

Divesting Therapeutic Pipelines


The Company Should Approach the Divestiture in a Way the Allows for More Varied Outcomes

In order of preference (emphasis on speed rather than optimal value)

Sell the entire portfolio



Out-license / sell

- Partial portfolio to strategic buyers (e.g., companies in the same field)
 - Profitable business or product lines to private equity
 - Single programs to venture capital or corporate venture capital (e.g., companies in the same field)
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Spin out complete or remaining portfolio

- Investigate IPO (pull from investors)
- Spin off to shareholders as separate company (push to investors)

Both Generalizable and Alternate-specific Actions can Start Now

Generalizable

- Business development estimates value of products, and R&D programs in portfolio
- Business development reaches out to companies in same industry
- Business development reaches out to CVCs | VCs | Philanthropies

Alternative specific

For each product, and R&D program

- Identify, if possible, a scientific, entrepreneurial lead
- Assign business development professional (may need to overlap if insufficient number)
- Begin to package due diligence material

High-level Implementation Actions by Alternative

Sell the entire portfolio

Valuations

Auction

ID of companies' preferences with-in the portfolio if unsuccessful

Out-license / sell

Implementation of teams of scientists and bus dev

Strategics: Bids by on partial portfolios

CVCs | VCs: Negotiation with syndicates

Spin out complete or remaining portfolio

Broad banking discussions over feasibility and valuation for IPO or Spin Off

Engagement of bankers if IPO or Spin Off feasible

Example of Key Venture Capital and Corporate Venture Capital Firms to Contact

(pharma | biotech example)

Corporate Venture Capital Firms

- Boehringer Ingelheim Venture Fund
- Lilly Ventures
- Merck Research Ventures Fund (collaboration with Flagship Ventures)
- MedImmune Ventures
- Novartis Venture Fund
- Pfizer Venture Investments
- Roche Venture Fund
- SR1

Venture Capital Firms

- Atlas Partners
- Bay City Capital
- Flagship Venture Partners
- Forward Ventures (see Merck)
- Kleiner Perkins
- Longitude Capital
- MPM Capital
- New Leaf Venture Partners
- Third Rock Ventures
- Skyline Ventures