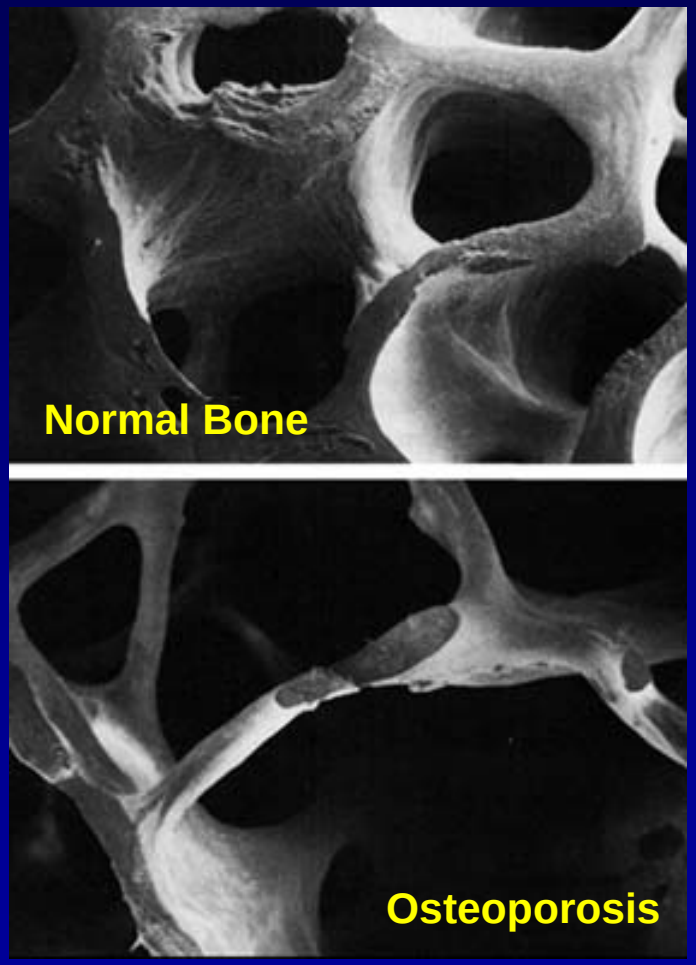
Velcura
Therapeutics

Latin: "Velocitas Cura"

"Swift Cures"



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Intellectual Property: The Bayh-Dole Act

The Bayh-Dole Act of 1980 allowed universities to own the IP that resulted from federal funding.

- **Designed to promote use, development and promotion of technology invented with federal funding.**
- **Recipients of federal funding have the right to retain ownership to inventions developed with federal funding.**
- **Universities are encouraged to collaborate with industry to promote the utilization of inventions**
- **Preference for small businesses.**
- ***Over $50 billion and 300,000 jobs generated as a result of university licenses.***

Intellectual Property: University Spin-Off Companies

Velcura Therapeutics, Inc. is a University of Michigan Spin-off Company.

What this meant for Velcura:

- U of M supported patent filing and the associated costs.
- U of M provided business development expertise during the founding of the company.
- Once founded, the University no longer participated, in any way, with the company.
- Based on milestones, the University will receive a small amount of equity and royalties - in lieu of up-front licensing fees.

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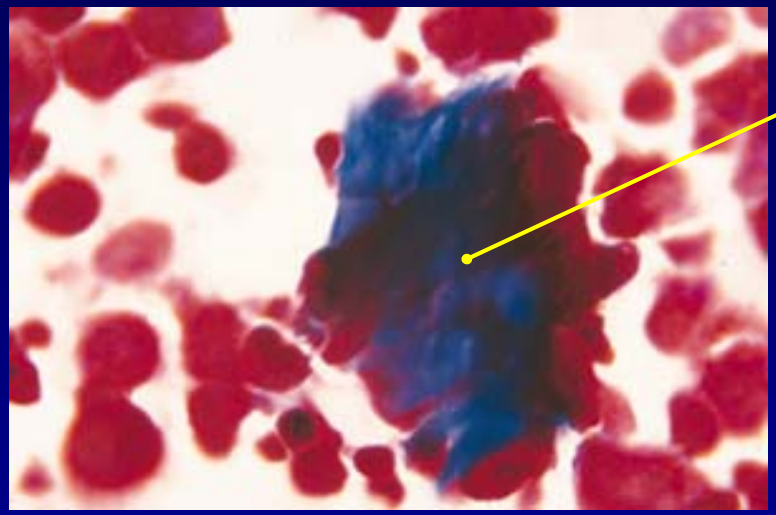

A Drug Discovery Corporation Focused on Therapies that Prevent and Cure Bone Diseases

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Critical Unmet Need

World Health Organization:

"Osteoporosis is second only to Cardiovascular Disease as a World Health Problem."

