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Genzyme, Osiris Ink \$1.38B Stem Cell Products Deal

**By Catherine Hollingsworth
Staff Writer**

Genzyme Corp. and Osiris Therapeutics Inc. have agreed to develop and commercialize two stem cell products, in a deal that would provide Osiris with up to \$1.25 billion in potential milestone payments and \$130 million up front.

The up-front payment "eliminates any near-term balance sheet concerns," Piper Jaffray analyst Edward Tenthoff wrote in a research note.

He estimated that Osiris now holds pro forma cash of \$172 million and could reach profitability with current cash reserves that include payments from a Department of Defense contract for Prochymal use in acute radiation sickness and milestones from Genzyme.

Both companies got a boost in share price on news of
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OncoMed Gets \$154M B Round for Cancer Stem Cell Work

**By Trista Morrison
Staff Writer**

The sorry state of the public markets has trickled down to the private sector. According to data from *BioWorld Financial Watch*, private biotechs raised just \$3.5 billion through the end of October, down more than a third from the \$5.5 billion raised in the same period last year.

Apparently no one has told that to OncoMed Pharmaceuticals Inc.

The Redwood City, Calif.-based company brought in \$93 million in the second tranche of its Series B financing.

While that number alone is impressive, it is only part of the whopping \$154 million the company has now raised in its Series B round – the largest private biotech venture round this year.

OncoMed, which was founded in 2004 based on can-
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Fun with Finances: Fall 2008

So Where's All the Money Going? Not to You (but You Knew That)

**By Cynthia Robbins-Roth
BioWorld Today Columnist**

Why are VCs and their limited partners so sad? Not just because they see a Democratic stranglehold on Washington coming. (Can drug price controls be far behind?) It's also because of the single biotech IPO so far this year, raising a pathetic \$5.8M for BioHeart.

Last year, 11 biotech IPOs raised \$716 million by the end of September, with deal size ranging from \$36 million to \$108 million – not exactly stellar performance.

Investors were making their demand for reduced risk via near-term sales revenue very clear – 50 percent of the IPO dollars flowed into specialty pharma firms, and 100 percent went into companies that had advanced at least to Phase II trials.

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Naproxcinod BP Data Boost NicOx Shares

**By Trista Morrison
Staff Writer**

NicOx SA took another step forward in its naproxcinod pivotal program, releasing top-line data that confirmed the arthritis drug does not raise blood pressure.

In fact, the study showed that while the nonsteroidal anti-inflammatory drug (NSAID) naproxen raised systolic blood pressure by 1.5 mmHg from baseline, naproxcinod lowered it by 2.3 mmHg. The resulting difference of 3.8 mmHg was statistically significant ($p = 0.011$).

The news boosted shares of NicOx (Paris:COX) by €2.3 (US\$2.99), or 30 percent, to close at €9.8 Tuesday.

The trial, dubbed Study 111, enrolled 118 osteoarthritis patients with controlled hypertension. Patients were randomized to receive twice-daily treatment with escalating doses of naproxcinod (375 mg, 750 mg and a supra-thera-

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OncoMed

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cer stem cell research out of the University of Michigan, previously raised \$17 million in a two-tranche Series A round. (See *BioWorld Today*, Sept. 8, 2005.)

The Series B was intended to be an \$86 million round composed of two equal \$43 million tranches, OncoMed President and CEO Paul Hastings told *BioWorld Today*. But the company significantly increased the size of the round, the first portion of which was led by Adams Street Partners and closed in 2006.

The second and final close of the round was led by new investor Nomura Phase4 Ventures. All of OncoMed's existing investors participated, including US Venture Partners, Latterell Venture Partners, The Vertical Group, Morgenthaler Ventures, DeNovo Ventures and Bay Partners.

OncoMed's partner GlaxoSmithKline plc also invested in the round. The big pharma signed a potential \$1.4 billion deal with OncoMed last year, giving it the option to license four antibodies against targets in an undisclosed cancer stem cell pathway. A portion of the up-front fee was made through an equity investment, and Hastings said GSK opted to participate as an equity investor in the second tranche of the Series B as well. (See *BioWorld Today*, Dec. 11, 2007.)

The GSK deal contributed to OncoMed's ability to raise money in such a tough financing environment. Hastings said the deal called for OncoMed to achieve three rather ambitious milestones in 2008: to complete preclinical toxicology work on lead product OMP-21M18, to advance the lead drug into the clinic and to identify a second antibody that works within the same pathway.

OncoMed achieved all three goals, triggering some additional financing in the form of undisclosed milestone payments from GSK. Hastings said the company's fundraising efforts also were helped by the fact that it has "lots of data – and data speaks in this economy."

Yet OncoMed won't lavishly celebrate its windfall – Hastings said the company plans to be very careful about how it spends its money. Proceeds from the Series B will drive OMP-21M18 and the second antibody in the GSK deal through Phase II – at which point GSK could elect to license them – as well as support efforts to identify a preclinical antibody targeting a different cancer stem cell pathway for OncoMed's own pipeline.

OncoMed has remained "relatively stealthy" since its founding, Hastings admitted. The company has a library of more than 1,000 antibodies that it screens against pathways associated with cancer stem cells, which tend to evade traditional treatments and allow cancer to rear its ugly head time and time again.

Yet Hastings said OncoMed does not consider itself a competitor to Raven Biotechnologies Inc., which also has antibodies targeted to cancer stem cells and is in the process of being acquired by MacroGenics Inc.

OncoMed's approach is "very different," Hastings said,

Coming Thursday in *BioWorld Perspectives*:

23andMe Brings Issues About You and Disease to Forefront

Sergey Brin, the multibillionaire co-founder of Google, recently announced that the results of a genetic screening by his wife's company, Mountain View, Calif.-based 23andMe Inc., indicated that he possesses a genetic mutation (called G2019S) that predisposes him to a form of Parkinson's disease. . . . Be sure to read this week's *BioWorld Perspectives*, in which Contributing Writer Michael Windelspecht discusses the need for better information for the general public on diseases like Parkinson's.

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because it tests antibodies against tumor models created with human primary tumor xenografts. The models are "as close to a human tumor as possible," he noted, and OncoMed can use an assay to quantify cancer stem cells before and after treatment.

Since there are multiple cancer stem cell pathways, each with plenty of targets, Hastings said OncoMed should be able to identify plenty of antibodies for its own pipeline and for partners.

The company's lead antibody, OMP-21M18, is in a Phase I trial for solid tumors, with data expected in 2009. The target has not been disclosed, but Hastings said the drug appears most applicable to colon, pancreatic, breast and lung cancers, which could be explored further in Phase II studies. The antibody is included in the GSK deal, but OncoMed retains a co-promote option. ■

Genzyme

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Osiris would be eligible to receive up to \$400 million in sales milestones for Chondrogen.

Depending on the results of the planned Phase II/III trial of Chondrogen, Genzyme may elect to opt-out of further Chondrogen development, at which point all rights to Chondrogen will revert to Osiris with no further obligation by either company. But if Genzyme elects to continue with Chondrogen development, Osiris would be eligible to receive up to \$100 million in development and regulatory milestones based on certain clinical trial results and regulatory approvals.

Shares in Osiris (NASDAQ:OSIR) rose 43 cents, closing at \$15.93. Shares in Genzyme (NASDAQ:GENZ) rose \$1.06, closing at \$74.60. ■