

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents
March 18, 2010

ACTION REQUEST

Subject: Master Agreement between the University of Michigan and HistoSonics, Inc.

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. This then triggered a review by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflicts of interest will be developed by the Committee and agreed to by the parties involved.

The proposed Master Agreement falls under the State of Michigan Conflict of Interest Statute because Professors Charles Cain, Brian Fowlke, William Roberts, and Dr. Zhen Xu and Dr. Timothy L. Hall, are all employees of the University of Michigan ("University") and partial owners of HistoSonics, 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:

The above-referenced University employees have an ownership interest in a for-profit company called HistoSonics, Inc. ("Company"). The Company is interested in commercializing histotripsy technologies in a variety of medical applications and has obtained a license to various technologies from the University. A technology license has been disclosed previously under separate Regental Action. The Company wishes to support research projects 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. The roles of the above-referenced University employees in each project will be described in a project statement and a conflict of interest management plan.

Agreement Terms:

The terms of the proposed Master Agreement conform to University policy and are for a five-year period with a total authorization not to exceed \$1,000,000. The University will use standard sponsored project accounting procedures to determine the cost of each project. Budgets will be reviewed and approved by

authorized representatives of each department and school/college where projects are to be performed. The Master Agreement will allow the University and the Company to specify projects that the University will conduct under the terms of the Master Agreement. Since sponsored projects are often amended, the Master Agreement includes provisions for changes in time, amount, and scope of each supported project. University procedures for approval of each project will be followed and additional review by the OVPR Conflict of Interest Review Committee and/or Medical School Conflict of Interest Board will be done on a project-by-project basis.

Impact of the Agreement:

The Master Agreement will facilitate research that will assist the University and in developing and commercializing histotripsy technologies in a variety of medical applications. It also provides for ongoing support and collaboration between the University and a start-up company.

Recommendation:

These matters will be reviewed and approved by the OVPR Conflict of Interest Review Committee and/or the Medical School Conflict of Interest Board and a plan will be developed to manage the potential conflict of interest risks associated with each project that will be implemented under the terms of the Agreement prior to the University's acceptance of any individual project. In light of the disclosure made in this document and our finding that the Master Agreement and projects will be negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into this Master Agreement with HistoSonics, Inc.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

March 2010