT OF INTEREST
RELATED TO RESEARCH OR DEVELOPMENT

PART TWO:

DISCLOSURE AND EXEMPTION REQUEST

Please provide all information in **boldface type**.

Section One. Directory Information. Supply the requested information about yourself, as the employee requesting the exemption, and about the entity with which your relationship is proposed:

A. About You

Name: Anthony DeVico, PhD

University Title: **Professor of Medicine**

Division/Department or Administrative Unit: **IHV/SOM**

FTE: 1.0 Annual Salary: 139,639

University Business Address: **725 West Lombard Street, N660,
Baltimore, MD 21201**

Phone Number: **410 706 4680**

Facsimile: **410 706 4694**

E-mail Address: devico@umbi.umd.edu

B. About Your Immediate Supervisor

Name: Robert C. Gallo, MD

University Title: **Professor and Director, IHV**

University Business Address: **725 West Lombard Street, S307,
Baltimore, MD 21201**

Phone Number: **410 706 8614**

Facsimile: **410 706 1952**

E-mail Address: gallo@umbi.umd.edu

C. About the Entity

Name: Profectus Biosciences, Inc.

Form of Organization: Corporation
(e.g., LLC, corporation, partnership)

State in which it is organized: DE

General nature of its business activities: Research and Development

Any other names under which it does business, and the names of any wholly owned subsidiaries, or corporate parents (companies which own the entity) which conduct business similar to the entity's business, or which also have relationships with UM or you. n/a

Profectus BioSciences, Inc. was originally named Maryland BioTherapeutics, Inc.

A Contact Person: Give the name and title of an officer or other person at the entity or its parent who is informed about the proposed relationship:

Mr. Joe Berardino, Chairman, CEO

Give the person's business address: **techcenter@UMBC, 1450 South Rolling Road, Baltimore, MD 21227**

Telephone Number: **443 543 5010**

Facsimile Number: **443 543 5013**

E-Mail Address: **berardino@profectusbiosciences.com**

D. Additional Information

Is the entity an ongoing business concern? yes no

If the entity is to be established, (a) when do you think it will be created? _____ (give month and year)

(b) What state will it be organized in? _____

Section Two. Your Conflict of Interest Concerns. Supply information about the potential or actual conflict of interest and your proposal to mitigate it.

A. Description of Conflict of Interest. Describe in your own words the potential or actual conflict of interest which you or others have identified which led you to file this exemption request.

Use the space provided, or attach a statement. You may attach supporting documents as helpful.

I am a shareholder in ProfectusBiosciences and a member of their Scientific Advisory Board. I am also an inventor on technologies that have been licensed to Profectus by UMBI. I also participate in research collaborations with the company and we are co-investigators on SBIR, MIPS, and NIH R01/U01 grants and grant applications. As such, I will be presenting data in the form of grant applications, meeting presentations, and publications on technologies in which I have a financial interest.

My financial interest in Profectus and the technology may be perceived to affect or be affected by the research I am involved in.

B. Steps to Mitigate Conflict. Describe in your own words what steps you think UM could take to ensure that the integrity of your UM work is not compromised by your relationship with the entity. Be thorough. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

In my positions with IHV and Profectus, I will not be involved in the negotiations between UMB with Profectus to establish any terms of commercialization and I will excuse myself from any such discussions in any capacity. Additionally, I will neither advise nor participate in any decision-making in my capacity as an Profectus Scientific Advisory Board member that would affect UMB. I will disclose my interest in Profectus whenever I am presenting the results of my research.

Have you discussed these suggestions with the entity (y/n)? **yes**

Is the entity prepared to pay the costs associated with implementing these suggestions (y/n)? **n/a_____**

Section Three. Research and Development Activities. Explain how, in your view, the exemption will advance the research and development goals of the Public-Private Partnership Act. What are the research and development activities of the entity? In providing this information, remember that the UM Procedures Implementing Board of Regents Policy on Conflicts of Interest in Research or Development define "research" and "development" as basic or applied research or development, including (A) the development or marketing of university-owned technology or intellectual property; (B) the acquisition of services of an official or employee by an entity for research and development purposes; or (c) participation in State economic development programs. Research does not have to be sponsored research in order for relationships with entities to be eligible for Public-Private Partnership Act exemptions.

As per the Commercialization Agreement that created the IHV, Drs. Gallo, Blattner and Redfield were encouraged to establish one or more entities to commercialize products developed at the IHV. Profectus is developing a prophylactic vaccine and a therapeutic for HIV infection around technology developed at the IHV for which it has negotiated license agreements with UMBI and UMB.

Section Four. Details of Relationship. Provide information about the entity's relationship, present and/or proposed, with UM, and the entity's present or proposed interest in your work at UM.

As per the Commercialization Agreement Drs. Gallo, Blattner and Redfield have designated several technologies developed at the IHV to Profectus. UMB and UMBI have negotiated license agreements for these technologies with Profectus. UMBI and UMB have granted licenses to Profectus to make use and sell products developed under the terms of the licenses. I am an inventor on 2 technologies currently licensed to Profectus and I currently perform direct research utilizing these technologies.

A. Sponsored Research Agreements. Describe any present or proposed sponsored research agreements with the entity, as sponsor or as subcontractor to UM, involving you or your laboratory or academic group. Give the approximate budget, the Principal Investigator, the title of the project, and the name of the UM grants and contracts administrator most familiar with the project.

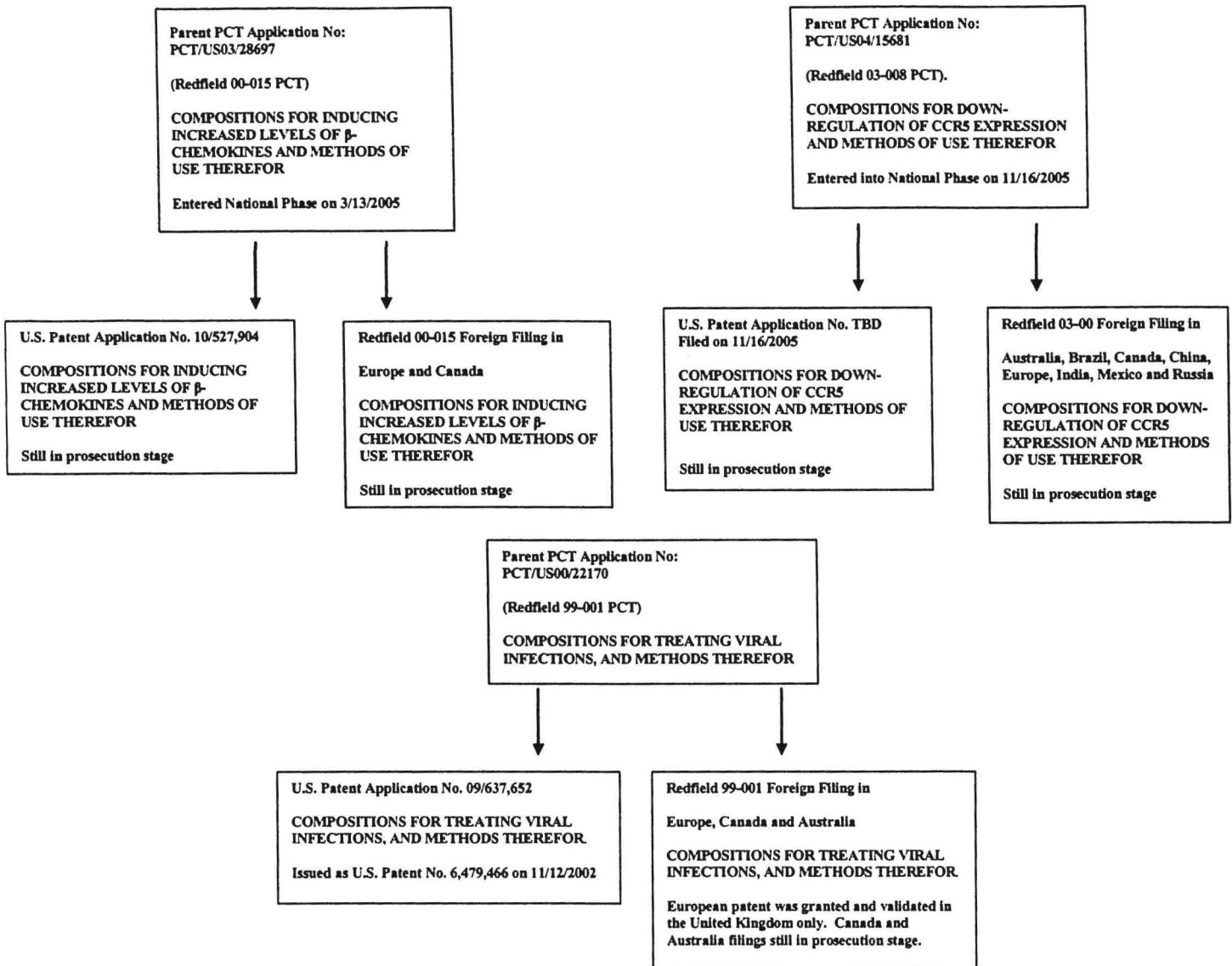
1. Gates Foundation

Sterilizing Protection Elicited by an HIV-1 Vaccine
Robert Gallo
Pending
Request: \$15,000,000

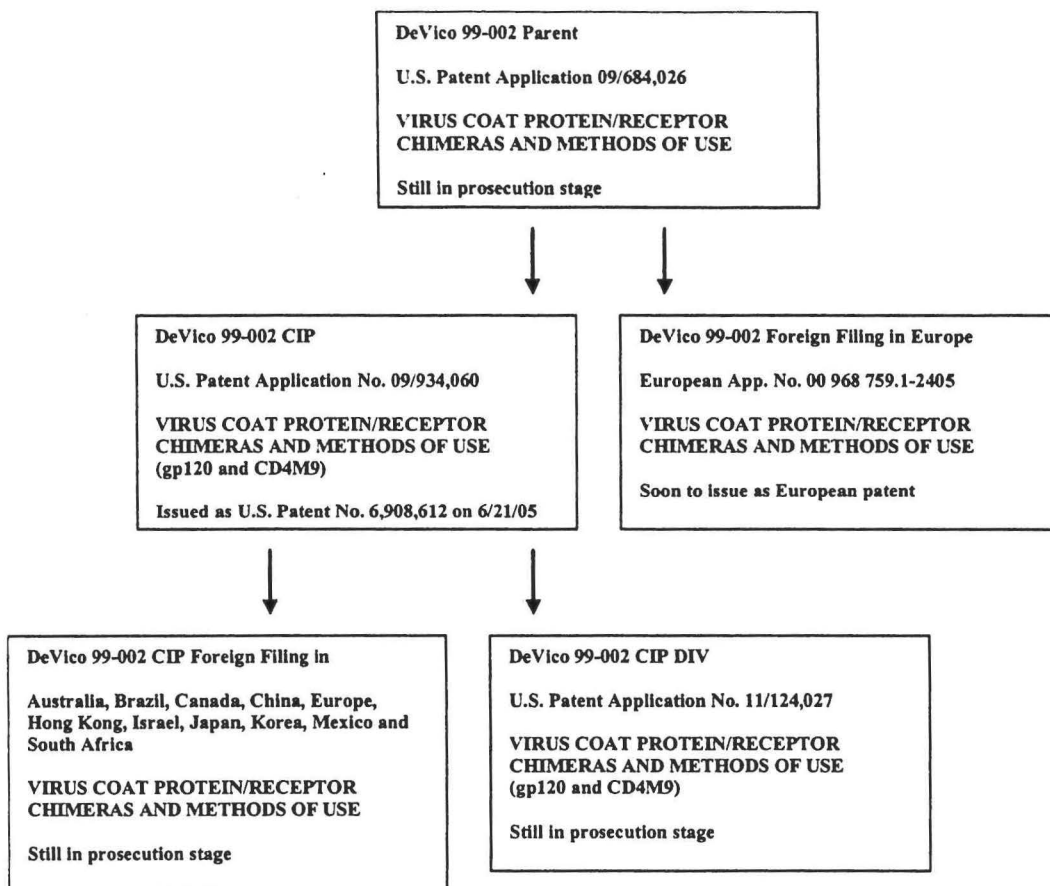
B. Options or License Agreements. Describe any present or proposed options or license agreements known to you between UM and the entity if such agreements relate to inventions or other intellectual property developed by you or in your laboratory or academic group, giving the title of the subject intellectual property.

It is my understanding that Profectus has licensed the following technologies from UMBI or UMB:

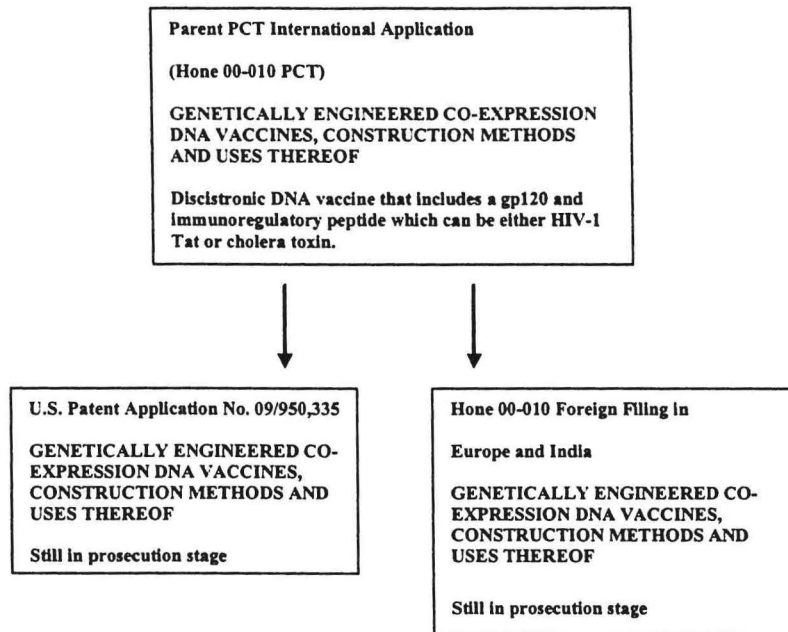
Cell Cycle Agents:



HIV Vaccine/Viral Entry Inhibitors:



Vectored Vaccine Adjuvants:



C. Entity Interest in Outcome. If, to your knowledge, the entity is interested in the outcome of your research or academic work, but is not a sponsor of your work, explain why the entity has such interest, in your opinion.

D. Gifts or Grants. If the entity has made gifts or grants to UM or the University of Maryland Foundation (UM Fund) in support of your work at UM, give information about the dates and amounts of the gifts or grants, including whether or not the funds were used for any purpose related to your proposed relationship with the entity.

Section Five. Ownership Information. If you are requesting an exemption permitting you to have an ownership interest in an entity, provide the requested information, and attach a copy of any written proposal or offer covering the ownership interest.

