Annual Report 2001

BB BIOTECH

BB BIOTECH AG

Shareholder information

Official listing and share structure

Foundation:	November 9, 1993; Schaffhausen, Switzerland
Issue price adj. November 15, 1993:	CHF 23.76
Official listing:	December 27, 1993 on the Swiss Stock Exchange December 10, 1997 on the "Neuer Markt" in Germany (issue price: EUR 27.35) October 19, 2000 on the "Nuovo Mercato" in Italy (issue price: EUR 118.50)
Share structure:	CHF 27.8 mn nominal, 27 800 000 bearer shares with a par value of CHF 1
Authorized capital:	CHF 6.7 mn
Shareholders, free float:	Institutional and private investors, free float 100%
Security number CH:	144.158
Security number in Germany and Italy:	888 509

Shareholder information

- The company publishes its Net Asset Value via the major stock market information services (Reuters, Bloomberg, the Swiss financial news agency AWP, the German news service VWD) and on its website www.bbbiotech.com.
- The portfolio composition is published every three months within quarterly reports.
- In its Monthly News, BB BIOTECH announces major events relating to its investments.
- Important changes and trends are reported in the Monthly News and in press releases.
- In addition, we periodically hold information events for share-holders and interested members of the public.
- Interested? Subscribe to our mailing list by post/fax/telephone or via www.bbbiotech.com.

Quotes and Reports

NAV:	**in CHF**	– Bloomberg: BIO SW Equity NAV, BABB	**in EUR**	– Bloomberg: BBZ NM Equity NAV; BABB
		– Datastream: S:BINA		– Datastream: D:BBNA
		– Finanz & Wirtschaft (CH): listed twice weekly		– Reuters: BABB
		– Reuters: BABB		
		– Telekurs: BIO risp. 85, BB1 (Investdata)		
Stock price:	**in CHF (SWX)**	– Bloomberg: BIO SW Equity	**in EUR (NM)**	– Bloomberg: BBZ NM Equity
		– Datastream: S:BIO		– Datastream: D:BBZ
		– Reuters: BIOZ.S		– Reuters: BIOZ.F
		– Telekurs: BIO	**in EUR (IM)**	– Bloomberg: BBA IM Equity
				– Datastream: I:BBB
				– Reuters: BB.MI
Internet:		– www.bbbiotech.com		

Corporate Calendar 2002

3 Month Report as at 03/31/02:	April 26, 2002, 07.30 AM CET
Annual General Meeting:	April 30, 2002, 1.00 PM, Casino, Artherstrasse 2–4, 6300 Zug/CH
BB BIOTECH-Information Days:	May 13 to May 17, 2002 (Details see at www.bbbiotech.com)
Interim Report:	August 9, 2002, 07.30 AM CET
9 Month Report 2002:	October 25, 2002, 07.30 AM CET
Prel. Report & Portfolio as at 12/31/02:	January 31, 2003, 07.30 AM CET
Annual Report 2002:	March 14, 2003, 07.30 AM CET

Contact for investors and media

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Annual Report 2001

Letter to the Shareholders

Dear Shareholders

During 2001, the biotech industry continued to deliver new innovative drugs to the marketplace. Several of our portfolio companies launched important new therapies (Actelion, Amgen, Transkaryotic Therapies, The Medicines Company) or expanded already established therapies (IDEC Pharmaceuticals). The US Food and Drug Administration (FDA) took a more conservative stance regarding the approval of new drugs following several highly publicized product withdrawals due to safety issues in 1999 and 2000. However, a few products targeting life-threatening diseases, like Actelion's Tracleer, enjoyed very fast and efficient approval procedures.

Despite the economic slowdown, many biotech companies actually fulfilled or exceeded market expectations regarding revenues and earnings, reflecting the robust nature of the industry and the inelastic demand for new medicines against serious diseases.

Global stock markets experienced a disappointing year and most indices suffered significant declines. BB BIOTECH was also adversely affected. While BB BIOTECH's Net Asset Value declined by 17.8%, the share price decreased by 28.6% (in CHF). The difference in the percent change is due to the premium of 13% at the beginning of the year which was reversed to a discount of 2% by the end of the year. However, with assets of CHF 3 434 mn, BB BIOTECH is well positioned to solidify its position as one of the world's largest pure biotech investors.

In 2001, we sold ten positions (Genentech, Alexion, Celgene, Trimeris, Pharmacopeia, Biogen, Celera, COR Therapeutics, United Therapeutics and Synsorb) and made five new investments (EyeTech, Regeneron, Titan, Pozen and Cubist). We significantly increased our positions in Amgen, Actelion and Adolor. In February, our portfolio company Third Wave Technologies successfully completed its IPO at Nasdaq, representing one of the few IPOs during 2001.

During the fourth quarter of 2001, merger & acquisition (M&A) activities accelerated significantly in the biotech industry with several large transactions. Four of our portfolio companies were involved in those transactions, including Amgen, MedImmune, Aviron and COR Therapeutics. In contrast to previous M&A waves, these recent mergers show that biotech companies are increasingly consolidating among themselves. We believe this speaks for growing maturity and accumulated expertise among biotechnology companies and expect this trend to continue through 2002 and beyond.

We are enthusiastic about the prospects for 2002 and expect new innovative products from our portfolio companies to enter the marketplace, such as IDEC's Zevalin, which would be the world's first radio-labeled therapeutic drug for the treatment of refractory non-Hodgkin's lymphoma (NHL). We also expect strong sales growth from drugs which have already been introduced in the past several years. Under normal circumstances this should contribute to the appreciation of BB BIOTECH's share price.

The Board of Directors of BB BIOTECH AG

Dr. Ernst Thomke
Chairman

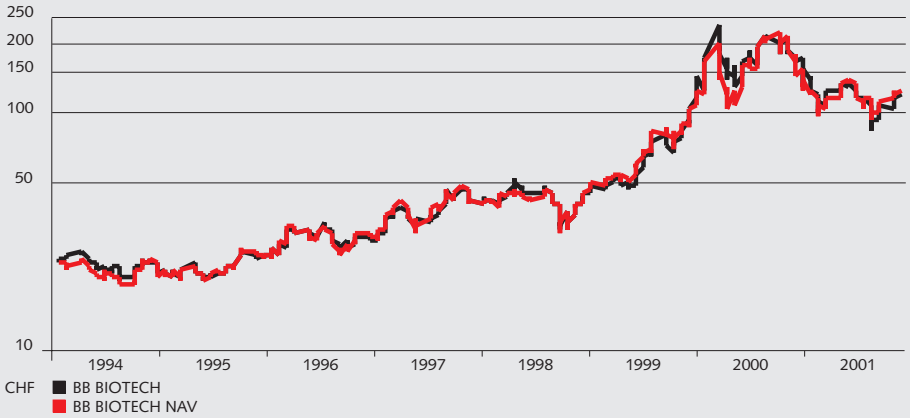
Dr. Victor Bischoff

Prof. Dr. David Baltimore

Key figures

Performance

Bearer shares (Switzerland):	
12/31/2000-12/31/2001	**–29%**
Bearer shares (Germany):	
12/31/2000-12/31/2001	**–27%**
Bearer shares (Italy):	
12/31/2000-12/31/2001	**–26%**
Net Asset Value (in CHF):	
12/31/2000-12/31/2001	**–18%**
Performance since launch p.a.:	
11/15/1993-12/31/2001	**23%**
Outperformance (Net Asset Value) vs. Biotech-Index (BTK) since launch (Nov. 1993):	**25%**



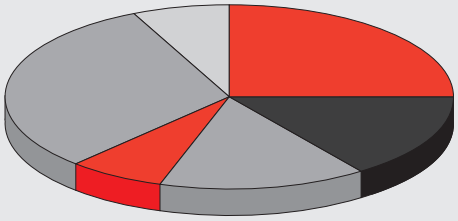
Swiss Stock Exchange, Source: DATASTREAM

Volume and Ranges

	2001	2000	1999	1998
High/low share price in CHF (SWX):	176.00/81.50	240.00/101.00	114.50/47.80	51.40/29.50
High/low Net Asset Value in CHF:	158.60/90.10	203.60/98.60	114.00/48.80	48.40/31.20
Closing price (SWX) at the end of the period in CHF:	125.75	176.00	114.50	48.00
Net Asset Value at the end of the period in CHF:	128.50	156.35	114.00	51.20
High/low in EUR (NM, Germany):	116.50/55.50	151.50/63.45	71.00/29.55	34.72/18.92
High/low in EUR (IM, Italy):	113.00/55.15	145.00/106.00	N.A.	N.A.
High/low Net Asset Value in EUR:	105.10/58.90	126.60/61.50	71.00/30.80	31.73/19.79
Closing price (NM) at the end of the period in EUR:	83.50	114.00	71.00	29.50
Closing price (IM) at the end of the period in EUR:	83.28	113.20	N.A.	N.A.
Net Asset Value at the end of the period in EUR:	86.70	101.30	71.00	31.74
Ø Average daily trading volume per day in CHF thousand:	13 365	30 723	11 019	5 600

Portfolio

Securities and Liquid funds:	**CHF 3 434 mn**
MedImmune	25%
Amgen	15%
IDEC	15%
Aviron	7%
Small participations	31%
Liquid funds	7%



Investment focus and selection

Many novel active substances and new therapeutic options have been developed in recent years through the use of modern biotechnology. BB BIOTECH offers its shareholders the opportunity to participate in this growth with above average profit prospects. The portfolio of securities generally consists of 5 to 8 core holdings as well as 15 to 25 smaller participations. The proportion of unlisted companies is below 10%.

Investments in the area of drug development involve a consideration of the many inherent biologic complexities and regulatory hurdles. BB BIOTECH has assembled a Board of Directors comprised of three individuals, including one Nobel laureate, with first-rate expertise and diversification of experience in the biotechnology and pharmaceutical industry. Molecular biologists, doctors and finance specialists from Bellevue Asset Management are called upon for fundamental analysis and portfolio management of BB BIOTECH. Bellevue Asset Management consults a worldwide external network of specialists, institutions (i.e., hospitals) and resources (i.e., patent offices).

An extensive analysis and selection process is crucial to the decision on the choice of investments. This begins with broad market screening of the chief therapy fields by the analysis teams in Zug/Switzerland and in Boston/USA. The most promising technologies and therapy approaches in these fields, for example, infectious illnesses, cancer or cardiovascular diseases, are sought out and their market potential determined.

