



Aegera Therapeutics Inc.

Partnering Strategy – A Small Private Biotech Perspective

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Introducing Aegera Therapeutics

- Private Montreal biotech with 48 employees
- 4 clinical programs (3 oncology and 1 neuropathic pain)
- Busy 12 months:
 - Initiated 4 Phase 2 studies for AEG35156
 - Acquired LymphoSign
 - Successfully completed 3 INDs:
 - AEG40826
 - AEG33773
 - AEG41174 (from acquisition of LymphoSign)
 - Negotiated major co-develop/co-promote partnership with Human Genome Sciences (AEG40826)

AEGERA PROGRAMS

TARGETED APOPTOSIS CONTROL

FOCUS

PRODUCT

**TARGETS/
MECHANISM**

INDICATIONS

	Phase 2	Phase 1	Phase 1	Phase 1	In-Licensing/M&A
PRODUCT	AEG35156 2 nd Generation Antisense	AEG40826 Small Molecule	AEG41174 Small Molecule	AEG33773 Small Molecule	Small Molecules
TARGETS/ MECHANISM	XIAP Antagonism	Multiple IAPs Antagonism	JAK2/BCR-ABL Spectrum Selective Inhibition	JNK Pathway Inhibition	Apoptosis Regulation
INDICATIONS	Oncology •AML •Lung •Pancreas •Lymphoma	Oncology •Solid Tumors •Liquid Tumors	Oncology •AML •PCV	Neuropathic Pain •Neuropathy	•Oncology •Neuropathy •Pain

Partnering Objectives

- Our primary corporate objective is to provide our shareholders with a strong return on their investment in a reasonable time frame
- This can be achieved by:
 - Initial Public Offering
 - Sale of the entire company
- Any partnership we enter must help and not hinder the achievement of this primary objective

Partnering is a two-edged sword...

- Share risk (and upside)
 - Development
 - Financial
- Access new/additional expertise
 - Development
 - Regulatory
 - Sales/Marketing
 - Intellectual Property
- Source of funding
- External validation of target/science/management
 - Able to access additional private/public financing
 - Establish “partnering credentials” for other programs
- Introduce you to a potential acquirer

Partnering is a two-edged sword...

- Partnering is dilution – you have sold an asset in return for a fixed milestone and royalty stream
 - Have you given away your crown jewels?
 - Have you limited your potential acquirers to your new partner?
 - Would you have achieved an even larger deal, had you waited until you completed the next developmental milestone?
- When partnering with a larger company, your program becomes “one of many” which may mean:
 - Slower development
 - Not a top priority
 - Less tactical/strategic input

Partnering risks can be mitigated by:

- Choosing the right partner (*for you*)
 - Common vision/shared interest for the program
 - Strong lines of communication
 - Complementary skill sets
- Negotiating an agreement that:
 - Will be attractive to public markets
 - Not limit your future acquirors
- Maintaining as much future upside/profit sharing as possible!
 - Co-promotion
 - Geographical rights
 - Indication rights

PARTNERING AEG40826

Aegera's Strategy & Experience

Program Overview

- “Proprietary target”
 - Protein family discovered by Aegera founders
 - “Hot” target in oncology
 - Competitive environment
- Ultra-potent development candidate (AEG40826) with strong preclinical proof of principle
- Formal preclinical toxicology initiated
- Strong IP package

Partnering Timeline

- Mar/07 - AEG40826 declared as a development candidate
- May/07 - Partnering effort kicked-off at Bio2007
- June-Aug/07 – CDA Presentations/Discussions with >15 companies
- Aug/07 – First term sheet received
- Sept-Oct/07 – Multiple term sheets/due diligence visits
- Oct/07 – HGS chosen as partner of choice
- December 19, 2007 – Deal signed and IND submitted
- January 19, 2008 – IND approved and 1st milestone earned

HGS Collaboration and License Agreement (Dec 19, 2007)

- Oncology rights for small molecule IAP program licensed to HGS for world ex-Japan
 - \$20 Million upfront (\$5MM equity)
 - \$5 Million on IND clearance (Jan/08)
 - FTE's funded
 - Aegera has option to co-develop/co-promote in North America
 - \$320 Million "Bio-dollars"
 - Double-digit royalties
- Aegera maintains ownership of Japanese market for oncology as well as all non-oncology indications (global)

Lessons Learned

- Be Prepared & Completely Transparent!
 - Non-confidential presentation
 - Confidential presentation
 - Due diligence
 - Term sheet negotiations (Need more than 1 party!)
- Choosing the right partner not easy – multi-factorial
 - Financial models
 - Deal flexibility
 - Complementary skill sets/areas of expertise
 - Right size (not too big, not too small)
 - Chemistry

Lessons Learned

- Making the deal work not easy either
 - Requires active management and communication
 - Commitment to meeting project timelines/delivarables
 - Accountability within both organizations
- Your first transaction fundamentally alters your approach to your next transaction!

Merci beaucoup!

Thank-you!

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