

Corporate Activity – Mergers and Acquisitions

In this section we bring you a summary of corporate transactions in the pharmaceutical and diagnostic industries. For your convenience, the transactions are listed in alphabetical order within each category. If you are seeking information about a specific company, the quickest method of locating it is to search this issue's company index (p33).

Impending mergers and acquisitions

Actavis Group, an international generic pharmaceuticals company headquartered in Iceland, is to acquire **Amide Pharmaceutical**, a privately owned US generic pharmaceuticals company. The deal will see Actavis acquire Amide for an initial gross consideration of \$US500 million in cash with up to an additional \$US100 million payable over two years subject to performance. The deal brings together two premier generics companies with complementary strengths in Europe and the US and represents a significant milestone in Actavis' plans to become one of the leading global companies within the sector. The combined company will have one of the broadest portfolios in the generics sector with over 500 products on the market and minimal overlap between the respective products. It will also have 136 products in its in-house development and is expected to file at least 15 Abbreviated New Drug Applications (ANDAs) in 2005. Actavis has a website at <http://www.actavis.com/>.

Affymetrix of Santa Clara, CA, has entered into a definitive agreement to acquire **ParAllele BioScience**, a privately held South San Francisco-based company that provides assay technology for comprehensive genetic studies. Initially applied to genotyping, these highly flexible assays have the potential to be used in a broad variety of microarray applications. When used with Affymetrix's GeneChip® technology, ParAllele's proprietary assay effectively gives researchers a powerful 'molecular microscope' for examining the entire genome. The acquisition builds on a 2-year collaboration between the companies. By acquiring ParAllele, Affymetrix expects to strengthen its assay R&D capabilities, accelerate its development and commercialization of new products, and drive sales by opening new market opportunities. Further information is available at <http://www.affymetrix.com/> and at <http://www.parallelebio.com/>.

Agilent Technologies of Palo Alto, CA, and privately held **Scientific Software** (SSI) of Pleasanton, CA, have signed a definitive merger agreement for Agilent to acquire SSI, a leading provider of scientific information

management solutions. The acquisition would bring together Agilent's analytical instrumentation, data systems and services with SSI's strong position in chromatographic data systems and informatics. At closing, Agilent would have one of the largest installed bases of chromatographic data systems, with more than 120 000 installations, and one of the broadest portfolios of laboratory informatics software in the life science and chemical industries. The company has a website at <http://www.agilent.com/>.

Australian company **Bionomics** has agreed to acquire drug-discovery company **Iliad Chemicals** of Melbourne, Australia, for \$A9 million in Bionomics scrip, with a potential further \$A3 million milestone payment in Bionomics scrip if a current Iliad development product achieves an agreed clinical or commercial milestone. Iliad uses its proprietary MultiCore® synthetic chemistry technology platform to discover and optimize new drugs, focusing on CNS disorders and cancer. The combination of Bionomics' expertise in targeting angiogenesis (growth of new blood vessels) and Iliad's molecules targeting existing blood vessels is expected by Bionomics' to result in a comprehensive and complementary approach to develop new cancer treatments. Further information is available at <http://www.bionomics.com.au/>.

Cephalon of Frazer, PA, has signed a definitive merger agreement to acquire **Salmedix** of San Diego, CA, for approximately \$US160 million cash; the company is required to pay an additional \$US40 million of cash payments upon the achievement of certain regulatory milestones. The merger is expected to close in Q2, after which Salmedix will become a wholly owned subsidiary of Cephalon. Salmedix is primarily focused on developing compounds for the treatment of hematologic malignancies. Salmedix's most advanced product Treanda™ (bendamustine hydrochloride) is currently in phase II clinical trials in the US and Canada for the treatment of indolent (slowly progressing) non-Hodgkin's lymphoma (NHL). Bendamustine hydrochloride is currently marketed in Germany by a third party for the treatment of NHL, chronic lymphocytic leukemia, multiple myeloma, metastatic breast cancer and other solid tumors. Further information is available at <http://www.cephalon.com/>.

