



Perspectives of Innovative Small Companies on the Industry's Prospects for 2012 and Beyond

ACI Forum on Structuring, Negotiating and Managing
Life Sciences Collaborations and Acquisitions

February 28, 2012

Panelists

- Wendy Tsai, Founder and VP Alliances, Cellona Therapeutics
- Julia C. Owens, Senior V.P. Corporate Development and Strategy, Lycera
- Gregory Miller, Head, Business & Corporate Development, CoNCERT Pharmaceuticals
- Hemmie Chang, Chair, Licensing & Strategic Alliances Group, Partner, Foley Hoag LLP

Wendy Tsai – Cellona Therapeutics

- **Mission:** Develop targeted therapeutics to improve survival paradigms in cancer patients.

- **Strengths:**
 - Management team has an extensive and successful track record in the critical elements of Cellona’s business model.
 - Pioneering science and robust patents.
 - Milestone-driven corporate planning with non-dilutive seed capital from government QTDP grant; foundation and angels.

- **Partnering Strategy:** Academic collaboration



Julia Owens - Lycera

- **Mission:** Discovery and development of first-in-class oral medications to treat patients with serious immune diseases for which existing therapies are inadequate.

- **Strengths:**
 - Experienced and accomplished leadership and scientific teams with core capabilities in discovery research, medicinal chemistry and early development.
 - \$36 million Series A financing.
 - Significant research collaboration with Merck.

- **Partnering Strategy:** Big Pharma



Gregory Miller – CoNCERT Pharmaceuticals

- **Mission:** Applying DCE Platform™ (deuterated chemical entity platform) to create novel, differentiated drugs.

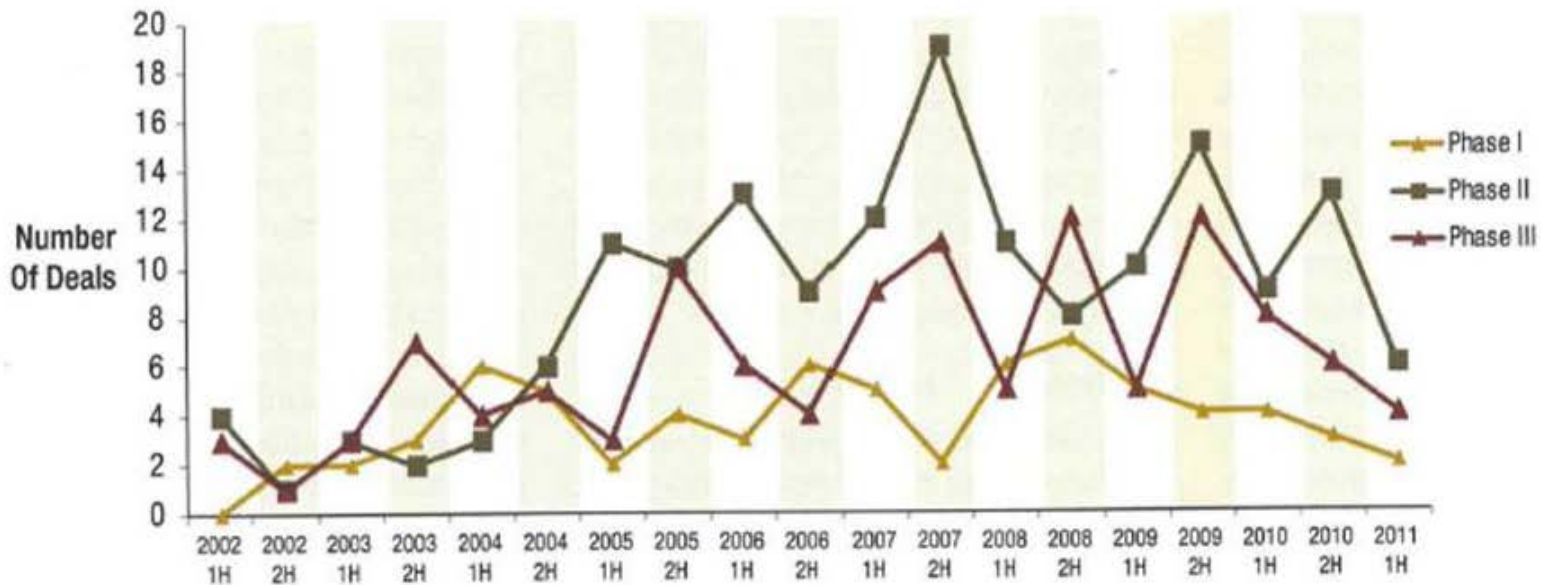
- **Strengths:**
 - Successful clinical demonstration achieved.
 - Rapid progression from initial synthesis to clinic.
 - Broad patent estate and intellectual property position.
 - Strong financial position – over \$110 million raised.

