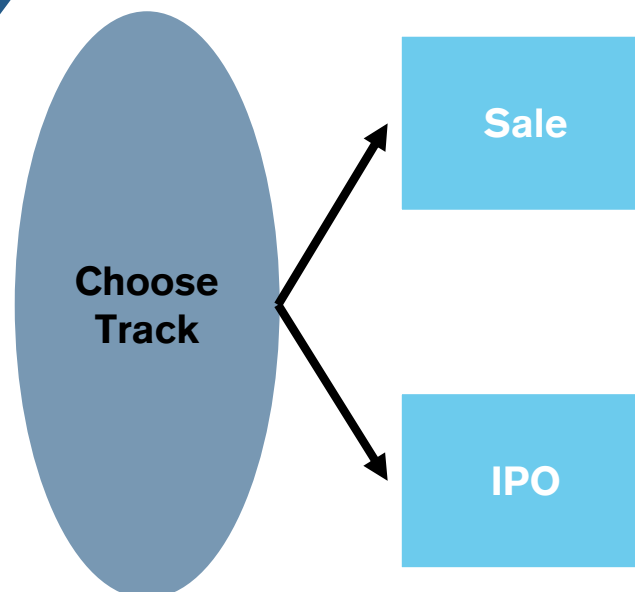


The “Dual-Track” process overview

Sale



Initial Public Offering

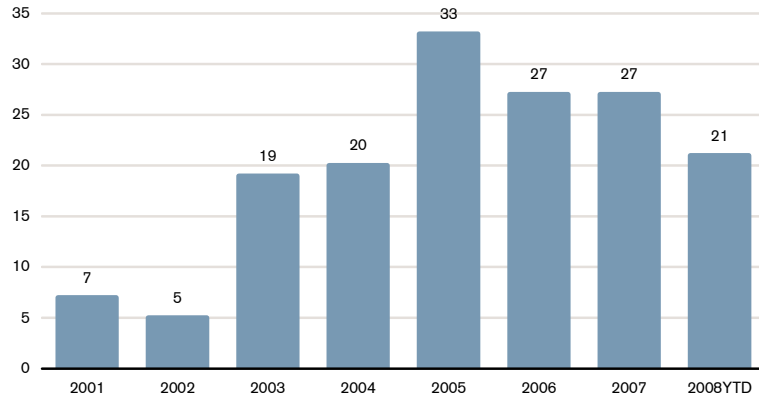


The key to a successful dual track process is maintaining the viability of both alternatives by advancing them in parallel

M&A market snapshot

Biopharma M&A transactions announced

(January 1, 2001 – August 22, 2008)



Average transaction size:

\$631.0M⁽¹⁾ \$263.1M \$1,087.3M \$9,38.9M \$1,405.4M \$1,080.5M⁽²⁾ \$1607.4M⁽³⁾ \$379.1M⁽⁴⁾

2008 M&A trends

- “Supply” is at record levels due to challenging equity market conditions
- U.S. buyers accounted for only six of 20 acquisitions in 2008 while ex-U.S. buyers have become increasingly aggressive
- Targets have generally been either very late or very early stage: only three of the 20 targets were in Phase II or III development
- Oncology targets have accounted for over 1/3rd of transactions in 2008
- Smaller transactions have dominated (other than partnership consolidations)
- Increased use of “earn-outs” in transaction structures

Note: Transaction values include milestone payments.

Source: Company press releases and SDC Platinum. Current as of September 2, 2008.

(1) Excludes Amgen/ImmuneX, which had a transaction value of \$16.8B.

(2) Excludes Bayer/Schering, which had a transaction value of \$21.4B.

(3) Excludes Merck KGaA/Serono, which had a transaction value of \$13.5B; AstraZeneca/MedImmune, which had a transaction value of \$14.6B; Schering-Plough/Organon, which had a transaction value of \$14.4B.

(4) Excludes Takeda/Millennium (transaction value of \$8.8B), Roche's acquisition bid for the remaining stake in Genentech for \$43.7B, Bristol-Myers' proposed acquisition of Imclone Systems for \$4.5B, and King's proposed acquisition of AlphaPharma for \$1.4B.

