

BIOTECH INDUSTRY



PRESIDIO PAY ADVISORS, INC.

PRESIDIO PAY ADVISORS EXECUTIVE COMPENSATION SURVEY

2007 SUMMARY HIGHLIGHTS



BIOTECH INDUSTRY COMPENSATION SURVEY

Presidio Pay Advisors, Inc. is pleased to announce the 2007 Biotech Executive Compensation Survey covering compensation practices in 93 companies in Biotech and related industries.

We have conducted a thorough examination of compensation practices and pay levels, extracting data from proxy statements and annual reports available as of July 2007. Survey companies cover the Biotech industry with data organized into industry and revenue categories. The table below shows the data cuts provided in the surveys, along with median characteristics for the companies in each data cut. Custom data cuts are also available for purchase.

Dollars In Millions

	Data Cut Category	Number of Companies	Median Full-Time Employees	Median Annual Revenues	Percent of Total
Annual Revenue	Less than \$20MM	24	105	\$3.4	26%
	\$20MM to \$100MM	30	236	\$39.4	32%
	\$100MM to \$500MM	21	554	\$214.0	23%
	Greater than \$500MM	18	3,672	\$1,116.8	19%
Industry Sector	Biotechnology	39	296	\$39.6	42%
	Health Care Equipment	7	402	\$108.4	8%
	Life Sciences Tools & Services	15	1,015	\$202.6	16%
	Pharmaceuticals	32	170	\$43.7	34%
All Companies		93	300	\$54.1	100.0%

To download this synopsis or to purchase this and other industry compensation surveys, please visit: <http://www.presidiopay.com>.



COMPENSATION TRENDS

Total Direct Compensation

Despite virtually no change in Chief Executive Officer base salaries and bonuses, CEO total direct compensation (base + bonus + long-term incentive present value) surged from the previous year as Compensation Committees relied heavily on equity and cash based long-term incentives.

- Chief Executive Officer total direct compensation rose 18% from the prior year to a median of \$2.2 million driven largely by an increase in equity grants as base salaries slipped 3% and actual bonuses remained constant from the previous year.
- Median CEO total direct compensation was approximately 1.8 times the next highest paid executive position, the Chief Operating Officer, a significant change from the prior year when CEO total direct compensation was 1.3 times the COO.
- The gap between CEO and COO pay would have been even greater had it not been for a 28% increase in the median value of annual incentives paid out to COOs.
- Consistent with most industries, CEO base salary had a strong correlation to annual revenue, with CEOs of companies generating less than \$20 million in annual revenue earning 41% less in base salary than their counterparts responsible for managing companies with \$500 million or more in annual revenue.
- The Chief Financial Officer and Chief Legal Officer positions saw median total direct compensation drop nearly 20% from the prior year.

Ownership Impact on Compensation

Biotech companies have a unique structure in that the Chief Executive Officer is often the founder of the company and holds a considerable ownership stake. This ownership stake often impacts the way in which Compensation Committees reward the CEO.

