

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

ACTION REQUEST

September 20, 2007

Subject: Subcontract 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 DRDA while reviewing the Proposal Approval Form for a research project, which then triggered a conflict of interest review.

This proposed agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Stephen 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 Forrest, formerly at Princeton University, is currently Vice President for Research, Professor of Electrical Engineering, Professor of Electrical Engineering and Computer Science, Professor of Materials Science and Engineering, and Professor of Physics at the University of Michigan. He is also 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 a research project at the University of Michigan.

Nature of the Project:

UDC has applied for and received funding from the U.S. Department of Energy for the project "Large Area WOLEDs." This proposed project will constitute a subcontract to the University to provide services under UDC's grant. Stephen R. Forrest will serve as Principal Investigator. Dr. Forrest's participation in this project will only be in his capacity as an employee of the University.

Agreement Terms:

The project is to be conducted at the University over a nine month period at an estimated total cost of \$10,000 for graduate student project support. There are no indirect costs because this is SBIR Phase I funding. Since research agreements are often amended, the Agreement includes provisions for changes in time, amount, and scope. University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

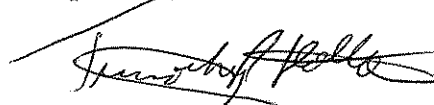
Impact of the Agreement:

This Agreement enables research to be performed that will examine a persistent problem in developing white light emitting devices for practical applications, that being that device areas are limited due to shorts that develop with large area cathode sizes. This research will determine the source of these shorts.

Recommendations:

As the individual with the conflict is an Executive Officer, a detailed plan for management of the possible risks associated with the conflict of interest has been developed and approved by an ad hoc oversight committee advisory to me. In light of this disclosure, I recommend that the Board of Regents approve the Agreement between the University and UDC.

Respectfully Submitted,



Timothy P. Slottow  
Executive Vice President  
and Chief Financial Officer

September 2007