

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents
July 19, 2007

ACTION REQUEST

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

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 proposed agreement which then triggered a review by the Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflicts of interest will be developed by the Board and agreed to by the parties involved.

This proposed research agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Dr. James R. Baker, Jr. is both an employee of the University of Michigan ("University") and a partial owner of, Chief Scientific Officer for and Chairman of the Board of Directors for Avidimer Therapeutics, Inc. ("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 Regents of the University of Michigan.

Background:

Dr. Baker, Director, Michigan Nanotechnology Institute for Medicine and Biological Sciences, Professor of Internal Medicine and tenured faculty member, is the principle owner of the Company. The Company has received a contract from the 21st Century Fund of the Michigan Economic Development Corporation. A license to the Company for technology related to this research 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 involves preclinical work necessary for the further the development of the licensed technology.

Agreement Terms:

The terms of the Agreement will conform to University policy. Dr. Brent Ward, Assistant Professor of Surgery, who has no financial interest in the Company, will direct the project over an initial one-year period at an estimated cost of

\$113,407. The Agreement will include a provision allowing extension and modification of the project upon mutual agreement of the parties. Animal use approval will be obtained prior to onset of this research at the University. 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 evaluation will provide further information that will assist the Company and the University in developing licensed technologies.

Recommendation:

This matter will be reviewed and approved by the Medical School Conflict of Interest Board. 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 Avidimer Therapeutics, Inc.

Respectfully submitted,

A handwritten signature in cursive script that reads "Stephen R. Forrest". The signature is written in black ink and is positioned above the printed name and title.

Stephen R. Forrest
Vice President for Research

July 2007