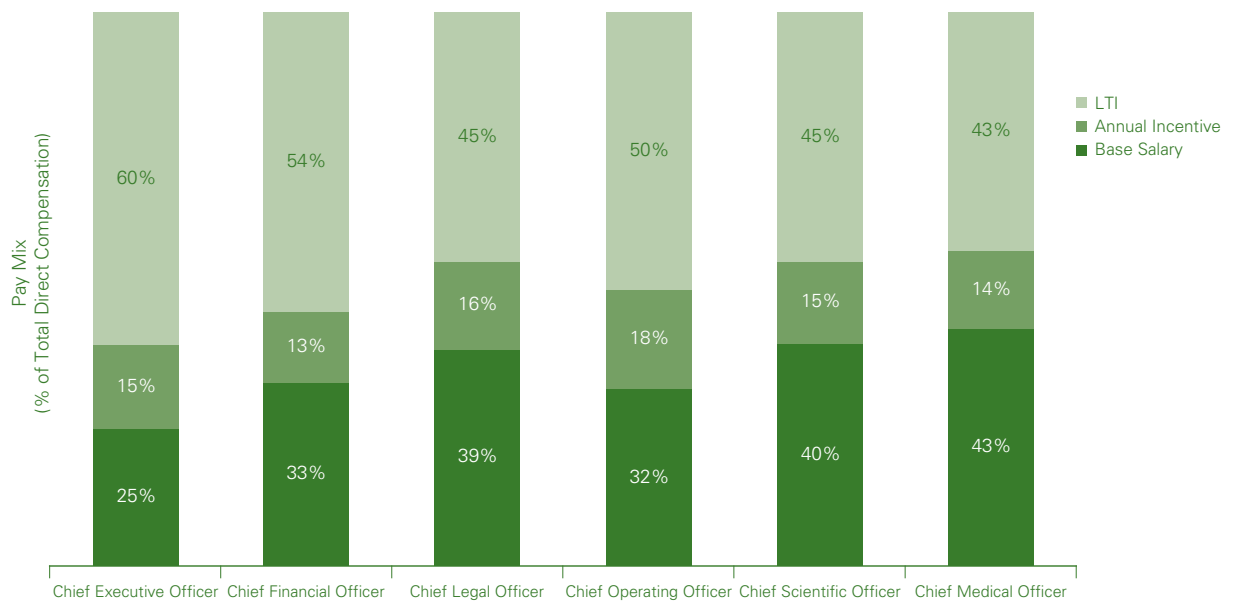
- Overall, median Chief Executive Officer ownership was 1.98% of total common shares outstanding, up from 1.89% in the prior year's survey.
- Those CEOs who owned less than 5% of total common shares outstanding received over \$907,000, or 80% more in total direct compensation than CEOs whose ownership stake exceeded 5% of total common shares outstanding.



COMPENSATION TRENDS

In the Biotech Industry, pay mix for all C-Class executives is heavily performance-based.

Pay mix is defined as the relationship between annual base salary, annual cash incentives, and total long-term incentive grants expressed as a percent of total direct compensation. The findings from this survey are included below.





EXECUTIVE COMPENSATION

The Biotech Executive Compensation Survey presents a thorough analysis of compensation and ownership levels for sixteen (16) executive positions. The table below presents the position data available in the survey by revenue cut.

Title	All Companies	Revenue Data Cuts			
		Less than \$20MM	\$20MM to \$100MM	\$100MM to \$500MM	Greater than \$500MM
Chief Executive Officer	•	•	•	•	•
Chief Financial Officer	•	•	•	•	•
Chief Legal Officer	•	•	•	•	•
Chief Operating Officer	•	•	•	•	•
Chief Scientific Officer	•	•	•	•	•
Chief Medical Officer	•	•	•	•	•
Vice President, General	•	•	•	•	•
Vice President, Development	•	•	•	•	•
Vice President, Research & Development	•	•	•	•	•
Vice President, Operations	•	•	•	•	•
Vice President, Sales & Marketing	•	•	•	•	•
Vice President, Finance	•	•	•	•	•
Vice President, Business Development	•	•	•	•	•
Vice President, Human Resources	•	•	•	•	•
Vice President, Regulatory Affairs	•	•	•	•	•
Vice President, Business Unit	•	•	•	•	•

The table below presents the position data available in the survey by industry cut.

Title	All Companies	Industry Data Cuts			
		Biotechnology	Health Care Equipment	Life Sciences Tools & Services	Pharmaceuticals
Chief Executive Officer	•	•	•	•	•
Chief Financial Officer	•	•	•	•	•
Chief Legal Officer	•	•	•	•	•
Chief Operating Officer	•	•	•	•	•
Chief Scientific Officer	•	•	•	•	•
Chief Medical Officer	•	•	•	•	•
Vice President, General	•	•	•	•	•
Vice President, Development	•	•	•	•	•
Vice President, Research & Development	•	•	•	•	•
Vice President, Operations	•	•	•	•	•
Vice President, Sales & Marketing	•	•	•	•	•
Vice President, Finance	•	•	•	•	•
Vice President, Business Development	•	•	•	•	•
Vice President, Human Resources	•	•	•	•	•
Vice President, Regulatory Affairs	•	•	•	•	•
Vice President, Business Unit	•	•	•	•	•