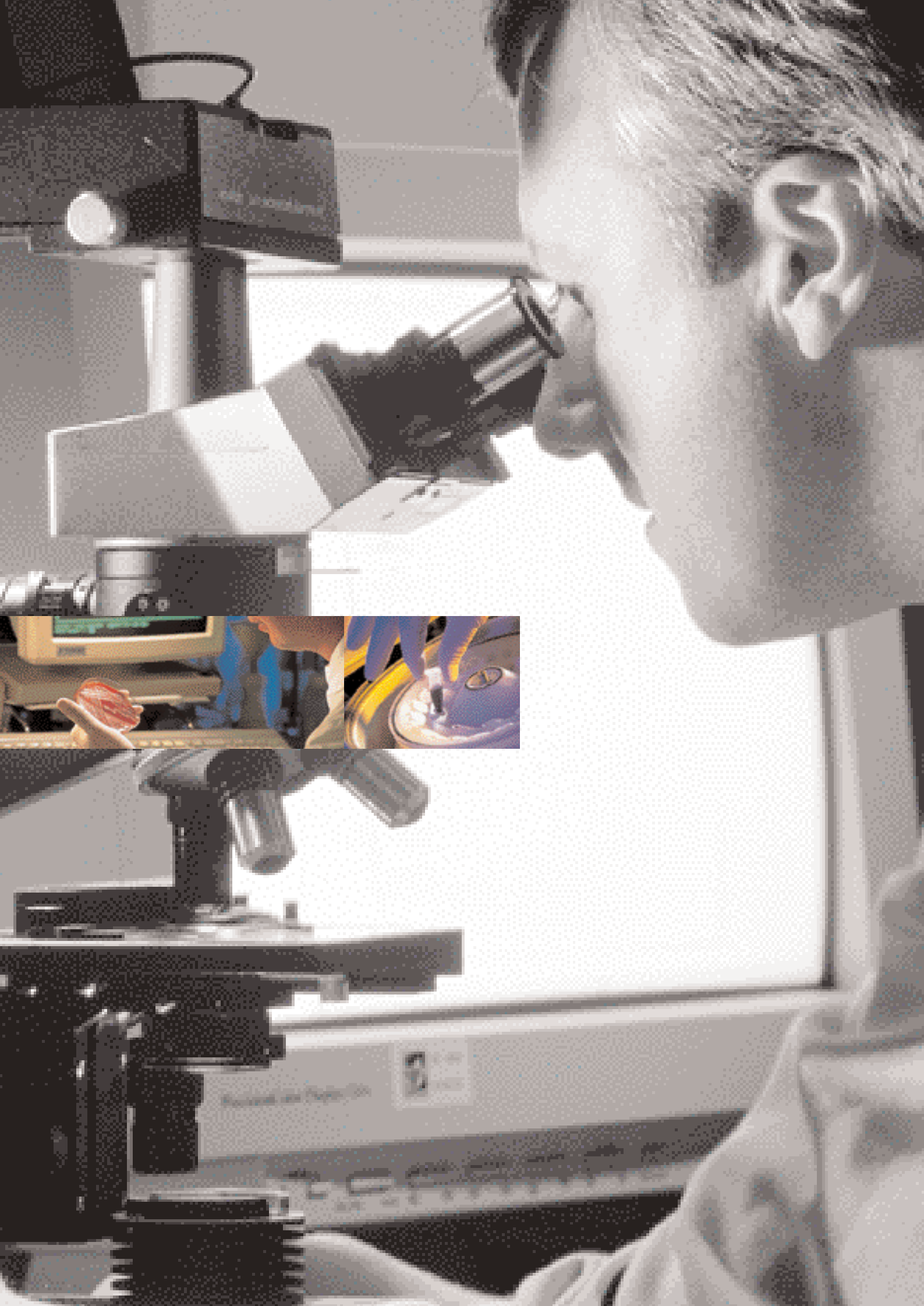
There then follows identification of the companies operating in these fields. Due to the degree of familiarity with BB BIOTECH and knowledge of their long-term experience and investment methods, biotech companies frequently approach BB BIOTECH directly, proposing themselves as candidates.

Companies under consideration are evaluated based on their platform technology, intellectual property, product pipeline, competitive environment and milestone events, which could all drive share value. In doing this, BB BIOTECH concentrates on clinical study design, implementation and likelihood of success. Furthermore, strategies for future marketing of these potential drugs, and relevant business plans and sales arrangements are scrutinized. Particularly successful are those drugs offering a solution for illnesses which to date have not been treatable (i.e., high level of unmet medical need).

Evaluation of the management and the presence of a healthy financial structure also receive particular attention. Only those companies with an attractive risk-profit profile are included in the thorough selection process.

Before the Board of Directors agrees to setting up an investment, there is extensive due diligence testing. This includes company visits and management discussions, as well as interviews with leading physicians and specialists in the relevant field. Finally, an intensive financial analysis is carried out to assess the current and potential valuation of the company.

After inclusion in the portfolio of BB BIOTECH, companies are continuously monitored and frequently visited. The management are also invited to regular strategy weeks. This close scrutiny of the portfolio companies permits BB BIOTECH to make use of all strategic options, such as the sale of investments if there is significant deterioration in the fundamental situation, or in the case of overvaluation. It is with this thorough initial assessment and continuous monitoring, focused on fundamental analysis that BB BIOTECH seeks to ensure above market return for its investors.

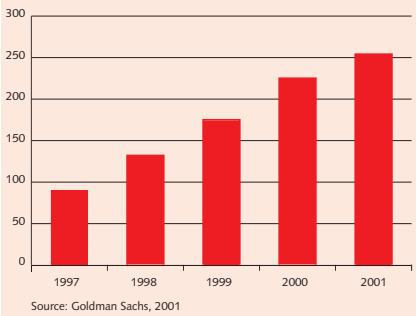


Industry outlook

The biotechnology industry underperformed the broad market index, with the BTK index dropping 8.5%, Nasdaq Biotechnology index dropping 16.2%, and the S&P500 dropping 7.1%. A part of this underperformance can be attributed to the weakness of several large-capitalization stocks resulting from manufacturing issues (Immunex, –32%), delayed product launches (Amgen, –12%) and disappointments in development (Genentech, –33%). Other issues that may have contributed to the weakness were the relatively high valuations of biotech stocks at the end of 2000, the large overhang from the brisk financing activity in 2000 and the generally weak economic environment which resulted in further price declines in technology-related stocks. The large-cap (>USD 1.5 bn) and the mid-cap (USD 500 mn to 1.5 bn) stock groups both declined by –17%, whereas the small-cap stocks with long time horizon to profitability were particularly weak (–24%) following their strong performance in 2000.

Overall, the fundamentals of the biotechnology industry have strengthened with accelerating earnings growth, improving pipelines and stronger negotiation leverage with large pharmaceutical companies as illustrated by ImClone's landmark copromotion agreement with Bristol-Myers Squibb. At the end of the year, 415 drug candidates were in clinical trials, up 13% from the end of 2000.

Biotech-drugs in Phase III



Source: Goldman Sachs, 2001

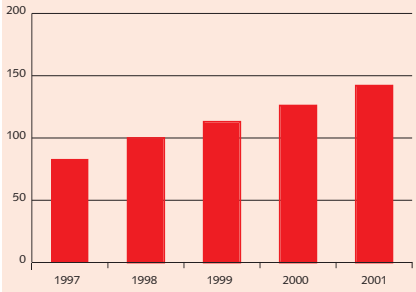
The number of US public companies in the biotechnology sector grew to about 420 in 2001, from about 400 in 2000. However, the total market capitalization of the industry decreased to about USD 270 bn, a 23% decline from 2000 reflecting negative stock performance and limited financing activity. The number of companies with market capitalization in excess of USD 5 bn decreased from 14 at the end of 2000 to 12 at the end of 2001. These 12 companies have a combined capitalization of about USD 175 bn, representing 67% of the total industry and 70% of the profitable biotechnology companies at the end of 2001. The 12 large-capitalization companies have a forward price-earnings to growth ratio (PEG) of 1.8, close to the mid-point of the historic range. Approximately 15% of biotechnology companies are trading below two times net cash, consistent with the generally weak market conditions for small-capitalized stocks.

In the US, the number of stock advances trailed the number of stock declines – a sign of increased investor selectivity. The 100-day historical volatility of the BTK Index decreased from 64% in 2000 to 43% in 2001 while the combined trading volume in the BTK constituents rose by some 50%, reflecting the increased focus on liquidity.

Due to the unfavorable market conditions, less than ten IPOs were concluded in 2001 in the US, raising a total of USD 3.4 bn. The last month of the year was accented by a series of large biotech mergers and acquisitions, including Amgen's acquisition of Immunex (USD 16 bn), Millennium's acquisition of COR Therapeutics (USD 2 bn), MedImmune's acquisition of Aviron (USD 1.5 bn), and Cephalon's acquisition of Laflon (USD 450 mn). We expect additional transactions between large-capitalized and mid/small-capitalized biotechnology companies as well as between pharmaceutical and biotechnology companies to happen in 2002.

With the growth of the biotechnology industry and the large number of products that are filed with the Agency, the importance of the FDA continues to increase. From a regulatory perspective, 2001 was a disturbing year with average review times increasing from 11 months in 1999 to 15 months, reflecting several product delays and rejections. The tone of the FDA will be important for investor sentiment as a record number of 21 biotechnology products are waiting for approval in 2002.

Biotech-drugs on the market (cumulated)



Source: Goldman Sachs, 2001

In Europe, the 60 main biotech companies have a combined market capitalization of USD 81 bn, unchanged from 2000. Five companies have a market capitalization of more than USD 5 bn, combined about USD 53 bn, or 65% of the industry. As of 2001, eight European companies are profitable.

The fundamentals of the large pharmaceutical companies continued to deteriorate in 2001. Increased pricing pressure in both the US and Europe, forced generic switching and a lack of new blockbuster products have led to single-digit revenue growth for many pharmaceutical companies. Increased marketing, development and in-licensing costs have eroded earnings growth projections from 14–15% to 11–12%. Despite these forecasts, the pharmaceutical industry is valued at a PEG ratio of approximately 2.0 – a 10% premium to the large-capitalized biotechnology stocks.

Portfolio

The majority of BB BIOTECH's portfolio is invested in profitable biotech companies who have successful products on the market (55%). 33% are invested in companies with promising late-stage drugs in their pipelines (phase II/III). Some positions have interesting technology platforms (5%). As at December 31, liquid funds amounted to a relatively high level (7%).

The portfolio consists of four core positions and twenty smaller participations. As at December 31, 2001, MedImmune continues to be the largest holding, representing 25% of the portfolio (market value CHF 864 mn). The other three core positions are Amgen at 15% (market value CHF 519 mn), IDEC Pharmaceuticals at 15% (market value CHF 513 mn) and Aviron at 7% (market value CHF 256 mn).

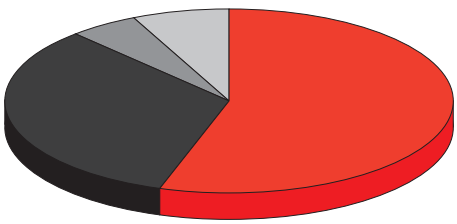
We entered into five new participations (Cubist, EyeTech, Pozen, Regeneron and Titan). EyeTech is a privately owned company that develops new drugs for serious diseases of the eye. We significantly increased our positions in Actelion, Adolor and Amgen. We sold ten positions (Alexion, Biogen, Celgene, Celera, COR Therapeutics, Genentech, Pharmacopeia, Synsorb, Trimeris and United Therapeutics), in most cases due to disappointing clinical results or an unfavorable risk/reward profile.

Our portfolio company Third Wave Technologies successfully completed its IPO at Nasdaq, raising USD 80 mn, representing one of the few IPOs during 2001 in the biotechnology sector.

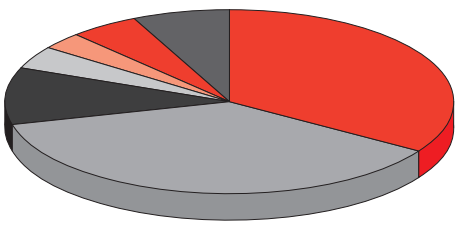
The largest (positive) contributors to BB BIOTECH's portfolio in 2001 were IDEC Pharmaceuticals (up 9%) and Neurocrine Biosciences (up 55%).

