ENDECE
neurological drug development

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Chief Executive Officer
ENDECE

Message from ENDECE

Dear Friends,

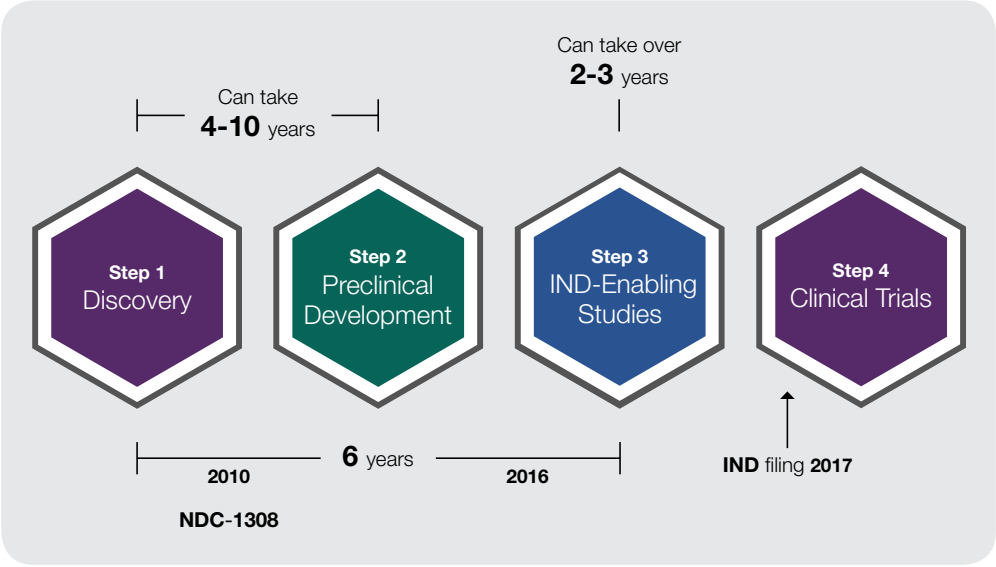
ENDECE is a biotechnology company founded with the purpose of discovering and developing compounds for the treatment of diseases for which there are no cures. Multiple sclerosis (MS) is one of those diseases. In healthy individuals, the myelin sheaths that protect nerves are derived from oligodendrocyte progenitor cells (OPCs) present within the brain and spinal cord. These OPCs efficiently differentiate into mature, myelinating oligodendrocytes that form and maintain the myelin sheath whenever needed. In patients with MS, OPCs are also present throughout the brain and spinal cord. However, the OPCs remain dormant and do not differentiate into mature oligodendrocytes. As you are acutely aware, there is no cure for MS, and it is believed there can be no cure without the ability

NDC-1308 Timeline

Drug Approval Process:

As the accompanying figure illustrates, a biotechnology company must successfully complete a number of critical steps before a new drug can be tested in human clinical trials.

Figure 1
Drug Approval Process



How Close is NDC-1308 to the Clinic?

☑ **Step 1 – Discovery (completed):**
During the Discovery stage, new insights into the MS disease process allowed ENDECE researchers to design a series of compounds to potentially stop or reverse the effects of the disease. After early studies in test tubes, several compounds were identified as having the ability to induce OPCs to differentiate. Several of the most promising candidates were studied further in Step 2.

to activate the dormant OPCs in patients with MS.

In 2010 ENDECE discovered a drug called NDC-1308 that has the ability to activate these dormant OPCs, causing them to once again differentiate into new oligodendrocytes that form the critical myelin sheaths. Since then we have made great strides in developing this promising new drug. We would like to share with you how close ENDECE is to studying NDC-1308 in patients with MS.

☑ **Step 2 – Preclinical Development (completed):**
During this stage, ENDECE researchers studied promising drug candidates in animal models of MS. NDC-1308, ENDECE's lead candidate, was selected based on its effectiveness compared to other ENDECE drug candidates, its potential benefits, its mechanism of action, how it is absorbed, distributed, metabolized and excreted, and potential side effects (toxicity).

