BIOMARIN PHARMACEUTICAL INC
Form PREM14A
April 12, 2002

SCHEDULE 14A
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934

Filed by the Registrant [X]

Filed by a Party other than the Registrant [_]

[_] Definitive Proxy Statement

Check the appropriate box:

[X] Preliminary Proxy Statement

[_] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

[_] Definitive Proxy Statement

[_] Definitive Additional Materials

[_] Soliciting Material Pursuant to (S)240.14a-12

BIOMARIN PHARMACEUTICAL INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

[_] No fee required

[X] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies: Common Shares of Glyko Biomedical Ltd.

(2) Aggregate number of securities to which transaction applies: 34,352,823

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

34,352,823	--	No. of Glyko common shares
multiplied by,		
U.S.$2.76	--	Average of the high and low prices reported on the Toronto Stock Exchange for Glyko common shares (Cdn.$4.40) on April 8, 2002, adjusted to a U.S. dollar equivalent (exchange rate 0.6273)
U.S.$94,813,791		

(4) Proposed maximum aggregate value of transaction: $94,813,791

(5) Total fee paid: $18,963

[_] Fee paid previously with preliminary materials.

[_] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

BIOMARIN PHARMACEUTICAL INC.
371 Bel Marin Keys Boulevard, Suite 210
Novato, California 94949

April 24, 2002

Dear BioMarin Pharmaceutical Inc. Stockholder:

You are cordially invited to attend the annual meeting of the stockholders of BioMarin Pharmaceutical Inc. ("BioMarin") to be held on May 29, 2002 at 10:00 a.m. (California time), at BioMarin's Galli Drive facility located at 46 Galli Drive, Novato, California 94949.

The purpose of the annual meeting is to consider and vote upon proposals to: (i) elect four directors of BioMarin; (ii) approve a transaction between BioMarin and Glyko Biomedical Ltd. ("Glyko") by way of a Plan of Arrangement under the Canada Business Corporations Act; and (iii) transact such other business as properly may be brought before the BioMarin annual meeting or any adjournment or postponement thereof. If the transaction involving Glyko is completed, each Glyko common share will be exchanged for 0.3309 of a share of BioMarin common stock and Glyko will become an indirect, wholly-owned subsidiary of BioMarin. Up to 11,367,617 shares of BioMarin common stock will be issued to Glyko shareholders in connection with the transaction. After careful consideration, BioMarin's board of directors has approved the transaction.

The attached document serves as a (1) BioMarin proxy statement and (2) Glyko management proxy circular. It provides detailed information concerning BioMarin, Glyko, the proposals to be considered and voted upon at the annual meeting and the transaction. Please give all of the information contained in the attached document your careful attention. In particular, you should carefully consider the discussion in the section entitled "Risk Factors" of the attached document.

BioMarin's board of directors recommends that you vote FOR the election of each of the nominees to the board of directors.

In addition, disinterested members of BioMarin's board of directors have unanimously approved the transaction between BioMarin and Glyko. The board recommends that you vote FOR the transaction. If the transaction is not approved, it cannot be completed.

YOUR VOTE IS IMPORTANT. Even if you do not attend the annual meeting, it is important that your shares be voted. Please vote by promptly completing and mailing the enclosed BioMarin proxy card so that your shares will be represented at the annual meeting and voted as you wish.

Sincerely,

/s/ FREDRIC D. PRICE

Fredric D. Price
Chairman and Chief Executive Officer

This document is dated April 24, 2002 and is being first mailed to the stockholders of BioMarin on or about April 26, 2002.

GLYKO BIOMEDICAL LTD.
199 Bay Street
Toronto, Ontario M5L 1A9

April 24, 2002

To the Shareholders of Glyko Biomedical Ltd.:

After careful consideration, the board of directors of Glyko Biomedical Ltd. ("Glyko") has approved a transaction between BioMarin Pharmaceutical Inc. ("BioMarin") and Glyko by way of a Plan of Arrangement under Section 192 of the Canada Business Corporations Act. If the arrangement is completed, each Glyko common share will be exchanged for 0.3309 of a share of BioMarin common stock and Glyko will become an indirect, wholly-owned subsidiary of BioMarin. BioMarin common stock is traded on Nasdaq and the Swiss SWX New Market under the trading symbol "BMRN." On April 23, 2002, the closing price of the BioMarin common stock as reported on Nasdaq was U.S. $. per share. Up to 11,367,617 shares of BioMarin common stock will be issued to Glyko shareholders in connection with the transaction. This is the same number of shares of BioMarin common stock as is currently owned by Glyko.

