

MoFo BioMeter™

A quarterly deal report covering the biotechnology industry



Phase 2 Deals Dominate Q4 and Full Year 2012

By Stephen B. Thau, Anelia V. Delcheva

Morrison & Foerster is pleased to release the MoFo BioMeter for the fourth quarter of 2012 and for the full year of 2012.

The fourth quarter of 2012 saw an uptick in BioMeter value, with an average BioMeter value of approximately \$26.8 million for license and collaboration agreements announced during the quarter, led by an increase in BioMeter values for Phase 2 transactions and a single high-value transaction for an approved product (BMS/Medicines Company). Transactions for Phase 2 and pre-clinical/discovery products dominated the quarter, representing roughly 46% and 42% of transactions with

Table 1a: BioMeter Values by Stage of Development and Average by Quarter

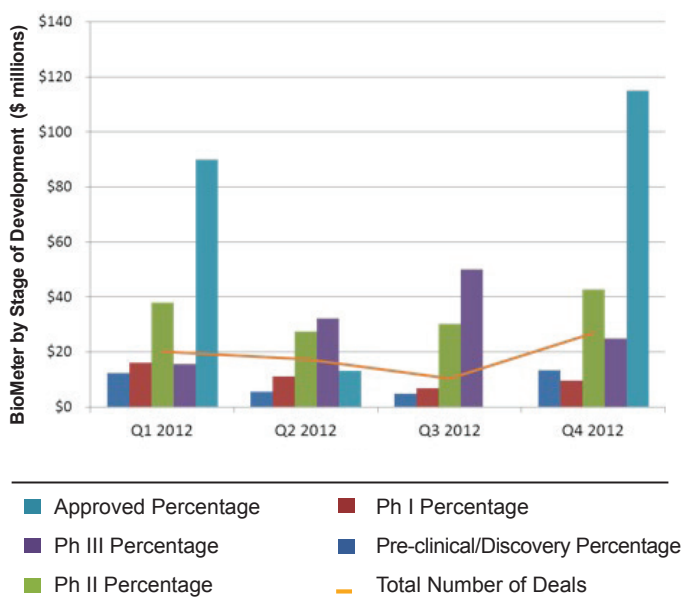
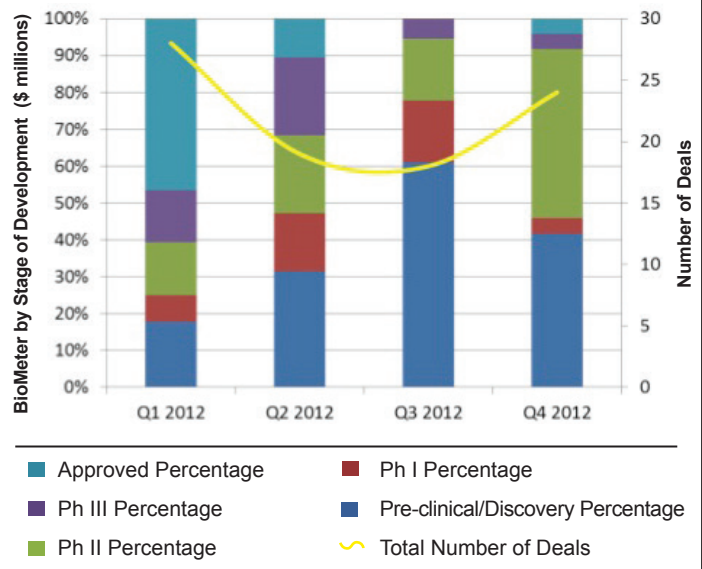


Table 2a: Number and Percentage of Collaboration Agreement by Stage of Development



(continued on page 2)

