

## **Amgen Takes Over Avidia: Deal Valued Up To \$450M**

**BioWorld Today**

**By Randall Osborne, West Coast Editor**

**October 2, 2006**

Avidia Inc.'s multiple-pathway, protein-chain platform charmed Amgen Inc. into a \$290 million cash buyout that brings another \$90 million in potential milestones for the privately held firm, which put its first drug candidate into the clinic this month.

The merger also includes cash that Mountain View, Calif.-based Avidia has on hand, as well as equity - Amgen put money into Avidia's Series B financing in May 2005 - and "the sum of those two is \$70 million," noted Chris Christofferson of Morgenthaler Ventures, which led the round.

"This looks like one of the bigger deals of the year," he said.

Avidia's Avimer platform structures proteins for binding at more than one site, so they behave like monoclonal antibodies. An interleukin-6 inhibitor for Crohn's disease, C326, recently started a Phase I trial.

Peter Van Vlasselaer, Avidia's CEO, said the firm has made molecules with as many as eight domains.

"That's where the company left it, but I'm not sure that is the end of the story," he said. Not only do the chains act like antibodies, but they can be made somewhat quicker, Christofferson said.

"They use *E. coli* to make them, rather than [Chinese hamster ovary] cells, which are notoriously poor at getting high expression levels," he said. "When you use *E. coli*, you get buckets out right away, and they're produced in soluble form."

Van Vlasselaer said the *E. coli* aspect is important, but the whole process is faster, and the time from concept to clinic amounts to just 22 months.

Menlo Park, Calif.-based Morgenthaler started hunting about two years ago for companies with alternatives to those with promising, conventional monoclonal antibodies.

"[Avidia] is a good example," Christofferson said, noting that most of the antibodies have been snatched up by big pharma, which had to pay stacked royalties. Amgen, of Thousand Oaks, Calif., wanted Avidia's entire technology, as negotiators made known soon after Morgenthaler began casting for a third Avidia corporate partner. (Boehringer Ingelheim Austria, of Vienna, manufactures Avidia's lead compound, and Gaithersburg, Md.-based MedImmune Inc. has an agreement, entered last fall, to develop cancer products targeting cMET, a receptor tyrosine kinase.)

"As soon as the partnering activity started, it became clear there were too many suitors," Christofferson told *BioWorld Today*, and the talks began shaping up as merger discussions. He

declined to say how much money Morgenthaler invested in Avidia, which will become a wholly owned subsidiary of Amgen.

Van Vlasselaer acknowledged "a lot of interest from big pharma in our lead program. We were working, at one point in time, on numerous licensing opportunities." Avidia's method, which he described as "almost a LEGO approach, where you can hit multiple epitopes on a target, and multiple targets," proved irresistible to Amgen.

Understandably so, Van Vlasselaer said.

"Many people go from the premise that there's [too much of] an issue with manufacturing and licenses" in antibody research, he said. "I think that's kind of a lame argument" for finding a new, superior approach.

It's too early to tell whether the merged company will seek licensing deals with the Avimer platform, Van Vlasselaer said, though Christofferson speculated "there might be some therapeutic areas that Amgen just isn't interested in."

In any case, he said, the merger turned into a happy surprise for Morgenthaler and other investors. "We like to get liquidity in four, five, six years," Christofferson said. "To have that occur in two is wonderful."

*BioWorld Today October 2, 2006*