

OUR ONLY AGENDA IS THE
SUCCESS OF THE INDUSTRY

BIO Industry Analysis

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Managing Director

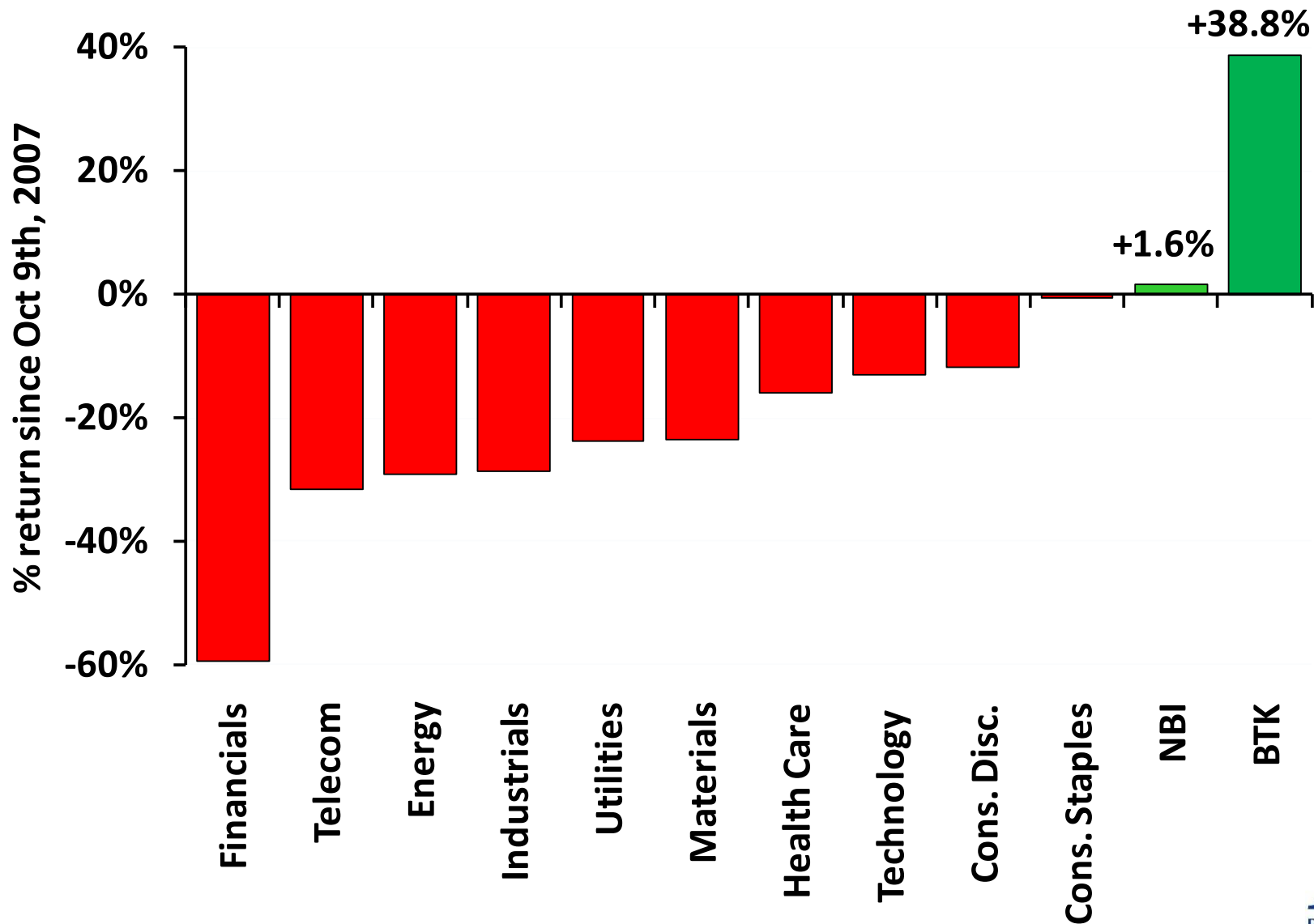
Investor Relations & Business Development

9th Annual BIO Investor Forum

October 5, 2010

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BIOTECH SECTOR PERFORMANCE SINCE 2007

