

Acumen Pharmaceuticals, Inc.

Private Equity

Grant Krafft
Chairman and Chief Scientific Officer

David Summa
President and Chief Executive Officer

Acumen Pharmaceuticals Inc. is a venture-backed, pre-clinical biotech company, focused on developing the first effective therapeutics and diagnostics for Alzheimer's disease and other memory-related disorders. Founded in 1996, Acumen owns or has licensed the critical patents underlying the ADDL mechanism now widely believed to cause Alzheimer's disease. In addition to an ELISA-based diagnostic, Acumen has several therapeutic approaches to stop ADDL-related diseases. NeuroVentures LLC has made a seed investment in the company.

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Grant Krafft, Chairman and Chief Scientific Officer, and David Summa, President and Chief Executive Officer, spoke with *Wall Street Reporter Magazine* on March 22, 2006.

WSR: Tell us about the company's current business model, market focus and opportunity?

SUMMA: Acumen Pharmaceuticals is a pre-clinical stage development company focused solely on developing therapeutics for Alzheimer's disease. As you may know, Alzheimer's is a very large market that is poorly served by medicines today. The therapies that are available for patients basically provide symptomatic relief that do not

fundamentally change, delay, or improve the underlying disease. In 1996, the founders of our company, including Grant Krafft, discovered what is now widely believed to be the cause of the disease. The company was established to develop therapeutics that stop the disease and reverse its effects. Those were very daunting goals, but today progress both by Acumen and by independent academic researchers shows that these goals are achievable. Animal models demonstrate that is possible to stop and even reverse the effects of the disease if treated with effective drugs.

WSR: In what way might your product service offering differ and also offer advantages over standard treatment modalities?

KRAFFT: I think the key feature of our approach relates to our singular focus on ADDLs -- the fundamental discovery we made now almost a decade ago. In 1996, a team led by Prof. Bill Klein (Northwestern University), Prof. Caleb Finch (USC) and me (also of Northwestern at the time) identified small protein assemblies that form in an Alzheimer's brain. These assemblies have the capability to attack the connection point between nerve cells by binding there and initiating aberrant signaling. We call these small protein

assemblies ADDLs. They interfere with the key nerve cells signaling that results in storing information in what we would call a memory. In a sense, Alzheimer's is not so much a memory disorder as an information storage disorder. If you don't store the information, you can't retrieve it. ADDLs represent the first direct molecular therapeutic target. If we can figure out a way either to prevent ADDLs from attacking synapses or prevent them from forming, Acumen will have a true therapeutic drug.

Acumen's programs are intended to attack Alzheimer's disease at the root cause. Our antibody program is partnered with Merck and the small molecule is being developed by Acumen alone. In the antibody program, we are looking at antibodies that grab ADDLs and prevent them from doing anything bad. In the small molecule program, we are looking at compounds that either prevent the assembly -- that is the formation of ADDLs -- or prevent them from attaching to the nerve cell synapses. We believe Acumen is the only company focused solely on anti-ADDL therapeutic drug development.

WSR: What is your strategy at this point in time in development, where do you go from here?

SUMMA: It's very expensive and extraordinarily risky to undertake drug discovery and drug development. I think it's literally true that every single attempt by every single company to develop disease modifying therapeutics in Alzheimer's has failed. So, we are going up against a perfect zero batting average here. This program is all about risk management; so we raise capital cautiously, and focus on demonstrating proof-of-concept efficacy. We have to convince investors that we are on the right path, and that's a difficult thing to do. Currently, we have a mixture of venture backing and corporate licensing deals. That pattern will continue. We are now starting a new licensing campaign targeting large companies who seek to add an anti-ADDL Alzheimer's program to their pipelines. Now, in doing so, we would get two things: non-dilutive cash and validation from a company with a large group of scientists who've worked in this field for a decade or more, in many cases. That validation is provide's Acumen's investors with objective risk assessment.

