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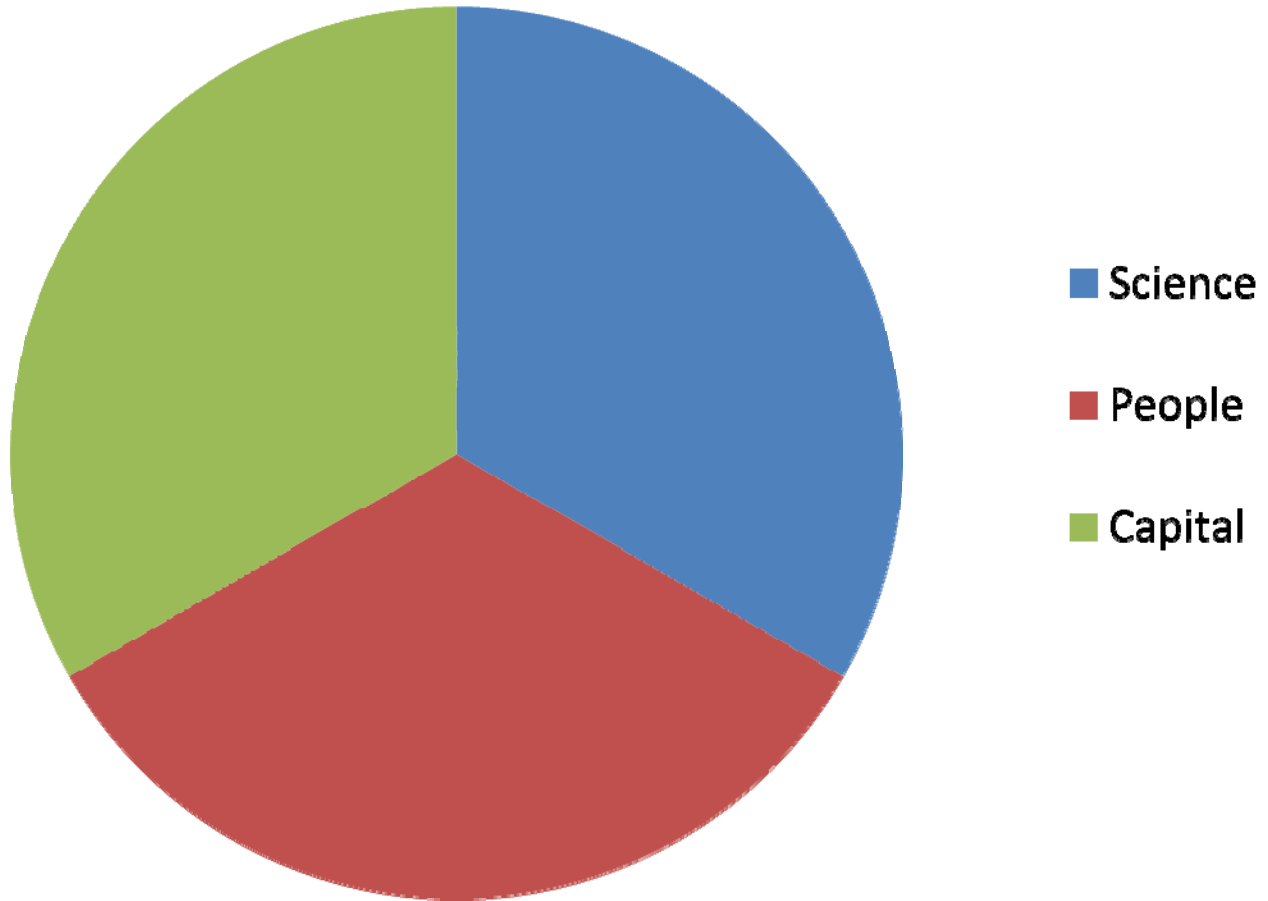
# Current Challenges

# Future Opportunities

September 30, 2009

# Biotechnology:

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# Science:

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- Expression Systems
- Monoclonals
- SBDD/Combinatorial Chemistry
- Delivery of Peptides/Proteins
- Genomics
- Tools
- ESCs
- iPSC

# Common Goal:

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Discover and Develop Novel Therapeutic Agents to address unmet medical needs

# People:

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- Growth Industry
- High Pay
- Educated Work Force
- Environmentally Friendly
- Great Work Environment
- Sense of Purpose

# Capital:

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The Fuel on which the industry is based

# Capital:

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- Capital Intensity
- Capital Deployment
- Investment Needs Change and Grow as Programs Advance

# Sources of Capital:

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- Friends & Family
- Venture Funds
- Public Markets
- Corporate Partnerships
- M&A

# Venture:

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- 10 Year Funds
- Limited Partners
- Venture Cycle
- IRR Metrics
- Exits Required

# Public Markets:

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- Cyclical
- Increasingly Sophisticated
- Milestone Driven
- Increased Costs
- Time Consuming
- Limited Liquidity for Investors

# Corporate Deals:

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- Partnerships
  - Program Specific
- Joint Ventures
- “Shared Risk” Deals
- Opportunity Capital
- Limited Upside
- Co Development/Co Marketing

# M&A:

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- Expand Platform
- Synergies
- Product Expansion
- IP
- Capital Formation
- Liquidity

# Real Life Examples:

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- Kay Laboratories/AHSC
- Vitaphore/Union Carbide
- Khepri/Arris
- Sequanna/Arris
- Axys/Celera
- Microheart/Boston Scientific
- Microcide/Althexis
- Centaur/Renovis
- Signal/Celgene
- Transcept/Novacea
- Renovis/Evotec
- iPierian/iZumi