

Corporate Activity – Mergers and Acquisitions

Impending Mergers and Acquisitions

Affymetrix of Santa Clara, CA, has entered into a definitive agreement to acquire **ParAllele BioScience**, a privately held, San Francisco-based company that provides assay technology for comprehensive genetic studies. When used with Affymetrix GeneChip® technology, ParAllele's proprietary assay gives researchers a powerful 'molecular microscope' for examining the entire genome. Together these technologies offer scientists the ability to perform detailed analysis from several to tens of thousands of different sites in the genome. The acquisition builds on a successful 2-year collaboration between the parties. 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 from <http://www.affymetrix.com>.

American Medical Systems of Minnetonka, MN, has entered into a definitive agreement to acquire **Ovion**, of San Mateo, CA, a pre-commercialization company focused on the development of a transcervical sterilization technology. The cash transaction comprised a \$US10 million initial payment, an additional \$US20 million of clinical trial and regulatory milestone payments, and a contingent payment equal to net sales for a 12-month period after commercialization. The Ovion founders will receive a 2% royalty related to their initial technology contribution to the company. American Medical Systems anticipates closing the acquisition in Q3 2005. The company has a website at <http://www.AmericanMedicalSystems.com>.

BASF of Ludwigshafen, Germany, plans to acquire **Orgamol** of Evionnaz, Switzerland, in a bid to extend its pharmaceutical solutions division. The acquisition will place the German chemical company among the top ten providers of pharmaceutical contract manufacturing solutions worldwide. BASF has a website at <http://www.corporate.basf.com>.

US companies **Clinical Data** and **Genaissance Pharmaceuticals** have signed an agreement for Clinical Data to acquire Genaissance Pharmaceuticals in an all-stock transaction valued at approximately \$US56 million. The merger will marry the skills and capabilities of a classic diagnostic company with a leader in the promising area of pharmacogenomics, creating a combined company that will offer a unique opportunity to enter the molecular diagnostics market. The transaction is expected to close in

Q4 2005. Further information is available at <http://www.genaissance.com> and <http://www.clda.com>.

Canadian company **Genesis Bioventures** (GBI) has entered into a binding agreement with **Efoora** to buy all of its majority interest shares for **Prion Developmental Laboratories** (PDL) thereby gaining controlling interest of PDL. Prior to the agreement, GBI had one-third equity interest in PDL. Efoora is a private corporation based in Buffalo Grove, IL, that specializes in the development and manufacture of medical diagnostics products. PDL is a subsidiary of Efoora, specializing in the development of diagnostic tests to detect prion disease in both humans and animals. PDL has developed a rapid strip test for bovine spongiform encephalopathy (BSE) commonly known as 'Mad Cow' disease. GBI has a website at <http://www.gnsbio.com>.

Medtronic of Minneapolis, MN, has agreed to acquire Mt. Arlington, NJ-based firm **Transneuronix**, a privately held medical device company focused on the treatment of obesity by stimulation of the stomach with an implantable pacemaker-like device that delivers electrical pulses to the stomach. Under the agreement, Medtronic will acquire Transneuronix for an initial payment of approximately \$US260 million and will make additional payments to Transneuronix shareholders if significant revenue objectives are achieved. The acquisition follows Medtronic's recent announcement regarding the formation of a new business unit, Medtronic Obesity Management. Further information can be found at <http://www.medtronic.com> and <http://www.transneuronix.com>.

ML laboratories of Liverpool, UK, plans to acquire **Quadrant Technologies** of Nottingham, UK, for £46.7 million (\$US84.4 million); Quadrant shareholders will receive £19.5 million in cash and the remainder in shares. Quadrant specializes in inhaled therapies and has an ongoing agreement with **Bristol-Myers Squibb** for inhaled insulin. ML also plans to acquire the remaining 18.75% stake in **Innovata Biomed** for £1.85 million and will subsequently change its name to **Innovata** to better reflect the business of the group. The company will then relocate to Quadrant's headquarters in Nottingham. Further information is available from <http://www.mllabs.co.uk>.