- **Partnering Strategy:** Pharma and Government, with parallel development of unpartnered programs



Licensing Trends: Recent Deal Activity

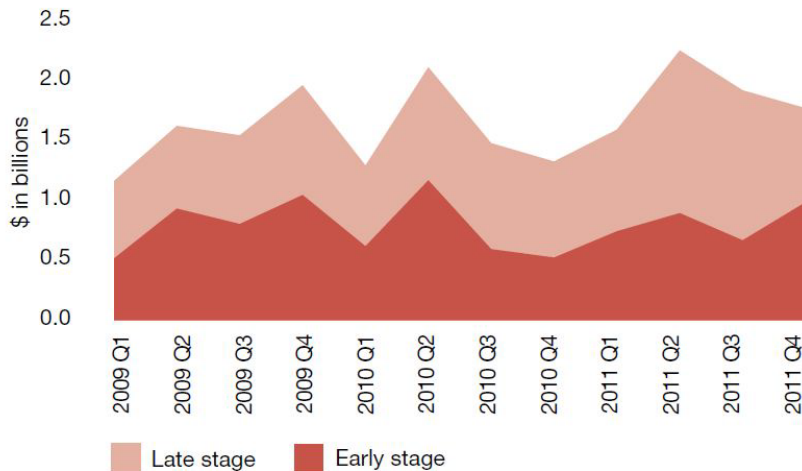
Licensing Deals With >\$10M Upfront Payment



Source: EBI Transaction Tracker, Accessed November 11, 2010 and October 30, 2011

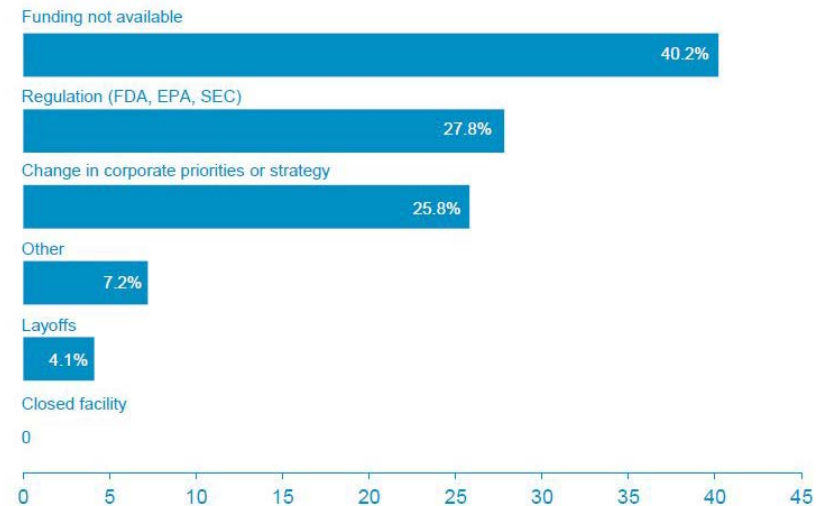
Challenging Environment for Early Stage Funding

