

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

Approved by the Regents

September 20, 2007

Subject: Option and Non-Disclosure Agreements between the University of Michigan and Immunomics, Inc.

Action Requested: Approval of Option and Non-Disclosure Agreements

Preamble:

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

This proposed option and non-disclosure agreements ("Agreements") fall under the State of Michigan Conflict of Interest Statute because Professors David Beer and Arul Chinnaiyan are both employees of the University of Michigan ("University") and partial owners of Immunomics. The law permits such Agreements provided they are disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. David Beer, a Professor in Surgery, and Dr. Arul Chinnaiyan, a Professor in Pathology and Urology, are the partial owners of a for-profit company called Immunomics, Inc. (the "Company"). The Company was formed recently to commercialize autoantibody signature biomarker technology and desires to option from the University of Michigan the University's rights associated with the following technologies:

UM OTT File No. 2791 entitled: "Phage Microarray Profiling of the Humoral Response to Disease" (Arul Chinnaiyan and Xiaoju Wang)

UM OTT File No. 3650 entitled: "Methods and Compositions for Diagnosing Lung Cancer" (Chinnaiyan, Wang, Guoan Chen and David Beer)

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

Parties to the Agreements:

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

Agreement Terms:

Agreement terms include granting the Company an exclusive option to obtain an exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse patent costs. The University will retain ownership of the licensed technology and may continue to further develop it and use it internally. During the option, the University will provide certain targets and biological materials to the Company for evaluation purposes. The Company will provide the University with written results of its evaluation as well as a business plan which will be considered Company Confidential Information and will be maintained as confidential under the non-disclosure agreement. No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreements. Standard disclaimers of warranties and indemnification apply, and the Agreements 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 interest of Drs. Beer and Chinnaiyan arise from their ownership interests in the Company.

Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of a world-wide exclusive option agreement for patents related to UM OTT File No. 2791 and 3650 for the fields of use of diagnostics and prognostics in human and veterinary applications.

The Company will obtain exclusive evaluation rights to the above listed University technology for the option period.

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 Agreements were negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the Option and Non-Disclosure Agreements between the University and Immunomics, Inc.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

September 2007