

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

April 19, 2007

ACTION REQUEST

Subject: Services Agreement between the University of Michigan and NanoBio Corporation

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the proposed agreement which then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflicts of interest will be developed by this Board and agreed to by the parties involved.

This proposed agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Dr. James R. Baker, Jr., Director, Michigan Nanotechnology Institute for Medicine and Biological Sciences, Division Chief and Professor, Division of Allergy & Clinical Immunology in the Department of Internal Medicine and Professor, Biomedical Engineering, is a part owner, President, Chief Operating Officer, Chairman of the Board of Directors, and Chief Science Officer of a for-profit company, NanoBio Corporation (the "Company"). The law permits such an Agreement provided it is disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. James R. Baker, Jr., is a part owner, President, Chief Operating Officer, Chairman of the Board of Directors, and Chief Science Officer of the Company. The Company was formed to commercialize various technologies, including nanoemulsion, and desires to use facilities of the University for projects that will be described from time to time related to research and development of these technologies.

Nature of the Agreement:

This proposed contract will be a services agreement between the Company and the Regents of the University of Michigan ("UM") that allows the Company and the University to access to the University's Human Applications Laboratory ("HAL").

Agreement Terms:

The terms of the proposed Agreement conform to University policy. The services will be provided in the HAL under the direction of Dr. John Wiley, Director of the General Clinical Research Center over an initial 12 month period at an estimated initial cost of \$19,500. Provisions in the services agreement are consistent with University policy regarding use of such facilities by external organizations. The Agreement includes provisions that enable amendment of time, scope and funding limitations. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Impact of the Agreement:

The Agreement provides for ongoing support and collaboration between the University and a Michigan start-up company and allows access by the Company of a unique University facility.

Recommendation:

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

Respectfully submitted,



Stephen R. Forrest  
Vice President for Research

April 2007