

# PwCCF's North American Pharma & Life Sciences M&A Update – October 2009

Deal flow continues to be strong in the North American Pharma & Life Sciences sector with 23 transactions announced in the month of October.

North American-based companies contributed largely to the activity, announcing 18 acquisitions, including cross-border transactions in South America, Australia, Europe and Asia.

Canadian companies accounted for four deals, including QLT's disposal of QLT USA Inc, MDS' disposal of its Central Lab Operations, YM BioSciences' acquisition of Cytopia Ltd. and Maxxam Analytics' acquisition of Cantest.

There were six non-core businesses or asset disposals, which were driven by the parent companies' strategy to focus on core products and or regions expected to drive their business going forward.

On a sub-sector basis, 14 (or 61%) of the transactions were for entities that provide products or services to the sector, while eight (or 35%) were attributed to drug development companies. There was one medical device transaction.

## Drug Development Company Deals

Announced Date	Target Company	Deal Description	Acquirer Company
10/1/2009	<b>QLT USA Inc</b> US-based pharmaceutical company, developing a portfolio of proprietary products, including oncology, pain management, and dermatology products. QLT USA's principal operating asset is the Eligard® line of products for the treatment of prostate cancer.	<b>Consideration</b> – Under the Stock Purchase Agreement, QLT received \$20 million on closing and will receive \$10 million on or before October 1, 2010. Additional payments include up to \$200 million payable on a quarterly basis in amounts equal to 80% of the royalties paid under the license agreements with each of Sanofi-Synthelabo Inc and MediGene Aktiengesellschaft for the commercial marketing of Eligard in Canada, the US and Europe.  <b>Rationale</b> – Tolmar has acquired the rights to a product it has been manufacturing for QLT USA Inc. This represents the last of a series of asset sales and licensing agreements QLT Inc. has completed to facilitate their transition to solely focus on ocular therapeutics.	<b>Tolmar Holding Inc</b> US-based pharmaceutical research, development, manufacturing and commercial operations company, which develops and manufactures both proprietary and generic pharmaceutical products with a specific focus in therapeutic areas of dental, dermatology, and oncology.
10/2/2009	<b>Trimeris Inc</b> US-based biopharmaceutical company engaged in the commercialization of a class of antiviral drug treatments called fusion inhibitors for use in HIV treatment.	<b>Consideration</b> – Approximately \$81 million through a cash tender offer of \$3.60 per share.  <b>Rationale</b> – Represents Arigene's first step towards the launch of a research and development center in Korea and enables to expand its business to the broader biotechnology industry.	<b>Arigene Co Ltd</b> A listed South Korea-based company, which develops, manufactures and markets Ubiquitous Healthcare Systems (U-Healthcare) and related medical equipment.