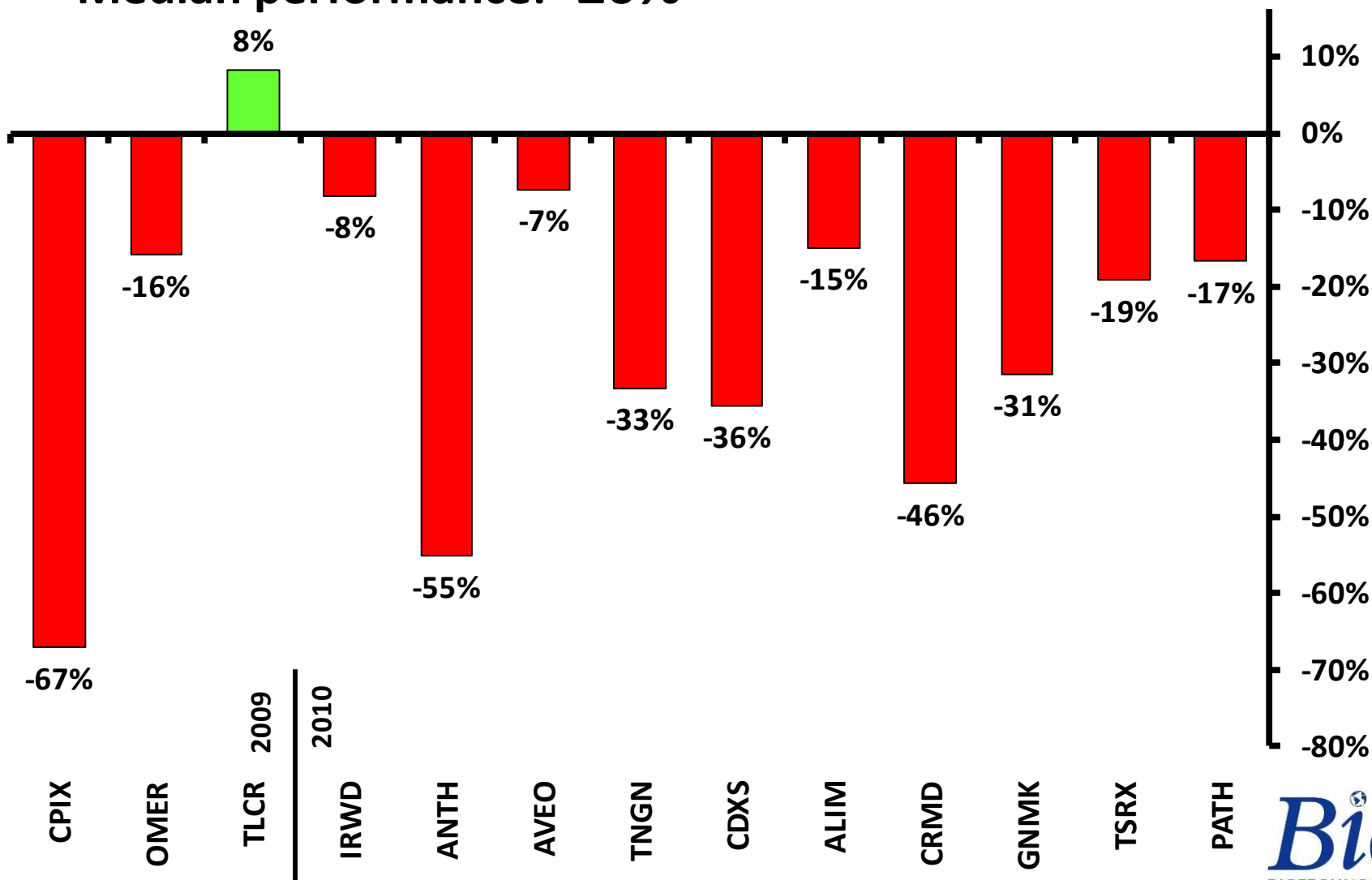


(Source: BIO, Factset, Sept. 27th, 2010)

