



NEWS RELEASE

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Lycera Enters Into a Collaboration Agreement with Merck

Collaboration to Focus Strategically on Novel Treatments for Autoimmune Disease

ANN ARBOR, Mich. – February 12, 2013 – Lycera Corp., a biopharmaceutical company pioneering innovative approaches to developing breakthrough oral medicines to treat autoimmune diseases, today announced a collaboration agreement with Merck, known as MSD outside the United States and Canada, to discover, develop and commercialize small-molecule therapies directed to selected novel targets being investigated for the treatment of a broad range of immune-mediated disorders.

This new relationship between the two companies builds on a previous agreement announced in 2011 that is focused on therapies targeting the retinoic acid related orphan receptor (ROR γ t), the key transcription factor coordinating both differentiation of T-helper 17 (Th17) cells and production of highly pro-inflammatory mediators such as interleukin-17 (IL-17).

“We are absolutely delighted to expand our relationship with Merck, a collaboration that builds on the culture of scientific excellence fostered by both companies,” said Kathleen M. Metters, Ph.D., Lycera president and chief executive officer. “Lycera’s proven track record in accelerating early stage programs to development candidate status holds the potential to fuel Merck’s early stage pipeline.”

Under the terms of the agreement, Lycera will receive an upfront payment and research funding, and is eligible to receive in excess of \$300 million in research, development, regulatory and commercial milestone payments. Further details of the financial terms were not disclosed. Merck is responsible for clinical development and will have worldwide marketing and commercialization rights to any products that may be developed as a result of the collaboration. Lycera is entitled to receive royalty payments, as well as development and sales milestones, on global sales from any such products.

“There are substantial unmet medical needs and opportunities in autoimmune disorders, and new targets representing attractive opportunities that we are very pleased to pursue through our new collaboration with Lycera,” said Rupert Vessey, D.Phil., FRCP, senior vice president, global scientific strategy, Merck Research Laboratories. “Lycera’s innovative capabilities and productivity, exemplified by the ROR γ t program on which we currently collaborate, make them ideal partners for Merck in this area of drug discovery.”

About Autoimmune Diseases

Serious autoimmune diseases are a major public health problem. An autoimmune disorder is a condition that occurs when the immune system mistakenly attacks and destroys healthy body tissue. There are more than 80 different types of autoimmune disorders¹, and approximately 50 million Americans, or one in five people in the U.S., suffer from autoimmune diseases².

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 for novel therapeutic targets that 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 areas of cellular bioenergetics and immune-metabolism to selectively target and silence pathologically activated cells. Lycera's leadership team and advisors represent the core thought leaders in immunology, inflammation, medicinal chemistry and relevant biology and are responsible for key advances and discoveries in these fields. Visit www.lycera.com for more information.

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¹ Medline Plus, <http://www.nlm.nih.gov/medlineplus/ency/article/000816.htm>.

² American Autoimmune Related Diseases Association, http://www.aarda.org/q_and_a.php.