A. What "units" you will or may own. (E.g., stock, warrants, limited partnership interest, LLC interest.)

B. Ownership.

Individual X Joint

If joint, name of co-owner: _____

C. Value of your Ownership Interest. Current estimated dollar value **\$500,000 not discounted for non-liquidity**. Percent of total ownership **2.4% on a fully diluted basis**.

Common shares: 499,970

D. Conditions of Ownership. Describe any conditions or encumbrances affecting your ownership interest. (E.g., will you be prohibited from exercising options or selling stock for a certain period of time, or until certain events occur?)

Pursuant to a Shareholders Agreement I must first offer any stock I wish to sell to the other Profectus Shareholders. Additionally, the other Profectus Shareholders have a right on a prorated basis to participate in any sale of stock that I make to any other party.

E. Will you purchase the ownership interest? (Y/N) If so, what will you pay for it? _____ How does that price compare with the market value, if there is a market value?

In 2004 I purchased 499,970 shares of Profectus Common for \$.005 per share for a total of \$2498.50. This was the market value as determined by the board of directors of Profectus.

F. If you are not purchasing the ownership interest, what is the consideration for the ownership interest?

G. From what person or organization will you acquire your ownership interest?

My common stock was acquired directly from the Company.

Section Six. Your Employment Relationship. If you are requesting an exemption for an employment relationship (including both traditional compensated employment and other relationships e.g., consulting, office or executive responsibility in the entity's operations, board membership, royalties, etc.), attach a copy of any written proposal or offer covering the employment relationship and provide the requested information:

A. What position will you hold? What duties will you have on behalf of the entity? Be as specific as possible. In particular, if you will be conducting any research or scientific work for the entity, address what you will be doing, where you will do it, and the relationship, if any, to your work at UM.

Title: Member of the Profectus Scientific Advisory Board
Responsibilities:

The Scientific Advisory Board will be charged with advising the board of directors of the Company about setting the overall scientific mission and agenda of the Company and to review current and proposed program areas. My position is one of providing advice to the Company and not one of final decision or policy making for the Company. In my position as a member of the scientific advisory board I may be asked to review research grants submitted by the company including but no limited to grants intended to be submitted to the NIH but it is not intended that I will act as a principal investigator in any grants submitted by the Company at this time.

As described above I have received grant funds to perform research for and with Profectus. The research will be performed in my laboratory and all the costs associated with this research are recovered from the grant funds.

B. How much time per biweekly period _____, month _____, year _____ will you be providing to the entity? _____

I anticipate that I will provide services to MBTI one day per month.

C. What compensation, if any, do you expect from the entity?

None

D. Will you use annual and other paid leave time for the work for the entity? (Y/N) **Yes**_____ If no, please explain.

E. Are you requesting a leave of absence or change in level of FTE at UM in order to make your time available to the entity? (Y/N) **NO** If available, attach a copy of the request you have made and the approval.

F. If you are an externally funded investigator, what percentage of your FTE is budgeted to grants and contracts at this time?

75%

Section Seven. Gifts. Describe any gifts for which you are requesting an exemption because of your relationship with the donating entity, or that entity's interest in your work.

If you are seeking permission to accept a gift or honorarium from an entity which has a relationship with you, or an interest in your work, provide the nature and value of the gift. You need to give this information whether you are considering a gift directly to you which you plan to retain, a gift you plan to give to another person or entity (e.g., assigning the gift to the UM Fund), or a gift arranged through you but directed to the UM Fund or other UM affiliates which can hold and administer funds for the benefit of your work.

Give the nature and value of the gift (cash, stock, etc.; market value or face value), and attach a copy of any written offer.

Section Eight.

A. **Other Relationships with the Entity.** Provide information about any other relationship with the entity which has not been discussed above, but which may require an exemption to be lawful. Include here matters such as employment of a spouse or dependent child by the entity, ownership of an interest in the entity by a spouse, dependent

child, or other dependent, or relationships between the entity and other organizations with which you or your spouse or dependent child have ownership or employment relationships. In describing ownership interests, give details, including percentage interest and value. In describing employment, give levels of effort and salary.

None

B. Relationship with other organizations. Describe any employment, ownership, or business relationship held by you or a spouse or dependent child in any business which could be affected (positively or negatively) by your relationship, or the results of your work, for the entity discussed in this exemption request.

None

Section Nine. Signature and Approvals.

Before routing this form, execute it here. Please remind other reviewers to consider this form thoughtfully, complete their sections below, and execute the form if they are forwarding your request with a positive recommendation. Omit any steps of review which are not applicable to you. Be sure the last reviewer forwards the exemption request to the Conflict of Interest Officer.

A. I hereby make oath or affirm that the contents of this Exemption Request are true and correct to the best of my knowledge, information and belief.



Your Signature

6/29/07

Date

B. Supervisor's Statement

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

_____ Robert C. Gallo _____
Date Supervisor's Signature

C. Statement of Division Head or Director

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

_____ Robert C. Gallo _____
Date Signature of Division Head or Director

D. Statement of Chairperson or Assistant/Associate Vice President

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

_____ Robert C. Gallo _____
Date Signature of Chairperson or Assistant/
Associate Vice President

E. Statement of Vice Dean for Research and Academic Affairs

I have reviewed this exemption request. I am aware of the nature of the conflict and the proposed measures to mitigate it. I am forwarding it to the Conflict of Interest Advisory Committee for its review, comments and suggestions.

Date

Signature of Vice Dean

F. Statement of Dean

I have reviewed this exemption request. I am aware of the nature of the conflict and the proposed measures to mitigate it. I am forwarding it to the Conflict of Interest Advisory Committee for its review, comments and suggestions.

Date

Signature of Dean

FORWARD THIS FORM VIA CAMPUS MAIL TO J. JOSEPH GIFFELS, UMB CONFLICT OF INTEREST OFFICER, ACADEMIC AFFAIRS, FOURTH FLOOR, PACA-PRATT BUILDING.



UNIVERSITY OF MARYLAND

Office of the President

DAVID J. RAMSAY, DM, DPhil
President

520 West Lombard Street
Baltimore, Maryland 21201-1627
410 706 7002 | 410 706 0500 FAX


MEMORANDUM

TO: George Lewis, Ph.D.
Professor
School of Medicine

FROM: David J. Ramsay, D.M., D.Phil.
President

DATE: September 28, 2007

SUBJECT: Profectus Biosciences, Inc. Conflict of Interest



I am writing to extend the temporary exemption covering your financial relationships with Profectus Biosciences, Inc., which expires on September 30, 2007. The extension is valid from October 1, 2007 through November 31, 2007. It is being granted in recognition of progress made to date in disclosing your conflict of interest for review by the School of Medicine and the University, and anticipates a decision regarding a more permanent exemption within the next sixty days.

In the absence of an exemption, your association with Profectus Biosciences, Inc. would conflict with Maryland law, including, but not limited to, Title 15, Subtitle 5 of the Maryland Public Ethics Law, and with USM and UMB policy.

UMB's Conflict of Interest Officer, Mr. Joe Giffels, is available for consultation on UMB's conflict of interest procedures. He may be reached at 410-706-1853.

PC: Joseph Giffels, M.A.S.
James Hughes, M.B.A.
James Kaper, Ph.D.
Malinda Orlin, Ph.D.
E. Albert Recce, M.D., Ph.D., M.B.A.



UNIVERSITY OF MARYLAND

Office of the President

DAVID J. RAMSAY, DM, DPhil
President

520 West Lombard Street
Baltimore, Maryland 21201-1627
410 706 7002 | 410 706 0500 FAX

MEMORANDUM

TO: George Lewis, Ph.D.
Professor
School of Medicine

FROM: David J. Ramsay, D.M., D.Phil. *DJR*
President

DATE: July 3, 2007

SUBJECT: Profectus Biosciences, Inc. Conflict of Interest

As you may know, UMBI has furnished the UMB conflict of interest officer, Mr. Joe Giffels, with information concerning the COI exemption you have been granted by UMBI. I am pleased that you have sought guidance about obtaining an exemption from UMB to permit lawful continuation of the relationships for which you have an exemption granted by the UMBI President.

As authorized by the University System of Maryland Board of Regents' Policy on Conflicts of Interest in Research and Development, I am granting a temporary exemption, from July 1, 2007 through September 30, 2007, for your financial relationships with Profectus Biosciences, Inc. This exemption covers your relationship with Profectus as disclosed to UMBI when you requested the exemption in effect before July 1. The exemption I am granting at this time is subject to the conditions set out by UMBI in its approval, substituting the Vice President for Academic Affairs at UMB for the Vice President, Research and Development at UMBI. The exemption I am granting also is subject to the additional condition that you must seek an exemption under the UMB conflict of interest procedures by filing an exemption request no later than July 31, 2007.

In the absence of an exemption, your association with Profectus Biosciences, Inc. would conflict with Maryland law (the Public Ethics Law), and with USM and UMB policy.

UMB's Conflict of Interest Officer, Mr. Joe Giffels, is available for consultation on UMB's conflict of interest procedures. He may be reached at 410-706-1853.

PC: Joseph Giffels, M.A.S.
James Hughes, M.B.A.
James Kaper, Ph.D.
Malinda Orlin, Ph.D.
E. Albert Reece, M.D., Ph.D., M.B.A.

EXEMPTION REQUEST FORM
DISCLOSING CONFLICT OF INTEREST
RELATED TO RESEARCH OR DEVELOPMENT

PART TWO:

DISCLOSURE AND EXEMPTION REQUEST

Please provide all information in boldface type.

Section One. Directory Information. Supply the requested information about yourself, as the employee requesting the exemption, and about the entity with which your relationship is proposed:

A. About You

Name: George Lewis, PhD

University Title: **Professor of Microbiology and Immunology**

Division/Department or Administrative Unit: **IHV/SOM**

FTE: 1.0 Annual Salary: 178,000

University Business Address: **725 West Lombard Street, N660,
Baltimore, MD 21201**

Phone Number: **410 706 4688**

Facsimile: **410 706 4695**

E-mail Address: **lewisg@umbi.umd.edu**

B. About Your Immediate Supervisor

Name: Robert C. Gallo, MD

University Title: **Professor and Director, IHV**

University Business Address: **725 West Lombard Street, S307,
Baltimore, MD 21201**

Phone Number: 410 706 8614

Facsimile: 410 706 1952

E-mail Address: gallo@umbi.umd.edu

C. About the Entity

Name: Profectus Biosciences, Inc.

Form of Organization: Corporation
(e.g., LLC, corporation, partnership)

State in which it is organized: DE

General nature of its business activities: Research and Development

Any other names under which it does business, and the names of any wholly owned subsidiaries, or corporate parents (companies which own the entity) which conduct business similar to the entity's business, or which also have relationships with UM or you. n/a

Profectus BioSciences, Inc. was originally named Maryland BioTherapeutics, Inc.

A Contact Person: Give the name and title of an officer or other person at the entity or its parent who is informed about the proposed relationship:

Mr. Joe Berardino, Chairman, CEO

Give the person's business address: **techcenter@UMBC, 1450 South Rolling Road, Baltimore, MD 21227**

Telephone Number: 443 543 5010

Facsimile Number: 443 543 5013

E-Mail Address: **berardino@profectusbiosciences.com**

D. Additional Information

Is the entity an ongoing business concern? Xyes no

If the entity is to be established, (a) when do you think it will be created? _____ (give month and year)

(b) What state will it be organized in? _____

Section Two. Your Conflict of Interest Concerns. Supply information about the potential or actual conflict of interest and your proposal to mitigate it.

A. Description of Conflict of Interest. Describe in your own words the potential or actual conflict of interest which you or others have identified which led you to file this exemption request. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

I am a shareholder in ProfectusBiosciences and a member of their Scientific Advisory Board. I am also an inventor on technologies that have been licensed to Profectus by UMBI. I also participate in research collaborations with the company and we are co-investigators on SBIR, MIPS, and NIH R01/U01 grants and grant applications. As such, I will be presenting data in the form of grant applications, meeting presentations, and publications on technologies in which I have a financial interest.

My financial interest in Profectus and the technology may be perceived to affect or be affected by the research I am involved in.

B. Steps to Mitigate Conflict. Describe in your own words what steps you think UM could take to ensure that the integrity of your UM work is not compromised by your relationship with the entity. Be thorough. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

In my positions with IHV and Profectus, I will not be involved in the negotiations between UMB with Profectus to establish any terms of commercialization and I will excuse myself from any such discussions in any capacity. Additionally, I will neither advise nor participate in any decision-making in my capacity as a Profectus Scientific Advisory Board member that would affect UMB. I will disclose my interest in Profectus whenever I am presenting or publishing the results of my research.

Have you discussed these suggestions with the entity (y/n)? yes

Is the entity prepared to pay the costs associated with implementing these suggestions (y/n)? n/a_____

Section Three. Research and Development Activities. Explain how, in your view, the exemption will advance the research and development goals of the Public-Private Partnership Act. What are the research and development activities of the entity? In providing this information, remember that the UM Procedures Implementing Board of Regents Policy on Conflicts of Interest in Research or Development define "research" and "development" as basic or applied research or development, including (A) the development or marketing of university-owned technology or intellectual property; (B) the acquisition of services of an official or employee by an entity for research and development purposes; or (c) participation in State economic development programs. Research does not have to be sponsored research in order for relationships with entities to be eligible for Public-Private Partnership Act exemptions.

As per the Commercialization Agreement that created the IHV, Drs. Gallo, Blattner and Redfield were encouraged to establish one or more entities to commercialize products developed at the IHV. Profectus is developing a prophylactic vaccine and a therapeutic for HIV infection around technology developed at the IHV for which it has negotiated license agreements with UMBI and UMB.

Section Four. Details of Relationship. Provide information about the entity's relationship, present and/or proposed, with UM, and the entity's present or proposed interest in your work at UM.

As per the Commercialization Agreement Drs. Gallo, Blattner and Redfield have Designated several technologies developed at the IHV to Profectus. UMB and UMBI have negotiated license agreements for these technologies with Profectus. UMBI and UMB have granted licenses to Profectus to make use and sell products developed under the terms of the licenses. I am an inventor on 2 technologies currently licensed to Profectus and I currently perform direct research utilizing these technologies.