(5) Purchased remaining shares for \$404M (Ipsen previously held 40% of Tercica) and values Company at \$663M.

(6) Majority of transaction value was milestones.

2008 announced transactions

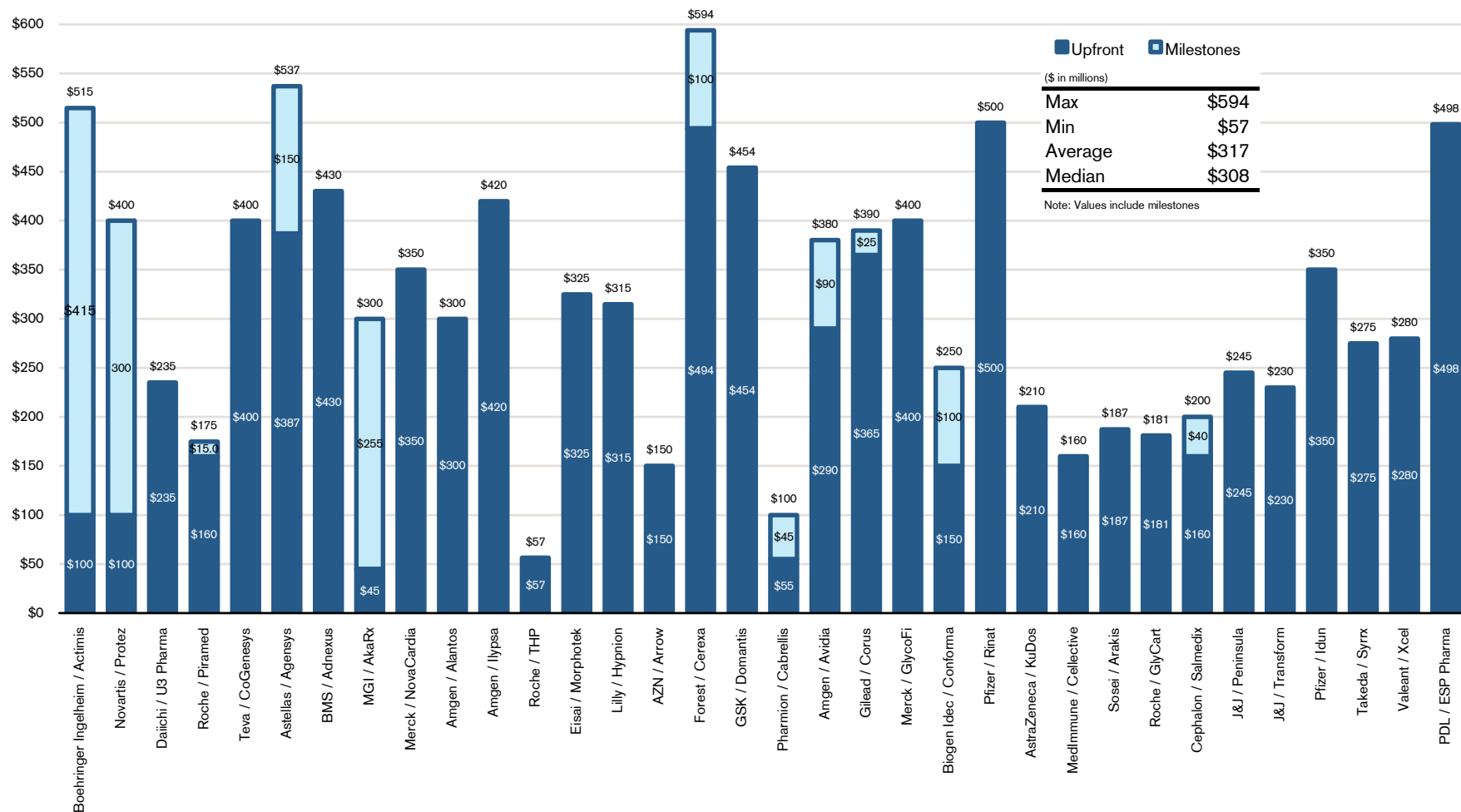
(\$ in millions)

