

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

September 18, 2008

ACTION REQUEST

Subject: Research Agreement between the University of Michigan and Biomatrix Photonics, Inc.

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 research agreement that 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 and approved by the Board and agreed to by the parties involved.

This proposed research agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professors Michael Morris, Blake Roessler and Steven Goldstein are all employees of the University of Michigan ("University") and a partial owner of Biomatrix Photonics. 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. Michael Morris, Professor in Chemistry, Dr. Blake Roessler, Associate Professor in Internal Medicine and Dr. Steven Goldstein, Professor, Orthopaedic Surgery, are partial owners of a for-profit company called Biomatrix Photonics (the "Company"). The Company wishes to support a research contract for further development of the inventions made by Drs. Morris, Roessler, and Goldstein. A technology license agreement has been disclosed previously under separate Regental Action.

Nature of the Agreement:

The Company has received a license from the University that relates to the subject of the research projects and has submitted a proposal to the National Institutes of Health Small Business Technology Transfer program to support related research. The proposed project would constitute a subcontract under that proposal and involves diagnostic evaluation of bone using transcutaneous raman spectroscopy.

Agreement Terms:

The terms of the proposed agreement conforms to University policy regarding publication and intellectual property. Dr. Jeffrey Innis, Professor of Human Genetics, Pediatrics and Communicable Disease will direct the project over an initial one-year period at an estimated cost of \$48,690. Dr. Innis has no financial interest in the Company. The contract includes a provision allowing extension and modification of the project upon mutual agreement of the parties

This project involves the use of humans and approval will be obtained before the research begins.

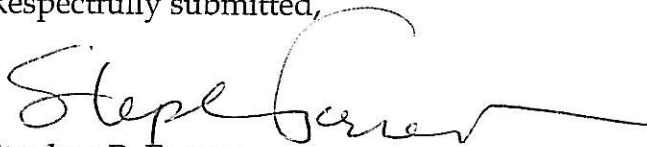
Impact of the Agreement:

This study will provide further information that will assist the Company in developing and commercializing the licensed technologies for diagnosis of bone disease.

Recommendation:

This matter will be reviewed and approved by the Medical School Conflict of Interest Board before acceptance of the Agreement by the University. 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 Biomatrix Photonics, Inc.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest". The signature is fluid and cursive, with a long horizontal stroke at the end.

Stephen R. Forrest
Vice President for Research

September 2008