EXECUTIVE COMPENSATION

Included in the Biotech Executive Compensation Survey are over 469 competitive market data points that have been categorized by position, industry and company financial metrics. Data specific to each position includes:

- Annual Base Salary
- Annual Cash Incentive
- Stock Option and Long-Term Equity Incentive Compensation
- Total Direct Compensation Pay Mix
 - Base Salary as a Percent of Total Direct Compensation
 - Annual Cash Incentive as a Percent of Annual Base Salary
 - Annual Cash Incentive as a Percent of Total Direct Compensation
 - Total Long-Term Incentive as a Percent of Total Direct Compensation

The table below presents an example of the data presentation in the survey.

SURVEY JOB TITLE:

Chief Operating Officer

INDUSTRY:

Health Care Equipment

DATA CUT:

Revenue Greater Than \$500MM

JOB DESCRIPTION

The executive responsible for directing and administering the activities of the company in accordance with the objectives and strategy set by the Chief Executive Officer and Board of Directors. This executive also directs the organization to ensure the attainment of revenue and profit goals, and will also participate with the Chief Executive Officer in formulating current and long-range plans, objectives and policies. Oversees all the organization's functional areas except finance and certain administration functions.

Data Category	Total Companies Reporting	n	25th Percentile	50th Percentile	60th Percentile	75th Percentile	Average
COMPANY DATA							
Reporting Company Data							
Fiscal Year End Revenue (\$Millions)	88	–	\$2,642.7	\$4,215.8	\$5,193.6	\$5,366.3	\$4,388.2
Employees at Fiscal Year End	88	–	5,623	12,500	17,900	23,750	18,033
CASH COMPENSATION							
Base Salary							
Annual Base Salary (\$000s)	88	88	\$462.3	\$558.9	\$595.3	\$649.3	\$572.1
Annual Cash Incentives							
Annual Cash Incentive - Receiving (\$000s)	74	74	\$506.0	\$633.9	\$806.1	\$1,536.3	\$1,118.5
Annual Cash Incentive (% of Annual Salary)	–	–	109.4%	113.4%	135.4%	236.6%	195.5%
Total Cash Compensation							
Total Cash Compensation - Receiving Annual Cash Incentive (\$000s)	74	74	\$1,134.0	\$1,362.3	\$1,687.6	\$2,641.3	\$1,944.2
Total Cash Compensation - All (\$000s)	88	88	\$986.1	\$1,184.6	\$1,467.5	\$2,296.8	\$1,690.6
EQUITY COMPENSATION							
Annual Long-Term Incentive Grants							
Stock Option Grant Present Value - Receiving (\$000s)	65	65	\$706.0	\$1,323.7	\$1,662.0	\$2,079.4	\$1,418.4
Other Long-Term Incentives - Receiving (\$000s)	7	7	\$1,352.5	\$1,740.0	\$1,882.8	\$2,586.8	\$2,199.4
Total LTI Grant - Receiving (\$000s)	72	72	\$1,511.1	\$1,978.1	\$2,060.1	\$2,166.7	\$2,472.6
Beneficial Ownership							
Shares Owned (% of Total Common Shares Outstanding)	88	88	0.02%	0.03%	0.04%	0.08%	0.06%
Options Exercisable in 60 Days (% of Total Common Shares Outstanding)	88	88	0.17%	0.24%	0.29%	0.36%	0.30%
Total Beneficial Ownership (% of Total Common Shares Outstanding)	88	88	0.25%	0.29%	0.31%	0.43%	0.36%
TOTAL CASH AND EQUITY COMPENSATION							
Total Direct Compensation							
Total Direct Compensation - Receiving any LTI (\$000s)	74	74	\$2,675.5	\$3,408.8	\$3,575.9	\$4,033.9	\$3,892.4
Company Total Direct Compensation - All (\$000s)	88	88	\$2,701.8	\$3,497.5	\$3,606.4	\$3,860.6	\$3,854.1
PAY MIX							
Total Direct Compensation							
Annual Base Salary (% of Total Direct Compensation)	–	–	16.2%	17.3%	18.0%	18.7%	16.6%
Annual Cash Incentive (% of Total Direct Compensation)	–	–	17.5%	19.8%	22.2%	37.2%	30.9%
Total LTI Grant (% of Total Direct Compensation)	–	–	54.2%	62.0%	62.8%	67.9%	60.0%



