

VLST

VLST CORPORATION

FACT SHEET • SUMMER 2008

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, lupus and diabetes. 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 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 125 virulence factors and, utilizing the VLST Discovery Platform identified the host targets for 38 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.

VLST Achievements

- Formed May 2004
- Series A funded through Accelerator Corporation
- Identified and cloned over 125 virulence factors
- Identified cellular targets for 38 virulence factors
- Exclusively licensed from Amgen freedom to operate intellectual property for one of these targets
- Prioritized three programs to move forward to preclinical studies
- Series B (\$55MM) completed in June 2006
- *In vitro* and *in vivo* studies underway for lead programs

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

Martin A. Simonetti

President & Chief Executive Officer

Paul Carter, Ph.D.

*Chief Scientific Officer,
Senior Vice President, R&D*

Craig A. Smith, Ph.D.

Co-founder, VLST Scientific Fellow

Julia M. Eastland

*Vice President Finance & Administration,
Chief Financial Officer*

Teresa M. Foy, Ph.D.

Vice President, Preclinical Development

Ron Myers

*Vice President,
Legal Affairs & Intellectual Property*

Scientific Advisory Board

David Cosman, Ph.D.

*Former VP, Molecular Biology
Immunex/Amgen*

Geoff Duyk, M.D., Ph.D.

*Managing Director
TPG Growth*

Leroy Hood, Ph.D., M.D.

*President
Institute for Systems Biology*

Peter Kiener, Ph.D.

*Executive Vice President R&D
MedImmune Inc.*

Dhaval Kumar D. Patel, M.D., Ph.D.

*Disease Area Head,
Rheumatoid Arthritis and Immunology
Novartis Institutes of Biomedical Research*

David J. Pickup, Ph.D.

*Director, Laboratory of
Orthopoxvirus Biology
Duke University Medical Center*

Edward Scolnick, M.D.

*Executive Advisor
MPM Capital*

Board of Directors

Steven Gillis, Ph.D.

*Chairman of the Board, VLST
Venture Partner
ARCH Venture Partners*

Gerard H. Langelier

*Partner
OVP Venture Partners*

Heather Preston, M.D.

*Managing Director
TPG Growth*

Gregory Sessler

*Executive Vice President, CFO
Spiration, Inc*

Martin A. Simonetti

*President & CEO
VLST Corp.*

Michael Steinmetz, Ph.D.

*Affiliate General Partner
MPM Capital*

David L. Urdal, Ph.D.

*Chief Scientific Officer
Dendreon Corporation*

More Information:

Ron Myers

VP Legal Affairs & Intellectual Property

VLST Corp.
307 Westlake Avenue North
Suite 300
Seattle, WA 98109

tel: (206) 262-5500

fax: (206) 262-5599

bd@vlstcorp.com

www.vlstcorp.com