Annual Report
Fiscal Year 2009

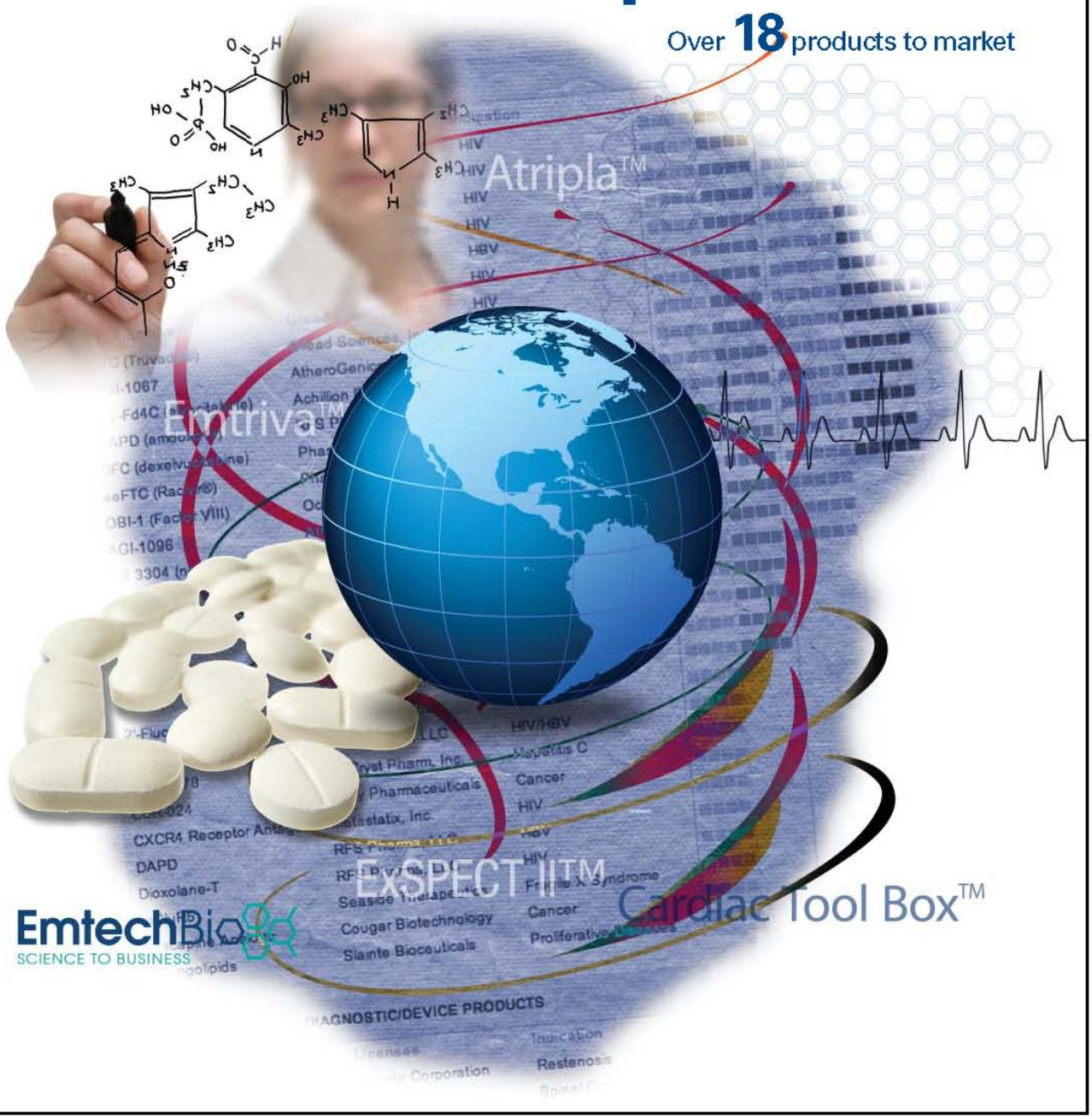
EMORY UNIVERSITY

OFFICE *of* TECHNOLOGY TRANSFER

developing a World Class

Product Pipeline

Over **18** products to market



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Letter from the Director

While FY09 started slowly under a sluggish economy, it ended up being a very successful year for OTT. A number of key metrics were up significantly over last year's marks. For example, our "bread and butter" (AUTM reportable) license agreements increased by 44% over last year's number as we achieved the second highest mark ever. Additionally, proof-of-principle funding was also up by 44%. This number is very encouraging as Emory start-ups continue to struggle to secure venture capital financing, thereby, making it harder to rely on that process to provide early-stage capital to advance our technology. Another highlight was a 11% increase in the number of new invention disclosures for an all-time high of 184 in FY09.

The increase in new invention disclosures is driven by Emory's 18% increase in research awards to a new record high of $484,250,353 in FY09. Last year's significant growth in the research enterprise was due, in part, to the American Recovery and Reinvestment Act (ARRA). The number of research proposals increased by 25%, while the dollar amount of these proposals increased by 37% and for the first time exceeded $1 billion. The ARRA is expected to have a significant impact on research through FY10 as well.

