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EntreMed, Inc. (ticker: ENMD, exchange: NASDAQ) News Release - 8-Aug-2001

EntreMed Sells Thalidomide Royalty Stream for \$24.3 Million

Additional Payments to EntreMed Pending Achievement of Certain Sales Milestones

ROCKVILLE, Md., Aug 8, 2001 /PRNewswire/ -- EntreMed, Inc. (Nasdaq: ENMD) announced today that it sold its rights to future royalties from the sales of thalidomide (THALOMID(R)). EntreMed received \$24.3 million from Royalty Pharma AG, a Swiss stock corporation, and may receive an additional \$3 million if certain sales milestones are achieved. Furthermore, if total and annual sales exceed established thresholds, EntreMed would receive from Royalty Pharma AG a share of certain royalty payments.

(Photo: <http://www.newscom.com/cgi-bin/prnh/20010620/ENMDLOGO>)

"This significant cash infusion will help to accelerate the development of our three product candidates that are presently in Phase I/II clinical studies, as well as promising small molecule antiangiogenic drugs in our pipeline," said Dr. John Holaday, EntreMed's Chairman and CEO. He added, "Acquiring the up-front cash value of a future revenue stream is consistent with our strategy of maximizing shareholder value by monetizing assets and maintaining shareholder equity. This transaction structure also retains upside potential on future THALOMID(R) sales upon the achievement of certain milestones."

"Royalty Pharma also will reap benefits from the sale," said Mike Herman, Vice President of Royalty Pharma AG. "THALOMID(R) royalties acquired in this transaction with EntreMed represent an attractive addition to the other nine product royalties that make up the Royalty Pharma portfolio. We worked diligently with EntreMed to create a transaction that meets both their needs and ours," he said.

Dr. Robert D'Amato of Children's Medical Center Corporation (CMCC) in Boston filed a U.S. patent application on the use of thalidomide for treatment of angiogenesis-mediated diseases, including cancer, in 1993. EntreMed licensed the use of Thalidomide for cancer and other antiangiogenic mediated diseases from CMCC in 1994, and together with the National Cancer Institute, conducted four Phase II clinical trials and secured two orphan drug indications for the use of thalidomide in certain cancers. In December 1998, EntreMed sublicensed CMCC's patents, together with EntreMed's clinical trial program and orphan drug designations covering the use of Thalidomide for the treatment of angiogenesis-related diseases, to Celgene Corporation of Warren, NJ. Under the terms of that sublicensing agreement, EntreMed has collected royalties from Celgene on sales of THALOMID (R), regardless of indication. As reported by Celgene on February 1st, 2001, fiscal year 2000 sales of THALOMID(R) were approximately \$62.02 million, and EntreMed received \$3.46 million in royalty payments.

This transaction does not require EntreMed to make thalidomide royalty payments to CMCC from the \$24.3 M it will receive, or from any additional royalties received from Royalty Pharma AG upon achievement of certain sales milestones. CMCC will

receive future royalty payments from THALOMID(R) sales directly from Celgene.

EntreMed is also developing three anticancer agents -- Endostatin, Panzem(TM), and Angiostatin -- discovered in Dr. Judah Folkman's laboratory and licensed from CMCC in Boston. Twelve Phase I and Phase II clinical trials using these three agents are currently underway or have been completed in the United States and Europe. EntreMed has a rich pipeline of new proteins, genes and small molecules.

EntreMed, Inc., The Angiogenesis Company(TM), is a clinical-stage biopharmaceutical company emphasizing antiangiogenesis therapeutics that inhibits abnormal blood vessel growth associated with a broad range of diseases such as cancer, blindness and atherosclerosis. The company's strategy is to accelerate development of its core technologies through collaborations and sponsored research programs with university medical departments, research companies and government laboratories. For further information, please visit the EntreMed web site at <http://www.entremed.com>

EntreMed's majority owned subsidiary, TheraMed, Inc., develops targeted therapeutic products to treat severe and chronic diseases, including cancer, serious infections, cardiovascular disease and genetic disorders, based on its proprietary technology that uses blood cells for drug and non-viral gene delivery. For further information, please visit the TheraMed web site at <http://www.theramedinc.com> .

Royalty Pharma AG acquires royalties and other contractual rights, known as "royalty interests," that entitle it to receive a portion of revenue from the sale of biotechnology and pharmaceutical products by third parties. The Company now owns royalty interests in nine marketed pharmaceutical and biotechnology products: Rituxan, Neupogen, ReoPro, Zerit, Retavase, TOBI, Simulect, Zenapax and Thalomid; and one product candidate Ariza, for which an NDA was filed in May 2001. For further information, please visit the Royalty Pharma website at <http://www.royaltypharma.com>

Statements herein that are not descriptions of historical facts are forward-looking and subject to risk and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors, including those set forth in the Company's Securities and Exchange Commission filings under "Risk Factors," including risks relating to the early stage of products under development; uncertainties relating to clinical trials; dependence on third parties; future capital needs; and risks relating to the commercialization, if any, of the Company's proposed products (such as marketing, safety, regulatory, patent, product liability, supply, competition and other risks).

SOURCE EntreMed, Inc.

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