



ZIOPHARM Oncology

BETTER CANCER MEDICINE

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Chief Executive Officer

www.ziopharm.com

FORWARD-LOOKING STATEMENTS

Some of the statements made in this presentation are forward-looking statements. These forward-looking statements are based upon our current expectations and projections about future events and generally relate to our plans, objectives and expectations for the development of and commercialization of in-licensed cancer drugs. Although management believes that the plans and objectives reflected in or suggested by these forward-looking statements are reasonable, all forward-looking statements involve risks and uncertainties and actual future results may be materially different from the plans, objectives and expectations expressed in this presentation.



ZIOPHARM Oncology, Inc.

- Specialty cancer company in-licensing, developing and marketing proprietary products
- Managing risk / benefit by applying new biologic understanding to cancer products
 - In-licensed at preclinical stage or beyond
 - Related molecule efficacy in humans



Recent Financing News

- \$37MM private placement
- New and existing biotechnology investors worldwide
 - ProQuest Investments
 - LB I Group, Inc. (Lehman Brothers)
- Fund development of ZIO-101 and ZIO-201
 - Initiation of pivotal trials expected 2007



Company Status

- Two product families in-licensed
 - Process ongoing
- Two lead candidates in phase I and I/II trials
 - Ongoing and interim data in 2006
 - Pivotal trials planned to initiate 2007
 - Combined sales potential >\$800MM
- Public company (OTC BB: ZIOP)
 - \$37MM financing May 2006
 - ~15.3MM common shares outstanding*

Expected Upcoming Developments

- 2006
 - √ Initiate ZIO-101 phase I/II trial in advanced myeloma
 - √ Initiate ZIO-201 phase I/II trial in advanced sarcoma
 - √ ZIO-201 preclinical data at BMT
 - √ ZIO-101 and ZIO-201/analogues preclinical data at AACR
 - ZIO-101/201 ongoing phase I data
 - Initiate additional phase II trials
 - Interim phase I/II and phase II data
 - Additional in-licensing
 - New exchange listing
- 2007
 - ZIO-101/201 phase II data
 - ZIO-101/201 pivotal trial initiation



Product Candidates

- ZIO-101, organic arsenic
- ZIO-201, IPM
- Preclinical candidates (ZIO-102, ZIO-202)

	PRECLINICAL	PHASE I	PHASE I/II	PHASE II/III
ZIO-101	[Yellow bar spanning PRECLINICAL, PHASE I, and PHASE I/II]			
ZIO-102	[Yellow bar in PRECLINICAL]			
ZIO-201	[Red bar spanning PRECLINICAL, PHASE I, and PHASE I/II]			
ZIO-202	[Red bar in PRECLINICAL]			