IPO WINDOW YIELDS POOR RETURNS

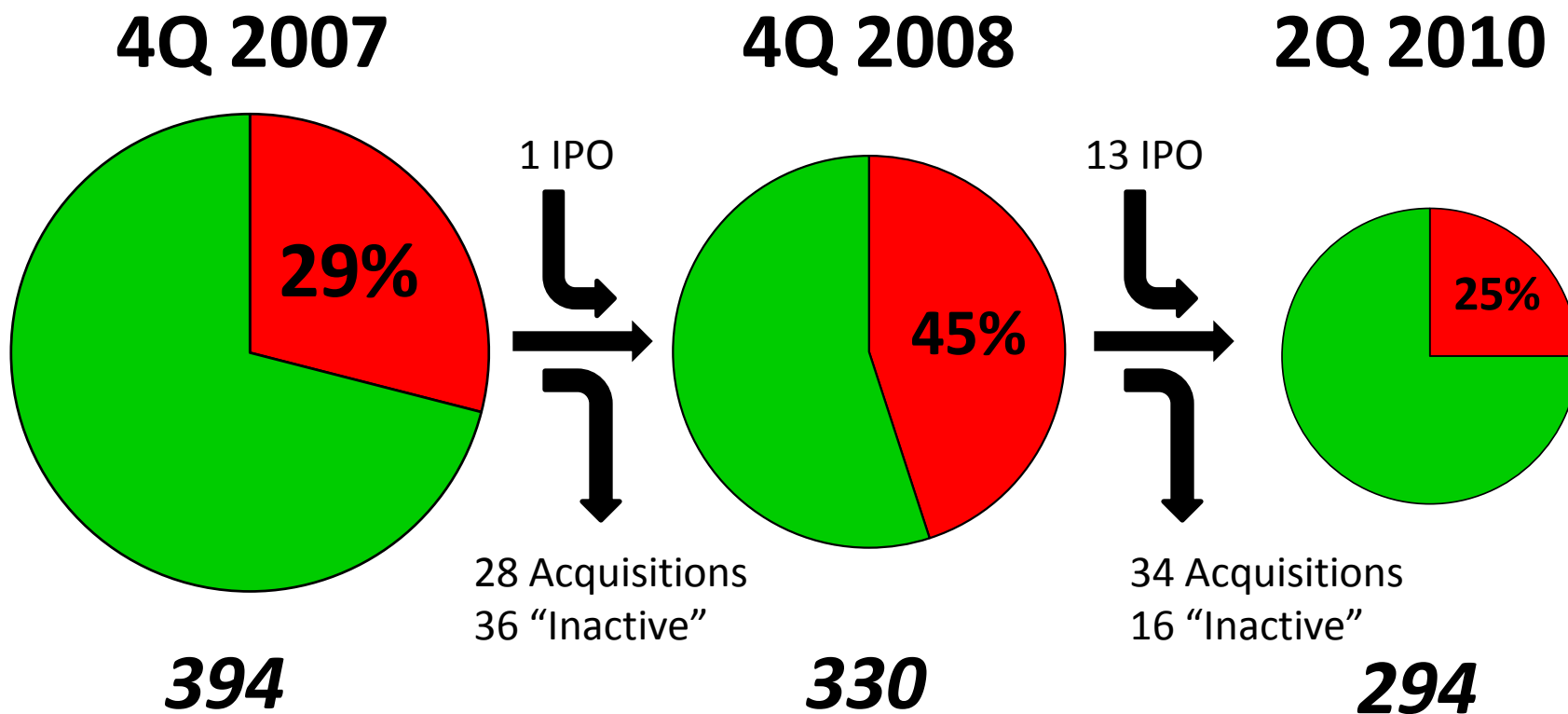
Median reduction from amount filed vs raised: **-28%**

