

ACTION REQUEST

Subject: Research Agreement between the University of Michigan and BioDiscovery LLC.

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 which 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 was then developed by the Committee and agreed to by the parties involved.

This proposed research agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Dr. Erdogan Gulari is an employee of the University of Michigan ("University") and a partner of a for profit company, BioDiscovery LLC and Dr. Jean Marie Rouillard is an employee of the University and an employee and officer of BioDiscovery LLC (hereinafter "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. Erdogan Gulari, Professor, Department of Chemical Engineering (ChemE), is a partner and Dr. Jean Marie Rouillard, Research Investigator, in ChemE is an employee and officer of a for profit Company. The Company wishes to fund a research agreement in the Department of Chemical Engineering under the direction of Dr. Ronald Larson, Professor and Chair, Department of Chemical Engineering.

Nature of the Agreement:

This proposed project will be a subcontract between the Company and the Regents of the University of Michigan (UM) to perform research under a prime contract between the Company and the Michigan Economic Development Corporation.

Agreement Terms:

The terms of the proposed Agreement will conform to University policies including those related to intellectual property and publication. Dr. Ronald

Larson, Professor and Chair of Chemical Engineering, will be the Principal Investigator for the project at the University to be conducted over a two year period at an estimated total cost of \$412,205. Dr. Gulari will serve as PI for the entire project for the Company. The subcontract includes a provision for extensions of the time period and scope of work. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

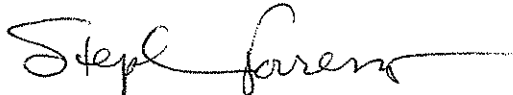
Impact of the Agreement:

The agreement enables follow-on research to be performed promoting low cost microarray synthesis. It also provides for collaboration between the College of Engineering and a Michigan start-up company.

Recommendation:

This matter was reviewed and approved by the OVPR Conflict of Interest Review Committee and by the Associate Dean for Research of the College of Engineering. In light of the disclosure made in this document and our finding that the Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into this Agreement with Biodiscovery, LLC.

Respectfully submitted,



Stephen R. Forrest  
Vice President for Research

April 2007