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10/5/2009	<b>Cytopia Ltd</b> A listed Australia-based biotechnology company focused on the discovery and development of new drugs to treat cancer and other diseases.	<b>Consideration</b> – Cytopia shareholders are being offered 0.0852 common shares of YM in exchange for each common share of Cytopia.  <b>Rationale</b> – Cytopia's pipeline of products, compliments YM BioSciences' cancer product pipeline. The acquisition also allows YM the opportunity to begin clinical trials in Australia with its oncology drug nimotuzumab.	<b>YM BioSciences Inc</b> Canada-based life sciences product development company that identifies and advances a portfolio of promising cancer-related products at various stages of development.
10/12/2009	<b>Proteolix Inc</b> US-based, privately-held biopharmaceutical company focused on discovering and developing novel therapeutics that target protein degradation pathways for cancer and autoimmune diseases.	<b>Consideration</b> – \$276 million cash payment upon closing of the transaction. Additional payments include \$40 million payable in 2010 based on the achievement of a development milestone and up to \$535 million contingent upon the achievement of anticipated approvals for carfilzomib in the US and Europe.  <b>Rationale</b> – Further advance their pipeline of products focused on oncology.	<b>Onyx Pharmaceuticals Inc</b> US-based biopharmaceutical company focused on oncology.
10/15/2009	<b>VaxGen, Inc</b> US-based biopharmaceutical company with a state-of-the-art manufacturing facility with a 1,000-liter bioreactor that can be used to make cell culture or microbial biologic products.	<b>Consideration</b> – VaxGen stockholders will receive approximately 0.4719 shares of common stock of OXiGENE in a stock-for-stock swap, subject to target net cash.  <b>Rationale</b> – Provides OXiGENE, an immediate infusion of significant cash, which strengthens its ability to fund clinical development programs.	<b>OXiGENE, Inc</b> US-based clinical-stage, biopharmaceutical company developing novel therapeutics to treat cancer and eye diseases.
10/16/2009	<b>NanoTherapies, LLC</b> US-based developer of therapies for cancer treatment based on the exploitation of calcium phosphate nanoparticles for therapeutic and diagnostic applications.	<b>Consideration</b> – \$1.02 million for 26% stake.  <b>Rationale</b> – Brings Cancer Therapeutics' ownership to a majority of 51%.	<b>Cancer Therapeutics Inc</b> US-based emerging biotechnology business incubator with a specific emphasis on disruptive cancer treatments and nanotechnology.
10/26/2009	<b>Huxley Pharmaceuticals Inc</b> US-based pharmaceutical company with a focus on developing therapeutic products for rare diseases of the nervous system.  Was a portfolio company of Aceras BioMedical LLC (Aceras), an affiliate of Rodman & Renshaw Capital Group, Inc	<b>Consideration</b> – \$15.0 million, plus an additional \$7.5 million upon the achievement of regulatory milestones. Huxley stockholders may also receive up to an additional \$36 million in milestone payments if certain annual, cumulative sales and US development milestones are met.  <b>Rationale</b> – The acquisition gives BioMarin access to Huxley's rights to a proprietary form of 3,4-diaminopyridine (3,4-DAP), amifampridine phosphate, for treatment of the rare autoimmune disease Lambert Eaton Myasthenic Syndrome (LEMS).	<b>BioMarin Pharmaceutical Inc</b> Develops and commercializes innovative biopharmaceuticals for serious diseases and medical conditions.
10/26/2009	<b>Metabasis Therapeutics Inc</b> US-listed biopharmaceutical company focused on the discovery, development and commercialization of novel drugs for metabolic and chronic liver disease.	<b>Consideration</b> – Cash payment of approximately \$1.8 million at closing plus future contingent value rights tied to cash received by Ligand from proceeds from the sale or partnering of any of the Metabasis drug development programs, among other triggering events.  <b>Rationale</b> – To access Metabasis' drug development pipeline.	<b>Ligand Pharmaceuticals Inc</b> US-based company developing small-molecule drugs and recombinant DNA proteins, which regulate gene activity and genetic processes in cancer and other diseases.

**Pharma & Life Sciences Services Company Deals**

Attracted by the strong sector fundamentals, private equity players directly, or through their portfolio companies acquired five of the targets in the services sub-sector.

