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- *From:* "georgia" <jwissmille@xxxxxxx>
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US issues \$1 billion in flu vaccine contracts
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By Lisa Richwine and Maggie Fox

WASHINGTON (Reuters) – Five companies received more than \$1 billion in contracts to develop new and better influenza vaccines, and to make them on U.S. territory, the U.S. Health and Human Services Department said on Thursday.

GlaxoSmithKline Plc <GSK.L> <GSK.N> was awarded \$274.75 million, MedImmune Inc. <MEDI.O> was awarded \$169.46 million, Novartis AG <NOVN.VX> won \$220.51 million, DynPort vaccine, working with Baxter International Inc. <BAX.N>, won \$40.97 million and Solvay <SOLBt.BR> won \$298.59 million.

The companies will all work to develop cell-based vaccines to fight influenza. The new vaccines will be grown in labs, in batches of cells called cell cultures, Health and Human Services Secretary Mike Leavitt said.

This new method aims to replace older, egg-based methods which require steady supplies of carefully grown eggs and months of cultivation.

The targets are both the annual seasonal flu and the H5N1 avian influenza spreading among birds. The bird flu virus does not yet easily infect people but it has killed more than 100 people and experts fear it could mutate into a form that could spread easily and quickly among people.

If it did, it would spark a pandemic and work would have to begin quickly on a vaccine to fight it.

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"These funds are part of \$3.3 billion proposed by the President and appropriated by Congress to HHS for fiscal year 2006 to help the nation prepare for a pandemic," HHS said in a statement.

Experts have been urging the United States for years to help companies develop more modern methods to make influenza vaccines. The current, 40-year-old technology is unwieldy and unreliable and it takes months to determine how many vaccine doses will be available in a given year.

And HHS has worried that almost all flu vaccines are made outside the United States. If there were a pandemic of influenza, and countries acted to keep vaccine supplies for their own citizens, that might mean vaccines would not be available to Americans.

Glaxo said it would use some of the money to work on a vaccine plant it bought in Pennsylvania.

"In addition to the contract work for HHS, GSK will continue to make an investment in excess of \$100 million at its Marietta, Pennsylvania, facility to establish a domestic cell culture flu vaccine manufacturing site," Britain's Glaxo said in a statement.

Maryland-based MedImmune said it would expand its facilities where it makes a needle-free, nasal-spray flu vaccine.

"We plan to expand our domestic manufacturing capacity by establishing a cell-based facility in the United States that can produce at least 150 million doses within six months of notification of an influenza pandemic," said David Mott, president and chief executive officer of MedImmune.

"We also plan to initiate our first Phase 1 study against the avian H5N1 strain this coming June under a cooperative research and development agreement with the National Institutes of Health to determine if our technology can be as effective against potential pandemic A strains as it is against seasonal A strains of influenza," Mott added.

Daniel Vasella, chairman and chief executive officer of Swiss-based Novartis, said his company would build new flu vaccine facilities in the United States.

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"We will be investing additional resources in highly skilled researchers to set up one of the first flu cell culture manufacturing sites in the U.S,"

Vasella said in a statement.

Last year, HHS awarded Sanofi Pasteur <SASY.PA> a \$97 million contract for development of a cell-based vaccine.

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