Note: Step 1 and Step 2 took ENDECE approximately 5 years to complete.

☐ **Step 3 – IND-Enabling Studies (in progress):**
This stage involves extensive animal and laboratory testing of the drug candidate to generate detailed information on potential dosing and toxicity levels. Also at this stage, ENDECE's scientists develop the method for manufacturing and formulating the drug. Once these studies are completed, and if the data supports testing the drug in people, ENDECE plans to file an investigative new drug application (IND) with the US Food and Drug Administration (FDA) to obtain approval for testing NDC-1308 in human clinical studies.

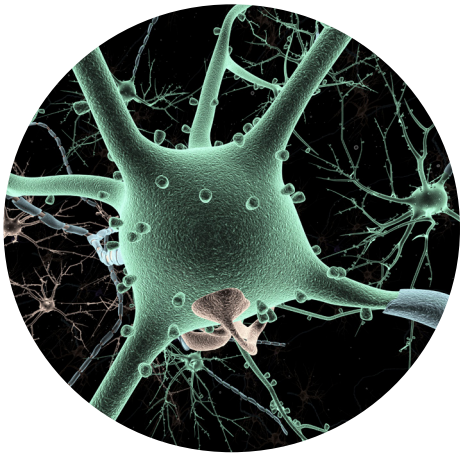
ENDECE is working to advance NDC-1308 to filing an investigational new drug (IND) application with the FDA.

NDC-1308 was discovered in-house and is protected by both Composition-of-Matter and Use patents in the US, Europe, Canada, China and Australia. ENDECE anticipates that NDC-1308 may:

- Stop or reverse the symptoms of MS,
- Be applicable for all MS patients, and
- Be used in combination with patients' current therapies.

ENDECE's business strategy is to partner with a pharmaceutical company during late pre-clinical or early Phase 1 clinical studies, perhaps as soon as 2017. This strategy is based on our belief that using the expertise and resources of a sophisticated pharmaceutical partner will allow NDC-1308 to be approved for use in MS patients more quickly.

Lee Rauch Joins ENDECE as Strategic Advisor



ENDECE is pleased to welcome Lee Rauch as ENDECE's Strategic Advisor for Licensing/Partnering and Business Development. Lee brings more than 20 years of experience in business development, financing, mergers and acquisitions activity in the life sciences industry, and has an extensive track record of building both private and public companies from early stage to commercial launch.

"I am very excited to work a company with such a promising pipeline and tremendous potential for growth," commented Ms. Rauch, who previously served as Chief Business Officer of Global Blood Therapeutics, a biopharmaceutical startup, and as President and Chief Executive Officer of Nuon Therapeutics, a clinical development-stage therapeutics company focused on inflammatory and rheumatic diseases. "By focusing on small-molecule compounds that control key genes within signaling pathways that are implicated in the pathogenesis of neurological diseases such as MS and Alzheimer's, ENDECE is pioneering a new approach to development of novel therapies."

Upcoming 2016 Events

ENDECE scientists will present their data on NDC-1308 for the induction of remyelination at the following conferences:

- Consortium of Multiple Sclerosis Centers (CMSC) Annual Meeting, National Harbor, MD, June 1-4
- European Committee for Treatment and Research in Multiple Sclerosis (ECTRIMS) Congress 2016, London, UK, September 14-17

In addition, ENDECE scientists and staff will be present at the 2016 BIO International Convention in San Francisco, CA, June 6-9.

We will continue to provide you with news about ENDECE, our product candidates, and our people. We invite you to visit the *On The Horizon* section of our website, where you can learn more about the conferences we'll be attending in the near future. You can also stay connected to ENDECE through the *News* section of our website, where we continually provide updates on our drug discovery and development activities and other initiatives.

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