Emory also had a successful year in other areas. Governor Purdue announced Emory's plan to establish a new Emory Institute for Drug Discovery during the International BIO meeting in May. This new Institute will provide critical funding to advance promising new therapeutics towards the clinical trial stage. With a robust pre-clinical data package (PK, metabolism, toxicity, etc.), these technologies will be much easier to license and the achievement of significant value inflection points will increase the valuation of those licenses.

Emory licensee, BHR Pharma, LLC announced that it will initiate a global Phase 3, multicenter trial to evaluate the effectiveness of intravenous progesterone as a neuroprotective agent for treating severe traumatic brain injury (TBI) in early 2010. On a similar note Emory investigators received an NIH grant of up to $25M to conduct its own Phase 3 trial using progesterone to treat TBI. Hopefully, the next few years will bring some exciting news for patients suffering from this debilitating condition.

While news about the economy seems mixed, I expect the coming year to be successful as we pursue progress on a number of very exciting projects.

Todd T. Sherer, PhD

Associate Vice President for Research and Director, Office of Technology Transfer

Milestones

Despite a challenging economic environment, Emory start-ups and licensees enjoyed continued success and Emory developed technologies achieved significant development and product milestones.

- BHR Pharma, LLC will initiate a Phase 3, multi-center trial to evaluate the effectiveness of intravenous progesterone as a neuroprotective agent for treating severe TBI patients to begin in early 2010.
- Syntermed, Inc. unveils ReconTools™, a comprehensive software package that improves the quality and accessibility of nuclear cardiology images.
- Neuronetics, Inc. announces that the U.S. FDA has cleared its NeuroStar TMS Therapy™ system (Transcranial Magnetic Stimulation), the first and only TMS therapy device cleared for the treatment of depression.
- 3Ti secures $1.5 million in new financing, including a major grant from the National Institutes of Health (NIH).
- Pharmasset, Inc. enters into definitive agreements with a select group of institutional investors to sell shares of its common stock resulting in gross proceeds of approximately $45.5 million.
- The NeuroStar TMS Therapy™ system is selected as a winner in the 2009 Medical Design Excellence Awards (MDEA) competition.
- Gilead Sciences and Tibotec agreed to collaborate to develop and commercialize a new once-daily fixed-dose antiretroviral regimen containing emtricitabine, tenofovir and TMC278 for treatment of naïve HIV-infected individuals.
- GeoVax Labs, Inc. starts injections for a Phase IIa human HIV/AIDS vaccine trial in U.S. with trials in South America to follow.
- Emory University's Winship Cancer Institute (WCI) earns the coveted National Cancer Institute Cancer Center designation (NCICC). WCI is the first medical facility in Georgia to earn this distinction.
- Georgia welcomes the 2009 Biotechnology Industry Organization's International Convention (BIO) to Atlanta.
- Governor Perdue announces that Emory University will establish a new Emory Institute for Drug Discovery (EIDD) focusing on commercially neglected diseases, global health partnerships and mentored research.
- Johnson & Johnson acquires Emory licensee Cougar Biotechnology, Inc. for approximately $1 billion in a cash transaction.
- Nihon Medi-Physics Co., Ltd. initiates Phase I clinical trial of novel tumor imaging agent FACBC.
- Emory announces the initiation of its Phase III clinical trial of progesterone for traumatic brain injury, supported by an NIH grant of up to $28.5 million.
- Pharmasset, Inc. reports positive preliminary antiviral data with PSI-7851 for the treatment of Hepatitis C (HVC).
- Emory licensee Alimera Sciences closes $5 million in extended Series C financing.

3rd Annual Celebration of Technology and Innovation

Emory's Office of Technology Transfer hosted its Third Annual Celebration of Technology and Innovation on Tuesday, March 31, 2009 at the Emory Conference Center. The master of ceremonies was OTT's own Todd Sherer and the program opened with keynote speaker Jerry Thursby, PhD, Georgia Tech Professor and Ernest Scheller, Jr., Chair in Innovation, Entrepreneurship, and Commercialization. The evening also featured remarks by Vice President of Research Administration David Wynes, PhD, and Fred Sanfilippo, MD, PhD Executive Vice President for Health Affairs. To complete the event, Emory University President James Wagner congratulated the talented individuals and offices that contribute to Emory's success in bringing new devices, discoveries and technologies to market.

Fred Sanfilippo, Exec VP Health Affairs; Mark Goodman, inventor; Cale Lennon, Emory case manager; David Wynes, VP Research Admin

Fred Sanfilippo, Exec VP Health Affairs; Mary Severson, Emory case manager; Raymond Schinazi, inventor; David Wynes, VP Research Admin

Innovation

Novel Tumor PET Imaging Agents

Prostate cancer is one of the most common types of cancer among men. While the accurate staging of prostate cancer is essential in order to effectively treat patients, no effective diagnostic imaging agent is available. Dr. Mark Goodman in Emory's Department of Radiology has developed unique PET imaging agents to detect and monitor the progression of prostate cancer and other cancers. The PET imaging agents developed at Emory consist of radiolabeled analogs of amino acids that, when introduced systemically, are more readily taken up by the rapidly dividing cells of a prostate tumor compared to neighboring, non-tumorgenic cells. These compounds have been designed to have high uptake in the prostate with low excretion from the bladder in order to reduce background signal in the groin area. The imaging agents can also detect prostate cancer that has metastasized to other regions of the body. Dr. Goodman and a clinician collaborator are planning to conduct a first-in-man study involving these PET imaging agents at Emory. Distribution of the imaging agent will be assessed in patients with stages I-IV prostate cancer. GRA, GCC and a private donor have provided $200,000 in seed funding to produce clinical grade compound, perform the required single mammalian species toxicology studies in primates and to perform the first-in-man studies.