Canadian company **Chromos Molecular Systems** has entered into a Letter of Intent to acquire **Targeted Molecules** (TMC), a privately held San Diego-based biotechnology company focused on the research and development of two antibody product candidates for treatment of multiple sclerosis and acute thrombosis. Both

of TMC's selective adhesion molecule inhibitors (SAMIs) have extensive preclinical validation including comparisons with molecules that have achieved successful results in clinical trials. The transaction is anticipated to close in July 2005. Chromos has a website at <http://www.chromos.com/>.

Invitrogen of Carlsbad, CA, has signed a definitive agreement to acquire privately held immunological assay manufacturer **Caltag Laboratories** of Burlingame, CA, in a cash transaction totaling \$US20 million. Caltag develops, manufactures and markets antibodies and reagents to biotechnology and pharmaceutical companies, private and university hospitals and research laboratories. The transaction is expected to close by the end of Q2 2005. The companies have websites at <http://www.invitrogen.com/> and <http://www.caltag.com/>.

Medeorex of New York City, NY, has signed a term sheet to acquire privately held **CardioGenics** of Toronto, Canada. The transaction is expected to close by end-June. The acquisition will be completed through a merger between CardioGenics and a to-be-formed wholly owned Ontario subsidiary of Medeorex, pursuant to which Medeorex will issue shares of its common stock to the shareholders of CardioGenics. CardioGenics is a biotechnology company dedicated to the development of superior products for the *in vitro* diagnostics testing market and has developed several proprietary technologies. CardioGenics is presently in the process of completing the initial commercialization and launch of the company's patented core technology.

Netherlands-based **QIAGEN** has entered into a definitive agreement to acquire the German biotech **artus**. Under the terms of the agreement, QIAGEN will pay approximately \$US39.2 million in cash in exchange for all of the outstanding capital stock of artus. The biotechnology company specializes in the development, production and sale of diagnostic kits based on modern DNA analytical procedures. The main focus of these detection procedures is PCR and real-time PCR technology. artus' product portfolio and technology platform generates exciting technology synergies with QIAGEN's preanalytical solutions for nucleic acids and QIAGEN's research market-targeted PCR consumables portfolio. QIAGEN's preanalytical sample preparation solutions are already an integral part of most of artus' diagnostic assays, reflecting a long-standing partnership between both companies. artus' portfolio spans over 60 assays including 30 CE marked assays for detection of a variety of viral and bacterial pathogens such as SARS, herpes simplex virus, Epstein-Barr virus, West Nile virus, malaria and Salmonella. Further information can be found

at <http://www.qiagen.com/> and at <http://www.artus-biotech.com/>.

Sankyo and **Daiichi Pharmaceutical**, both headquartered in Tokyo, Japan, have signed a definitive agreement on the integration of the two companies through the establishment of a joint holding company to be named Daiichi Sankyo. The integration will take place in a two-stage process. First, a joint-holding company will be created through a stock transfer on September 28, 2005, at the transfer ratio of one Sankyo share to one holding company share, and one Daiichi share to 1.159 holding company shares. Upon completion of the stock transfer, Sankyo and Daiichi will become wholly owned subsidiaries of the holding company. An integration committee will be established within the holding company to accelerate the business integration, and priority will be placed on combining the prescription pharmaceuticals businesses of both companies into Daiichi Sankyo by April 2007. Further information is available at <http://www.sankyo.co.jp/>.

VioQuest Pharmaceuticals of Monmouth Junction, NJ, has signed a nonbinding letter of intent to complete a merger transaction with **Greenwich Therapeutics**, a privately held New York-based biotechnology company focused on the development of novel compounds with broad therapeutic applications in oncology. In the proposed merger, VioQuest would acquire two anticancer agents – sodium stibogluconate (SSG) and API-2. As a result of the proposed merger, the stockholders of Greenwich Therapeutics will receive up to approximately 47% of VioQuest on a fully diluted, postmerger basis. Approximately one-half of the additional equity will be set aside in escrow, and will only be released incrementally upon the achievement of certain clinical milestones relating to phase I and phase II clinical studies for each compound. Further information is available at <http://www.vioquestpharm.com/>.

