



Cancer Biological Phase 3 USD 320 Mio

General

Project:	GVAX	Licensor:	Licensee:
Year of Licensing:	2008		
Licensing Phase:	Phase 3		
Current Phase:	Phase 3		
Upfront:	USD 50 Mio	CELL GENESYS	
Total Milestones:	USD 270 Mio		
Royalties:	Double digit	Cell Genesys www.celgenesys.com 400 Oyster Point Blvd South San Francisco, CA, USA	Takeda www.takeda.com One Takeda Parkway Deerfield, IL 60015, USA

Scientific Details

Disease Area:	Cancer	Indication 1:	Prostate cancer
Type:	Biological		
Class:	Monocl. Antibody		
Mechanism of Action:			

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	Total Milestones	Profit Share	Royalties
50										270		

Deal Summary

Under the agreement, in exchange for exclusive worldwide commercial rights to GVAX immunotherapy for prostate cancer, Takeda will pay Cell Genesys an upfront payment of \$50 million and additional milestone payments totaling up to \$270 million relating to regulatory approval and commercialization of GVAX immunotherapy for prostate cancer in the United States, European Union and Japan. Takeda will pay Cell Genesys tiered, double-digit royalties based on net sales of GVAX immunotherapy for prostate cancer in the United States and flat double-digit royalties based on net sales of the product in all other regions. From this point forward, Takeda will pay for all external development costs associated with the ongoing Phase 3 clinical development of GVAX immunotherapy for prostate cancer and will also pay for all additional development costs and all commercialization costs. Cell Genesys will maintain responsibility for the worldwide manufacture and supply of the product and will retain rights to co-promote GVAX immunotherapy for prostate cancer in the United States.

Sources

Press Release http://www.takeda.com/press/article_29185.html

Deal Metrics (in USD Mio)

Peak Sales	Upfront	Preclinical	Phase 1	Phase 2	Phase 3	Filing	Approval	Sales Milestones	Total Milestones	Royalties	Profit share	Total Value (at 12%)	Value Share Licensor	IRR Licensee	Royalties/Deal Value
250	50	-	-	-	-	60	120	90	270	10%	-	341	58%	19,1%	26%
500	50	-	-	-	-	90	180	-	270	19,5%	-	720	55%	24,7%	55%
1,000	50	-	-	-	-	90	180	-	270	25%	-	1,480	46%	33,4%	76%
2,000	50	-	-	-	-	90	180	-	270	26%	-	2,998	41%	45,3%	87%

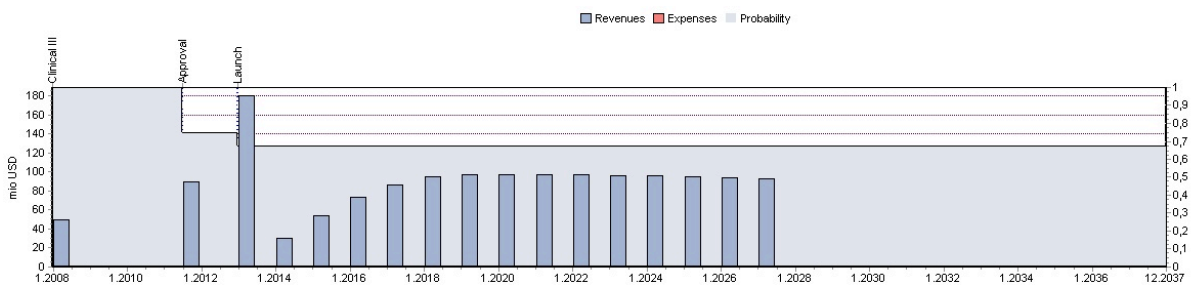


Figure 1: Cash flow Cell Genesys with USD 500 Mio sales.

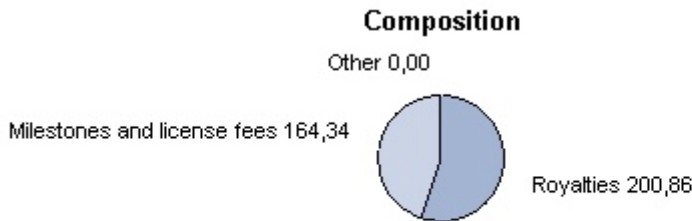


Figure 2: Composition Royalties/Milestone payments with USD 500 Mio sales.

Interpretation

Sales scenarios between USD 500 Mio and USD 1,000 Mio are the most reasonable for this deal. With a value share around 50% and a royalty milestone composition of 55%-76% this Phase 3 deal between Cell Genesys and Takeda is a good example for a late-stage deal with high royalties. Part of the approval milestone might well be paid out as sales milestones, delaying the payment and reducing the value. We therefore believe that the sales potential is closer to USD 500 Mio than to USD 1,000 Mio. A look at the licensee's IRR supports this view.