

Mixed results in Q1

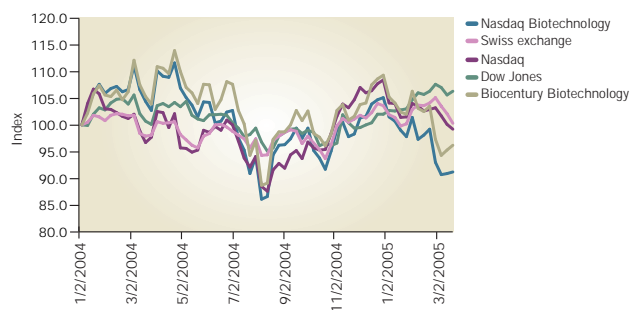
Stacy Lawrence

Anyone hoping for a resurgence of biotech stocks last quarter was disappointed. Even so, initial public offerings (IPOs) and follow-on offerings did make something of a recovery, up 55% and ~25%, respectively over the fourth quarter. IPOs on European and Japanese markets had three

out of the five largest IPOs of the quarter. Biotech venture capital held its ground, with most going to European companies. But total biotech funds raised from partnering and debt are down from the same quarter in 2004 by 41% and 74%, respectively.

Biotechnology stock market performance

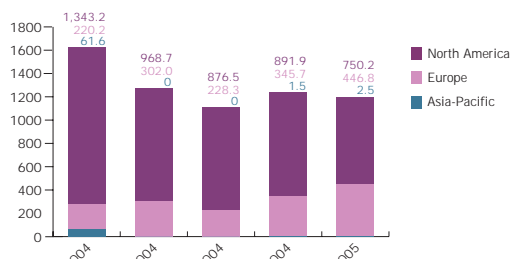
Biotechnology indices have performed worse than the broader market, actually losing value since the beginning of 2004.



Source: Maltex, BioCentury

Global biotech venture capital investment

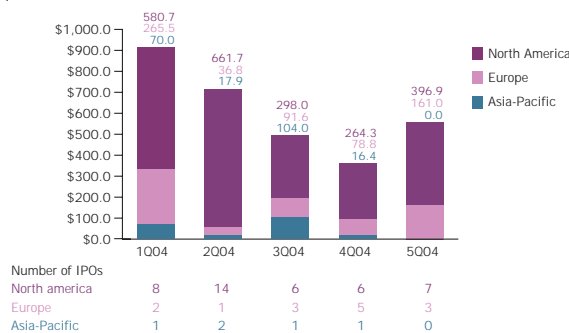
VC funding totals have been virtually unchanged for the last four quarters, but Europe has started claiming an increasingly large share.



Source: BioCentury

Global biotech initial public offerings

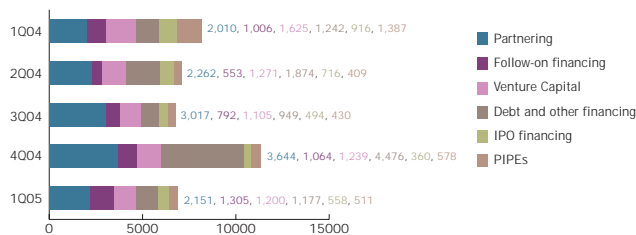
After decreasing through 2004, there was an upturn in IPO money raised last quarter.



Source: BioCentury

Global biotechnology industry financing

After a big boost in the fourth quarter, mainly from closure of debt and partnership deals, the first quarter is down substantially.



Source: BioCentury, Burrill & Company

Notable first quarter biotech deals

Company (lead underwriter)	Amount raised (\$ millions)	Percent change in stock price since opening ¹	Date launched
IPOs			
MediciNova (Daiwa Securities SMBC)	121	N/A	8-Feb
Aspreva Pharmaceuticals (Merrill Lynch, Pierce, Fenner & Smith)	79	11%	3-Mar
Intercell (Goldman Sachs, Lehman Brothers)	69	N/A	25-Feb
ViaCell (Credit Suisse First Boston)	60	-51%	21-Jan
Paion	52	N/A	11-Feb
Licensing / collaboration			
Researcher	Investor	Value (\$ millions)	Deal type
Coley Pharmaceutical Group	Pfizer	515	Collaboration, development, license
Basilea Pharmaceutica	Cilag AG	300	Co-promotion, development, license, manufacturing, marketing
ANDRx	First Horizon Pharmaceutical	85	Asset purchase
Savient Pharmaceuticals	Ferring	80	Asset purchase
Vertex	Avalon Pharmaceuticals	73	Co-promotion, license
Avecia	Merck	65	Asset purchase
ICICI Ventures	Dr Reddy's Laboratories	56	Collaboration, development, license
Durect	Endo Pharmaceuticals	45	Development, license

Target	Acquirer	Value (\$ millions)	Date announced
Mergers and acquisitions			
Hexal	Novartis	6,000	21-Feb
Warner Chilcott	Bain Capital Partners, DLJ Merchant Banking, J.P. Morgan Partners, Thomas H. Lee Partners	3,100	19-Jan
Medicis Pharmaceutical	INAMED	2,800	21-Mar
Eon Labs	Novartis	1,700	21-Feb
CTI Molecular Imaging	Siemens	1,000	18-Mar
Kendro Laboratory Products	Thermo Electron	834	20-Jan
Angiosyn	Pfizer	527	20-Jan
ESP Pharma	Protein Design Labs	475	25-Jan

Company (lead investor)	Amount invested (\$ millions)	Round number	Date closed
Venture capital			
FibroGen (Adage Capital Management)	100	N/A	15-Feb
Perlegen Sciences (CSK Venture Capital)	74	4	28-Feb
Alexza Molecular Delivery (NGN Capital)	52	4	6-Jan
Five Prime Therapeutics (Domain Associates)	45	N/A	11-Feb
Predix Pharmaceuticals (Forward Ventures, Boston Millennia Partners, and CMEA Ventures)	43	3	25-Jan
Neuro3d (Gilde Investment Management)	43	3	3-Jan

¹Prices as of March 30, 2005. Source: BioCentury, Hoover's, Recombinant Capital