Other impending transactions

Dainihon Jochugiku (Kincho) and **Sumitomo Pharmaceuticals** have reached a basic agreement on the transfer of Sumitomo Pharmaceuticals Healthcare (SPH) to Kincho. Specifically, Kincho will acquire all shares in SPH, which will become a wholly owned subsidiary of Kincho. The deal is expected to be completed by the end of Q3. Through these means, Kincho will make a full entry into the field of over-the-counter drugs while Sumitomo Pharmaceuticals aims to focus on its ethical drug business.

As part of a strategic review and evaluation of its core activities, **PLIVA** of Zagreb, Croatia, has decided to exit

the proprietary segment and focus operations on its generics business. PLIVA has achieved a key part of this objective by signing an agreement to divest **Sanctura of Odyssey Pharmaceuticals** (PLIVA's US branded subsidiary) to a privately held company for a total consideration of up to \$US140 million. The agreement calls for an up-front payment of \$US45 million as well as additional contingent payments of up to \$US95 million upon the achievement of commercial sales milestones. The divestment is expected to close by the end of Q2. The company has a website at <http://www.pliva.com/>.

Completed mergers and acquisitions

UK-based **Acambis** has acquired a US-based fill/finish facility from **BioReliance** of Rockville, MD, a wholly owned subsidiary of **Invitrogen**. Acambis has paid \$US3 million up front and will pay a further \$US4.5 million in 12 equal installments between 2006 and 2017. With the acquisition, Acambis intends to develop a commercial-scale fill/finish capability suitable for many of the vaccines in its development pipeline, which includes the ACAM2000 and MVA3000 smallpox vaccines, ChimeriVax-JE, ChimeriVax-West Nile and *C. difficile*. This acquisition fits with Acambis' strategy of creating a complete internal supply chain with the objective of enabling it to take a vaccine from development to market. Having a capability located entirely in the US is critical to enabling Acambis to provide support for the US government's wide-ranging biodefense and other preparedness initiatives. Worldwide, there is a very limited capacity for fill/finish of live, viral vaccines. Acambis has a website at <http://www.acambis.com/>.

German biotech company **BioVisioN** has sold its spin-off **ImVisioN** to the Swiss-based life science investment firm **Nextech Venture**. ImVisioN focuses on the development of novel immunotherapeutics based on its proprietary MAT (Modular-Antigen-Transport) technology to treat allergic diseases, (chronic) infectious diseases and possibly cancer. The technology was developed by BioVisioN and the Swiss Institute of Allergy and Asthma Research (SIAF). This new immunization concept is based on an improved antigen presentation within the immune system. The company's lead product IVN201, an immunotherapeutic to treat cat dander allergy, is currently undergoing late preclinical development and is expected to enter clinical trials early 2006. Further information is available at <http://www.peptidomics.com/> or <http://www.nextechventure.com/>.

Magellan Biosciences of Chelmsford, MA, has acquired **TekCel** of Hopkinton, MA, a company focused on developing sample-management and assay-automation

systems for biomedical research. Magellan is a leading provider of advanced instruments, automated systems, point-of-care products, and consumables for biomedical research and clinical diagnostics worldwide. The company has a website at <http://www.magellanbio.com/>.

QuatRx Pharmaceuticals of Ann Arbor, MI, has merged with **Hormos Medical**, a biopharmaceutical company based in Turku, Finland. Under the terms of the transaction, Hormos will become a wholly owned subsidiary of QuatRx. QuatRx's product pipeline includes two candidates positioned to enter phase III clinical trials, two development programs positioned to enter phase III trials in the next year, a candidate positioned to enter phase I studies, and an expanded portfolio of earlier stage programs. The merger with Hormos has added two clinical-stage compounds to the pipeline. Ospemifene, a selective estrogen receptor modulator (SERM) for the treatment of conditions and symptoms associated with declining estrogen levels in postmenopausal women, is positioned to enter phase III studies. Fispemifene is a therapeutic agent for the treatment of androgen deficiency and associated conditions in aging men. QuatRx plans to initiate phase II studies for fispemifene in 2005. Further information is available at <http://www.quatrx.com/>.