Month	Acquiror/Target	Value	Rx Area	Phase
January	Teva / CoGenesys	\$400	Biogenerics	I/II
February	Pfizer / Encysive	195	Pulmonology	NDA
February	Galderma / CollaGenex	420	Dermatology	Marketed
March	Pfizer / Serenex	N/A	Oncology	I
March	Teva / Bentley	360	Generics	Marketed
April	Roche / Piramed	175	Oncology/Immunology	I
April	Takeda / Millennium	8,800	Oncology	Marketed
April	GSK / Sirtris	720	Endocrinology	I
May	Daichi / U3	235	Oncology	Pre-clinical
May	Bristol-Myers Squibb / Kosan	190	Oncology	III
June	Novartis / Protez	400	Anti-infectives	II
June	Ipsen / Tercica ⁽⁵⁾	400	Endocrinology	Marketed
June	BI / Actimis ⁽⁶⁾	515	Allergy	I
June	Stiefel / Barrier	148	Dermatology	Marketed
July	ViroPharma / Lev Pharmaceuticals	443	Inflammation	NDA
July	Shire / Jerini	521	Hematology	NDA
July	Eli Lilly / SGX Pharma	64	Oncology	Pre-clinical
July	Novartis / Speedel	880	Cardiovascular	Marketed
July	Roche / Genentech	43,700	Oncology	Marketed
July	Bristol-Myers / ImClone Systems	4,500	Oncology	Marketed
August	King Pharma / AlphaPharma	1,400	Pain	Marketed

Development stage company transaction values have ranged from \$200M to \$500M...

Private biotech transactions since 2005

(\$ in millions)



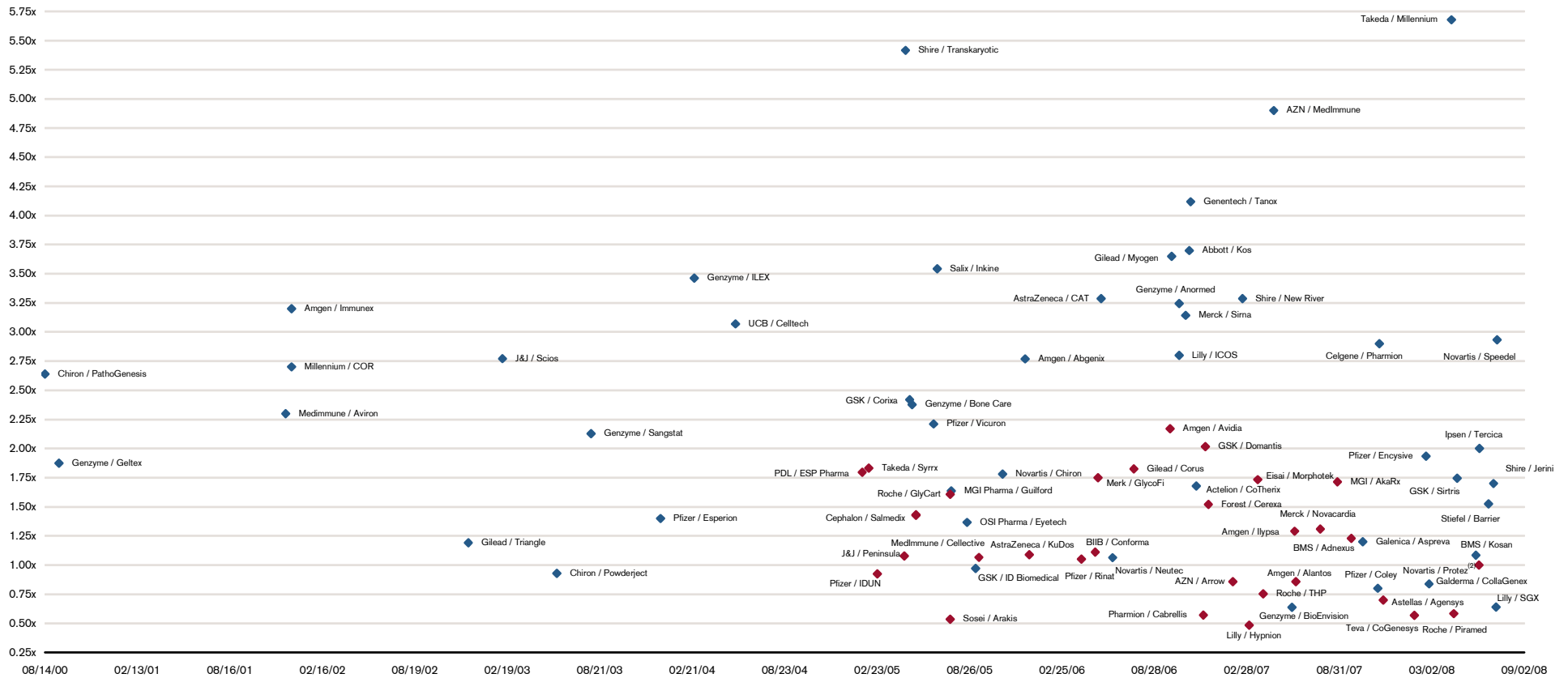
Source: Company press releases and VentureSource. As of September 2, 2008.