KRAFFT: I would add the third thing that we get from partnerships: the vast capabilities in certain aspects of discovery and later pre-clinical development that large

pharmaceutical companies have already put in place. It makes little sense for us to try to essentially build a redundant set of activities when we can go and partner with a company that has these but highly extensive capabilities in-house.

WSR: You touched on the importance of partnerships and alliances. Tell us about your collaboration with Merck, and also what we might expect from that relationship.

SUMMA: First of all, we were fortunate enough to have multiple term sheets when we entered in the licensing campaign that resulted in an agreement with Merck. We selected Merck for a number of reasons, all of which have turned out to be more than what we expected. They are an excellent, excellent partner: highly ethical, extremely robust and sound science and they move aggressively when they believe something works. We've licensed to them rights to develop antibodies against ADDLs. They have developed very potent antibodies. For us, that means a couple of things. First of all, the validation is very important: ADDLs are tractable therapeutic target. Second, the deal brought cash, including near term milestones that may occur this year. Third, it will generate the possibility of

further relationship with Merck, because once they decide they like something, the opportunity to go into vaccines or possible small molecules exists.

WSR: Tell us about your experiences and the team you've assembled at the company?

KRAFFT: I started out as a professor of chemistry and was recruited into Abbott where I really got my first taste of pharmaceutical and industrial experience. At Abbott, I started one of the first secretase inhibitor programs back in the early 1990s. I was recruited to Northwestern at a point when the Abbott's enthusiasm for doing a large exploratory Alzheimer's program was not as high as I thought it should be. After joining faculty at Northwestern, we made the discoveries that ultimately we patented and licensed into Acumen.

The team that we've assembled here at Acumen really is a multi-disciplinary team of cell and molecular biologists, biochemists, physical scientists, and we have a small chemistry effort here as well. We've tried to recruit talented individuals. But the key factor in terms of our productivity and efficiency is getting all these different

scientists in the different disciplines to work very closely together to move the drug discovery process along. We have spent a lot of effort developing a flat team-based organization.

WSR: Describe your vision a bit further; the direction you are going in this field, and also your development as pioneers.

SUMMA: For the first time we have a disease mechanism. This greatly enables a drug discovery effort that is likely to result in effective drugs. This is the first time that has been true since Dr. Alzheimer characterized the disease in 1904. So, I believe that someone somewhere today is working on a drug that will ameliorate, even reverse the effect of Alzheimer's disease. I also believe that drug will be on the market within 10 years. And I strongly believe Acumen and/or our partners will be that company for the simple reason that we've been working with this mechanism for a long time. We really understand the cause of the disease; we understand how to develop assays, how to develop drugs and the many, many mistakes that occur when dealing with ADDLs that lead to dead ends.

KRAFFT: I think it is possible for the first time we will have diagnostics that are predictive long before the overt symptoms actually take hold. And to the extent that we have a diagnostic test, patients will have several years of warning before the overt memory loss symptoms take hold.

SUMMA: Today, at a certain age, you get your lipid panel done when you go in to get your physical. You might find that your cholesterol is too high. If exercise and diet don't lower it, you might take medication to lower your cholesterol. In the future, I can envision that you will get an ADDL test and you'll know your ADDL count just like your cholesterol count. At some point, you may be put on a therapeutic to prevent the onset of what we used to call Alzheimer's disease, because if you treat it early enough, symptoms never develop. I think that's where this work is going.

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

SUMMA: Well, first of all, biotech investing is a special area for investors. It is basically a pure option; when it

works, the option is worth a lot, and when it doesn't, it's worth very little. There is not a lot of middle ground in biotech. If the therapies work, you get heads, and if they don't, you get tails, and the coin doesn't land on its side very often. If you're an early stage investor and central nervous system indications are an investment focus area, you should get to know Acumen. At present, we are not raising money, so there's plenty of time to get acquainted. Once you get comfortable with ADDLs as the disease target, you will love Acumen since we have fundamental intellectual property, a great partner, and a robust chemistry program in this area.

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