Table 1b: BioMeter Values by Stage of Development and Average by Year

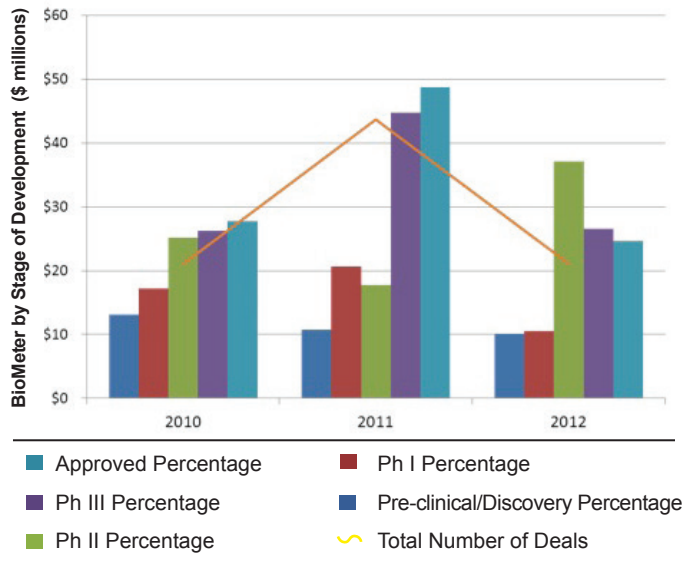
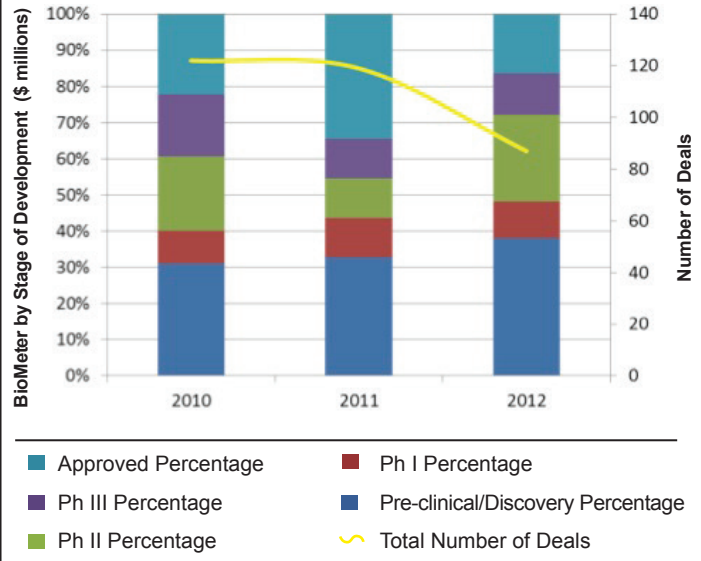


Table 2b: Number and Percentage of Collaboration Agreement by Stage of Development



reported stage of development. The total number of transactions with announced stage of development also increased slightly in the fourth quarter compared to the second and third quarters, but still lagged the first quarter. Overall, however, the dealmaking pace in Q4 remained slower than in prior years, reflecting the impact of industry consolidation and constrained development budgets.

For the full year in 2012, overall BioMeter values declined to approximately \$21.2 million from approximately \$43.7 million in 2011. The BioMeter value in 2012 was approximately the same as in 2010.

2012 was a good year for Phase 2 deals compared to 2011, with the BioMeter value for Phase 2 deals reaching approximately \$37.1 million in 2012, compared to approximately \$17.8 million in 2011. Phase 2 deals also increased in relative frequency, representing approximately 24% of deals reporting stage of development in 2012, compared to approximately 11% of deals reporting stage of development in 2011.

The overall decrease in BioMeter value in 2012 compared to 2011 resulted from a marked reduction in the percentage of deals for approved products, which declined to approximately 17% of deals reporting stage of development in 2012 from approximately 33% of deals reporting stage of development in 2011. The BioMeter value for approved products also declined to approximately \$24.6 million in 2012 compared to \$48.8 million in 2011. Pre-clinical and discovery deals continued to make up over one-third of all transactions reporting stage of development, with relatively constant BioMeter values of approximately \$10 million. BioMeter values for Phase 3

deals declined in 2012 compared to 2011, from approximately \$45 million in 2011 to approximately \$27 million in 2012.

These data suggest that licensees remain interested in early stage opportunities and continue to look selectively at later stage opportunities, with an increasing focus on Phase 2 programs, where deals permit structuring around regulatory risk and cost-sharing for Phase 3 development. While licensing opportunities exist for Phase 1 programs, companies increasingly need to fund those programs through later stages of development.

UPCOMING EVENTS

MoFo BioMed Luncheon Series: Navigating Grant and Contracting Opportunities with the United States

March 5, 2013, San Diego

March 6, 2013, Palo Alto

Webinar: Patent Practitioners Beware the AIA – What You Need to Know to be Ready for the Switch to First-Inventor-to-File

March 6, 2013

Half-day Workshop: Leveraging China to Build a Global Biotech Business

March 28, 2013, San Diego

To register for an event, or for more information, please contact Erin Finley at efinley@mofocom or 213.892.5595.

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.

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.

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