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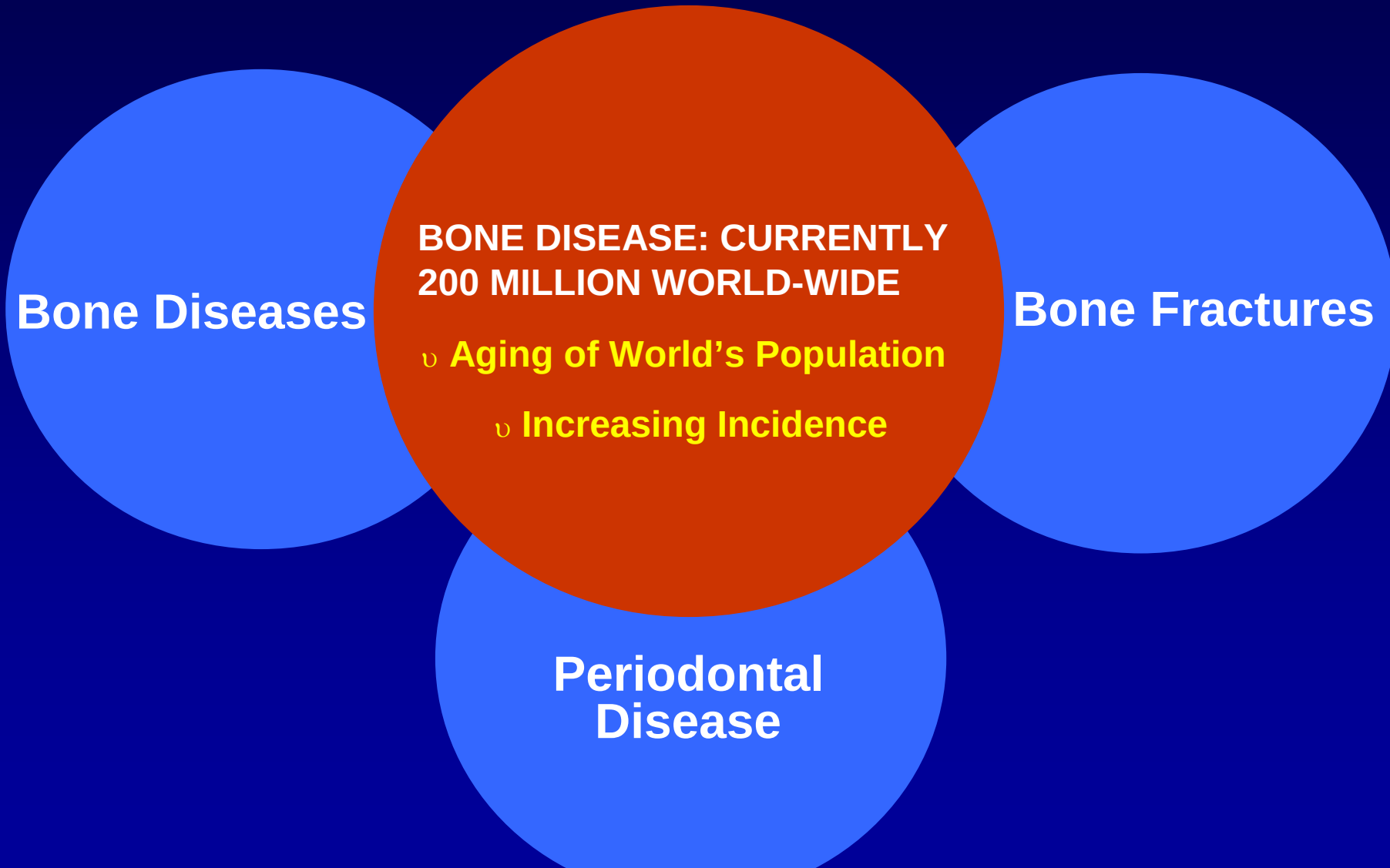
World-Wide Problem



