

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

September 22, 2006

ACTION REQUEST

Subject: Nondisclosure Agreement between the University of Michigan and NanoBio Corporation

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 a proposed Nondisclosure 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 conflicts of interest was then developed by the Board and agreed to by the parties involved.

This proposed Nondisclosure Agreement (Agreement) falls under the State of Michigan Conflict of Interest Statute because Dr. James R. Baker, Jr., is an employee of the University and a part owner, Chairman of the Board of Directors, and Chief Science Officer (CSO) of a for-profit company, NanoBio Corporation (NanoBio). 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. James R. Baker, Jr. is Director of the Michigan Nanotechnology Institute for Medicine and Biological Sciences, Division Chief and Professor, Division of Allergy & Clinical Immunology in the Department of Internal Medicine and Professor of Biomedical Engineering at the University. He also is a part owner, Chairman of the Board of Directors and has a consulting agreement with NanoBio relating to his position as CSO. Licenses for technology developed by Dr. Baker have been entered into with NanoBio and have been previously disclosed to and approved by the Regents.

NanoBio may need to disclose confidential information to the University from time to time about its private business dealings for the purposes of the University evaluating whether to pursue a transaction with NanoBio or to evaluate the acceptability of a proposed arrangement under University policies and laws. In connection with the services performed by Dr. Baker pursuant to the consulting agreement and as a result of Dr. Baker's obligations as an employee of the University, Dr. Baker may disclose to the University certain information that NanoBio considers to be proprietary and confidential and wishes the University to maintain in confidence.

Nature of the Agreement:

The Agreement involves possible provision of confidential information from NanoBio to the University and the University's agreement to maintain such information in confidence to the extent allowed by state law. No transfer of funds is involved.

Agreement Terms:

The terms of the Agreement conform to University policy. No transfer of funds is involved. The Agreement includes a provision allowing extension and modification upon mutual agreement of the parties. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

The Agreement does not involve human subjects or require the conduct of research at the University.

Impact of the Agreement:

This Agreement will allow for a free exchange of information about possible transactions that may prompt further review of implications to University processes including conflict of interest management.

Recommendation:

This Agreement has been reviewed and approved by the Medical School Conflict of Interest Board. 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 NanoBio Corporation.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

September 2006