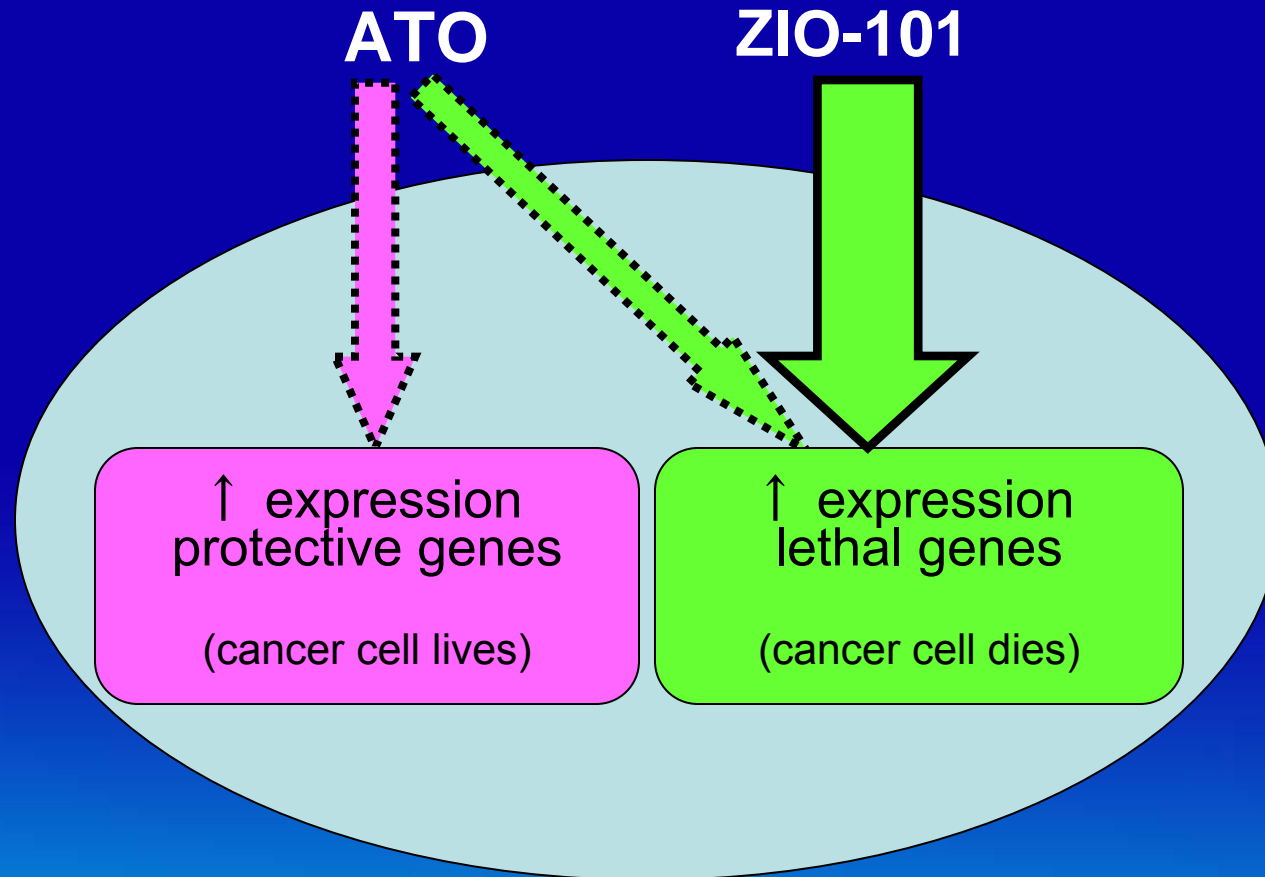
ZIO-101 – Organic Arsenic

- First in a new class of molecules
- Issued U.S. patents and applications internationally
- Potentially safer and more active for cancer treatment than approved inorganic arsenic



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Different Mechanisms



ZIO-101: Related Molecule

- Inorganic arsenic approved for APL with FDA black box warning (QT prolongation); activity in myeloma
- ZIO-101 preclinical data shows wide therapeutic window confirmed in phase I study
- Phase I trials:
 - Dosing > 50x inorganic arsenic dose
 - Wider therapeutic window likely enhance treatment opportunities

