

Intarcia Therapeutics Closes Novel \$225 Million Synthetic Royalty Financing With Equity Conversion Option At \$5.5 Billion Valuation

- Company secures \$225M financing in exchange for 1.5% of future global net sales of ITCA 650, a novel once or twice yearly and injection-free GLP-1 therapy currently in phase 3 clinical development to treat type 2 diabetes.
- Investors have the option to convert their synthetic royalty interests into Intarcia common stock at a \$5.5 billion Company valuation during an agreed upon conversion period.
- Combined with the 2014 private round of \$200M and the recently completed ex-US collaboration with Servier valued at more than \$1B, this financing puts Intarcia in a strong financial position through the planned approval and early launch of ITCA 650 in the US.

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Intarcia Therapeutics, Inc. →
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BOSTON, April 27, 2015 /PRNewswire/ -- Intarcia Therapeutics, Inc. today announced the closing of a \$225 million synthetic royalty financing with an equity conversion option at a \$5.5 billion Company valuation. Plans are to use these funds to accelerate the initiation of additional head-to-head comparative and switch studies of ITCA 650 vs. leading oral and injectable type 2 diabetes therapies. In addition, proceeds from the financing will fund the expected infrastructure and talent required to launch ITCA 650 in the United States, and to advance the Company's recently in-licensed pipeline assets.

Under the terms of the deal, investors have purchased Convertible Limited Recourse Notes from Intarcia and are entitled to receive quarterly payments equal to 1.5% of future global net sales of ITCA 650 until the notes mature or are fully paid. Investors have the option,

commencing upon U.S. regulatory approval of ITCA 650 and ending on the later of the second anniversary of the approval or December 31, 2019, to convert their synthetic royalty interests into Intarcia common stock at a conversion price corresponding to an equity valuation of \$5.5 billion.

"Our vision and driving belief remains that we can and must discover a new and game-changing way to deliver better medicines, and better health outcomes, with just once- or twice-yearly dosing for chronic diseases," said Kurt Graves, Chairman, President and CEO of Intarcia. "Transforming the status quo trends around poor control, poor compliance and costly outcomes in diabetes is mission critical around the world. Our aim with ITCA 650 is to deliver a once-yearly medicine that succeeds beyond the key efficacy and compliance shortcomings that the majority of patients experience when trying to stick with life-long pills and self-injections," added Graves. "This large and innovative financing announced today is another first-of-its-kind in our industry, and it shows investor confidence in our pivotal data, our partnerships and our overall approach to a huge unmet need and opportunity in type 2 diabetes. We've now secured the financial means to keep 100 percent control of the U.S. commercialization of ITCA 650, with funds needed all the way through the planned approval and early launch period in 2017. In parallel, we are also advancing our product pipeline more aggressively, including our recent Numab collaboration, aiming to develop new once- or twice-yearly antibody-based therapies and combinations for diabetes, obesity and autoimmune diseases."

Morgan Stanley & Co. LLC acted as sole structuring agent to Intarcia on this novel transaction. Pharma(SM) is a service mark of Morgan Stanley.

About Intarcia Therapeutics, Inc.

Intarcia Therapeutics, Inc. is an independent, privately held, biopharmaceutical company developing therapies to enhance treatment outcomes by optimizing and improving the efficacy, continuous administration and tolerability of drug therapies. Delivering medicines just once or twice yearly has the potential to ensure improved patient adherence and compliance, which is otherwise difficult to achieve in most chronic diseases. Intarcia's drug development expertise and competitive edge are demonstrated by its abilities to stabilize proteins and peptides at above-body temperature and to deliver them in a constant and consistent manner via Intarcia's proprietary technology platform. Intarcia is conducting a phase 3 development program for type 2 diabetes that consists of four separate clinical trials, two of which have been

completed. Intarcia continues to conduct research and development, utilizing its platform technology, to treat other chronic serious disorders in the field of diabetes, obesity and autoimmune diseases. For more information on Intarcia, please visit www.intarcia.com.

About ITCA 650

ITCA 650 (a once- or twice-yearly continuous subcutaneous delivery of exenatide) is being developed for the treatment of type 2 diabetes. The investigational therapy employs Intarcia's proprietary technology platform involving a matchstick-size, miniature osmotic pump that is placed sub-dermally to provide continuous and consistent drug therapy, and the company's proprietary formulation technology, which maintains stability of therapeutic proteins and peptides at human body temperatures for extended periods of time. Exenatide, the active agent in ITCA 650, is a glucagon-like peptide-1 (GLP-1) receptor agonist currently marketed globally as twice-daily and once-weekly self-injection therapies for type 2 diabetes. *Upon approval, ITCA 650 would represent the first injection-free GLP-1 therapy that can deliver up to a full year of treatment from a single placement.* ITCA 650 is currently in a global phase 3 clinical trial program called FREEDOM.

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