SURVEY COMPANIES

Abaxis, Inc.
Adolor Corporation
Advanced Magnetics, Inc.
Affymetrix, Inc.
Albany Molecular Research, Inc.
Alexion Pharmaceuticals, Inc.
Alexza Pharmaceuticals, Inc.
Alpharma Inc.
Amylin Pharmaceuticals, Inc.
Antigenics Inc.
ARIAD Pharmaceuticals, Inc.
AtheroGenics, Inc.
Beijing Med-Pharm Corporation
BioMarin Pharmaceutical Inc.
BioMimetic Therapeutics, Inc.
Bradley Pharmaceuticals, Inc.
Cadence Pharmaceuticals, Inc.
Cambrex Corporation
Celgene Corporation
Cell Genesys, Inc.
Cephalon, Inc.
Covance Inc.
Cubist Pharmaceuticals, Inc.
CuraGen Corporation
CV Therapeutics, Inc.
Cypress Bioscience, Inc.
Digene Corporation
Discovery Laboratories, Inc.
DURECT Corporation
Dyax Corp.
Edwards Lifesciences Corp
Encysive Pharmaceuticals Inc.
Endo Pharmaceuticals
EntreMed, Inc.
Enzo Biochem, Inc.
Enzon, Inc.
Exelixis, Inc.
Gene Logic Inc.
Geron Corporation
Gilead Sciences, Inc.
Human Genome Sciences, Inc.
IDEXX Laboratories, Inc.
Immunomedics, Inc.
Incyte Corporation
Inspire Pharmaceuticals, Inc.
InterMune, Inc.
Inverness Medical Innovations, Inc.
Invitrogen Corporation
Kendle International Inc.
Lexicon Pharmaceuticals Incorporated
Luminex Corporation
Maxygen, Inc.
Medarex, Inc.
Medicis Pharmaceutical Corporation
Medivation, Inc.
Meridian Bioscience, Inc.
MGi Pharma, Inc.
Millennium Pharmaceuticals, Inc.
Mylan Laboratories Inc.
Myriad Genetics, Inc.
Nastech Pharmaceutical
Neurocrine Biosciences, Inc.
NPS Pharmaceuticals, Inc.
NxStage Medical, Inc.
Obagi Medical Products, Inc.
OSI Pharmaceuticals, Inc.
Pain Therapeutics, Inc.
PAREXEL International Corporation
PDL Biopharma, Inc.
Penwest Pharmaceuticals
Perrigo Company
Pharmaceutical Product Development, Inc.
Pharmacopeia Drug Discovery, Inc.
Pharmacyclics, Inc.
POZEN Inc.
Regeneron Pharmaceuticals, Inc.
Santarus, Inc.
Sciele Pharma Inc.
Sepracor Inc.
SuperGen, Inc.
Techne Corporation
Telik, Inc.
The Medicines Company
Theragenics Corporation
United Therapeutics Corporation
Valeant Pharmaceuticals International
Vertex Pharmaceuticals Incorporated
ViroPharma Incorporated
VIVUS, Inc.
Watson Pharmaceuticals, Inc.
XenoPort, Inc.
XOMA Ltd.
ZymoGenetics, Inc.



ABOUT PRESIDIO PAY ADVISORS

Presidio Pay Advisors provides companies with thoughtful, independent, strategic advice and support on a wide range of compensation issues. Our collective expertise is comprehensive, encompassing the diverse array of human resources, finance, accounting, regulatory, and shareholder perspectives.

We assist with the competitive assessment, design, implementation and communication of:

- Total Compensation Strategy
- Annual Cash Incentives
- Long-Term Equity and Cash Incentives
- Employee Agreements
- Severance and Change-In-Control Arrangements

If you have questions regarding our surveys or would like to speak with a consultant, please call us at (415) 438-3400.

Please visit our website at www.presidiopay.com where our industry compensation surveys and our annual IPO survey are available for purchase.

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