



CANCER PREVENTION & RESEARCH
INSTITUTE OF TEXAS

CPRIT Product Development General Contract Term Sheet

Revenue Sharing for Therapeutics Programs: Until 4X the amount of the grant monies distributed to the grantee is paid to Texas, the revenue sharing percentage for all products and services subject to revenue sharing shall be:

- 3% of Revenue for Cumulative Revenues greater than \$5 million and less than \$500 million,
- 4% of Revenue for Cumulative Revenues of \$500 million or more but less than \$1 billion, and
- 5% of Revenue for Cumulative Revenue of \$1 billion or more.

“Cumulative Revenue” is the sum of all Revenue in all years and quarters up to the quarter in which the revenue sharing is being paid. The definition of “Revenue” is given below.

Continuing Royalty for Therapeutics Programs: After 4X the amount of the grant monies distributed to the grantee is paid to Texas, the revenue sharing percentage for all products and services subject to revenue sharing shall be reduced to 0.5%, but cannot be reduced further by any provision for stacking or adjustment.

Revenue Sharing for Devices, Diagnostics, Services, and Other Programs: Until 2.5X the amount of the grant monies distributed to the grantee is paid to Texas, the revenue sharing percentage for all products and services subject to revenue sharing shall be 2.5% of Cumulative Revenue.

Continuing Royalty for Devices, Diagnostics, Services, and Other Programs: After 2.5X the amount of the grant monies distributed to the grantee is paid to Texas, the revenue sharing percentage for all products and services subject to revenue sharing shall be reduced to 0.5%, but cannot be reduced further by any provision for stacking or adjustment.

Stacking Provision: The above revenue sharing percentages may be diminished by 0.5% for every one percent of royalty necessary to be paid to a third party to sell a product or service, but in no case shall be reduced to less than one-half of what would otherwise be due.

Equity: Nothing herein prohibits CPRIT from negotiating an equity share in addition to or in lieu of revenue sharing or continuing royalty terms when deemed appropriate by the Oversight Committee and a company.

Termination of Revenue Sharing: All revenue sharing obligations under the contract for any particular Commercial Product or Commercial Service in a given venue shall terminate for that Commercial Product or Commercial Service in that venue when there is not, or there no longer exists, any governmental grant of exclusivity for the Commercial Product or Commercial Service in that venue. In the event that the Commercial Product or Commercial Service will not have a government grant of exclusivity, CPRIT may negotiate appropriate revenue sharing terms and termination, if any, of revenue sharing payments for Oversight Committee approval.

Definition of Revenue: “Revenue means the gross consideration, whether cash or non-cash (for example, but not by way of limitation, securities, direct equity interest, indirect equity interest, trade or barter considerations, and the like), received from Sales to a Third Party by RECIPIENT or its licensees (including without limitation, any milestone fees, license fees, sublicense fees, or assignment fees), net of: (a) trade or quantity discounts or rebates, credits, allowances or refunds given for rejected or returned Commercial Products or Commercial Services, (b) any sales, value-added or other tax or governmental charge levied on the sale, transportation or delivery of a Commercial Product or Commercial Service (but excluding any income tax owed by the RECIPIENT or its licensees), and (c) any separately stated charges for freight, postage, shipping, and insurance. The foregoing notwithstanding, any consideration: (i) received and used by RECIPIENT or its licensees for the purposes of research or development, or (ii) received from Sales made solely in the performance of clinical trials designed to obtain regulatory approval for a Commercial Product or Commercial Service, or (iii) received by RECIPIENT or its licensees from Sales made for compassionate use where no profit was obtained by RECIPIENT or its licensees shall not be included in this term.”

CPRIT will make it clear in the final contract document that there will be no revenue sharing of milestones or other monies prior to the approval of a Product.

These are standard terms that will be applicable to most Product Development grants. However, special circumstances, at CPRIT’s determination, may justify individually negotiating one or more terms with the grantee at the time of or following execution of the award contract. In the event that CPRIT staff determines that the project may be reasonably characterized as a combination project (*i.e.* a combination of a therapeutic with a device, diagnostic, service or other program), CPRIT’s Oversight Committee will make the final determination about the appropriate revenue sharing terms.