Deal of the Year

Idenix Pharmaceuticals

In July 2008, Massachusetts-based Idenix Pharmaceuticals, Inc. settled a long-standing dispute with Emory University and the University of Alabama at Birmingham related to the anti-viral compound, telbivudine, now sold as Tyzeka®/Sebivo® for the treatment of chronic hepatitis B. Upon execution of the settlement agreement, Idenix was obligated to pay the Universities $4 million, with additional ongoing royalty and minimum payment obligations related to telbivudine-containing products. Emory's 40% share of payments under this settlement agreement is expected to total at least $6 million by 2018. Chronic hepatitis B is a serious global health problem and many people are not aware that they are infected. WHO reports that approximately 350 million people worldwide have chronic hepatitis B virus (HBV) infection. According to the CDC, approximately 1.25 million people in the U.S. have chronic HBV, while approximately 5,000 people die each year. In the U.S., about half of the chronic HBV carriers have been diagnosed, and about 300,000 of these are under a physician's care. It is estimated that only 30,000 of these patients are currently prescribed oral HBV drugs and thus, there exists an unmet medical need in the treatment of HBV that perhaps can be partially fulfilled by telbivudine.

Fred Sanfilippo, Exec VP Health Affairs; Jennifer Moore, Emory case manager; Charles Epstein, inventor; David Wynes, VP Research Admin

David Wynes, VP Research Admin; Dennis Liotta, inventor; Raymond Schinazi, inventor; Fred Sanfilippo, Exec VP Health Affairs; Kevin Lei, Emory presenter

Start-up of the Year

Neuronetics, Inc.

Neuronetics, Inc. (Malvern, PA) was founded in 2003 and develops non-invasive therapies for the treatment of severe, chronic psychiatric and neurological disorders including depression. More than half of the millions being treated for clinical depression, often with complex and sometimes unproven combinations of medications, fail to achieve wellness. Neuronetics' NeuroStar® TMS Therapy provides new hope for patients with major depressive disorder and is based on repetitive transcranial magnetic stimulation (rTMS) technology invented by neurologist Dr. Charles M. Epstein, MD, PhD of Emory University. On October 8, 2008, Neuronetics announced that the U.S. Food and Drug Administration (FDA) cleared its NeuroStar® TMS Therapy system for the treatment of depression, the first such device approved. NeuroStar® TMS Therapy is specifically indicated for the treatment of Major Depressive Disorder in adult patients who have failed to achieve satisfactory improvement from one prior antidepressant medication at or above the minimal effective dose and duration in the current episode. TMS Therapy® is a non-systemic (does not circulate in the bloodstream throughout the body) and non-invasive (does not involve surgery) form of neuromodulation which stimulates nerve cells in an area of the brain that is linked to depression, by delivering highly focused MRI-strength magnetic pulses. Patients being treated by TMS Therapy® do not require anesthesia or sedation and remain awake and alert. It is a 40-minute outpatient procedure and is typically administered daily for 4-6 weeks.

