



# **GENAERA**

## **Liquidating Trust**

Brief Update to Unitholders – May 21, 2010

On May 18, 2010 the Genaera Liquidating Trust (the “Trust”), sold the licensor interest in the Interleukin-9 (“IL-9”) antibody program for asthma licensed to AstraZeneca subsidiary MedImmune LLC by the Trust’s predecessor, Genaera Corporation (“Genaera”). This licensor interest, together with all intellectual property covered by the license, was sold to Ligand Pharmaceuticals Incorporated, who also succeeds to Genaera’s rights and obligations under agreements with Ludwig Institute for Cancer Research, sublicensor to Genaera of certain IL-9 intellectual property. The purchase price was \$2.75 million, paid at time of closing. This transaction follows negotiations with multiple parties over a period of several months. As reported in Ligand’s press release on May 21, 2010, Ligand conveyed 50% of its rights to royalties and milestones from the license to Biotechnology Value Fund for \$1.375 million as a “way for both parties to reduce their initial financial risk . . .”.

With this transaction, the Trust has sold substantially all of the assets of the Trust and its predecessor in interest, Genaera Corporation. The Trust intends to distribute approximately 80% of the sale proceeds as an interim distribution as soon as administratively practicable. A smaller, final distribution made at the point the Trust has resolved all open tax and administrative issues and settled any remaining claims.

In the next week or so we will prepare a more detailed report and post it on this website. In that report we will describe the processes followed by the Trust to monetize former Genaera Corporation assets, all of the asset sales and the Trust’s efforts to resolve issues remaining from Genaera’s cessation of operations and subsequent dissolution. Factors driving the value of the assets sold remain confidential under the terms of the agreements with third parties, most noticeably the terms of the Collaboration and License Agreement with MedImmune and related agreements. Subject to those limitations, our report will attempt to provide information to put the liquidation process and its outcomes into the context of the small-cap biotech lifecycle generally and the Genaera/Magainin longer term story, specifically.

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