

**From:** Diana Villabon <[REDACTED]>

**To:** Jeffrey Epstein <jeevacation@gmail.com>

**Subject:** FW: deCODE Genetics, Inc.: Outline of asset sale process

**Date:** Thu, 03 Dec 2009 23:15:42 +0000

**Attachments:** deCode\_-\_Process\_(final)\_G2.DOC; NCIM\_deCODE\_genetics\_F.pdf

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Please see attached.

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**From:** Gísli Árnason [REDACTED] **On Behalf Of** deCODE Communications

**Sent:** Wednesday, November 25, 2009 6:50 AM

**To:** Diana Villabon

**Subject:** deCODE Genetics, Inc.: Outline of asset sale process

deCODE genetics, Inc. (“deCODE” or the “Company”), a bio-pharmaceutical company involved in the development and marketing of products for the treatment, diagnosis, and prevention of common diseases, has filed for Chapter 11 bankruptcy protection.

The Company is pursuing a sale of its assets in accordance with §363 of the U.S. Bankruptcy Code. Saga Investments, LLC (“Saga”), the Company’s pre-petition secured lender and proposed debtor-in-possession financing lender (“DIP Lender”), is the stalking horse bidder and has executed an asset purchase agreement (“APA”) to acquire the Company’s equity and ownership interest in its Icelandic subsidiary for a purchase price consisting of: (i) base cash consideration equal to the greater of \$11 million or the amount of the debtor-in-possession/bridge financing (which may be paid by crediting the amount of the debtor-in-possession financing outstanding at closing, minus a minimum of at least \$3 million in cash which is required to be delivered at closing); (ii) an additional cash amount equal to 25% of the net cash proceeds from the sale, license or other monetization of the Icelandic subsidiary’s drug compounds received within 24 months after the sale closing, minus such minimum amount of cash paid at closing; (as referred to in (i) above) and (iii) a 15% fully-diluted junior preferred equity interest in the acquiring entity (assuming Saga will have a 20% equity incentive compensation plan). The hearing to approve (a)

certain bid procedures for the sale, (b) the sale schedule as set forth below and (c) certain protections for Saga as stalking horse bidder is currently scheduled for December 4, 2009.

**The Company is seeking higher and better bids pursuant to the proposed bid procedures in anticipation of an auction proposed to occur on December 21, 2009.**

Under the proposed bid procedures, “Qualified Bidders” will have an opportunity to participate in this auction. In order to be deemed a “Qualifying Bidder,” a potential bidder must submit a qualifying bid, which bid must be a bid in the amount of at least the aggregate sum of the total purchase price described above, a break-up fee of 3.5% of the base cash price described above, a \$500,000 expense reimbursement, and an initial overbid of \$250,000.

**Sales Process:**

In accordance with the terms of its Debtor-in-Possession financing agreement (“DIP”) and APA, deCODE has proposed the following timeline for the sales process:

- December 17, 2009 Deadline for the Submission of Bids
- December 21, 2009 Auction to be held
- December 22, 2009 Hearing to obtain Final Order by the Court approving Sale
- January 15, 2010 Ensure that the Asset Closing has occurred

In connection with the Company’s bankruptcy proceeding and sales process, the Company has retained Richards, Layton & Finger, P.A. to serve as counsel and PricewaterhouseCoopers LLP as financial advisor.

Any prospective bidder seeking to enter into a transaction with the Company, must submit a bid pursuant to the proposed bid procedures outlined in the APA and as described in the sale motion filed with the United States Bankruptcy Court for the District of Delaware, by no later than December 17, 2009 at 5:00 p.m. (prevailing Eastern Time).

**Enclosed is a non-confidential overview of the assets. If you are interested in obtaining additional information about the Company, we ask that you request a Confidentiality Agreement via facsimile or email from Johann Hjartarson or Jakob Sigurdsson at the contact information listed below.**

Kind regards,

Johann Hjartarson, General Counsel and Secretary deCODE Genetics Sturlugata 8, Reykjavík, Iceland	Jakob Sigurdsson Sr. VP Corporate Development deCODE Genetics Sturlugata 8, Reykjavík, Iceland
Tel: [REDACTED] Fax: [REDACTED]	Tel: [REDACTED] Fax: [REDACTED]

*(See attached file: deCode - Process (final) G2.DOC)(See attached file: NCIM deCODE genetics F.pdf)*