

THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

REQUEST FOR ACTION

Subject: Regental Action Under the State of Michigan Conflict of Interest Statute

Action Requested: Authorize Execution of Investment Agreements Under the MINTS Program for Vesper Technologies, Inc.

Background

In December 2011, the Board of Regents approved guidelines for the MINTS ("Michigan Investment in New Technology Startup") program.

The proposed investment agreements (the "Agreements") fall under the State of Michigan Conflict of Interest Statute because the listed Interested Individual is both an employee of the University and has a sufficient pecuniary interest in the Agreements as partial owner of the company. 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 Board of Regents.

The parties to the Agreements include the University and the entity listed below. The University will receive an equity interest in the entity in return for its investment(s).

No use of University services or facilities, nor any assignment of University employees, is obligated or contemplated under the Agreement.

Under MINTS, the University must co-invest in a financing round together with at least one Qualifying Venture Capital Investment Firm. Agreements standard for venture capital investing will be executed.

The Investment Office is seeking approval for financing agreements up to a total of \$2.5 million in potential investments (through one or more rounds of financing) under MINTS for the following startup:

Vesper Technologies, Inc., founded in 2009 and headquartered in Boston, MA, uses piezoelectric materials to create revolutionary micro-electro-mechanical systems ("MEMS") microphones. As single-layer devices, piezoelectric structures can freely move in response to sounds and create the strongest signal possible. As a result, Vesper microphones have the highest signal-to-noise ratio on the market and, therefore, can capture sound more clearly and at much greater distances.

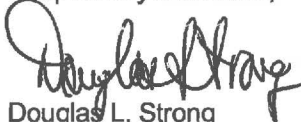
Interested Individual:

Karl Grosh, Ph.D., Professor
College of Engineering: Mechanical Engineering & Biomedical Engineering

We believe state law requirements have been met with the disclosure of the pecuniary interest and formal appointment arrangements with the University of Michigan.

We recommend that the Board of Regents authorize execution of agreements between the University of Michigan and Vesper Technologies, Inc., as set forth above.

Respectfully submitted,



Douglas L. Strong
Interim Executive Vice President and
Chief Financial Officer