Life sciences funding by stage 2009-2011



Source: PricewaterhouseCoopers, "Zigzagging upward," February 2012

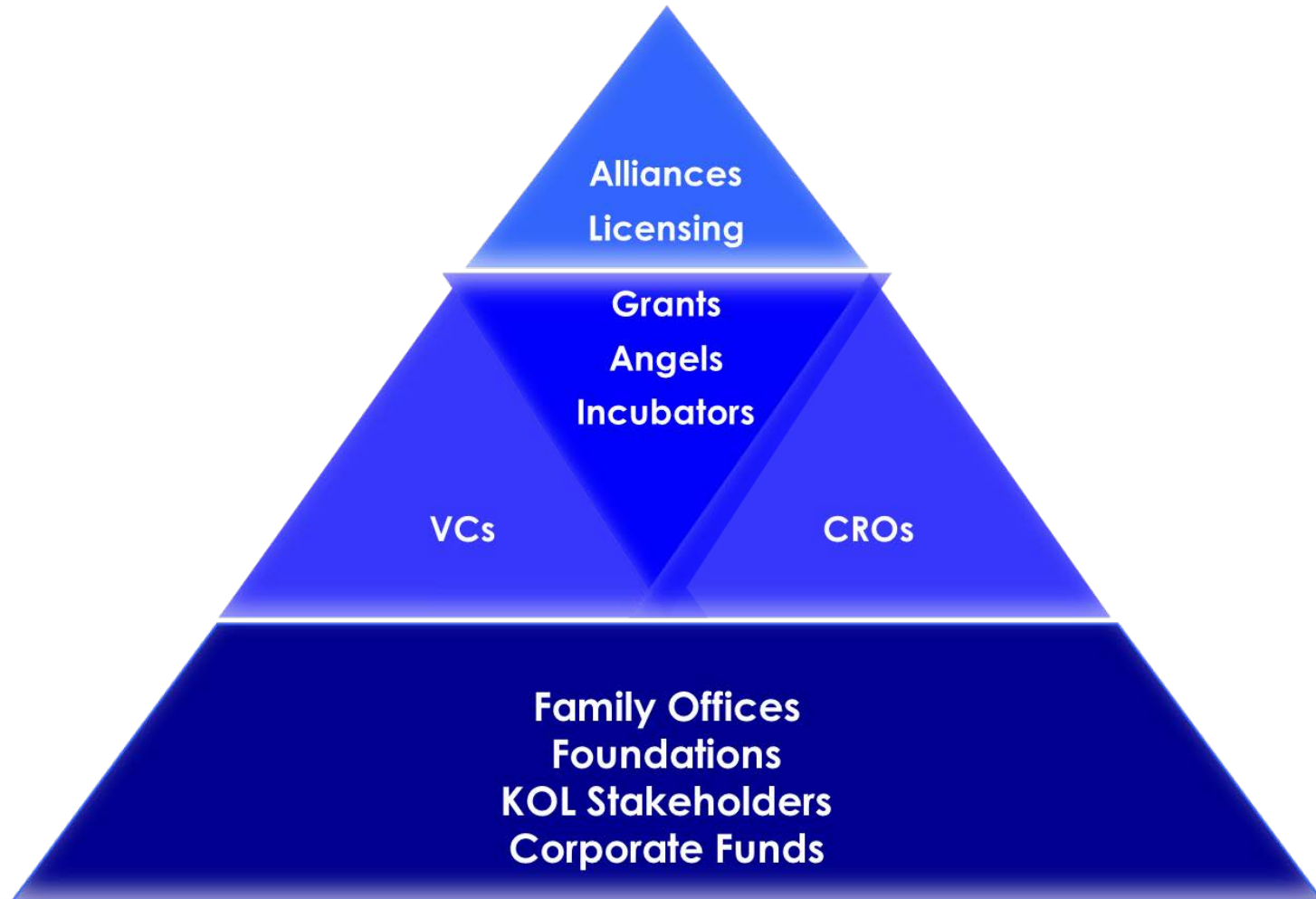
Why did your company delay R&D 2011?



