

SAN DIEGO BIOTECH GENE OHM ACQUIRED: MEDICAL DEVICE FIRM IS PAYING \$230 MILLION

GeneOhm Sciences

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GeneOhm Sciences, a privately owned San Diego biotechnology company that has developed the only rapid diagnostic test for an antibiotic-resistant superbug, is being acquired by medical device company Becton Dickinson for \$230 million.

GeneOhm is expected to operate as an independent business unit of the New Jersey medical-device giant, said Eric Holmlin, GeneOhm's vice president for business development.

He said GeneOhm expects that all of its 160 employees, about 50 of them at the San Diego headquarters and the remainder in Quebec, would remain employed by the company.

GeneOhm CEO Peter Klemm will remain as president of BD GeneOhm, and the rest of the company's senior management is also expected to remain in current positions.

GeneOhm generated about \$5 million in revenue in 2005, and will expand Becton's presence into the health care-associated infection market. And Becton's 100-year history and financial resources will give tiny GeneOhm more commercial might as it seeks to bring more products to market and commercialize its approved diagnostics around the world.

The deal, which is expected to close in March, could include an additional \$25 million in milestone payments beyond the initial purchase price.

GeneOhm was founded in 2001 by California Institute of Technology professor Jacqueline K. Barton, and its mission was to commercialize discoveries from Caltech and Laval University in Quebec.

In November, the company received approval from the Food and Drug Administration to begin selling its test that detects methicillin-resistant staphylococcus aureus, or MRSA, a drug-resistant infection that gets into people's bodies through cuts, scrapes or incisions.

MRSA can cause a range of symptoms, from a pimple-like abscess to severe soft tissue damage or deadly blood infection.

An increasing number of hospital patients are getting infected with MRSA. Further alarming the health care community is that a version of the bug is spreading outside of hospitals -- in schools, jails and among professional sports teams.

Nationwide, the incidence of hospital-acquired infections jumped more than 36 percent between 1975 and 1995, according to a study in the New England Journal of Medicine. About 2 million people develop these infections each year in the United States, and as many as 90,000 die.

GeneOhm's test uses a nucleic acid-based system to detect infection-causing bacteria and genetic variations in two hours, and with 96 percent accuracy. The test most hospitals now use takes two to four days.

Besides the MRSA test, the company's portfolio includes a nucleic acid- based test for diagnosing Group B streptococcus. That test has also been approved for market by the FDA and Canadian regulators.

The company is also developing diagnostics for other bacteria and fungal infections, said Jean-Pierre Gayral, GeneOhm's senior vice president of infectious disease.