Significant Event

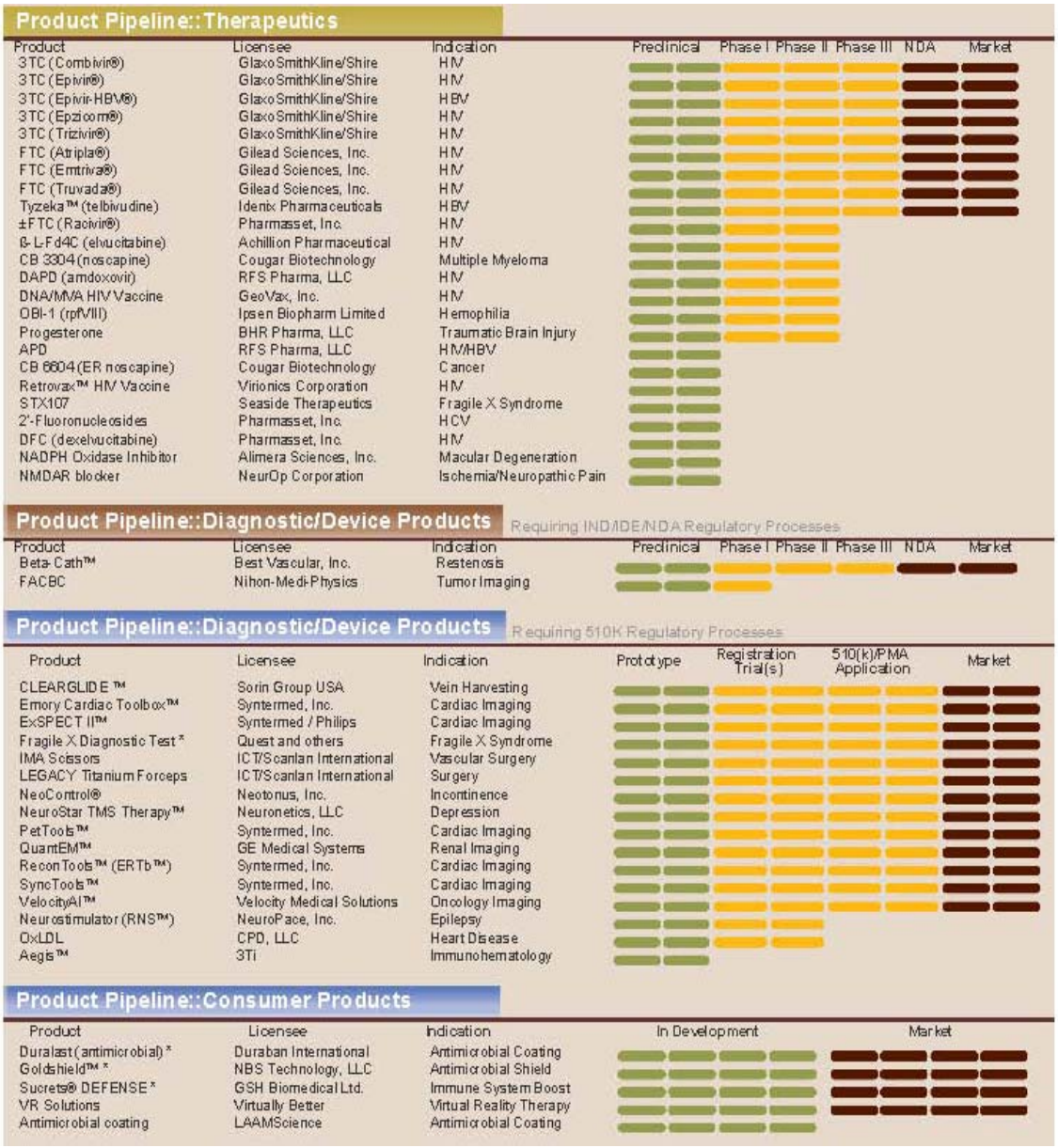
Pharmasset

Pharmasset, Inc., founded in 1998 by Emory researchers Dennis Liotta and Raymond Schinazi, is a clinical-stage pharmaceutical company committed to discovering, developing and commercializing novel drugs to treat viral infections. Pharmasset's primary focus is on the development of oral therapeutics for the treatment of hepatitis B virus (HBV), hepatitis C virus (HCV) and human immunodeficiency virus (HIV). In May 2007, the company completed an initial public offering of 5,050,000 shares of common stock at price of $9 a share, resulting in net cash proceeds of $40.7 million. Pharmasset reached several financial milestones in 2008 when it joined the NASDAQ Biotechnology Index on May 19th and the broad-market Russell 3000® Index on June 27th. The NASDAQ Biotechnology Index is the basis for the iShares NASDAQ Biotechnology Index Fund, which seeks investment results that correspond generally to the price and yield performance of the NASDAQ Biotechnology Index. In addition, options based on the NASDAQ Biotechnology Index and the iShares NASDAQ Biotechnology Index Fund trade on various exchanges. Pharmasset's membership in the Russell 3000®, which remains in place for one year, means automatic inclusion in the small-cap Russell 2000® Index as well as the appropriate growth and value style indexes. Russell indexes are widely used by investment managers for index funds and as benchmarks for both passive and active investment strategies currently applied to $4.4 trillion in assets.

Emory Product Pipeline

While licensing early-stage technologies is a risky business and more technologies fail than succeed, Emory continues to have a robust product pipeline with technology in all stages of development. Highlights to the product pipeline this year include the following.

- BHR Pharma (progesterone) will initiate a global multi-center Phase III trial in early 2010
- Cougar Biotechnology(CB 3004) advanced to Phase II trial and purchased by J&J
- GeoVax (DNA/MVA HIV Vaccine) advanced to Phase II trial
- Nihon-Medi Physics (FACBC) advanced to Phase I trial
- AtheroGenics (AGI 1067, AGI 1096) removed due to company bankruptcy
- Duralast, Fragile X Diagnostic Test, and Goldshield™ removed from the market

