

ACTION REQUEST

Subject: Amendment to License Agreement between the University of Michigan and Avidimer Therapeutics, Inc.

Action Requested: Approval of Amendment

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 Medical School Conflict of Interest Board. A plan for management of the possible risks associated with the conflict of interest was then developed by the Board and agreed to by the parties involved.

This proposed amendment ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor James R. Baker, Jr. is both an employee of the University of Michigan ("University") and a partial owner, director and officer of Avidimer Therapeutics, Inc. ("Avidimer"). 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, the Director of the Michigan Nanotechnology Institute for Medicine and Biological Sciences and a Professor in the Departments of Internal Medicine and Biomedical Engineering, is the partial owner, director and officer of a for-profit company originally incorporated as NanoCure Corporation ("NanoCure"). NanoCure was formed to commercialize therapeutic and diagnostic uses of dendrimers. NanoCure changed its name to Avidimer Therapeutics, Inc. on May 17, 2005. NanoCure and the University originally entered into a License Agreement dated November 1, 2003. Avidimer desires to add the following technologies from the University into its existing license agreement:

UM OTT File No. 3153, entitled: "Crystalline Dendrimer-Stabilized Gold Nanoparticles" (Baker and Xiangyang Shi)

UM OTT File No. 3384, entitled: "Methods and Compositions for Specific Targeting of Cancers (Su Wang, Shi, and Baker)

UM OTT File No. 3426, entitled: "Targeted Delivery of Imaging Agents/Drugs to Cancer Cells," (Rameshwer Shukla, Thommey Thomas, Baker)

Parties to the Agreement:

The Regents of the University of Michigan and Avidimer Therapeutics, Inc.

Agreement Terms:

Agreement terms include giving Avidimer an exclusive license with the right to grant sublicenses. Avidimer will pay a royalty on sales and reimburse patent costs. The University will retain ownership of the licensed 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 Agreement 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 interest of Dr. Baker arises from his ownership interest in Avidimer. He has waived any personal participation in the sharing of revenue received by the University.

Net Effect:

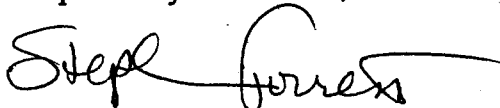
The Office of Technology Transfer has negotiated and finalized the terms of an amendment adding patents related to UM OTT File Nos. 3153, 3384 and 3426 into the existing license for the fields of use of dendrimer-based therapeutics and diagnostics.

Avidimer will obtain use and commercialization rights to the above listed University technology.

Recommendations:

This matter has been reviewed and approved by the Medical School Conflict of Interest Board. 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 Amendment to the License Agreement between the University and Avidimer Therapeutics, Inc.

Respectfully Submitted,



Stephen R. Forrest
Vice President for Research

September 2006