A. Sponsored Research Agreements. Describe any present or proposed sponsored research agreements with the entity, as sponsor or as subcontractor to UM, involving you or your laboratory or academic group. Give the approximate budget, the Principal Investigator, the title of the project, and the name of the UM

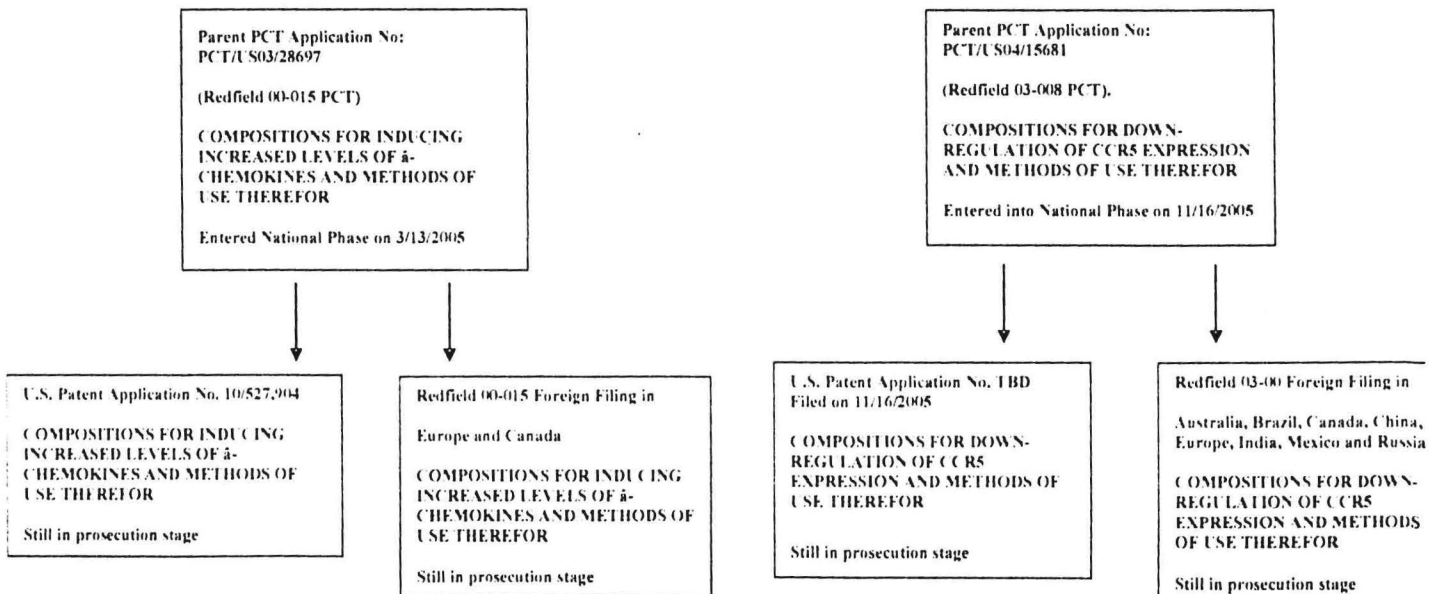
grants and contracts administrator most familiar with the project.

1. **Maryland Industrial Partnership**
Granted: Feb 1, 2007 for 1 year
Cholera A1 Subunit as an HIV DNA Vaccine Adjuvant
Ken Bagley, Profectus/ George Lewis PI, UMBI
Budget: \$225,622
2. **Maryland Industrial Partnership**
Granted: August 1, 2006 for 1 year
Developing Rapamycin to Treat HIV Infection
Tim Fouts, Profectus/ George Lewis PI, UMBI
Budget: \$200,000
3. **National Institutes of Health**
NIAID
Enhancing DNA Vaccines Using Modified Cholera Like Toxin A1 Subunits and adjuvants
Tim Fouts, Profectus PI
Granted: June 1, 2007 for 1 year
Budget: \$294,643
4. **Gates Foundation**
Sterilizing Protection Elicited by an HIV-1 Vaccine
Robert Gallo PI, George Lewis, Co-PI
Pending
Request: \$15,000,000

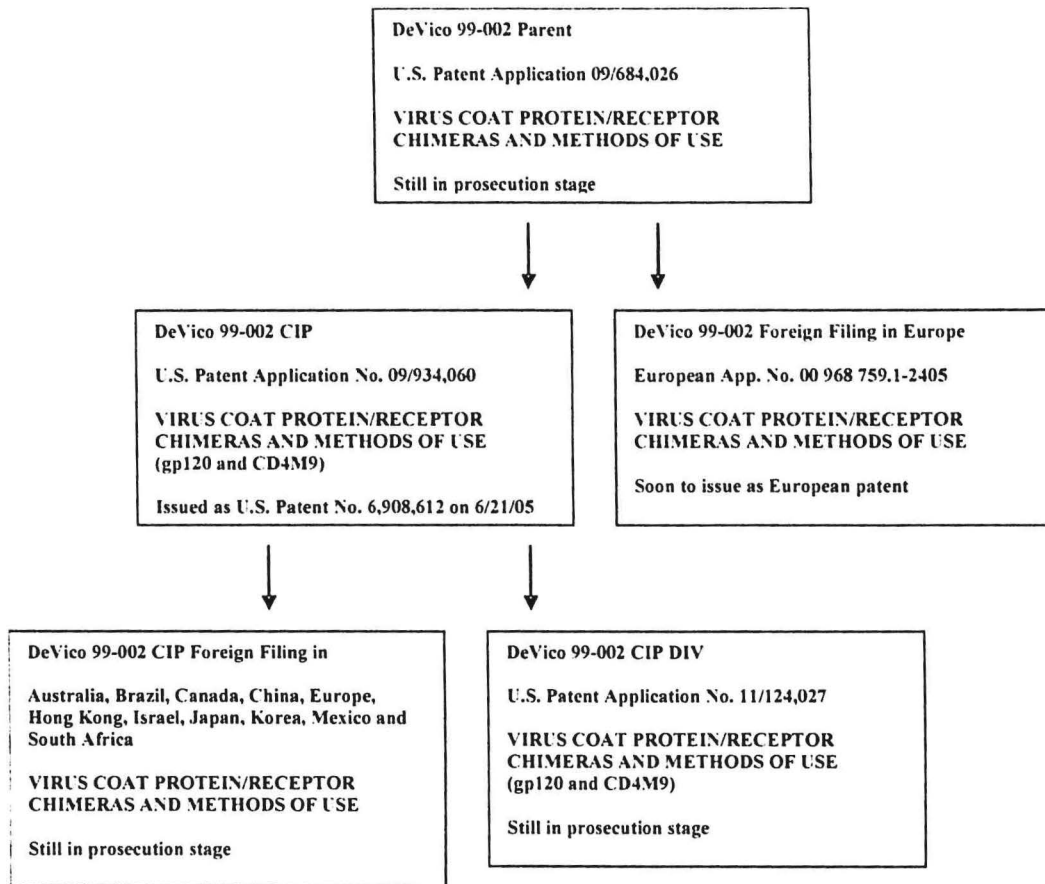
B. Options or License Agreements. Describe any present or proposed options or license agreements known to you between UM and the entity if such agreements relate to inventions or other intellectual property developed by you or in your laboratory or academic group, giving the title of the subject intellectual property.

It is my understanding that Profectus has licensed the following technologies from UMBI or UMB:

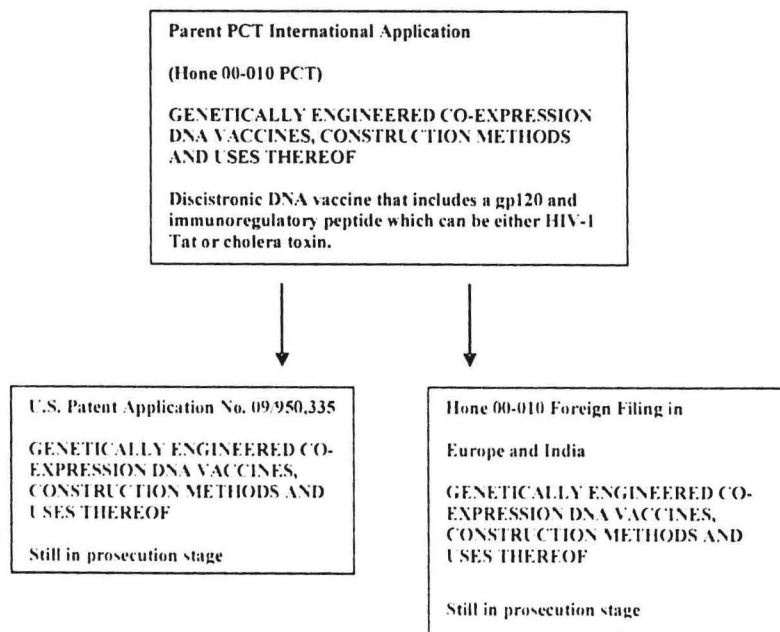
Cell Cycle Agents:



HIV Vaccine/Viral Entry Inhibitors:



Vectored Vaccine Adjuvants:



C. Entity Interest in Outcome. If, to your knowledge, the entity is interested in the outcome of your research or academic work, but is not a sponsor of your work, explain why the entity has such interest, in your opinion.

D. Gifts or Grants. If the entity has made gifts or grants to UM or the University of Maryland Foundation (UM Fund) in support of your work at UM, give information about the dates and amounts of the gifts or grants, including whether or not the funds were used for any purpose related to your proposed relationship with the entity.

Section Five. Ownership Information. If you are requesting an exemption permitting you to have an ownership interest in an entity, provide the requested information, and attach a copy of any written proposal or offer covering the ownership interest.

A. What "units" you will or may own. (E.g., stock, warrants, limited partnership interest, LLC interest.)

B. Ownership.

Individual X Joint

If joint, name of co-owner: _____

C. Value of your Ownership Interest. Current estimated dollar value **\$500,000 not discounted for non-liquidity.** Percent of total ownership **2.4% on a fully diluted basis.**

Common shares: 499,970

D. Conditions of Ownership. Describe any conditions or encumbrances affecting your ownership interest. (E.g., will you be prohibited from exercising options or selling stock for a certain period of time, or until certain events occur?)

Pursuant to a Shareholders Agreement I must first offer any stock I wish to sell to the other Profectus Shareholders. Additionally, the other Profectus Shareholders have a right on a prorated basis to participate in any sale of stock that I make to any other party.

E. Will you purchase the ownership interest? (Y/N) Y If so, what will you pay for it? _____ How does that price compare with the market value, if there is a market value?

In 2004 I purchased 499,970 shares of Profectus Common for \$.005 per share for a total of \$2498.50. This was the market value as determined by the board of directors of Profectus.

F. If you are not purchasing the ownership interest, what is the consideration for the ownership interest?

G. From what person or organization will you acquire your ownership interest?

My common stock was acquired directly from the Company.

Section Six. Your Employment Relationship. If you are requesting an exemption for an employment relationship (including both traditional compensated employment and other relationships e.g., consulting, office or executive responsibility in the entity's operations, board membership, royalties, etc.), attach a copy of any written proposal or offer covering the employment relationship and provide the requested information:

A. What position will you hold? What duties will you have on behalf of the entity? Be as specific as possible. In particular, if you will be conducting any research or scientific work for the entity, address what you will be doing, where you will do it, and the relationship, if any, to your work at UM.

Title: **Member of the Profectus Scientific Advisory Board**
Responsibilities:

The Scientific Advisory Board will be charged with advising the board of directors of the Company about setting the overall scientific mission and agenda of the Company and to review current and proposed program areas. My position is one of providing advice to the Company and not one of final decision or policy making for the Company. In my position as a member of the scientific advisory board I may be asked to review research grants submitted by the company including but no limited to grants intended to be submitted to the NIH but it is not intended that I will act as a principal investigator in any grants submitted by the Company at this time.

As described above I have received grant funds to perform research for and with Profectus. The research will be performed in my laboratory and all the costs associated with this research are recovered from the grant funds.

- B. How much time per biweekly period _____, month _____, year _____ will you be providing to the entity? _____

I anticipate that I will provide services to MBTI one day per month.

- C. What compensation, if any, do you expect from the entity?

None

- D. Will you use annual and other paid leave time for the work for the entity? (Y/N) Yes_____ If no, please explain.

- E. Are you requesting a leave of absence or change in level of FTE at UM in order to make your time available to the entity? (Y/N) NO
If available, attach a copy of the request you have made and the approval.

- F. If you are an externally funded investigator, what percentage of your FTE is budgeted to grants and contracts at this time?

70%

Section Seven. Gifts. Describe any gifts for which you are requesting an exemption because of your relationship with the donating entity, or that entity's interest in your work. **None.**

If you are seeking permission to accept a gift or honorarium from an entity which has a relationship with you, or an interest in your work, provide the nature and value of the gift. You need to give this information whether you are considering a gift directly to you which you plan to retain, a gift you plan to give to another person or entity (e.g., assigning the gift to the UM Fund), or a gift arranged through you but directed to the UM Fund or other UM affiliates which can hold and administer funds for the benefit of your work.

Give the nature and value of the gift (cash, stock, etc.; market value or face value), and attach a copy of any written offer.

Section Eight.

A. Other Relationships with the Entity. Provide information about any other relationship with the entity which has not been discussed above, but which may require an exemption to be lawful. Include here matters such as employment of a spouse or dependent child by the entity, ownership of an interest in the entity by a spouse, dependent child, or other dependent, or relationships between the entity and other organizations with which you or your spouse or dependent child have ownership or employment relationships. In describing ownership interests, give details, including percentage interest and value. In describing employment, give levels of effort and salary.

None.

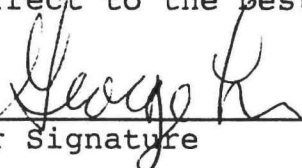
B. Relationship with other organizations. Describe any employment, ownership, or business relationship held by you or a spouse or dependent child in any business which could be affected (positively or negatively) by your relationship, or the results of your work, for the entity discussed in this exemption request.

None.

Section Nine. Signature and Approvals.

Before routing this form, execute it here. Please remind other reviewers to consider this form thoughtfully, complete their sections below, and execute the form if they are forwarding your request with a positive recommendation. Omit any steps of review which are not applicable to you. Be sure the last reviewer forwards the exemption request to the Conflict of Interest Officer.

A. I hereby make oath or affirm that the contents of this Exemption Request are true and correct to the best of my knowledge, information and belief.



Your Signature

6-29-07

Date

B. Supervisor's Statement

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

_____ Date

Robert C. Gallo

Supervisor's Signature

C. Statement of Division Head or Director

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

_____ Date

Robert C. Gallo

Signature of Division Head or Director

D. Statement of Chairperson or Assistant/Associate Vice President

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

_____ Date

Robert C. Gallo

Signature of Chairperson or Assistant/
Associate Vice President

E. Statement of Vice Dean for Research and Academic Affairs

I have reviewed this exemption request. I am aware of the nature of the conflict and the proposed measures to mitigate it. I am forwarding it to the Conflict of Interest Advisory Committee for its review, comments and suggestions.

Date

Signature of Vice Dean

F. Statement of Dean

I have reviewed this exemption request. I am aware of the nature of the conflict and the proposed measures to mitigate it. I am forwarding it to the Conflict of Interest Advisory Committee for its review, comments and suggestions.

