

FOR IMMEDIATE RELEASE

Biotech begins year on a quiet, but optimistic note

SAN FRANCISCO – February 1, 2011 – The biotech industry opened the New Year quietly with the Burrill Biotech Select Index up marginally for January at 0.3 percent.

Meanwhile, the capital markets recorded their strongest January in years. In the end investors shook off initial worries over anti-government rioting in Egypt to focus on a better-than-expected round of U.S. economic data that helped bolster the market. With help from the energy sector, which climbed sharply in response to a spike in oil prices, the Dow Jones Industrial average closed the month with a 2.7 percent gain and the Nasdaq Composite index closed up 1.8 percent.

“Although not yet reflected in biotech’s performance on the capital markets, the mood at the annual JPMorgan Healthcare Conference in San Francisco earlier this month was upbeat reflecting the fact that many biotech and pharma CEOs believe that 2011 will be a good one for them,” said G. Steven Burrill, CEO, Burrill & Company, a diversified global financial services firm focused on the life sciences industry.

“I believe we will see an increase in M&A activity in biotech land as companies position themselves for growth this year. It was clear that pharma executives were checking out promising companies to bolster their product pipelines...and several large biotechs, sitting on plenty of cash, made their intentions known that they are looking to acquire assets. Amgen, for example, pulled the trigger on a \$1 billion deal late January to acquire BioVex, the creator of a late-stage cancer vaccine that has shown encouraging results in treating solid tumors. BioVex is running late-stage pivotal trials to evaluate use of the experimental vaccine, called OncoVex, for the treatment of melanoma and head and neck cancer. If successful, the vaccine could be on the market within the next couple of years,” noted Burrill.

BioVex will receive \$425 million in cash at the deal’s close and up to \$575 million in additional payments upon the achievement of certain regulatory and sales milestones.

“We will also see in the next couple of weeks a final resolution to Sanofi Aventis’ bid to acquire Genzyme,” commented Burrill. “Sources close to the negotiations believe that a deal in principle will be announced soon and that it will include a contingent value right tied to the performance of Campath, a Genzyme drug that is used to treat leukemia but is also being tested for use in patients with multiple sclerosis”.

“In addition, at the J.P. Morgan event several big pharma companies re-emphasized the growing importance of emerging markets to strengthen their bottom line,” added Burrill. “It has been well documented that the global pharmaceutical market is poised to grow by as much as 7 percent this year to \$880 billion and emerging markets will be a big part of that growth as more government spending and broader access to health care in developing economies drive demand.”

In the Burrill Select group Celgene fell almost 13 percent in January despite reporting a 38 percent increase in 2010 revenues and continuing sustained growth in its year-end financials. Celgene posted a lower fourth-quarter profit due primarily to higher operating costs and expenses associated with its recent acquisition of Abraxis BioScience.

Exelixis’ shares jumped 6 percent. The FDA granted orphan drug designation to XL184 for treatment of follicular, medullary, and anaplastic thyroid carcinoma, and metastatic or locally advanced papillary thyroid cancer. A pivotal phase 3 trial of XL184 is ongoing in patients with medullary thyroid cancer and the company expects to release top-line phase 3 results in the first-half of 2011 and potentially file a New Drug Application for the compound in the second-half of 2011.

The Burrill Personalized Index climbed almost 3 percent in January. “As we describe in our upcoming 25th anniversary issue of our annual report Biotech 2011, this sector will be hot,” commented Burrill. “There is no doubt that we are moving to a world that embraces not only the possibility of using a person’s genetic information to identify their risks for disease but also individualized strategies for prevention or treatment and companies in the healthcare sector are positioning themselves for this trend. We are seeing plenty of deals as companies orient their R&D strategies in the personalized medicine space.”

“At the end of the month Japanese pharma company Eisai said it would invest \$200 million to back Cambridge, Mass company H3 Biomedicine on developing new personalized cancer therapies.”

Market Cap

The biotech industry’s collective market cap was \$378 billion, up 1.5 percent for the month.

January 2011 Burrill Indices

INDEX	12/31/2009	12/31/2010	1/31/2011	% CHANGE (MONTH)	% CHANGE (YR)
Burrill Select	312.47	365.12	366.06	0.26%	0.26%
Burrill Large Cap	461.85	526.55	526.81	0.05%	0.05%
Burrill Mid- Cap	166.01	218.1	208.49	-4.41%	-4.41%
Burrill Small Cap	88.12	94.97	91.88	-3.25%	-3.25%
Burrill Diagnostics	147.96	158.05	161.07	1.91%	1.91%
Personalized Medicine	91.71	106.26	109.28	2.84%	2.84%
Canadian Biotech	40.35	55.68	61.83	11.05%	11.05%
NASDAQ	2269.15	2652.87	2700.08	1.78%	1.78%
DJIA	10428.05	11577.51	11891.93	2.72%	2.72%
Amex Biotech	941.92	1297.61	1279.57	-1.39%	-1.39%
Amex Pharma	309.21	305.88	300.94	-1.62%	-1.62%

About Biotech 2011

Biotech 2011-Life Sciences: Looking Back to See Ahead is G. Steven Burrill's 25th annual publication on the state of the biotechnology industry. This special anniversary edition, to be published early in 2011, examines how the industry has developed into the global enterprise it is today. It describes what companies will need to do in order to remain competitive in a world being reshaped by technology, globalization and emerging markets. In addition, it provides comprehensive analysis on the global industry's performance in 2010. Details: www.burrillandco.com/resources

About Burrill & Company

Founded in 1994, Burrill & Company is a diversified global financial services firm focused on the life sciences industry. With more than \$1 billion in assets under management, the firm's businesses include venture capital, private equity, merchant banking and media. By leveraging the scientific and business networks of its investment team, Burrill & Company has established unrivaled access and visibility in the life sciences industry. This unique combination of resources and capabilities enables the company to provide life sciences companies with capital, management expertise, insight, market intelligence and analysis through its investments, conferences, and publications. Headquartered in San Francisco, the company oversees a global network of offices

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