OUR ONLY AGENDA IS THE SUCCESS OF THE INDUSTRY

BIO Industry Analysis

John Craighead, Ph.D.

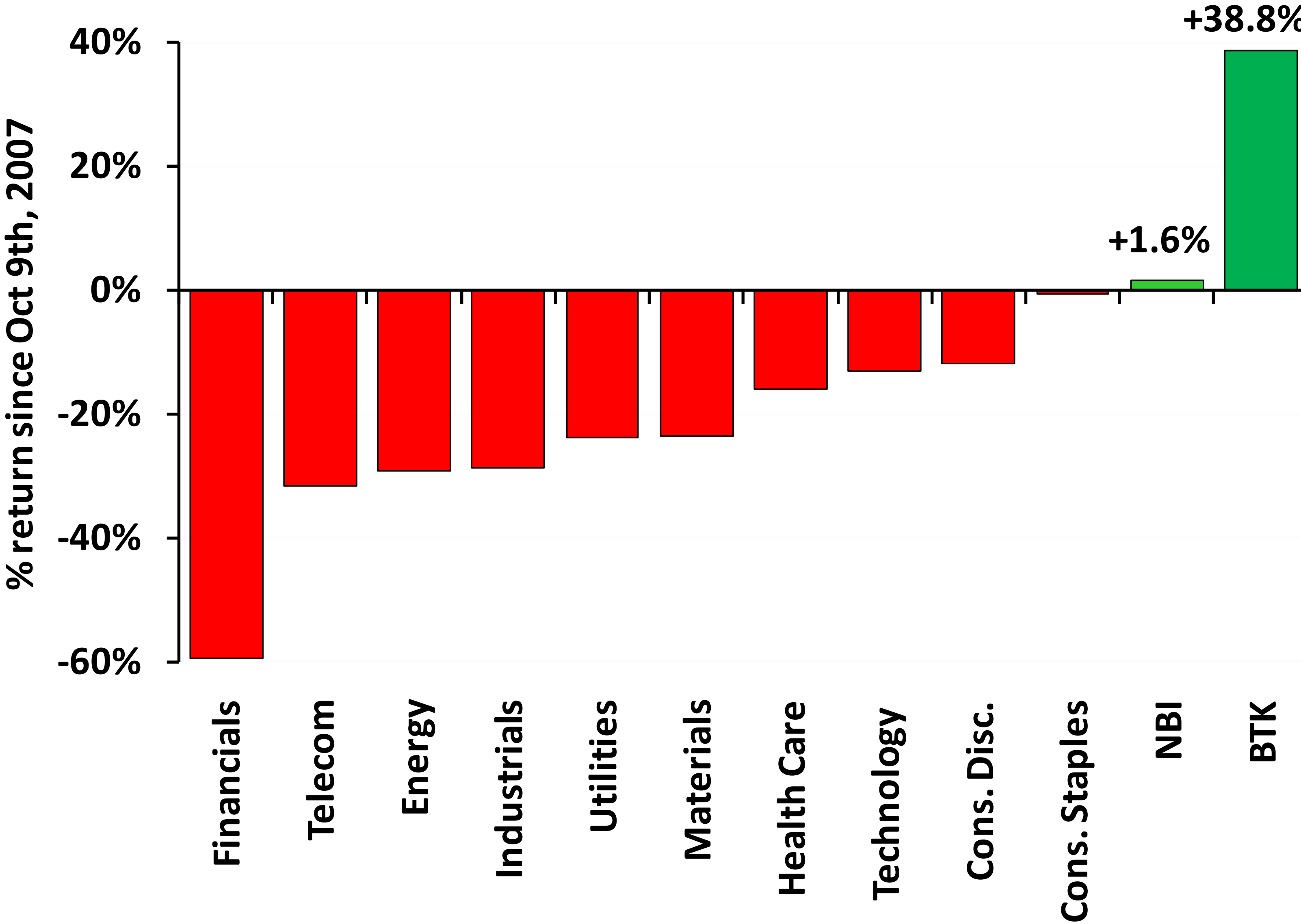
Managing Director

Investor Relations & Business Development

9th Annual BIO Investor Forum

October 5, 2010

BIOTECH SECTOR PERFORMANCE SINCE 2007



(Source: BIO, Factset, Sept. 27th, 2010)