Rexahn of Rockville, MD, is now a publicly traded company after completing a merger transaction with Corporate Roadshow.Com, a publicly-held company based in New York; the combined corporation is named **Rexahn Pharmaceuticals**. Rexahn is a biopharmaceutical company focusing on signal inhibitor therapies for cancer and novel therapies for central nervous system diseases. The company's lead drug candidate RX-0201, currently in phase I clinical trials, is a first-in-class signal inhibitor that directly inhibits the production of Akt, a protein kinase that plays a key role in cancer progression. The US FDA has granted orphan drug designation for RX-0201 for the treatment of ovarian cancer, renal cell carcinoma, glioblastoma, stomach cancer, and pancreatic cancer. Additional information is available at <http://www.rexahn.com/>.

West Pharmaceutical Services of Lionville, PA, has completed the acquisition of **The Tech Group** of Scottsdale, AZ, paying \$US140 million in cash. West Pharmaceutical manufactures components and systems for injectable drug delivery. Further information is available at <http://www.westpharma.com/>.

YM BioSciences has completed the purchase of **DELEX Therapeutics**, a private clinical-stage biotechnology company developing inhalation delivered fentanyl products to treat cancer pain. Through this acquisition, DELEX becomes a wholly owned subsidiary

of YM BioSciences; both companies are based in Ontario, Canada. The acquisition significantly enhances the company's portfolio of late-stage cancer-focused products. DELEX's lead product is AeroLEF™, a proprietary technology for the treatment of acute and breakthrough pain that has completed preliminary efficacy trials and will undergo further phase II efficacy trials in 2005. AeroLEF targets the approximately \$US3 billion market for fentanyl-based products. The company has a website at <http://www.ymbiosciences.com/>.

Other completed transactions

CombiMatrix of Mukilteo, WA, has formed a wholly owned subsidiary, **CombiMatrix Molecular Diagnostics**, to take advantage of CombiMatrix's unique approach to microarray-based diagnostics. Further information is available at <http://www.combimatrix.com/>.

Genizon BioSciences, a Montreal-based gene and drug-target discovery company, has acquired the majority of the assets and staff of Sweden-based **Global Genomics**. Through this transaction, Genizon has gained access to a novel sequencing technology, five related patents/patent applications and proprietary algorithms for data analysis. Genizon will use the technology to identify disease-causing mutations at gene locations identified in whole-genome association studies. The company has a website at <http://www.gallileogenomics.com/> (the company changed its name to Genizon in December 2004).

Name changes

Australian Cancer Technology of Sydney, Australia has changed the company's name to **Avantogen**.

[Unsupported Character]This name change symbolizes the beginning of a new, exciting era in our company's history, following a concentrated period of technology acquisitions and restructuring[Unsupported Character], explained company CEO Dr Leonard Firestone. Avantogen has plans to relocate to the US biotech marketplace. Further information is available at <http://www.avantogen.com/>.

NanoCure of Ann Arbor, MI, has made a name change to **Avidimer Therapeutics**. The new name reflects the company's focus on cell-specific targeting of therapeutics and diagnostics through the use of novel branch-like polymers known as dendrimers, which avidly target diseased cells and have the potential to diagnose and treat cancer and other diseases more effectively and completely than current diagnostics and therapeutics. The company has a website at <http://www.avidimer.com/>.

Organic Soils.com has changed its name to **Inhibiton Therapeutics** after completing the acquisition of **Inhibitex Therapeutics** in a tax-free share exchange. Inhibiton is a nominally capitalized development-stage company focused on biotechnology research, development and potential commercialization of technologies and products for new cancer therapeutic agents and cancer-fighting drugs called targeted therapies. The initial focus of the company's research is a protocol to investigate the effect of PKC isozymes on the regulation of brain cancer cells, which Inhibiton has been funding since October 2004.

Reata Discovery of Dallas, TX, has changed in its name to **Reata Pharmaceuticals** to reflect the clinical status of its drug-development programs. The company has a website at <http://www.reatapharma.com/>.