Portfolio composition overview

Products on the market - companies with profit	55%
Products in Phase II/III - companies still cash-negative	33%
Technology	5%
Liquid funds	7%



Infectious diseases	34%
Oncology	37%
Cardiovascular diseases	10%
Pain	4%
CNS	3%
Others	5%
Liquid funds	7%



Participations as at December 31, 2001

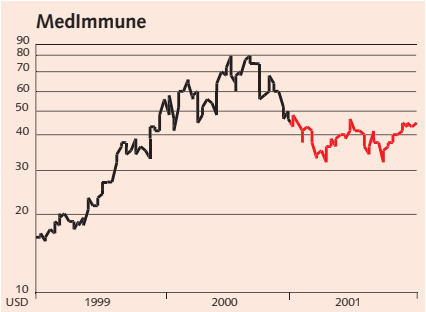
Company	Number of securities	Change since 12/31/2000	Local currency	Share price	Market value in CHF mn	in % of portfolio	in % of company
MedImmune	11 106 000	–350 000	USD	46.35	863.9	25.1%	5.2%
Amgen	5 475 000	3 492 500	USD	56.44	518.6	15.1%	0.5%
IDEC Pharmaceuticals	4 432 000	–2 187 500	USD	68.93	512.7	14.9%	2.9%
Aviron	3 065 000	–40 286	USD	49.73	255.8	7.4%	9.8%
ImClone Systems	2 424 361	–208 139	USD	46.46	189.0	5.5%	3.3%
CV Therapeutics	1 443 147	–874 000	USD	52.02	126.0	3.7%	5.8%
Neurocrine Biosciences	1 343 500	50 000	USD	51.31	115.7	3.4%	4.6%
The Medicines Company (TMC)	5 204 837	0	USD	11.59	101.2	2.9%	15.1%
The Medicines Company (TMC) warrants; 10/19/04, USD 5.92	675 925	0	USD	6.84	7.8	0.2%	
Actelion	1 140 000	887 920	CHF	78.00	88.9	2.6%	5.4%
Adolor	1 742 500	972 500	USD	17.95	52.5	1.5%	5.6%
Cubist Pharmaceuticals	805 000	805 000	USD	35.96	48.6	1.4%	2.8%
3-Dimensional Pharmaceuticals	3 260 970	0	USD	8.49	46.5	1.4%	14.8%
Durect	2 254 957	–12 900	USD	11.59	43.9	1.3%	4.7%
Cell Therapeutics	920 500	0	USD	24.14	37.3	1.1%	2.7%
Transkaryotic Therapies (TKT)	481 500	–2 330 000	USD	42.80	34.6	1.0%	1.5%
Endo Pharmaceuticals	1 087 000	–362 500	USD	11.67	21.3	0.6%	1.1%
Endo Pharmaceuticals warrants; 11/09/03, USD 25	1 449 500	0	USD	0.78	1.9	0.1%	
Virologic	3 605 004	0	USD	2.90	17.5	0.5%	17.6%
Virologic warrants; 08/30/03, USD 5.91	199 705	0	USD	0.00	0.0	0.0%	
Third Wave Technologies	1 173 800	35 000	USD	7.35	14.5	0.4%	3.1%
Regeneron Pharmaceuticals	240 000	240 000	USD	28.16	11.3	0.3%	0.6%
GenVec	1 271 185	–130 000	USD	4.95	10.6	0.3%	7.0%
Titan Pharmaceuticals	325 900	325 900	USD	9.81	5.4	0.2%	1.2%
Pozen	482 000	482 000	USD	5.25	4.2	0.1%	1.7%
Advanced Medicine [1]	3 111 111	0	USD	9.00	47.0	1.4%	5.7%
EyeTech Pharmaceuticals [1]	1 102 937	1 102 937	USD	6.80	12.6	0.4%	5.1%
EyeTech Pharmaceuticals warrants; 07/18/08, USD 6.80	220 588	220 588	USD	2.96	1.1	0.0%	
Total					**3 190.2**	**92.9%**	
Securities short							
MedImmune Call (1:1, Strike USD 45, Expiry 01/25/02)	–500 000	–500 000	USD	3.29	–2.8	–0.1%	–0.2%
Aviron Call (1:1, Strike USD 48, Verfall 02/27/02)	–500 000	–500 000	USD	4.87	–4.1	–0.1%	–0.2%
Cubist Pharmaceuticals Put (1:1, Strike USD 29, Expiry 02/12/02)	–500 000	–500 000	USD	0.95	–0.8	0.0%	–0.2%
Total					**3 182.6**	**92.7%**	
Liquid funds (net) [2]					251.7	7.3%	
Total					**3 434.3**	**100.0%**	
BB BIOTECH bearer shares [3]	1 057 642	1 037 638			132.4		2.8%
Total					**3 566.7**		

[1] unlisted company
[2] included Treasury Bonds
[3] correspond to the total of all own shares held in Switzerland, Germany and Italy. Closing prices see at page number 5.

Exchange rates as at 12/31/01:
CHF/USD: 1.6782
CHF/EUR: 1.4813

Company profiles

MedImmune

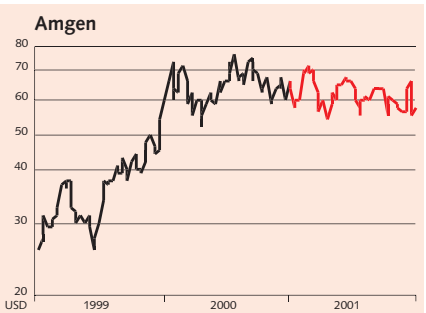


Market capitalization as at 12/31/01: USD 9.9 bn

MedImmune is focused on infectious diseases with several marketed drugs. Synagis, a humanized →*monoclonal antibody* that binds to the Respiratory Syncytial Virus (RSV), is used to prevent →*RSV* infection in premature infants. It is estimated that up to 70% of infants are infected by RSV and 100% of children under two years of age are exposed. Synagis had sales in excess of USD 480 mn in the year ended June 2001. Cytogam, a monoclonal antibody for the treatment of cytomegalovirus infection (CMV), attenuates the infection with CMV in transplant recipients who are typically at risk because of concomitant immunosuppressant therapy. MedImmune continues to make progress on its pipeline with four drug candidates currently in Phase II clinical trials with a combined market potential in excess of USD 2 bn. The four candidates include two vaccines, one against human papillomavirus to prevent cervical cancer, and one against E. coli, the causative agent of 85% of urinary tract infections. Two antibodies are also being developed: MEDI-507, to treat →*psoriasis*, and Vitaxin, a monoclonal antibody with anti-→*angiogenic* activity that is being tested in cancer and non-cancer indications. MedImmune finished the year with the announcement that it would merge with Aviron, thereby acquiring rights to Flumist, the first nasal influenza vaccine submitted for approval in the US. Influenza affects approximately 125 mn people in the US alone resulting in 10 000 to 40 000 deaths per year. Flumist will be co-promoted by American Home Products.

Amgen

Amgen, the largest biotech company, has announced its proposed merger with Immunex. Amgen manufactures and markets the blockbuster drugs →*Epogen* and Neupogen. Epogen stimulates the production of red blood cells and is used to treat →*anemia* associated with renal disease. In contrast, Neupogen stimulates the production of white blood cells and is used to treat cancer patients receiving chemotherapy. Amgen had a very positive year with the approval of Aranesp, and Kinaret. Aranesp is a second-generation Epogen with a more convenient dosing regimen, and Kinaret is an IL-1 antagonist approved for use in patients with RA that have failed Enbrel. Kinaret with Enbrel create an especially strong franchise in RA with potential for expansion into other indications such as psoriasis. Immunex's flagship product, Enbrel, is a soluble TNF-receptor used to treat →*rheumatoid* arthritis (RA) with sales of USD 744 mn for the twelve months ended September 2001. Enbrel is co-promoted with American Home Products.



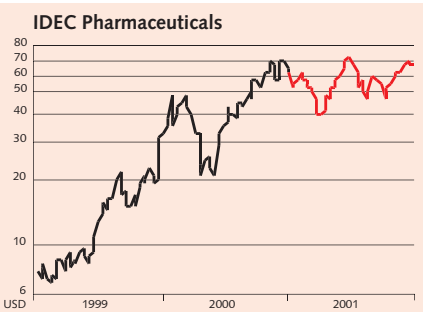
Market capitalization as at 12/31/01: USD 59.0 bn

IDEC Pharmaceuticals

IDEC is focused on monoclonal antibodies for the treatment of cancer and →*autoimmune diseases*. IDEC's first marketed product is Rituxan, the first monoclonal antibody approved for the treatment of →*non-Hodgkin's lymphoma* (NHL). Launched in 1997, Rituxan is co-promoted with Genentech in the US. IDEC receives royalties on Rituxan sales from Roche outside the US and Japan, and from Zenyaku Kogyo in Japan.

Recent data from a 24-month follow-up analysis presented at the American Society of Hematology confirmed the superior efficacy of chemotherapy in combination with Rituxan compared with chemotherapy alone for treatment of intermediate to high-grade NHL. These latest results continue to support Rituxan as the standard biologic treatment for NHL.

IDEC's second product Zevalin, a radio-labeled monoclonal antibody, has received a recommendation for approval from an →*FDA* advisory panel for its use in Rituxan-refractory patients. IDEC intends to launch Zevalin in 2002 soon after its approval. IDEC plans to market Zevalin in the US on its own, and will receive royalties on ex-US sales from partner Schering AG.



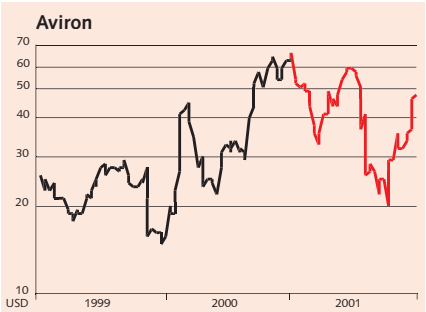
Market capitalization as at 12/31/01: USD 10.5 bn

Aviron

Aviron is focused on the development of vaccines for infectious diseases. Aviron's lead product is Flumist, the first nasal influenza vaccine submitted for approval in the US. The progress to Flumist approval has been slowed this year, first by a mixed FDA Advisory Panel review on July 30, 2001 followed by an FDA complete response letter on September 30, 2001 with a request for additional data. Aviron is preparing a response to the FDA that should include the additional information requested with data on more than 19 000 individuals. Other vaccines in development target Epstein-Barr, parainfluenza, cytomegalo, herpes simplex, and respiratory syncytial viruses. On December 3, 2001, Aviron announced an agreement to merge with MedImmune in a

Company profiles

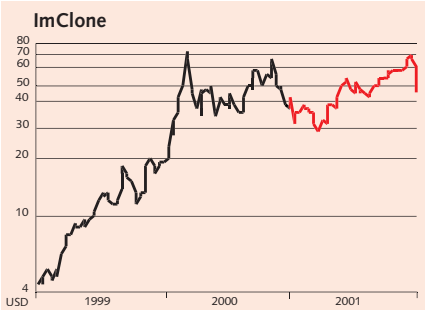
stock exchange of 1.075 MedImmune shares for each Aviron share. This valued Aviron at USD 47.41 per share, a premium of 28% to Aviron's share closing price the day before announcement of the deal.



Market capitalization as at 12/31/01: USD 1.5 bn

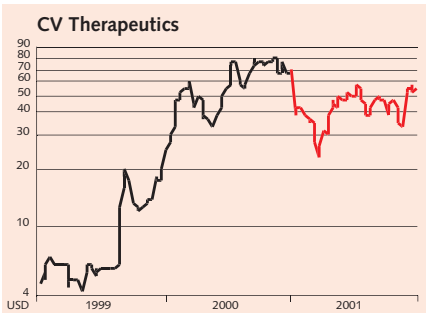
ImClone

ImClone is developing Erbitux (C225) an antibody targeting the Epidermal Growth Factor Receptor (EGFR) that is a major growth factor receptor found in a variety of solid tumors. ImClone has completed multiple Phase II clinical trials in various →*oncology* indications in combination with standard therapy. ImClone closed a landmark deal with Bristol Myers Squibb (BMS) to co-market Erbitux. This resulted in USD 1 bn to ImClone to be paid in three installments matching the progress of Erbitux to approval. In addition, BMS purchased 19.9% of ImClone for USD 1 bn, purchasing shares at a 40% premium to the closing price on the day before the deal. This deal demonstrates significant commitment and confidence by a large pharmaceutical company in the potential of Erbitux and adds the full experience of the BMS clinical oncology group to the task of bringing Erbitux to market. ImClone, however, ended the year on a down note when the FDA issued a refusal to file letter in response to the completed Erbitux BLA, citing deficiencies in the application. This will likely lead to a 12–18 month delay in the marketing of Erbitux.