The Joint Proxy Circular serves as a (1) BioMarin proxy statement and (2) Glyko management proxy circular. It provides detailed information concerning BioMarin, Glyko, the arrangement and the proposals related to the transaction. Please give all of the information contained in the Joint Proxy Circular your careful attention. In particular, you should carefully consider the discussion in the section of the Joint Proxy Circular entitled "Risk Factors."

Shareholders of Glyko are cordially invited to attend a special meeting to vote on the arrangement and the concurrent continuance of Glyko under the laws of British Columbia. The special meeting of Glyko shareholders will be held on May 31, 2002 at 10:00 a.m. (Toronto time) at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 2300, Commerce Court West, Toronto, Ontario M5L 1A9. Only holders of Glyko common shares who hold such shares at the close of business on April 26, 2002 will be entitled to receive notice of and to attend in person, or appoint a proxy nominee to attend, and vote at this special meeting.

The Glyko board of directors has unanimously approved the transaction. The board recommends that you vote FOR the transaction. If the transaction is not approved, it cannot be completed.

YOUR VOTE IS IMPORTANT. Whether or not you plan to attend the Glyko special meeting, please complete, sign, date and return the accompanying Glyko proxy in the enclosed self-addressed stamped envelope. Returning the proxy does not deprive you of your right to attend the meeting and to vote your shares in person. Thank you for your consideration of this matter.

Sincerely,

/s/ JOERG GRUBER

Joerg Gruber
Chairman

BIOMARIN PHARMACEUTICAL INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 29, 2002

TO THE STOCKHOLDERS OF BIOMARIN PHARMACEUTICAL INC.:

NOTICE IS HEREBY given that the annual meeting of the stockholders of BioMarin Pharmaceutical Inc. ("BioMarin") will be held at BioMarin's Galli Drive facility located at 46 Galli Drive, Novato, California 94949, on May 29, 2002 at 10:00 a.m. (California time), for the following purposes:

1. To elect four directors of BioMarin;

2. To consider and vote upon a proposal to approve a transaction for BioMarin to acquire all of the outstanding Glyko Biomedical Ltd. ("Glyko") common shares including, without limitation, the issuance of up to 11,367,617 shares of BioMarin common stock in connection with the transaction; and

3. To transact such other business as properly may be brought before the annual meeting or any adjournment or postponement thereof.

The foregoing items of business are more fully described in the Joint Proxy Circular accompanying this notice.

BioMarin, BioMarin Acquisition (Nova Scotia) Company and Glyko will not be able to complete the transaction involving Glyko if the BioMarin stockholders do not approve the transaction including, without limitation, the issuance of shares of BioMarin common stock in connection with the transaction.

BioMarin stockholders of record as of the close of business on April 17, 2002, will be entitled to notice of and to vote at the annual meeting. A BioMarin stockholders' list will be available on April 19, 2002, and may be inspected during normal business hours prior to the annual meeting at the offices of BioMarin, 371 Bel Marin Keys Boulevard, Suite 210, Novato, California 94949.

All BioMarin stockholders are cordially invited to attend the annual meeting. To ensure your representation at the annual meeting, however, you are urged to complete, date, sign and return the enclosed BioMarin proxy as promptly as possible. A postage-prepaid envelope is enclosed for that purpose. Any BioMarin stockholder attending the annual meeting may vote in person even if that stockholder has returned a proxy.

By Order of the Board of Directors,

/s/ CHRISTOPHER M. STARR

Christopher M. Starr, Ph.D.

Secretary

April 24, 2002

GLYKO BIOMEDICAL LTD.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 31, 2002

TO THE HOLDERS OF COMMON SHARES OF GLYKO BIOMEDICAL LTD.:

A special meeting of the holders of common shares of Glyko Biomedical Ltd. will be held at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 2300, Commerce Court West, Toronto, Ontario M5L 1A9, on May 31, 2002 at 10:00 a.m. (Toronto time) for the following purposes:

1. to consider, pursuant to an interim order of the Superior Court of Justice (Ontario) dated April 23, 2002, and if deemed advisable, to pass, with or without variation, a special resolution to approve an arrangement under Section 192 of the Canada Business Corporations Act involving the indirect acquisition by BioMarin Pharmaceutical Inc. of all the issued and outstanding common shares of Glyko;

2. if the special resolution approving the above-mentioned arrangement is approved, to consider, and if deemed advisable, to pass, with or without variation, a special resolution to approve the continuance of Glyko under the laws of British Columbia; and

3. to transact such further or other business as may properly come before the meeting or any adjournment or postponement thereof.

