

Lilly, Applied Molecular announce merger

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Eli Lilly and Company and Applied Molecular Evolution Inc. have mutually agreed to AME's merger into Lilly. The boards of directors of Lilly and AME have given their approval to the transaction, which is subject to approval of AME shareholders, clearance under the Hart-Scott-Rodino Anti-Trust Improvements Act and certain other closing conditions. "We believe that the combination of Lilly's therapeutic area discovery and medical expertise and AME's industry-leading protein optimization technology will enhance our stature as a world leader in biotechnology products," said Steven M Paul, MD, executive vice president, science and technology for Lilly. "Lilly is an ideal strategic fit for AME. Our combination with Lilly will leverage the protein therapeutic optimization and development capabilities that we have created and provides a very substantial return over the past year to our shareholders," said William D Huse, MD, chief executive officer and chairman for AME.

AME, located in San Diego, will retain its name but become a wholly owned subsidiary of Lilly and integrate with Lilly's research organization. Under the terms of the agreement, AME shareholders will receive \$18 for each outstanding AME share at closing. AME shareholders may elect to receive the \$18 in cash or shares of Lilly common stock based on the closing price of Lilly stock on the closing date, subject to proration such that the total purchase price paid by Lilly is 80 percent stock and 20 percent cash. The value of the transaction as of the anticipated closing date is expected to be approximately \$400 million, net of cash. The transaction is expected to close in the first quarter of 2004. AME is a leader in applying directed molecular evolution to improve healthcare by optimizing and developing human biotherapeutics.

Steven M Paul, MD,
Executive Vice
President, Science
and Technology for
Lilly

Peptor, Develogen intend to merge

Peptor Ltd., a biopharmaceutical company engaged in discovery and development of immunotherapeutic drugs to treat diabetes and other autoimmune diseases, and DeveloGen AG, a biology-driven drug discovery company developing novel therapies for diabetes and obesity, announced that the boards of both companies agreed on terms to merge their businesses. In this merger of equals, the shareholders will receive a share for share offer. The merged company will have its headquarters in Germany and will be known as DeveloGen AG. The company will keep the R&D operation of Peptor in Israel and maintain the professional team for future preclinical and clinical development.

In conjunction, the companies announced a third round of financing. The investment is led by Techno Venture Management (TVM) and includes investors such as Nomura, DVC Deutsche Venture Capital, Global Life Science Ventures and Dansk Kapital Anlaeg.

Guenther Karmann, CEO of the merged company, commented: "This is a marriage of two highly complementary sets of assets and skills. Peptor's diabetes focussed clinical pipeline is perfectly complemented by an innovative and productive discovery machine focused on metabolic disease. This gives us an advanced and sustainable flow of clinical candidates. Further, combining clinical expertise with world leading biological understanding of the mechanisms underlying metabolic diseases makes the combination a powerhouse of intellectual capital." Helmut Schuehler, managing partner of TVM, added: "Companies with sustainable clinical pipelines, world leading science and a clear disease focus which are supported by strong management will be the best IPO candidates. With this merger, we are building such a company which will be one of the leaders among private biotechnology companies in Europe."

Biotech raises more cash in 2003

According to Ernst & Young biotech companies worldwide have raised some \$11.9 billion in the first nine months of the year. Major part of it has been in the US, already exceeding the \$10.5 billion in the whole of last year. Since September, seven US companies went public, raising around \$500 million. Venture capital funding in Europe however was down by half with investors wary of investing in the sector. The IPOs in Europe could open by mid-2004 in Europe. Globally, about 17 biotech drugs have got the nod from the US Food and Drug Administration by July, compared to 20 the whole of last year.

Genome Therapeutics, Genesoft in definitive merger agreement

Genome Therapeutics and Genesoft Pharmaceuticals, a privately-held pharmaceutical company, have entered into a definitive agreement to merge in an all-stock transaction. Pending successful completion of the merger, Genome Therapeutics and Genesoft will become a leading, integrated biopharmaceutical company focused on the commercialization and development of new anti-infective therapeutics. The merged company will focus on the 2004 launch of FACTIVE (gemifloxacin mesylate tablets), which received FDA approval for two indications this year, the Ramoplanin clinical development program and the maturation of the companies' earlier stage assets. The combined company will be known as Genome Therapeutics.

Steven M Rauscher, chairman and CEO of Genome Therapeutics, who will serve as president and CEO of the new company, stated, "Merging with Genesoft is a transforming event for our company, as we will immediately realize our goal of becoming a biopharmaceutical company with a high-profile product and a complementary near-term product candidate in late-stage clinical trials. Initially, we will be focusing our efforts on ensuring the successful launch of FACTIVE to coincide with next year's respiratory tract infections season, thus positioning the company as a key participant in the commercialization of anti-infective therapeutics."