Market capitalization as at 12/31/01: USD 3.4 bn

CV Therapeutics

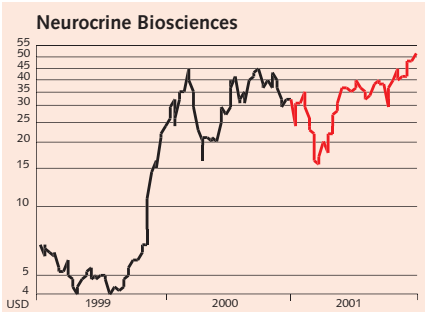


Market capitalization as at 12/31/01: USD 1.3 bn

CV Therapeutics (CV) is focused on developing novel drugs to treat cardiovascular diseases. This year was punctuated by the completion of a successful Phase III clinical trial, CARISA, for its lead anti-anginal drug Ranolazine. Ranolazine acts by a novel mechanism of action that improves oxygen utilization in cardiac muscles, thus reducing symptoms associated with →*angina pectoris*. In addition, CV has two other drug candidates in clinical trials, CVT-510 for the treatment of atrial arrhythmias, and CVT-1535, a pharmacologic stress agent for potential use in cardiac diagnostic evaluations. CV expects to submit a NDA for Ranolazine in mid-2002. Angina pectoris affects 6.4 mn people in the US with 400 000 new cases identified each year.

Neurocrine Biosciences

Neurocrine is pursuing multiple development programs that address very substantial commercial markets. These include a GABA agonist for insomnia and a corticotropin releasing factor (CRF) receptor antagonist for anxiety, depression and gastrointestinal disorders. In 2001, Neurocrine continued to make steady progress with its lead product, NBI-34060, which is an insomnia drug currently in Phase III. NBI-34060 has the opportunity to capture a significant portion of the market for insomnia products due to its higher potency and favorable side-effect profile.



Market capitalization as at 12/31/01: USD 1.5 bn

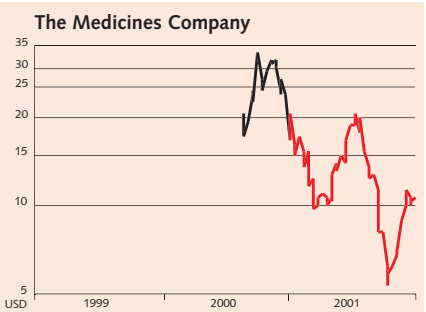
Neurocrine has secured a partnership with GlaxoSmithKline for a second program consisting of a novel class of drugs intended to treat depression and anxiety with a potentially improved profile compared with existing drugs. By year-end, Neurocrine also accomplished a capital increase by selling 3.5 mn shares of common stock, raising approximately USD 164 mn.

The Medicines Company

The Medicines Company's mission is to acquire, develop, and commercialize biopharmaceutical products that are in late stages of development or have been approved for marketing. The company's lead product, AngioMax (bivalirudin), is an anticoagulant for use in combination with aspirin in patients with unstable angina.

The significant benefits of AngioMax compared to heparin are a lower risk of →*ischemic complications* and a substantial reduction in bleeding. Results from a clinical trial also showed that AngioMax-treated patients have a significant

Company profiles



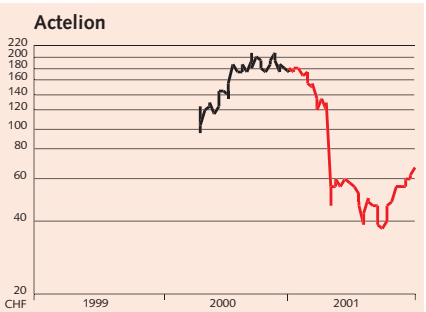
Market capitalization as at 12/31/01: USD 401 mn

reduced combined risk of death or second ➔*heart attack* compared to heparin-treated patients. The Medicines Company raised approximately USD 44 mn through a private placement of 4.0 mn shares of common stock.

Actelion

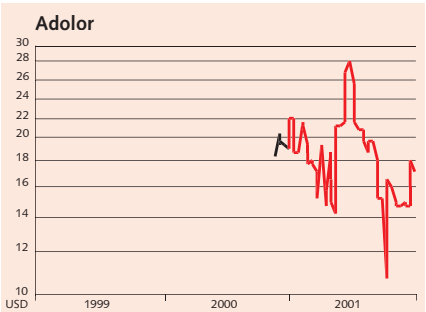
Actelion focuses on the development of drugs targeting the internal lining of blood vessels – the endothelium – which is believed to be of crucial importance for many diseases, especially in the cardiovascular area. Its two drugs, Tracleer and Veletri, act by preventing the vasocontrictive action of ➔*endothelin*. Endothelin likely plays a major role in the progression of several diseases, in particular pulmonary hypertension and heart failure. In December, Actelion launched Tracleer for the treatment of pulmonary hypertension, a disease with insufficient treatment options affecting around 100 000 patients worldwide. Tracleer, the first orally administered endothelin receptor antagonist, is also in Phase III clinical trials for the treatment of congestive heart failure (CHF). ➔*CHF* is a widespread, serious cardiovascular disease affecting around 5 mn patients worldwide.

Actelion's second late-stage product, Veletri, is aimed at the treatment of acute heart failure. Veletri is in Phase IIb clinical trials which are expected to be complete in 2002. Both Tracleer and Veletri are partnered with Genentech.



Market capitalization as at 12/31/01: CHF 1.6 bn

Adolor

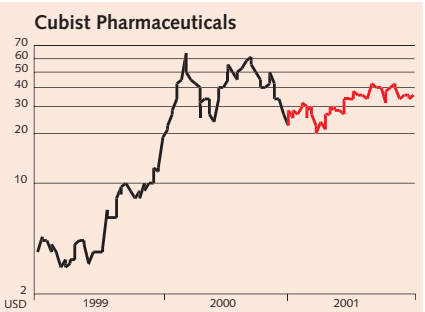


Market capitalization as at 12/31/01: USD 558 mn

Adolor is focused on the treatment of narcotic-induced ileus, or malfunctioning of bowel motility, associated with surgical procedures and prolonged outpatient narcotic use. Their lead compound ADL8-2698 is an orally administered, non-absorbable opiod receptor antagonist that acts to inhibit narcotic activity in the bowel. This mechanism of action allows narcotic medication to be used to treat pain without adverse affects on bowel function. ADL8-2698 is currently in Phase III clinical trials with news expected by 2H2002.

Cubist Pharmaceuticals

Cubist focuses on the development and commercialization of novel antimicrobial drugs to combat serious and life-threatening bacterial and fungal infections. Cubist uses several technology platforms in bacterial ➔*genomics*, natural products, structural chemistry (through partner Syrrx), and antibiotic drug delivery to derive new product candidates.

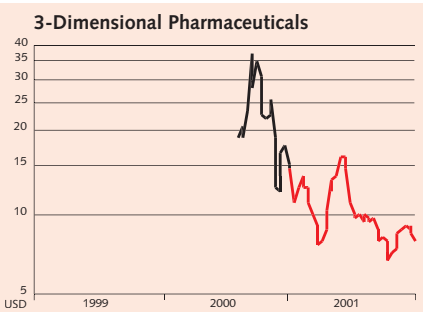


Market capitalization as at 12/31/01: USD 960 mn

Cubist's lead product, Cidecin, is active against infections caused by gram-positive bacteria. The company has already released two pivotal Phase III studies demonstrating Cidecin's efficacy and safety in treating gram-positive complicated skin/soft tissue infections. The safety and efficacy of Cidecin are also being evaluated in additional indications in the EDGE (Evaluation of Daptomycin against Gram-positive Entities) clinical trial program. Cubist has licensed Daptomycin to Gilead Sciences for European sales marketing.

3-Dimensional Pharmaceuticals

3DP is a drug discovery company that focuses on the discovery and optimization of small molecule drugs intended for oral administration. 3DP uses structure-based drug design, combinatorial chemistry, computer-controlled robotic synthesis, and chemo-informatics to generate potent drug leads. The technology automates essential steps in the discovery and the optimization of drug leads and, as a result,



Market capitalization as at 12/31/01: USD 187 mn

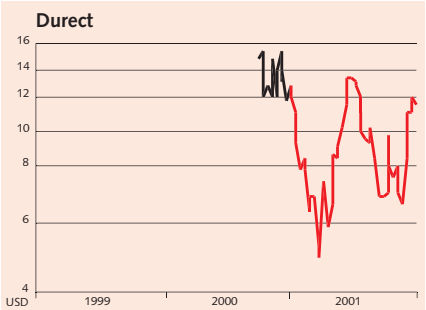
Company profiles

3DP is able to develop compounds for difficult pharmacological targets. 3DP's most advanced program, an orally administered antithrombotic, has already advanced well into clinical development and is partnered with Johnson and Johnson for cardiovascular indications.

The second advanced program, urokinase inhibitors, targets cancer and is partnered with Schering AG, Germany.

Durect

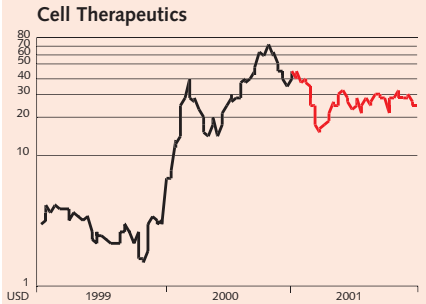
Durect is developing a unique drug delivery system utilizing Alza's successful DUROS technology platform. DUROS is a miniaturized implantable drug-dispensing osmotic pump that is implanted under the skin through a simple incision and can be used to deliver drugs for extended periods of time. The first product utilizing this technology, Viadur (i.e. DUROS leuprolide), was approved by the FDA in March 2000. Durect has licensed from Alza the rights to five therapeutic categories including the central nervous system, vascular grafts, cardiovascular diseases, ear disorders, and cancer/immunotherapy. Its lead product Chronogesic (DUROS sufentanil) for the treatment of chronic pain has recently entered Phase III clinical trials and is providing the continuous delivery of the painkiller sufentanil, for 3 months. The chronic pain market is estimated at USD 1 bn and growing by 8–10% annually. DUROS hydromorphone (spinal analgesics) is in Phase II trials for treatment of pain.



Market capitalization as at 12/31/01: USD 557 mn

DUROS should also allow for stable storage and delivery of proteins, peptides, and other large molecules, enabling a wide range of biotech compounds to reach their full therapeutic potential. In addition, with the acquisition of Southern Biosystems, Durect has added an exciting drug delivery platform to its business.

Cell Therapeutics



Market capitalization as at 12/31/01: USD 815 mn

Cell Therapeutics (CTI) is a fully integrated biotechnology company focused on the development of new cancer therapies. It currently markets Trisenox, an arsenic trioxide compound with activity against a variety of blood cancers including leukemias and multiple ➔*myeloma*. In addition, CTI is developing polyglutamated Taxol (PG-Taxol), a novel form of the active anticancer agent Paclitaxel which is expected to have an enhanced pharmacokinetic, pharmacodynamic, and side-effect profile. Multiple Phase II trials are currently underway in ovarian, lung, breast and colon cancers. PG technology may be applied to other anticancer agents with the expectation that many existing anticancer agents can be significantly improved.

Transkaryotic Therapies

TKT develops therapeutic proteins on the basis of two technology platforms: gene activation and ➔*gene therapy*. Its Niche Protein platform is aimed at protein replacement therapies for rare genetic disorders such as ➔*Fabry's disease* and ➔*Hunter syndrome*. In August 2001, TKT's

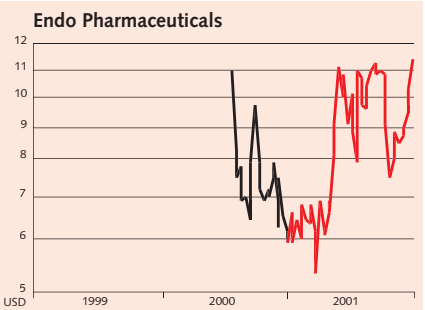
Market capitalization as at 12/31/01: USD 1.4 bn

Replagal, an ➔*enzyme* replacement therapy for Fabry's disease, received approval for marketing in Europe. TKT is also seeking approval in the US where its main competitor, Genzyme, is competing for market exclusivity with its own product, Fabrazyme.