Date

Signature of Dean

FORWARD THIS FORM VIA CAMPUS MAIL TO J. JOSEPH GIFFELS, UMB CONFLICT OF INTEREST OFFICER, ACADEMIC AFFAIRS, FOURTH FLOOR, PACA-PRATT BUILDING.

E. Statement of Vice Dean for Research and Academic Affairs

I have reviewed this exemption request. I am aware of the nature of the conflict and the proposed measures to mitigate it. I am forwarding it to the Conflict of Interest Advisory Committee for its review, comments and suggestions.

Date

Signature of Vice Dean

F. Statement of Dean

I have reviewed this exemption request. I am aware of the nature of the conflict and the proposed measures to mitigate it. I am forwarding it to the Conflict of Interest Advisory Committee for its review, comments and suggestions.

Date

Signature of Dean

FORWARD THIS FORM VIA CAMPUS MAIL TO J. JOSEPH GIFFELS, UMB CONFLICT OF INTEREST OFFICER, ACADEMIC AFFAIRS, FOURTH FLOOR, PACA-PRATT BUILDING.



UNIVERSITY OF MARYLAND


Office of the President

DAVID J. RAMSAY, DM, DPhil
President

520 West Lombard Street
Baltimore, Maryland 21201-1627
410 706 7002 | 410 706 0500 FAX

MEMORANDUM

TO: Stephen Gottlieb, M.D.
Professor
Division of Cardiology
Department of Medicine
School of Medicine

FROM: David J. Ramsay, D.M., D.Phil. 
President

DATE: July 12, 2007

SUBJECT: Conflict of Interest Disclosure #07-07-005
Scios Inc.

I approve, subject to compliance with the following conditions, your conflict of interest exemption request dated July 9, 2007, involving consulting services, and a research agreement with, Scios Inc., as described in your exemption request. Your association with Scios Inc. will facilitate research and development. I have determined that your relationship with Scios Inc. would not be a harmful interest, as described in the USM Board of Regents' Policy on Conflicts of Interest in Research and Development. This exemption permits your association with Scios Inc. as described in your exemption request. In the absence of this exemption, your association with Scios Inc. would conflict with Maryland Public Ethics Law, and with USM and UMB policy.

The conditions of this exemption follow:

- Your business and financial relationship with Scios Inc. must be disclosed by you to anyone (including, but not limited to, collaborating faculty, staff, trainees and subjects) participating in your Scios Inc. funded research or related research. Your relationship with Scios Inc. must also be disclosed when you publish or speak on the Research. While this latter requirement is already standard with most professional journals and scientific meetings, in the interest of mitigating your conflicts, it must also be applied to presentations made on campus.
- Information about your research plans and outcomes must not be disclosed to Scios Inc. prior to the time that such information is made available to the scientific

community as a result of publication, except as specified in any research, licensing, material transfer or other agreements between the University and Scios Inc. or except as necessary to the development of collaborative research proposals involving the University and Scios Inc.

- All of the research you propose, all of the findings that result from or affect your Scios Inc. activities, and the conflict of interest issues surrounding your Scios Inc. relationship must be disclosed to and discussed with your Department Chair on a regular basis to ensure the integrity of the science proposed and the publications prepared. Your discussions should be documented by you in writing and include an implementation plan for any changes suggested by your Department Chair. Copies of this documentation must be promptly submitted to the School of Medicine Dean's Office and the UMB Conflict of Interest Officer. These requirements are intended to diminish any perception that your research plans, results or publications may be biased as a result of your relationship with Scios Inc.
- If graduate students or postdoctoral fellows join your laboratory to conduct research sponsored by Scios Inc. under your direction and mentorship, it will be necessary for a faculty member uninvolved with your academic division or research to monitor the student's academic progress and research work and publications to assure that your financial interests in Scios Inc. do not adversely affect the student's academic needs. Your Department Chair will be responsible for identifying the faculty monitor and assuring that this provision is met.
- It is assumed that your Scios Inc.- sponsored research activities are related to your consulting activities only as described in the disclosure documentation you provided, and that mechanisms for ensuring the integrity of the research (including its design and conduct, and the collection, analysis and reporting of data) are in place. Further, it is assumed that any other University research activities undertaken by you are unrelated to your consulting activities for Scios Inc.. You must inform the Conflict of Interest Officer and your Department Chair immediately if these assumptions are incorrect or the facts change. Your consulting activities for Scios Inc. shall not involve the use of University funds or facilities, or personnel other than yourself, as described.
- All research personnel and activities in your laboratory must be supported according to their level of effort and use, respectively, on various projects, supported by the standard departmental review and approval of related documentation (such as University Grant Routing Forms and Time and Effort Reports). Scios Inc. must pay full compensation for the time of personnel and for other research costs, and must pay full facilities and administrative costs unless waivers or reductions have been approved in accordance with University policy.

Stephen Gottlieb, M.D.

July 12, 2007

Page 3

- You file timely annual reports with the Conflict of Interest Officer.

Note that this exemption may be voided by me in the event of your failure to satisfy all of the foregoing conditions. Procedural questions regarding this exemption should be directed to the UM Conflict of Interest Officer, Mr. Joe Giffels (x6-1853), or to my office.

This exemption permits your association with Scios Inc. in a manner that comports with the requirements of the Maryland Public Ethics Law and University policy, provided that the conditions of the exemption are observed. Any significant change in your planned relationship with Scios Inc., as disclosed in your exemption request, must be promptly disclosed to the University (through your Department Chair and Dean), so that the effect of the change in circumstances may be determined. I recommend you disclose and discuss proposed changes prospectively to avoid potential withdrawal of this exemption.

PC: E. Albert Reece, M.D., Ph.D., M.B.A.
Frank Calia, M.D.
Joseph Giffels, M.A.S.
James Hughes, M.B.A.
Malinda Orlin, Ph.D.

EXEMPTION REQUEST FORM
DISCLOSING CONFLICT OF INTEREST
RELATED TO RESEARCH OR DEVELOPMENT

PART TWO:

DISCLOSURE AND EXEMPTION REQUEST

Please provide all information in boldface type.

Section One. Directory Information. Supply the requested information about yourself, as the employee requesting the exemption, and about the entity with which your relationship is proposed:

A. About You

Name: Stephen Gottlieb

University Title: Professor

Division/Department or Administrative Unit: Cardiology/Medicine

FTE: fulltime Annual Salary: 227,000

University Business Address: Room S3B08; 22 S. Greene St

Phone Number: 410 328-8788

Facsimile: 410 328-1048

E-mail Address: sgottlie@medicine.umaryland.edu

B. About Your Immediate Supervisor

Name: Mandeep Mehra, MD

University Title: Head, Division of Cardiology

University Business Address: Room S3B06

Phone Number: 410 328-7716

Facsimile: 410 328-4382

E-mail Address: mmehra@medicine.umaryland.edu

C. About the Entity

Name: Scios, Inc (A division of J and J, Inc)

Form of Organization: Corporation
(e.g., LLC, corporation, partnership)

State in which it is organized: Illinois

General nature of its business activities: Pharmaceutical company

Any other names under which it does business, and the names of any wholly owned subsidiaries, or corporate parents (companies which own the entity) which conduct business similar to the entity's business, or which also have relationships with UM or you. _____

A Contact Person: Give the name and title of an officer or other person at the entity or its parent who is informed about the proposed relationship:

Daniel Gennevois, M.D Clinical Leader, Natrecor Clinical Research

Give the person's business address: **Scios Inc.**

**1900 Charleston Road
P.O. Box 7210
Mountain View, CA 94039-7210**

Telephone Number: (650) 564-5000

Facsimile Number: (650) 564-7070

E-Mail Address: _____

D. Additional Information

Is the entity an ongoing business concern? x yes no

If the entity is to be established, (a) when do you think it will be created? _____ (give month and year)

(b) What state will it be organized in? _____

Section Two. Your Conflict of Interest Concerns. Supply information about the potential or actual conflict of interest and your proposal to mitigate it.

A. Description of Conflict of Interest. Describe in your own words the potential or actual conflict of interest which you or others have identified which led you to file this exemption request. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

I have been hired as a consultant, both to be on the steering committee of a study in which I am local PI of a multicenter study and to consult with the company about development of the drug. That is, in addition to discussing the ASCEND trial, I may be involved in discussions of other trials that should be performed. Total compensation will be less than \$10,000/ year.

B. Steps to Mitigate Conflict. Describe in your own words what steps you think UM could take to ensure that the integrity of your UM work is not compromised by your relationship with the entity. Be thorough. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

As a PI of one site of a blinded multicenter trial, I have minimal ability to impact the results of the study. Thus, the potential COI has little chance of affecting my behavior. Furthermore, I am known as a person skeptical of the drug, and thus I believe it unlikely that being a consultant will lead me to change my behavior.

My financial relationship with the company will be disclosed whenever I speak or publish on Scios, Inc -sponsored research or on topics related to this research.

Have you discussed these suggestions with the entity (y/n)? NA

Is the entity prepared to pay the costs associated with implementing these suggestions (y/n)? NA

Section Three. Research and Development Activities. Explain how, in your view, the exemption will advance the research and development goals of the Public-Private Partnership Act. What are the research and development activities of the entity? In providing this information, remember that the UM Procedures Implementing Board of

Regents Policy on Conflicts of Interest in Research or Development define "research" and "development" as basic or applied research or development, including (A) the development or marketing of university-owned technology or intellectual property; (B) the acquisition of services of an official or employee by an entity for research and development purposes; or (c) participation in State economic development programs. Research does not have to be sponsored research in order for relationships with entities to be eligible for Public-Private Partnership Act exemptions.

The study being conducted (ASCEND) is the result of concerns about the chronic impact of an approved drug (nesiritide). By being on the steering committee and as a consultant, I have the ability to ensure that the study is high quality and is appropriately designed to answer the questions asked.

Section Four. Details of Relationship. Provide information about the entity's relationship, present and/or proposed, with UM, and the entity's present or proposed interest in your work at UM.

A. Sponsored Research Agreements. Describe any present or proposed sponsored research agreements with the entity, as sponsor or as subcontractor to UM, involving you or your laboratory or academic group. Give the approximate budget, the Principal Investigator, the title of the project, and the name of the UM grants and contracts administrator most familiar with the project.

I am local PI of a study, entitled **"ASCEND-HF: DOUBLE-BLIND, PLACEBO-CONTROLLED, MULTICENTER ACUTE STUDY OF CLINICAL EFFECTIVENESS OF NESIRITIDE IN SUBJECTS WITH DECOMPENSATED HEART FAILURE"** Administrator: Cathleen Smith. Budget will be approximately \$100,000

B. Options or License Agreements. Describe any present or proposed options or license agreements known to you between UM and the entity if such agreements relate to inventions or other intellectual property developed by you or in your laboratory or academic group, giving the title of the subject intellectual property.

NA

C. Entity Interest in Outcome. If, to your knowledge, the entity is interested in the outcome of your research or academic work, but is

not a sponsor of your work, explain why the entity has such interest, in your opinion.

NA

D. Gifts or Grants. If the entity has made gifts or grants to UM or the University of Maryland Foundation (UM Fund) in support of your work at UM, give information about the dates and amounts of the gifts or grants, including whether or not the funds were used for any purpose related to your proposed relationship with the entity.

NA

Section Five. Ownership Information. If you are requesting an exemption permitting you to have an ownership interest in an entity, provide the requested information, and attach a copy of any written proposal or offer covering the ownership interest.

A. What "units" you will or may own. (E.g., stock, warrants, limited partnership interest, LLC interest.)

NA

B. Ownership.

Individual _____ Joint _____

If joint, name of co-owner: _____

C. Value of your Ownership Interest. Current estimated dollar value _____. Percent of total ownership _____.

D. Conditions of Ownership. Describe any conditions or encumbrances affecting your ownership interest. (E.g., will you be prohibited from exercising options or selling stock for a certain period of time, or until certain events occur?)

NA

E. Will you purchase the ownership interest? (Y/N) ____ If so, what will you pay for it? _____ How does that price compare with the market value, if there is a market value?

F. If you are not purchasing the ownership interest, what is the consideration for the ownership interest?

NA

G. From what person or organization will you acquire your ownership interest?

NA

Section Six. Your Employment Relationship. If you are requesting an exemption for an employment relationship (including both traditional compensated employment and other relationships e.g., consulting, office or executive responsibility in the entity's operations, board membership, royalties, etc.), attach a copy of any written proposal or offer covering the employment relationship and provide the requested information: **NA**

A. What position will you hold? What duties will you have on behalf of the entity? Be as specific as possible. In particular, if you will be conducting any research or scientific work for the entity, address what you will be doing, where you will do it, and the relationship, if any, to your work at UM.

Title: **Consultant**

Responsibilities: **Advising about the best means of ensuring successful and appropriate implementation of ASCEND trial and advising about other studies which should be performed.**

B. How much time per biweekly period _____, month _____, year _____ will you be providing to the entity? **Not more than 3 days per year** _____

C. What compensation, if any, do you expect from the entity?

_____ **<\$10,000/annually.** _____

D. Will you use annual and other paid leave time for the work for the entity? (Y/N) Yes _____ If no, please explain.

E. Are you requesting a leave of absence or change in level of FTE at UM in order to make your time available to the entity? (Y/N) _____ If available, attach a copy of the request you have made and the approval.

F. If you are an externally funded investigator, what percentage of your FTE is budgeted to grants and contracts at this time?

Section Seven. Gifts. Describe any gifts for which you are requesting an exemption because of your relationship with the donating entity, or that entity's interest in your work.

If you are seeking permission to accept a gift or honorarium from an entity which has a relationship with you, or an interest in your work, provide the nature and value of the gift. You need to give this information whether you are considering a gift directly to you which you plan to retain, a gift you plan to give to another person or entity (e.g., assigning the gift to the UM Fund), or a gift arranged through you but directed to the UM Fund or other UM affiliates which can hold and administer funds for the benefit of your work.

Give the nature and value of the gift (cash, stock, etc.; market value or face value), and attach a copy of any written offer.

NA

Section Eight.

A. Other Relationships with the Entity. Provide information about any other relationship with the entity which has not been discussed above, but which may require an exemption to be lawful. Include here matters such as employment of a spouse or dependent child by the entity, ownership of an interest in the entity by a spouse, dependent child, or other dependent, or relationships between the entity and other organizations with which you or your spouse or dependent child have ownership or employment relationships. In describing ownership interests, give details, including percentage interest and value. In describing employment, give levels of effort and salary.

Consulting, as described above

B. Relationship with other organizations. Describe any employment, ownership, or business relationship held by you or a spouse or dependent child in any business which could be affected (positively or negatively) by your relationship, or the results of your work, for the entity discussed in this exemption request.