Median performance: **-20%**



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

FEWER US PUBLIC BIOTECH COMPANIES



 **Less than 1 Year of Cash on Hand**

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

Survival Tactics

10 ACQUIRED

19 INACTIVE

102 ACTIVE

Layoffs 41%

PIPE 40%

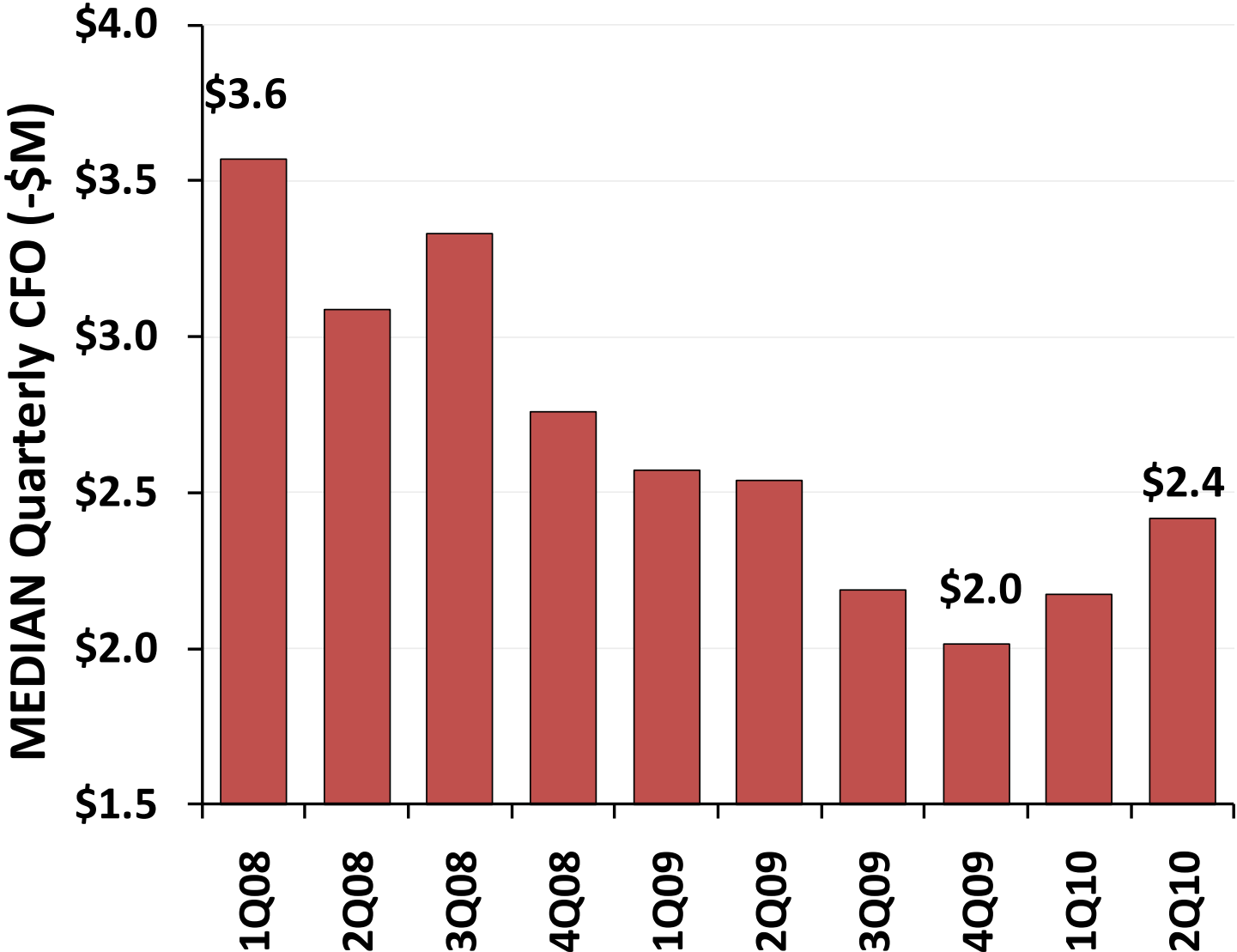
FOPO 39%

Out-Licensed 29%

Debt Issued 11%

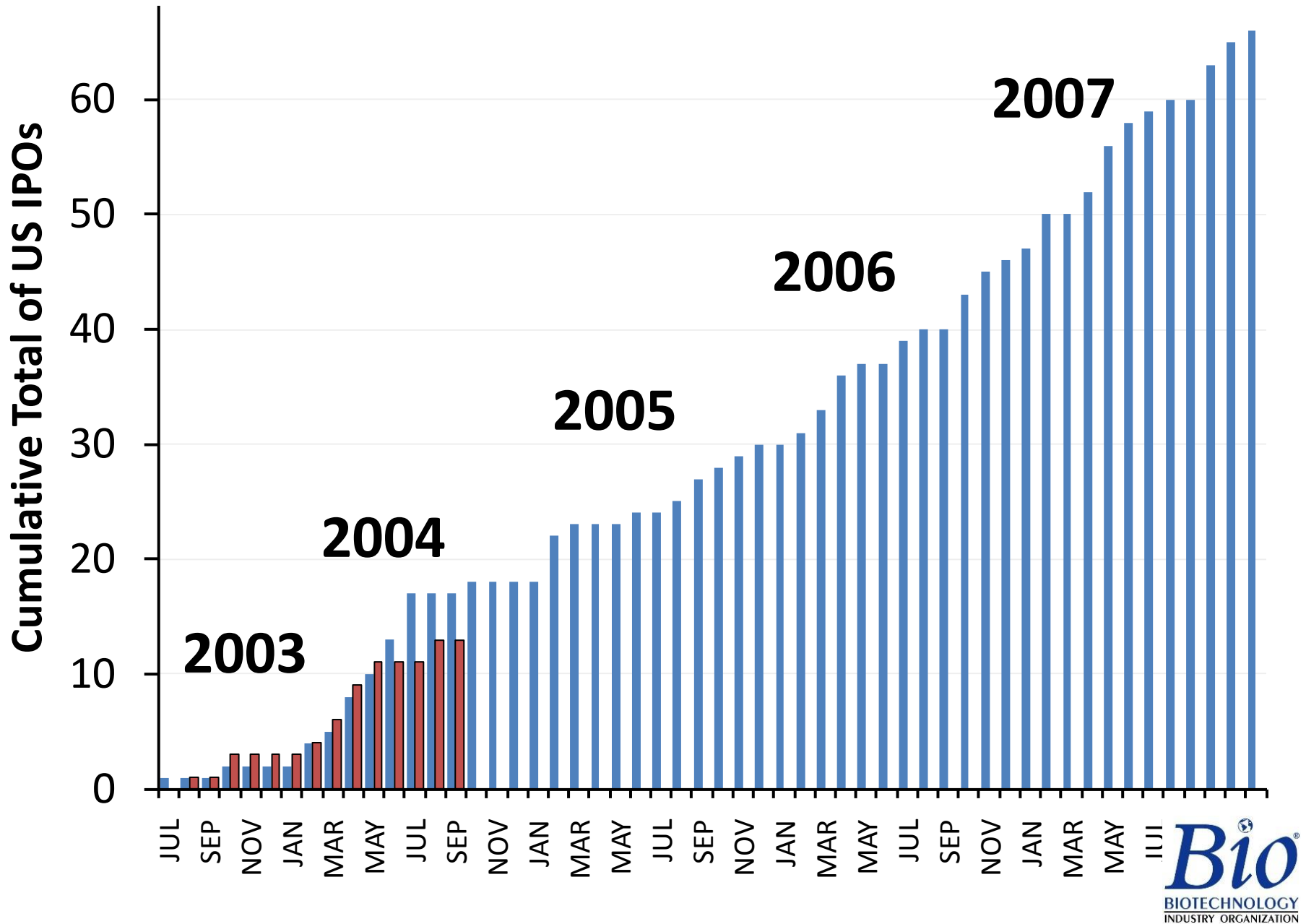
Sold Assets 7%

SMALL COMPANIES INCREASING CASH SPEND