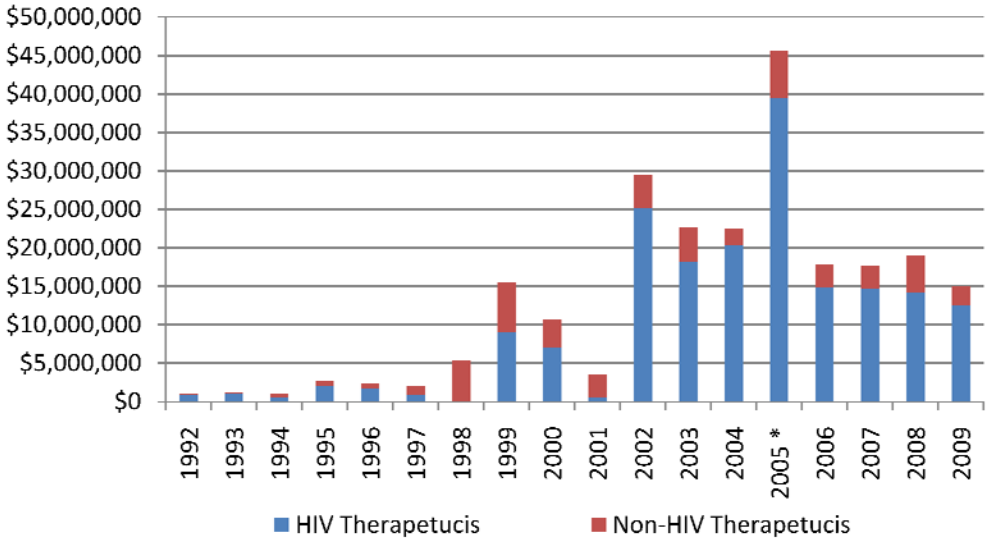


Revenue

Royalties are driven by a number of factors from the economy to litigation. One of Emory's HIV therapeutics has seen a substantial decrease in sales this year, a trend which may continue due to the nearing expiration of patents and stiff competition. Additionally, revenue amounts this year did not benefit from receipt of large one-time payments such as that received in FY08 from a settlement agreement. This year revenue totaled $15,027,391.01.

Since 1992, the total revenue received for licensing of HIV therapeutics is $723,320,094.22, and for non-HIV therapeutic is $52,089,500.19. Thus, Emory has received a grand total of $775,409,594.41 through FY09 from the commercialization of Emory technologies.

Net Fees and Royalties by Year



* Note: In FY05 $540,000,000 was received in connection with the monetization of FTC royalties

Summary of Expenditures and Revenues Since FY92

Fiscal Year	Total Patent Expenses	Reimbursed Patent Expenses	Reimbursed Past Patent Expenses	License Revenue *	Return on Patent Expense Investment **
1992	$(243,554.87)	$137,868.56		$978,181.83	$872,495.52
1993	$(316,315.79)	$174,066.98		$1,278,731.43	$1,136,482.62
1994	$(448,767.07)	$182,100.50		$1,083,398.45	$816,731.88
1995	$(585,415.31)	$245,178.91		$2,637,146.69	$2,296,910.29
1996	($1,210,632.63)	$777,391.86		$2,316,793.30	$1,883,552.53
1997	($1,066,584.60)	$284,074.69		$2,115,559.48	$1,333,049.57
1998	($1,524,810.61)	$551,263.85		$5,313,706.40	$4,340,159.64
1999	($2,332,896.46)	$500,948.48		$15,437,285.00	$13,605,337.02
2000	($3,266,373.14)	$671,767.20		$10,671,921.65	$8,077,315.71
2001	($4,568,569.50)	$4,005,408.35		$3,608,156.91	$3,044,995.76
2002	($7,155,792.41)	$889,586.94	$145,248.51	$29,557,916.39	$23,436,959.43
2003	($2,565,067.46)	$931,626.59	$349,629.66	$22,737,389.16	$21,453,577.95
2004	($2,190,578.77)	$835,926.24	$234,408.31	$22,517,830.24	$ 21,397,586.02
2005	($1,852,482.44)	$605,011.07	$244,028.90	$45,656,765.15	$ 44,653,322.68
2005 ***				$540,000,000.00	$540,000,000.00
2006	($2,063,712.70)	$951,051.43	$199,565.42	$17,769,294.77	$16,856,198.92
2007	($2,453,499.56)	$1,141,245.12	$447,385.29	$17,681,765.35	$16,816,896.20
2008	($3,407,280.35)	$1,996,440.95	$159,154.30	$19,020,361.20	$17,768,676.10
2009	($3,114,110.79)	$1,419,785.07	$133,225.73	$15,027,391.01	$13,466,291.02
Total	($40,366,444.46)	$16,300,742.79	$1,912,646.12	$775,409,594.41	$753,256,538.86

* License Revenue includes Emory's Share only; amounts distributed to other institutions not included.

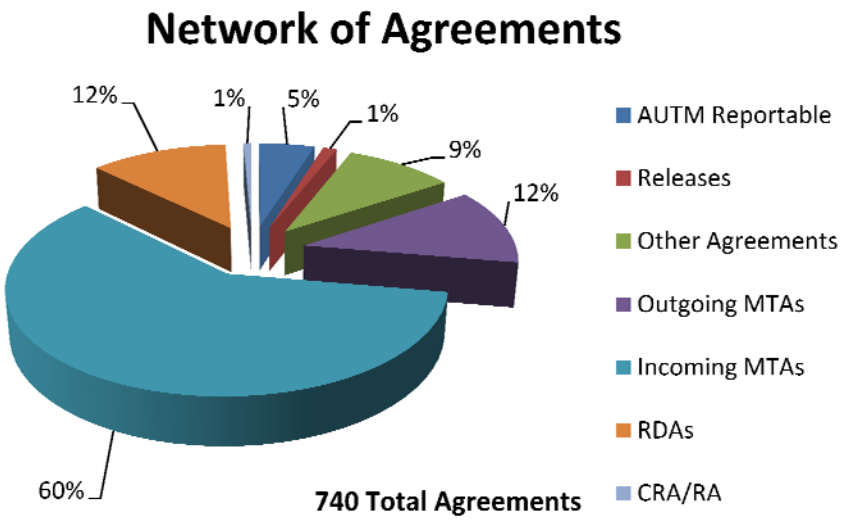
** Return on Patent Expense Investment is equal to the sum of License Revenue, Reimbursed Past Patent Expenses, and Reimbursed Patent Expenses minus the Total Patent Expenses.

