Apollo Endosurgery Inc.

Dennis L. McWilliams, CEO,
Apollo Endosurgery, Inc.

Finding Common Ground in Groundbreaking Medical Technology

Just as successful medical operations depend on a team of highly skilled surgical professionals, so do the products companies advancing patient treatments.

In the case of medical device pioneer Apollo Endosurgery Inc., its handpicked group of advisors - lawyers, venture capitalists and board members – are helping bring to market new levels of patient-friendly surgery.

Reducing Surgical Trauma

At the heart of Apollo's surgical device systems is reducing patients' scarring, pain and recovery time. Using such techniques as NOTES - natural orifice transluminal endoscopic surgery- transgastric, laparoscopic and intralumenal surgeries, physicians conduct minimally invasive procedures by entering the body's natural openings, such as the mouth.

Apollo's flexible access devices and surgical tools allow incisions to be made internally. The invisible wounds heal more quickly than those made by conventional and laparoscopic methods.

Known as "scarless surgery," the technique has been applied to remove gall bladders on patients throughout the world. Potential other applications include the treatment of stomach ailments, obesity and early stage cancers.

While NOTES-style surgery is still seen as experimental, Apollo Endosurgery's innovative research and development is backed by healthy doses of reliable, solid business sense.

Transforming Five Brilliant Ideas into One Company

The Austin-based company is led by CEO Dennis McWilliams, whose previous experience includes running Chrysalis BioTechnology, a venture of the University of Texas Medical Board at Galveston.

Following the $35 million sale of Chrysalis in 2004, McWilliams became an entrepreneur in residence at the venture capital firm PTV Sciences. While there, he learned of the emerging technologies that would form the Apollo think tank group.

"Licensing the technologies was incredibly complex. We brought together leading gastrenologists and surgeons from five centers – the Mayo Clinic, Johns Hopkins, Medical University South Carolina, UTMB-Galveston, and Chinese University Hong Kong. There were a multitude of interests and licenses," explains McWilliams.

To make sure these critical agreements were reached, McWilliams turned to attorney **Jeffrey R. Harder,** a shareholder at Winstead's office in The Woodlands and chair of its Biotechnology Industry Group.

McWilliams, who previously worked with Harder on the Chrysalis sale, valued his stability, calm influence and ability to find common ground during tricky negotiations.

WINSTEAD
ATTORNEYS

According to McWilliams, "Deals can get killed over stupid things. Jeff identifies what I should worry about and what I can let go. He understands what I want to achieve and gives it a legal structure. His deep experience with startups and biotech prevents him from getting distracted."

Developing from Seed to Next-Stage Growth

In addition to securing Apollo's initial licensing agreements, Harder also serves as its outside general counsel, advising on corporate formation, contracts and growth issues.

Much appreciated by the startup was Harder's willingness to offer flexible fees, an accommodation that McWilliams says indicates how well his lawyer understands the plight of entrepreneurs.

Since Apollo's launch in 2005, Harder has been a frequent visitor to the company's high energy headquarters. He observes, "You can see how motivated Apollo's people are. Dennis is a creative leader who has built an exceptionally bright team and outstanding advisory group behind him."

To keep Apollo's momentum on track in 2007, the company secured next-stage capital from PTV Sciences, H.I.G. Ventures and individual investors. McWilliams re-teamed with Harder to work out the crucial details.

Aided by his Winstead colleague in Austin, **Alexander R. Allemann,** Harder negotiated and completed a favorable $11.5 million Series A financing, marking a new milestone for the company.

Another landmark occurred in October 2008, when Apollo's OVERSTITCH™ endoscopic suture system gained FDA approval, advancing the company closer to revenue generation status.

Conquering Challenges Ahead

Like other emerging companies, Apollo is facing competitive and tight financial markets and risk-shy investment communities. Company growth brings new concerns in human resources, real estate, intellectual property protections and financing. All of these will require trusted legal guidance and practical solutions.

Because maximizing resources is the lifeblood of growing companies, McWilliams says he's counting on the broad range of Winstead's legal services to help Apollo meet future challenges.

"Jeff and Alex are so active and respected in the biotech field, they create opportunities for us that we didn't know existed. And when we undertake a new venture, I know that their experience helps protect our long-term interests."

After two decades of counseling emerging companies, Harder views Apollo Endosurgery as enjoying many strength – "smart, with a sense of humor and a can-do attitude" - all the key elements that spell success in Texas biotech.

STARTING UP ON SOLID GROUND

- Expect the unexpected and seek advisors with a broad base of experience in your industry.
- Conduct business with integrity and with people who share your values. If you want to be in it for the long haul, treat people correctly.
- As your focus changes from engineering milestones to sales targets, you'll need more service providers. Hire people smarter than yourself and give them the tools to be successful.

Contact:

Jeffrey R. Harder
Biotechnology Industry Group
281.681.5931 direct
jharder@winstead.com

WINSTEAD
ATTORNEYS

Business & Transactions | Litigation & Dispute Resolution