

MoFo BioMeter™

A quarterly deal report covering the biotechnology industry



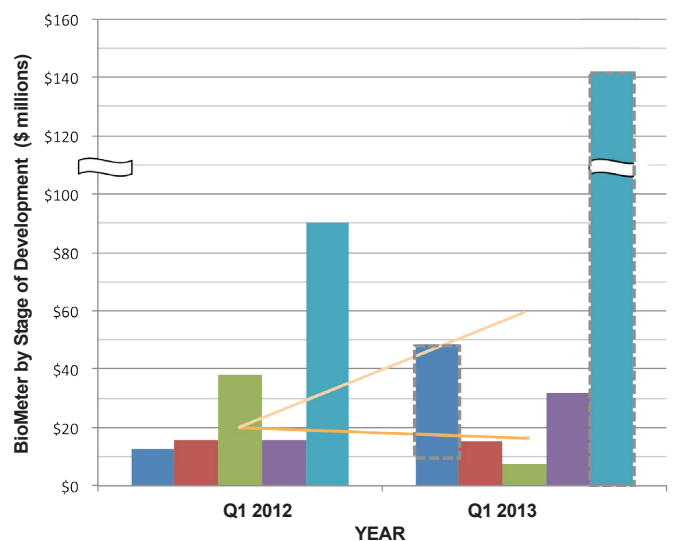
Flat BioMeter Value and Decline in Deal Volume are Hallmarks of Q1

By Stephen B. Thau, Anelia V. Delcheva

The Morrison & Foerster BioMeter for the first quarter of 2013 shows a flat quarter for BioMeter value and a decline in dealmaking activity. A small number of large deals dominate an otherwise quiet quarter.

In the first quarter of 2013, the average BioMeter value for all transactions was approximately \$60 million, a significant increase compared to the same quarter in 2012. Much of this value is attributable to two transactions, however, the BMS/Reckitt transaction for multiple OTC products in Latin America, and the AstraZeneca/Moderna transaction for mRNA technology. Excluding these two transactions, the BioMeter value for the first quarter was \$16.3 million, a slight decline from the same quarter in 2012.

Table 1: BioMeter Values by Stage of Development and Average for Q1 of 2012 and Q1 of 2013



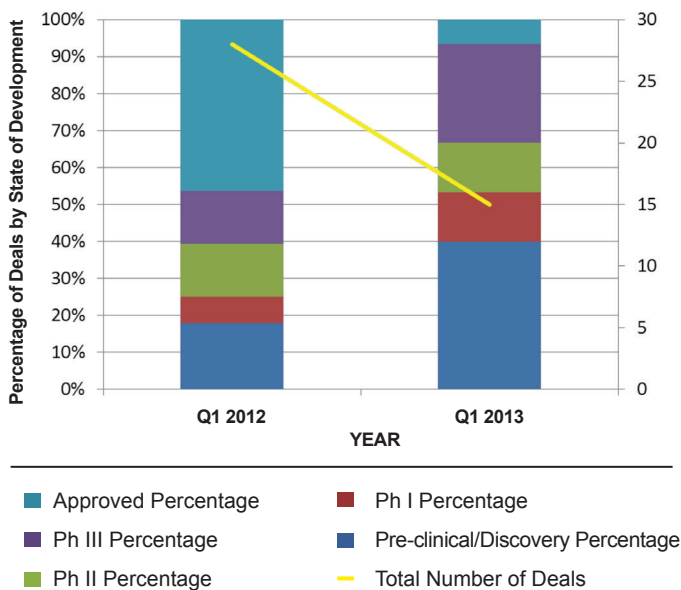
- Preclinical/Discovery (dashes reflect impact of AZ/Moderna)
- Approved (dashes reflect impact of BMS/Reckitt)
- Ph I
- Ph II
- Ph III
- Average without BMS/Reckitt and AZ/Moderna
- Average with BMS/Reckitt and AZ/Moderna

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Excluding AstraZeneca/Moderna, the BioMeter value for pre-clinical/discovery programs remained close to \$10 million and the BioMeter value for Phase 1 programs also held steady at \$15 million. Phase 2 programs showed the most significant decline in BioMeter value. After a very strong year in 2012 for Phase 2 deals (see BioMeter Volume 2, Issue 1), the BioMeter value for Phase 2 transactions fell sharply in the first quarter of 2013 to approximately \$7.4 million. This decline was offset by an increase in BioMeter value for Phase 3 transactions, to approximately \$32 million in the first quarter of 2013, compared to approximately \$15.5 million in the same quarter in 2012.

A key part of the BioMeter story for the first quarter of 2013 is the small number of reported transactions. We identified only 16 transactions that reported up-front payments, down by almost 50% from the similar quarter last year, and the lowest number by far in any quarter from our analysis back to 2006. The BMS/Reckitt deal was the sole reported transaction for an approved product in the first quarter of 2013, and there were only two reported Phase 2 transactions in this period, down from four in the same period in 2012.

Table 2: Number and Percentage of Collaboration Agreement by Stage of Development for Q1 2012 and 2013



The BioMeter suggests that the consequences of industry consolidation and tightening development budgets are coming home to roost. The data are consistent with anecdotal reports that pharma companies are increasingly constrained in their research and development spending, and are focusing efforts on a narrowing set of assets. In future editions we will look for trends across indications for development.

About MoFo BioMeter

The MoFo BioMeter is an index that measures the health of the biotechnology industry. The BioMeter averages up-front payments in licensing, collaboration, and development agreements between biotechnology companies (broadly defined) and companies that pay for commercialization rights. We focus on up-front payments because they are the most concrete representation of the value of a development-stage asset, and also because in an era of constricted venture funding for unapproved therapeutics, up-front payments from collaboration agreements have become an increasingly necessary source of capital for companies to sustain their development efforts. The BioMeter also allows us to measure changes in the industry, or by sector, over time.

About Morrison & Foerster

We are Morrison & Foerster—a global firm of exceptional credentials. Our clients include some of the largest financial institutions, investment banks, Fortune 100, technology, and life sciences companies. We’ve been included on *The American Lawyer’s* A-List for nine straight years, and *Fortune* named us one of the “100 Best Companies to Work For.” Our lawyers are committed to achieving innovative and business-minded results for our clients while preserving the differences that make us stronger.

Contacts

Stephen B. Thau
Palo Alto
sthau@mofo.com
(650) 813-5640

Van W. Ellis
Washington, D.C.
vellis@mofo.com
(202) 887-8776

Gordon A. Milner
Hong Kong
gmilner@mofo.com
852 2585 0808

Julian Thurston
Europe
jthurston@mofo.com
(00) 41 44 211 05 55

Anelia V. Delcheva
San Diego
adelcheva@mofo.com
(858) 314-7672

Gabriel E. Meister
Tokyo
gmeister@mofo.com
81 3 3214 6748

Michael J. O'Donnell
Palo Alto
michaelodonnell@mofo.com
(650) 813-5977

Mark R. Wicker
San Diego
mwicker@mofo.com
(858) 720-7918

For questions and feedback please contact us at biometer@mofo.com.

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