...and multiples are attractive and trading up

CS identified and analyzed the transaction values of both public and private biotech acquisitions

- Analyzed the transaction value as a multiple of probability weighted peak sales for the lead compound(s)

Transaction value / probability adjusted peak sales over time analysis⁽¹⁾



(1) Probability adjusted sales assumes probability of success of 5% for pre-clinical, 15% for Phase I, 35% for Phase II, 65% for Phase II with data or start Phase III and 90% for NDA filed or with Phase III data.

(2) Multiple calculated based on a probability adjusted transaction value of 35% to account for milestone payments.

Source: Company filings, press releases and Wall Street equity research.

Note: Red diamond indicates private transaction. Current as of September 2, 2008.

Who has been most acquisitive?

Company	Market cap (\$B) & P/E		'06-'08 key acquisitions		'06-'08 key partnerships	
	01/01/07	10/20/08	Company	\$M paid	Company	\$M paid
NOVARTIS	\$156.8	\$138.7	Alcon	\$11,000 ⁽¹⁾	Antisoma	\$890
	20.5x	13.9x	Chiron	5,400	SGX	515
			Speedel	880	CTI	270
			NeuTec	569	Momenta	263
			Protez	400	Bayer Schering	200
		Intercell	364	Others: Prometic, Alnylam, Idenix		
Schering-Plough	\$22.4	\$23.8	Organon	\$14,400	PTC Therapeutics	\$200
	48.7x	9.3x				
GlaxoSmithKline	\$151.8	\$102.6	Reliant	\$1,650	Actelion	\$3,250
	13.3x	11.3x	Sirtris	720	Synta	965
			CNS	566	XenoPort	640
			Domantis	454	Regulus Therapeutics	600
			Praecis	55	Amira	425
			PLIVA	35	Others: Tolerx, Targacept, Sirna Cytokinetics, Vivalis, Tripos, Epix	
AstraZeneca	\$82.0	\$58.9	MedImmune	\$15,600	Pozen	\$375
	12.2x	8.5x	KuDOS	210	Silence	15
			Arrow	150	Others: GSK, Roche, Biovator	
			Atlantis	71	Schering AG, Abbott, NPS	
			Ventana	\$3,000	Actelion	\$630
Roche	\$125.8	\$135.3	BioVeris	600	Transgene	281
	19.2x	15.5x	NimbleGen	273	Others: Alnylam, Evotec, Actelion, InterMune	
			545 LS	157		
			Piramed	175		
Forest Laboratories	\$16.0	\$7.3	Cerexa	\$494	Novoxel	\$110
	15.5x	6.6x			Mylan	75
					Almirall	60
					⁽³⁾ Replidyne	50
sanofi aventis	\$125.4	\$81.4	Zentiva	\$518	Oxford BioMedica	\$690
	12.9x	8.6x			Taiho	360
					Others: Emergent Biosolutions, UCB Acambis, Innogenetics / INSERM	
AMGEN	\$79.7	\$53.1	Abgenix	\$2,200	Daiichi Sankyo	\$200
	15.9x	11.5x	Kyowa Hakko	520	Cytokinetics	75
			Ilypsa	420	Others: Fresenius Medical Care, Biovitrum, Genentech, Takeda	
			Alantos	300		
			Avidia	290		
