

Acumen Pharmaceuticals, Inc.

Private Equity

David Summa
President & CEO

Acumen Pharmaceuticals Inc. (www.acumenpharm.com) is a venture-backed, pre-clinical biotech company focused on developing disease-modifying therapeutics for Alzheimer's disease and other memory-related disorders.

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David Summa, President and CEO, spoke with *Wall Street Reporter Magazine* on January 25, 2007.

WSR: Give us an outline of the company and the milestones achieved so far.

SUMMA: The company is located in South San Francisco. We have a singular focus on Alzheimer's disease, which we have been working on since 2002. In 2003, we initiated a collaboration with Merck in the field of antibodies. The antibodies target a very specific protein, a first cause of Alzheimer's. For the past three years, we have been a part of a research collaboration with Merck in which they have proven to be an excellent partner. The fruit of our research collaboration has been several antibodies which recently achieved the technical goals we jointly set out

for the program. These are now making their way towards the clinic.

WSR: Tell us a little more about this collaboration with Merck and its direction.

SUMMA: Acumen's core intellectual property relates to amyloid-derived diffusible ligands (ADDLs). For those familiar with the field, these are assemblies of Amyloid beta 1-42 peptide (Abeta42). Our founders at Northwestern University and the University of Southern California discovered ADDLs. ADDLs assemble, bind to receptors and initiate aberrant signaling. That is the disease as we understand it. Alzheimer's is a disease of aberrant signaling, not a disease of neuronal cell death.

It was this new insight into the disease that interested Merck. They have long had a portfolio of Alzheimer's projects. The ADDL target represented something novel and promising that, if successful, might restore cognitive function in patients. It was on the basis of that potential that they entered into the collaboration with us in 2003. Since that time, they deployed a first-class project team. I have to compliment Merck, especially Guy

Seabrook and Gene Kinney for their leadership in making this program so successful. Merck has earned our respect both scientifically and as a business partner. We are confident in their ability to move anti-ADDL antibodies to the clinic in the near future.

WSR: Where do you expect to go from here? What is the direction of this company and its science?

SUMMA: Near-term, we are excited about the potential for the antibody program to move into the clinic. It is our hope that patients will be able to start treatment on this antibody within the year. That would be very exciting. With respect to Acumen, we have two small molecule programs independent of our antibody collaboration with Merck. These two programs are also focused on Alzheimer's, but on different targets. The first is an assembly blocker that stops ADDLs from forming. The second is a receptor antagonist, a more classic pharmaceutical target. These two programs and the antibodies licensed to Merck are related to the same disease, but each has a different target and mechanism of action. So one might work, two might work, or even all three might work. Acumen is taking

the two small molecule approaches towards the clinic independently of Merck.

WSR: Give us a sense of the capital raised thus far; also, tell us about some of your lead investors.

SUMMA: NeuroVentures, a venture capital firm, and the Biotech Value Fund, a hedge fund that also invests in private companies, have been the institutional investors involved with Acumen since we first raised money. The company is unusual in that we have only raised USD\$3 million in equity since inception. We have lived off the revenues associated with our license and research collaboration deal with Merck, which has been capital efficient for our shareholders.

WSR: What are the unique characteristics that you would consider to be your competitive advantages?

SUMMA: Our competitive advantage started with our intellectual property. If we are right -- and we will only know that for sure when patients with Alzheimer's are treated with a drug and they get better -- Acumen has patents on what is the equivalent of cholesterol to heart

disease. As we all know, cholesterol is a biomarker for heart health; the higher your cholesterol, the greater your risk of heart disease. In the same manner, the higher the ADDL count, the higher your risk of Alzheimer's. Acumen's competitive advantage began with this early understanding of the disease mechanism.

More recently, we have developed know-how and assays needed to discover and develop small molecule drugs. Today, we have two therapeutic programs. We understand a lot about how ADDLs work, how they assemble and how they are disposed. That gives us the ability to design therapies to stop them. In the past, we were a company built on intellectual property. Today, we are a company built on therapeutic drug programs.

WSR: Tell us what is happening in terms of the Alzheimer's market space and the sciences addressing the space.

SUMMA: We are seeing the large pharmaceutical companies continue to take a portfolio approach to their Alzheimer's discovery and development projects. In the past this might have included two, three or four projects. Today, however, it is not uncommon for a large pharmaceutical company with

a focus on Alzheimer's to have five, six, or even seven projects in their pipeline at the pre-clinical or discovery stage. We have seen licensing activities continuing to support this surge. If I had to draw a conclusion from all this activity it is that there is a collective belief that we have turned a corner. We now have real insight into disease mechanism. That means now might be the time for finding a therapeutic drug which could have a real impact on Alzheimer's. At conferences, I am hearing companies now discussing the potential to reverse the effects of the disease. Acumen is a proud pioneer of some of this work.

WSR: Tell us about the present Board and management team.

SUMMA: We have an experienced management team and the Board has been a great help keeping the company focused in this risky stage of discovery. The management team consists of Grant Krafft, Bill Goure and me. Grant is the Chairman of the Board and Chief Science Officer. He was the founder of the company when a faculty member at Northwestern University. Bill Goure is our Chief Operating Officer. Bill has been a part of the discovery and regulatory approval process of many products in his career. Acumen currently only has common stock, so that, unlike other

venture-backed companies with preferred stock, governance is considerably simpler. This allows management and the Board to work very closely and focus on de-risking the company. We have been very successful on making progress while keeping total capital raised to a modest level. This bodes well for future shareholder value.

WSR: How do we gauge progress in the company? What are the next major steps we should look to in order to understand such progress?

SUMMA: With respect to our program with Merck, there are additional milestones in the future that are typical in a licensing deal. We hope to receive the next milestone within a year, and if the program remains on track, we should have another conversation within the next twelve months about that milestone.

With respect to Acumen, we are interested in licensing one of our two small molecule programs. We are looking for one additional partner and that would be the second sign that Acumen is on the right track.

WSR: What are the things we should consider in further understanding the potential of your independent projects?

SUMMA: We are dealing with small molecules. A small molecule is a pill, which is usually taken once or twice per day. There is quite a bit of a difference in how patients comply with their medications and instructions on taking them. A small molecule may provide a good choice should the Merck antibody reach market first. An antibody that works would be a very important product for patients, but a small molecule may be even more convenient and simpler to administer. Acumen believes it is important to have two modalities in development at this stage. After all, this is a "horse race" in which more than one horse can win.

WSR: In closing, what are the most compelling reasons that investors should get involved in Acumen?

SUMMA: The activity in Alzheimer's is increasing: there are more compounds in development; more licensing deals being executed; and more acquisitions of promising small companies. If you look at all three of these trends, I believe that Alzheimer's may be at a breakout stage. The

science is moving to a point where, for the first time, we are beginning to understand the disease mechanism. I believe this is why scientists are excited and new companies and programs are forming. In turn, investors want to put their money to work in these breakout areas. Alzheimer's remains one of those therapeutic targets with very high unmet needs and large market potential for a successful drug. Within the Alzheimer's field, Acumen remains a unique company. We have two great small molecule programs and a solid, fundamental patent estate in what may prove to be the cause of the disease. This is a very good time to be in Alzheimer's drug development and Acumen is a great company in this field.

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