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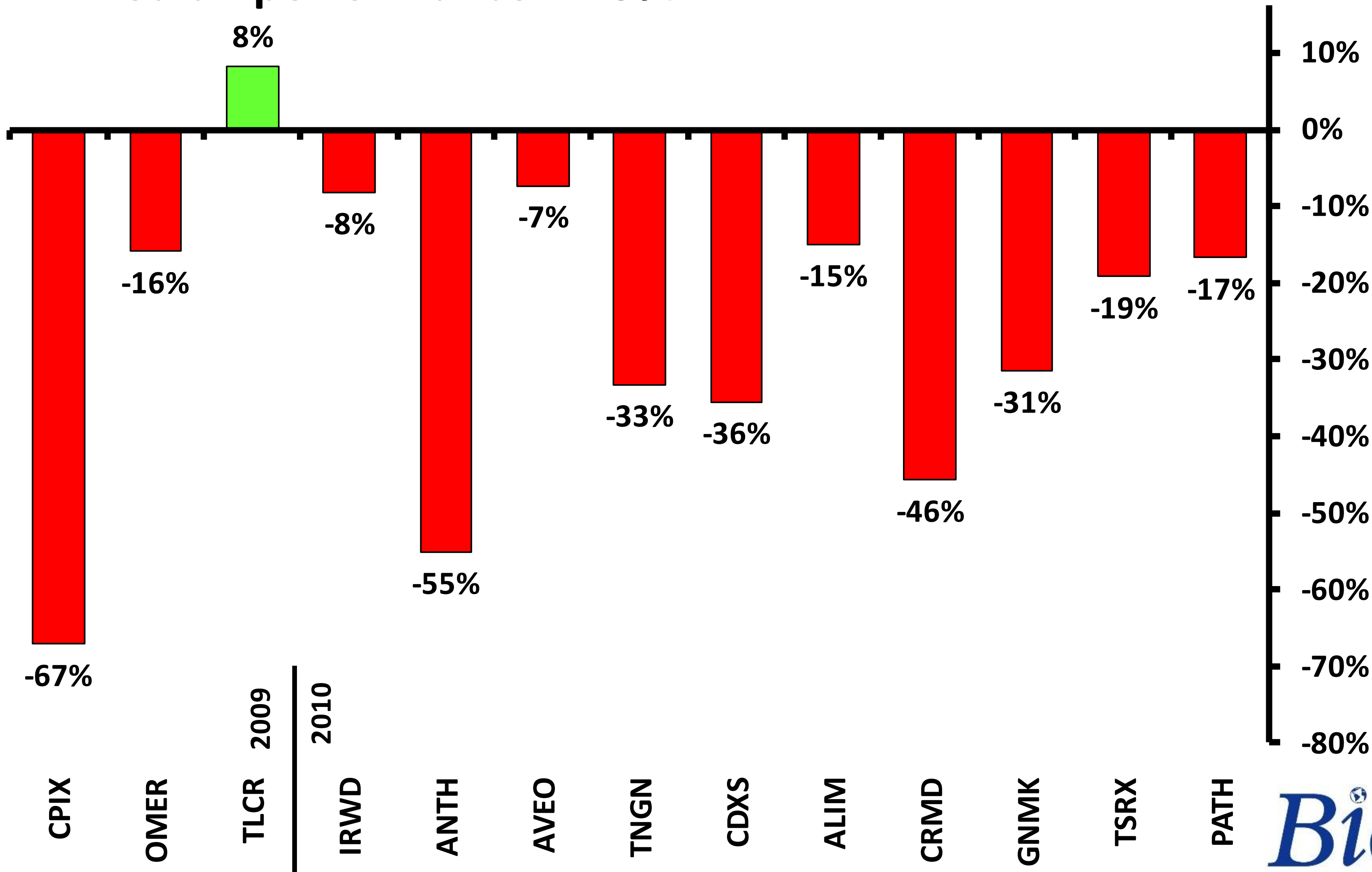
IPO WINDOW YIELDS POOR RETURNS

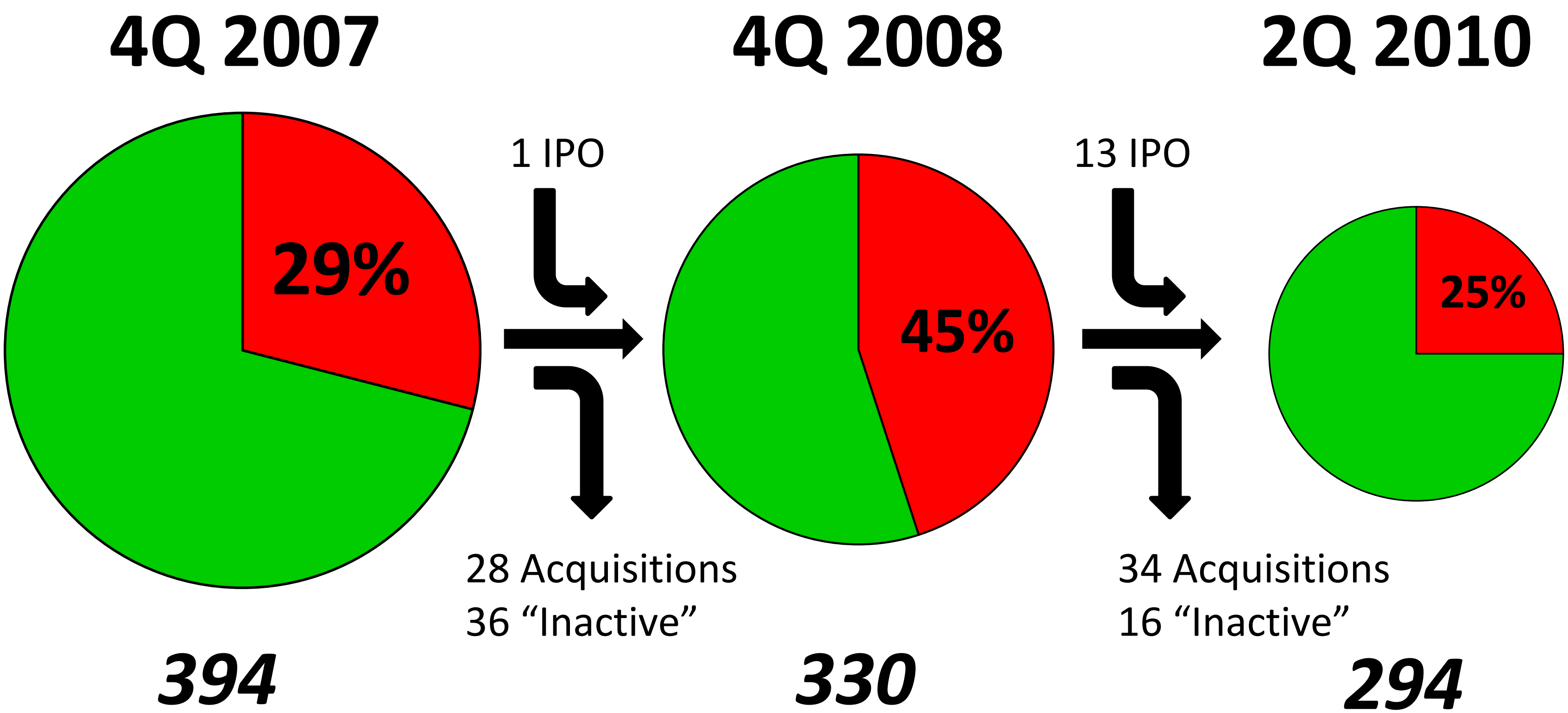
Median reduction from amount filed vs raised: -28%

