



MEMORANDUM

---

**Zafgen 2Q16 - Following termination of flagship beloranib, company refocuses efforts on preclinical MetAP2 inhibitor ZGN-1061; Upcoming phase 1 trial, with data expected by end of 1Q17 - August 6, 2016**

Zafgen provided its [2Q16 update](#) in a press release announcement for 2Q16 - this was a new move as the company has historically presented its financial updates via webcast. For Zafgen, 2Q16 was largely defined by the [company's decision to terminate](#) the development of the MetAP2 inhibitor beloranib, a therapy for the rare obesity condition Prader-Willi Syndrome (PWS). Despite this significant setback, management emphasized its intention to continue pursuing obesity therapies as the company shared that Zafgen's efforts are now focused on advancing a preclinical second-generation MetAP2 inhibitor, ZGN-1061. We learned of its upcoming phase 1 clinical trial, which is expected to produce data by the end of 1Q17; no records have yet been posted on ClinicalTrials.gov. Financially, management expressed optimism regarding the company's ability to advance ZGN-1061 forward, given Zafgen's strong cash position (\$150.5 million in cash, cash equivalents, and marketable securities as of June 30, 2016). Zafgen's challenging quarter is a testament to the difficulty of drug development in the obesity arena, even within orphan indications. We're moved by the company's persistence in this under-served therapeutic area and look forward to seeing the development of ZGN-1061, though we recognize that bringing ZGN-1061 to market will be a long and challenging road.

-- by Abigail Dove, Payal Marathe, Melissa An, Sarah Odeh, and Kelly Close