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EDF Ventures' Portfolio Company Lycera Announces Research Collaboration with Merck to Discover, Develop and Commercialize Drugs for Autoimmune Diseases

ANN ARBOR, Mich. --- Lycera Corp., an EDF Ventures-backed pharmaceutical company, today announced that it has entered into an exclusive research collaboration with Merck to discover, develop and commercialize small molecules that target T-helper 17 (Th17) cells, key mediators of inflammation. The collaboration will focus on developing drug candidates that have the potential to treat major autoimmune diseases such as rheumatoid arthritis, psoriasis, inflammatory bowel disease and multiple sclerosis.

Under the terms of the agreement, Lycera will collaborate with Merck, through an affiliate, on discovery efforts and preclinical development of candidates targeting the retinoic acid related orphan receptor (ROR γ t). Merck is responsible for clinical development and will have worldwide marketing and commercialization rights to any resulting products, subject to a profit share option in the U.S. retained by Lycera to all products resulting from the collaboration. Lycera will receive \$12 million in upfront cash payments, significant committed research funding and is eligible to receive up to \$295 million in research, development and regulatory milestone payments if multiple major indications are approved. Lycera is entitled to up to low double digit tiered royalty payments and sales milestones on global sales from any products that are developed as a result of the collaboration.

"Lycera is an exceptional company in every way," said Mary Campbell, Managing Director of EDF Ventures. EDF is indeed privileged to have had the opportunity to support Dr. Glick as he formed Lycera around groundbreaking work on immune system-modulating drug candidates done in his lab at the University of Michigan. Under Dr. Glick's leadership, Lycera has recruited a top tier scientific team, an exceptional syndicate of venture firms, and now, a collaboration with one of the world's leading pharmaceutical companies. It just keeps getting better."

“We are delighted to be working with Merck, which brings industry leading expertise in drug discovery, development and commercialization to this collaboration,” said Gary D. Glick, Ph.D., Lycera Founder and Chief Scientific Officer. “This joint partnership is a significant validation of Lycera’s discovery capabilities and our Th17 program, and enables us to expand the scope of our research in this promising area to expedite our discovery efforts as well as our timeline to enter the clinic.”

Campbell adds, “We continue to view university research and the exceptional talent that resides in Michigan as vital components in the new economy we need to establish here. Blue ribbon research and top tier talent have built successful companies including EDF Ventures’ portfolio companies HandyLab, Intralase and Arbor Networks. We see more good news coming from Cerenis Therapeutics and TransCorp.”

About EDF Ventures

EDF Ventures provides capital and leadership assistance to entrepreneurs with proprietary technology and a passion for building a company to uniquely meet the needs of large and growing markets. Located in Michigan, EDF invests throughout the country and is proud of its ability to attract as syndicate members several of the nation’s leading venture investors. The EDF portfolio includes companies developing medical devices, clinical diagnostics and pharmaceuticals as well as those capitalizing on innovations in transformative technologies to meet the market’s growing need for information storage, protection, retrieval and transmission. Several of the EDF companies have their roots in universities. EDF manages three funds with approximately \$175 million under management. Visit www.edfvc.com for more information.

About Lycera

Lycera Corp. is focused on the discovery and development of selective, small-molecule immunomodulators for the treatment of patients with autoimmune diseases such as rheumatoid arthritis, psoriasis and inflammatory bowel disease. Lycera is developing drug candidates that target two novel therapeutic pathways and have the potential for first-in-class oral efficacy without the adverse effects of current standard-of-care antiproliferative and immunosuppressive agents. Lycera is focused on the emerging area of cellular bioenergetics to selectively target and silence pathologically activated cells. The company also has a program targeting the Th17 pathway through the inhibition of ROR γ t. Lycera’s leadership team and advisors represent the core thought leaders in immunology, inflammation, organ transplantation and kinase biology and are responsible for key advances and discoveries in these fields. Visit www.lycera.com for more information.