Pfizer and **Vicuron Pharmaceuticals** of King of Prussia, PA, have entered into a definitive merger agreement whereby Pfizer will acquire Vicuron, a biopharmaceutical company focused on the development of novel anti-infectives for both hospital-based and

community-acquired infections. The total value of the deal is approximately \$US1.9 billion. The acquisition will include two products currently under New Drug Application review at the US FDA: anidulafungin for fungal infections and dalbavancin for Gram-positive infections. Pfizer already has an existing collaboration with Vicuron that has made significant advances in the discovery of potential next-generation oxazolidinones, the first new class of antibiotics in more than 30 years. These orally active antibiotics are targeting to have improved potency and a broader spectrum of activity than existing classes of compounds.

QIAGEN of Hilden, Germany, has entered into a definitive agreement to acquire **artus** of Hamburg, Germany, an established leader in PCR-based molecular diagnostic tests for pathogenetic, genotyping and pharmacogenomic testing. artus' unique 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-1/-2, Epstein-Barr-Virus (EBV), West Nile virus, malaria and Salmonella. The portfolio also includes select assays for genotyping and veterinary medicine and a strong pipeline of complete panels for certain disease profiles. QIAGEN believes that this acquisition is a perfect fit in its strategy to increase QIAGEN's value as a partner to the molecular diagnostics industry. The companies have websites at <http://www1.qiagen.com> and <http://www.artus-biotech2.com>.

Salix Pharmaceuticals of Morrisville, NC, and **InKine Pharmaceutical** of Bluebell, PA, have entered into a definitive merger agreement under which InKine stockholders will receive Salix common stock in a deal worth approximately \$US190 million in equity value. The merger brings together two complementary companies to create the largest specialty pharmaceutical company focused exclusively on gastroenterology. The combined company will be marketing six gastroenterology products, led by Colazal®, Xifaxan™ and Visicol®. A New Drug Application for INKP-102, InKine's second-generation purgative product, was filed with the US FDA in April 2005 and is currently under review. The combined company also will be developing a gastroenterology product pipeline comprised of numerous phase III candidates and projects. Salix Pharmaceuticals has a website at <http://www.salix.com>.

Tecan, a leading manufacturer of instruments and solutions for the biopharmaceutical and clinical diagnostic industries, has signed an agreement to acquire **REMP**, a company specializing in the supply of large-scale automated storage and retrieval systems, for CHF92 million (\$US73.8 million) in cash and shares. Both firms

are based in Switzerland. Further information can be found at <http://www.tecan.com>.

Other impending transactions

Cephalon of Foster City, CA, has signed an agreement with **Cell Therapeutics** of Seattle, WA, and **CTI Technologies**, a wholly owned subsidiary of Cell Therapeutics, to acquire all assets related to Trisenox® (arsenic trioxide) injection for approximately \$US70 million in cash. The agreement provides for future cash payments to CTI, totaling up to \$US100 million, upon the achievement of certain label expansions and sales milestones. Following the acquisition, Cephalon will assume the worldwide marketing, sales and development of Trisenox, which was approved for marketing in the US and Europe in 2000 and 2002, respectively, for the treatment of patients with relapsed or refractory acute promyelocytic leukemia. In 2004, worldwide sales of Trisenox were \$US26.6 million. The acquisition is expected to close in Q3 2005. Further information can be found at <http://www.cephalon.com> and <http://www.cticseattle.com>.

Completed mergers and acquisitions

Italy-based **Bama-Geve** has acquired Portuguese drugmaker **BioSaude**, a company owned by **Alfa Wassermann** that specializes in skin ulcer treatments. The deal is valued at €8 million (\$US9.7 million) and will expand Bama-Geve's European presence into Portugal as the company looks to strengthen its cardiovascular, wound and ulcer therapy portfolio. Bama-Geve has a website at <http://www.bamageve.es>.

Swedish firm **Biotage** has acquired California-based company **Argonaut's** reagents and process instruments business for a payment of SEK155 million (\$US20.9 million). Biotage aims to strength its medicinal chemistry division through the acquisition, which will include a complete product portfolio in microwave synthesis, purification systems and reagents, enabling faster and more efficient development of new drug candidates. The deal was approved by Argonaut's shareholders at a special general meeting. The companies have websites at <http://www.biotage.com> and <http://www.argotech.com>.

Boston Scientific of Natick, MA, has completed the final phase of its acquisition of **Rubicon Medical** of Salt Lake City, UT. Boston Scientific previously completed a cash tender offer for any and all outstanding common stock of Rubicon on 1 Jun 2005. The tender offer was followed by the merger of **Nemo I Acquisition**, a wholly owned subsidiary of Boston Scientific, with and into Rubicon. Following the merger, Rubicon became a wholly

owned subsidiary of Boston Scientific. The companies have websites at <http://www.bostonscientific.com> and <http://www.rubiconmed.com>.