Takeda	\$61.0	\$37.3	Millennium	\$8,800	Amgen	\$1,200
	18.2x	19.0x	Paradigm	NA	Afymax	430
					XOMA	230
					Cell Genesys	320
					Xenon	76
					Others: JPRI, Lundbeck, Santhera, Archemix, CanBas, Galaxy Biotech Cephalon, Lexicon Genetics	
Johnson & Johnson	\$191.4	\$182.4	Pfizer (consumer healthcare)	\$16,600	ISIS Pharmaceuticals	\$230
	15.9x	14.2x	Conor Medsystems	14,000	Vertex	165
			Animas	518	Others: ASINEX	
			Vascular Control Systems	NA		
			Hand Innovations	NA		
Abbott A Promise for Life	\$74.8	\$90.3	Guidant	\$4,100	Enanta Pharma	\$307
	17.2x	17.4x	Kos Pharma	3,800	Others: Dharmaco	
			Nova Science	13		
			Myogen	\$2,500	LG Life Sciences	\$202
GILEAD	\$29.9	\$39.6	Corus	365	Parion Sciences	146
	19.3x	21.2x	Raylo Chemicals	148	Corus	25
					Others: Bristol-Myers Squibb Merck	
Pfizer	\$186.8	\$117.3	Sanofi (Exubera)	\$1,300 ⁽²⁾	Kosan	\$250
	11.8x	7.3x	Rinat	478	TransTech	173
			Encysive	387	Others: BMS, OSI, Bayer, Monogram	
			PowderMed	357		
			BioRexis	283		
			Schwarz Pharma (fesoterodine)	210		
			Coley	164		
			Embrex	155		
			Serenex	NA		
			Hypnion	\$315	BioMS Medical	\$497
Lilly	\$59.0	\$38.8	SGX Pharma	64	MacroGenics	494
	14.7x	8.6x			OSI	385
					Glenmark	350
MERCK	\$94.7	\$66.6	Sirna	\$1,100	Ariad	\$527
	13.6x	9.5x	GlycoFi	400	NicOx	351
			NovaCardia	350	Avalon	200
			Abmaxis	80	Paratek	200
					Intercell	127
Bristol-Myers Squibb	\$51.8	\$36.6	Adnexus	\$505	Pfizer	\$1,000
	17.8x	11.2x	Kosan	190	Isis Pharma	192
					Exelixis	140
					Others: Dainippon Sumitomo	
Boehringer Ingelheim	NA	NA	Actimis	\$515 ⁽⁴⁾	Abylnx	\$275
			JNJ & Pfizer (Zantac)	510	Others: MorphoSys, Medarex, Bayer, Biolipox, XstalBio, AbGenomics	
Wyeth	\$68.6	\$46.9	Wyeth K.K. Japan	NA	Others: MediVas, Nautilus Biotech	
	14.5x	9.9x	Haptogen	NA	Solvay, Trubion	

(1) Alcon agreed to sell 74M shares and, subject to the exercise of the put/call option, its remaining shares in Alcon for \$11B and \$28B, respectively, to Novartis.
(2) Pfizer acquired Sanofi-aventis' worldwide Exubera rights, as well as the insulin production facilities in Germany, previously jointly owned by Pfizer and Sanofi-aventis.
(3) Sanofi-aventis acquired 24.9% of Zentiva for \$518.0M to become the largest shareholder of Zentiva.
(4) Boehringer Ingelheim acquired the U.S. rights to the OTC Zantac product line for \$510M in cash.
Source: Facset, Company press releases and SDC Platinum.
Note: Bio Dollars include upfront payments and future milestones. Current as of October 20, 2008.