NA

Section Nine. Signature and Approvals.

Before routing this form, execute it here. Please remind other reviewers to consider this form thoughtfully, complete their sections below, and execute the form if they are forwarding your request with a positive recommendation. Omit any steps of review which are not applicable to you. Be sure the last reviewer forwards the exemption request to the Conflict of Interest Officer.

A. I hereby make oath or affirm that the contents of this Exemption Request are true and correct to the best of my knowledge, information and belief.

Steph Galtner
Your Signature

6/19/07
Date

B. Supervisor's Statement

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

6-21-07
Date

Wendy Webb
Supervisor's Signature

C. Statement of Division Head or Director

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

6-21-07
Date

Wendy Webb
Signature of Division Head or Director

D. Statement of Chairperson or Assistant/Associate Vice President

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

6/25/07
Date


Signature of Chairperson or Assistant/
Associate Vice President

E. Statement of Vice Dean for Research and Academic Affairs

I have reviewed this exemption request. I am aware of the nature of the conflict and the proposed measures to mitigate it. I am forwarding it to the Conflict of Interest Advisory Committee for its review, comments and suggestions.

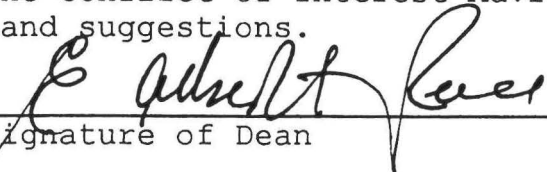
6/29/07
Date


Signature of Vice Dean

F. Statement of Dean

I have reviewed this exemption request. I am aware of the nature of the conflict and the proposed measures to mitigate it. I am forwarding it to the Conflict of Interest Advisory Committee for its review, comments and suggestions.

7/9/07
Date


Signature of Dean

FORWARD THIS FORM VIA CAMPUS MAIL TO J. JOSEPH GIFFELS, UMB CONFLICT OF INTEREST OFFICER, ACADEMIC AFFAIRS, FOURTH FLOOR, PACA-PRATT BUILDING.



UNIVERSITY OF MARYLAND

Office of the President

DAVID J. RAMSAY, DM, DPhil
President

520 West Lombard Street
Baltimore, Maryland 21201-1627
410 706 7002 | 410 706 0500 FAX

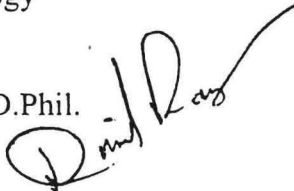
MEMORANDUM

TO: Robert Gallo, M.D.
Director
Institute of Human Virology
School of Medicine

FROM: David J. Ramsay, D.M., D.Phil.
President

DATE: September 28, 2007

SUBJECT: Profectus Biosciences, Inc. Conflict of Interest



I am writing to extend the temporary exemption covering your financial relationships with Profectus Biosciences, Inc., which expires on September 30, 2007. The extension is valid from October 1, 2007 through November 31, 2007. It is being granted in recognition of progress made to date in disclosing your conflict of interest for review by the School of Medicine and the University, and anticipates a decision regarding a more permanent exemption within the next sixty days.

In the absence of an exemption, your association with Profectus Biosciences, Inc. would conflict with Maryland law, including, but not limited to, Title 15, Subtitle 5 of the Maryland Public Ethics Law, and with USM and UMB policy.

UMB's Conflict of Interest Officer, Mr. Joe Giffels, is available for consultation on UMB's conflict of interest procedures. He may be reached at 410-706-1853.

PC: Joseph Giffels, M.A.S.
James Hughes, M.B.A.
Frank Calia, M.D.
Malinda Orlin, Ph.D.
E. Albert Reece, M.D., Ph.D., M.B.A.



UNIVERSITY OF MARYLAND

Office of the President

DAVID J. RAMSAY, DM, DPhil
President

520 West Lombard Street
Baltimore, Maryland 21201-1627
410 706 7002 | 410 706 0500 FAX

MEMORANDUM

TO: Robert Gallo, M.D.
Director
Institute of Human Virology
School of Medicine

FROM: David J. Ramsay, D.M., D.Phil.
President

DATE: July 11, 2007

SUBJECT: Profectus Biosciences, Inc. Conflict of Interest

As you may know, UMBI has furnished the UMB conflict of interest officer, Mr. Joe Giffels, with information concerning the COI exemption you have been granted by UMBI. As authorized by the University System of Maryland Board of Regents' Policy on Conflicts of Interest in Research and Development, I am granting a temporary exemption, from July 1, 2007 through September 30, 2007, for your financial relationships with Profectus Biosciences, Inc. This exemption covers your relationship with Profectus as disclosed to UMBI when you requested the exemption in effect before July 1. The exemption I am granting at this time is subject to the conditions set out by UMBI in its approval, substituting the Vice President for Academic Affairs at UMB for the Vice President, Research and Development at UMBI. The exemption I am granting also is subject to the additional condition that you must seek an exemption under the UMB conflict of interest procedures by filing an exemption request no later than July 31, 2007.

In the absence of an exemption, your association with Profectus Biosciences, Inc. would conflict with Maryland law, including, but not limited to, Title 15, Subtitle 5 of the Maryland Public Ethics Law, and with USM and UMB policy.

UMB's Conflict of Interest Officer, Mr. Joe Giffels, is available for consultation on UMB's conflict of interest procedures. He may be reached at 410-706-1853.

PC: E. Albert Reece, M.D., Ph.D., M.B.A.
Frank Calia, M.D.
Malinda Orlin, Ph.D.
James Hughes, M.B.A.
Joseph Giffels, M.A.S.

EXEMPTION REQUEST FORM
DISCLOSING CONFLICT OF INTEREST
RELATED TO RESEARCH OR DEVELOPMENT

PART TWO:

DISCLOSURE AND EXEMPTION REQUEST

Please provide all information in boldface type.

Section One. Directory Information. Supply the requested information about yourself, as the employee requesting the exemption, and about the entity with which your relationship is proposed:

A. About You

Name: **Robert C. Gallo, M.D.**

University Title: **Professor, Director IHV**

Division/Department or Administrative Unit: **IHV/SOM** _____

FTE: _____ Annual Salary: _____

University Business Address: **725 West Lombard Street**

Baltimore, MD 21201

Phone Number: **410 706 8614**

Facsimile: **410 706 1983**

E-mail Address: **gallo@umbi.umd.edu** _____

B. About Your Immediate Supervisor

Name: _____

University Title: _____

University Business Address: _____

Phone Number: _____

Facsimile: _____

E-mail Address: _____

C. About the Entity

Name: ProfectusBiosciences, Inc.

Form of Organization: Corporation
(e.g., LLC, corporation, partnership)

State in which it is organized: DE

General nature of its business activities: **Research and Development: Profectus is developing therapeutics and vaccines to reduce the morbidity and mortality caused by human viral diseases and, in particular, by the human immunodeficiency virus, the causative agent of the acquired immunodeficiency syndrome. Initially the Company will focus on the further development and commercialization of certain prophylactic and therapeutic vaccines and therapeutics that were originally developed by scientists at the Institute of Human Virology (the "IHV"). As the Company matures, it intends to partner or establish co-development and marketing arrangements with other companies to develop technologies with commercial application to viral diseases, including HIV.**

Any other names under which it does business, and the names of any wholly owned subsidiaries, or corporate parents (companies which own the entity) which conduct business similar to the entity's business, or which also have relationships with UM or you. n/a

ProfectusBioSciences, Inc. was originally named Maryland BioTherapeutics, Inc.

A Contact Person: Give the name and title of an officer or other person at the entity or its parent who is informed about the proposed relationship:

Mr. Joe Berardino, Chairman, CEO

Give the person's business address: **techcenter@UMBC, 1450 South Rolling Road, Baltimore, MD 21227**

Telephone Number: **443 543 5010**

Facsimile Number: **443 543 5013**

E-Mail Address: **berardino@profectusbiosciences.com**

Section Two. Your Conflict of Interest Concerns. Supply information about the potential or actual conflict of interest and your proposal to mitigate it.

A. Description of Conflict of Interest. Describe in your own words the potential or actual conflict of interest which you or others have identified which led you to file this exemption request. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

I am a co-founder of Profectus BioSciences, Inc. Profectus was set up with the intention of being one of the companies to be "Designated" (as that term is defined in the Commercialization Agreement as executed by UMB, UMBI and Drs. Blattner, Redfield, myself and others) for select technologies developed at the IHV. Once Profectus is Designated for a particular technology the University and Profectus will enter into a predefined negotiation process with the anticipated outcome of a commercial license being granted to Profectus. With that anticipated outcome Profectus will be charged with commercially developing the technology. In this situation Profectus will likely want to develop a sponsored research agreement with the IHV to continue work on any technology it may license from UMB.

Either through the direct licensing of technology to Profectus from UMB or by virtue of a sponsored research agreement between both parties, Profectus will have a direct interest in research being performed within the IHV. It is also anticipated that Profectus will file for federally funded grants including but not limited to SBIR and STTR grants intended to benefit small commercial entities and that in many cases IHV/UMB will be a subcontractor to the Company. It is also possible that Drs. Blattner, Redfield and I may Designate additional technologies to Profectus in the future, however, this is not guaranteed and will be decided by us on a technology by technology basis.

In my current position as Director of the IHV, I am responsible for setting the programmatic and/or scientific areas of research within the IHV. In my positions with IHV and Profectus, I will not be involved in the negotiations between UMB and Profectus to establish any terms of commercialization and I will excuse myself from any such discussions in any capacity.

The IHV maintains an independent scientific advisory board which meets at least once yearly. This scientific advisory board of the IHV will be used to manage my conflicts with Profectus. This board reviews the scientific programs and directions of the IHV at its meetings. It is also responsible to review and comment on changes in faculty status. The board also reviews the budget and the budget allocations of each of the project areas and makes recommendations on any suggested changes. The Dean of the School of Medicine will receive a copy of the report prepared by the board after its review. The reports will disclose the relationship I have with Profectus and any suggestions to manage this conflict.

With respect to any clinical trials performed by the IHV on behalf of Profectus or on any products that Profectus has an interest in, the following will also be adhered to:

- 1. An independent safety analysis will be done by an independent medical monitor, safety committee or DSMB as appropriate for the level of the trial being conducted.**
- 2. All data from the trial will be analyzed by an independent statistician.**
- 3. All post trial dissemination of data will be reviewed and approved by an independent statistician or committee.**

Profectus currently has a Board of Directors containing 9 members. Pursuant to a Profectus Shareholders Agreement I am permitted to appoint 3 of the 9 members.

B. Steps to Mitigate Conflict. Describe in your own words what steps you think UM could take to ensure that the integrity of your UM work is not compromised by your relationship with the entity. Be thorough. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

In my positions with IHV and Profectus, I will not be involved in the negotiations between UMB with Profectus to establish any terms of commercialization and I will excuse myself from any such discussions in any capacity. Additionally, I will neither advise nor participate in any decision-making in my capacity as a Profectus Scientific Advisory Board member that would affect UMB. I will disclose my interest in Profectus whenever I am presenting the results of my research.

Have you discussed these suggestions with the entity (y/n)? yes

Is the entity prepared to pay the costs associated with implementing these suggestions (y/n)? n/a_____

Section Three. Research and Development Activities. Explain how, in your view, the exemption will advance the research and development goals of the Public-Private Partnership Act. What are the research and development activities of the entity? In providing this information, remember that the UM Procedures Implementing Board of Regents Policy on Conflicts of Interest in Research or Development define "research" and "development" as basic or applied research or development, including (A) the development or marketing of university-owned technology or intellectual property; (B) the acquisition of services of an official or employee by an entity for research and development purposes; or (c) participation in State economic development programs. Research does not have to be sponsored research in order for relationships with entities to be eligible for Public-Private Partnership Act exemptions.

As per the Commercialization Agreement that created the IHV, Drs. Blattner, Redfield and I were encouraged to establish one or more entities to commercialize products developed at the IHV. Profectus is developing a prophylactic vaccine and a therapeutic for HIV infection around technology developed at the IHV for which it has negotiated license agreements with UMBI and UMB.

Section Four. Details of Relationship. Provide information about the entity's relationship, present and/or proposed, with UM, and the entity's present or proposed interest in your work at UM.

As per the Commercialization Agreement Drs. Blattner, Redfield and I have Designated several technologies developed at the IHV to Profectus. UMB and UMBI have negotiated license agreements for these technologies with Profectus. UMBI and UMB have granted licenses to Profectus to make use and sell products developed under the terms of the licenses. The IHV currently performs direct research utilizing these technologies.

A. Sponsored Research Agreements. Describe any present or proposed sponsored research agreements with the entity, as sponsor or as subcontractor to UM, involving you or your laboratory or academic group. Give the approximate budget, the Principal Investigator, the title of the project, and the name of the UM grants and contracts administrator most familiar with the project.