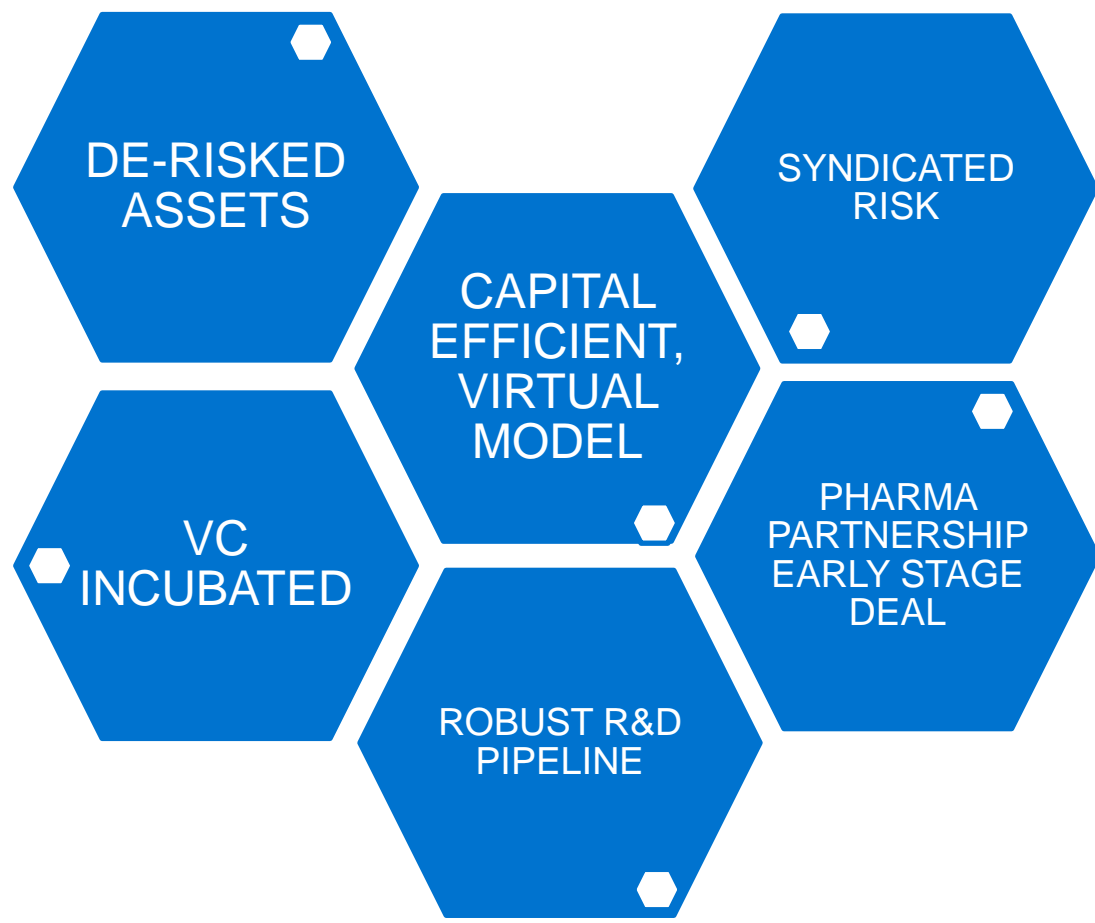
Source: California Biomedical Industry 2012 Report



