

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and HiperNap, 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 that then triggered a review by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was then developed and approved by this Committee 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 Professor Shorya Awtar is both an employee of the University of Michigan ("University") as well as a partial owner of HiperNap, 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. Awtar, an Assistant Professor in the Department of Mechanical Engineering, in the College of Engineering, is the partial owner of a for-profit company called HiperNap, LLC (the "Company"). The Company was formed recently to develop ultra-high precision motion systems, aka nanopositioning systems and desires to obtain an option from the University of Michigan for the University's rights associated with the following technology:

UM OTT File No. 5106, entitled: "High Performance Electromagnetic Actuators" (Shorya Awtar, David Hiemstra, Gauran Parmar, and Cory W. Welch)

The Office of Technology Transfer selected the Company 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 HiperNap, LLC.

Agreement Terms Include:

Agreement terms include granting the Company an option to further evaluate the subject technology and, upon meeting specific milestones, the ability to negotiate an

exclusive license with the right to grant sublicenses. The Company will pay an option fee and reimburse patent costs. The University will retain ownership of the optioned technology and may continue to further develop it and use it internally as well as in collaborations with other research institutions. 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, such as adding related technology. 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. Awtar arise from his ownership interest in HiperNap, LLC.

Net Effect:

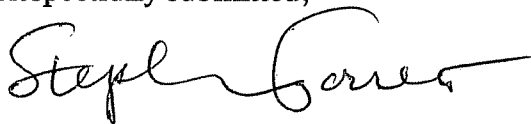
The Office of Technology Transfer has negotiated and finalized the terms of an option agreement for patents and software related to UM OTT File No. 5106 for all fields of use.

HiperNap, LLC will obtain use evaluation rights to the above listed University technologies.

Recommendations:

This matter has been reviewed and approved by the OVPR Conflict of Interest Review Committee. 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 HiperNap, LLC.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

February 2013