Current Market

Therapies That Inhibit Bone Loss:

Side Effects & Problems

- **Esophageal Irritation, Ulceration**
- **Bleeding**
- **Poor Absorption**
- **Don't Directly Stimulate Bone Growth**

Exemplars:

Fosamax (BP: Merck)	$2.7 B
Actonel (BP: P&G/Aventis)	1.0 B
Evista (SERM; Lilly)	0.5 B
	$4.2 B

All Inhibit Bone Resorption

Slow Bone Resorption + No Bone Growth = No Cure

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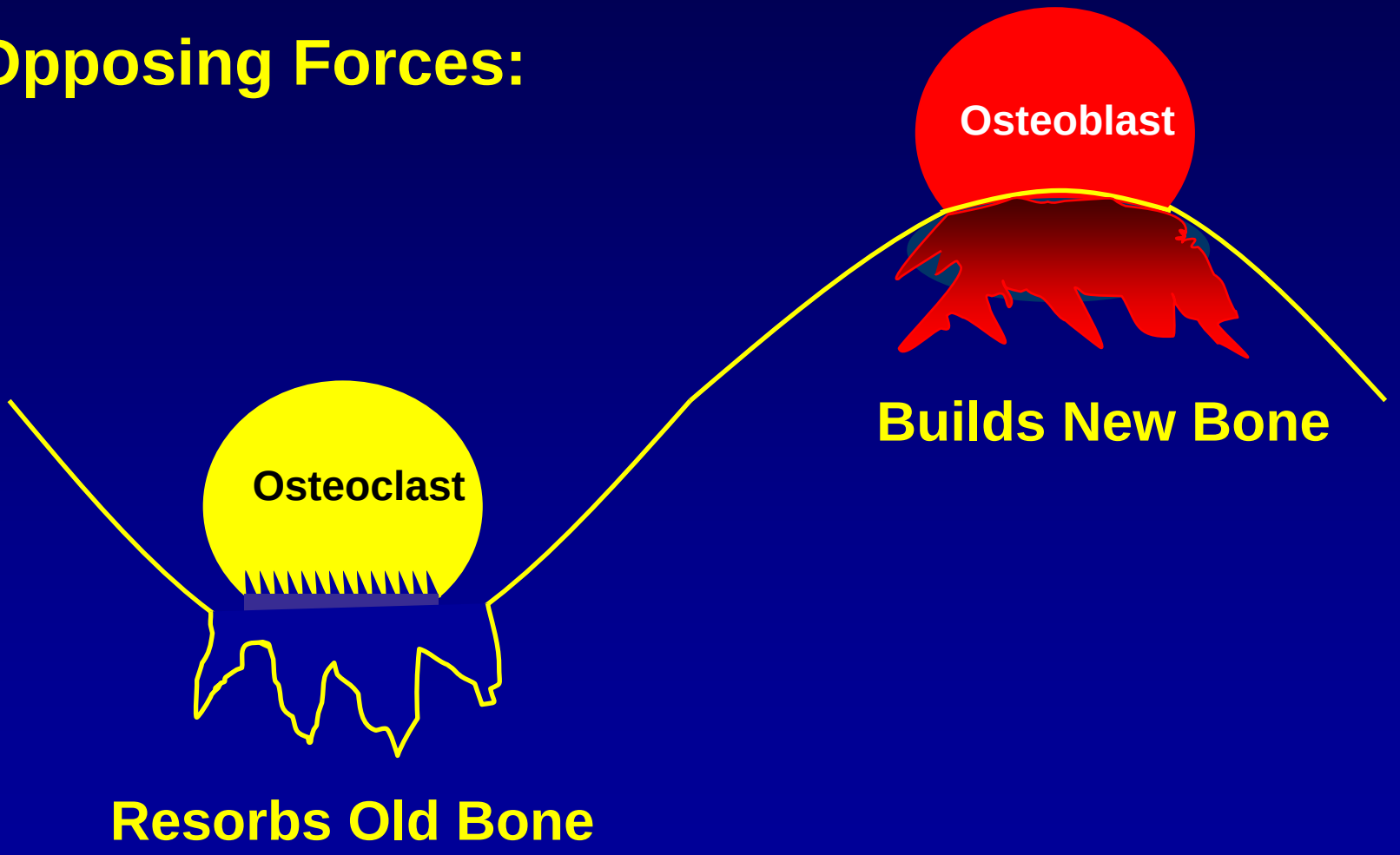
Bone Dynamics