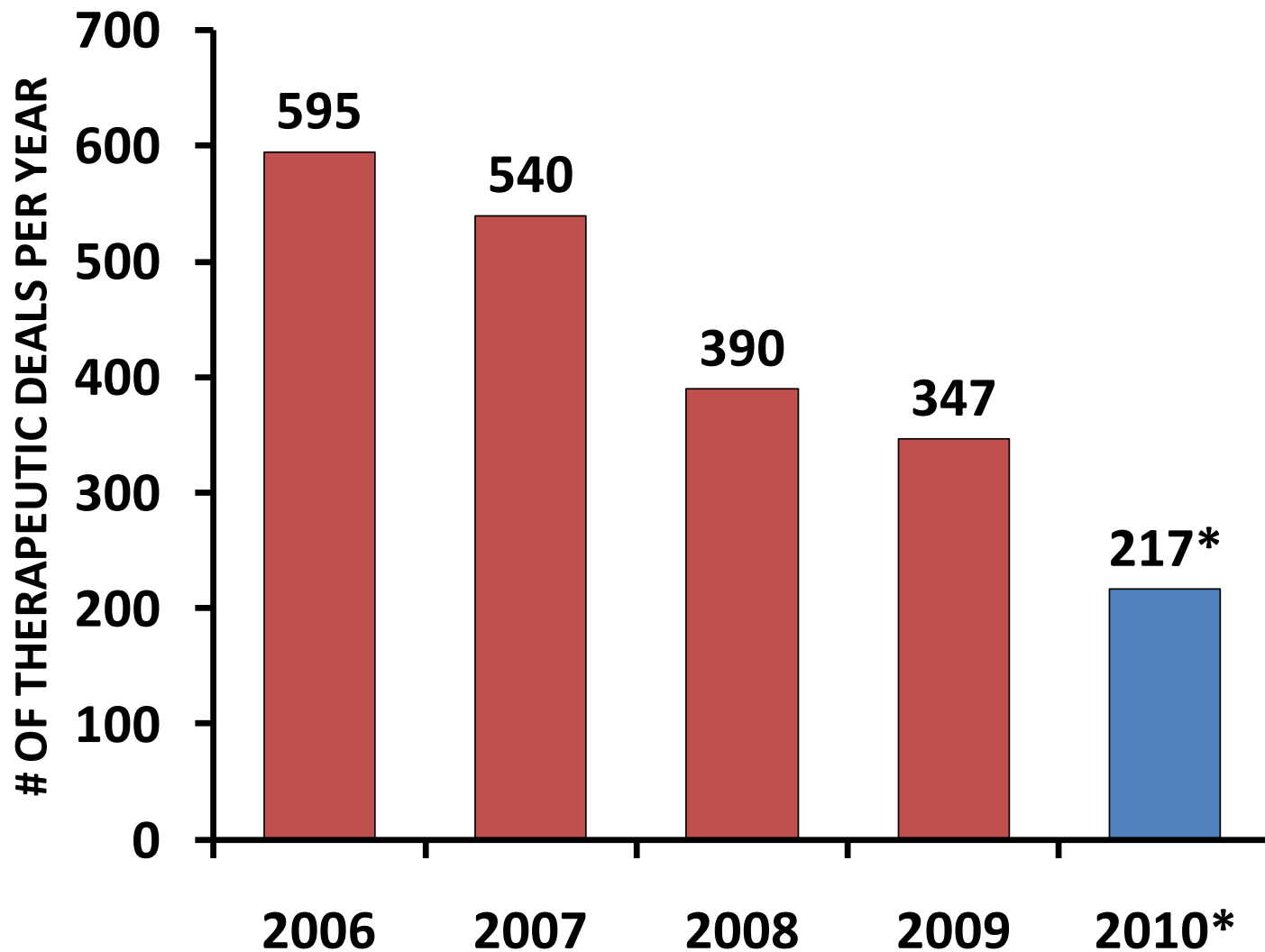


(Source: BIO, Factset, Sept. 14th, 2010)

...HOW IT ENDED LAST TIME:



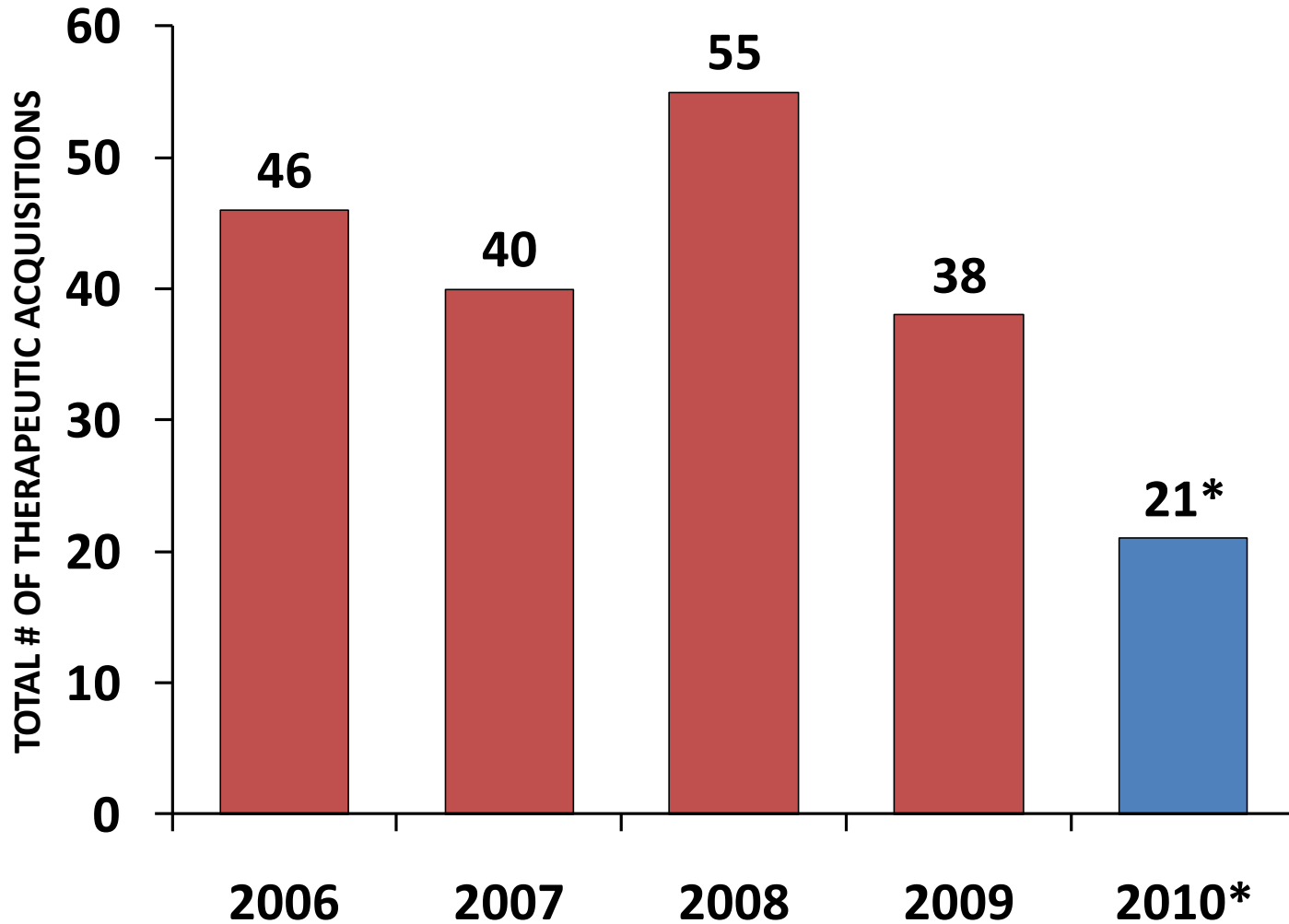
THERAPEUTIC BIOTECH LICENSING DEALS NOT FILLING THE GAP



(Source: BIO, Windhover, September, 2010)