Median performance: -20%



(Source: BIO, Factset, Sept. 22nd, 2010)

FEWER US PUBLIC BIOTECH COMPANIES



Less than 1 Year of Cash on Hand

(Source: BIO, Factset, Sept. 14th, 2010)

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FATE OF 131 COMPANIES WITH 1 YEAR OF CASH LEFT JAN 2009

10 ACQUIRED
19 INACTIVE
102 ACTIVE

Survival Tactics

Layoffs	41%
PIPE	40%
FOPO	39%
Out-Licensed	29%
Debt Issued	11%
Sold Assets	7%

(Source: BIO, Factset, Sept. 14th, 2010)

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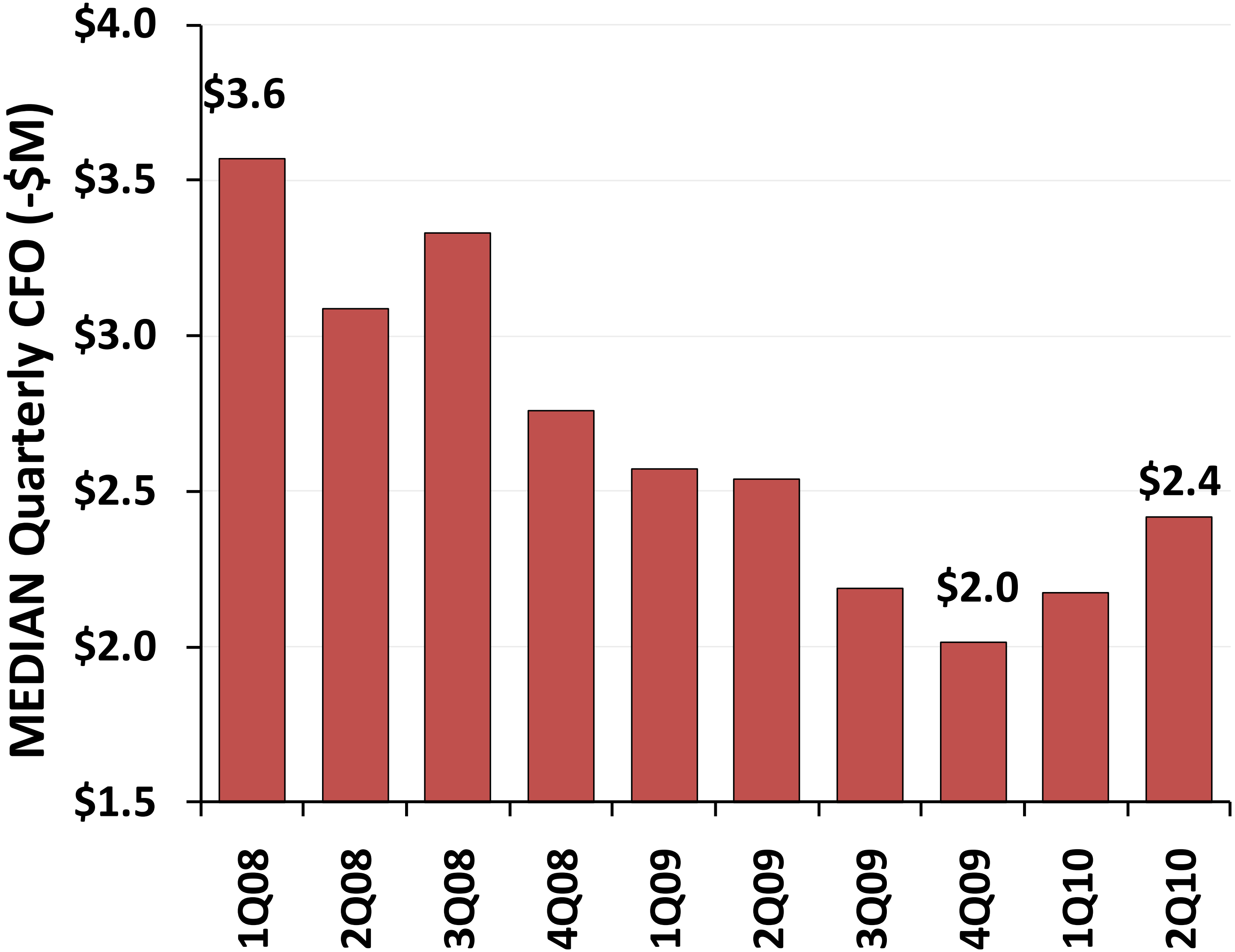
SMALL COMPANIES INCREASING CASH SPEND



(Source: BIO, Factset, Sept. 14th, 2010)