The infringement suit filed by Amgen against TKT/Aventis' marketing of Dynepo was upheld as Amgen prevailed in the courts in both the US and the UK this year. TKT has initiated an appeal in the US and a ruling is expected in late 2002.

Endo Pharmaceuticals

Endo is engaged in the research, development, sales and marketing of prescription pharmaceuticals that are used to treat and manage pain. Endo's current product portfolio includes drugs like Lidoderm, which combines lidocaine, a well-known anaesthetic agent, with a proprietary patch technology that allows treatment of topical pain in a very effi-



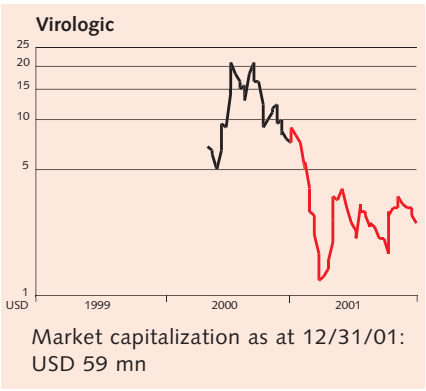
Market capitalization as at 12/31/01: USD 1.2 bn

Company profiles

cient way. Endo is developing new, innovative drugs like Morphidex, a combination of morphine with dextromethorphan, an NMDA receptor antagonist, to treat moderate pain.

During the 1st half of the year, Endo achieved sales of USD 107 mn, up 56% year over year. In October, Endo completed a secondary offering raising USD 90 mn.

Virologic

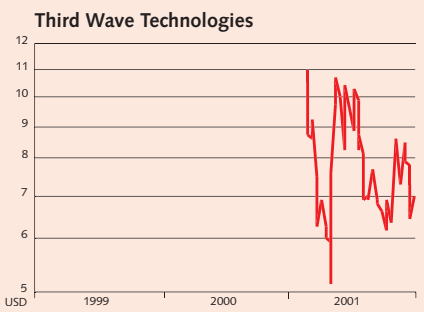


Market capitalization as at 12/31/01: USD 59 mn

Virologic focuses on susceptibility testing for viral diseases. The company currently markets three products and has an additional five product development programs underway. Its lead technology, PhenoSense →*HIV*, is a test that establishes HIV resistance profiles for determining optimal treatment regimens for HIV infected patients. Virologic has signed numerous agreements for use of PhenoSense as an integral part of the development of new HIV drugs. Virologic accomplished a capital increase by selling newly issued shares of 6% convertible preferred stock amounting to USD 16.25 mn.

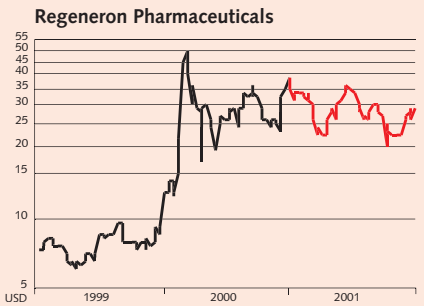
Third Wave Technologies

Third Wave Technologies (TWT) is focused on developing and marketing a methodology for the detection of single nucleotide polymorphisms (SNPs). SNPs are believed to be readily accessible markers in genomic DNA that may predict disease predisposition, drug responses and adverse effects. TWT's methodology uses a novel enzymatic approach that does not require PCR amplification and avoids expensive sample preparation. It is sufficiently sensitive to be able to detect SNPs in complex biologic samples such as peripheral blood. TWT has managed to obtain long-term contracts from large consortia, which is a prerequisite first step to establishing its platform technology in the marketplace. As SNP analysis enters the realm of clinical medicine, SNP mapping may increasingly become a part of every patient's initial evaluation prior to treatment.



Market capitalization as at 12/31/01: USD 282 mn

Regeneron Pharmaceuticals



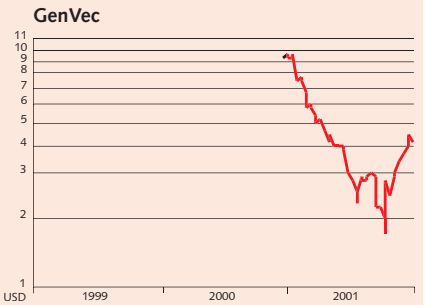
Market capitalization as at 12/31/01: USD 1.2 bn

Regeneron is active in the area of obesity and inflammatory diseases. Regeneron's lead compound, Axokine, is a ciliary neurotropic factor that acts in the brain to affect the energy balance. In a Phase II clinical trial, Axokine appears to cause significant weight reduction and most importantly does not cause immediate rebound weight gain in patients after cessation of treatment. The Phase III trial has just enrolled the last patient and the protocol requires one year of therapy. Obesity is a serious health problem affecting approximately 45 mn people in the US. Regeneron also has a pipeline of soluble high affinity cytokine receptors that bind and neutralize cytokines such as IL-1, IL-4 and IL-13. These cytokines are known to have significant effects in diseases such as →*rheumatoid* arthritis, asthma and →*psoriasis*. The company retains full ownership over all programs currently in clinical development.

GenVec

GenVec focuses on →*gene therapies* and delivery systems for therapeutic →*angiogenesis*. Its lead product, BioByPass, delivers the gene for vascular endothelial growth factor (→*VEGF*). BioByPass is delivered locally to the site of disease and is in several Phase II studies for treatment of coronary artery disease and peripheral vascular disease. Results of an open-labeled Phase I study were released in November and showed indications of clinical activity.

Moreover, in 2001 GenVec initiated Phase I clinical trials with a second product candidate, TNFerade, intended for use in combination with radiation therapy to improve the treatment of cancer. TNFerade contains the gene for TNFa, a potent immuno regulatory protein. Encouraging interim results were announced in November 2001.



Market capitalization as at 12/31/01: USD 90 mn

Company profiles

Titan Pharmaceuticals

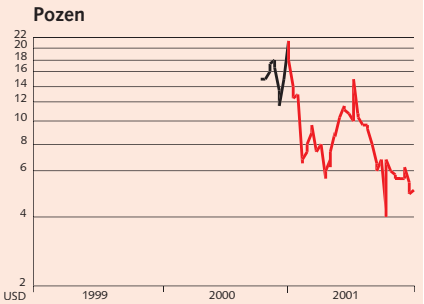
Market capitalization as at 12/31/01: USD 271 mn

Titan is focused on the development and commercialization of novel treatments for central nervous system (CNS) disorders, cancer and other diseases.

In the CNS arena, Titan is developing iloperidone for the treatment of schizophrenia and Spheramine for the treatment of ➔*Parkinson's disease*. Iloperidone is one of a new class of drugs known as SDAs (serotonin/dopamine receptor antagonists). Available data suggest that iloperidone has a favorable safety and tolerability profile compared to other treatments for schizophrenia and that it could be positioned as a first-line antipsychotic agent, pending positive clinical data. Iloperidone is being developed in cooperation with Novartis and is currently in Phase III clinical trials. Spheramine, which is currently in Phase I/II clinical testing, is Titan's first application of its patented cell-coated microcarrier technology. Spheramine is designed to restore declining neurological function in patients with Parkinson's disease and is partnered with Schering AG.

Pozen

Pozen is focused on developing products for ➔*migraine* therapy, a global market expected to exceed USD 2 bn this year. Under development is a portfolio of three oral drugs and one injectable drug for the treatment of migraine. Pozen's lead product, MT100, uses a proprietary therapeutic formulation that combines two marketed compounds (Naproxen and Metoclopramide) in an oral delivery system for the first-line treatment of mild to moderate migraine headaches. Phase III clinical results demonstrate that the product has similar therapeutic benefits as the leading migraine prescription treatments (Triptan drugs) with a vastly improved side-effect profile with no vascular action. Pozen is currently conducting additional safety studies requested by the FDA as part of the NDA. Pozen expects that MT100 could be on the market in 2004. In addition, the company has announced positive results from a Phase II study with MT400. MT400 is a proprietary formulation of a Triptan drug in combination with a long-acting non-steroidal anti-inflammatory drug (NSAID) in a single tablet for the treatment of acute migraine.



Market capitalization as at 12/31/01: USD 147 mn

Advanced Medicine

(not listed)

Advanced Medicine is an early-stage biopharmaceutical company that is using its multivalent drug technology to develop small-molecule drugs with improved efficacy and safety. This technology is based on the observation that if a molecule has multiple binding sites to its target, it is likely to have higher specificity and affinity for the target than a molecule with a single binding site. The company has multiple research programs ongoing that target several large markets, such as pain management, infectious disease, asthma, urinary incontinence, cardiovascular, and central nervous system disorders. One of its lead compounds, an antibiotic, entered Phase I by year-end.

EyeTech Pharmaceuticals

(not listed)

Age-related ➔*Macular Degeneration* (AMD) and Diabetic ➔*Macular Edema* (DME) are two of the leading causes of blindness in the adult population. In the United States alone, over 1 mn people already suffer from AMD. Worldwide, over five hundred thousand new patients develop the disease each year. EyeTech Pharmaceuticals has developed an anti-➔*VEGF* ➔*oligonucleotide* (referred to as an aptamer) that inhibits one of the biological pathways that contribute to vision loss in AMD and DME. Studies suggest that Vascular Endothelial Growth Factor (VEGF) stimulates the abnormal blood vessel growth and leakage that cause AMD and DME. Use of EyeTech's lead drug candidate appears to result in stabilized or better vision. EyeTech is currently in the process of conducting pivotal Phase III clinical trials in age-related macular degeneration (AMD) at over 100 of the world's leading medical centers.

Source of charts: Datastream

Glossary

AIDS: (Acquired Immunodeficiency Syndrome) Chronic infection with human immunodeficiency virus (HIV). The function of certain cell types of the immune system is altered. Therefore, AIDS patients have a compromised immune system.

Anemia: Condition in which the blood is deficient in red blood cells, in hemoglobin, or in total volume.

Angina Pectoris: A symptom complex usually involving chest pain which can occur during physical exercise. Usually a consequence of narrowed coronary arteries.

Angiogenesis/angiogenic: Angiogenesis represents the formation of blood vessels, which are necessary for the nutrition of tissue. An anti-angiogenic agent is designed to inhibit growth of blood vessels, for example to inhibit tumor growth.

Autoimmune disease: Disease caused by reaction of the body's immune system against a component of the body.

CHF: (Congestive Heart Failure) A result of compromised cardiac function, resulting in accumulation of fluid in the lungs or extremities.

Endothelin: Naturally occurring hormone, most powerful vasoconstrictor, triggers constriction of vessels.

Enzyme: A protein that catalyses a specific reaction. Almost all chemical reactions occurring in uni- and multicellular organisms are catalyzed by enzymes.

Epogen: Recombinant erythropoietin a; this protein regulates the production of red blood cells and decreases blood transfusion requirements for hemodialysis patients.

Fabry's disease: Rare hereditary disease in which there is deficient activity of a lipocatabolic ➔*enzyme*. It leads to organic disorders, in particular to renal failure.

FDA: Food and Drug Administration. US-authority which regulates market access of new drugs.

Gene therapy: Therapeutic approach that delivers a gene for a product (protein) rather than the product itself.

Genomics: Use of genetic information for drug discovery.

HIV: (Human Immunodeficiency Virus) The virus that causes ➔*AIDS*.

Hunter's syndrome: Rare hereditary disease in which there is deficient activity of a sugar-catabolising ➔*enzyme*. It leads to mental retardation apparent at an early age.

Ischaemic complications: Disturbances of blood supply.