1. Maryland Industrial Partnership

Granted: Feb 1, 2007 for 1 year

Cholera A1 Subunit as an HIV DNA Vaccine Adjuvant

Ken Bagley, Profectus/ George Lewis, UMB

Budget: \$225,622

2. Maryland Industrial Partnership

Granted: August 1, 2006 for 1 year

Developing Rapamycin to Treat HIV Infection

Tim Fouts, Profectus/ George Lewis, UMB

Budget: \$200,000

3. National Institutes of Health

NIAID

Enhancing DNA Vaccines Using Modified Cholera Like Toxin A1 Subunits and adjuvants

Tim Fouts, Profectus PI

Granted: June 1, 2007 for 1 year

Budget: \$294,643

4. Gates Foundation

Sterilizing Protection Elicited by an HIV-1 Vaccine

Robert Gallo

Pending

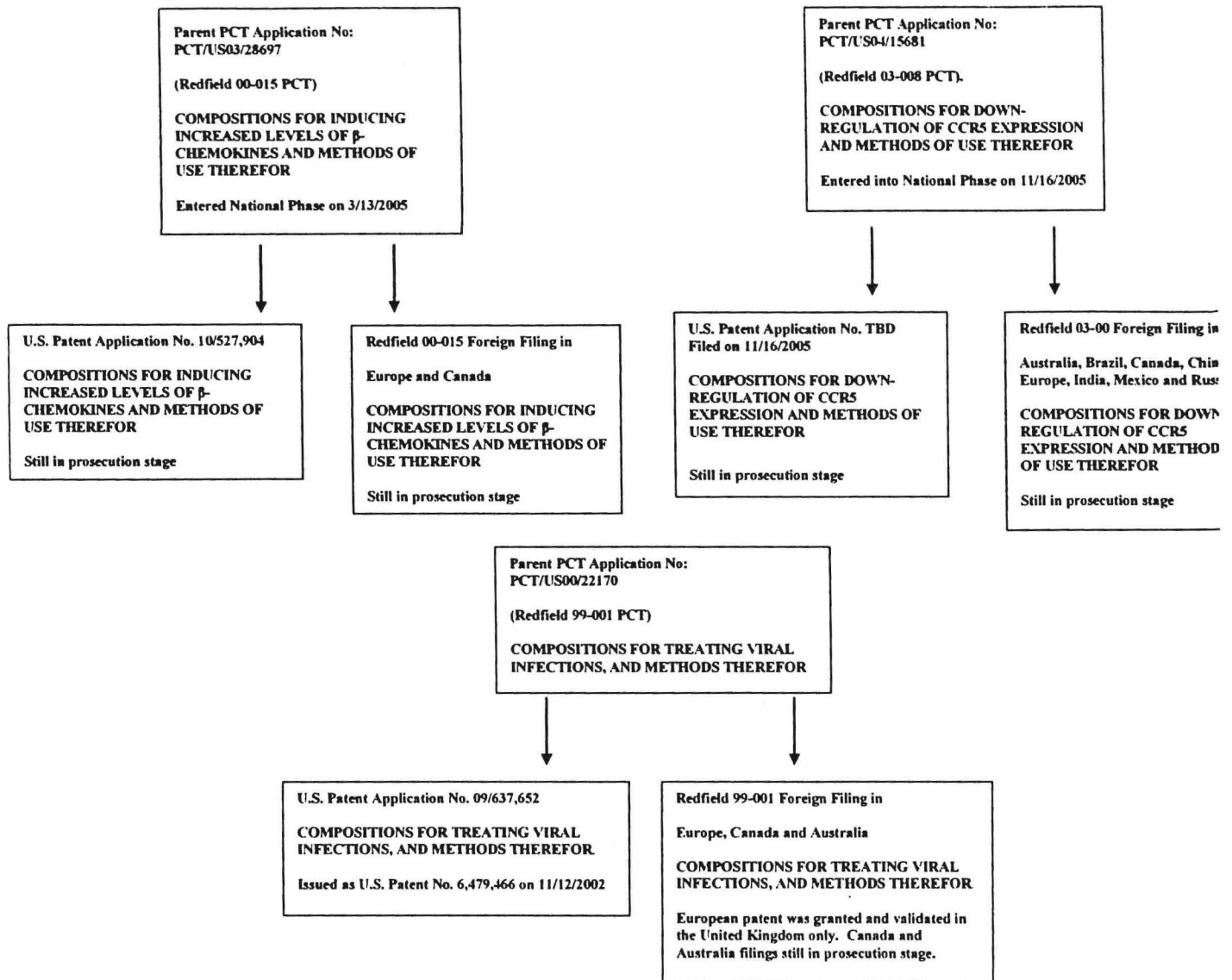
Request: \$15,000,000

B. Options or License Agreements. Describe any present or proposed options or license agreements known to you between UM and the entity if such agreements relate to inventions or other intellectual property developed by you or in your laboratory or academic group, giving the title of the subject intellectual property.

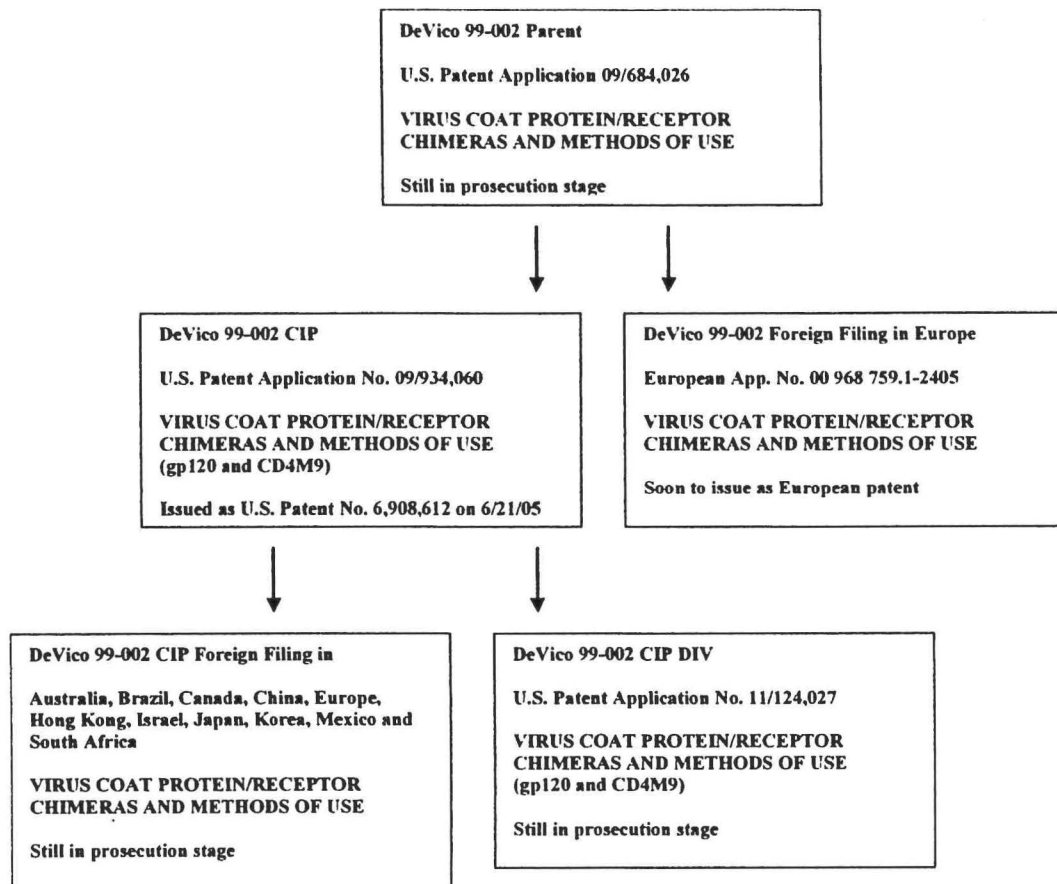
C.

It is my understanding that Profectus has licensed the following technologies from UMBI or UMB:

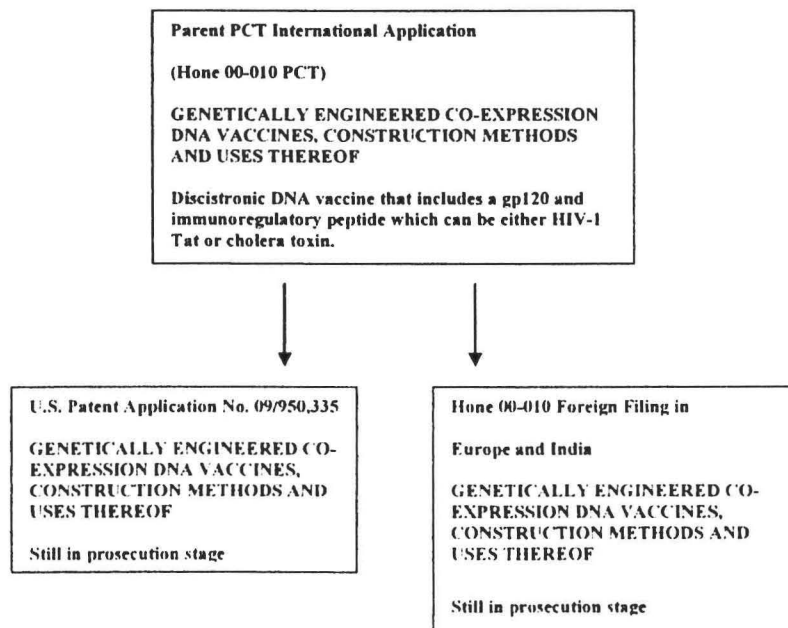
Cell Cycle Agents:



HIV Vaccine/Viral Entry Inhibitors:



Vectored Vaccine Adjuvants:



C. Entity Interest in Outcome. If, to your knowledge, the entity is interested in the outcome of your research or academic work, but is not a sponsor of your work, explain why the entity has such interest, in your opinion.

D. Gifts or Grants. If the entity has made gifts or grants to UM or the University of Maryland Foundation (UM Fund) in support of your work at UM, give information about the dates and amounts of the gifts or grants, including whether or not the funds were used for any purpose related to your proposed relationship with the entity.

Section Five. Ownership Information. If you are requesting an exemption permitting you to have an ownership interest in an entity, provide the requested information, and attach a copy of any written proposal or offer covering the ownership interest.

A. What "units" you will or may own. (E.g., stock, warrants, limited partnership interest, LLC interest.)

B. Ownership.

Individual X Joint _____

If joint, name of co-owner: _____

C. Value of your Ownership Interest. Current estimated dollar value **\$2.8 million, not discounted for non-liquidity**. Percent of total ownership **13.3% on a fully diluted basis**.

Common shares: 2,800,040

D. Conditions of Ownership. Describe any conditions or encumbrances affecting your ownership interest. (E.g., will you be prohibited from exercising options or selling stock for a certain period of time, or until certain events occur?)

Pursuant to a Shareholders Agreement I must first offer any stock I wish to sell to the other Profectus Shareholders. Additionally, the other Profectus Shareholders have a right on a prorated basis to participate in any sale of stock that I make to any other party.

E. Will you purchase the ownership interest? (Y/N) ____ If so, what will you pay for it? _____ How does that price compare with the market value, if there is a market value?

In 2004 I purchased 2,800,040 shares of Profectus Common for \$.005 per share for a total of \$14,200.20. This was the market value as determined by the board of directors of Profectus.

F. If you are not purchasing the ownership interest, what is the consideration for the ownership interest?

G. From what person or organization will you acquire your ownership interest?

My common stock was acquired directly from the Company.

Section Six. Your Employment Relationship. If you are requesting an exemption for an employment relationship (including both traditional compensated employment and other relationships e.g., consulting, office or executive responsibility in the entity's operations, board membership, royalties, etc.), attach a copy of any written proposal or offer covering the employment relationship and provide the requested information:

A. What position will you hold? What duties will you have on behalf of the entity? Be as specific as possible. In particular, if you will be conducting any research or scientific work for the entity, address what you will be doing, where you will do it, and the relationship, if any, to your work at UM.

Title: **Chair of the Profectus Scientific Advisory Board**
Responsibilities:

The Scientific Advisory Board is charged with advising the Board of Directors of the Company about setting the overall scientific mission and agenda of the Company and to review current and proposed program areas. My position is one of providing advice to the Company and not one of final decision or policy making for the Company. In my position as Chair of the Scientific Advisory Board I may be asked to review research grants submitted by the company including but no limited to grants intended to be submitted to the NIH but it is not intended that I will act as a principal investigator in any grants submitted by the Company at this time.

As described above IHV has received grant funds to perform research for and with Profectus. The research will be performed in our laboratories and all the costs associated with this research are recovered from the grant funds.

B. How much time per biweekly period _____, month _____, year _____ will you be providing to the entity? _____

I anticipate that I will provide services to Profectus one day per month.

C. What compensation, if any, do you expect from the entity?

\$50,000 per year paid quarterly beginning April 1, 2006. I will also be reimbursed for any out-of-pocket expenses.

D. Will you use annual and other paid leave time for the work for the entity? (Y/N) **Yes**_____ If no, please explain.

E. Are you requesting a leave of absence or change in level of FTE at UM in order to make your time available to the entity? (Y/N) **NO**
If available, attach a copy of the request you have made and the approval.

F. If you are an externally funded investigator, what percentage of your FTE is budgeted to grants and contracts at this time?

Section Seven. Gifts. Describe any gifts for which you are requesting an exemption because of your relationship with the donating entity, or that entity's interest in your work.

If you are seeking permission to accept a gift or honorarium from an entity which has a relationship with you, or an interest in your work, provide the nature and value of the gift. You need to give this information whether you are considering a gift directly to you which you plan to retain, a gift you plan to give to another person or entity (e.g., assigning the gift to the UM Fund), or a gift arranged through you but directed to the UM Fund or other UM affiliates which can hold and administer funds for the benefit of your work.

Give the nature and value of the gift (cash, stock, etc.; market value or face value), and attach a copy of any written offer.

Section Eight.

A. Other Relationships with the Entity. Provide information about any other relationship with the entity which has not been discussed above, but which may require an exemption to be lawful. Include here matters such as employment of a spouse or dependent child by the entity, ownership of an interest in the entity by a spouse, dependent child, or other dependent, or relationships between the entity and other organizations with which you or your spouse or dependent child have ownership or employment relationships. In describing ownership interests, give details, including percentage interest and value. In describing employment, give levels of effort and salary.

B. Relationship with other organizations. Describe any employment, ownership, or business relationship held by you or a spouse or dependent child in any business which could be affected (positively or negatively) by your relationship, or the results of your work, for the entity discussed in this exemption request.

Section Nine. Signature and Approvals.

Before routing this form, execute it here. Please remind other reviewers to consider this form thoughtfully, complete their sections below, and execute the form if they are forwarding your request with a positive recommendation. Omit any steps of review which are not applicable to you. Be sure the last reviewer forwards the exemption request to the Conflict of Interest Officer.

A. I hereby make oath or affirm that the contents of this Exemption Request are true and correct to the best of my knowledge, information and belief.

R Gallo

Your Signature

4-31-07

Date

B. Supervisor's Statement

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

Date

Supervisor's Signature

C. Statement of Division Head or Director

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

Date

Signature of Division Head or Director

D. Statement of Chairperson or Assistant/Associate Vice President

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

Date

Signature of Chairperson or Assistant/
Associate Vice President



UNIVERSITY OF MARYLAND

Office of the President

DAVID J. RAMSAY, DM, DPhil
President

520 West Lombard Street
Baltimore, Maryland 21201-1627
410 706 7002 | 410 706 0500 FAX

MEMORANDUM

TO: Stephen Gottlieb, M.D.
Professor
Division of Cardiology
Department of Medicine
School of Medicine

FROM: David J. Ramsay, D.M., D.Phil.
President

DATE: July 18, 2007

SUBJECT: Conflict of Interest Disclosure #07-07-006
Novardia Inc.

A handwritten signature in black ink, appearing to read 'David Ramsay', written over the printed name in the 'FROM' field.

I approve, subject to compliance with the following conditions, your conflict of interest exemption request dated July 12, 2007, involving consulting services, and a research agreement with, Novacardia Inc., as described in your exemption request. Your association with Novacardia Inc. will facilitate research and development. I have determined that your relationship with Novacardia Inc. would not be a harmful interest, as described in the USM Board of Regents' Policy on Conflicts of Interest in Research and Development. This exemption permits your association with Novacardia Inc. as described in your exemption request. In the absence of this exemption, your association with Novacardia Inc. would conflict with the Maryland Public Ethics Law, and with USM and UMB policy.

