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Amgen to acquire Mountain View biotech firm Avidia for up to \$380 million

By Steve Johnson
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Bolstering its push into the Bay Area, biotechnology giant Amgen said Friday it has agreed to buy Mountain View-based Avidia for up to \$380 million.

Under the deal, approved by both companies and expected to be completed later this year, Amgen of Thousand Oaks will pay \$290 million in cash and up to \$90 million more if Avidia meets certain milestones developing its drugs.

Avidia, a 37-employee private biotech firm founded in 2003 with venture money from Amgen and others, is using proteins to develop drugs to treat inflammation, autoimmune diseases and other ailments.

Although Avidia's drugs are in an early development stage, they `` could have broad therapeutic potential in the longer term," said Bret Holley, an analyst with Investment bank CIBC World Markets who owns no Amgen stock.

The proteins Avidia has been using work similarly to monoclonal antibodies, which companies use to develop drugs for treating cancer, rheumatoid arthritis and other diseases. But Avidia's proteins have a big advantage over such antibodies, said Ralph Christoffersen, an Avidia board member and partner with Morgenthaler Ventures, an early Avidia investor.

Scientists who pioneered work in monoclonal antibodies often demand stiff royalty payments from firms using them, Christoffersen said. Because Avidia's protein technology isn't encumbered by royalties, he added, it was especially attractive to Amgen.

Avidia is the third Bay Area biotech company Amgen has acquired in the past three years, reflecting Amgen's high opinion of the region, according to company spokeswoman Sandra Irwin.

Noting that the Bay Area was ``the birthplace of biotech," she said. ``It's a perfect fit for us. You have the universities, the businesses and all kinds of things."

Amgen's first Bay Area acquisition was in 2004, when it bought Tularik of South San Francisco for \$1.3 billion in stock. Tularik was developing drugs to treat cancer, diabetes and rheumatoid arthritis.

Amgen took over two of Tularik's buildings, leased two others and is building a fifth in South San Francisco, Irwin said. In that city, she noted, ``we're right on track to hit about 600 folks by the end of this year."

In December last year, Amgen also agreed to buy Abgenix of Fremont for \$2.2 billion. That deal already appears to be paying off. On Wednesday, the U.S. Food and Drug Administration approved the sale of Vectibix, a drug Abgenix developed to treat colorectal cancer.

Amgen is expanding Abgenix's Fremont building and expects to increase its workforce there from 320 to 370 by the end of the year, Irwin said.

In recent months, Amgen and Genentech of South San Francisco have waged a seesaw battle over which can claim bragging rights as the world's biggest biotechnology company.

Amgen's \$12.4 billion in revenue last year was nearly twice that of Genentech. But based on the stock market value of the two companies Friday, Genentech had the edge. It was valued at \$87 billion compared with Amgen, whose stock was worth \$83.7 billion.

Amgen spokesman David Polk said his company's growing Bay Area presence shouldn't be viewed as a hostile incursion

into Genentech's turf. Nonetheless, he called Genentech ``a formidable competitor," and added, ``we have our eye on them and I'm sure they have their eye on us."

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