Macular degeneration: A disease of the retina resulting from pathological transformation processes and the deposition of breakdown products in the macula lutea – the area where retinal vision is most acute. The condition leads to gradual loss of vision.

Macular edema: Swelling in the region of the macula lutea of the retina caused by excessive permeability of minute blood vessels and possibly leading to deterioration of vision.

Migraine: Mostly one-sided, periodically recurring headaches. They occur as simple migraine without accompanying disturbances of neurological function, or occur as classical migraine with brief accompanying neurological phenomena such as disturbances of sight and speech.

Glossary

Monoclonal antibodies: Antibodies are proteins that are synthesized by cells of the immune system. Antibodies recognize and bind to specific receptors and target molecules. Monoclonal antibodies are directed against a certain antigen and originate from the same cell. Monoclonal antibodies are produced in cell culture.

Myeloma: A cancer originating in the bone marrow.

Myocardial infarction: Narrowing of the coronary artery, leading to a lack of oxygen supply and death of larger parts of heart tissue.

Non-Hodgkin's lymphoma: Malignant cancer of the lymphatic system.

Oligonucleotide: A short sequence of nucleotides – the building blocks of nucleic acids (DNA, RNA). Genetic information is stored in the sequence of the different nucleotides in a nucleic acid. Oligonucleotides are chemical synthesis products that can be manufactured at lengths up to 30 nucleotides.

Oncology/Cancer: Oncology deals with the treatment of malignant tumors and related diseases. Cancer is defined by uncontrolled or inappropriate cell proliferation or division. Migration of cancer cells leads to metastasis. Cancer is the second most common cause of death in the developed world.

Parkinson's disease: Brain disease that leads to symptoms such as speech disturbances, slowing of all movements, mobility disorders and melancholia.

Psoriasis: Disease of the skin leading to abnormal proliferation of the epidermis and scaling of the skin.

Rheumatoid arthritis: Systemic →*autoimmune disease* involving the destruction of the lining of the joints resulting in pain, swelling, stiffness, progressive joint destruction and immobilization.

RSV: (Respiratory Syncytial Virus) major causative agent of serious respiratory infections in prematurely born children or children with underdeveloped lungs or congenital cardiac abnormalities.

VEGF: Vascular Endothelium Growth Factor. Naturally occurring hormone which triggers growth and sprouting of vessels.

Clinical Trials and the Approval Process are conducted in three Phases:

Phase I: "First time in man" trials to determine the safety of a drug, its pharmacokinetics, metabolism, biodistribution and excretion; typically involving 5 to 50 healthy volunteers.

Phase II: Determination of optimal dosage, safety (and initial indication of efficacy); typically involving 50 to 200 patients.

Phase III: Statistically relevant determination of safety and efficacy, may also include interaction with other drugs; typically involving 100 to more than 1 000 patients, depending of the therapeutic category.

For marketing approval in the US, data from preclinical and clinical testing, and information about the manufacturing process are submitted to the Food and Drug Administration (FDA) in a New Drug Application (NDA) or Biologic License Application (BLA); an FDA advisory panel reviews the submission and gives a recommendation or non-recommendation for approval. The decision regarding marketing approval resides with the FDA, which usually, but not always follows the recommendation of the advising panel. The approval process in Europe is similar, leading agency is the EMEA (European Agency for the evaluation of Medicinal Products).

Consolidated financial statements

Consolidated balance sheet as at December 31 (in thousands of Swiss Francs)

Assets	Notes	2001	2000	Liabilities and shareholders' equity	Notes	2001	2000
Current assets				**Current liabilities**			
Liquid funds		289 686	30 003	Payables to brokers		34 021	2 480
Receivables from brokers		4 326	2 405	Marketable securities short	5	7 637	0
Marketable securities	4	3 190 210	4 294 518	Other short-term liabilities	6	8 299	9 171
Other assets		2	2	Tax provision	7	115	126
		3 484 224	**4 326 928**			**50 072**	**11 777**
				Shareholders' equity			
				Share capital	8	27 800	27 800
				Treasury shares	8	(1 058)	(200)
				Additional paid-in capital	8	1 188 292	1 188 309
				Retained earnings	8	2 219 118	3 099 242
						3 434 152	**4 315 151**
Total assets		**3 484 224**	**4 326 928**	**Total liabilities and shareholders' equity**		**3 484 224**	**4 326 928**
Net Asset Value per share in CHF		128.42	156.35				

On February 12, 2001 BB BIOTECH AG's Board of Directors authorized these financial statements for issue.

Consolidated statement of income for the year ended December 31 (in thousands of Swiss Francs)

	Notes	2001	2000
Operating income			
Gains from marketable securities	12	0	1 303 246
Interest income		3 859	2 977
Dividend income		0	373
Other income		266	584
		4 125	**1 307 180**
Operating expenses			
Losses from marketable securities	12	660 702	0
Interest expense		956	8 897
Foreign exchange loss net		8 889	4 409
Administrative expenses	9	119 695	164 530
Other expenses	10	4 768	7 969
		795 010	**185 805**
Operating (loss)/income before tax		**(790 885)**	**1 121 375**
Taxes	7	(77)	12
Net (loss)/income for the year		**(790 962)**	**1 121 387**
(Loss)/Gain per share in issue in CHF [1]	11	(28.82)	42.60
Diluted (loss)/gain per share in issue in CHF [1]	11	(28.82)	42.55

[1] Split of shares 1:10 as at May 18, 2001

Consolidated financial statements

Consolidated statement of changes in equity for the year ended December 31 (in thousands of Swiss Francs)

	Share capital	Treasury shares	Additional paid-in capital	Retained earnings	Total
Balances as at January 1, 2000	**24 500**	**(598)**	**656 768**	**2 048 173**	**2 728 843**
Capital increase	3 300		549 540		552 840
Capital increase costs			(17 999)		(17 999)
Trade with treasury shares					
(including balance change)		398		(70 318)	(69 920)
Net gain for the year				1 121 387	1 121 387
Balances as at December 31, 2000	**27 800**	**(200)**	**1 188 309**	**3 099 242**	**4 315 151**
Balances as at January 1, 2001	**27 800**	**(200)**	**1 188 309**	**3 099 242**	**4 315 151**
Capital increase costs			(17)		(17)
Trade with treasury shares					
(including balance change)		(858)		(89 162)	(90 020)
Net loss for the year				(790 962)	(790 962)
Balances as at December 31, 2001	**27 800**	**(1 058)**	**1 188 292**	**2 219 118**	**3 434 152**

Consolidated statement of cash flow for the year ended December 31 (in thousands of Swiss Francs)

	Notes	2001	2000
Cash flows from operating activities			
Proceeds from sales of securities	4	1 423 237	2 510 639
Purchase of securities	4	(971 993)	(2 941 459)
Trade with treasury shares		(90 020)	(69 920)
Dividends		0	373
Interest receipts		3 858	2 978
Interest payments		(956)	(8 897)
Payments for services		(125 068)	(165 754)
Taxes paid	7	(88)	12
Total cash from operating activities		**238 970**	**(672 028)**
Cash flows from financing activities			
Receivables from/payables to brokers		29 619	(3 163)
Capital increases		0	552 840
Capital increase costs		(17)	(17 999)
Total cash from financing activities		**29 602**	**531 678**
Foreign exchange difference		(8 889)	(4 409)
Increase in cash and cash equivalents		**259 683**	**(144 759)**
Cash and cash equivalents at beginning of year		**30 003**	**174 762**
Cash and cash equivalents at end of year		**289 686**	**30 003**
Liquid funds		289 686	30 003
Cash and cash equivalents at end of year		**289 686**	**30 003**

Notes to the consolidated financial statements 2001

1. The Company and its principal activity

BB BIOTECH AG (the Company) is listed on the Swiss Stock Exchange, on the "Neuer Markt" in Germany as well as on the "Nuovo Mercato" in Italy and has its registered office in Schaffhausen, Vordergasse 3. Its principal activity is to invest in companies active in the biotechnology industry. The investments are held through its wholly-owned subsidiaries:

– BIOTECH INVEST N.V., Curaçao
– BIOTECH FOCUS N.V., Curaçao
– BIOTECH TARGET N.V., Curaçao
– BIOTECH GROWTH N.V., Curaçao

2. Accounting policies

Consolidation
The consolidated financial statements of the Company and its subsidiary companies (the Group) have been prepared in accordance with International Accounting Standards (IAS). The consolidation is prepared from the audited financial statements of the Group companies using uniform accounting principles. With the exception of financial assets and liabilities, the financial statements are prepared on a historical cost basis.

Basis of consolidation
The consolidated financial statements include the Company and the subsidiary companies, which are controlled by it. Control is defined as ownership, either directly or indirectly, of more than 50% of the voting rights of a company's share capital. The consolidation is performed using the purchase method. All intercompany transactions and balances with companies included in the consolidation are eliminated. All Group companies have a December 31 year-end.

Reporting currency
The accounts of the companies are maintained in Swiss Francs. Transactions in foreign currencies are converted at exchange rates as of transaction dates. Assets and liabilities in foreign currencies at year-end are translated at rates of exchange prevailing as at the balance sheet date. Exchange differences are reflected in the statement of income.

Liquid funds
Liquid funds comprise current accounts at banks.

Receivables/Payables against brokers
Receivables/Payables against brokers result from security transactions and do not bear any interest.

Marketable securities
Securities and derivatives are valued according to IAS 39 and classified as held for trading. Initially securities and derivatives are recognized at cost including transaction costs and are subsequently re-measured at fair value based on quoted bid prices or generally accepted valuation models.
The adoption of IAS 39 did not give rise to any restatement because the accounting policy used so far fulfilled the requirements of IAS 39. As consequence there is no impact on previous financial statements.
Realized gains and losses on security trading are recognized as net realized gains/losses from marketable securities at the day of the transaction. Changes in fair value of securities are recognized as net unrealized gains/losses from marketable securities in the income statement in the period in which they arise.

Capital increase costs
In accordance with SIC 17 transaction costs of an equity transaction are accounted for as a deduction from equity.

Taxes
Taxes are calculated based on reported income and include taxes on capital. Such taxes are calculated in accordance with the tax regulations in force in each country. The Group provides for deferred taxes using the liability method for items reported in different periods for financial statements and income tax purposes. Tax loss carry-forwards are only recorded if there is assurance that future taxable income will be sufficient to allow the benefit of the loss to be realized. Deferred tax balances are adjusted for subsequent changes in tax rates or for new taxes imposed.

Earnings per share
Basic earnings per share are calculated by dividing the net profit/loss attributable to shareholders by the weighted average number of bearer shares in issue during the year, less own shares. For the diluted earnings per share, the weighted average number of bearer shares in issue is adjusted to assume conversion of all dilution potential bearer shares. The potential bearer shares include all bearer shares, which will be issued by exercising warrants or options.

Treasury shares
In accordance with SIC 16 own shares are deducted from shareholders' equity. On the other hand a short position of own shares increases shareholders' equity. All profits and losses arising from trading in own shares are directly credited/debited to retained earnings.

Notes to the consolidated financial statements 2001

3. Changes in companies consolidated

There have been no changes in the Group companies consolidated in comparison to the prior year.