The conditions of this exemption follow:

- Your business and financial relationship with Novacardia Inc. must be disclosed by you to anyone (including, but not limited to, collaborating faculty, staff, trainees and subjects) participating in your Novacardia Inc. funded research or related research. Your relationship with Novacardia Inc. must also be disclosed when you publish or speak on the Research. While this latter requirement is already standard with most professional journals and scientific meetings, in the interest of mitigating your conflicts, it must also be applied to presentations made on campus.

- Information about your research plans and outcomes must not be disclosed to Novacardia Inc. prior to the time that such information is made available to the scientific community as a result of publication, except as specified in any research, licensing, material transfer or other agreements between the University and Novacardia Inc. or except as necessary to the development of collaborative research proposals involving the University and Novacardia Inc.
- All of the research you propose, all of the findings that result from or affect your Novacardia Inc. activities, and the conflict of interest issues surrounding your Novacardia Inc. relationship must be disclosed to and discussed with your Department Chair on a regular basis to ensure the integrity of the science proposed and the publications prepared. Your discussions should be documented by you in writing and include an implementation plan for any changes suggested by your Department Chair. Copies of this documentation must be promptly submitted to the School of Medicine Dean's Office and the UMB Conflict of Interest Officer. These requirements are intended to diminish any perception that your research plans, results or publications may be biased as a result of your relationship with Novacardia Inc.
- If graduate students or postdoctoral fellows join your laboratory to conduct research sponsored by Novacardia Inc. under your direction and mentorship, it will be necessary for a faculty member uninvolved with your academic division or research to monitor the student's academic progress and research work and publications to assure that your financial interests in Novacardia Inc. do not adversely affect the student's academic needs. Your Department Chair will be responsible for identifying the faculty monitor and assuring that this provision is met.
- It is assumed that your Novacardia Inc.- sponsored research activities are related to your consulting activities only as described in the disclosure documentation you provided, and that mechanisms for ensuring the integrity of the research (including its design and conduct, and the collection, analysis and reporting of data) are in place. Further, it is assumed that any other University research activities undertaken by you are unrelated to your consulting activities for Novacardia Inc.. You must inform the Conflict of Interest Officer and your Department Chair immediately if these assumptions are incorrect or the facts change. Your consulting activities for Novacardia Inc. shall not involve the use of University funds or facilities, or personnel other than yourself, as described.
- All research personnel and activities in your laboratory must be supported according to their level of effort and use, respectively, on various projects, supported by the standard departmental review and approval of related documentation (such as University Grant Routing Forms and Time and Effort Reports). Novacardia Inc. must pay full compensation for the time of personnel

Stephen Gottlieb, M.D.

July 18, 2007

Page 3

and for other research costs, and must pay full facilities and administrative costs unless waivers or reductions have been approved in accordance with University policy.

- You file timely annual reports with the Conflict of Interest Officer.

Note that this exemption may be voided by me in the event of your failure to satisfy all of the foregoing conditions. Procedural questions regarding this exemption should be directed to the UM Conflict of Interest Officer, Mr. Joe Giffels (x6-1853), or to my office.

This exemption permits your association with Novacardia Inc. in a manner that comports with the requirements of the Maryland Public Ethics Law and University policy, provided that the conditions of the exemption are observed. Any significant change in your planned relationship with Novacardia Inc., as disclosed in your exemption request, must be promptly disclosed to the University (through your Department Chair and Dean), so that the effect of the change in circumstances may be determined. I recommend you disclose and discuss proposed changes prospectively to avoid potential withdrawal of this exemption.

PC: E. Albert Reece, M.D., Ph.D., M.B.A.
Frank Calia, M.D.
Joseph Giffels, M.A.S.
James Hughes, M.B.A.
Malinda Orlin, Ph.D.

(b) What state will it be organized in? _____

Section Two. Your Conflict of Interest Concerns. Supply information about the potential or actual conflict of interest and your proposal to mitigate it.

A. Description of Conflict of Interest. Describe in your own words the potential or actual conflict of interest which you or others have identified which led you to file this exemption request. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

I have been hired to consult with the company about development of the drug. I will be involved in discussions of trials that have and should be performed. Total compensation will be less than \$10,000/year.

B. Steps to Mitigate Conflict. Describe in your own words what steps you think UM could take to ensure that the integrity of your UM work is not compromised by your relationship with the entity. Be thorough. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

As a PI of one site of a blinded multicenter trial, I have minimal ability to impact the results of the study. Thus, the potential COI has little chance of affecting my behavior. The drug is not presently available

My financial relationship with the company will be disclosed whenever I speak or publish on Novacardia, Inc -sponsored research or on topics related to this research.

Have you discussed these suggestions with the entity (y/n)? NA

Is the entity prepared to pay the costs associated with implementing these suggestions (y/n)? NA

Section Three. Research and Development Activities. Explain how, in your view, the exemption will advance the research and development goals of the Public-Private Partnership Act. What are the research and development activities of the entity? In providing this information, remember that the UM Procedures Implementing Board of

Regents Policy on Conflicts of Interest in Research or Development define "research" and "development" as basic or applied research or development, including (A) the development or marketing of university-owned technology or intellectual property; (B) the acquisition of services of an official or employee by an entity for research and development purposes; or (c) participation in State economic development programs. Research does not have to be sponsored research in order for relationships with entities to be eligible for Public-Private Partnership Act exemptions.

The drug is potentially very important, and is related to my academic interest regarding the relationship of heart failure and renal dysfunction. By being a consultant, I have the ability to ensure that the study is high quality and is appropriately designed to answer the questions asked.

Section Four. Details of Relationship. Provide information about the entity's relationship, present and/or proposed, with UM, and the entity's present or proposed interest in your work at UM.

A. Sponsored Research Agreements. Describe any present or proposed sponsored research agreements with the entity, as sponsor or as subcontractor to UM, involving you or your laboratory or academic group. Give the approximate budget, the Principal Investigator, the title of the project, and the name of the UM grants and contracts administrator most familiar with the project.

I am local PI of a study, entitled "REACH-UP: KW-3902IV IN THE TREATMENT OF SUBJECTS WITH WORSENING RENAL FUNCTION AND HEART FAILURE REQUIRING INTRAVENOUS THERAPY" Administrator: Cathleen Smith. Budget will be approximately \$100,000

B. Options or License Agreements. Describe any present or proposed options or license agreements known to you between UM and the entity if such agreements relate to inventions or other intellectual property developed by you or in your laboratory or academic group, giving the title of the subject intellectual property.

NA

C. Entity Interest in Outcome. If, to your knowledge, the entity is interested in the outcome of your research or academic work, but is

not a sponsor of your work, explain why the entity has such interest, in your opinion.

NA

D. Gifts or Grants. If the entity has made gifts or grants to UM or the University of Maryland Foundation (UM Fund) in support of your work at UM, give information about the dates and amounts of the gifts or grants, including whether or not the funds were used for any purpose related to your proposed relationship with the entity.

NA

Section Five. Ownership Information. If you are requesting an exemption permitting you to have an ownership interest in an entity, provide the requested information, and attach a copy of any written proposal or offer covering the ownership interest.

A. What "units" you will or may own. (E.g., stock, warrants, limited partnership interest, LLC interest.)

NA

B. Ownership.

Individual _____ Joint _____

If joint, name of co-owner: _____

C. Value of your Ownership Interest. Current estimated dollar value _____. Percent of total ownership _____.

D. Conditions of Ownership. Describe any conditions or encumbrances affecting your ownership interest. (E.g., will you be prohibited from exercising options or selling stock for a certain period of time, or until certain events occur?)

NA

E. Will you purchase the ownership interest? (Y/N) ____ If so, what will you pay for it? _____ How does that price compare with the market value, if there is a market value?

F. If you are not purchasing the ownership interest, what is the consideration for the ownership interest?

NA

G. From what person or organization will you acquire your ownership interest?

NA

Section Six. Your Employment Relationship. If you are requesting an exemption for an employment relationship (including both traditional compensated employment and other relationships e.g., consulting, office or executive responsibility in the entity's operations, board membership, royalties, etc.), attach a copy of any written proposal or offer covering the employment relationship and provide the requested information: **NA**

A. What position will you hold? What duties will you have on behalf of the entity? Be as specific as possible. In particular, if you will be conducting any research or scientific work for the entity, address what you will be doing, where you will do it, and the relationship, if any, to your work at UM.

Title: **Consultant**

Responsibilities: **Advising about understanding results of studies and designing new studies**

B. How much time per biweekly period _____, month _____, year _____ will you be providing to the entity? **Not more than 4 days per year** _____

C. What compensation, if any, do you expect from the entity?

_____ **<\$10,000/annually.** _____

D. Will you use annual and other paid leave time for the work for the entity? (Y/N) Yes _____ If no, please explain.

E. Are you requesting a leave of absence or change in level of FTE at UM in order to make your time available to the entity? (Y/N) _____ If available, attach a copy of the request you have made and the approval.

F. If you are an externally funded investigator, what percentage of your FTE is budgeted to grants and contracts at this time?

Section Seven. Gifts. Describe any gifts for which you are requesting an exemption because of your relationship with the donating entity, or that entity's interest in your work.

If you are seeking permission to accept a gift or honorarium from an entity which has a relationship with you, or an interest in your work, provide the nature and value of the gift. You need to give this information whether you are considering a gift directly to you which you plan to retain, a gift you plan to give to another person or entity (e.g., assigning the gift to the UM Fund), or a gift arranged through you but directed to the UM Fund or other UM affiliates which can hold and administer funds for the benefit of your work.

Give the nature and value of the gift (cash, stock, etc.; market value or face value), and attach a copy of any written offer.

NA

Section Eight.

A. Other Relationships with the Entity. Provide information about any other relationship with the entity which has not been discussed above, but which may require an exemption to be lawful. Include here matters such as employment of a spouse or dependent child by the entity, ownership of an interest in the entity by a spouse, dependent child, or other dependent, or relationships between the entity and other organizations with which you or your spouse or dependent child have ownership or employment relationships. In describing ownership interests, give details, including percentage interest and value. In describing employment, give levels of effort and salary.

Consulting, as described above

B. Relationship with other organizations. Describe any employment, ownership, or business relationship held by you or a spouse or dependent child in any business which could be affected (positively or negatively) by your relationship, or the results of your work, for the entity discussed in this exemption request.

NA

Section Nine. Signature and Approvals.

Before routing this form, execute it here. Please remind other reviewers to consider this form thoughtfully, complete their sections below, and execute the form if they are forwarding your request with a positive recommendation. Omit any steps of review which are not applicable to you. Be sure the last reviewer forwards the exemption request to the Conflict of Interest Officer.

A. I hereby make oath or affirm that the contents of this Exemption Request are true and correct to the best of my knowledge, information and belief.

Shelton Giv
Your Signature
6/20/07
Date

B. Supervisor's Statement

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

6-21-07
Date
Howley M. Ho
Supervisor's Signature

C. Statement of Division Head or Director

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

6-21-07
Date
Howley M. Ho
Signature of ~~Division~~ Head or Director

D. Statement of Chairperson or Assistant/Associate Vice

President

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

7-11-07

Date

W. Calm

Signature of Chairperson or Assistant/
Associate Vice President

E. Statement of Vice Dean for Research and Academic Affairs

I have reviewed this exemption request. I am aware of the nature of the conflict and the proposed measures to mitigate it. I am forwarding it to the Conflict of Interest Advisory Committee for its review, comments and suggestions.

7/13/07

Date

Anna E. Jancik

Signature of Vice Dean

F. Statement of Dean

I have reviewed this exemption request. I am aware of the nature of the conflict and the proposed measures to mitigate it. I am forwarding it to the Conflict of Interest Advisory Committee for its review, comments and suggestions.

7-16-07

Date

E. Albert Rice

Signature of Dean

FORWARD THIS FORM VIA CAMPUS MAIL TO J. JOSEPH GIFFELS, UMB CONFLICT OF INTEREST OFFICER, ACADEMIC AFFAIRS, FOURTH FLOOR, PACA-PRATT BUILDING.



UNIVERSITY OF MARYLAND

Office of the President

DAVID J. RAMSAY, DM, DPhil
President

520 West Lombard Street
Baltimore, Maryland 21201-1627
410 706 7002 | 410 706 0500 FAX

MEMORANDUM

TO: Hamid Ghandehari, Ph.D.
Associate Professor
School of Pharmacy

FROM: David J. Ramsay, D.M., D.Phil.
President

RE: Conflict of Interest Disclosure #09-07-001

DATE: September 5, 2007

A handwritten signature in black ink, appearing to read "David Ramsay", written over the printed name of the sender.

I approve, subject to compliance with the following conditions, your conflict of interest exemption request dated April 4, 2007. Your request involves proposed relationships between you and Rexahn Pharmaceuticals Corporation (Rexahn). You propose a personal consulting agreement, service on a Scientific Advisory Board, and acquisition of stock options. These proposed relationships present a conflict of interest issue because you plan to participate as a University of Maryland Baltimore (UMB) investigator on a Maryland Industrial Partnerships (MIPS) grant in collaboration with Rexahn. I believe that your association with Rexahn will facilitate research and development. I have determined that your relationship with Rexahn would not be a harmful interest, as described in the USM Board of Regents' Policy on Conflicts of Interest in Research and Development. This exemption permits your association with Rexahn as described in your exemption request. In the absence of this exemption, your association with Rexahn would conflict with the Maryland Public Ethics Law as well as University System of Maryland and UMB policy.

This exemption expires on December 31, 2007 or upon your termination of employment at UMB, whichever comes first. In the event that your employment here is extended beyond December 31, 2007, you must immediately submit a request for a continuation of exemption to the Conflict of Interest Officer, describing any changes in your situation.

The conditions of this exemption follow:

- Your business and financial relationship with Rexahn must be disclosed by you to anyone (including, but not limited to, collaborating faculty, staff, trainees and subjects) participating in your Rexahn funded research or related research. Your relationship with Rexahn must also be disclosed when you publish or speak on the Research. While this latter requirement is already standard with most professional journals and scientific meetings, in the interest of mitigating your conflicts, it must also be applied to presentations made on campus.
- Your consulting activities for Rexahn shall not involve the use of UMB funds or facilities, or personnel other than yourself, as described.
- Information about your research plans and outcomes must not be disclosed to Rexahn prior to the time that such information is made available to the scientific community as a result of publication, except as specified in any research, licensing, material transfer or other agreements between the UMB and Rexahn or except as necessary to the development of collaborative research proposals involving the UMB and Rexahn.
- All of the research you propose, all of the research findings that result from or affect your Rexahn activities, and the conflict of interest issues surrounding your Rexahn relationship must be disclosed to and discussed with your Department Chair or Dean on a regular basis to ensure the integrity of the science proposed and the publications prepared. Your discussions should be documented by you in writing and include an implementation plan for any changes suggested by your Department Chair. Copies of this documentation must be promptly submitted to the School of Pharmacy Dean's Office and the UMB Conflict of Interest Officer. These requirements are intended to diminish any perception that your research plans, results or publications may be biased as a result of your relationship with Rexahn.
- Your service as a member of the Scientific Advisory Board for Rexahn is approved, as described in your exemption request. You must recuse yourself from all discussions of and votes on decisions involving UMB. You also must recuse yourself from consideration of issues involving UMB technologies.
- It is assumed that your Rexahn-sponsored research activities are related to your consulting activities only as described in the exemption application you filed, and that mechanisms for ensuring the integrity of the research (including its design and conduct, and the collection, analysis and reporting of data) are in place. Further, it is assumed that any other UMB research activities undertaken by you are unrelated to your consulting activities for Rexahn. You must inform the Conflict of Interest Officer and your Department Chair immediately if these assumptions are incorrect or the facts change.

