

State of biotech sector—2005

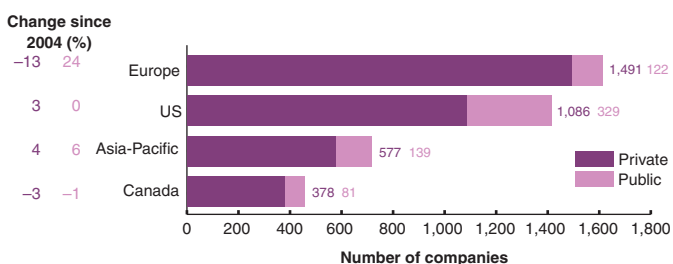
Stacy Lawrence

The bottom line for the sector as a whole definitively improved last year; net losses were down by 30%, whereas revenue was up 18% (\$60 billion). Although the European biotech sector swelled, with 23 initial public

offerings last year, R&D spending in the region declined by more than one-fifth. Healthcare dominates biotech in the United States, whereas European biotech is more diverse in focus.

Number of biotech companies

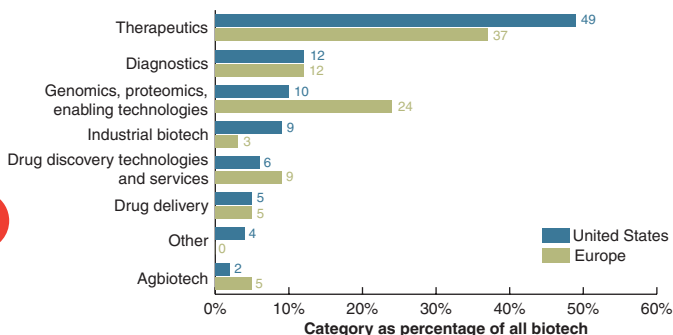
The number of European public companies increased by almost one quarter, due to the many European IPOs.



Source: Ernst & Young

Distribution of biotech companies by industry segment

Healthcare dominates in the United States and industrial biotech is ascendant, whereas Europe has a larger proportion of technology and agbiotech-based companies.



Source: Ernst & Young

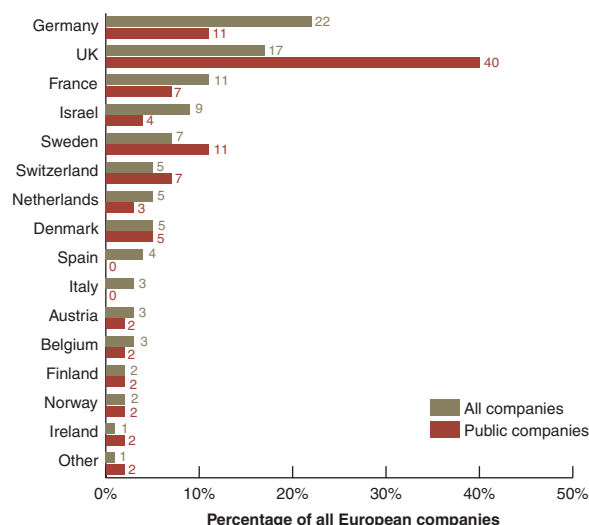
Global overview of biotech companies

Company data	2004	2005	Percent change
Revenues (\$ billions)	53.37	63.16	18%
R&D expense (\$ billions)	19.54	20.42	4%
Net loss (\$ billions)	6.27	4.39	-30%
Public companies	645	671	4%
Private companies	3,522	3,532	0.3%
All companies	4,167	4,203	1%

Source: Ernst & Young

European biotech companies by country

Germany, France and Israel are all underrepresented on the public markets, whereas the UK and Sweden are overrepresented.



Source: Ernst & Young

2005 US public company data by region

Region	Number of public companies	Market cap in \$ millions	Revenue in \$ millions	R&D in \$ millions	Net loss/income	Cash and short-term investments in \$ millions	Total assets in \$ millions
San Francisco Bay Area	67 (0%)	162,261 (53%)	15,431 (25%)	4,284 (5%)	246 (-60%)	11,861 (21%)	31,951 (13%)
New England	59 (2%)	59,582 (-3%)	8,668 (17%)	3,019 (3%)	1,194 (-30%)	6,222 (-8%)	24,820 (-2%)
San Diego	37 (3%)	19,716 (19%)	2,760 (19%)	1,073 (0%)	718 (-6%)	3,431 (6%)	8,192 (8%)
New Jersey	29 (-3%)	16,946 (38%)	1,447 (21%)	737 (-2%)	494 (-16%)	1,950 (-13%)	3,478 (-16%)
Mid-Atlantic	19 (0%)	15,009 (3%)	1,656 (-5%)	1,080 (4%)	659 (-10%)	2,578 (-13%)	6,512 (-7%)
Southeast	20 (0%)	6,917 (0%)	1,441 (18%)	416 (21%)	176 (260%)	1,104 (25%)	2,970 (18%)
New York State	14 (0%)	7,333 (-31%)	757 (-9%)	578 (6%)	296 (-18%)	2,220 (12%)	3,449 (8%)
Midwest	11 (0%)	1,914 (-11%)	201 (-12%)	108 (-18%)	135 (-2%)	300 (-6%)	484 (-3%)
Pacific Northwest	15 (-6%)	4,036 (-22%)	162 (-19%)	435 (-27%)	537 (-35%)	819 (-26%)	1,245 (-26%)
Los Angeles/Orange County	11 (-8%)	99,917 (19%)	12,511 (13%)	2,414 (-12%)	3,521 (57%)	6,005 (-2%)	30,190 (0%)
North Carolina	10 (0%)	2,062 (-15%)	469 (-7%)	243 (51%)	187 (-38%)	334 (-2%)	813 (-9%)
Pennsylvania/Delaware Valley	11 (-15%)	6,894 (11%)	1,421 (18%)	944 (29%)	488 (20%)	1,307 (-10%)	3,437 (-2%)

Percentages indicate change from 2004. New England includes CT, ME, MA, NH, RI; Mid-Atlantic includes MD, VA, DC; South East includes AL, AR, FL, GA, KE, LA, TN, SC; Midwest includes IL, MI, OH, WI; Pacific Northwest includes OR, WA; Other includes HI, MN, MO, MN, NE, NV, OK and SD. Source: Ernst & Young.