Announced Date	Target Company	Deal Description	Acquirer Company
10/2/2009	<b>Pharma Genexx S.A.</b> Privately-held Chilean pharmaceutical distribution company of pharmaceutical products, OTC products and medical devices for the government, private and institutional markets.	<b>Consideration</b> – \$16 million in an all cash transaction.  <b>Rationale</b> – Furthers OPKO's strategy to expand into international markets.	<b>OPKO Health, Inc</b> US-based OPKO is a specialty healthcare company involved in the discovery, development and commercialization of proprietary pharmaceutical products, medical devices, vaccines, diagnostic technologies and imaging systems focused on oncology, infectious diseases and neurological disorders.
10/6/2009	<b>Prodesse, Inc</b> US-based biotechnology company which develops, manufactures, and distributes molecular diagnostic reagents for a variety of infectious disease applications.	<b>Consideration</b> – \$60 million in an all cash transaction with potential to reach up to \$85 million if Prodesse achieves certain financial and regulatory milestones in 2010 and 2011.  <b>Rationale</b> – Supports Gen-Probe's strategic focus on commercializing differentiated molecular tests for infectious diseases.	<b>Gen-Probe Incorporated</b> US-based company engaged in development, manufacture, and marketing of rapid nucleic acid tests used primarily to diagnose human diseases and screen donated human blood.
10/8/2009	<b>United BioSource Corporation (Undisclosed Stake)</b> US-based provider of scientific and information based product development and commercialization services to the pharmaceutical and life sciences industries.	<b>Consideration</b> – \$125 million growth equity investment.  <b>Rationale</b> – Supports the company's evidence-based acquisition and service offering expansion strategy focusing on the provision of a continuous stream of evidence of product safety, economic value and medical effectiveness in the peri- and post-approval environment.	<b>Berkshire Partners LLC</b> US-based private equity firm.
10/8/2009	<b>OneMed Lab (Finland, Norway &amp; Sweden)</b> Medical and scientific laboratory supplies distributor.	<b>Consideration</b> – Undisclosed.  <b>Rationale</b> – Aligned with VWR's global expansion goals and complements VWR's expertise in chemicals, consumables and life science products. In addition, provides enhanced platform for VWR's suppliers.	<b>VWR International, LLC</b> US-based distributor of laboratory supplies and equipment to the industrial, pharmaceutical, educational and government markets.  Portfolio company of US-based private equity firm, Madison Dearborn Partners LLC.
10/9/2009	<b>MDS Inc (Central Labs Operations)</b> Provides a range of late-stage laboratory services to global clients, including standardized assays, cardiac services, integrated data management, international laboratory study co-ordination and site support.	<b>Consideration</b> – \$8 million proceeds. Potential to increase by up to \$4 million if certain performance thresholds are attained.  <b>Rationale</b> – Supports MDS' strategy to divest of non-core business and focus on its MDS Nordion business.	<b>Czura Thornton Group Limited</b> Switzerland-based private equity firm.

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10/12/2009	<b>Natural Pharmaceuticals, Inc</b> US-based, a global source for high-purity semi-synthetic taxane APIs with a production facility in BC, Canada, and a manufacturing subsidiary in Shanghai, China.	<b>Consideration</b> – Undisclosed.  <b>Rationale</b> – The combination makes Phyton Biotech the world's only API company that can produce semi-synthetic taxanes without depending on biomass from tree plantations creating enormous capacity up front.	<b>Phyton Biotech GmbH</b> Germany-based, engaged in the application of plant cell culture technology for the commercial production of APIs.
10/14/2009	<b>Eli Lilly (Tippecanoe Laboratories manufacturing facility)</b> US-based site that produces high-quality APIs and specialty chemical and animal health products.	<b>Consideration</b> – Undisclosed.  <b>Rationale</b> – Sellers' rationale is based upon a projected decline in utilization of the site due to upcoming patent expirations on certain medicines made at the site, Lilly's strategic decision to purchase, rather than manufacture, many late-stage chemical intermediates, and the evolution of the Lilly pipeline toward more biotechnology medicines. For Evonik, the acquisition helps meet the growing demand for intermediates and active pharmaceutical ingredients in the pharmaceutical industry and substantially boosts their global exclusive synthesis business.	<b>Evonik Industries AG</b> Germany-based, listed diversified chemicals company.
10/16/2009	<b>Marligen Biosciences, Inc</b> US-based provider of multiplex assays for the Luminex xMAP® platform for protein and gene expression profiling assays and testing services, and DNA and RNA purification kits.	<b>Consideration</b> – Undisclosed.  <b>Rationale</b> – Enhances OriGene's gene centric product portfolio to include new assay panels and custom assays for drug discovery.	<b>OriGene Technologies, Inc</b> US-based, gene-centric life sciences tool company dedicated to support academic, pharmaceutical and biotech companies in their research of gene functions and drug discovery.
10/18/2009	<b>Allion Healthcare Inc</b> US-based provider of specialty pharmacy and disease management services for the treatment of HIV/AIDS patients.	<b>Consideration</b> – \$6.60 per share in cash for a transaction value of approximately \$278 million, including the assumption or repayment of approximately \$79 million of indebtedness.  <b>Rationale</b> – Facilitates a take private transaction which offers value and liquidity to Allion's shareholders.	<b>Brickell Bay Acquisition Corp.</b> Wholly-owned acquisition vehicle of HIG Capital LLC, a US-based private equity firm.
10/19/2009	<b>Cantest</b> Canada-based, offers integrated analytical and specialized testing in support of industries and regulators assessing environmental quality, pharmaceutical / biotechnology efficacy, food quality, and drug residues.	<b>Consideration</b> – Undisclosed.  <b>Rationale</b> – Strengthens Maxxam's presence in Western Canada and more specifically in the British Columbia marketplace.	<b>Maxxam Analytics International Corporation</b> Canada's largest independent analytical laboratory services company, with expertise in environmental laboratory services, petroleum services, food safety and sciences, and forensic and DNA services. Portfolio company of OMERS Private Equity.
10/23/2009	<b>Biotest Diagnostics Corporation; Biotest Medical Diagnostics GmbH</b> Certain diagnostic businesses of Biotest AG located in Germany and the US.	<b>Consideration</b> – €45 million.  <b>Rationale</b> – Broadens Bio-Rad's offering in the area of immunohematology and provides access to the US markets with a full range of products. The transaction also includes the transfusion and transplantation diagnostic businesses of Biotest's international subsidiaries.	<b>Bio-Rad Laboratories Inc</b> US-based multinational manufacturer and distributor of life science research products and clinical diagnostics.

