

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents
July 15, 2010

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and ArborLight, Inc.

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 by the 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 Professors Max Shtein, P. C. Ku and Kevin Pipe are employees of the University of Michigan ("University") and partial owners of ArborLight, Inc. 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. Max Shtein, a Professor in Materials Science and Engineering, and Drs. P.C. Ku and Kevin Pipe, both professors in Electrical Engineering and Computer Science are partial owners of a for-profit company called ArborLight, Inc. (the "Company"). The Company was formed recently to commercialize fiber-optic based lighting devices and desires to option from the University of Michigan the University's rights associated with the following technologies:

UM OTT File No. 4428, entitled: "Solid State Light Source Based on Hybrid Waveguide Downconverter Diffuser" by Max Shtein & P.C. Ku

UM OTT File No. 4615, entitled: "LED-Based Large Panel Lighting" by P.C. Ku & Harold Giles.

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 ArborLight, Inc.

Agreement Terms Include:

Agreement terms include granting the Company an option to negotiate an exclusive license with the right to grant sublicenses. The University will retain ownership of the licensed 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 Drs. Shtein, Ku & Pipe arise from their ownership interest in ArborLight, Inc.

Net Effect:

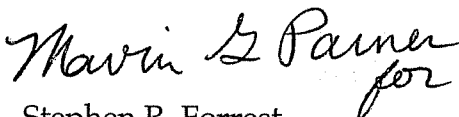
The Office of Technology Transfer has negotiated and finalized the terms of a world-wide exclusive option agreement for patents related to UM OTT File Nos. 4428 & 4615 for all fields of use.

ArborLight, Inc. will obtain use and commercialization rights to the above listed University technology.

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 Agreement between the University and ArborLight, Inc.

Respectfully Submitted,

The image shows a handwritten signature in cursive script that reads "Stephen R. Forrest" with the word "for" written below it.

Stephen R. Forrest
Vice President for Research

July 2010