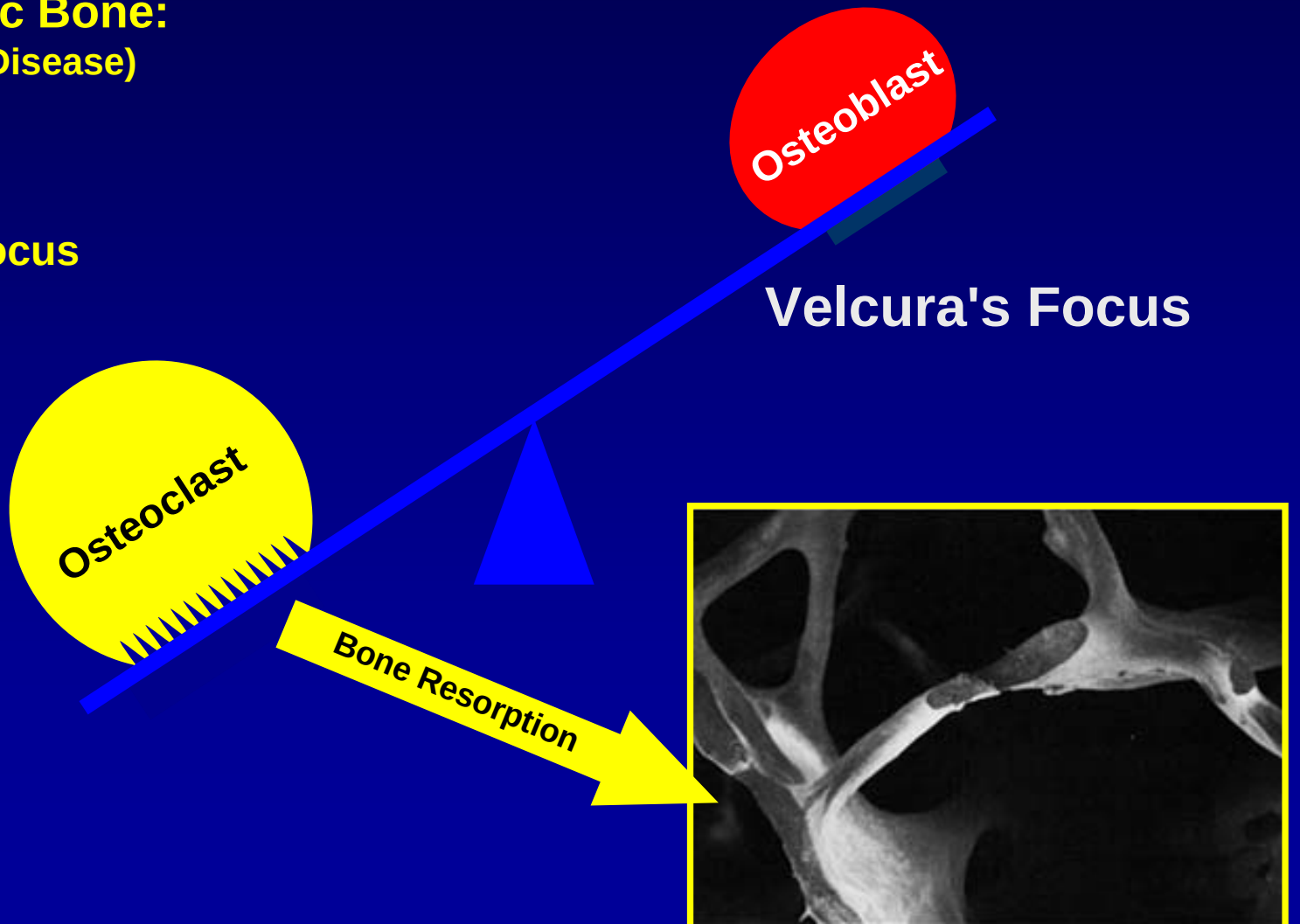
Opposing Forces:



