

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

ACTION REQUEST

|       |                                |
|-------|--------------------------------|
| EXH   | MOTION <i>Brandon</i>          |
|       | SECOND <i>White</i>            |
|       | ACTION APPROVED BY THE REGENTS |
| NOTE: | APR 21 2005                    |

Subject: Option Agreement between the University of Michigan and ViDx, LLC

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 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 developed by the Board 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 Dr. David M. Kurnit, is both an employee of the University and an owner, officer and member of SensiGen, LLC, in which ViDx, LLC is a wholly owned subsidiary of SensiGen, LLC. 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. David M. Kurnit, a Professor in the Department of Pediatrics and Communicable Diseases, is the part owner, officer and director of a for-profit company called SensiGen, LLC ("SensiGen"), an Ann Arbor start-up diagnostic services company. SensiGen has already taken an option (with the license pending) on diagnostic testing for early detection of kidney disease in people with diabetes, hypertension and lupus. ViDx, LLC, a wholly owned subsidiary of SensiGen, was formed recently to commercialize additional technology invented by Dr. Kurnit entitled "Sensitive Detection in Body Fluids of Human Papilloma Virus (HPV) for Analysis of Cancer and Dysplasia." ViDx, LLC desires to option the HPV technology from the University:

UM OTT File No. 2909

Parties to the Agreement:

The Regents of the University of Michigan and ViDx, LLC.

Option Terms Include:

Option terms include giving ViDx, LLC an exclusive option with the right to evaluate the invention and to determine whether to negotiate and enter into a license. 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 option may be amended by consent of the parties involved. University procedures for approval of these changes will be followed and additional review by the Medical School Conflict of Interest Board will be done as appropriate.

Pecuniary Interest:

The pecuniary interests of Dr. Kurnit arise from his ownership interest in SensiGen that wholly owns ViDx, LLC. He has waived any personal participation in the sharing of revenue received by the University.

Net Effect:

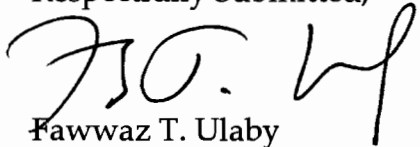
The Office of Technology Transfer has negotiated and finalized the terms of the Agreement for patents related to UM File No. 2909 with the field of use being human HPV diagnostics.

Should ViDx, LLC elect to exercise their option, they may then enter into negotiations for an exclusive license covering use and commercialization rights to the above listed UM technology.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board 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 Option Agreement between the University and ViDx, LLC.

Respectfully Submitted,



Fawwaz T. Ulaby  
Vice President for Research

April 2005