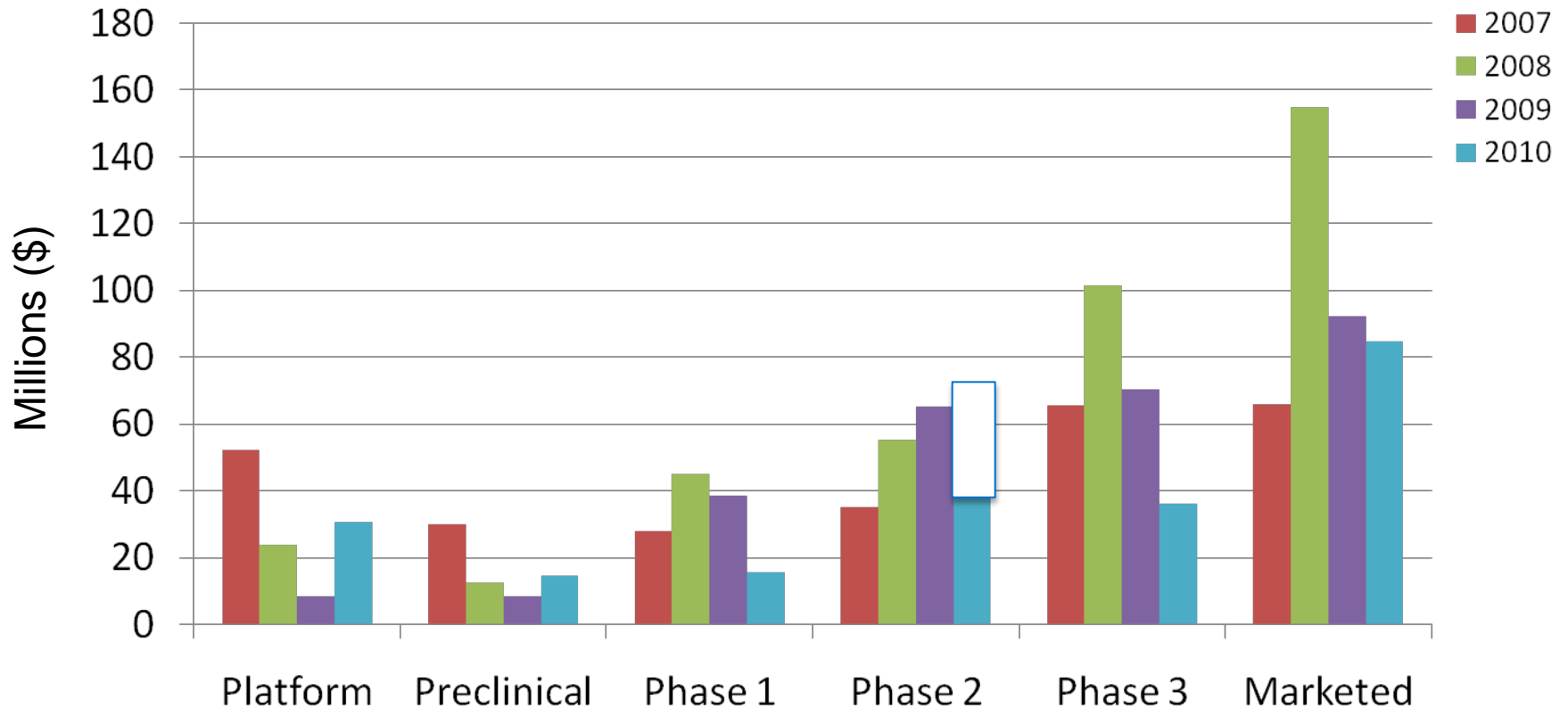
Expanding Base of Early Stage Investors



Financing Trends: Positioning for Success