Bone Dynamic Equilibrium

Osteoporotic Bone:
(Age and/or Disease)

Industry Focus



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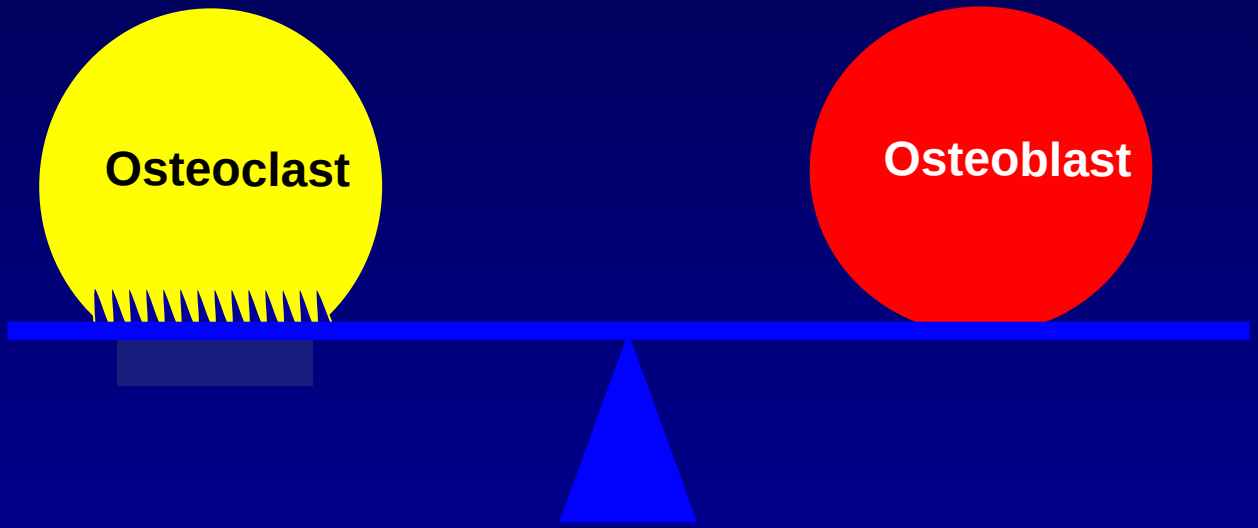
Restoring Dynamic Equilibriun