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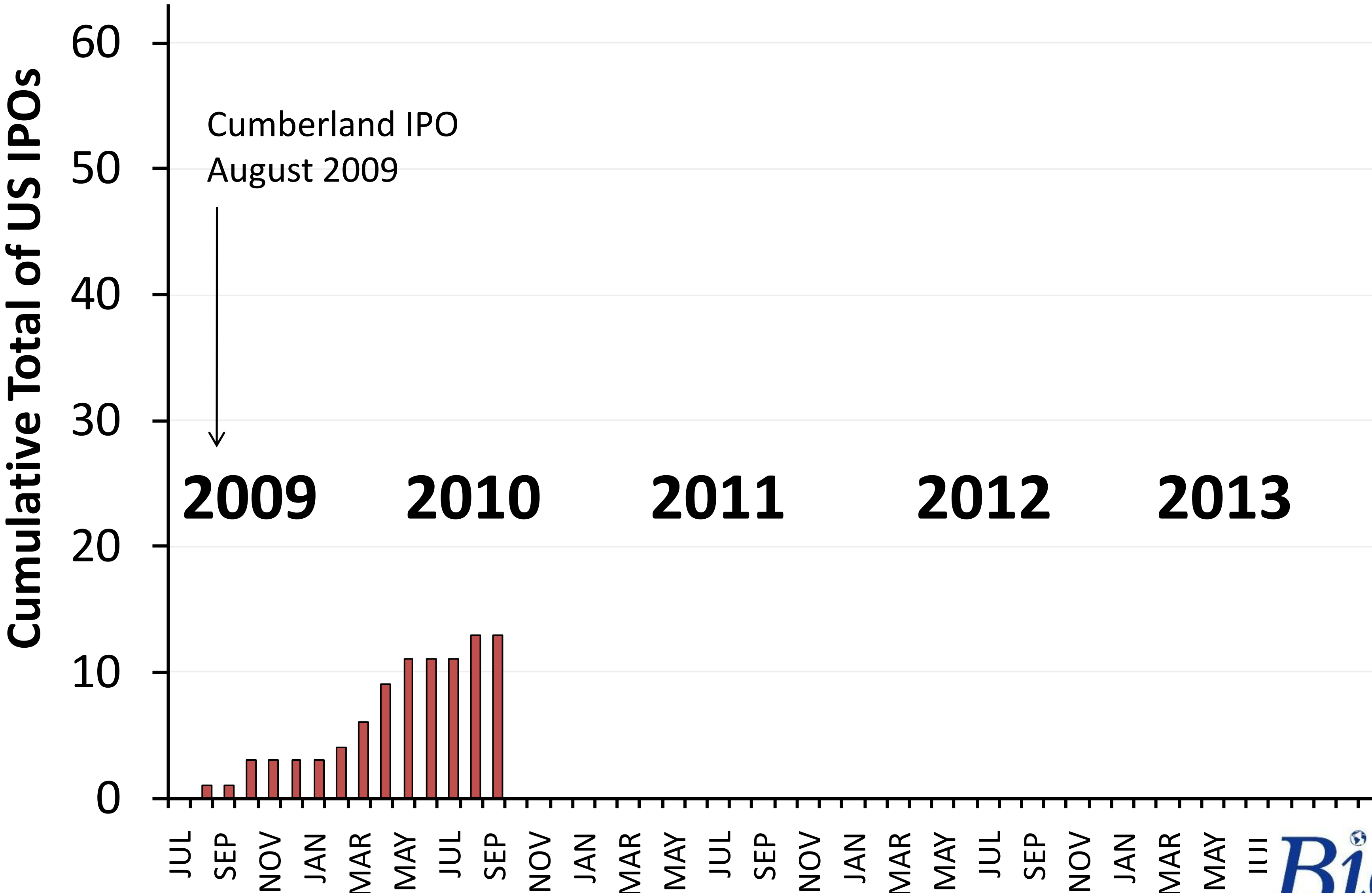
INDUSTRY ORGANIZATION

