Current Agreements

Dealdoc

Asset purchase and distribution agreement for DuraHeart II

Thoratec
Terumo

Jul 01 2013

Asset purchase and distribution agreement for DuraHeart II

Companies:	Thoratec Terumo
Announcement date:	Jul 01 2013
Deal value, US$m:	56.5 : sum of upfront payment and milestones

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- Contract

Details

Announcement date:	Jul 01 2013
Industry sectors:	Medical device
Brand name:	DuraHeart II
Therapy areas:	Cardiovascular
Technology types:	Devices
Deal components:	Asset purchase Distribution
Geographic focus:	Asia Asia » Japan

Financials

Deal value, US$m:	56.5 : sum of upfront payment and milestones
Upfront, US$m:	13 : upfront payment
Milestones, US$m:	43.5 : potential milestones

Termsheet

Thoratec Corporation has acquired the DuraHeart II ventricular assist system from Terumo Corporation for an upfront cash payment of $13 million and potential future milestone payments, based on regulatory approvals and product sales, of up to $43.5 million.

As part of the agreement, a team of Terumo employees will transition to Thoratec and will continue to be based in Ann Arbor, Michigan.

Additionally, Thoratec and Terumo have entered into a distribution partnership, in which Terumo will commercialize DH-II in Japan and potentially other parts of Asia.

DH-II is an ultra-compact, full-support, centrifugal flow chronic VAD utilizing a unique technology foundation known as "force balance" suspension.

Press Release

Thoratec Corporation (THOR) Acquires Terumo Corporation's DuraHeart II for Up to $56.5 Million

7/1/2013 9:08:36 AM

Thoratec Acquires DuraHeart® II Ventricular Assist System

PLEASANTON, Calif., July 1, 2013- Thoratec Corporation (NASDAQ: THOR), a world leader in device-based mechanical circulatory support therapies to save, support and restore failing hearts, said today it has acquired the DuraHeart® II ("DH-II") ventricular assist system from Terumo

Corporation (TSE: 4543 Section 1) for an upfront cash payment of $13 million and potential future milestone payments, based on regulatory approvals and product sales, of up to $43.5 million. As part of the agreement, a team of Terumo employees will transition to Thoratec and will continue to be based in Ann Arbor, Michigan. Additionally, Thoratec and Terumo have entered into a distribution partnership, in which Terumo will commercialize DH-II in Japan and potentially other parts of Asia.

DH-II is an ultra-compact, full-support, centrifugal flow chronic VAD utilizing a unique technology foundation known as "force balance" suspension. The device utilizes primary magnetic forces, balanced by hydrodynamic support, to achieve consistent gaps across the operating range of the pump, independent of pump speed. This approach is designed to create a pumping mechanism with excellent blood-handling characteristics. Preclinical testing has shown a favorable profile for DH-II with respect to hemolysis, bleeding, and thrombosis.

Thoratec intends to apply its resources and expertise in mechanical circulatory support in order to advance the DH-II program through product development and clinical trials. Thoratec anticipates a first-in-human implant of the DH-II pump in 2016 to be followed by clinical trials in the U.S. and abroad. Following clinical trials, the distribution partnership between Thoratec and Terumo should optimize patient access to the DH-II technology on a worldwide basis.

"Thoratec is committed to delivering a steady cadence of innovative new products to the VAD market in the coming years," said Gary F. Burbach, President and Chief Executive Officer of Thoratec. "DuraHeart II brings a differentiated approach to mechanical circulatory support to Thoratec's R&D portfolio and will be an integral component of our product development strategy, along with continued evolution of the HeartMate II® system, next-generation pump platforms including HeartMate IIITM and HeartMate PHPTM, which are expected to begin pivotal CE Mark trials in the second half of 2013, and breakthrough cross-platform technologies such as our fully implantable system."

"Terumo believes that the transfer of the development of DuraHeart II to Thoratec is the best and fastest way to commercialize the technology and to ensure access for patients in Japan, the U.S., and the rest of the world. We are pleased that Thoratec recognizes the value of the DuraHeart II platform and will be applying its expertise and resources to develop and bring this exciting product to market," said Yutaro Shintaku, President and Representative Director of Terumo Corporation.

Thoratec anticipates that the acquisition will add incremental ongoing operating expenses, primarily related to research and development, of approximately $6-7 million in the second half of 2013. Additionally, Thoratec will recognize transaction-related expenses, including the amortization of intangible assets, which will be quantified in the company's second quarter earnings report and following the completion of the purchase price allocation for the transaction.

Thoratec is a world leader in therapies to address advanced-stage heart failure. The company's products include the HeartMate® LVAS (Left Ventricular Assist System) and Thoratec® VAD (Ventricular Assist Device) with more than 20,000 devices implanted in patients suffering from heart failure. Thoratec also manufactures and distributes the CentriMag® and PediMag®/PediVAS® product lines. Thoratec is headquartered in Pleasanton, California. For more information, visit the company's website at http://www.thoratec.com.

Thoratec, the Thoratec logo, HeartMate and HeartMate II are registered trademarks of Thoratec Corporation and IVAD is a trademark of Thoratec Corporation. CentriMag and PediMag are registered trademarks of Thoratec LLC, and PediVAS is a registered trademark of Thoratec Switzerland GmbH.

DuraHeart is a registered trademark of Terumo Corporation. Tokyo-based Terumo Corporation is one of the world's leading medical device manufacturers with $4 billion in sales and operations in more than 160 nations. Founded in 1921, the company develops, manufactures, and distributes world-class medical devices including products for use in cardiothoracic surgery, interventional procedures, and transfusion medicine; the company also manufactures a broad array of syringe and hypodermic needle products for hospital and physician office use. Terumo contributes to society by providing valued products and services to the healthcare market and by responding to the needs of healthcare providers and the people they serve.

Many of the preceding paragraphs, particularly but not exclusively those addressing financial results or future performance contain forward-looking statements within the meaning of Sections 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements can be identified by the words, "anticipates," "believes," "views," "expects," "plans," "projects," "hopes," "could," "will," "estimates," and other similar words. Actual results, events or performance could differ materially from these forward-looking statements based on a variety of factors, many of which are beyond Thoratec's control. Therefore, readers are cautioned not to put undue reliance on these statements. Investors are cautioned that all such statements involve risks and uncertainties, including risks related to regulatory approvals, the development of new products, including development and clinical trial timing, and new markets including Destination Therapy, the growth of existing markets for our products, customer and physician acceptance of Thoratec products, changes in the mix of existing markets for our products and related gross margin for such product sales, the effects of FDA regulatory requirements, our ability to address issues raised by FDA inspections adequately and on a timely basis without a resulting recall of products or interruption of manufacturing or shipment of products, the effects of competition and the effects of any merger, acquisition and divestiture related activities. Forward-looking statements contained in this press release should be considered in light these factors and those factors discussed from time to time in Thoratec's public reports filed with the Securities and Exchange Commission, such as those discussed under the heading, "Risk Factors," in Thoratec's most recent annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other SEC filings. These forward-looking statements speak only as of the date hereof. Thoratec undertakes no obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

Filing Data

Not available.

Contract

Not available.