- All research personnel and activities in your laboratory must be supported according to their level of effort and use, respectively, on various projects, supported by the standard departmental and School review and approval of related documentation (such as UMB Grant Routing Forms and Time and Effort Reports). Rexahn Pharmaceuticals Corporation must pay full compensation for the time of personnel and for other research costs, and must pay full facilities and administrative costs unless waivers or reductions have been approved in accordance with UMB policy.

- It is understood that the estimated current value of Rexahn stock is \$1.40 per share and that by January 1, 2009 you will have the option to purchase up to 50,000 shares at a price of \$1.20 per share. It is further understood that 50,000 shares currently represents less than 1% of the total equity in Rexahn, and that you currently own no shares. As a condition of this exemption, once stock is issued to you, you must hold the stock until the earliest of the following trigger events:
 - upon arms-length acquisition of all the stock or assets of Rexahn in return for cash; or
 - two years from the first commercial sale of a product embodying any of the licensed inventions developed in your research laboratory; or
 - upon approval by the President of a written request for permission to sell the stock; or.
 - two years after termination of your employment at UMB.

These precautions are intended to mitigate criticism that inappropriate financial motivation may cause bias in your research. You will retain ownership of the stock at all times.

- Because you are a research collaborator and Dr. Anjan Nan's academic supervisor, Dr. Nan's research and academic activities will be monitored by his Department Chair to assure that your financial interests in Rexahn do not affect Dr. Nan's academic activities, including his role as Principal Investigator of the MIPS research grant described in your exemption request.

Note that this exemption may be terminated by me in the event of your failure to satisfy all of the foregoing conditions. Procedural questions regarding this exemption should be directed to the UMB Conflict of Interest Officer, Mr. Joe Giffels (x6-1853), or to my office.

This exemption permits your association with Rexahn in a manner that comports with the requirements of the Maryland Public Ethics Law as well as University System of Maryland and UMB policy, provided that the conditions set out in the exemption are observed. Any significant change in your planned relationship with Rexahn, as disclosed in your exemption request, must be promptly disclosed to UMB (through your Department Chair and Dean), so that the effect of the change in circumstances may be determined. I recommend you disclose and discuss proposed changes prospectively to avoid potential withdrawal of this exemption.

PC: Dr. A. Coop

Dean N. Eddington

Mr. J. Giffels

Mr. J. Hughes

Dr. A. Nan

Dr. M. Orlin

EXEMPTION REQUEST FORM
DISCLOSING CONFLICT OF INTEREST
RELATED TO RESEARCH OR DEVELOPMENT

PART TWO:

DISCLOSURE AND EXEMPTION REQUEST

Please provide all information in boldface type.

Section One. Directory Information. Supply the requested information about yourself, as the employee requesting the exemption, and about the entity with which your relationship is proposed:

A. About You

Name: **Hamid Ghandehari, PhD**
University Title: **Associate Professor & Director**

Division/Department or Administrative Unit: **Center for
Nanomedicine & cellular Delivery, Dept of Pharmaceutical Sciences**

FTE: **Full Time** Annual Salary: **\$98,247**

University Business Address: **20 N Penn Street, HSF-II Rm 625**

Phone Number: **410-706-8650**

Facsimile: **410-706-5017**

E-mail Address: **hghandeh@rx.umaryland.edu**

B. About Your Immediate Supervisor

Name: **Natalie Eddington**

University Title: **Professor & Chair**

University Business Address: **Dept. of Pharmaceutical Sciences**

20 N Penn Street, HSF-II Rm 543

Phone Number: **410-706-6710**

Facsimile: 410-706-5017

E-mail Address: hghandeh@rx.umaryland.edu

C. About the Entity

Name: **Rexahn Pharmaceuticals**

Form of Organization: **Corporation**
(e.g., LLC, corporation, partnership)

State in which it is organized: **Delaware**

General nature of its business activities: **Pharmaceutical**

Any other names under which it does business, and the names of any wholly owned subsidiaries, or corporate parents (companies which own the entity) which conduct business similar to the entity's business, or which also have relationships with UM or you.

N/A

A Contact Person: Give the name and title of an officer or other person at the entity or its parent who is informed about the proposed relationship:
Ted T.H. Jeong, CFO

Give the person's business address: **Rexahn Pharmaceuticals**
9620 Medical Center Drive, Rockville, MD 20850

Telephone Number: **240-268-5300 (x306)**

Facsimile Number: **240-268-5310**

E-Mail Address: **kimdj@rexahn.com**

D. Additional Information

Is the entity an ongoing business concern? yes no

If the entity is to be established, (a) when do you think it will be created? N/A (give month and year)

(b) What state will it be organized in? N/A

Section Two. Your Conflict of Interest Concerns. Supply information about the potential or actual conflict of interest and your proposal to mitigate it.

A. Description of Conflict of Interest. Describe in your own words the potential or actual conflict of interest which you or others have identified which led you to file this exemption request. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

I am a consultant to Rexahn Pharmaceuticals and also a co-investigator on a MIPS grant, with Rexahn as the sponsor. I also sit on Rexahn's Scientific Advisory Board and I have been given Stock Options. My financial interests as a consultant and my board membership as well as my stock option award may be perceived as sources of bias in the design, conduct or reporting of my research involving Rexahn.

B. Steps to Mitigate Conflict. Describe in your own words what steps you think UM could take to ensure that the integrity of your UM work is not compromised by your relationship with the entity. Be thorough. Use the space provided, or attach a statement. You may attach supporting documents as helpful.

The project for which I consult Rexahn with is separate than the MIPS project. I will ensure the two projects are not intermixed. Also, I am not the principal investigator for the MIPS research, although a member of my laboratory assumes that role. My consultation with Rexahn is for the design of polymeric systems for *delivery of nucleic acids*. This is distinct from the MIPS in that the MIPS grant focuses on *design of completely different polymers for small molecular weight drug delivery*. My financial interests will be disclosed whenever describing the research, and results from our work will be published. Additionally, if I elect to exercise my stock options I will comply with any conditions the University imposes to manage the conflict of interest.

Have you discussed these suggestions with the entity (y/n)? Y

Is the entity prepared to pay the costs associated with implementing these suggestions (y/n)?

I believe so as long as it is discussed with the company.

Section Three. Research and Development Activities. Explain how, in your view, the exemption will advance the research and development goals of the Public-Private Partnership Act. What are the research and development activities of the entity? In providing this information, remember that the UM Procedures Implementing Board of Regents Policy on Conflicts of Interest in Research or Development define "research" and "development" as basic or applied research or development, including (A) the development or marketing of university-owned technology or intellectual property; (B) the acquisition of services of an official or employee by an entity for research and development purposes; or (c) participation in State economic development programs. Research does not have to be sponsored research in order for relationships with entities to be eligible for Public-Private Partnership Act exemptions.

The MIPS grant promotes partnerships with Maryland industry and at the same time enhances the academic environment by training, new discoveries and potentially new patents. My expertise in this specific field will provide pertinent knowledge to Rexahn in facilitating the development of research in the field as well as lead to the development of any technology.

Section Four. Details of Relationship. Provide information about the entity's relationship, present and/or proposed, with UM, and the entity's present or proposed interest in your work at UM.

A. **Sponsored Research Agreements.** Describe any present or proposed sponsored research agreements with the entity, as sponsor or as subcontractor to UM, involving you or your laboratory or academic group. Give the approximate budget, the Principal Investigator, the title of the project, and the name of the UM grants and contracts administrator most familiar with the project.

MIPS Grant entitled: Polymer-Drug Conjugates for Cancer Therapy

Total costs: \$98,863

PI: Dr. Anjan Nan

Administrator: Barbara Pawloski

C. Options or License Agreements. Describe any present or proposed options or license agreements known to you between UM and the entity if such agreements relate to inventions or other intellectual property developed by you or in your laboratory or academic group, giving the title of the subject intellectual property.

N/A

C. Entity Interest in Outcome. If, to your knowledge, the entity is interested in the outcome of your research or academic work, but is not a sponsor of your work, explain why the entity has such interest, in your opinion.

D. Gifts or Grants. If the entity has made gifts or grants to UM or the University of Maryland Foundation (UM Fund) in support of your work at UM, give information about the dates and amounts of the gifts or grants, including whether or not the funds were used for any purpose related to your proposed relationship with the entity.

Rexahn donated \$1,000 to support in part the Third International Nanomedicine & Cellular Delivery Symposium held on our campus in September 2005. In addition Rexahn is donating \$1,000 to support the inaugural Nanomedicine Research Day at UMB on March 23rd, 2007.

Section Five. Ownership Information. If you are requesting an exemption permitting you to have an ownership interest in an entity, provide the requested information, and attach a copy of any written proposal or offer covering the ownership interest.

A. What "units" you will or may own. (E.g., stock, warrants, limited partnership interest, LLC interest.)

Stock Options Plans.

B. Ownership.

Individual Joint

If joint, name of co-owner: _____

C. Value of your Ownership Interest. Current estimated dollar value 50,000 share @ \$1.20/share. Percent of total ownership _____.

D. Conditions of Ownership. Describe any conditions or encumbrances affecting your ownership interest. (E.g., will you be prohibited from exercising options or selling stock for a certain period of time, or until certain events occur?)

Yes, see a copy of my stock option plan.

E. Will you purchase the ownership interest? (Y/N) N If so, what will you pay for it? _____ How does that price compare with the market value, if there is a market value?

F. If you are not purchasing the ownership interest, what is the consideration for the ownership interest?

My service on the Scientific Advisory Board.

G. From what person or organization will you acquire your ownership interest?

Directly from Rexahn.

Section Six. Your Employment Relationship. If you are requesting an exemption for an employment relationship (including both traditional compensated employment and other relationships e.g., consulting, office or executive responsibility in the entity's operations, board membership, royalties, etc.), attach a copy of any written proposal or offer covering the employment relationship and provide the requested information:

A. What position will you hold? What duties will you have on behalf of the entity? Be as specific as possible. In particular, if you will be conducting any research or scientific work for the entity, address what you will be doing, where you will do it, and the relationship, if any, to your work at UM.

Title: Consultant

Responsibilities: Please see attached agreement.

B. How much time per biweekly period _____, month _____, year _____ will you be providing to the entity? **About 100 hours/ year.**

C. What compensation, if any, do you expect from the entity?

\$15,000 / year and Stock Options.

D. Will you use annual and other paid leave time for the work for the entity? (Y/N) Y If no, please explain.

E. Are you requesting a leave of absence or change in level of FTE at UM in order to make your time available to the entity? (Y/N) N If available, attach a copy of the request you have made and the approval.

F. If you are an externally funded investigator, what percentage of your FTE is budgeted to grants and contracts at this time?

85%.

Section Seven. Gifts. Describe any gifts for which you are requesting an exemption because of your relationship with the donating entity, or that entity's interest in your work.

If you are seeking permission to accept a gift or honorarium from an entity which has a relationship with you, or an interest in your work, provide the nature and value of the gift. You need to give this information whether you are considering a gift directly to you which you plan to retain, a gift you plan to give to another person or entity (e.g., assigning the gift to the UM Fund), or a gift arranged through you but directed to the UM Fund or other UM affiliates which can hold and administer funds for the benefit of your work.

Give the nature and value of the gift (cash, stock, etc.; market value or face value), and attach a copy of any written offer.

N/A

Section Eight.

A. Other Relationships with the Entity. Provide information about any other relationship with the entity which has not been discussed above, but which may require an exemption to be lawful. Include here matters such as employment of a spouse or dependent child by the entity, ownership of an interest in the entity by a spouse, dependent child, or other dependent, or relationships between the entity and other organizations with which you or your spouse or dependent child have ownership or employment relationships. In describing ownership interests, give details, including percentage interest and value. In describing employment, give levels of effort and salary.

I sit on the Scientific Advisory Board of Rexahn.

B. Relationship with other organizations. Describe any employment, ownership, or business relationship held by you or a spouse or dependent child in any business which could be affected (positively or negatively) by your relationship, or the results of your work, for the entity discussed in this exemption request.

Section Nine. Signature and Approvals.

Before routing this form, execute it here. Please remind other reviewers to consider this form thoughtfully, complete their sections below, and execute the form if they are forwarding your request with a positive recommendation. Omit any steps of review which are not applicable to you. Be sure the last reviewer forwards the exemption request to the Conflict of Interest Officer.

A. I hereby make oath or affirm that the contents of this Exemption Request are true and correct to the best of my knowledge, information and belief.

H. Ghoshdekar
Your Signature

3/2/07
Date

B. Supervisor's Statement

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: Dr. Ghandehari must disclose his financial relationship with Rexahn when discussing his research through presentations, publications and any other methods of research dissemination. Further, Dr. Ghandehari must meet with the department chair on a regular basis to discuss the pertinent points of outlined in the COI document as it relates to his faculty responsibilities.

Date Supervisor's Signature

C. Statement of Division Head or Director

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here:

Date Signature of Division Head or Director

D. Statement of Chairperson or Assistant/Associate Vice President

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: As stated in "B" above, Dr. Ghandehari must disclose his financial relationship with Rexahn when discussing his research through presentations, publications and any other methods of research dissemination. Further, Dr. Ghandehari must meet with the department chair on a regular basis to discuss the pertinent points of outlined in the COI document as it relates to his faculty responsibilities.

3/7/07

Date

Richard J. O'Connell

Signature of Chairperson or Assistant/Associate Vice President

E. Statement of Dean

I have reviewed this exemption request and I support it, subject to the conditions, if any, set out here: _____

_____ *Subject to conditions stated above.* _____

_____ *David Keagy* *4.4.07*
Date _____ Signature of Dean _____

FORWARD THIS FORM VIA CAMPUS MAIL TO J. JOSEPH GIFFELS, UMB CONFLICT OF INTEREST OFFICER, ACADEMIC AFFAIRS, FOURTH FLOOR, PACA-PRATT BUILDING.