



License Agreement - Frequently Asked Questions

Why was a 10 year license chosen vs. an acquisition?

Both parties determined that this structure was mutually beneficial. For Urologix it enabled us to integrate the product line for a manageable initial payment with the right to acquire the product line in the future.

Don't these technologies largely overlap in patient indications?

As definitive, first-line therapies with proven efficacy and durability they both treat obstructive and symptomatic Benign Prostatic Hyperplasia (BPH) in-office, but each has unique indications which allow treating patients who would otherwise not be indicated for both technologies. This complementary clinical capability expands our treatable patient population by combining two proven therapies under one distribution channel. This provides urologists the options to treat over 98% of BPH patients in their office that don't require a surgical intervention.

How does this help Urologix improve its overall market position?

It expands our treatable patient population and versatility, making us the market leader for in-office treatment for Bladder Outlet Obstruction (BOO) due to BPH. The agreement also allows Urologix to hire the Prostiva sales force which introduces unique talent and geographical coverage. Urologix will also assume responsibility for the current Prostiva customer base—a portion of which that does not currently use CTT. Moreover, it combines two efficacious therapies with proven durability; strengthening our ability to differentiate our portfolio. The Prostiva RF technology also appeals to the urologist that prefers a direct visualization therapy in their product portfolio.

What are your plans to take advantage of this opportunity in the marketplace?

We will expand our sales force to ensure coverage and leverage.

We will broaden our messaging to expand the “Think Outside the Pillbox!” campaign, to highlight the shortcomings of medical therapy.

We will integrate Prostiva into Urologix' direct and mobile distribution channels.

We will expand CTT outside the US by leveraging the OUS Prostiva channels and customer base.

What are your expectations for the agreement?

While a significant positive for Urologix' pro-forma operating results, we believe this is an opportunity to re-energize the market for in-office treatment of obstructive and symptomatic BPH and raise the awareness of urologists and their patients of a non-surgical alternative to chronic BPH drug therapy. This consolidates within one company the established, effective, safe and durable Minimally Invasive Treatments (MITs)—with the versatility to treat “end-to-end” therapeutic indications profile.



What resources are coming over from MDT?

We are integrating their sales force with the Urologix sales force. We are also very interested in the intellectual property surrounding the technology, their clinical data as well as their independent BPH market research.

What is the financial impact of the deal for Urologix?

The agreement is a cash license payment during the first year and annual royalties for 10 years. The structure permits leverage of infrastructure and operating expenses while substantially increasing revenues and establishes what we consider “critical mass” without depleting our cash reserves. The detailed terms of the deal are confidential.

Will you be raising additional cash?

We do not require additional capital for this license agreement. However, to take advantage of the growth opportunity of Urologix’ combined product platform the potential growth accelerant of additional cash resources will be closely evaluated and considered.

How will your guidance to the street change going forward?

We will file an 8-k with pro-formas related to the business combination. Beyond that we will not be providing additional guidance until we are further into the integration process and have a better understanding of the potential of the combined businesses.

Who is covering Urologix today?

We do not have institutional analyst coverage.

What happens after 10 years?

There is an option to purchase the business which can be exercised during the 10 year period. After 10 years the license will terminate.

How many Medtronic employees are becoming Urologix employees?

There are approximately 8 sales professionals working with Prostiva that we intend to integrate.

Will manufacturing be consolidated or moved?

Manufacturing is currently conducted by third party vendors. The primary vendor is one who we already use for our system and whom we have closely evaluated as a part of our due diligence. We will continue to source the product from these vendors pursuant to the respective supply arrangements.

What challenges do you foresee with this agreement?

Our goal is to efficiently and effectively integrate the Prostiva business. We have developed a detailed integration plan in an effort to minimize both customer and employee disruption. We know this market and this business well and we have the infrastructure to leverage the Prostiva product line through our existing call point.