Licensing Deal Term Trends: Up-fronts



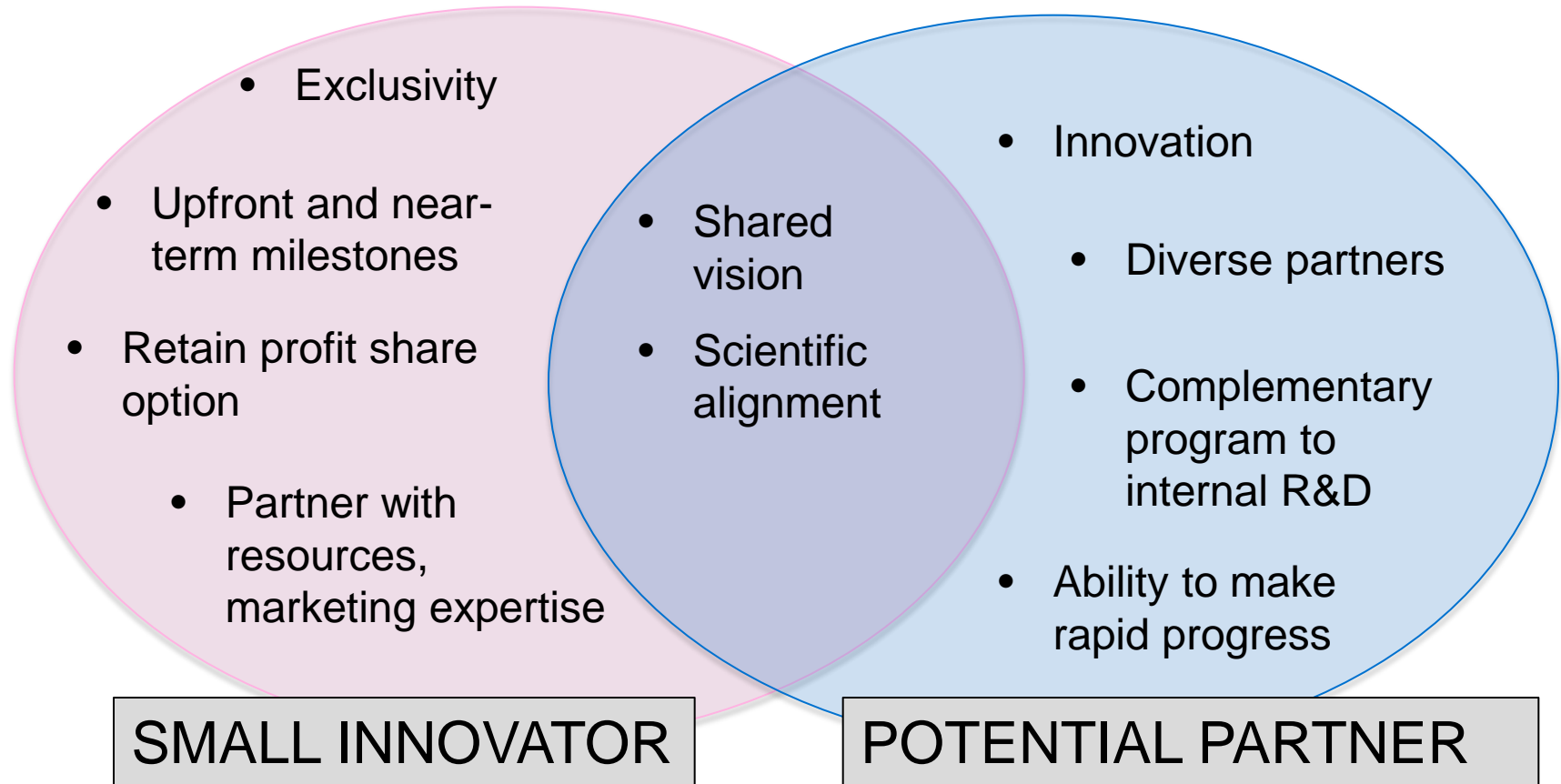
Source: Elsevier's Strategic Transactions.