The board of directors at both the organizations has unanimously approved the merger agreement. As per it, Genome Therapeutics will issue approximately 28 million shares of Genome Therapeutics common stock to the existing security holders of Genesoft, and assume debt of \$24 million. The transaction is expected to qualify as a "tax-free" reorganization for federal income tax purposes.

Xenova offers to raise £21.1 million

Xenova Group PLC, the UK-based bio-pharmaceutical group, which focuses on the therapeutic areas of cancer and immune system disorders, announced that it proposes to raise approximately £21.1million through a UK Placing, a US Private Placement and an Open Offer of 18,760,169 units, comprising an aggregate of 187,601,690 offer shares and 56,280,507 warrants, at a price of 112.5p per unit (each unit comprising 10 offer shares and 3 warrants), and to reorganize its share capital.

David Oxlade, chief executive officer of Xenova commented: "We are delighted with the strong support received from both existing and new shareholders and are particularly pleased to see a significant participation by US investors in the issue. Xenova has a broad pipeline of products in clinical development and partnerships with a number of significant pharmaceutical companies. With these funds, we now have the required capital to fund the first phase III trial of TransMID and to progress the development of the company's later stage programmes."

Lorantis gets \$42 million in new financing led by Apax Partners

Lorantis, an immunology drug discovery and development company, announced the closing of a £25 (\$42) million series C private financing round led by Funds advised by Apax Partners. Apax Partners Funds were joined in this financing round by existing investors Abingworth Management, JP Morgan Partners, Quester Capital Management, Schroder Ventures, The Wellcome Trust and funds managed by Fleming Family and Partners. "The closing of this financing round is a significant milestone for Lorantis. It gives Lorantis the substantial resources we need to move our products into clinical development and establish the key clinical milestones, which will underpin the future value of the company. We are delighted that such a high quality group of life sciences investors recognize the enormous opportunity that Lorantis offers," said Dr Mark Bodmer, CEO of Lorantis.

Dr Mark Bodmer, CEO of Lorantis

Lorantis has discovered a fundamental immune mechanism, by which the immune response to any disease-causing antigen may be suppressed while the vital normal function of the immune system as a whole is preserved. The company is developing a pipeline of protein and DNA therapeutics for the treatment of immune disorders using its proprietary Antigen-Specific Therapy (ASPECT) platforms. This new class of targeted medicines has the potential to transform the treatment of a broad range of major immunological disorders, including allergy, autoimmune disease and transplant rejection.

Adolor Corp. announces closing of equity offering

Adolor Corporation announced that it has completed the sale of 6,900,000 shares of common stock at a public offering of \$17.25 per share. This amount includes the exercise of the underwriters' option to purchase 900,000 shares to cover over-allotment. The gross proceeds from the offering were approximately \$119 million. Adolor is a biopharmaceutical company specializing in the discovery, development and commercialization of prescription pain management products. Entereg (alvimopan), Adolor's lead product candidate, is being developed to manage postoperative ileus, the gastrointestinal side effect which can affect millions of patients following many types of surgery. Adolor's next product candidate is a sterile lidocaine patch in clinical development for treating postoperative incisional pain. Adolor also has a number of discovery research programs focused on the identification of novel compounds for the treatment of pain.

Keryx raises \$15 million in private equity transaction

Keryx Biopharmaceuticals Inc., a biopharmaceutical company focused on the acquisition, development and commercialization of novel pharmaceutical products for the treatment of life-threatening diseases, including diabetes and cancer, announced that it has entered into definitive agreements with several institutional investors relating to a private placement of approximately \$15 million in gross proceeds through the issuance of common stock and warrants. Michael S Weiss, chairman and CEO, Keryx, stated, "We are very pleased to have consummated this financing with some of the highest-quality investors in the biotechnology sector. We believe that this serves as strong validation of the promise of KRX-101 and the company. Following this offering, we will have approximately \$34 million in cash and cash equivalents, which should carry us well into 2006. The additional funds will not only provide us with capital to support our current and planned clinical programs for KRX-101, but also with added flexibility in our in-licensing and product acquisition program as we aim to build out our pipeline with additional clinical-stage drug candidates."

Keryx sold a total of approximately 3.5 million shares in the transaction at \$4.25 per share. It is developing KRX-101 (sulodexide), a novel first-in-class oral heparinoid compound, for the treatment of diabetic nephropathy, for which Keryx is

currently conducting its US-based Phase II/III clinical program. Keryx also has an active in-licensing program designed to identify and acquire clinical-stage drug candidates. Additionally, Keryx is seeking partners for its KinAce drug discovery technology and related products.