2010 US IPO "WINDOW"



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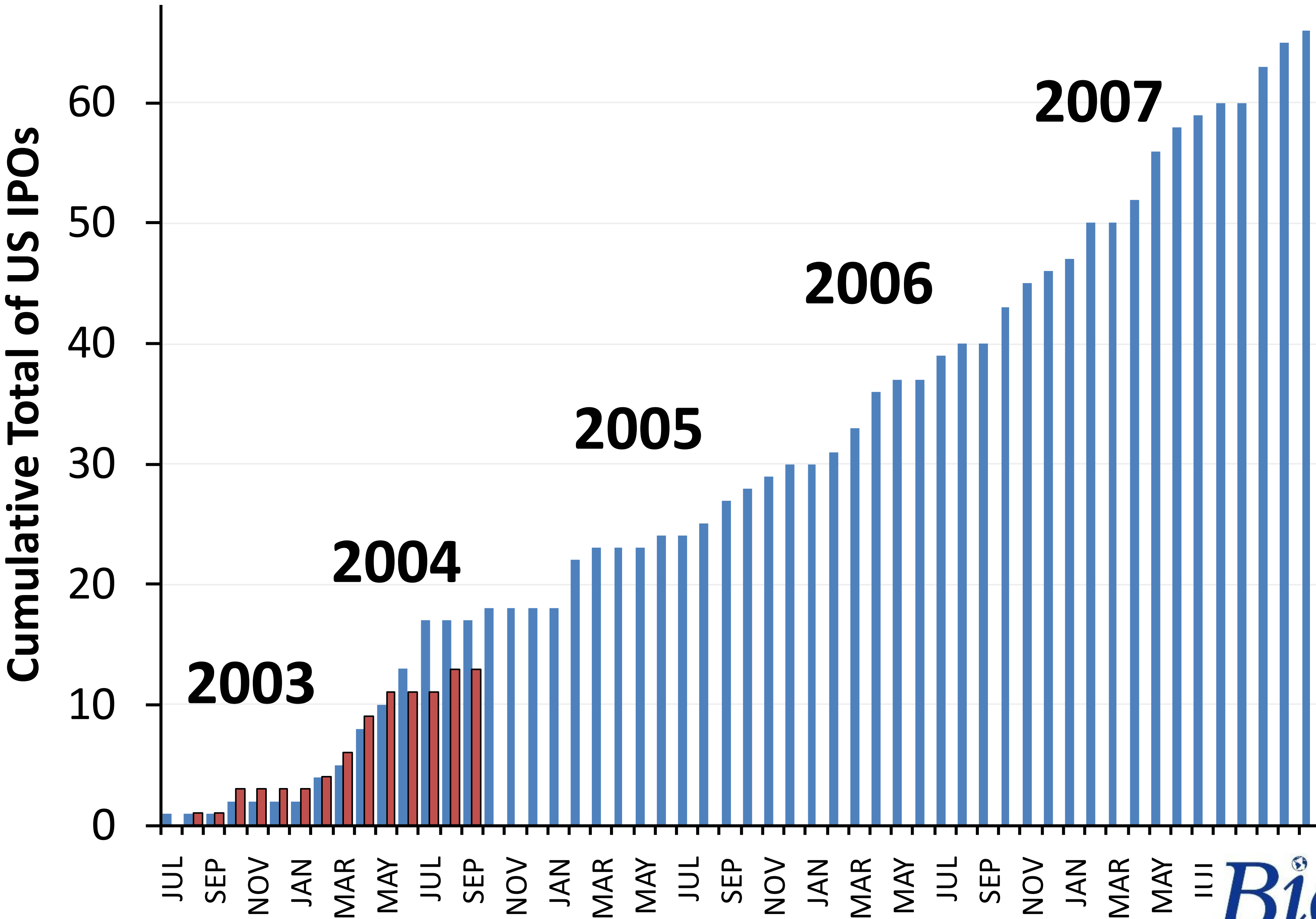
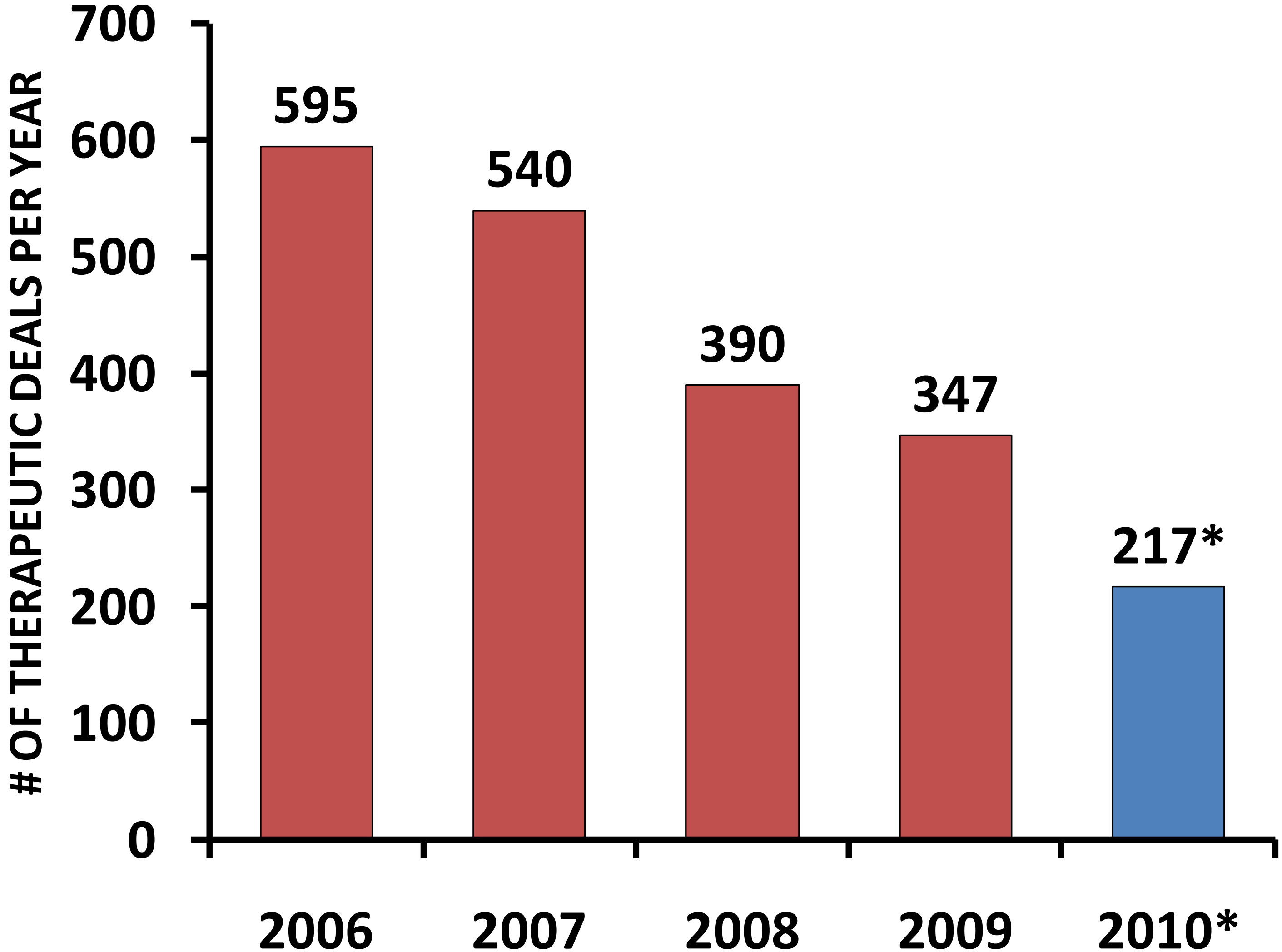
…HOW IT ENDED LAST TIME:



BIOTECHNOLOGY INDUSTRY ORGANIZATION

THERAPEUTIC BIOTECH LICENSING DEALS NOT FILLING THE GAP



*YTD, Sept 15th

(Source: BIO, Windhover, September, 2010)

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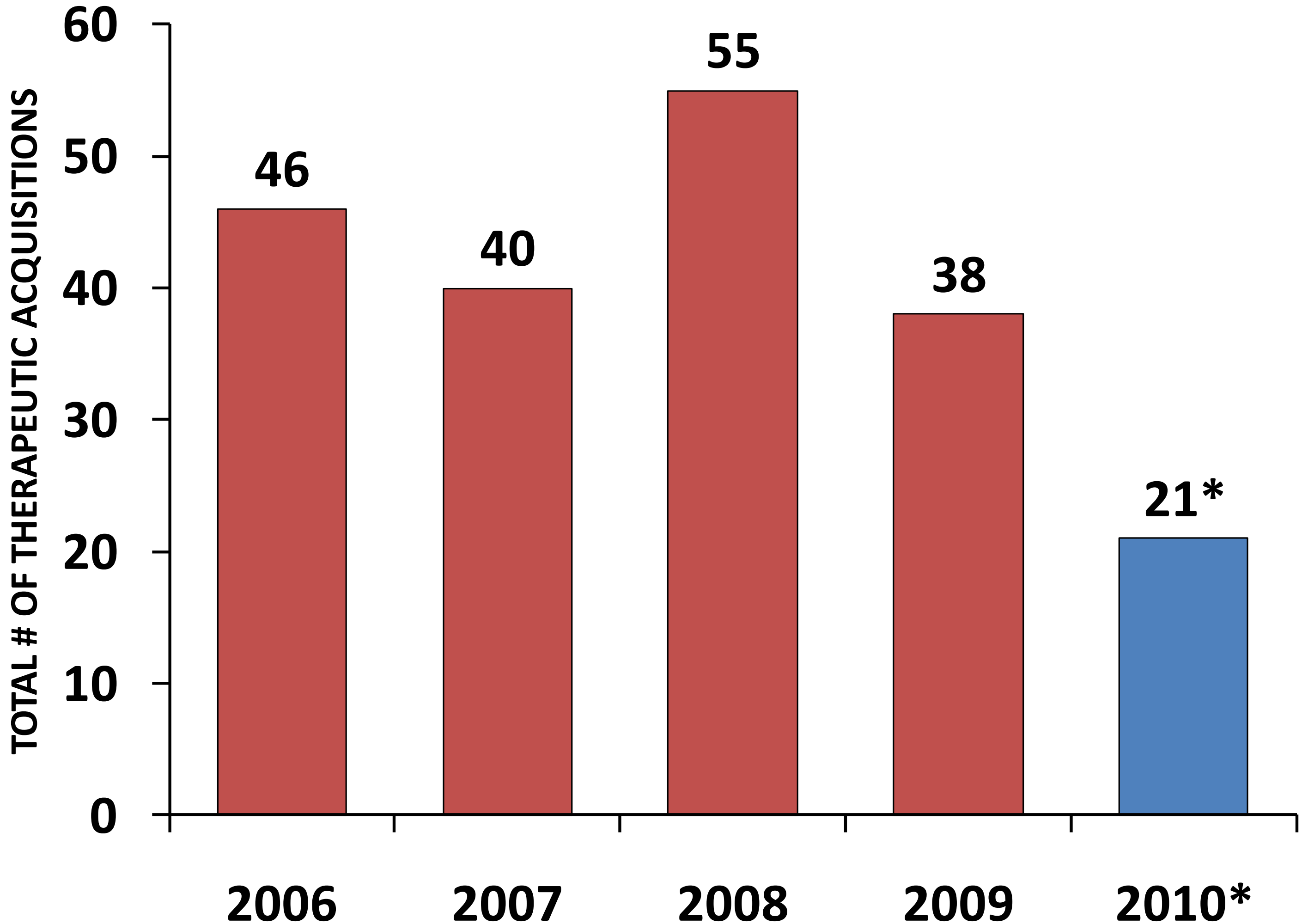
M&A NEVER PICKED UP FOR THERAPEUTIC BIOTECH COMPANIES



*YTD, Sept 15th

(Source: BIO, Windhover, September, 2010)