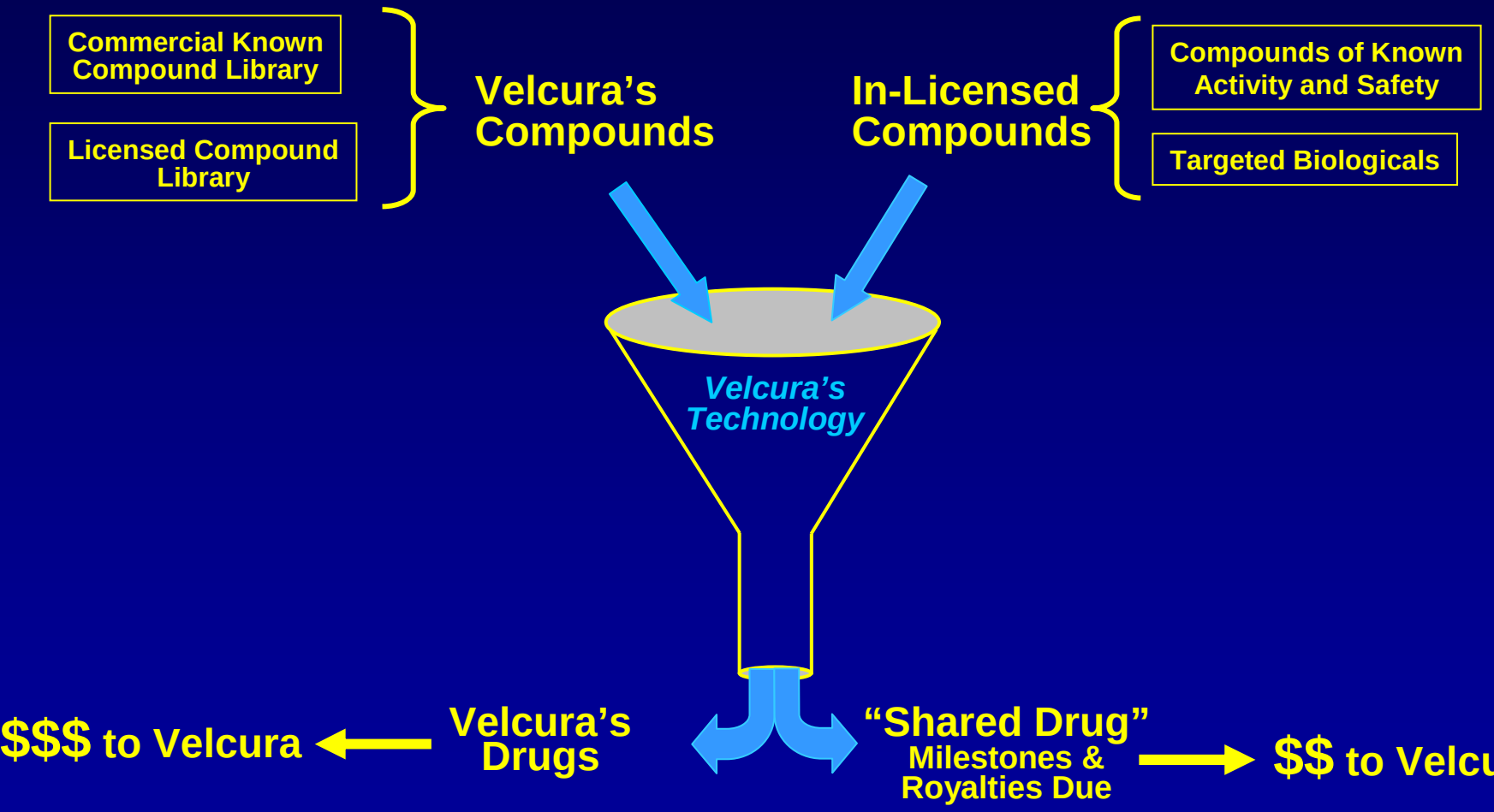
Treatment of Osteoporotic Bone:



Velcura's Approach:

- Focus on Promoting Bone Growth
- Utilizes Only Human Cells
- Predicts Biological Response
- *In Vitro* Model: 3 – 5 Days

Business Strategy



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Business Strategy

Commercial Known Compound Library

Licensed Compound Library

Velcura's Compounds

In-Licensed Compounds

Compounds of Known Activit and Safety

Targeted Biologicals

Drug Development Only → **A Faster Track to Clinic**

Intellectual Property: A Key Velcura Strength

Velcura's pioneering technologies have produced a very strong and broad patent position.

- **All issued and pending patents (15 total) are licensed exclusively to Velcura from the University of Michigan.**
- **Twelve of Velcura's patents cover various aspects of osteogenesis.**
- **Three patents cover the process of bone metastasis in prostate cancer.**
- **Velcura's on-going IP plan involves using both offensive and defensive patent strategies to further strengthen its IP position.**

Velcura's IP Strategy

IP strategy is crafted to allow multiple therapies to be developed from one compound.

- **For example, a single bone stimulatory compound is individually developed for treatment of:**
  - **Osteoporosis (oral administration).**
  - **Fracture Repair (*in situ* sustained release).**
  - **Periodontal disease (topical application).**

