THE UNIVERSITY OF MICHIGAN
REGENTS COMMUNICATION

Approved by the Regents
May 19, 2006

ACTION REQUEST

Subject: Regental Action Required Under the State of
Michigan Conflict of Interest Statute

Action Requested: Authorization for the University to Approve a Payment for Avidimer
Therapeutics, Inc. (University of Michigan Employee James Baker,
Founder, Scientific Advisor and Minority Shareholder)

Background:

The University of Michigan’s Institute for Entrepreneurial Studies wishes to receive
approval to make payment to Avidimer Therapeutics, Inc. The department wishes to make this
payment to fund a portion of compensation for an MBA intern in the Marcel Gani Internship
program. Avidimer Therapeutics, Inc. has chosen to participate in this program by selecting a
student intern through the annual Internship Rush recruitment event. This payment will provide
funds which will be matched by Avidimer Therapeutics, Inc.

The proposed purchase falls under the State of Michigan Conflict of Interest Statute as
James Baker is a University employee and is a party to the purchase by virtue of his position as
Founder, Scientific Advisor and Minority Shareholder of Avidimer Therapeutics, Inc. However,
the Statute allows the University to enter into such contracts if the following conditions are met:

a) The public servant promptly discloses any pecuniary interest in the contract to the
official body which has power to approve the purchase, which disclosure shall be a
matter of record in its official proceedings.

b) The purchase is approved by a vote of not less than 2/3 of the full membership of the
approving body in open session without the vote of the public servant making the
disclosure.

c) The official body discloses the following summary information in its official
minutes:

i) The name of each party involved in the contract.

ii) The terms of the purchase, including duration, financial consideration
between the parties, facilities or services of the public entity included in
the purchase, and the nature and degree of assignment of employees of the public entity for fulfillment of the purchase.

iii) The nature of any pecuniary interest.

The following information is provided in compliance with the statutory requirements contained in Section (c) above:

i) The parties to the contract are the Regents of the University of Michigan and its Institute for Entrepreneurial Studies and Avidimer Therapeutics, Inc.

ii) The service provided is placement of a student intern. The cost for the service is $6,600.00.

iii) The pecuniary interest arises from the fact that James Baker, a University of Michigan employee, is a Founder, Scientific Advisor and Minority Shareholder of Avidimer Therapeutics, Inc.

James Baker has met state law requirements with the disclosure of his pecuniary interest, and his formal appointment arrangements with the University of Michigan. Requirements, if any, that may be applicable under the Medical School’s or OVPR’s Conflict of Interest Committee’s procedures are separately analyzed and managed.

We recommend that the Board of Regents approve the payment between the University of Michigan and Avidimer Therapeutics, Inc., subject to requirements, if any, that either the Medical School’s or OVPR’s Conflict of Interest Committee may impose.

Respectfully submitted,

[Signature]

Timothy P. Slottow
Executive Vice President and Chief Financial Officer

May, 2006