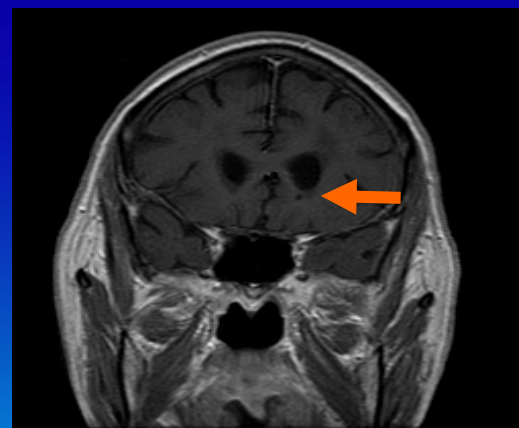
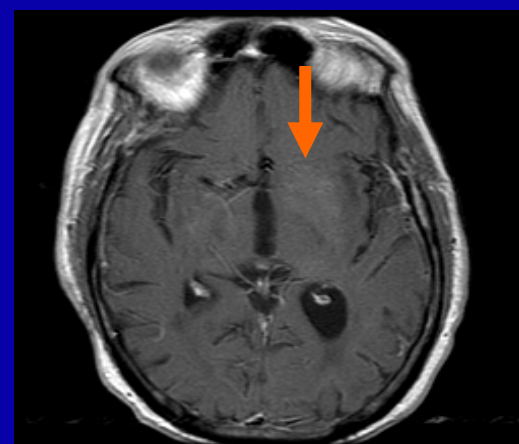
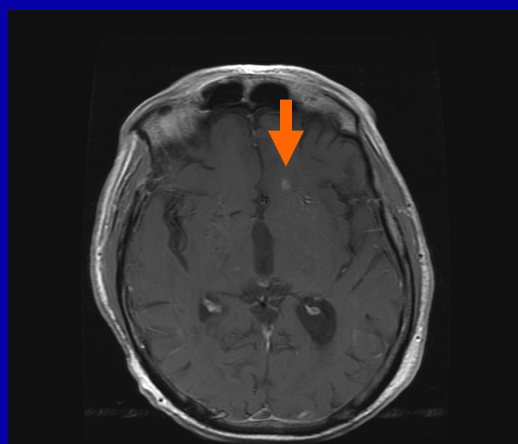


ZIO-101: Clinical Trial Status

- Phase I/II in advanced myeloma
- Phase I in advanced cancers and leukemia
 - Interim results show early clinical activity and patient benefit
 - Solid tumors:
 - 5 patients with ongoing stable disease
 - 1 patient with mixed response
 - AML:
 - 4 patients with anti-leukemia effect
- Exploring oral dosing preclinically



ZIO-101: Early Activity Results



Baseline

Post treatment



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ZIO-101: Expected Registration Pathway

- Advanced myeloma
 - Phase I and II in US, Canada, UK
 - Expanded phase II study
 - Initiate pivotal trial 2007
- Other hematological and solid tumors
 - Phase II studies



