

Investors bullish in Q1

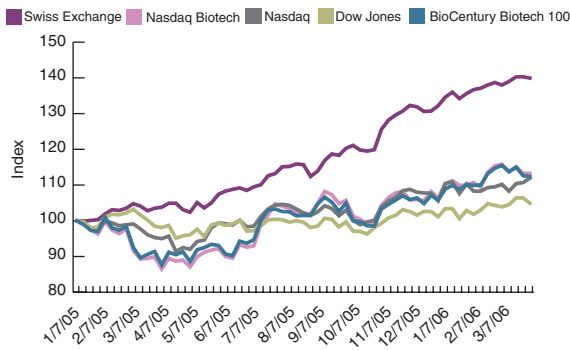
Stacy Lawrence

Despite a bullish stock market in Q1, private investors and companies were increasingly skittish. Although the number of initial public offerings (IPOs) and venture capital (VC) deals remained steady, their average values declined. A typical IPO garnered about one-third less in Q1 than one year earlier; VC rounds also fell in

value (\$20 million versus \$17 million in Q1 2005). Another reflection of investor caution was a big increase in funds raised through debt and private investment in public equity (PIPE) deals. Overall, total financing grew by about 13% quarter-over-quarter and 137% year-over-year.

Biotech stock market performance

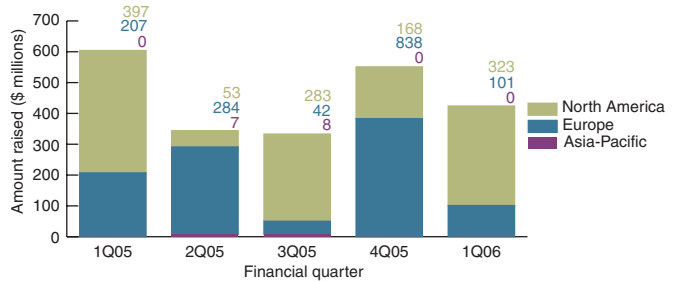
A bullish first quarter accounted for about half of the ~12% growth seen over the last five quarters.



Source: Mulex, BioCentury

Global biotech initial public offerings

The average value of an IPO eroded to \$32 million from \$50 million last year at the same time.



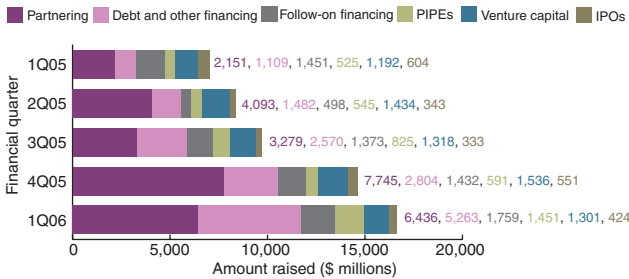
Number of IPOs

North America	7	1	6	4	8
Europe	5	6	3	9	5
Asia-Pacific	0	1	2	0	0

Source: BioCentury

Global biotech industry financing

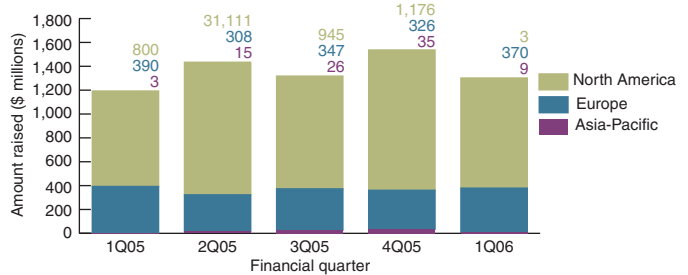
A \$5 billion debt offering by Amgen represented almost one-third of total biotech financing in the first quarter.



Source: BioCentury, Burrill & Company

Global biotech venture capital investment

More venture capital rounds were awarded and total investment held relatively steady in Q1.



Source: BioCentury

Notable Q1 biotech deals

IPOs	Company (lead underwriters)	Amount raised (\$ millions)	Percent change in stock price since offer ¹	Date launched
	Altus Pharmaceuticals (Merrill Lynch, Morgan Stanley)	\$1,050	44%	26-Jan
	Alexza Pharmaceuticals (Piper Jaffray, Pacific Growth Equities)	\$506	22%	8-Mar
	AGI Therapeutics (Davy Stockbrokers)	\$504	N/A	27-Feb
	Acorda Therapeutics (Banc of America)	\$365	-15%	10-Feb
	Iomai (UBS Investment Bank, SG Cowen)	\$350	-17%	1-Feb
Venture capital	Company (Lead investors)	Amount invested (\$ millions)	Round number	Date closed
	Cadence Pharmaceuticals (Frazier Healthcare Ventures)	\$79	1	22-Feb
	Microbia (Sigma Capital)	\$75	5	27-Feb
	Novacea (Apax Partners)	\$60	3	4-Jan
	Nabrivera Therapeutics Forschungs (Nomura Phase4 Ventures)	\$51	1	31-Jan
	Nereus Pharmaceuticals (HBM BioVentures)	\$43	4	6-Mar
Merger and acquisitions	Target	Acquirer	Value (\$ millions) ²	Date announced
	ANDRx	Watson Pharmaceuticals	\$1,900	13-Mar
	Pliva	Actavis	\$1,600	17-Mar
	American Medical Instruments	Angiotech Pharmaceuticals	\$785	1-Feb
	Betapharm	Dr. Reddy's Laboratories	\$572	16-Feb
	The Healthfield Group	Geniva Health Services	\$454	5-Jan
Licensing /collaboration	Researcher	Investor	Value (\$ millions)	Deal description
	Trubion Pharmaceuticals	Wyeth	\$800	Collaboration, discovery and development
	Nastech Pharmaceutical	Procter & Gamble	\$587	Collaboration, discovery and development
	Idenix Pharmaceuticals	Novartis	\$525	License
	SGX Pharmaceuticals	Novartis	\$515	Collaboration, discovery and development
	Zentiva	Sanofi-Aventis	\$515	25% equity investment
	Infinity Pharmaceuticals	Novartis	\$400	Collaboration, discovery and development
	Nuvelo	Bayer	\$385	Collaboration, discovery and development
	NicOx	Pfizer	\$385	Collaboration, discovery and development
	NicOx	Merck	\$351	Collaboration, discovery and development

¹As of April 3. ²As of deal announcement data. Source: BioCentury, ReCap.com