

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

June 21, 2007

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and SensiGen, 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 then developed by this Board and agreed to by the parties involved.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor David Kurnit is both an employee of the University of Michigan ("University") and a partial owner, director and officer of SensiGen. 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 Kurnit, Professor in the Departments of Pediatrics and Communicable Diseases and Human Genetics in the Medical School, is the partial owner, director and officer of a for-profit company called SensiGen. SensiGen was formed recently to commercialize DNA tests for kidney diseases, human papilloma virus infections and lupus, and desires to obtain an option from the University of Michigan to the following technology:

UM OTT File No. 2838 entitled: "Treatment of Lupus" (Drs. Bruce Richardson and John Atwood)

UM OTT File No. 2839 entitled: "Sequence Specific DNA Demethylation as a Lupus Biomarker" (Drs. Bruce Richardson and Qianjin Lu)

UM OTT File No. 3116 entitled: "DNA Test for Lupus Erythematosus" (Drs. Bruce Richardson and Qianjin Lu)

UM OTT File No. 3723 entitled: "Diagnostic Markers for Lupus and Acute Coronary Syndromes" (Dr. Bruce Richardson)

The Office of Technology Transfer selected SensiGen 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 SensiGen, LLC.

Option Terms:

Agreement terms include granting SensiGen an exclusive option. 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 Agreement 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. Kurnit arise from his ownership interest in SensiGen, LLC.

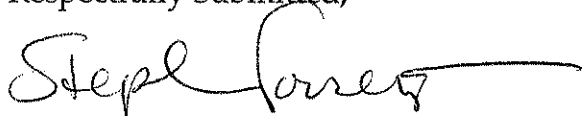
Net Effect:

The Office of Technology Transfer has negotiated and finalized the terms of an exclusive option agreement for patents related to UM OTT File Nos. 2838, 2839, 3116, and 3723 for the fields of use of lupus diagnostics and therapeutics.

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 Agreement was negotiated in conformance with standard University practices, I recommend that the Board of Regents approve the Option Agreement between the University and SensiGen, LLC.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

June 2007