Catapult Corporation:
Providing Investment Capital to Extraordinary Companies Created from UA Research

David N. Allen, PhD, Vice President
DavidA@tla.arizona.edu
520.621.7262
This Presentation

- Overview and clarifying the proposition
- Cat Corp duties and responsibilities
- Cat Corp organizational structure
- Funds flows and uses
- Model assumptions and outcomes
- Summary
Overview of Cat Corp Donation and Investment Proposition

- Provides early capital to the most investable startup companies emanating from UA.
- Companies funded for creation and growth based on:
  - Accomplished inventors
  - Revitalized technology commercialization operation
  - New technology maturation (POC) programs
  - Robust entrepreneurial support networks
  - Experienced corporate board
  - Growing student entrepreneurship
  - Additional factors
Overview of Cat Corp Donation and Investment Proposition

• “Evergreen” feature will enable the UA to:
  – Attain and maintain the position as a top university for the creation and growth of startup companies
  – Provide extraordinary philanthropic opportunities for participating donors

• The Brown Foundation has made a $2.5M contribution contingent on an equal match

• **Full capitalization at $10M**
## Performance Comparison of 18-month Periods

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Invention Disclosures</strong></td>
<td>218</td>
<td>313</td>
</tr>
<tr>
<td><strong>US Patents Filed</strong></td>
<td>226</td>
<td>250</td>
</tr>
<tr>
<td><strong>US Patents Issued</strong></td>
<td>36</td>
<td>43</td>
</tr>
<tr>
<td><strong>Agreements - Exclusive / Option</strong></td>
<td>39</td>
<td>52</td>
</tr>
<tr>
<td><strong>Agreements - Total</strong></td>
<td>74</td>
<td>110</td>
</tr>
<tr>
<td><strong>Startups</strong></td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td><strong>Royalties</strong></td>
<td>$1,451,866</td>
<td>$1,906,405</td>
</tr>
<tr>
<td><strong>Warrants/Other</strong></td>
<td>$0</td>
<td>$2,320,491</td>
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<tr>
<td><strong>Patent Reimbursements</strong></td>
<td>$739,686</td>
<td>$869,887</td>
</tr>
<tr>
<td><strong>IP Income - Total</strong></td>
<td>$2,191,552</td>
<td>$5,096,783</td>
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Cat Corp Responsibilities

- Seed funding for the top 4 to 5 companies per year by providing convertible debt seed financing alongside other qualified investors

- For approximately half of the above group, provide follow-on “A round” funding along side other professional investors

- For approximately one half of the A round funded companies, provide financing for an additional round
Cat Corp Board Organization

- 501(c)(3) non-profit corporation with a seven-director board

3 Designated Directors, Appointed by UA President

- David Allen, Vice President, TLA
- Jeff Goldberg, Dean, College of Engineering
- Jeremy Woan, Chairman and CEO, CyraCom International Inc., Tucson

4 Non-University/At-Large Directors

- Jeff Jacob, CEO of Cancer Prevention Therapeutics, Tucson
- Harry George, former VC, Tucson
- Sherman Chu, Partner, Grayhawk VC, Phoenix
- Brian Wallace, Managing Director, Access Venture Partners, Denver
Funds Flow from Donor Contribution to UA Distribution

• Cat Corp operations:
  • $\frac{1}{2}$ supported by TLA: technical review, legal expenses, D&O insurance, financial management and audit costs.
  • $\frac{1}{2}$ provided by the uncommitted capital held by UAF

• ~50 companies will be funded in the first 10 years
Investment Decisions and Process

- All investments by Cat Corp will be based upon larger investments (co-investments) made by professional investors.
- On average, investments in seed rounds will be $175k-$300k for follow-on rounds.

TLA and co-investors provide investment diligence analysis.

Board receives a business plan and company management presents the investment opportunity.

Board votes on the term sheet and upon approval, delegate to the Executive Committee the authority to review the details of the final investment offer, and execute documents and transfer funds.
Model Assumptions

- **Seed investments:** $150k to $200k at four per year.
- **Series A funding:** Given to ½ of companies two years after the seed investment, at the $300k level.
- **Follow-on investments:** For any given yearly Series A cohort, two years after that investment, ½ receive follow-on investments of $300k.
- **Further input:** Three of UA’s existing licensees receive $300k for their later stage financial rounds.
- **Yearly investments:** After the first four years these range from an annual high of $2.1M to a low of $1.8M.
Risk Minimization

- TLA expertise: IP, capitalization table, inventor’s involvement, license arrangements and the executive team (less so for the application and market.)
- Only top investments will be pursued, and total investment is limited.
- Co-investing with experienced “smart money” investors who lead the financial syndication.
- Experience of the Cat Corp Board.
- If Cat Corp is terminated, any ownership interest in the companies would be assigned to UAF, and UAF would be entitled to retain the donor contributions and distribute funds per defined donor intent.
- For a donor the downside is low and would be similar to any other donation made to the University, but the upside is significant.
Conventional Seed Fund Compared to Cat Corp

Conventional Seed Fund

- GPs raise capital
- GPs source and filter deals
- GPs conduct due diligence
- GPs select investments
- GPs price deals
- GPs identify management
- GPs decide when to liquidate

Cat Corp

- TLA and UA Foundation role
- All deals from UA and vetted by TLA
- All deals syndicated, due diligence shared
- Experienced Board
- No separate pricing, either convertible debt or syndicated
- Management sourced through entrepreneurial networks or comes with deal
- Experienced Board
Summary of the Proposed Cat Corp Approach

• Great science/technology created by world-class UA inventors.
• Two types of investment opportunities (start-up and follow-on) with well defined investment criteria.
• All investments require capital participation by experienced investors.
• Company investment minimum of $100k, maximum of $750k per company.
• Reasonably conservative model of exit percentages and return multiples.
• Experienced and low-cost management with experienced Board and timely investment process.
• Compelling UA philanthropic opportunity for donors.
• $10M raise, operations could begin at $5M.
• TLA adds value:

  - Manages IP protection
  - Creates high-volume deal flow
  - Adds value to IP through a POC program
  - Attracts advisors and serial entrepreneurs
  - Creates a supportive entrepreneurial environment
Comments & Questions

David N. Allen  
Vice President  
Tech Launch Arizona  

DavidA@TLA.Arizona.edu  
520.621-7262