



Cancer NCE Phase 2 USD >430 Mio.

General

Project:	CDX-110	Licensor:	Licensee:
Year of Licensing:	2008		
Licensing Phase:	Phase 2		
Current Phase:	Phase 2	Celldex Therapeutics	Pfizer
Upfront:	40	(former Avant Immunotherapeutics)	
Total Milestones:	>390	www.celldextherapeutics.com	www.pfizer.com
Royalties:	Double digit	119, Fourth Avenue	235 East 42nd Street
		Needham, MA, 02494	NY, NY, 10017

Scientific Details

Disease Area:	Cancer	Indication 1:	Glioblastome Multiforme
Type:	NCE	Indication 2:	EGFR Targets
Class:	Vaccine	Indication 3:	EGFR Targets
Mechanism of Action:	EGFRvIII Target		

Deal Type

	Worldwide	North America	Europe	Japan	Rest of world
Straight License	•				
Profit Share					
Co-Development					
Co-Marketing					
Co-Promotion					

Reported Deal Terms (in USD Mio)

Upfront	Equity	R&D Funding	Preclinical	Phase 1	Phase 2	Phase 3	Filing	Approval	Sales Milestones	Profit Share	Royalties
40	10										dd

Deal Summary

Under the licensing and development agreement, Pfizer will make an upfront payment to AVANT of \$40 million and will make a \$10 million equity investment in AVANT. Pfizer will fund all development costs for these programs. AVANT is also eligible to receive milestone payments exceeding \$390 million for the successful development and commercialization of CDX-110 and additional EGFRvIII vaccine products, as well as double-digit royalties on any product sales

Sources

Press Release http://mediaroom.pfizer.com/portal/site/pfizer/index.jsp?ndmViewId=news_view&newsId=20080416006348&newsLang=en

Deal Metrics (in USD Mio)

Peak Sales	Upfront	Preclinical	Phase 1	Phase 2	Phase 3	Filing	Approval	Sales Milestones	Total Milestones	Royalties	Profut share	Total Value (at 12%)	Value Share Licensor	IRR Licensee	Royalties/Deal Value
500	40	-	-	-	50/0/0	60/0/0	100/50/50	80	390	10%	-	166	81%	13,5%	24%
1,000	40	-	-	-	50/0/0	60/0/0	100/50/50	80	390	10%	-	415	40%	19,7%	40%
2,000	40	-	-	-	50/0/0	60/0/0	100/50/50	80	390	16%	-	913	35%	25,3%	65%

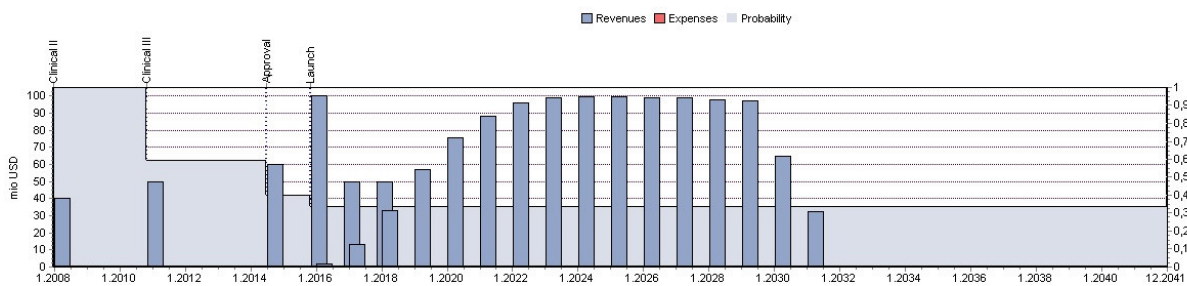


Figure 1: Cash flow Celldex Therapeutics with USD 1,000 Mio sales.

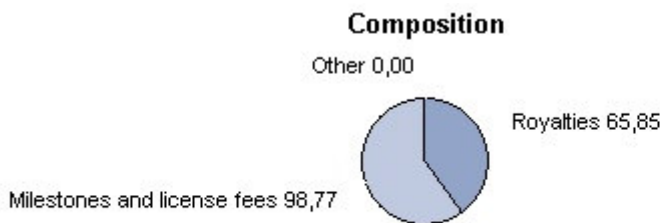


Figure 2: Composition Royalties/Milestone payments with USD 1,000 Mio sales.

Interpretation

Sales scenarios between USD 1,000 Mio and USD 2,000 Mio lead to a value share of 40% and 35% and an IRR for Pfizer of 20% and 25%. This would be in line with general industry standards. Given the upfront payment (USD 40 Mio), the total milestone payments of USD 390 Mio and the double digit royalties on sales, the assumption with USD 500 Mio sales doesn't lead to a realistic value share and royalty rate. We can therefore comfortably assume that the parties expect the drug to become a blockbuster. Depending on the amount of sales/indications we expect the royalties to be tiered to keep track of the increased value. We estimate an average royalty rate of 16% to be fair for USD 2 bio sales. It is therefore possible that the parties have agreed on tiered royalties to even more than 20% (16% is only the average rate).