
Venture Debt Accelerates New R&D and Supports Rapid Scale-up

“Prominent life science venture capital firms, including MPM Capital, Highland Capital, Venrock Associates, Prospect Venture Partners, Flagship Ventures, Oxford BioScience Partners, and Greylock, along with a solid partnership with Merck, have supported AVEO. We are pleased that Hercules is now part of our growth financing.”

*Tuan Ha-Ngoc, President and CEO
Aveo Pharmaceuticals, Inc.*

About

AVEO Pharmaceuticals (NASDAQ: AVEO) is a cancer therapeutics company committed to discovering, developing and commercializing targeted therapies to impact patients' lives. AVEO's proprietary Human Response Platform™ provides the company unique insights into cancer biology and is being leveraged in the discovery and clinical development of its cancer therapeutics.

The company utilizes its proprietary *in vivo* cancer models for the identification and validation of novel drug targets and to guide the development of its products. By applying AVEO's proprietary MaSS Screen technology to its genetically-defined cancer models, genes that are essential for tumor maintenance and recurrence can be discovered and their function validated.

Challenge

Hercules first began working with Aveo in 2006 after its Series B financing. The \$15 million debt facility provided by Hercules allowed Aveo to finance the development of one of its in-licensed clinical candidates. The company had solid strategic partnerships and significant cash on the balance sheet. In 2008, Hercules offered to refinance its own debt with a \$21 million loan facility and new interest-only period; which helped the company further extend its cash runway. In the second quarter of 2010, Aveo completed its initial public offering, raising \$80 million intended for a Phase III trial of its most advanced product. Given Aveo's broad clinical pipeline it was always looking for less dilutive capital to finance as much of its pipeline as it could.

Solution

In March 2011, Hercules committed \$25 million to Aveo to allow the Company to finance more of its pipeline and also structured the financing to extend the interest-only period beyond the expected timing of Aveo's lead product trial results, providing additional cash runway.

Result

Aveo was able to successfully use venture debt financing as a complement to its venture capital financings, strategic partnerships and successful IPO to further accelerate its growth. Hercules completed three different debt financings to the company - \$15 million in 2006, \$21 million in 2008, and \$25 million in 2010 – because it understood the powerful platform that Aveo had developed, the multiple shots on goal that it was developing, and the superior management team it had to exploit its intellectual property.

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