

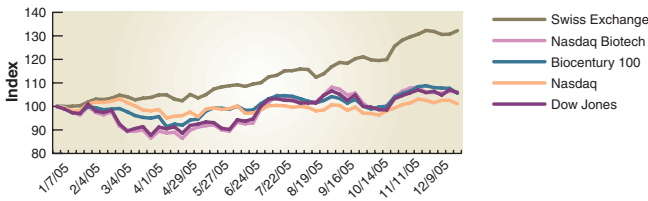
2005: Biotech partners up

Stacy Lawrence

With a leap from \$11 billion to more than \$17 billion last year, partnership deals now represent almost half of all funds flowing into biotech. Venture capital also has remained robust, and despite fewer deals, the growing size of each deal on average has kept investment climbing.

Stock market performance

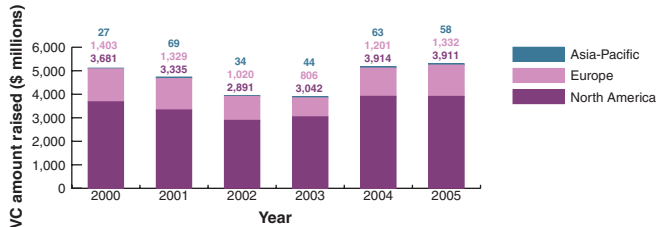
The BioCentury 100 and Nasdaq Biotech ended up growing by more than 5% but they were both solidly outperformed by a vigorous Swiss Exchange.



Source: Multex, BioCentury

Global biotech venture capital investment

VC funding to biotech hit a new record again this year, up about 2%; European gains accounted for the increase.



Source: BioCentury

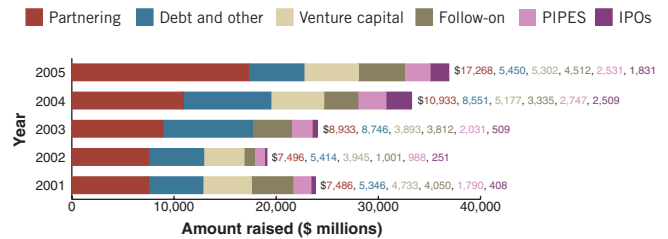
Notable 2005 deals

Company (lead underwriter)	Amount raised (\$ millions)	Percentage change in stock since opening ¹	Date launched
IPOs			
Ipsen Group (Goldman Sachs)	200	20%	12/7/05
MediciNova (Daiwa Securities)	121	-53%	2/8/05
Coley Pharmaceutical (Merrill Lynch, JP Morgan)	110	-17%	8/10/05
Arpida (Deutsche Bank)	81	29%	5/4/05
Aspreva Pharmaceuticals (Merrill Lynch, Banc of America)	79	4%	3/3/05
ProStrakan Group (Morgan Stanley)	73	11%	6/10/05
Intercell (Goldman Sachs)	69	48%	2/25/05
ViaCell (CS First Boston, UBS)	60	-48%	1/21/05
Genomic Health (JP Morgan, Lehman)	60	6%	9/28/05
Jerini (CS First Boston, Deutsche Bank)	60	13%	10/31/05
Venture capital			
Company (lead investor)	Amount raised (\$ millions)	Number of round	Date closed
FibroGen (Adage Capital Management)	100	2	2/16/05
Verus Pharmaceuticals (Domain Associates, Prospect Venture Partners)	78	1	6/9/05
Perlegen Sciences (CSK Venture Capital, Brookside Capital)	74	4	2/28/05
Cerimon Pharmaceuticals (MPM Capital)	70	1	10/26/05
Hypnion (Forward Ventures, MPM Capital)	68	2	12/19/05
Light Sciences Oncology (Essex Woodlands Health Ventures)	67	1	12/14/05
Somaxon Pharmaceuticals (many)	65	3	6/6/05
Replidyne (many)	63	4	9/8/05
Domantis (many)	62	2	12/11/05

Debt funding declined by more than one-third from the previous year, whereas the amount raised in initial public offerings (IPOs) fell by about one-quarter. Biotech performed well on the stock market; after a slow start, both biotech indices rose around 6% for the year.

Global biotech industry financing

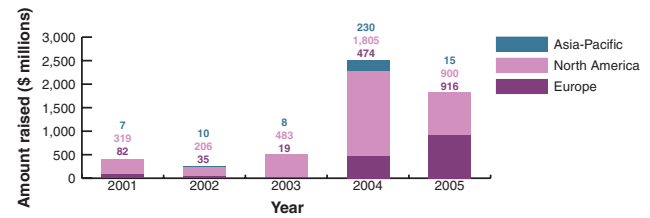
Licensing deals brought in almost 60% more than they did in 2004 and follow-on financing increased by more than one-third; all other types of financing either remained level or shrank.



In millions. Source: BioCentury, Burrill & Company

Global biotech initial public offerings

The amount raised by IPOs fell by more than one-quarter last year, which was somewhat offset by an almost doubling of funds from European IPOs.



Source: BioCentury

Acquirer/target	Deal value (\$ millions) ²	Date announced	
Mergers & acquisitions			
Teva Pharmaceutical / IVAX	7,400	7/5/05	
Novartis / Hexal	6,000	2/5/05	
Novartis / Chiron	5,100	9/05-11/05	
Fresenius Medical Care / Renal Care Group	3,500	5/5/05	
Bain Capital Partners / Warner Chilcott	3,100	1/5/05	
INAMED / Mediciis Pharmaceutical	2,800	3/05-12/05	
Amgen / Abgenix	2,200	12/5/05	
Client/licensee	Deal value (\$ millions)	Deal type	Date
Licensing/collaboration deals			
AstraZeneca / AtheroGenics	1,000	Copromotion, collaboration, licensing	12/05/05
Pfizer / Incyte	803	Collaboration, license, development	11/05/05
Novartis / Alnylam Pharmaceuticals	700	Codevelopment, collaboration, equity, license	09/05/05
Novartis / Anadys Pharmaceuticals	570	Codevelopment, copromotion, license, option	06/05/05
Roche / BioCryst	560	Copromotion, license, development	11/05/05
Emory University / Gilead, Royalty Pharma	525	Asset purchase	07/05/05
Novartis / Astex Therapeutics	520	Development, equity, license, option, research	12/05/05
Pfizer / Coley Pharmaceutical Group	515	Collaboration, license, development	03/05/05

¹As of January 15. ²As of deal announcement date Source: BioCentury, ReCap.com