Cephalon of Foster City, CA, has completed its acquisition of all of the outstanding capital stock of **Salmedix** of San Diego, CA; the company becomes a wholly owned subsidiary of Cephalon. The company agreed to buy Salmedix for \$US160 million in cash in a move to expand its cancer drug offerings. Salmedix's lead compound is Treanda™ (bendamustine hydrochloride), sold in Germany as a treatment for cancers including non-Hodgkin's lymphoma NHL), and in clinical trials in the US and Canada for treatment of NHL. The companies have websites at <http://www.salmedix.com> and <http://www.cephalon.com>.

DNAPrint genomics of Sarasota, FL, has acquired **Trace Genetics** of San Francisco, CA, a provider of products and services for the genealogy, forensics, and molecular diagnostics markets. Trace Genetics brings two new complementary technologies to DNAPrint's autosomal testing for determining the percentage of a person's ancestry – y-chromosome testing for tracing ancestry by following the paternal line and mitochondrial x-chromosome testing for the maternal line. Trace Genetics also maintains a Native American DNA databank which, when combined with DNAPrint's, will be one of the largest in North America. In addition, Trace Genetics maintains expertise in ancient DNA analysis from mummified and fossilized remains. DNAPrint's proprietary human genome technology is focused on three areas: pharmacogenomics, forensics, and genealogy. All three are based on core technology for targeting single nucleotide polymorphisms, which enables the company to provide novel predictive genetic tests at a significant cost advantage. The companies have websites at <http://www.tracegenetics.com> and <http://www.dnaprint.com>.

EDot.com of Las Vegas, NV, has completed the acquisition of **NanoViricides** of West Haven, CT, an emerging biopharmaceutical company focusing on the use of nanotechnology for the treatment of major viral diseases such as HIV/AIDS, hepatitis C, influenza and Asian bird flu. NanoViricide™ is a nanoparticle that contains an encapsulated active pharmaceutical ingredient and targets it to a specific type of virus. When a NanoViricide drug particle enters the patient's blood stream, it attacks and immobilizes circulating virus particles. Once this is done, the active pharmaceutical ingredient is injected into the virus by the NanoViricide particle, destroying it. The company plans to develop novel NanoViricide drugs first against HIV, and anticipates that in 2006, it will license the products to

major pharmaceutical companies. More information is available at the company website <http://www.nanoviricides.com>.

Emergent BioSolutions of Gaithersburg, MD, has acquired UK-based **Microscience**, a privately held vaccine company primarily involved in the research and development of innovative, proprietary vaccines and immunotherapeutics. Emergent acquired Microscience through a share exchange agreement. The acquisition will significantly bolster Emergent's commercial product development pipeline, add unique and proprietary vaccine technology and delivery platforms, and further expand the company's global operations into the European market. Emergent will also benefit from Microscience's strong intellectual property portfolio comprised of 18 patent families covering over 350 genes, with 101 initial applications. As part of the deal Microscience will be re-named **Emergent Europe**. Emergent Biosciences has a website at <http://www.ebsi.com/home.asp>.

Japanese company **Gene Networks International** has merged with Chinese firm **Shanghai Genomics** and has concurrently raised in excess of \$US13 million in private equity. Gene Networks International uses gene regulatory network maps and systems pharmacology to develop pharmaceutical products and hopes to utilize Shanghai Genomics' expertise to improve profitability, cost-effective drug development and produce faster revenue generation. The combined company has several products in clinical and preclinical development. The companies have websites at <http://www.gene-networks.com> and <http://shanghaigenomics.com>.

Jazz Pharmaceuticals has completed its acquisition of **Orphan Medical**. Based in Palo Alto, CA, Jazz Pharmaceuticals is focused on meeting unmet medical needs in neurology and psychiatry with important and innovative therapeutic products. The company is aggressively building its product portfolio through a combination of commercialization and development activities. Further information is available at <http://www.jazzpharmaceuticals.com>.

Johnson & Johnson has completed its acquisition of **CLOSURE Medical**, a global leader in biomaterial-based devices. The company, which is headquartered at New Brunswick, NJ, has a website at <http://www.jnj.com>.

