

# Deloitte Recap Executive Analysis

<b>Licensor</b>	Seattle Genetics	<b>Product</b>	Brentuximab vedotin (SGN35), anti-CD30 drug conjugate
<b>Licensee</b>	Millennium (Takeda)	<b>Field</b>	Lymphoma
<b>Date</b>	12/09	<b>Territory</b>	WW ex-US/Canada

## Pre-Commercial Paymts & Rights

### Upfront Payment

- \$60M to SeaGen

### Equity Investments

- None

### R&D Costs

- Takeda funds all Japan costs
- 50/50 sharing of other WW costs
- Either party may pursue independent activities outside Development Plan, at own expense, if other party does not wish to join

### Milestone Payments

- Millennium pays SeaGen:
- 19 dev/reg milestones, all CON
  - 3 sales milestones, all CON (Up to \$230M total per press release)

### Termination Rights

- Either party - for breach
- Millennium for convenience
- Other termination provisions CON

### Reversion Rights upon Termination

#### On Millennium breach:

- Millennium continues to supply SeaGen
- SeaGen may purchase any inventories held by Millennium

#### On SeaGen breach:

- Millennium may waive right to terminate and continue development
- All other provisions CON

### Change of Control

- All provisions CON

## Commercial Payments & Rights

### License Grant

SeaGen grants Millennium an exclusive license to distribute, import, sell, and commercialize Licensed Products in the ex-US, ex-Canada territory.

### Booking of Sales/ Commercial Rights

- Millennium responsible for ex-US commercialization, at its own expense
- SeaGen responsible for US commercialization, at its own expense
- JCC to coordinate commercialization throughout WW territory

### Sublicense Rights

- Each party may sublicense
- All provisions CON

### Royalty or Profit Split

- Four CON royalty tiers to SeaGen on ex-US sales (Double-digit royalties, per press release)

### Royalty Offsets

- CON offset for Generic Product sales (all provisions CON)

### Term of Agreement

- Royalties owed as long as product sold in a country, on a country by country basis

### Accounting

“Net Sales” means the \_\_\_(CON) of Licensed Products (including \_\_\_(CON), subject to the remainder of this section) sold or otherwise disposed of for consideration by Millennium, its affiliates, or their respective sublicensees, to independent 3rd parties \_\_\_(CON):

- \_\_\_(CON);
- \_\_\_(CON);
- \_\_\_(CON);
- \_\_\_(CON); and
- \_\_\_(CON).

## Manufacturing Rights

- Each party has right to manufacture for its own territory
- SeaGen to supply Millennium for initial (CON) SeaGen Mfg Period (all terms CON)
- After initial period, Millennium may manufacture (all terms CON)
- Supply Price is CON

## Governance & Disputes

- Joint Steering Committee
  - Joint Development Committee
  - Joint Commercial Committee
  - Joint Manufacturing Committee
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- Most dispute resolution procedures CON
  - Appears to be allocation of decision-making power for some matters
  - Mediation provided for others
  - Binding arbitration as last resort

## Diligence

- Four diligence provisions, all CON

## Options

- All provisions Confidential (CON), but looks like reciprocal rights of first negotiation to other molecules