*** Revenue received in connection with the monetization of future FTC royalties.

Non-Financial Metrics

Network of Agreements

The pie chart below demonstrates the complex network of agreements that must be executed to protect Emory's intellectual property. A total of 740 contracts were executed in FY09. Quantitatively the largest share of contracts on a numbers basis continues to be MTAs, which govern the use of outside research materials by Emory investigators, followed by RDAs (e.g., confidentiality agreements). AUTM reportable license agreements are reported each year in the AUTM licensing survey. These agreements represent opportunities to get more new products to market and to generate revenue for the University. Thirty-six AUTM reportable agreements were executed this year, the 2nd highest total for the office. The licensees for each of these agreements are listed in a table to follow.



AUTM Reportable Agreements

License Agreements by Type > $1,000

License Category	FY09	FY08	FY07	FY06	FY05
Exclusive Licenses	8	11	13	6	7
Non-exclusive Licenses	24	12	23	14	21
Option Agreements	4	1	4	2	2
Total	36	24	40	22	30

License Agreements by Technology > $1,000

Technology Category	FY09	FY08	FY07	FY06	FY05
Diagnostics	6	2	2	1	1
Drug Discovery	5	0	2	3	2
Medical Device	2	1	3	2	0
Micro & Nano Technology	0	0	0	0	1
Non-Therapeutic Materials	2	0	5	1	3
Research Tools	8	9	14	10	17
Software	6	5	6	0	2
Therapeutics	6	7	7	5	4
Vaccines	1	0	1	0	0
Total	36	24	40	22	30

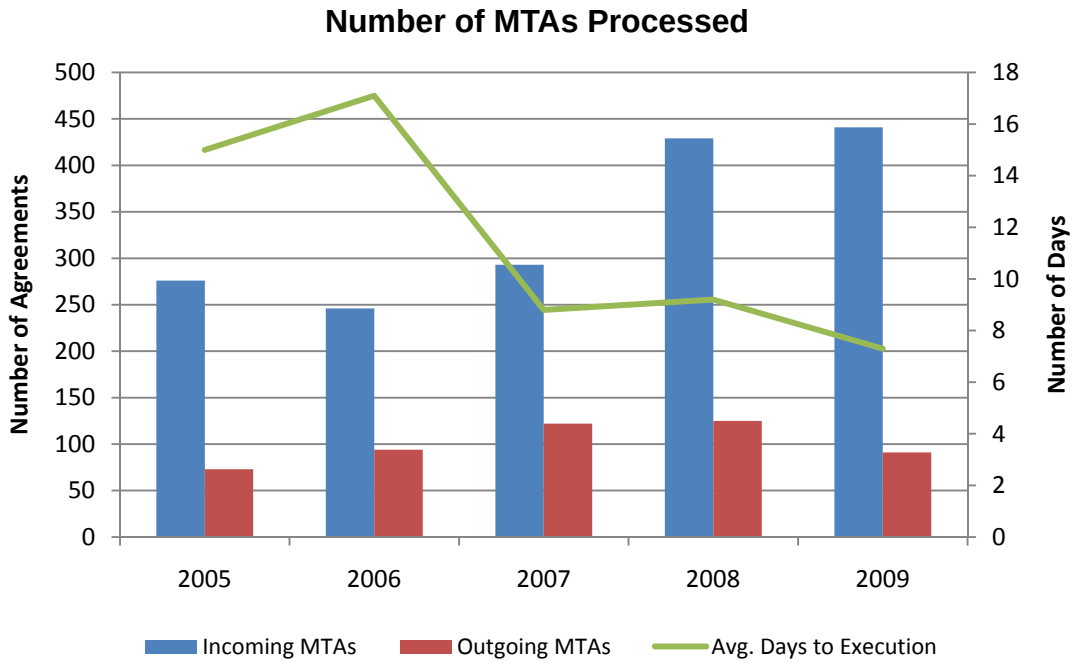
Non-AUTM Reportable Agreements

Agreement Type	FY09	FY08	FY07	FY06	FY05
Other Agreements	71	53	54	34	49
Amendments	13	7	15	12	13
Inter-Institutional Agreements (IIAs)	6	4	8	2	2
In-licenses	1	0	0	0	0
Non-exclusive	1	4	3	2	2
Sub-licenses	0	0	0	5	2
Other, including Assignments, MOU, Promissory Notes, Registration Rights, Royalty Sharing, Service, Stock Purchase, etc.	50	38	28	13	30
Outgoing Material Transfer Agreements	89	120	123	100	132
Incoming Material Transfer Agreements	441	416	287	236	287
Restricted Disclosure Agreements	89	91	108	113	108
Research Agreements (with IP option)	5	8	7	3	9
Release to Inventor Agreements	9	11	13	11	16
Total	704	699	592	497	601