Data set includes 299 alliances by big pharma, mid-sized European companies, top Japanese, and big biotech for which up-fronts were disclosed. 2010 Phase II average skewed by mammoth Abbott/Reata deal; if excluded average drops to \$38.3mm.



Evaluating Potential Partnerships

Some overlapping priorities:





Process of Seeking a Collaboration



- Royalties
- Upfront payments
- Milestone payments
- Profit share option
- Timing
- Ownership of IP
- Control

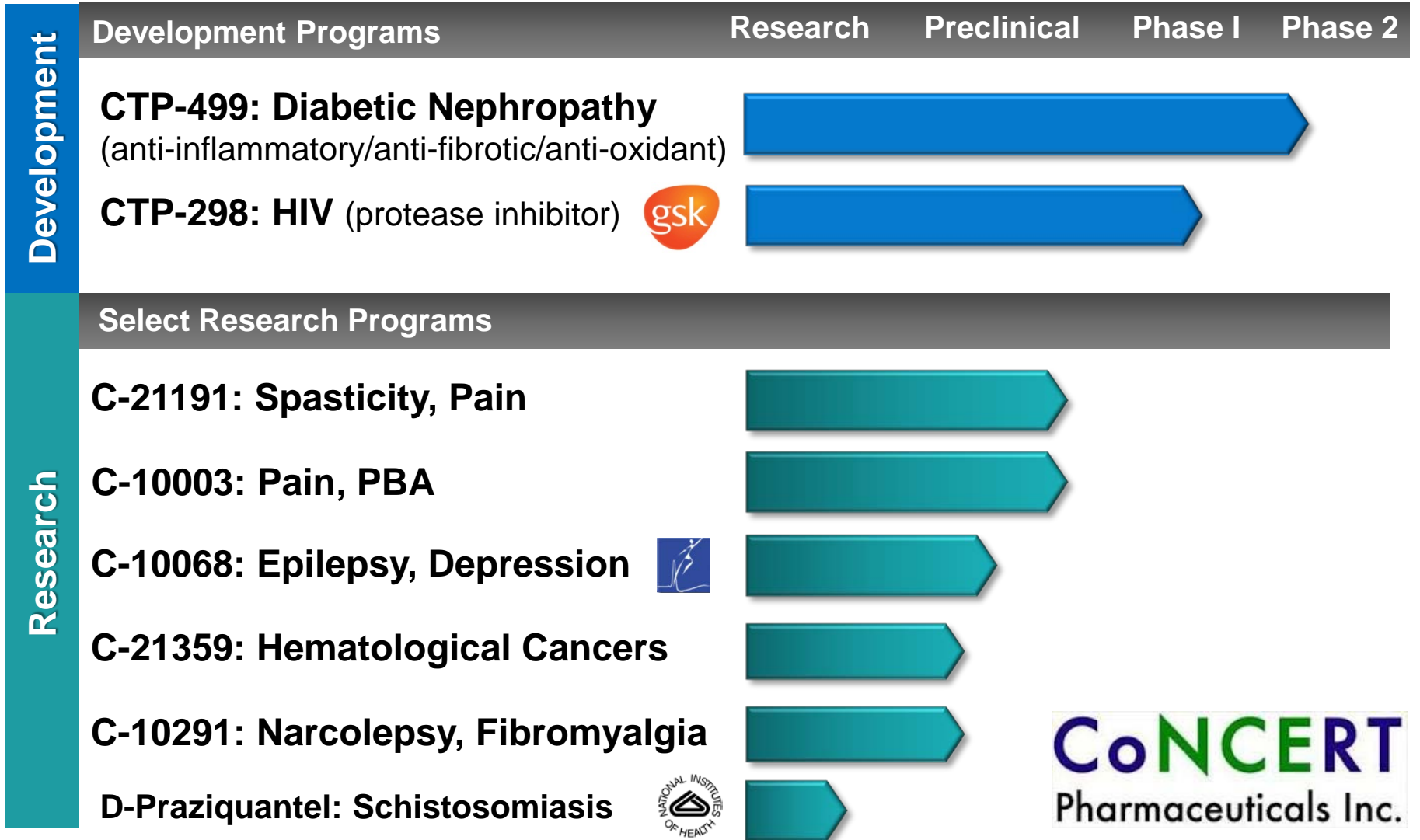




Going From “Early Stage” to the Next Stage



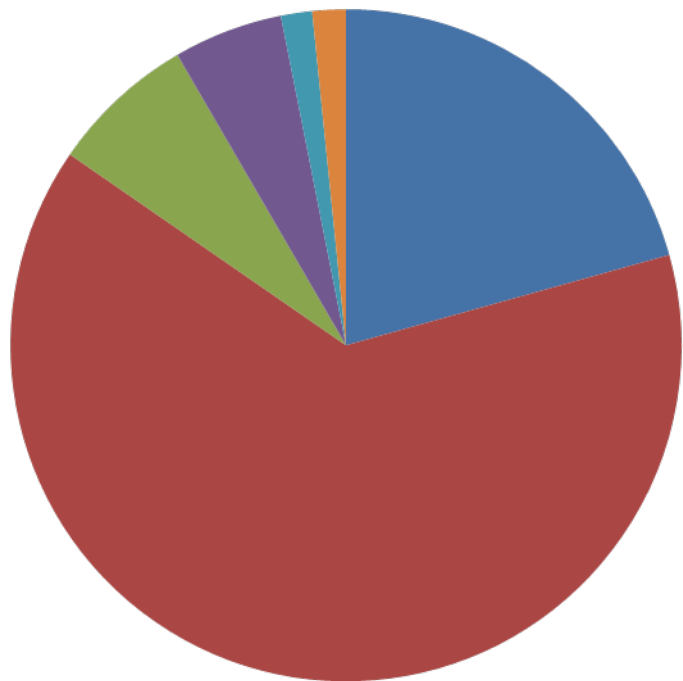
Developing Diverse Pipeline in Parallel



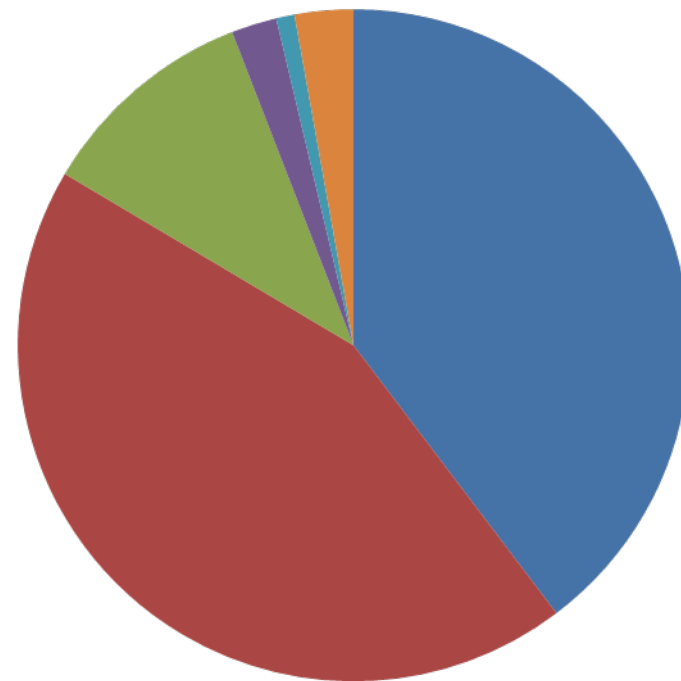


Thinking About Exit: What's Pharma Buying?

