Alectos Therapeutics Announces Collaboration with Merck to Develop Drugs for Alzheimer’s Disease

Collaboration Targets a Potential Non-Amyloid Approach to Treating Alzheimer’s Disease

Vancouver, Canada (August 11, 2010) – Alectos Therapeutics Inc. today announced a research collaboration with Merck, headquartered in Whitehouse Station, N.J., to identify and develop compounds that modulate O-linked N-acetylglucosaminidase (O-GlcNAcase) an enzyme that is believed to be involved in the development of Alzheimer’s disease and potentially other disorders. The agreement provides Merck with a worldwide, exclusive license to research, develop and commercialize compounds that modulate this target.

Under the terms of the agreement, Merck has paid Alectos an upfront payment and will fund research to include study of Alectos’ existing portfolio of compounds targeting Alzheimer’s disease. Alectos is eligible to receive a total of US $289 million in an upfront fee, research, development and regulatory milestones and tiered royalty payments on sales of any products resulting from this collaboration.

Alectos and Merck will collaborate on discovery efforts and preclinical development. Merck is responsible for clinical development and will have worldwide marketing and commercialization rights to any resulting products.

“We are delighted to establish a collaboration with the exceptional team at Merck to advance this potentially new, disease-modifying therapeutic approach for patients affected by Alzheimer’s disease,” Ernest McEachern, Ph.D., CEO of Alectos, said. “This is an important validation of our scientific leadership in this area and we look forward to working with Merck to realize the full value of this novel mechanism for a range of neuroscience disorders.”

“Effective medicines to treat the devastating consequences of Alzheimer’s disease are greatly needed, and we are committed to achieve that goal,” said Darryle D. Schoepp, Ph.D., Senior Vice President and Franchise Head, Neuroscience, at Merck Research Laboratories. “We are pleased that this collaboration represents a truly innovative and promising new therapeutic approach in the Alzheimer's disease field”.

About Alzheimer’s Disease

Alzheimer’s disease (AD) is a debilitating and progressive neurodegenerative disease. Symptoms include memory loss, behaviour and personality changes, and a decline in cognitive abilities. While the precise causes of AD remain unknown, it is generally thought to result from a combination of genetic and environmental factors. Current AD therapies provide relief of symptoms, but do not affect disease progression. The next generation of AD therapies could
include disease-modifying drugs that slow, or even arrest, the neurodegeneration associated with this disorder. AD is estimated to affect over 5.3 million patients in North America and is currently the seventh leading cause of death in the United States. For more information on AD, please visit www.alz.org.

About Alectos Therapeutics Inc.

Alectos Therapeutics is a private biopharmaceutical company dedicated to the discovery and development of small-molecule drugs for serious and life-threatening human diseases. Alectos is a spin-off biotechnology company from Simon Fraser University co-founded by Alectos Chief Scientific Officer, Dr. David Vocadlo. For more information and email contact, please visit our web site at www.alectos.com. Digital images are available by request.

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