4. Marketable securities

Marketable securities comprise the following:

Company	Number 12/31/2000	Change to 12/31/2000	Number 12/31/2001	Price in original currency		Valuation CHF mn 12/31/2001	Valuation CHF mn 12/31/2000
MedImmune	11 456 000	(350 000)	11 106 000	USD	46.35	863.9	894.7
Amgen	1 982 500	3 492 500	5 475 000	USD	56.44	518.6	207.6
IDEC Pharmaceuticals [1]	6 619 500	(2 187 500)	4 432 000	USD	68.93	512.7	685.0
Aviron	3 105 286	(40 286)	3 065 000	USD	49.73	255.8	339.8
ImClone Systems	2 632 500	(208 139)	2 424 361	USD	46.46	189.0	189.7
CV Therapeutics	2 317 147	(874 000)	1 443 147	USD	52.02	126.0	268.5
Neurocrine Biosciences	1 293 500	50 000	1 343 500	USD	51.31	115.7	70.2
The Medicines Company (TMC)	5 204 837	0	5 204 837	USD	11.59	101.2	174.7
Actelion [2]	252 080	887 920	1 140 000	CHF	78.00	88.9	46.4
Adolor	770 000	972 500	1 742 500	USD	17.95	52.5	27.7
Cubist Pharmaceuticals	0	805 000	805 000	USD	35.96	48.6	0.0
3-Dimensional Pharmaceuticals	3 260 970	0	3 260 970	USD	8.49	46.5	79.1
Durect	2 267 857	(12 900)	2 254 957	USD	11.59	43.9	44.6
Cell Therapeutics	920 500	0	920 500	USD	24.14	37.3	67.9
Transkaryotic Therapies (TKT)	2 811 500	(2 330 000)	481 500	USD	42.80	34.6	167.8
Endo Pharmaceuticals	1 449 500	(362 500)	1 087 000	USD	11.67	21.3	14.2
Virologic	3 605 004	0	3 605 004	USD	2.90	17.5	53.9
Third Wave Technologies [3] [4]	0	1 173 800	1 173 800	USD	7.35	14.5	0.0
Regeneron Pharmaceuticals	0	240 000	240 000	USD	28.16	11.3	0.0
GenVec	1 401 185	(130 000)	1 271 185	USD	4.95	10.6	21.8
Titan Pharmaceuticals	0	325 900	325 900	USD	9.81	5.4	0.0
Pozen	0	482 000	482 000	USD	5.25	4.2	0.0
Genentech	2 600 394	(2 600 394)	0	USD	–	0.0	347.1
Alexion Pharmaceuticals	2 124 113	(2 124 113)	0	USD	–	0.0	225.9
Celgene	1 515 000	(1 515 000)	0	USD	–	0.0	80.6
Trimeris	789 700	(789 700)	0	USD	–	0.0	71.0
Pharmacopeia	1 053 500	(1 053 500)	0	USD	–	0.0	37.6
Biogen	357 500	(357 500)	0	USD	–	0.0	35.2
Applera Corp Celera Group	400 000	(400 000)	0	USD	–	0.0	23.7
COR Therapeutics	315 000	(315 000)	0	USD	–	0.0	18.2
United Therapeutics	645 000	(645 000)	0	USD	–	0.0	15.6
Synsorb Biotech	2 115 810	(2 115 810)	0	CAD	–	0.0	4.2
Listed shares						**3 119.9**	**4 212.5**
Advanced Medicine	3 111 111	0	3 111 111	USD	9.00	47.0	45.9
EyeTech	0	1 102 937	1 102 937	USD	6.80	12.6	0.0
Third Wave Technologies [3] [4]	1 138 800	(1 138 800)	0	USD	0.00	0.0	16.6
Unlisted shares						**59.6**	**62.5**
Total shares						**3 179.5**	**4 275.0**

Company	Number 12/31/2000	Change to 12/31/2000	Number 12/31/2001	Price in original currency		Valuation CHF mn 12/31/2001	Valuation CHF mn 12/31/2000
Derivative instruments							
(share, type, strike price, expiration date, conversion ratio)							
The Medicines Company (TMC), Call Option, USD 5.92, 10/19/04, 1:1	675 925	0	675 925	USD	6.84	7.8	17.6
Endo Pharmaceuticals, Call Option, USD 25, 11/09/03, 1:1	1 449 500	0	1 449 500	USD	0.78	1.9	0.6
EyeTech, Call Option, USD 6.8, 07/18/08, 1:1	0	220 588	220 588	USD	2.96	1.1	0.0
Virologic, Call Option, USD 5.91, 08/30/03, 1:1	199 705	0	199 705	USD	0.00	0.0	1.4
Derivative instruments						**10.8**	**19.6**
Total securities						**3 190.2**	**4 294.6**
[1] During the current year the shares were split using a ratio of 1:3.				*USD 1 = CHF*		*1.6782*	*1.6377*
[2] During the current year the shares were split using a ratio of 1:4.				*CAD 1 = CHF*		*n/a*	*1.0945*

[3] During the current year the shares were split using a ratio of 1:1200
[4] IPO on February 8, 2001 at USD 11.00.

The options are valued on the basis of a widely used valuation model at December 31, 2001.

The marketable securities are deposited with Credit Suisse, Zurich, Luzerner Kantonalbank, Lucerne, Dresdner Bank, Frankfurt, as well as Bank am Bellevue, Zurich. Investment decisions have been delegated to Asset Management BAB N.V., Curaçao.

Change in value by investment category from January 1, 2001 to December 31, 2001 (incl. securities short)

	Listed shares	Unlisted shares	Derivative instruments	Total
Opening balance as at 01/01/2001 at fair values	4 212 510	62 443	19 565	4 294 518
Purchases	959 083	12 910	–	971 993
Sales	(1 409 113)	–	(14 124)	(1 423 237)
Reclassification [1]	20 714	(20 714)	–	–
Reclassification [2]	(11 083)	–	11 083	–
Realized gains	52 179	–	2 411	54 590
Realized losses	(465 355)	–	(5 308)	(470 663)
Unrealized gains	151 413	5 261	2 958	159 632
Unrealized losses	(390 464)	(323)	(13 473)	(404 260)
Net (losses)/gains from marketable securities	(652 227)	4 938	(13 412)	(660 701)
Closing balance as at 12/31/2001 at fair values	**3 119 884**	**59 577**	**3 112**	**3 182 573**

[1] IPO Third Wave Technologies at February 8, 2001 at USD 11.00.
[2] Exercise of options short

Notes to the consolidated financial statements 2001

5. Securities short

Company	Number 12/31/2000	Change to 12/31/2000	Number 12/31/2001	Price in original currency		Valuation CHF mn 12/31/2001	Valuation CHF mn 12/31/2000
Derivative instruments							
(share, type, strike price, expiration date, conversion ratio)							
Aviron, Call Option, USD 48, 02/27/02, 1:1	0	(500 000)	(500 000)	USD	4.87	(4.1)	0.0
Medimmune, Call Option, USD 45, 01/25/02, 1:1	0	(500 000)	(500 000)	USD	3.29	(2.8)	0.0
Cubist Pharmaceuticals, Put Option, USD 29, 02/12/02, 1:1	0	(500 000)	(500 000)	USD	0.95	(0.8)	0.0
Derivative instruments						**(7.6)**	**0.0**
Total securities short						**(7.6)**	**0.0**

The options are valued on the basis of a widely used valuation model at December 31, 2001.

6. Other short-term liabilities

Other short-term liabilities comprise the following:

	12/31/2001	12/31/2000
Other liabilities	7 035	7 072
Accrued expenses	178	597
Provisions	1 086	1 502
	8 299	**9 171**

7. Taxes

In the current year as well as in the prior year the average effective income tax rate on a consolidated basis was less than 1%. This low rate is mainly attributable to the fact that the biggest part of income was realized by companies situated in Curaçao (offshore-companies). No provisions for deferred taxes are needed.

8. Shareholders' equity

The share capital of the Company consists of 27 800 000 fully paid bearer shares (2000: 2 780 000) with a par value of CHF 1 each (2000: CHF 10). The shares were split on May 18, 2001 using a ratio of 1:10. Additional paid-in capital result from additional paid-in premiums upon share capital increases less capital increase costs. CHF 5.56 mn of the additional paid-in capital (2000: CHF 5.56 mn) are undistributable.

	Par value per share in CHF	Nominal value of the share capital in TCHF	Bearer shares number	Treasury shares number	Out-standing shares number
January 1, 2000	**10**	**24 500**	**2 450 000**	**59 786**	**2 390 214**
Capital increase		3 300	330 000		330 000
Purchases of treasury shares at an average price of CHF 1 733				592 831	(592 831)
Sales of treasury shares at an average price of CHF 1 526				(632 613)	632 613
December 31, 2000	**10**	**27 800**	**2 780 000**	**20 004**	**2 759 996**
January 1, 2001	**10**	**27 800**	**2 780 000**	**20 004**	**2 759 996**
Split of shares 1:10 as at May 18, 2001	(9)	–	25 020 000	180 033	24 839 967
Purchases of treasury shares at an average price of CHF 118.70				4 533 700	(4 533 700)
Sales of treasury shares at an average price of CHF 121.90				(3 676 095)	3 676 095
December 31, 2001	**1**	**27 800**	**27 800 000**	**1 057 642**	**26 742 358**

Further on there exist 6.7 mn authorized shares (2000: 0.67 mn) with a par value of CHF 1 per share (2000: CHF 10).

Notes to the consolidated financial statements 2001

9. Administrative expenses

Administrative expenses comprise the following:

	2001	2000
Fund manager		
– Fixed fees portion	13 081	19 350
– Performance fees	95 564	130 223
Board of Directors remuneration		
– Fixed fees portion	1 308	1 935
– Performance fees	9 556	13 022
– Social security employer's contribution	186	0
	119 695	**164 530**

10. Other expenses

Other expenses comprise the following:

	2001	2000
Bank charges	1 225	2 773
Annual general meeting and financial reporting	1 981	3 888
Other expenses	1 562	1 308
	4 768	**7 969**

11. Earnings per share

	2001	2000
Net (loss)/gain for the year	(790 962)	1 121 387
Weighted average number of shares in issue [1]	27 441 723	26 324 870
(Loss)/Gain per share in CHF	(28.82)	42.60
Weighted average number of shares in issue [1]	27 441 723	26 324 870
Adjustments for warrants	0	31 810
Weighted average number of potential shares in issue [1]	27 441 723	26 356 680
Diluted (loss)/gain per share in CHF	(28.82)	42.55

[1] Split of shares 1:10 as at May 18, 2001

At December 31, 2001 there were no potential issues of bearer shares, which would have a dilution effect.

12. Information by geographical area

The Group has only one business segment, namely the holding of investments in companies active in the biotechnology industry.

The geographical analysis of assets is as follows:

Assets	12/31/2001	12/31/2000
USA	3 394 369	4 243 968
Switzerland	89 855	78 792
Canada	0	4 168
	3 484 224	**4 326 928**

(Loss)/Income from marketable securities	2001	2000
USA	(592 225)	1 189 850
Switzerland	(68 263)	78 774
Canada	(214)	(1 606)
Italy	0	3 838
Germany	0	2 277
Denmark	0	30 113
	(660 702)	**1 303 246**

13. Assets pledged

The securities are a collateral for a credit line of CHF 200 mn and USD 280 mn (2000: CHF 400 mn). At December 31, 2001 the Group has not claimed any credits (2000: none).

14. Commitments, contingencies and other off-balance sheet transactions

The Group had no commitments or other off-balance sheet transactions open at December 31, 2001 (2000: none).

The operations of the Group are affected by legislative, fiscal and regulatory developments for which provisions are made where deemed necessary. Management concludes that as at December 31, 2001 no proceedings existed which could have any material effect on the financial position of the Group (2000: none).

15. Financial instruments

Off-balance sheet transactions

Within the framework of the law, articles of incorporation and regulations, the investment management can carry out currency and marketable security forward transactions, buy, sell and make use of options as well as fulfil all necessary obligations that result from these businesses, and especially arrange all necessary security.

Credit risks

The Company maintains business relations only with counterparties with a high credit rating.

Market risk

Risk associated with changing market rates

Due to its business activity and the resulting high portion of marketable securities in relation to total assets, the Company is exposed to fluctuations on the financial and foreign exchange markets. No hedging is made to cover positions in foreign currency.

The Company participates partially, but to a substantial extent, in the capital of its investments. In the case of sales of large parts of these investments, its influence of the market price is possible.

Interest risk

Interest rates on liquid funds are based on market rates. The funds are due at sight.