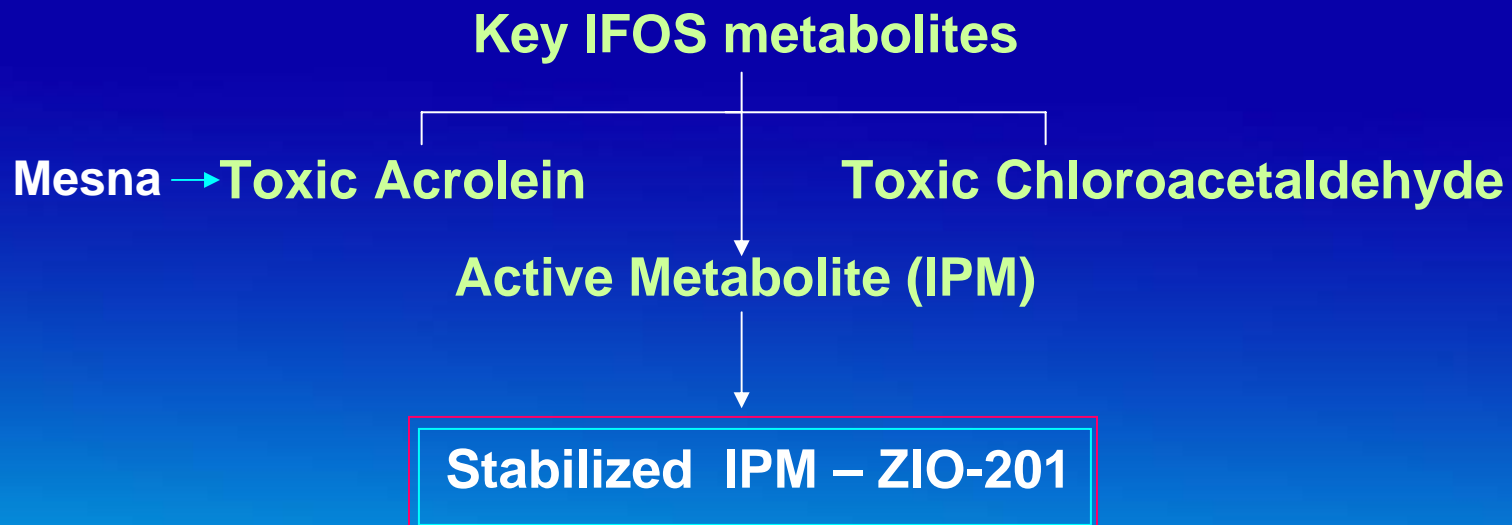
ZIO-101: Market Opportunity - Myeloma

- Incidence: 17,000* patients growing by ~1% each yr
- Prevalence: 65,000 patients / yr
- ZIO-101 expected U.S. launch 2009
 - AWP / patient / year \$15,000 – 25,000
 - Projected sales of >\$400MM

*Estimate for 2009

ZIO-201 – IPM

- Stabilized activated metabolite of ifosfamide - IFOS;
(related to cyclophosphamide)
- Patent applications filed in U.S. and internationally
- Potentially safer and more active than IFOS



ZIO-201: Related Molecule

- IFOS approved for testicular cancer; standard of care for sarcoma; ICE regimen for lymphoma
- ZIO-201 preclinical established benefit of stabilized active metabolite (IPM)
- ZIO-201 cross-links DNA differently, works in IFOS and cyclophosphamide resistant cells



ZIO-201: Clinical Trial Status

- Phase I/II in advanced sarcoma
- Ongoing phase I in advanced cancers
 - One patient with stable disease for more than one year
 - Confirming MTD at 1.5 g/me²/cycle
 - Equivalent to high-dose IFOS (15-30 g/me²/cycle); bladder and neuro toxicities have **not** been observed with ZIO-201 (no mesna)
 - Exploring alternative dosing regimens
- Exploring oral dosing preclinically



ZIO-201: Expected Registration Pathway

- Advanced sarcoma
 - Phase I/ II study
 - Expanded phase II study
 - Initiate pivotal trial 2007
- Hematological tumors and pediatric sarcoma
 - Phase I/II studies



ZIO-201: Market Opportunity - Sarcoma

- Incidence: 9,420* patients growing by ~1% each yr
- Prevalence: 60,000 patients / yr
- ZIO-201 expected U.S. launch 2009
 - AWP / patient / year \$20,000 – 40,000
 - Projected sales of >\$400MM

*Estimate for 2009

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Management Team

- **Jon Lewis, MD, PhD**
 - CEO
- **Dick Bagley**
 - President, COO
- **Bob Gale, MD, PhD**
 - SVP, Research
- **Barbara Wallner, PhD**
 - SVP, Technical Operations and Chief Technical Officer
- **Brian Schwartz, MD**
 - SVP, Chief Medical Officer
- **Bob Morgan, JD**
 - VP, Regulatory Affairs and Quality, and Contract Counsel
- **Bob Newman**
 - VP, Business Operations
- **Kathy Theriault**
 - VP, Finance and Controller



Medical Advisory Board

Leaders in adult and pediatric oncology, solid and hematological tumors; translational medicine and drug development

- James Armitage, MD, *University of Nebraska Medical Center*
- Joseph Bertino, MD, *Cancer Institute of New Jersey*
- George Demetri, MD, *Dana Farber Cancer Institute*
- Lawrence Einhorn, MD, *Indiana Cancer Pavilion*
- Alan Houghton, MD, *Memorial Sloan Kettering Cancer Center*
- Alberto Pappo, MD, *The Hospital for Sick Children*
- David Spriggs, MD, *Memorial Sloan Kettering Cancer Center*



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ZIOPHARM Oncology, Inc.

- Two products engineered for better efficacy and safety
- Strong IP
- \$37MM financing to fund through to pivotal trials
- Combined >\$800 million sales potential with **ZIOPHARM** marketing North America
- Each product family with multiple development, registration, and marketing and/or out-licensing strategies
- Experienced management team with focus on execution



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