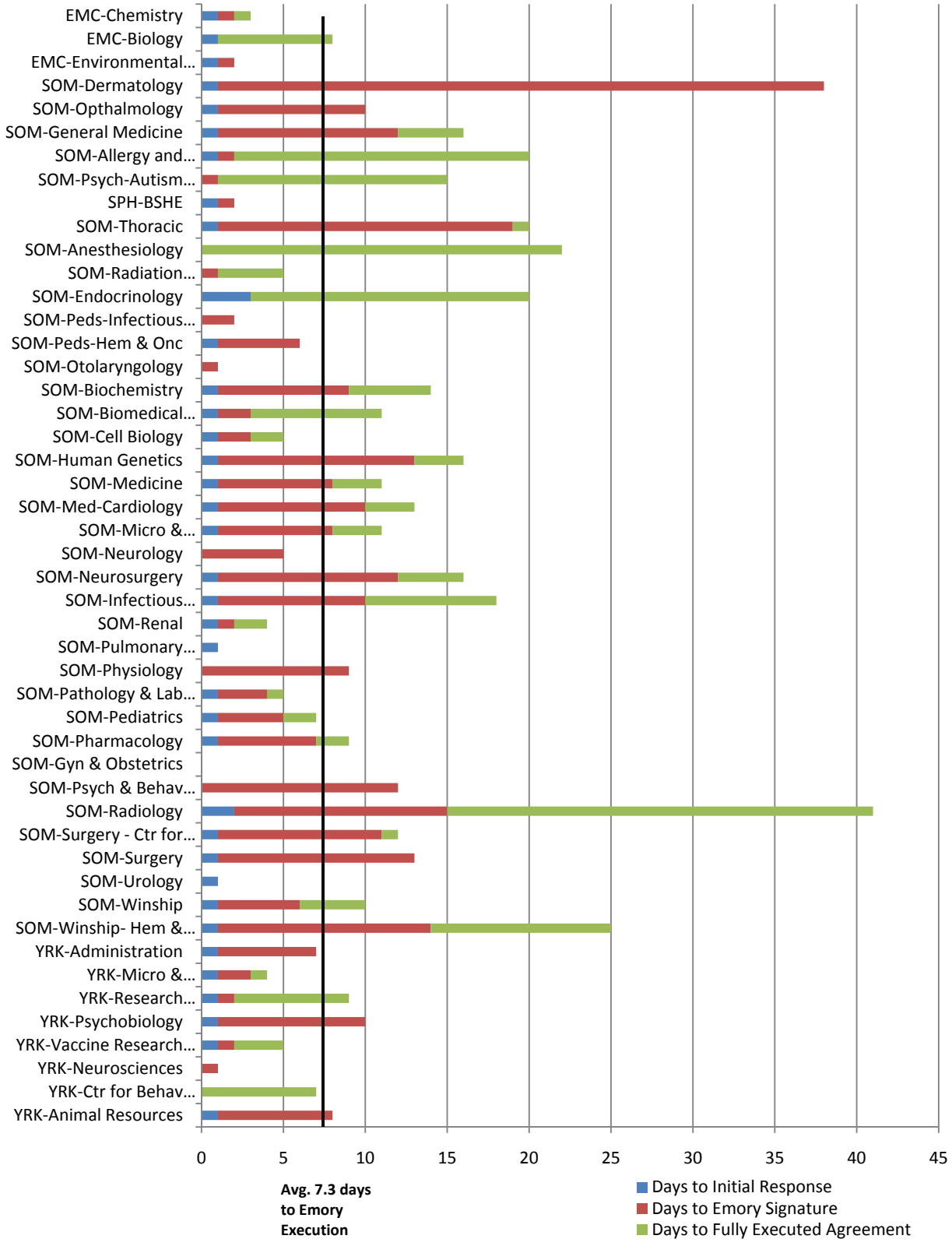
MTA Program

The execution of Material Transfer Agreements (MTAs), which enables the transfer of research materials to and from Emory, continues to be a core service provided by OTT. In FY09, the MTA Team executed a total of 530 agreements. The average internal processing time to execution by Emory for MTAs decreased from 9.2 days in FY08 to 7.3 days in FY09, a reduction of 21%.

Also during FY09, OTT conducted a survey of University faculty members in order to gauge customer satisfaction and learn of new ways to improve customer service. Based on the responses received, OTT implemented a shorter questionnaire and an electronic processing system for most MTAs in order to better serve its customers.

