

Biotech marks time in Q3

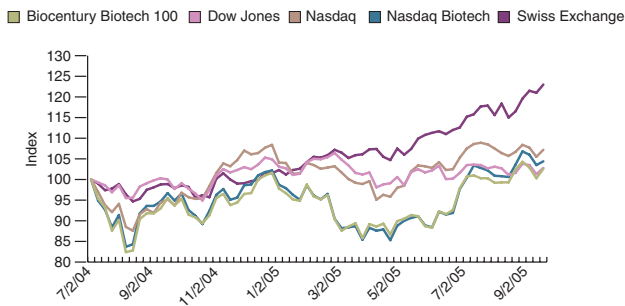
Stacy Lawrence

In a risk-averse market, biotech stock market indices showed sluggish growth, being outperformed by broader market indicators. Venture capital funding remained relatively stable but public biotechs were able to take advantage of debt, private investment in public equities (PIPEs)

and follow-on financings to boost available cash. Funds raised through debt increased by three-quarters over the total in Q2; the amount raised through PIPEs increased by half the prior quarter's total; follow-on funding almost tripled.

Biotechnology stock market performance

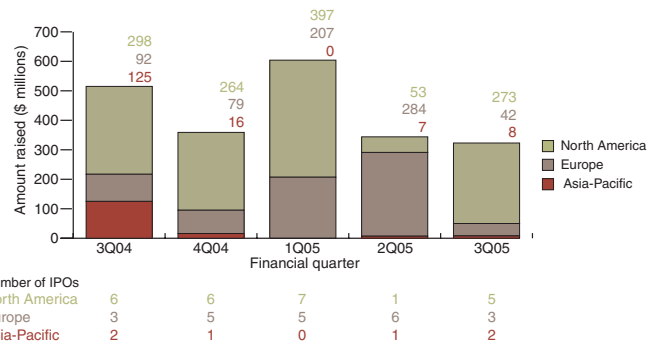
US biotech indices performed better at the end of 3Q05; the Swiss Exchange continued its positive growth



Source: Multex, BioCentury

Global biotech initial public offerings

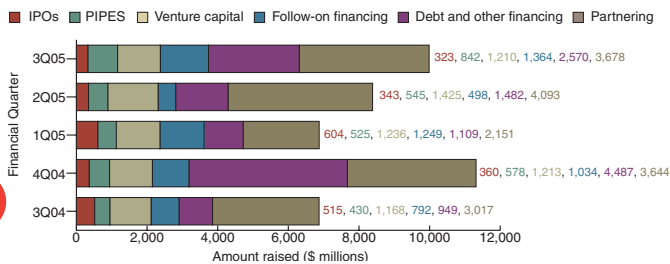
The IPO market in the US rebounded somewhat; Europe's recent IPO honeymoon came to an end. Total amount raised was the smallest since 3Q03.



Source: BioCentury

Global biotech industry financing

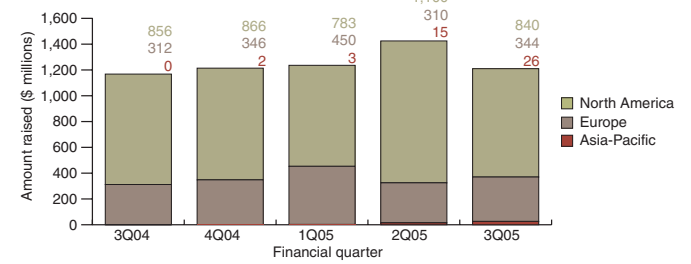
Compared with the past 18 months, funding overall, but particularly debt funding, PIPEs and follow-on financings, is up.



Source: Biocentury, Burrill & Company

Global biotech venture capital investment

Biotech VC funding remains relatively stable; activity in Asia is increasing slightly.



Source: BioCentury

Notable Q3 biotech deals

IPOs	Company (lead underwriter)	Amount raised(\$ millions)	Percent change in stock price since offer ^a	Date launched
	Coley Pharmaceutical (Merrill Lynch, JP Morgan)	110.40	14%	10-Aug
	Genomic Health (JP Morgan, Lehman Brothers)	60.20	-4%	28-Sep
	Sunesis Pharmaceuticals (Lehman Brothers, SG Cowen)	42.00	-4%	27-Sep
	Advanced Life Sciences (C.E. Unterberg Towbin)	32.00	-1%	5-Aug
	Avalon Pharmaceuticals (W.R. Hambrecht)	28.88	-12%	29-Sep
Venture Capital	Company (Lead investors)	Amount invested (\$ millions)	Round number	Date closed
	Replidyne (Duquesne Capital, Healthcare Investment Partners, MDS Capital)	62.5	4	8-Sep
	Affymax (JAFCO, Bear Stearns)	60	4	18-Jul
	Amicus Therapeutics (Quaker BioVentures)	55	3	8-Sep
	Cereza (Frazier Healthcare Ventures, New Leaf Venture Partners)	50	2	23-Aug
Mergers and acquisitions	Target	Acquirer	Value (\$ millions)	Date announced
	IVAX	Teva Pharmaceutical	7,400	25-Jul
	Chiron	Novartis*	4,500	5-Sep
	ID Biomedical	GlaxoSmithKline	1,400	7-Sep
	Eyetech Pharmaceuticals	OSI Pharmaceuticals	935	21-Aug
	LabOne	Quest Diagnostics	934	8-Aug
Licensing /collaboration	Researcher	Investor	Value (\$ millions)	Deal type
	Protein Design Labs	Biogen IDEC	800	Collaboration, development
	Alnylam Pharmaceuticals	Novartis	700	Collaboration, discovery and development
	Emory University	Gilead Sciences, Royalty Pharma	525	Royalty interest
	Avanir Pharmaceuticals	AstraZeneca	340	Collaboration, discovery and development
	Astex Therapeutics	AstraZeneca	275	Collaboration, discovery and development
	Sirna Therapeutics	Allergan	250	Collaboration, development
	Adherex Technologies	GlaxoSmithKline	223	License

¹Prices as of October 4, 2005. Source: BioCentury, Hoover's, Recombinant Capital, Burrill & Company, company websites. *At press time, Chiron had not accepted terms.