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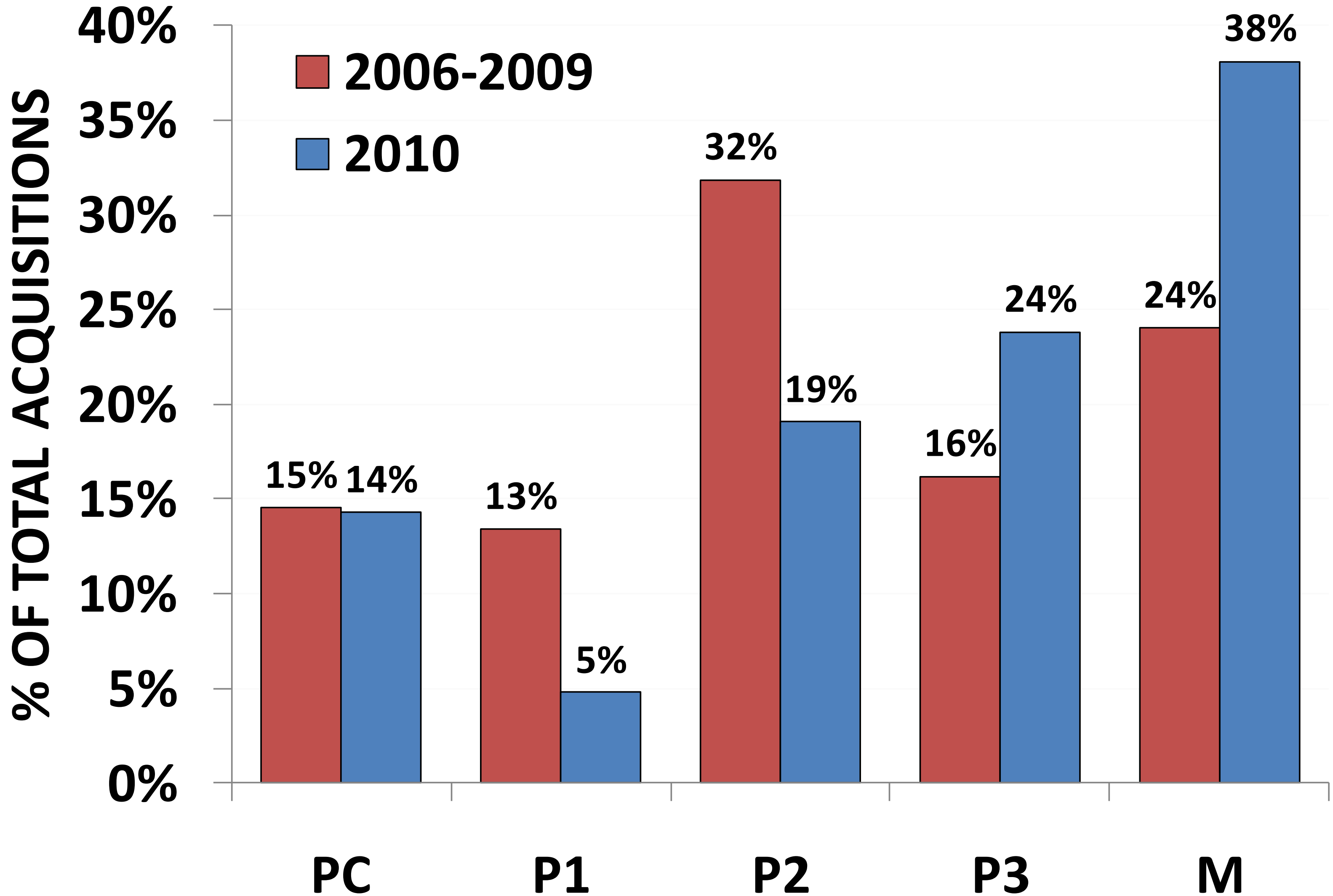
MORE LATE-STAGE M&A



(Source: BIO, Windhover, September, 2010)

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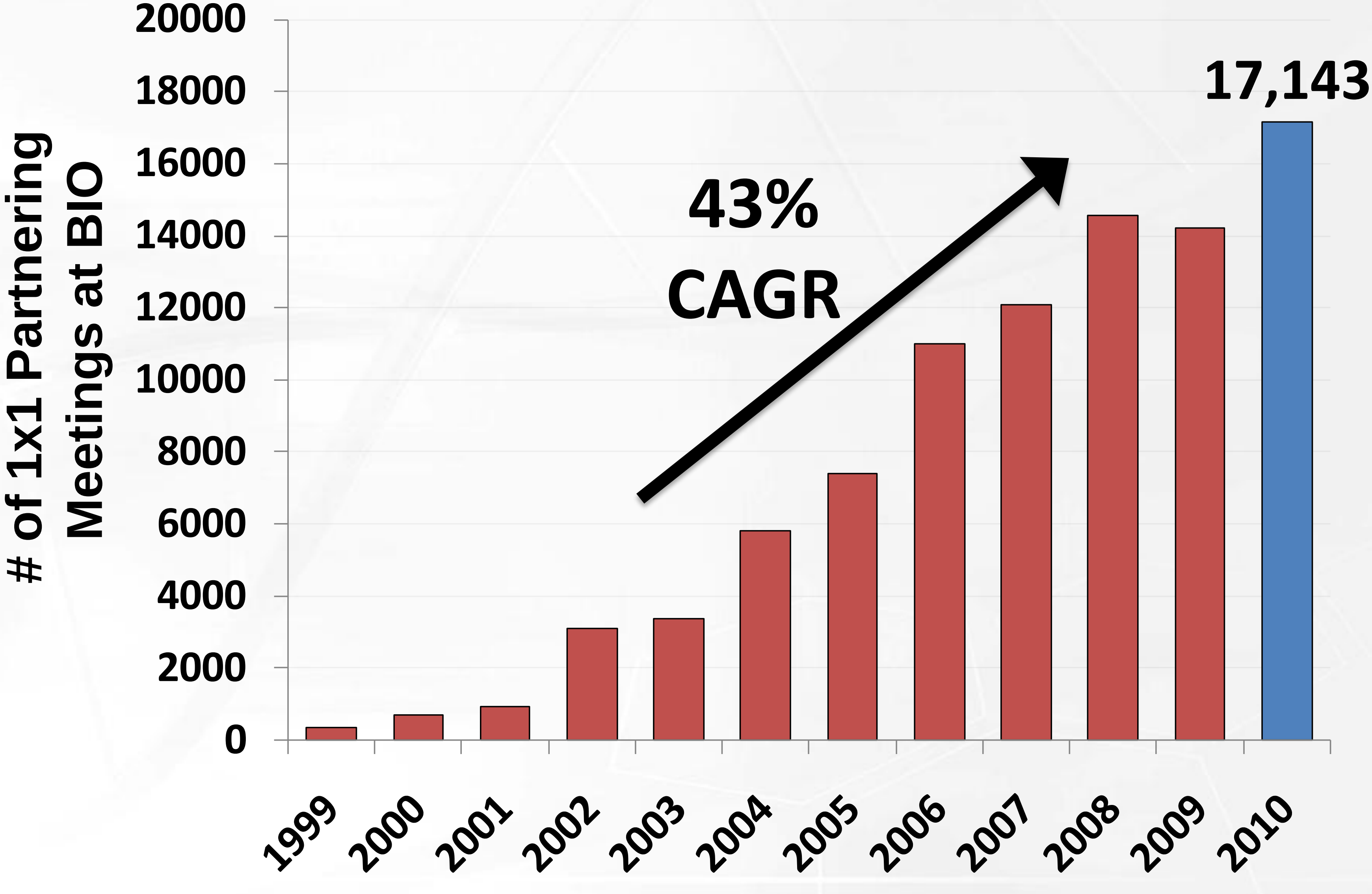
Competitive Deal Making Environment



