

VLST Corporation is a privately held biotechnology company dedicated to the streamlined discovery and development of novel therapeutics for the treatment of inflammatory and autoimmune disorders. The Company's proprietary technology platform allows for the efficient identification of high quality, validated drug targets based on a thorough understanding of virulence gene products and their function. Such an approach offers the opportunity to improve the prioritization of targets and reduce costs by improving the clinical success rate. The VLST discovery platform has primary applications for the treatment of rheumatoid arthritis, Crohn's disease, multiple sclerosis, and lupus. Formed in 2004, VLST includes preeminent scientific co-founders and a seasoned leadership team.

Virulence Factors – Utilizing Evolutionary Advantages to Identify Effective Therapeutics

Viruses are complex and efficient organisms that are able to survive within a host despite the intense natural selection pressures that are exerted upon them. Such survival is due to the complex and efficient functioning of a virus as it readily adapts and evolves within its host, — rapidly mutating, continually reproducing and all the while skillfully evading detection by the immune system.

The continuous evolutionary processes of a virus are not without record. This rapid ability to evolve combined with the ability to acquire genes from its host enables the virus to generate proteins called "virulence factors" that down regulate the host immune response. These genes' products provide an enormous selective advantage to the survival of the virus.

It is the viral evolutionary process that provides VLST with an accurate indicator of cellular targets important to modulate the human immune system. Whatever a virus targets in its host is validated as an important immunomodulatory target. Whatever form the virus has evolved into, the viral protein that binds that target is the form that will be the most efficient. Virulence factors thus provide an important and validated method for the identification of cellular targets with potential to affect the immune system. This same scientific approach was used by VLST's co-founder, Dr. Craig Smith, in the validation of the human TNF receptor as a therapeutic target and in the molecular design of Enbrel, an Amgen product, which enjoys worldwide annual sales in excess of \$5 billion.

Streamlined Identification of Validated Drug Targets

VLST Corporation has conceived and reduced to practice a streamlined and efficient proprietary platform, which rapidly yields novel biological therapeutic compositions-of-matter with a far

greater likelihood of success in clinical trials, particularly in autoimmune and inflammatory disorders. The platform harnesses, in its most basic form, the power of evolution in the face of extremely intense natural selection.

The VLST approach combines novel bioinformatics and cutting-edge proteomics to provide a rapid and rational approach to identifying new targets for the development of novel biologic therapies. Moreover, the process used to identify targets also provides a clear path to developing biologic molecules that can be used for target validation studies. The VLST approach reduces the time to clinical development and improves the likelihood of clinical success.

Applications of VLST Discovery Platform

The diversity of potential targets and the therapeutic modulators that will emerge from the VLST Discovery Platform presents the possibility of treating a number of possible clinical indications. Different autoimmune and inflammatory disorders, orphan diseases, major developed markets in rheumatoid arthritis, psoriasis, and multiple sclerosis, and conditions known to have an immune or inflammatory component to their etiology, such as the complications of acute viral infections, transplant rejection, and asthma, are all possible indications for clinical development. VLST's process for product development includes the application of bioinformatics & proteomics to identify virulence factors; determination of cellular target; identification of human homologues or the generation of monoclonal antibodies that mimic the virulence factor function; testing in animal models; and advancement into the clinic. In selecting product candidates to advance into further development, VLST will consider several critical determinants including, clinical need, mechanism of action, clinical development timelines, side effect profile and potential market opportunity.

Product Candidates

Through its laboratory operations, VLST has identified and cloned over 700 virulence factors and, utilizing the VLST Discovery Platform identified the host targets for over 125 of these virulence factors. Three programs have been selected to move forward into preclinical development. For each of these programs, viral knock outs of the virulence genes confirm their ability to function as suppressors of the immune system *in vivo*.

Our preclinical group has developed a wide variety of *in vitro* and *in vivo* assays to assess the immunomodulatory potential of lead therapeutic candidates. Validation of immunomodulatory activity in these human *in vitro* assays will allow for prioritization of the most promising therapeutic candidates for *in vivo* evaluation.

In vivo studies designed to evaluate the efficacy of our potential therapeutic candidates in inflammatory and autoimmune diseases are also underway. The studies will address increasingly complex questions relevant to eventual testing in the human clinical setting. These include: development of bioassays for potency and biomarkers for monitoring therapy; evaluation of the bio-availability of our therapeutic candidate, testing to evaluate the ability of our candidate to modulate acute inflammatory processes and determination of the ability of our candidates to modulate complex, chronic inflammatory and autoimmune diseases.

Lead Program – AntiKine

Chemokines are important mediators of inflammatory processes and are strongly implicated in contributing to the pathogenic mechanisms underlying many autoimmune disorders. A number of therapeutics are in development targeting either single chemokines or single chemokine receptors with limited success. VLST believes a therapeutic which blocks multiple important chemokines will be more effective in treating chemokine-mediated diseases and has developed a monoclonal antibody that binds multiple beta-chemokines with high affinity and potently neutralizes their activity. This unique therapeutic, AntiKine, is one example of a high quality drug candidate produced by leveraging VLST's novel drug discovery approach. The AntiKine MAb has been tested in numerous pre-clinical models including a recently completed cyno PK/PD study. VLST has initiated the clonal line selection process for GMP manufacturing and expects to have cell line development completed Q1 2012.

VLST Achievements

- | Series A funded through Accelerator Corporation
- | Identified and cloned over 700 virulence factors
- | Identified cellular targets for over 125 virulence factors
- | Series B (\$35MM) completed in June 2006
- | Established a collaboration agreement with Novo Nordisk to develop therapeutics for autoimmune and inflammatory disorders
- | Established a second collaboration with Takeda San Francisco for the development of early targets
- | Established a third collaboration with UCB for the development of early targets
- | Successfully affinity matured a proprietary multi-ligand antibody that binds and inhibits multiple beta chemokines

Future Development Milestones

- | Identify and pursue promising assets/programs/IP around targets identified by the VLST Discovery Platform
- | Continue to prosecute VLST Discovery Platform to further fill a growing pipeline

Management

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