

# Enthusiasm cools in Q2

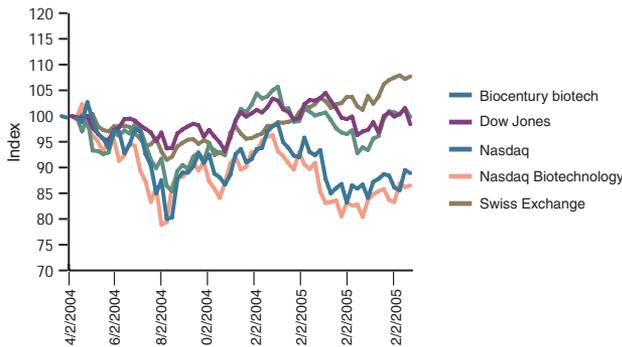
Stacy Lawrence

Although private financing and overall funding remain relatively stable, investor interest in biotech is a shadow of a year ago, when the initial public offering (IPO) market had just come off the best two quarters of this window. The BioCentury 100 Index has fallen

by a little more than 10%, and the NASDAQ Biotechnology Index has receded by almost 15%. Public offerings and follow-on financing have dwindled from the high early last year, even with a robust IPO market in Europe.

## Biotech stock market performance

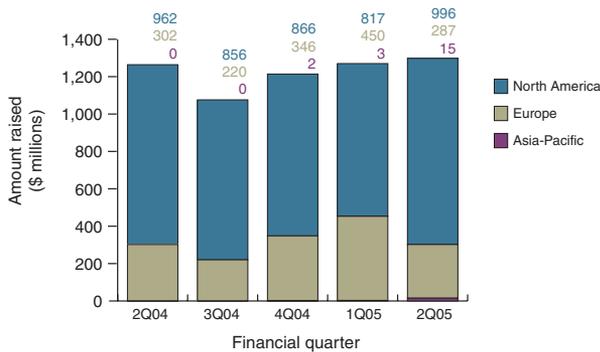
Biotech indices from BioCentury and Nasdaq have declined by >10% since Q2 2004.



Source: Miltex, BioCentury

## Global biotech venture capital investment

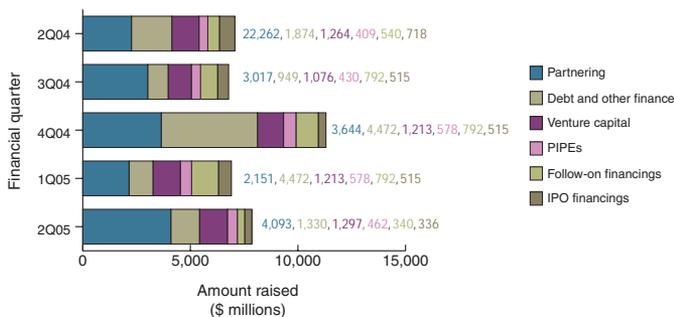
As they have for the past five quarters, venture capital totals held relatively steady in the second quarter.



Source: BioCentury

## Global biotech industry financing

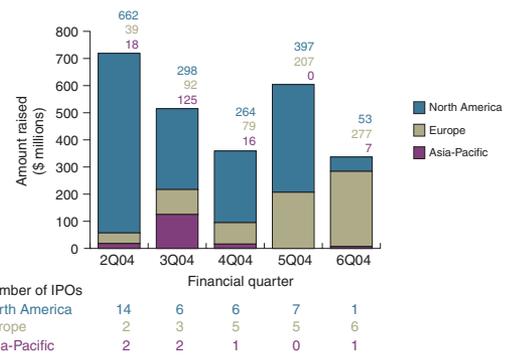
With partnering revenue up, overall funding during Q2 exceeded the total amount in the same quarter last year.



Source: BioCentury, Burrill & Company

## Global biotech initial public offerings

With six public offerings, European IPO fundraising totals outstripped those in the US for the first time during this IPO window.



Source: BioCentury

### Notable second quarter biotech deals

	Company (lead underwriter)	Amount raised (\$ millions)	Percent change in stock price since offer <sup>1</sup>	Date launched
IPOs	Arpida (Deutsche Bank)	\$81	-8%	4-May
	ProStrakan Group (Morgan Stanley)	\$73	3%	10-Jun
	XenoPort (Morgan Stanley)	\$53	2%	2-Jun
	TopoTarget (N/A)	\$37	3%	9-Jun
	Devgen (KBC Securities)	\$37	5%	7-Jun
	Company (lead investor)	Amount invested (\$ millions)	Round number	Date closed
Venture capital	Verus Pharmaceuticals (Domain Associates, Prospect Venture Partners)	\$78	1	9-Jun
	Somaxon Pharmaceuticals (MPM Capital)	\$65	3	6-Jun
	Oxagen (MPM Capital)	\$60	2	23-May
	Gemin X Biotechnologies (H.I.G. Ventures)	\$50	4	19-May
	Osiris Therapeutics (Friedli Corporate Finance)	\$50	N/A	8-Jun
	Azur Pharma (N/A)	\$49	N/A	8-Jun
	Elbion (3i, Burrill & Company, Deutsche Venture Capital)	\$45	1	24-May
	Target	Acquirer	Value (\$ millions)	Date announced
Mergers and acquisitions	Vicuron	Pfizer	\$1,900	15-Jun
	Transkaryotic Therapies	Shire Pharmaceuticals	\$1,600	21-Apr
	Bone Care	Genzyme	\$719	4-May
	Corixa	GlaxoSmithKline	\$300	2-May
	Peninsula Pharmaceuticals	Johnson & Johnson	\$245	19-Apr
	Researcher	Investor	Value (\$ millions)	Deal type
Licensing / collaboration	Karlín Technology	Medtronic	\$800	Asset purchase
	Anadys Pharmaceuticals	Novartis	\$570	Co-development, license
	Alkermes	Cephalon	\$490	License
	Biogen IDEC	Genentech	\$408	Asset purchase
	Arakis, Vectura	Novartis	\$375	Collaboration
	BioMarin Pharmaceuticals	Serono	\$257	Collaboration

<sup>1</sup>Prices as of July 1, 2005. Source: BioCentury, Hoover's, Recombinant Capital, Burrill & Company, company websites