MetriGenix of Toronto, Canada has acquired **GeneXP Biosciences** of Woburn, MA. Both companies have been using microarray technology to develop gene expression-based biomarkers for various diseases. The companies have websites at <http://www.metrigenix.com> and <http://www.genexpbiosciences.com>.

Miraculins, a Canadian biotechnology company engaged in the discovery and development of products for select cancers, has acquired the intellectual property assets of Swiss firm **Europroteome**, a company that developed cancer products until it applied for bankruptcy in late 2004. The intellectual property portfolio includes 14 patents and numerous discoveries that utilized the human sample collection of Europroteome, which contained samples from greater than 4000 patients. Miraculins purchased all rights to the patents and has no further milestone or royalty commitments related to the patents. Further information is available from <http://www.miraculins.com>.

Novartis has completed its acquisition of the generic pharmaceutical company **Hexal**. Hexal is being integrated into the **Sandoz** division of Novartis as part of previously announced strategic acquisitions to create the world leader in the generic drug industry. Following the transactions, which also include the acquisition of **Eon Labs**, Sandoz will have a competitive and broad product portfolio with a strong presence in key markets, offering a portfolio of more than 600 active ingredients in more than 5000 dosage forms. The combined company will have its global headquarters in Holzkirchen, Germany. Novartis is in the process of seeking US regulatory approval to acquire Eon Labs following a request for additional information from the US Federal Trade Commission. Novartis has a website at <http://www.novartis.com>.

Novasite Pharmaceuticals of San Diego, CA, a company focused on the discovery and development of allosteric modulators of G-protein coupled receptors, has acquired **PsyCheNomicS**, a drug discovery company focused on diseases of the central nervous system. Novasite has a website at <http://www.novasite.com>.

Ortho-McNeil Pharmaceutical, a J&J subsidiary, has completed its planned acquisition of **Peninsula Pharmaceuticals**, a privately held biopharmaceutical company focused on developing and commercializing antibiotics to treat life-threatening infections. The cash-for-stock transaction is valued at approximately \$US245 million. Peninsula's lead product candidate, doripenem, is a broad-spectrum antibiotic and a new member of the carbapenem class of β -lactam antibiotics. Peninsula is currently evaluating doripenem in six phase III clinical trials. In addition, doripenem received fast-track designation from the US FDA for the treatment of nosocomial pneumonia, including ventilator-associated pneumonia (VAP).

Other completed transactions

The joint development of the biochip technology 'lab on a chip' by **Siemens**, the Fraunhofer Institute for Silicon Technology, and **Infineon Technologies** received the German Future Prize in 2004. Now, in an effort to bring the technology, known as Quicklab®, to the market, Siemens has purchased the biochip technology division from Infineon. The transfer involved patents, a high-tech biochip lab, as well as experts with the know-how of silicon biochip manufacture. Quicklab is a molecular diagnostic system for performing quick tests in clinical routine diagnostics. Since it is suitable for both DNA as well as proteins, it provides for a broad spectrum of applications. It is possible to detect viruses of infectious diseases as well as allergies, hereditary diseases and incompatibilities with respect to medications or transplantations. The evaluation system provides information in the form of an electrical signal, making it considerably faster, more robust and simpler as well as more cost-effective than current optical methods used. Siemens has a website at <http://www.medical.siemens.com>.

Name changes

Neuronova of Munich, Germany has changed its name to **Affectis Pharmaceuticals**. Affectis was founded in 2002 as a spin-off from the Max-Planck-Institute of Psychiatry, a world leader in the field of psychiatric research. The company has a website at <http://www.affectis.com>.

Denver, CO-based firm **OnSource Corporation** has changed its name to **Ceragenix Pharmaceuticals** following the merger of OnSource with **Osmotics Pharma** in Q2 2005. The change reflects the combined company's revised business strategy and commitment to delivering innovative products for dermatology and infectious disease.

Orchid BioSciences has changed its name to **Orchid Cellmark**. The new name was proposed to reflect the company's emphasis on DNA-based identity testing services for forensic, family relationship, security and agriculture applications, and follows the acquisition of the Cellmark DNA testing services unit in 2001. Orchid Cellmark, which has its headquarters in Princeton, NJ, has a website at <http://www.orchid.com>.