

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

May 15, 2008

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and Histosonics

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 OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed by the Committee and agreed to the parties involved.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because the following individuals are both employees of the University of Michigan ("University") and partial owners of Histosonics:

Charles Cain, Professor, Biomedical Engineering
J. Brian Fowlkes, Associate Professor, Radiology
William Roberts, Assistant Professor, Urology
Zhen Xu, Assistant Research Scientist, Biomedical Engineering
Timothy L. Hall, Research Fellow

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. Histosonics is interested in commercializing histotrypsy technologies in a variety of medical applications and desires to option the following technologies from the University:

UM File No. 1103, entitled "An Ultrasound Phased Array Noninvasive Cardiac Ablation System" (Adam Strickberger, Charles Cain, Emad Ebbini)

UM File No 1218, entitled "High Power Phased Array Therapy system" (Cain)

UM File No 1329, entitled "Novel Methods for Ultrasound Surgery Using Cavitation: Microbubble Applications for Lesion Localization and Threshold Stabilization" (Brian Fowlkes, Cain)

UM File No 1329p1, entitled "Method and Assembly for Performing Ultrasound Surgery Using Cavitation" (Cain and Fowlkes)

UM File No 3207, entitled "Feedback Methods and Systems for Determining Therapy Beam Positioning and Therapeutic Efficacy Before, During and After Ultrasound Cavitation Therapy" (Timothy Hall and Cain)

UM File No 3294, entitled "Ultrasound Assisted Drug Delivery" (Cain and Fowlkes)

UM File No. 3343, entitled "Apparatus and Methods for Performing Non-invasive Vasectomies" (Adam Strickberger, Cain, Matthew O'Donnell)

UM File No. 3767, entitled "Minimally Invasive Therapeutic Methods" (Cain)

UM File No. 3916, entitled "Histotrypsy for Thrombolysis" (Cain, Zhen Xu, Hitinder Gurm, Adam Maxwell)

Parties to the Agreement:

The Regents of the University of Michigan and Histosonics

Option Terms:

Option terms include giving Histosonics an option to obtain an exclusive license with the right to grant sublicenses. Histosonics will pay an option fee and reimburse patent costs. 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 contract may be amended by consent of the parties. University procedures for approvals of the changes will be followed and additional conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Drs. Cain, Fowlkes, Roberts, Xu and Hall arise from their ownership interest in Histosonics.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM OTT File Nos. 1103, 1218, 1329, 1329p1, 3207, 3294, 3343, 3767, 3916 in healthcare applications.

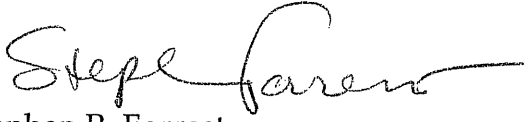
Histosonics will obtain evaluation rights to the above listed University technologies.

Recommendations:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee. 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 Option Agreement between the University and Histosonics.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Stephen R. Forrest". The signature is written in black ink and is positioned above the printed name.

Stephen R. Forrest
Vice President for Research

May 2008