Engine Capital Sends Letter to 2seventy's Board of Directors Outlining Steps to Maximize Shareholder Value

Believes 2seventy Could Be Conservatively Worth ~$9 Per Share if the Company Exclusively Focuses on Its Most-Valuable Asset Abecma, Reduces Corporate Overhead and Makes Improvements to the Composition of the Management Team and Board

NEW YORK--(BUSINESS WIRE)--Engine Capital LP, which owns approximately 3% of 2seventy bio, Inc.'s (Nasdaq: TSVT) ("2seventy" or the "Company") outstanding shares, today announced that it sent the below letter the Company's Board of Directors (the "Board").

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December 6, 2023

2seventy bio, Inc.
60 Binney Street
Cambridge, MA 02142
Attention: Board of Directors

Dear Members of the Board:

Engine Capital LP (together with its affiliates, "Engine" or "we"), is a meaningful shareholder of 2seventy bio, Inc. (Nasdaq: TSVT) ("2seventy" or the "Company"), with an ownership position of approximately 3% of the Company's outstanding shares. According to its website, 2seventy is "*inspired by the maximum speed of translating human thoughts into actions – 270 miles per hour*." For the shareholders you represent, 2seventy appears focused on the maximum speed it can destroy shareholder value – taking just under 27 months to erase 93% of investors' capital.[1] We fear much of this is due to the missteps taken by the Board and the Company's CEO Nick Leschly, who has a concerning track record of underperformance. As the former CEO of bluebird bio, Inc. (Nasdaq: BLUE), 2seventy's predecessor, Mr. Leschly raised more than $3 billion and vaporized this capital into a company with a market capitalization of around $450 million.

Today, 2seventy is at a crossroads. It has a cash balance of $284 million that is rapidly dwindling and a 50% profit interest in Abecma that is likely worth at least a few hundred million dollars. Despite this, the Company trades at a market capitalization of just $100 million.[2] The reason for this wide disconnect is that the market attributes a steep negative value to the Company's cash-devouring development pipeline because it has lost faith in both the leadership and strategic direction of 2seventy.

In September, the Board announced a restructuring plan focused on the growth of Abecma that we do not believe goes far enough. At the same time, the Board announced Mr. Leschly's plan to step down as CEO and transition to Chairman of the Board, while promoting CFO Chip Baird to COO. At its current burn rate and assuming the Company cannot raise additional capital – an appropriate and conservative assumption given the market environment and the Company's small market capitalization – we believe 2seventy will run out of cash in 2025, destroying further shareholder value and putting patients at risk who rely on Abecma.

[1] 2seventy was spun off from bluebird bio, Inc. on November 4, 2021, and its stock closed at $26.65 per share on that day.
[2] 2seventy and Bristol Myers Squibb share a 50% profit interest in Abecma; market capitalization based on $1.94 per share as of the close on December 1, 2023.

We believe there is a better way. Instead of daydreaming of hypothetical positive clinical data readouts from its pipeline (particularly two early-stage phase 1 trials[3]) that may give the Company a last gasp of capital, the Board needs to take the following actions today to protect, maximize and ensure the long-term viability of Abecma – the Company's most valuable asset:

1. **Focus 2seventy exclusively on Abecma and immediately cease or monetize all development programs.** The market has lost faith in the Company's pipeline as evidenced by the implied large negative value it is being given. In other words, the owners of 2seventy believe the Company is worth substantially more without this pipeline and no longer want to finance it. In our view, leadership has lost its mandate to further invest in R&D. Therefore, we believe the Board needs to immediately explore ways it can monetize these programs or simply shut them down. If the Board cannot monetize its pipeline, it should be further evidence that these programs are not worth further investments. We also note that not a single director has bought shares in the Company despite the stock losing close to 95% of its value and trading at a large discount to its cash. If the Board had any confidence in the pipeline, we would have expected to see directors buy shares in the open market. Having seen no buying, we can only conclude that the Board lacks this confidence and should therefore stop investing shareholder capital into these money-losing programs.

2. **Immediately reduce corporate overhead to ensure the Company is free cash flow positive in 2024**. Once the pipeline is shut down or monetized, it will then be possible to cut overhead to a level where 2seventy is free cash flow positive. At that point, we believe the market will value the Company more appropriately as the sum of its cash and the value of Abecma. If one assumes 2seventy has $150 million in cash post-restructuring and the market values Abecma at a conservative $300 million, ***this implies a stock price of $9 per share for 2seventy or 4.5x the current stock price***. This highlights the potential value creation opportunity that is directly within reach.

3. **Appoint Mr. Baird as 2seventy's CEO and sever ties with Mr. Leschly**. The current CEO transition plan approved by the Board does not represent best governance practices. When a CEO steps down, this person should also transition off the Board so that the new CEO has an opportunity to develop their vision for the business without the prior executive looking over their shoulder. At 2seventy, we believe it would be impossible for the Board and new management to make unbiased decisions with the continued involvement of Mr. Leschly. Finally, we do not believe it makes sense to bring in an outsider as CEO and instead view Mr. Baird as the ideal CEO to transform 2seventy into a free cash flow positive Abecma-focused Company.

4. **Establish a special committee of independent directors whose purpose is to communicate directly with shareholders and monetize the Company's pipeline**. We have reasons to believe communication addressed to the Board has been filtered by management. Therefore, it is imperative for a subset of independent directors to communicate directly with shareholders, ask for their feedback and consider their views. We believe you will hear strong support for the strategic path we recommend in this letter. We also recommend that this special committee supervise the monetization or timely wind down of the pipeline.

5. **Refresh the Board and add a shareholder representative**. Given the significant destruction of shareholder value overseen by leadership, we believe it is important to refresh the Board and add a shareholder representative to the boardroom. In particular, we note that Chairman Daniel Lynch was also the chairman of bluebird bio, Inc. since its early days in 2011 and therefore the architect

[3] The bbT369 (NHL) and SC-DARIC33 (AML) programs.

of its poor financial performance with CEO Mr. Leschly at the helm. Given their long association, we do not believe Mr. Lynch can be considered independent of Mr. Leschly. We also believe it is critical that a shareholder representative be added to the Board given the crossroads 2seventy finds itself at today.

In conclusion, 2seventy's value creation opportunity is significant, but the Board must act with a sense of urgency to stop the cash burn, protect the balance sheet and the underlying value of Abecma. Unless the Board takes drastic measures along the lines we urge in this letter, we believe the Company will likely be bankrupt in a couple of years. Continuing on this path of value destruction is the ultimate example of corporate negligence and, should this be how you choose to proceed, we will pursue all options for holding each of you personally accountable.

We are requesting a meeting with members of the Board at your earliest convenience to discuss these aforementioned matters and initiatives. Our singular goal is to help put 2seventy back on the path to shareholder value creation as quickly as possible.

Sincerely,

Arnaud Ajdler

Managing Partner

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About Engine Capital

Engine Capital LP is a value-oriented special situations fund that invests both actively and passively in companies undergoing change.

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