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Royalty income monetization of SOMAVERT®

will fund new biomedical research, technologies

ATHENS, Ohio — Ohio University and its inventors have sold partial royalty income rights to its license for the growth hormone antagonist drug SOMAVERT® (pegvisomant for injection), to a private equity firm managed by DRI Capital Inc., pursuant to a five-year agreement that could net the institution and its inventors up to $52 million for new biomedical research and technology commercialization initiatives.

The university, a state and national leader in the commercialization of faculty inventions, joins a list of institutions that includes Northwestern University, New York University, University of Michigan and University of Connecticut that have monetized the royalty income from a profitable technology licensing agreement in order to reinvest in their institution's research, scholarship and creative activities.

"This agreement represents the culmination of nearly a quarter century of faculty, student and staff efforts to turn a groundbreaking discovery in a research laboratory into a treatment that has improved the lives of thousands of people around the globe. The royalty monetization will accelerate Ohio University's endeavors to invest in additional applied research and innovations that elevate the human condition," said Ohio University President Roderick J. McDavis.

Ohio University reported $8 million in royalty income in fiscal year 2010 from its license to the Pfizer corporation for the growth hormone receptor antagonist technology that became the basis for the drug SOMAVERT®. The drug is marketed as a treatment for acromegaly, a form of gigantism marked by excessive levels of growth hormone that result in enlargement of the hands and feet, facial disfiguration and multiple organ disorders, which can lead to premature death. About 40,000 individuals are diagnosed with acromegaly worldwide.

In 1987, John Kopchick, Goll Ohio Professor of Molecular Biology in the Ohio University College of Osteopathic Medicine and Edison Biotechnology Institute, and graduate student Wen Chen discovered the growth hormone receptor antagonist, which blocks the body's normal action of the hormone. After 15 years of research, development and clinical trials —which were supported, in part, by Ohio University alumnus and biotechnology entrepreneur Rick Hawkins—the U.S. Food and Drug Administration approved the drug based on the discovery, Pegvisomant, for use in 2003.

In the years since Pfizer's commercial launch of the drug as SOMAVERT®, Ohio University has received more than $30 million in royalty income from the license. The funds have been used by the departments, colleges and administrative offices affiliated with the discovery to support new faculty and student research programs and university technology commercialization efforts. The new monetization transactions will raise the total impact to the university and its inventors to up to $82 million, the largest royalty income in Ohio University's history.

Due to a challenging fiscal environment, Ohio University began exploring the option of monetizing the royalty income from SOMAVERT® in order to create an investment account that could offer additional years of funding support for research and technology transfer endeavors.

After a competitive bidding process, Ohio University selected an offer from DRI Capital Inc., a privately held investment management company in Toronto, Canada. Founded in 1992, DRI Capital is a global leader in healthcare royalty monetization and the world's most established investor in healthcare royalties. The company has completed transactions—including 11 in the past year alone—with large pharmaceutical companies, biotechnology companies, universities, research institutes, academic hospitals and individual inventors. The

transaction with Ohio University compliments DRI Capital's past transactions with other centers of academic excellence, such as the University of Michigan and Massachusetts General Hospital, the company said. Having recently raised its second fund, DRI Capital currently has more than $2 billion of capital under management.

"We are extremely pleased that our fund has acquired royalties in SOMAVERT®, a product which came about through the direct research of Ohio University and Dr. John Kopchick," said Gordon Winston, managing director of DRI Capital. "DRI Capital is always excited to see the proceeds of royalty monetization being used by leading universities to fund innovative research. We are also delighted that our second fund has added SOMAVERT® royalties to its diverse portfolio of royalty streams on the world's leading biopharmaceutical products."

Ohio University and its inventors are projected to receive up to $52 million from the transactions. The agreements total $39 million and include contingency clauses that could provide up to $13 million in additional revenues to the university and the inventors if the market for SOMAVERT® increases.

The university will invest funds in new translational medicine research programs and efforts to commercialize faculty technologies in the areas of drug discovery and medical devices. It plans to support three to four endowed professorships and several graduate student fellowships focused on cancer and endocrine disease research at the Edison Biotechnology Institute, said Rathindra Bose, vice president for research and dean of the Graduate College.

"This investment will allow Ohio University to create a concrete plan for the future, and will help us attract outstanding faculty and student talent to our research and technology commercialization programs," Bose said.

The revenue also will support the university's broader efforts to move faculty inventions to the marketplace. The university's technology portfolio includes innovations for conventional and alternate energy and the environment, smart materials, information technology and therapeutics and medical devices. The patent portfolio includes 88 patents, with 240 applications pending.

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