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Combined Firm Adds £15M

'One-Stop Shop' RNAi Delivery Firm; Silence, Intradigm Merge

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UK-listed Silence Therapeutics plc and privately held Intradigm Corp. agreed to a merger deal that could give the combined firm a competitive edge in the RNAi landscape currently dominated by firms such as Alnylam Pharmaceuticals Inc. and Sirna Therapeutics Inc.

The RNAi space, made hotter by the 2006 Nobel Prize to Craig Mello and Andrew Fire, has continued to grow in popularity with big pharma firms – witness Alnylam's string of deals with the likes of Roche Holdings AG and Novartis AG, and Silence's own potential $400 million deal with AstraZeneca plc in 2007. But, still, the biggest challenge remains finding ways to effectively deliver RNAi-based therapeutics to disease targets.

Both Silence and Intradigm have been working on separate delivery technologies: Silence's platform is designed to chemically stabilize siRNA for delivery within a liposome, while Intradigm's technology involves surrounding the siRNA with a ligand-targeted layered nanoparticle.

Each technology has its own strengths, but the companies realized that uniting their efforts would be more attractive to prospective pharma partners.

"We had talked about collaborating at one point," said Philip Haworth, CEO of Palo Alto, Calif.-based Intradigm. But, as competitors, "it was very difficult for our scientists to engage in that kind of dialogue."

Nevertheless, "we both realized it would be long, too slow and too expensive to reinvent someone else's wheel," he added. "This way, we'll be able to generate a whole new set of solutions."

But Haworth doesn't expect the combined company, which will continue under the name Silence Therapeutics, to compete directly with Cambridge, Mass.-based Alnylam or San Francisco-based Sirna (now part of Merck & Co. Inc.) since its focus is on delivery. "We're developing a company that sits in the next part of the space, so we're meeting a different need," he told *BioWorld Today*. "Our goal is to be a one-stop shop for delivering siRNA."

Terms of the deal – technically structured as a reverse merger – call for Silence to issue about 79.6 million shares to acquire the entire share capital of Intradigm. Based on Silence's closing price on the London Aim market Tuesday, the deal is valued at about £20 million (US$32.6 million.)

Upon close of the transaction, subject to approval of Silence shareholders at a Jan. 4, 2010, meeting, Intradigm shareholders will own about 36.6 percent of the new company. Haworth will become CEO of Silence, while Silence Chairman Iain Ross will remain in his position, as will Klaus Giese, Silence's chief scientific officer.

Silence also is boosting its financial position, with a £15 million financing underwritten by Nomura Code Securities, with £10 million coming from Silence shareholders and the remaining £5 million committed by Intradigm shareholders, including Alta Partners, Frazier Healthcare, Lilly Ventures, Roche Finance and Astellas Venture. Shares were sold at 23 pence each.

"We feel pretty solid" financially, Haworth said, adding that the newly merged firm intends to seek out additional deals – that includes relaunching a number of discussions put on hold while the merger was completed. "That's our focus for 2010."

Both companies have centered their own pipeline efforts on the oncology area, including Silence's Atu027, set to wrap up a Phase I trial in advanced solid tumors next year. So it's likely that future deals will focus on expanding the technology outside of that space, much like Silence's deal with London-based AstraZeneca, which focused on respiratory disease targets. (See *BioWorld Today*, July 9, 2007.)

The combined firm will keep its AIM listing. As for seeking a U.S. listing, "we'll consider it if and when" the markets open up, "but there's no specific timeline," Haworth said.

Silence's shares (LSE:SLN) fell 5 pence, or 20 percent, Wednesday to close at 19.75 pence.

Once the deal closes, the company will maintain an office in London, with operations split between Palo Alto and Berlin.

"There's very little overlap in terms of expertise," Haworth said. "There's no trading off. It's just more good stuff being put together." ■

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