

### **Biotech drops amid tough markets in February**

San Francisco, CA - March 03, 2008 – For the second month in a row the capital markets succumbed to fears of inflation and a weakening economy. On the last day of the month the Dow dropped over 300 points after oil prices pushed past \$103 per barrel for the first time. Amid these fears, biotech was dragged down with the Burrill Biotech Select Index dropping 4% along with the NASDAQ, down 5% and the Dow, which closed down 3%. “The biotech sector started 2008 on a positive note, outperforming the major indices in January,” said G. Steven Burrill, CEO of Burrill & Company a San Francisco based global leader in life sciences whose principal activities are in Private Equity, Venture Capital, Merchant Banking and Media. “However, in the wake of negative news from biotech’s top performer Onyx Pharmaceuticals, the industry took a hit.”

Onyx was the best-performing biotech stock of 2007, notching a one-year return of 440%...but the company dropped 42.5% in February after reporting its cancer drug Nexavar failed a Phase III study in lung cancer patients. The study was testing the combination of Nexavar and the chemotherapy drugs carboplatin and paclitaxel in patients with non-small-cell lung cancer.

One of the few companies to post a gain in February was Genentech (up 8%) on the strength that Avado, a Phase III study evaluating its cancer drug Avastin in combination with docetaxel chemotherapy, met its primary endpoint of prolonging progression-free survival in patients with advanced breast cancer. The Roche-sponsored Avado study investigated the addition of Avastin administered in two different dosages in combination with chemotherapy. Both doses of Avastin in combination with chemotherapy showed “statistically significant improvement” in the time patients lived without their disease advancing compared with chemotherapy and placebo.

The other was Illumina (up 13%). Its fourth-quarter revenue was up an impressive 86%. On the other side of the coin, shares of Vertex Pharmaceuticals were down 14% after reporting that a wider fourth-quarter loss will retard its 2008 outlook, which was below Wall Street expectations.

The **Burrill Biotech Mid-Cap Index** dropped 9% as investors migrated away from these companies. “Even though the pharmaceutical and biotech sectors are among the best for investors to be in during a recession, it is the blue-chip companies that they seek out. In difficult market conditions emerging biotech companies are viewed as more risky investments which is why most companies in the group lost value,” noted Burrill.

### Biotech IPOs remain on hold

The prevailing tough economic environment took its toll on biotech IPO “hopefuls” with Biolex, Light Sciences Oncology and Archemix cancelling their planned offerings because of the market conditions. Only one company braved the market - Bioheart, a biotechnology company focused on using cells derived from a patient's body for treatment of heart damage. It priced its 1.1 million shares offering at \$5.25 the midpoint of a revised range. The company had originally filed for an offering of 3.6 million shares at a range of \$14-\$16.

### Market cap

The industry's market cap closed at \$440 billion, unchanged for February. Genentech's market cap closed the month at \$79B and second place Amgen slipped 2% to \$49B. Close on Amgen's heels is Gilead Sciences, which closed February at \$44B.

Source: Burrill & Company

### Biotech Indices

Index	12/29/06	12/31/07	1/31/08	2/29/08	% change Month	% change Year
Burrill Biotech Select	303.96	331.52	331.31	318.05	-4.00%	-4.06%
Burrill Large Cap Biotech	424.56	437.71	438.87	434.25	-1.05%	-0.79%
Burrill Mid-Cap Biotech	171.55	201.89	179.33	161.7	-9.83%	-19.91%
Burrill Small Cap Biotech	143.6	137.6	148.3	150.15	1.25%	9.12%
Burrill Genomics	101.69	104.29	93.64	86.83	-7.27%	-16.74%
Burrill AgBio	124.52	198.83	193.82	197.08	1.68%	-0.88%
Burrill Industrial	150.85	158.66	146.41	160.09	9.34%	0.90%
Burrill Diagnostic	122.79	159.43	151.53	152.72	0.79%	-4.21%
Burrill Nutraceutical	629.56	593.04	556.24	546.94	-1.67%	-7.77%
NASDAQ	2415.29	2652.28	2389.86	2271.48	-4.95%	-14.36%
DJIA	12463.15	13264.82	12650.36	12266.39	-3.04%	-7.53%
Russell 2000	787.66	766.03	713.3	686.18	-3.80%	-10.42%
Amex Biotech	754.25	786.5	749.38	721.95	-3.66%	-8.21%
Amex Pharma	345.06	338.52	316.45	305.15	-3.57%	-9.86%

### About Burrill & Company

Founded in 1994, Burrill & Company is a San Francisco-based global leader in life sciences with activities in Private Equity, Venture Capital, Merchant Banking and Media. The Burrill family of venture capital funds has over \$950 million under management and its merchant banking business is one of the industry leaders in life sciences transactions. The company's 60 person scientific and business team, supported by its 40-person Advisory Boards, the strategic and financial network of its limited partners, and the close relationships developed with numerous life sciences companies and management, provide Burrill with unparalleled access and insight.

Burrill is the creator, sponsor and facilitator of over a dozen leading industry conferences worldwide and publishes a wide range of bio-intelligence reports including: The Personalized Medicine Report, The Stem Cell Report, and periodic newsletters covering Canada, China, Europe, India, Japan and Partnering/M&A. In association with the California Healthcare Institute, Burrill publishes The Journal of Life Sciences – a bimonthly magazine. Burrill’s flagship publication is its annual “State of the Industry” report, the most recent 21st Edition being Biotech 2007: Life Sciences – A Global Transformation. The 22nd Edition is entitled Biotech 2008: Life Sciences – A 20/20 Vision to 2020, available 1Q ‘08. These publications provide the latest insight, intelligence and information on the life sciences industry.

**Contact: Peter Winter, Editorial Director**

**Tel: 415-591-5474 [pwinter@b-c.com](mailto:pwinter@b-c.com)**