

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

October 23, 2008

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and ImBio, Inc.

Action Requested: Approval of Option Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement that then triggered a review by the Medical School Conflict of Interest Board ("Board"). A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Board and agreed to by the parties involved.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professors Brian Ross and Al Rehemtulla are both employees of the University of Michigan ("University") and partial owners of ImBio, Inc. The law permits such an Agreement provided it is disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. Brian D. Ross, a Professor in Radiological Sciences, Department of Radiology and Professor of Biological Chemistry, Medical School, and Dr. Alnawaz Rehemtulla, Professor of Radiation Oncology, Medical School, are partial owners of a for-profit company called ImBio, Inc. (the "Company"). The Company was formed to develop and to commercialize software useful in molecular resonance imaging diagnosis of human pathologies and desires to option from the University of Michigan the University's rights associated with the following technology:

UM OTT File No. 2552 entitled, "A Non-Invasive Method to Determine the Fat Content of Tissue In Vivo Using MRI" (Hero K. Hussain, Scott Swanson, Thomas L. Chenevert, and Vikas Gulani)

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

Parties to the Agreement:

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

Option Terms:

Option terms include granting the Company an exclusive option for a twelve (12) month period of time. The Company will pay an option fee and will partially reimburse patent costs during the term of the Agreement. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreement. Standard disclaimers of warranties and indemnification apply, and the Agreement may be amended by consent of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Drs. Ross and Rehemtulla arise from their ownership interest in ImBio, Inc.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM OTT File No. 2552 for the fields of use of MRI in the determination of tissue fat content.

ImBio, Inc. will use this option to identify and engage commercial partners for the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. In light of this disclosure and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the Agreement between the University and ImBio, Inc.

Respectfully Submitted,


Stephen R. Forrest
Vice President for Research

October 2008