(2007-2010)



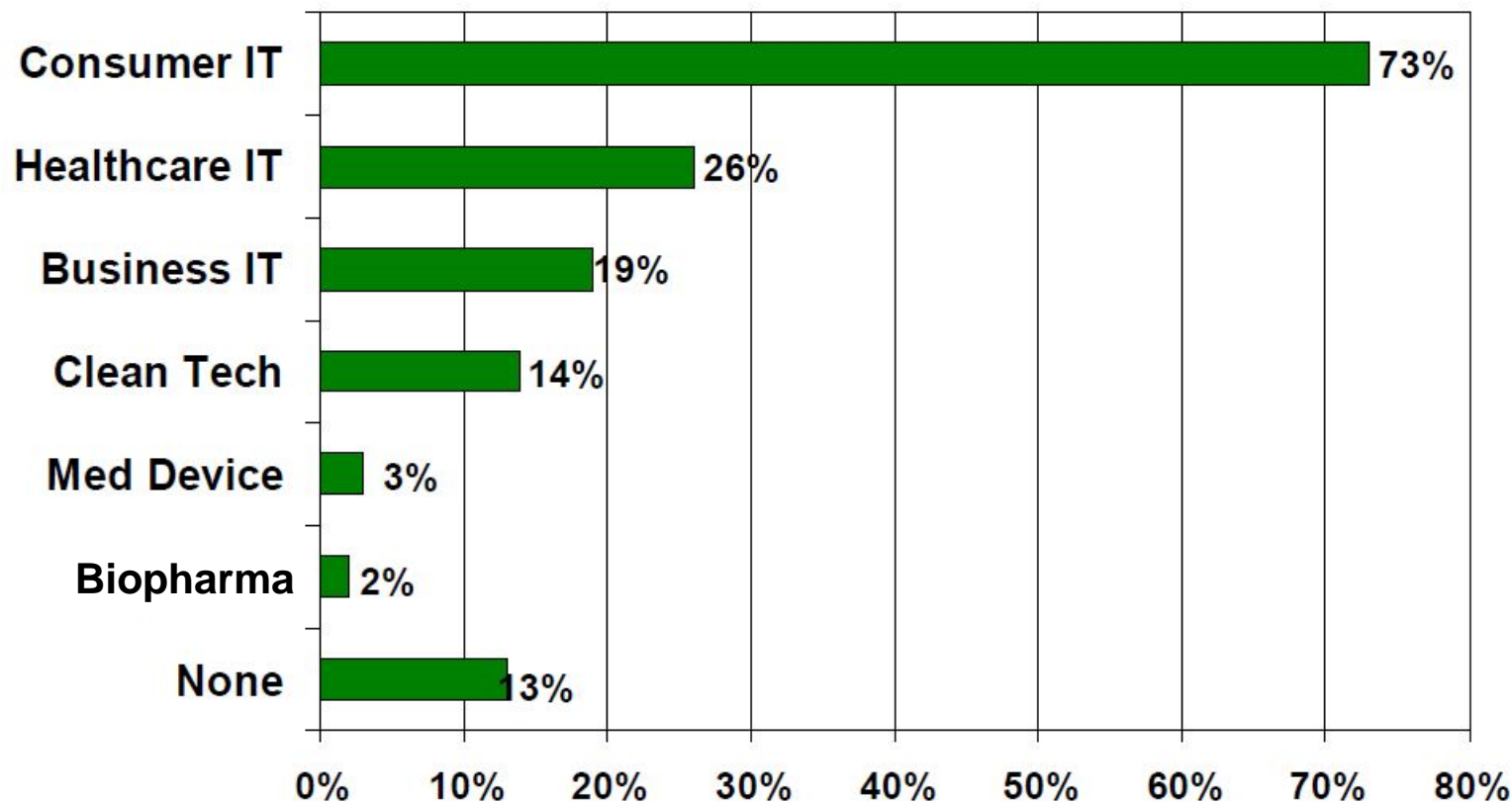
(2010)



- Generics
- Marketed Novel Tx
- Phase III/NDA
- Phase II
- Phase I
- Preclinical

Source: Elsevier's Strategic Transactions

VCs: In which industries do you expect to see investment froth in 2012?



Source: National Venture Capital Association and DowJones Venture Source, "Venture View 2012: Venture Capital Industry Predictions," December 2011

Final thoughts from our panel

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