

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

March 15, 2007

ACTION REQUEST

Subject: Option Agreement between the University of Michigan and ElectroDynamic Applications, 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 which 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.

This proposed option agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Alec Gallimore and Professor Brian Gilchrist are both employees of the University of Michigan ("University") and partial owners of ElectroDynamic Applications (EDA). 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. Alec Gallimore, a Professor in Aerospace Engineering, and Dr. Brian Gilchrist, a Professor in Electrical Engineering and Computer Science, are the partial owners of a for-profit company called EDA, Inc. EDA, Inc. was originally formed around non-University based technologies, but now desires to option the following technology from the University:

UM File No 3176, entitled: "Nano Field-Emission Thruster" (Alec Gallimore, Brian Gilchrist, Michael Keidar & Louis Musinski)

Parties to the Agreement:

The Regents of the University of Michigan and EDA, Inc.

Option Terms:

Option terms include giving EDA, Inc. an option to an exclusive license with the right to grant sublicenses. If the option is exercised, EDA, Inc. will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the optioned 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 contract 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. Gallimore and Gilchrist arise from their ownership interests in EDA, Inc.

Net Effect:

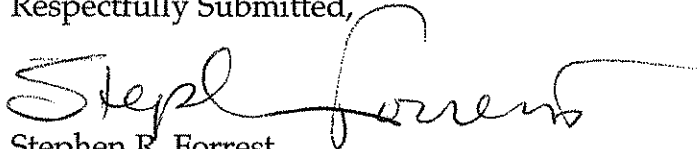
The Office of Technology Transfer has negotiated and finalized the terms of a world-wide exclusive option agreement for patents related to UM File No. 3176 for the fields of use of aerospace applications.

EDA, 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 Option Agreement between the University and EDA, Inc.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Stephen R. Forrest". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Stephen R. Forrest  
Vice President for Research

March 2007