

## **VentureWire:**

**Amgen To Pay \$290M For Avidia, Its First Portfolio Buy**

**VENTIREWIRE**

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**MOUNTAIN VIEW, CALIF. BIOTECHNOLOGY**

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Drug developer Amgen Inc. has agreed to purchase privately held Avidia Inc. in a \$290 million cash deal that marks the publicly traded company's first acquisition of one of its own portfolio companies.

The price of the deal is net existing cash balances and Amgen's equity stake in the company. Amgen has invested \$70 million over two years and held a 4% stake in Avidia through its two-year-old venture capital arm Amgen Ventures.

In addition, Amgen has agreed to pay up to \$90 million to Avidia contingent on undisclosed milestones. The deal is slated to close in the fourth quarter.

Overall, Avidia, based in Mountain View, Calif., has raised \$76 million in venture financing, including \$43.8 million of third round financing in May. In addition to Amgen, investors include Alloy Ventures, HealthCare Ventures, MedImmune Ventures, Morgenthaler Ventures, Skyline Ventures and TPG Ventures. Skyline and HealthCare Ventures made swift exits after joining the syndicate in that May round.

David G. Lowe, partner at Skyline, was not available for comment. Harold R. Werner, managing director at HealthCare Ventures, declined to comment.

Avidia was founded in July 2003 as a spinoff of Maxygen Inc. to develop drugs based on single-protein chains composed of modular binding domains, like beads on a string, for attaching to multiple target proteins.

Avidia Chief Executive Peter Van Vlasselaer said that acquisition talks came about quickly as the company was negotiating licensing deals for its lead compound, an inhibitor of interleukin 6, which began clinical trials a few days ago.

"Our lead compound got quite a lot of attention in the last few months from top-10 pharma," he said. "We had gotten into serious licensing deal discussions when people began to realize that there was a serious bidding process going on." One of those companies was Amgen.

Van Vlasselaer said that under Amgen's guidance, the interleukin 6 inhibitor development should succeed in the clinic. "It's going to give this technology the horsepower it deserves," he said.

Chris Christoffersen, general partner at Morgenthaler said his firm invested in Avidia because the firm was looking to find "something that would have the same efficacy as antibodies but without the royalty burden." Avidia was the first company that Morgenthaler located that fit that criteria. "We were looking to see if we could find something that would have the same efficacy as antibodies but without the royalty burden."

Christoffersen declined to provide performance figures regarding his firm's investment, but he did describe the internal rate of return as "very good."

While Avidia prepares to move from Amgen Ventures' portfolio into the operations of corporate Amgen, Amgen's spokesman, David Polk, cautioned that his company was not looking to replicate that move too frequently. "Part of our strategy is to grow organically, but we factor in that there are some possible compounds out there with companies like Avidia," he said.

Amgen's last acquisition was the purchase of Fremont, Calif.-based Abgenix Inc., a developer of monoclonal antibody treatments, in April 2006. Avidia has 37 employees.

<http://www.amgen.com>

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