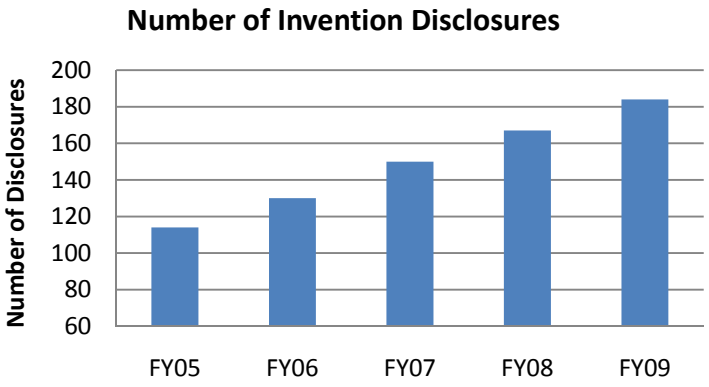


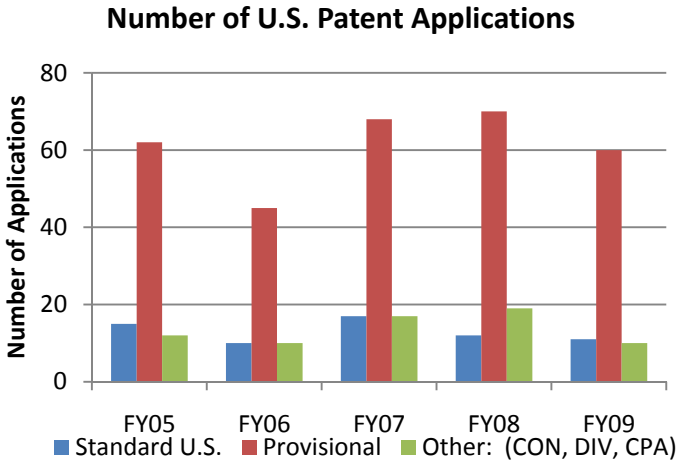
Incoming MTA Turn Around Time by Department

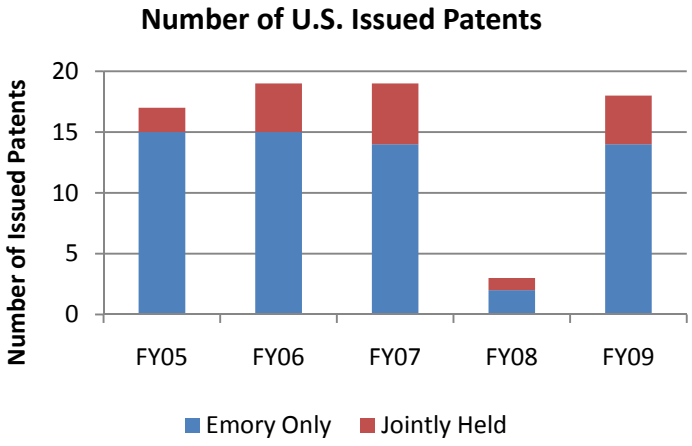


Disclosures and Patents

The number of invention disclosures has been continually rising. A decade ago there were 82 disclosures and this year there was a record high of 184 disclosures. The number of issued patents has been relatively constant over the past decade with an average of 20 issued per year. Patent applications have also been relatively constant over the past decade with an average total number of applications of 89 and an average number of provisional applications of 56.







Statistics by School

The following agreements (identified in particular categories) are associated with researchers in the following schools.

Agreement	SOM	College	SOM and EMC	Public Health	SOM and Yerkes	Yerkes	SON	Other
36 AUTM Reportable Agreements	32	3	0	0	0	1	0	0
9 Releases	8	1	0	0	0	0	0	0
71 Other Agreements	40	14	8	0	0	1	0	8
89 Outgoing MTAs	84	1	0	1	0	3	0	0
441 Incoming MTAs	389	22	0	1	10	19	0	0
89 RDAs	66	12	1	0	1	0	1	8
5 CRA/RA	3	2	0	0	0	0	0	0
740 Agreements	622	55	9	2	11	24	1	16

Patents

18 US Patents issued covering Emory technologies, 14 of which are solely owned by Emory, and 4 of which are jointly owned by Emory and/or an Emory licensee or an Emory research partner. Of these issued patents, 11 are licensed and 1 is released. The creation of the technology embodied in these patents emanated from the various schools as follows:

14	created in the School of Medicine
3	created jointly in the School of Medicine/College
1	created in the College

Disclosures

184 Invention Disclosures were submitted to OTT this year; 9 of these disclosures have been released to the inventors, 11 have become inactive and the remaining 164 are active. The contributors to the technology embodied in these disclosures are located in the following schools:

145	created in the School of Medicine
17	created in Emory College
8	created jointly in the School of Medicine and Emory College
3	created jointly in the School of Medicine and Yerkes Primate Research Center
1	created jointly in the School of Medicine and School of Public Health
2	created in School of Public Health
7	created in Yerkes Primate Research Center
1	created jointly in Academic Admin and the School of Medicine

Start-Up Companies

Inhibikase Therapeutics

Inhibikase Therapeutics (Atlanta, GA) is an early stage company developing a novel strategy for the treatment of bacterial and viral infections. Inhibikase is creating a new class of drug that is simultaneously effective against bacterial and viral infections with nearly equal potency using a common mechanism of action. For many diseases, a single active pharmaceutical ingredient is effective against multiple human pathogens. Inhibikase's compounds work by inhibiting human pathways utilized for reproduction by both bacteria and viruses. Because multiple infectious agent pathways are inhibited, traditional resistance mechanisms are not stimulated. The host immune system remains involved in clearing the infectious agents providing long-term protection against recurrent infection. Inhibikase's compounds, therefore, can act like a therapeutic vaccine, treating the acute infection in real time and establishing long-term memory against future infections. Inhibikase was formed on the basis of intellectual property created in the laboratory of Dr. Daniel Kalman at Emory University and is complemented by other patents licensed from Duke University.