

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

November 15, 2007

ACTION REQUEST

Subject: Master Agreement between the University of Michigan and Universal Display 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 the current proposed project which then triggered a conflict of interest review.

This proposed master agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Stephen R. Forrest is both an employee of the University of Michigan ("University") and a partial owner of Universal Display Corporation ("UDC"). 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. Stephen R. Forrest, Vice President for Research, formerly at Princeton University, is the partial owner of a for-profit company called UDC. UDC was formed to commercialize organic light emitting device (OLED) technology developed at Princeton University and the University of Southern California. UDC wishes to fund research projects at the University from time to time. The role of Dr. Forrest in each project will be described in a project statement and a conflict of interest management plan.

Agreement Terms:

The University will enter into a master agreement with UDC that will cover standard procedures for performance of projects as well as provisions implementing University and federal policies related to intellectual property and publication. The master agreement will cover an initial five-year period with a total authorization not to exceed \$1,000,000. The University will use standard sponsored project accounting procedures to determine the cost of each project. Budgets will be reviewed and approved by authorized representatives of each department and school/college where projects are to be performed. The master agreement will allow the University and UDC to specify projects that the University will conduct under the terms of the master agreement. Since projects are often amended, the master agreement includes provisions for changes in time, amount, and scope of each supported project. University procedures for

approval of each project will be followed and additional conflict of interest review will be done on a project-by-project basis.

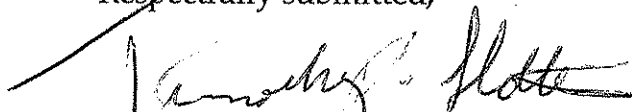
Impact of the Agreement:

The master agreement will enable research to be performed in a timely manner to explore and further develop applications related to organic light emitting devices (OLED).

Recommendation:

Because the individual with the conflict is an Executive Officer, a detailed plan will be developed and approved by an ad hoc oversight committee advisory to me, for management of the potential conflict of interest risks associated with each project that will be implemented under the terms of the master agreement prior to the University's acceptance of any individual project. 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 master Agreement with UDC.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Timothy P. Slottow", written over a horizontal line.

Timothy P. Slottow  
Executive Vice President  
and Chief Financial Officer

November 2007