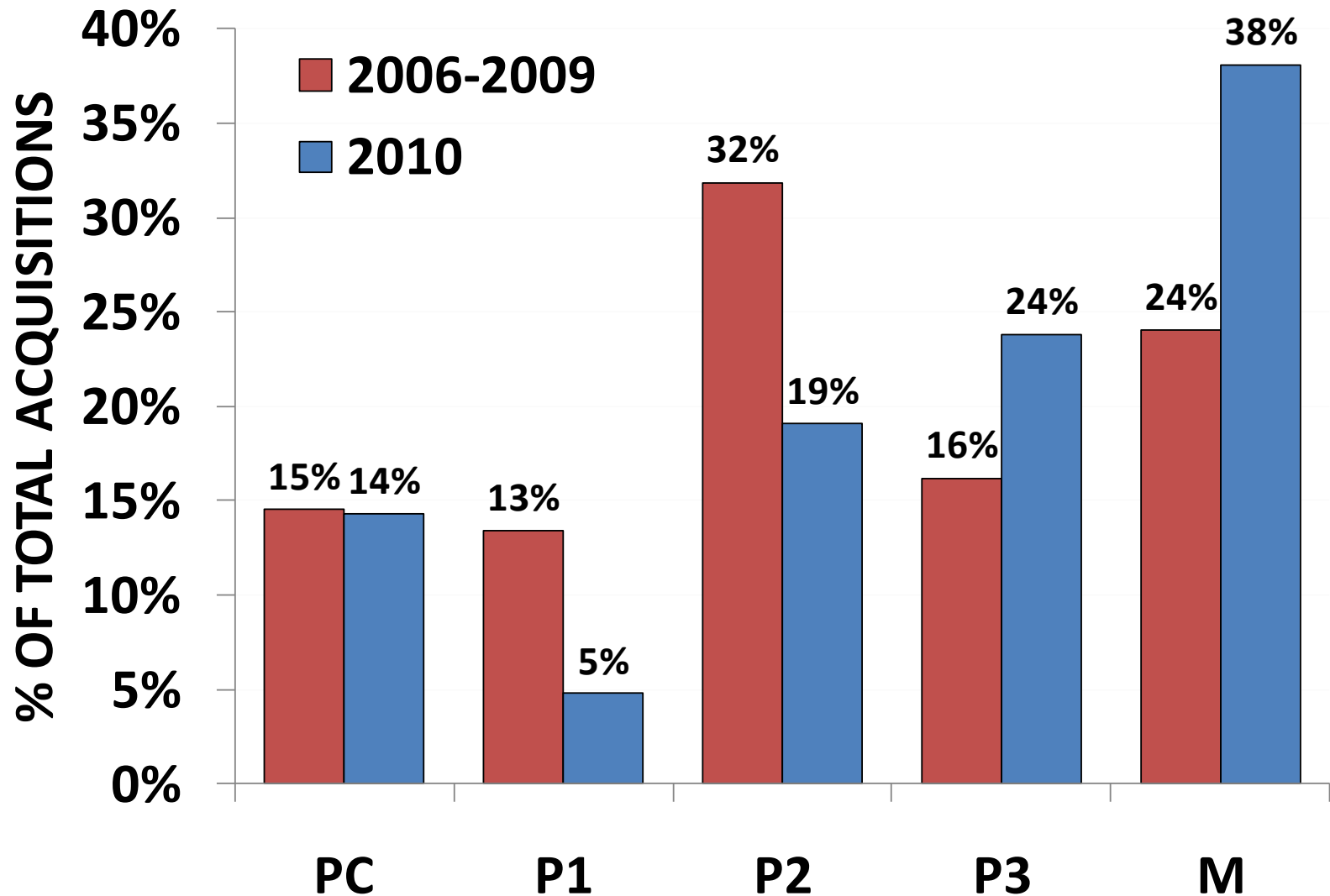
*YTD, Sept 15th

M&A NEVER PICKED UP FOR THERAPEUTIC BIOTECH COMPANIES



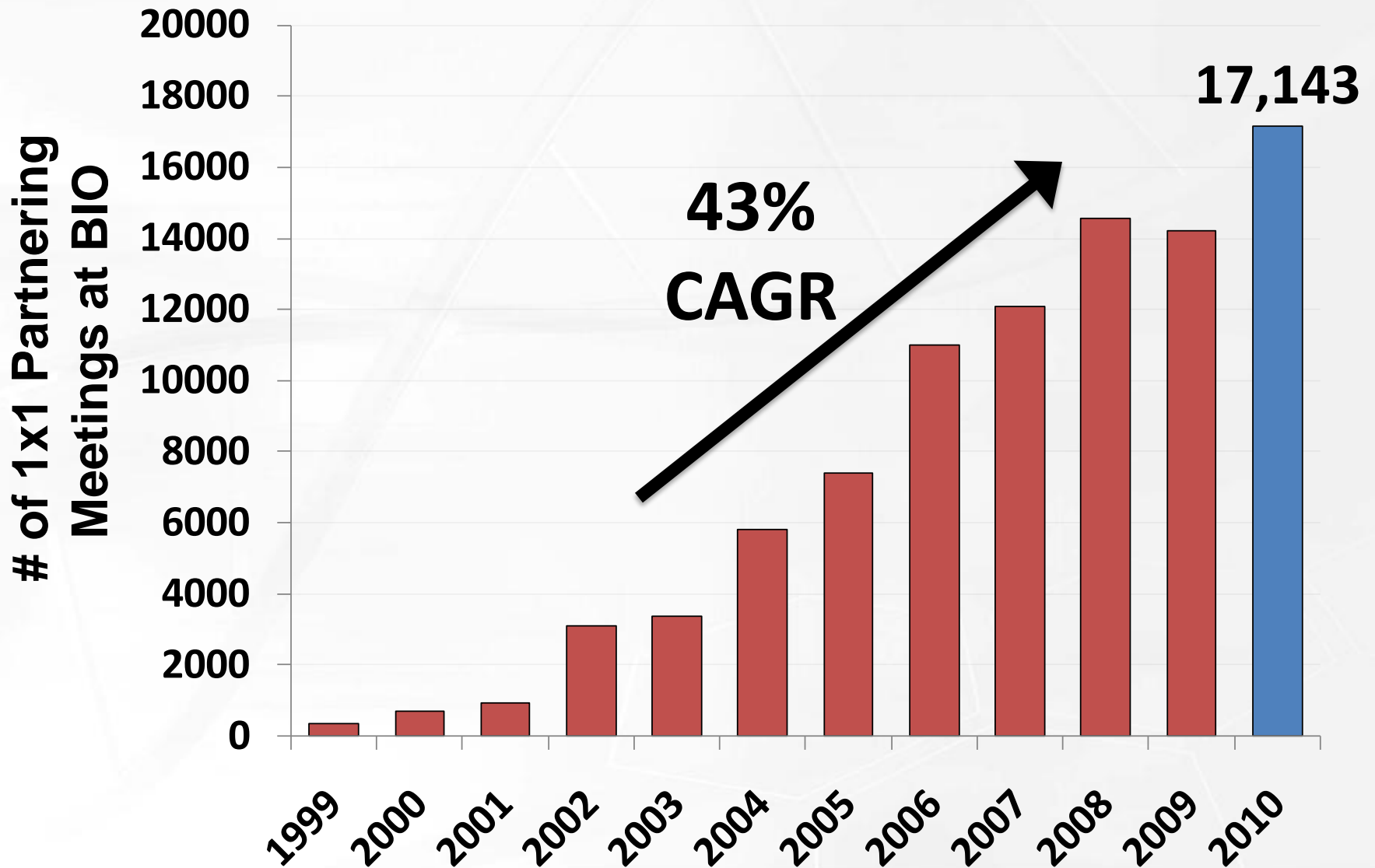
*YTD, Sept 15th

MORE LATE-STAGE M&A



(Source: BIO, Windhover, September, 2010)

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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- [The Business Forum at the BIO International Convention \(Chicago, May 3-8\)](#)

VC FUNDRAISING BACK TO 2005 LEVELS

LEAVE A COMMENT | 2010 FEBRUARY 25

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 start-ups 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:



Year	US Venture Capital Raised (\$B)
2000	\$3.8
2001	\$3.2
2002	\$2.9
2003	\$3.4
2004	\$4.2
2005	\$3.8
2006	\$4.3
2007	\$5.5
2008	\$4.5
2009	\$3.8*

¹ Average of three sources: Ernst & Young, NVCA/PWC, VentureSource, (BC), Feb 2009, 2010. Bars represent the high and low for the year.

* 2009 average does not include E&Y - data should be released prior to May 2010



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Chicago Nov 2-4, 2010

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