Washington University launches a \$300 million biomedical program

Washington University and its School of Medicine announced they will spend more than \$300 million to rapidly bring the new knowledge of the human genetic blueprint to the patient's bedside and to change how illnesses ranging from diabetes to Alzheimer's disease to various cancers are understood, diagnosed and successfully treated. This new strategic research initiative is called BioMed 21, a reference to its potential to redefine how biomedical research will be conducted and medicine will be practiced as the 21st century unfolds. The program will include faculty from the University's Schools of Medicine, Engineering and Arts and Sciences. A positive step toward making St. Louis a biotech powerhouse, BioMed 21 will be supported through gifts, federal research grants and internal resources. The announcement was made by Chancellor Mark S. Wrighton and by Larry J. Shapiro, MD, dean of the School of Medicine and executive vice chancellor for medical affairs. They said more than \$200 million in endowment, construction and programmatic funding had already been committed in support of

BioMed 21
Chancellor Mark S.
Wrighton, Washington
University

As part of BioMed 21's unveiling, the University announced that the School of Medicine's Genome Sequencing Center, under the direction of Richard K. Wilson, PhD, will receive new funding totaling more than \$130 million over three years from the federal government's National Human Genome Research Institute (NHGRI). The funding is part of the next generation of national, large-scale gene-sequencing projects, designed to decipher the genetic code of nonhuman species and, through comparison with the human genome, shed light on the complex interactions between genes that regulate normal or disease processes in humans, as well as the origins of the diverse forms of life that inhabit our planet.

Introgen to raise \$20 million

Introgen Therapeutics announced an offering of approximately 2.86 million shares of its common stock at \$7 per share. Subject to customary closing conditions, Introgen will receive gross proceeds of approximately \$20 million. SG Cowen Securities Corporation acted as managing placement agent for the offering. Introgen anticipates using the net proceeds from the offering primarily for working capital purposes and other general corporate purposes, including the development of Advexin and INGN 241, Introgen's anti-cancer product candidates which are in phase 3 and 2 clinical trials, respectively.

According to Tom Finnegan, Introgen's vice president of finance and corporate development, the additional resources will strengthen company's balance sheet at a time when it is discussing marketing partnerships for Advexin therapy, preparing to file a Biologics License Application for Advexin with the FDA, and advancing the development of anti-cancer products. Introgen's Advexin therapy is designed to induce therapeutic protein expression using non-integrating gene agents for the treatment of cancer and other diseases.

Alchemia launches \$21 million IPO

Alchemia announced it has lodged a prospectus with the Australian Securities and Investments Commission for a \$21 million public offering and to seek a listing on the Australian Stock Exchange.

Alchemia is an Australian biotechnology company dedicated to the development of new therapeutics and specialty pharmaceuticals, using a unique proprietary carbohydrate-based technology.

Under the Offer, Alchemia will issue 30.0 million new shares at an issue price of \$0.70 each to raise \$21 million, bringing the total shares on issue to 100 million. Upon completion of the Offer and subsequent listing on the ASX, Alchemia is expected to have a market capitalization of approximately \$70 million.

Alchemia's chairman, Mel Bridges said, "Alchemia has developed and applied to patent a process for the manufacture of a generic form of Arixtra, a synthetic heparin, used to prevent the formation of blood clots. The heparin family of anticoagulants, including synthetic heparin, had sales exceeding \$3 billion in 2002.

Intercell AG closes financing round at \$50 million

Intercell AG, a privately-held Austrian-based vaccine company, announced the second closing of a Round "C" private venture financing, which raised a total of \$50 million. Global Life Science Ventures led the initial closing in July 2003 and MPM Capital (US) invested in a second closing on November 20. The total raise of \$50 million constitutes the largest biotechnology private equity financing to be completed in Europe in the last 24 months. Intercell AG has now become Europe's first biotech company to achieve a total of \$100 million in private funds. Luke Evnin, general partner of MPM Capital, noted: "We view Intercell as an exciting company that reflects all the key attributes for success, including broadly-applicable technology, experienced management, a full pipeline of product development candidates that meet significant unmet medical needs, and a well-planned business strategy." Alexander von Gabain, PhD, CEO, Intercell AG, stated "Intercell is a product-driven company, and this financing will be directed to accelerating the clinical development of our lead products: a therapeutic hepatitis C vaccine and a vaccine against Japanese encephalitis. Both products will enter Phase III clinical trials in 2004."

Alexander von
Gabain, PhD, CEO,
Intercell AG