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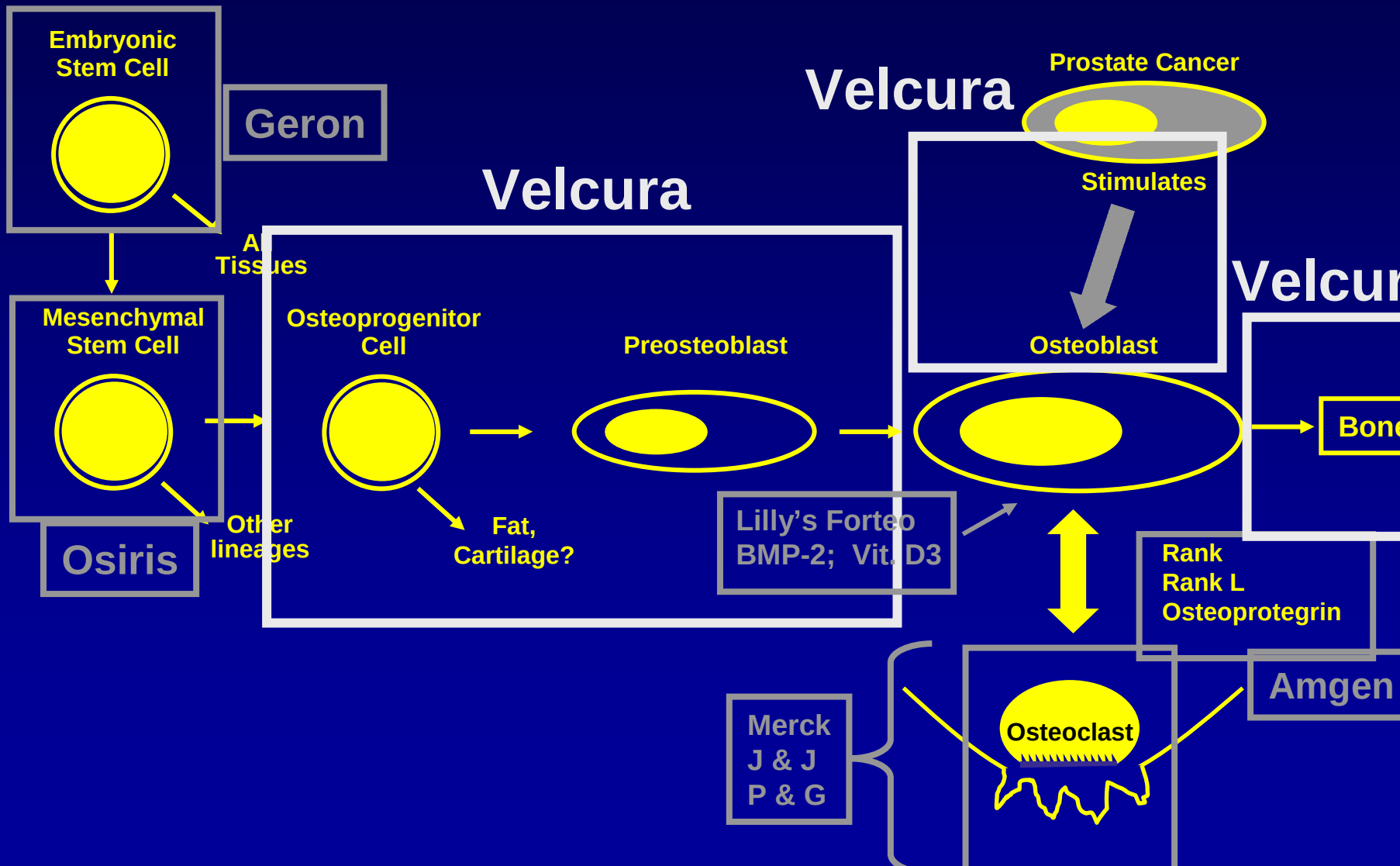
Osteogenesis: Intellectual Property Positions



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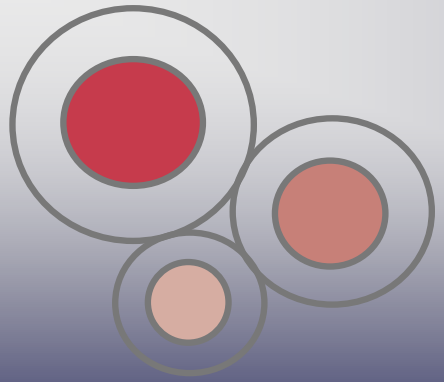
Conclusions

A Strong IP Position provides:

Tool to Exclude Rivals:	**Patents cover target cells, drug discovery and the molecular basis of bone formation**
Asset for Business Development:	**Provides ability of form strong, protected strategic partnerships.**
Asset to Sell:	**Out-license of parts of IP not crucial to Velcura, e.g., cell therapy indications.**

Result: IP is a very strong driver of the company's valuation.



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