

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents

September 18, 2008

ACTION REQUEST

Subject: Research Agreement between the University of Michigan and Sakti3, Inc.

Action Requested: Approval of Research Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the proposed research 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 conflicts of interest was then developed and approved by the committee and agreed to by the parties involved.

This proposed research agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Ann Marie Sastry is both an employee of the University of Michigan ("University") and partial owner and officer of Sakti3, 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. Ann Marie Sastry, Professor of Mechanical, Biomedical and Materials Science and Engineering and Director, Energy Systems Engineering Program is a partial owner and Chief Executive Officer of a for-profit company called Sakti3, Inc. Sakti3, Inc. was formed to develop lithium batteries that are environmentally responsible and sustainable. The Company wishes to support a research contract related to Dr. Sastry's inventions. A technology license has been disclosed under separate Regental Action.

Nature of the Agreement:

The Company has received a license from the University that relates to the subject of the research project. The proposed project supports research in life-cycle analysis of lithium batteries in order to enable publication of peer-reviewed scholarly work on the sustainability of such systems.

Agreement Terms:

The terms of the proposed agreement will conform to University policy. Dr. Christian M. Lastoskie, Associate Professor, Department of Civil &

Environmental Engineering and Department of Biomedical Engineering, who is Dr. Sastry's spouse, will direct the project over an initial three-year period at an estimated cost of \$500,000. The agreement will include a provision allowing extension and modification of the project upon mutual agreement of the parties. University procedures for approval of the changes will be followed and additional conflict of interest review will be done as appropriate.

The project does not involve human subjects.

Impact of the Agreement:

This project will provide further information that will assist the University and the start-up company in commercializing the licensed technology.

Recommendation:

This matter will be reviewed and approved by the OVPR Conflict of Interest Review Committee before the Agreement is accepted by the University. In light of the disclosure made in this document and our finding that the Agreement will be negotiated in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into this Agreement with Sakti3, Inc.

Respectfully submitted,



Stephen R. Forrest
Vice President for Research

September 2008