

BUSINESS AND REGULATORY NEWS

Warner Lambert acquires speculative Agouron pipeline

In January, Warner-Lambert (WL; Morris Plains, NJ) announced an agreement to acquire Agouron Pharmaceuticals (San Diego, CA) in a stock deal worth \$2.1 billion. As a result, WL will gain Agouron's drug discovery technology; the top-selling HIV protease inhibitor, Viracept; and six compounds in development, including the matrix metallo-proteinase inhibitor (MMPI) AG3340 for cancer, and the AIDS vaccine Remune.

"From the Agouron perspective, [the acquisition] makes some sense," says Richard van den Broek, analyst at Hambrecht & Quist (New York). "WL will bring additional strengths to developing the Agouron pipeline and now [Agouron] will be able to advance its products without the pressure of quarter-to-quarter-performance." And for WL, he says, "it's simply an accretive deal."

However, Charles Engelberg, analyst at AmeriCal Securities (San Francisco, CA), says, "Superficially the deal looks OK...but we think

it's an extremely speculative pipeline." He points out that "there are no MMPIs approved for cancer, and it's very speculative whether that approach is ever going to work." And as for Remune, "it is sugar water, in our opinion." (WL declined to comment on both products.)

Moreover, initial enthusiasm for protease inhibitors is waning, and there's a whole new class of competitors coming out—such as Dupont's Sustiva—that will increasingly affect sales of such drugs as Viracept, Engelberg says. He suggests that any number of companies—Scios (Mountain View, CA), for example—might have been a better fit for WL, which has no presence in AIDS. "[WL] really wasn't the buyer that most people were speculating [for Agouron]," agrees van den Broek.

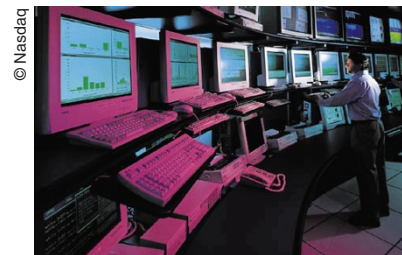
"When the Remune clinical trial results come out negative in March or April—as we know they will," says Engelberg, "and [WL] gets nowhere with the MMPI, hopefully they [WL] will be more careful next time."

IPOs increase in Europe

Biotechnology initial public offerings (IPOs) are picking up in Europe, and analysts expect to see more: Biovector Therapeutics (Labege, France), which develops drug delivery technology, hoped to raise €4 million (\$4.4 million) on the Nouveau Marché in February, as *Nature Biotechnology* was going to press; MorphoSys (Munich) plans to raise about \$30 million on the Neuer Markt in an offering on March 9; and Phytera (Worcester, MA), which manipulates genomic expression and metabolic pathways in plant cells and marine microbes, is planning to float on Easdaq within the next three months. "This year we can expect half a dozen [biotechnology IPOs] to come through," says Nick Woolf, a senior analyst at BancBoston Robertson Stephens (London). These include Evotec (Hamburg, Germany), which offers high-throughput screening services, on the Neuer Markt, and the genomics firm deCode Genetics (Reykjavik) on the Copenhagen Exchange. Woolf also sees an increasing number of US companies choosing to list on European exchanges, but warns that "European investors may be wary if they perceive US companies as opportunistic." He suggests US firms follow Phytera's example and establish European subsidiaries if they want to raise money in Europe.

Business and Regulatory News Briefs written by Vicki Brower, Stephen Cass, Emma Dorey, KS Jayaraman, Adam Michael, and Asako Saegusa.

Cortech relists on Nasdaq



Cortech (Denver, CO) began trading on Nasdaq national market again on January 25. Thanks to a 1-to-10 reverse stock split—which results in a 10-fold increase in share price but a 10-fold decrease in number of shares—the stock price rose to \$6, well above the \$1 minimum required for listing. The biopharmaceutical company was delisted last July when its share price fell below \$1 following disappointing test results with its bradykinin antagonist for stroke and traumatic brain injury (*Nat. Biotechnol.* 16, 997, 1998). Cortech's corporate partnerships with Marion Merrell Dow (Kansas City, MO) for the bradykinin antagonist, and SmithKline Beecham (Philadelphia, PA) for an elastase inhibitor, ended in 1996 and 1997, respectively. Cortech underwent a proxy contest (a takeover by vote of shareholders) in September 1998, resulting in a new group of shareholders taking control of the company, says current chairman Paul Koether. "We have taken steps to stem losses, which amounted to about \$88 million since 1992, and are now in the process of trying to license out our technologies," he says.

India sequences chickpea

In an effort to boost agricultural biotechnology, India's government has launched a plant genome initiative to sequence the entire genome of chickpea, a major Indian food crop. The government has allocated \$4 million to The National Centre for Plant Genome Research (NCPGR; New Delhi) to conduct sequencing in association with a network of seven plant molecular biology laboratories funded by the government's Department of Biotechnology. "The primary goal of our center is to develop transgenic plants," says NCPGR Director Asis Datta. "The sequencing of chickpea, we hope, will help identify useful genes and promoters which we could use for creating crops with improved traits like tolerance to stress and better nutritional quality." Datta says India has chosen legumes because crops such as rice, wheat, and maize are already being sequenced elsewhere and "other countries will never take up chickpea as it is not their crop." However, attracting qualified researchers could prove tricky, as many of the country's plant genomics researchers are being lured to major industry players. Monsanto, which has its own plant genomic research center in Bangalore, offers better salaries and more stable job prospects than NCPGR.



Shaman switches gears

Shaman Pharmaceuticals (South San Francisco, CA) has halted its pharmaceuticals business, reduced its work force 65%, and regrouped to focus on its private botanicals business. The news came after a meeting with the US Food and Drug Administration (Rockville, MD) at the end of January concerning the development of its most advanced drug, Provir, for the treatment of diarrhea in AIDS. Shaman says it faces "a significant delay in bringing its first pharmaceutical to market." As a result Shaman's share price fell below \$1, prompting a delisting from Nasdaq on February 2. The company, which based its drug development efforts on compounds developed from medicinal plants, states that it will conserve cash and focus on its botanicals unit, which develops nutraceutical supplements derived from tropical plants. Shaman, which plans to license or sell off some of its pharmaceutical and research programs, says that after establishing a successful botanicals business it may move toward public trading.