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10/23/2009	<b>AnaSpec Inc</b> US-based provider of integrated proteomics solutions for life science research and diagnostics with expertise in peptides synthesis, labeled peptides and antibodies, fluorescent dyes and enzyme activity assays.	<b>Consideration</b> – Undisclosed.  <b>Rationale</b> – Combined expertise enables Eurogentec to provide solutions in the fields of Genomics and Proteomics for basic research in the biotech and pharmaceutical sectors, as well as applied solutions in the diagnostics sector. In addition, AnaSpec considerably strengthens Eurogentec's geographical presence in the US and Eurogentec will directly market and support AnaSpec's products in the EU.	<b>Eurogentec S.A</b> Belgium-based supplier of innovative reagents, kits, specialty products and custom services to scientists in the life science, biotechnology, pharmaceutical and diagnostic markets.
10/26/2009	<b>Worldwide Clinical Research, Inc</b> US-based CRO specializing in the management of clinical studies for biotechnology and pharmaceutical companies.	<b>Consideration</b> – Undisclosed.  <b>Rationale</b> – Combined company creates a fully-integrated technology-based clinical research solutions and service provider for a broader customer base.	<b>Clinipace Worldwide, Inc</b> US-based, technology-driven clinical research solutions.
10/27/2009	<b>Excel PharmaStudies Inc</b> Large contract research organization in China.	<b>Consideration</b> – Undisclosed.  <b>Rationale</b> – PPD has expanded its capability to offer Phase II-IV clinical management, data management, biostatistics, regulatory and quality assurance services under a variety of operating models, ranging from functional to full service. In addition, the combination of Excel and PPD creates one of the largest CROs operating in China and Japan.	<b>PPD Inc</b> US-listed global contract research organization providing discovery, development and post-approval services as well as compound partnering programs.

### Medical Device Company Deals

Announced Date	Target Company	Deal Description	Acquirer Company
10/20/2009	<b>Cartilix, Inc</b> US-based company that has developed proprietary cartilage repair technology.	<b>Consideration</b> – Undisclosed.  <b>Rationale</b> – Fits with Biomet's continuum of solutions for knee disorders.	<b>Biomet Inc</b> US-based company designs, manufactures and markets orthopaedic and dental medical devices.

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All dollar amounts are expressed in US dollars, unless otherwise indicated.

Sources: mergermarket, CapitalIQ, company websites, and press releases

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