Short-term borrowings from banks are on current and short-term loan accounts with interest based at market rates. Due to the high level of own funds the effect of interest payable on the statement of income is insignificant.

Fair values

As at December 31, 2001 and December 31, 2000 the values in the balance sheet of liquid funds, other receivables, short-term borrowings from banks, other short-term liabilities and the tax provision correspond to fair values because of their short-term maturity.

The values of marketable securities also correspond to their fair values. Details about valuation are shown in the accounting policies as well as in note 4.

16. Related party transactions

Transactions with related parties and companies are recorded on an arm's-length basis under normal market conditions.

17. Subsequent events

There have been no events subsequent to December 31, 2001, which would affect the financial statements 2001.

Report of the group auditors

Report of the group auditors
to the general meeting of
BB BIOTECH AG
Schaffhausen

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement, statement of changes in equity, statement of cash flows and notes/pages 22 to 29) of BB BIOTECH AG for the year ended December 31, 2001.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing issued by the International Federation of Accountants (IFAC), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

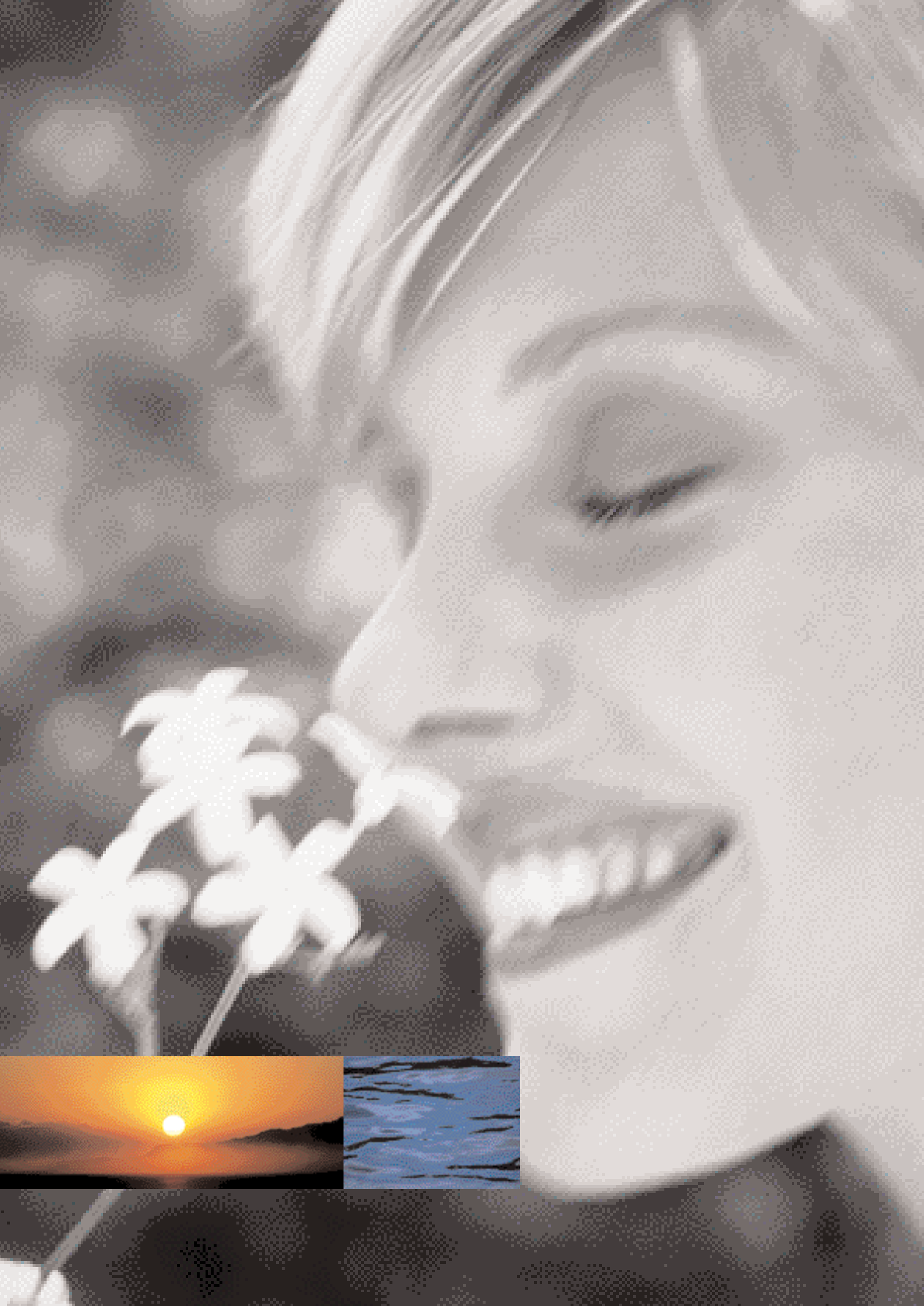
In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Accounting Standards (IAS) and comply with Swiss law and the accounting provisions as contained in the Additional Rules for the Listing of Investment Companies of the Swiss Exchange (SWX).

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Matthias von Moos Markus Schmid

Zug, February 12, 2002



Financial statements BB BIOTECH AG

Balance sheet as at December 31 (in Swiss Francs)

Assets	2001	2000	Liabilities and shareholders' equity	2001	2000
Current assets			**Current liabilities**		
Liquid funds	933 379	480 240	Other current liabilities		
Other receivables			– Third parties	6 833 943	7 041 347
– Third parties	2 194	1 520	– Group companies	5 579 101	0
– Group companies	63 740 549	49 970 538	Provisions	1 270 821	1 714 235
	64 676 122	**50 452 298**		**13 683 865**	**8 755 582**
Fixed assets			**Shareholders' equity**		
Financial fixed assets			Share capital	27 800 000	27 800 000
– Investments	1 177 069 500	1 177 069 500	Legal reserves		
Intangible fixed assets			– General reserve	554 439 786	554 439 786
– Capital increase costs	6 144 118	15 127 073	– Reserve for own shares	128 039 502	35 874 658
			Other reserves	533 611 766	625 776 610
			Accumulated deficit	(9 685 179)	(9 997 764)
	1 183 213 618	**1 192 196 573**		**1 234 205 875**	**1 233 893 289**
Total assets	**1 247 889 740**	**1 242 648 871**	**Total liabilities and shareholders' equity**	**1 247 889 740**	**1 242 648 871**

Statement of income for the year ended December 31 (in Swiss Francs)

	2001	2000
Operating income		
Interest income	574 876	1 253 990
Other income	23 049 407	25 051 259
	23 624 283	**26 305 249**
Operating expenses		
Administrative expenses	11 050 556	14 957 226
Interest expense	129 237	106 624
Depreciation		
– Intangible fixed assets	8 999 688	3 055 003
Other expenses	3 054 865	4 855 454
	23 234 346	**22 974 307**
Operating income before tax	**389 937**	**3 330 942**
Taxes	(77 352)	12 021
Net income for the year	**312 585**	**3 342 963**

Notes to the financial statements 2001

1. Notes in accordance with Article 663b of the Swiss Code of Obligations

1.1 Guarantee

BB BIOTECH AG has provided a guarantee of CHF 200 mn and USD 280 mn to a bank relating to a credit line granted to its subsidiaries (2000: CHF 400 mn). No credits are claimed at December 31, 2001 (2000: none).

1.2 Significant investments

Company	Capital in 1 000	Interest in capital in %
BIOTECH FOCUS N.V., Curaçao	11	100
BIOTECH INVEST N.V., Curaçao	11	100
BIOTECH TARGET N.V., Curaçao	11	100
BIOTECH GROWTH N.V., Curaçao	11	100

The above mentioned companies hold shares in companies active in the biotechnology industry.

1.3 Own shares

	Amount of shares
Balance at January 1, 2001	20 004
Split of shares 1:10 as at May 18, 2001	180 033
Purchases at an average price of CHF 118.70	4 533 700
Sales at an average price of CHF 121.90	(3 676 095)
Balance at December 31, 2001	**1 057 642**

The own shares are held indirectly by BB BIOTECH AG Schaffhausen.

1.4 Capital increase

	12/31/2001 CHF	12/31/2000 CHF
Authorized capital	6 700 000	6 700 000

The Board of Directors was authorized at the general meeting of shareholders on April 11, 2000 to increase the share capital until April 11, 2002 by CHF 10 mn at most. As per December 31, 2001 the Board of Directors has executed two increases adding up to a total amount of CHF 3.3 mn.

2. Movements on retained earnings (in Swiss Francs)

	2001	2000
Accumulated deficit at the beginning of the year	(9 997 764)	(13 340 727)
Net income for the year	312 585	3 342 963
Accumulated deficit at the end of the year	**(9 685 179)**	**(9 997 764)**

Proposal of the Board of Directors for appropriation of retained earnings and general legal reserve

	2001 Proposal of the Board of Directors	2000 Resolution of the annual general meeting
To be carried forward	(9 685 179)	(9 997 764)
	(9 685 179)	**(9 997 764)**

The Board of Directors proposes to allocate CHF 548 879 786 of the general legal reserve to the other reserves.

Report of the statutory auditors

Report of the statutory auditors
to the general meeting of
BB BIOTECH AG
Schaffhausen

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes/pages 32 and 33) of BB BIOTECH AG for the year ended December 31, 2001.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of the general legal reserve comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Matthias von Moos Markus Schmid

Zug, February 12, 2002

Organization

Board of Directors and share holdings of the Board of Directors

Dr. Ernst Thomke, Chairman. Chairman of Metalor Technologies, BB MEDTECH, Nobel Biocare, Board Member of Phonak. 21 500 shares (20 000 as at 12/31/2000).
Dr. Victor Bischoff, Vice-Chairman. CFO Sandoz-Foundation, Board Member CITCO. 10 000 shares (5 000 as at 12/31/2000).
Prof. Dr. David Baltimore. President of the California Institute of Technology, Nobel laureate. No shares.

Asset Management

The Bellevue Asset Management Group has the mandate for fundamental analysis, portfolio management, marketing and administration of BB BIOTECH.

Remuneration

Remuneration for the asset management company and the Board of Directors consists of two parts: a management fee and a performance-related fee. These fees are paid every three months. The Board of Directors receives remuneration of 5% of the fees paid to the asset management company.
Management fee: This fee amounts to an annual 0.4% of the market capitalization and is paid every three months pro rata, based on the closing price of the shares.
Performance-related fee: This fee is linked to the percentage increase of the bearer share price of BB BIOTECH over each three-month period calculated from the base-line at the beginning of the period. If the annualized return for any quarter is 5% to 10% p.a., the compensation will amount to 0.19% based on the share price at the end of the period of the previous period. If the annualized increase is 10% to 15% p.a., an additional 0.25% would be earned; 15% to 20% p.a. would earn an additional 0.31%. This sliding scale is capped at an annualized return of 20%.
The hurdle rates for the payment of a performance related fee will be for the end of the next quarter (03/31/02) on the following base: 19.5 mn shares (70.1% of the company): CHF 79.59; 4 mn shares (14.4%): CHF 85.22; 1 mn shares (3.6%): CHF 87.99; 1.7 mn shares (6.1%): CHF 187.03 and for 1.6 mn shares (5.8%): CHF 192.35.

Dividend policy

Capital gains and investment income are generally retained within BB BIOTECH so that the Company can continue to purchase holdings in promising companies. Until further notice, the proposal will be made to the General Meeting that it should not pay dividends.

Trading with its own shares

BB BIOTECH provides the liquidity of the security through active market making, thereby attempting, at the same time, to keep the discount or the premium of the share price in relation to the Net Asset Value as small as possible. In doing so, the securities are preferably purchased when a discount exists and resold later with a premium. BB BIOTECH can retain up to a maximum of 10% of its own shares. The transaction volumes are published daily on the website of the German stock exchange.

Auditors

PricewaterhouseCoopers AG, Zug

BBBIOTECH

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