

**Services Overview**

***Financial advisory and interim management for companies in transition***

Startups – advising new media and drug discovery startups;

Restart – advising imaging company in JV and financing negotiations.

***Realizing value for investors from distressed company assets***

Liquidating Trustee for public company liquidation (see case study next page),

Negotiated asset based financing for VC backed technology company.

**Unique capabilities:**

- Experience/expertise in IP driven businesses – biotechnology, drug development and technology businesses.
- Transaction, restructuring and wind-down experience in broad range of asset classes and situations – expertise in non-obvious opportunities and obligations.
- Sophisticated finance and broad legal experience for effective deal structuring
- Able to optimize services of accountants, valuation professional and outside counsel; work effectively with investment bankers.
- Public company experience – as C level officers; as a board member; as public company liquidating trustee.
- Litigation management experience – IP, commercial, employment, corporate.
- Cost effectively manage asset sales too small for major law firms and investment banks.
- Because a liquidating trust is highly flexible with limited formal supervision, the trustee's fidelity to investor interests is paramount.

**Engagements – Customized as needed but particularly:**

- Interim management as stabilizing force, e.g. preserve otherwise valuable business model and key personnel in a legal crisis or vacuum at CEO/COO/CFO levels.
- Virtual administrative/financial function for companies starting up, restructuring or winding down. A focus on small cap life sciences companies and VC/PE backed private companies.
- Managing liquidation/wind down including segregating assets/operations for sale - address legal, regulatory and financial challenges while failing company is still solvent.

**Benefits to Institutional Investors of Argyce's distressed company services:**

- Free investor personnel time from managing distressed investees to focus on high return activities, e.g. new investments, managing successful investments, fund raising, etc.
- Recover capital from investee companies in distress or written off.
- Preserve and maintain a promising development program or technology for VC/PE investors at very low cost for a subsequent transaction/restart, i.e. "hibernation".
- Receive reporting tailored to investors' duties and interests for informed decisions and control without the distraction of day-to-day details and complexities.

***Argyce provides integrity, diligence and loyalty to investor interests. Excellent references from prior engagements available.***

## Case Study of a Managed Liquidation

The Board of a failing but solvent NASDAQ biopharmaceutical company selected Argyce LLC as Trustee of the Genaera Liquidating Trust to recover value for stockholders.

### The Situation:

- ✓ \$1.2 MM cash/liquid assets; \$0.9 MM liabilities (Net cash: \$0.015-\$0.02/share)
  - Largest asset: Out-licensed phase 2 program then on “clinical hold”
  - One development program: phase 1 anti-obesity aminosterol.
  - Out-licensed topical antimicrobial: partner had ceased development.
  - Management had approached 90+ prospective partners and the company’s advisors approached 43 potential purchasers/partners without closing a deal.
  - All valuable equipment previously sold; \$50,000+/month building lease plus equipment leases and unbudgeted patent annuities.

### Our Actions:

- ✓ Secured assets, particularly building, servers and documentation; organized electronic and physical records for marketing and sale of program assets, regulatory compliance and removal.
- ✓ Three layers of value generation:
  - Triaged assets: Assets for immediate sale vs. assets to actively market.
  - Managed liabilities: rejected/settled disputed claims paid creditors.
  - Reduced run-rate: Quickly settled real estate and equipment leases cutting facilities costs from \$52,000/month to less than \$2,000/month; hired local professional firms instead of national firms for some professional services and utilized Argyce personnel.
- ✓ Legal/Compliance/Regulatory: Satisfied securities law and market regulations, obligations to employees, building decommissioning requirements and interacted with regulatory entities including, but not limited to: SEC, NASDAQ, FINRA, IRS, FDA, EPA, DEP, NRC, DEA, local government, OLAW, township government; a criminal subpoena (unrelated to management, the company or the trust), US Customs and a state pharmaceutical regulator.
- ✓ Completed outstanding tax filings for Company and 401K plan; fulfilled Trust’s Federal and State tax obligations for valuation, beneficiary information and filings.
- ✓ Provided communications to unit holders on the liquidation and specific tax preparation and filing information as well as updates via the former company’s website.
- ✓ Marketed and ultimately sold licensor’s interest in phase 2b program to a major pharmaceutical company: developed new market estimates, valuation models and marketing materials; marketed the asset to royalty investors, alternative investment specialists; conducted lengthy on-again, off-again negotiations with multiple parties, addressed sub-licensor parameters; closed the sale for \$2.75 million to two parties, Biotechnology Value Fund and Ligand Pharmaceuticals.
- ✓ Completed interim distribution to former stockholders of 13 cents per unit (per share); final distribution of 2 to 3 cents per unit anticipated.

To view our communications to the Trust’s unit holders go to [www.genaera.com](http://www.genaera.com)

Contact:

To discuss your current situation and how Argyce can help, contact us at:

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Additional information may be found at [www.argyce.com](http://www.argyce.com).