TAKE HOME MESSAGES

- 25% fewer US public companies
- Remaining companies have more cash
- 2010 IPO “window” is uncertain
- Fewer acquisitions and licensing deals
- More competitive deal making landscape

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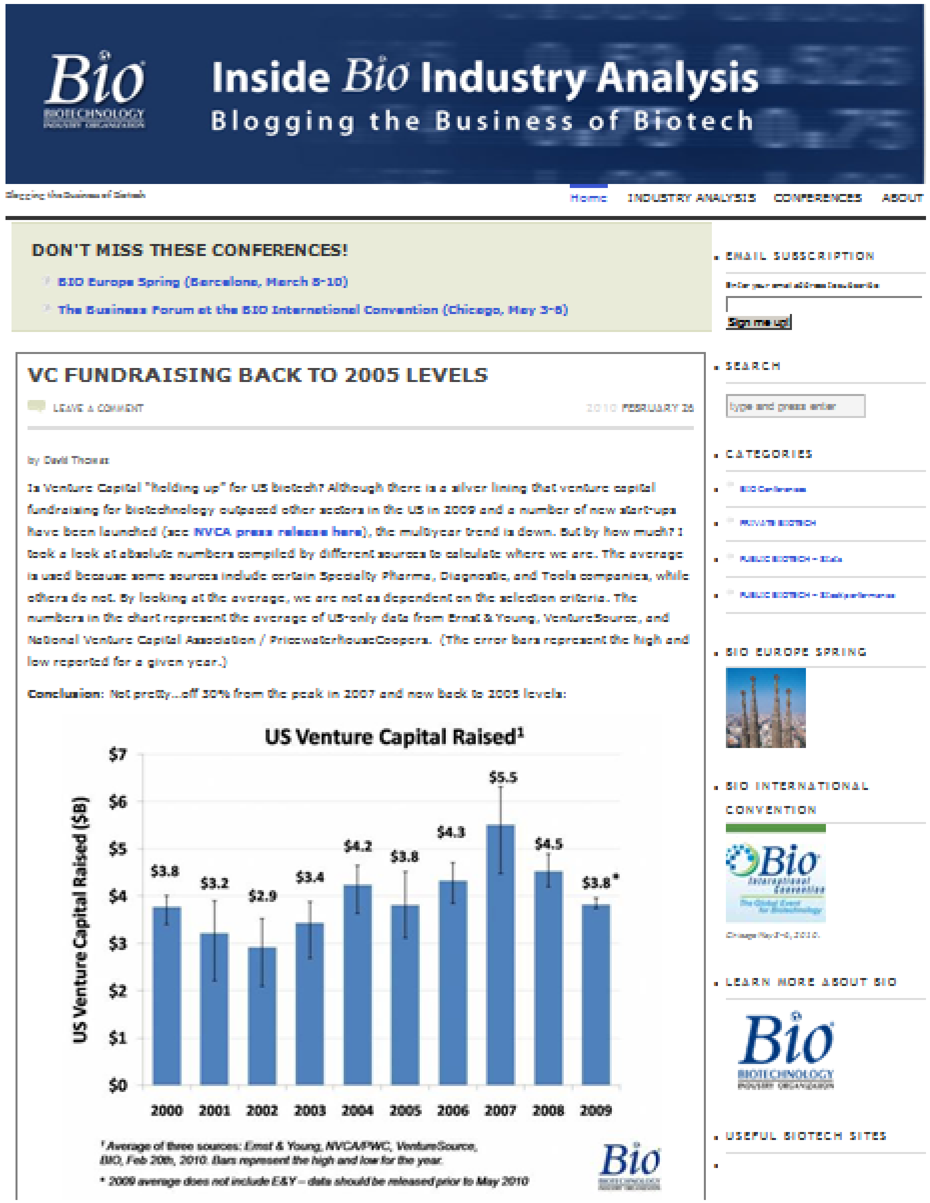
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Blogging the Business of Biotech

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DON'T MISS THESE CONFERENCES!

- BIO Europe Spring (Barcelona, March 8-10)
- The Business Forum at the BIO International Convention (Chicago, May 3-6)

VC FUNDRAISING BACK TO 2005 LEVELS

LEAVE A COMMENT — 2010 FEBRUARY 26

by David Thomas

Is Venture Capital "holding up" for US biotech? Although there is a silver lining that venture capital fundraising for biotechnology outpaced other sectors in the US in 2009 and a number of new startups have been launched (see NVCA press release here), the multiyear trend is down. But by how much? I took a look at absolute numbers compiled by different sources to calculate where we are. The average is used because some sources include certain Specialty Pharma, Diagnostic, and Tools companies, while others do not. By looking at the average, we are not as dependent on the selection criteria. The numbers in the chart represent the average of US-only data from Ernst & Young, VentureSource, and National Venture Capital Association / PricewaterhouseCoopers. (The error bars represent the high and low reported for a given year.)

Conclusion: Not pretty...off 30% from the peak in 2007 and now back to 2005 levels:

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