

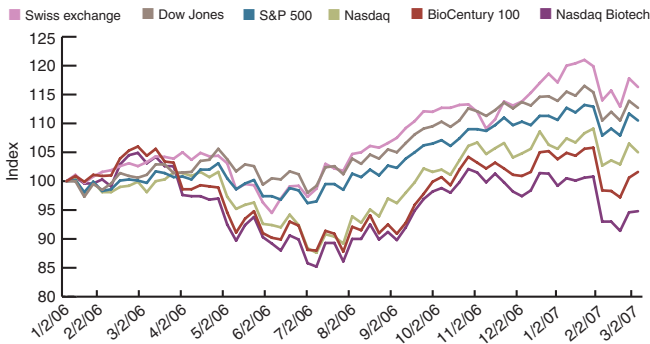
VC funding hits high in Q1

Stacy Lawrence

Last quarter, biotech stock performance remained lackluster and financing in the sector (~\$12 billion) lagged behind the first and fourth quarters of 2006. Venture capital funding, however, reached a new benchmark, surpassing \$1.9 billion—up by half in the US; Asia

Biotech stock market performance

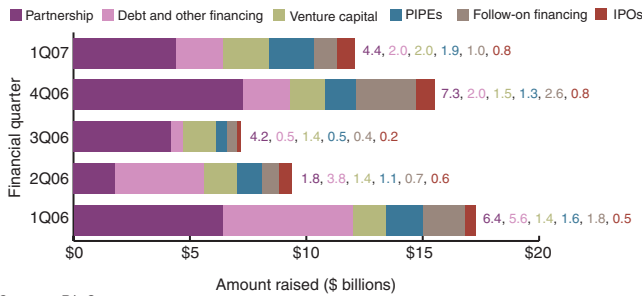
Biotech indices continued to perform poorly in first quarter.



Source: Maltex, BioCentury

Global biotech industry financing

In total, biotech financing in 1Q07 was off by almost one-third from 1Q06, but VC funding was plentiful.

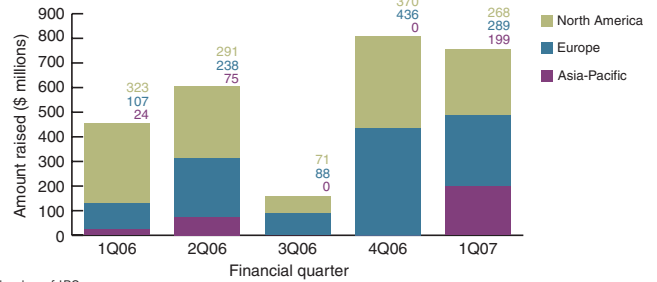


Source: BioCentury

also witnessed an uptick, whereas Europe performed poorly. The amount raised in initial public offerings raising (IPOs) held steady, with European IPOs raising the most funds for the second successive quarter.

Global biotech initial public offerings

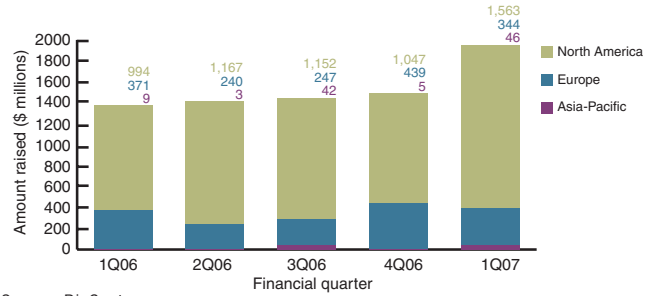
European IPOs raised more than those in North America for the second consecutive quarter; IPOs in the Far East were also buoyant.



Number of IPOs
 North America 8 7 3 6 5
 Europe 6 5 2 8 7
 Asia-Pacific 2 1 0 0 2
 Source: BioCentury

Global biotech venture capital investment

Biotech venture investing in Q1 reached an all-time high (>\$1.9 billion), surpassing the previous high of \$1.7 billion in 4Q06.



Source: BioCentury

Notable Q1 biotech deals

IPOs	Company (Lead underwriters)	Amount raised (\$ millions)	Percent change in stock price since offer ¹	Date launched
	3SBIO (UBS)	115	-31%	7-Feb
	Tongjitang Chinese Medicines Co. (Merrill Lynch and UBS)	84	1%	16-Mar
	Molecular Insight (RBC Capital Markets and Jefferies & Co.)	70	-15%	2-Feb
	Tigenix (ING)	53	36%	21-Mar
	Synta (Bear Stearns and Lehman Brothers)	50	-19%	6-Feb
Venture capital	Company Lead investors)	Amount invested (\$ millions)	Round number	Date closed
	Targanta Therapeutics	70	3	2-Feb
	Novoxel	66	2	8-Jan
	Movetis	65	1	7-Jan
	Ception Therapeutics	63	3	30-Jan
	Omeros	63	5	12-Feb
Mergers and acquisitions	Target	Acquirer	Value (\$ millions) ²	Date announced
	Biosite	Beckman Coulter	1,550	26-Mar
	MDS Diagnostics	Borealis Infrastructure	1,142	26-Feb
	INO Therapeutics	Ikaria	670	22-Feb
	Molecular Devices	MDS	615	29-Jan
	Adeza Biomedical	Cytec	452	12-Feb
Licensing/ collaboration	Researcher	Investor	Value (\$ millions)	Deal description
	Seattle Genetics	Genentech	860	Collaboration and development
	Cytokinetics	Amgen	725	License
	XenoPort	GlaxoSmithKline	640	Collaboration and development
	Anacor	Schering-Plough	615	License
	Argenta Discovery	AstraZeneca	500	License

¹As of April 4. ²As of deal announcement. Deals listed include only those that comply with *Nature Biotechnology's* definition of a biotech company. Source: *BioCentury*, Recombinant Capital.

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