

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

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

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Office of Technology Transfer while reviewing the technology transfer agreement, which 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 and approved by this Committee and agreed to by the parties involved in this plan.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Daryl Kipke is both an employee of the University and a partial owner, President, CEO and member of the Board of Directors of NeuroNexus Technologies, Inc. ("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. Daryl Kipke, a Professor of Biomedical Engineering, College of Engineering, is a partial owner, President, CEO and member of the Board of Directors of a for-profit, Michigan startup corporation called NeuroNexus Technologies, Inc. The Company has licensed a number of technologies from the University. The Company would like to obtain an option to a new technology as follows:

UM File No. 3927, entitled: "Polymer Probe Insertion Assist Backbone" (Kipke, Takashi Yoshida and Jeyakumar Subbaroyan)

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 NeuroNexus.

Agreement Terms:

Agreement terms include granting the Company an option for an exclusive license with the right to grant sublicenses. The Company will 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 approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Kipke arise from his ownership interest in NeuroNexus.

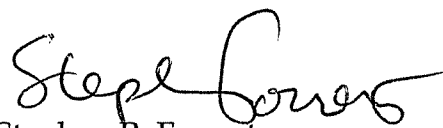
Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents related to UM OTT File No. 3927 for all fields of use.

Recommendations:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee and a plan has been developed to manage the potential risks associated with the conflict of interest. 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 NeuroNexus Technologies, Inc.

Respectfully Submitted,



Stephen R. Forrest  
Vice President for Research

July 2009