Glyko will not proceed with the arrangement transaction unless the requisite majority of shareholders passes both the arrangement resolution and the continuance resolution. The arrangement is described in the accompanying Joint Proxy Circular which serves as a circular in connection with Glyko management's solicitation of proxies and as a proxy statement under applicable U.S. securities laws for BioMarin in connection with the approval of the transaction including the issuance of shares of BioMarin common stock under the arrangement. The full text of the Glyko arrangement resolution is set out as Annex C to the attached document. The full text of the Glyko continuance resolution is set out as Annex D to the attached document. Glyko's notice of application for the interim order and for a final order approving the arrangement and the full text of the interim order is set out as Annex E to the attached document.

Pursuant to the interim order, registered holders of common shares of Glyko may dissent in respect of the Glyko arrangement resolution. Pursuant to Section 190 of the Canada Business Corporations Act, registered holders of common shares of Glyko may dissent in respect of the Glyko continuance resolution. If the arrangement or the continuance becomes effective, dissenting Glyko registered shareholders who comply with the dissent procedures (which are described in the circular under the heading "Dissenting Shareholder Rights") will be entitled to be paid the fair value of their common shares of Glyko. Failure to comply strictly with such dissent procedures may result in the loss or unavailability of any right to dissent.

Glyko shareholders who do not expect to attend the meeting in person are requested to complete, sign, date and return the enclosed form of Glyko proxy in the enclosed envelope or by facsimile to Glyko Biomedical Ltd., c/o

Computershare Trust Company of Canada, Proxy Department, 100 University Avenue, /9th/ Floor, Toronto, Ontario, Canada M5J 2Y1, facsimile number (416) 981-9800. The form of proxy must be received by Computershare Trust Company of Canada prior to 5:00 p.m. (Toronto time) on May 29, 2002 or, in the event that the meeting is adjourned or postponed, prior to 5:00 p.m. (Toronto time) on the second business day prior to the day fixed for the adjourned or postponed meeting.

DATED at London, England, the 24th day of April, 2002.

By order of the Board

/s/ JOERG GRUBER

Joerg Gruber
Chairman

JOINT PROXY STATEMENT AND

MANAGEMENT PROXY CIRCULAR

WITH RESPECT TO AN ARRANGEMENT INVOLVING

BIOMARIN PHARMACEUTICAL INC.,

BIOMARIN ACQUISITION (NOVA SCOTIA) COMPANY

AND

GLYKO BIOMEDICAL LTD.

APRIL 24, 2002

BIOMARIN PHARMACEUTICAL INC. AND GLYKO BIOMEDICAL LTD.

JOINT PROXY STATEMENT AND MANAGEMENT PROXY CIRCULAR

This Joint Proxy Statement and Management Proxy Circular ("Joint Proxy Circular") is being furnished to holders of common stock, par value U.S.$0.001 per share, of BioMarin Pharmaceutical Inc., a corporation existing under the laws of Delaware, in connection with the solicitation of proxies by the BioMarin board of directors for use at the annual meeting of the stockholders of BioMarin to be held at 10:00 a.m. (California time) on May 29, 2002 at BioMarin's Galli Drive facility located at 46 Galli Drive, Novato, California 94949, or any adjournment or postponement thereof.

This Joint Proxy Circular is also being furnished to holders of common shares of Glyko Biomedical Ltd., a corporation existing under the laws of Canada, in connection with the solicitation of proxies by the Glyko board of directors for use at the Glyko special meeting to be held at 10:00 a.m. (Toronto time) on May 31, 2002, at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 2300, Commerce Court West, Toronto, Ontario M5L 1A9, Canada, or any adjournment or postponement thereof.

All information in this Joint Proxy Circular, including the annexes, concerning BioMarin and BioMarin Acquisition (Nova Scotia) Company has been supplied by BioMarin, and all information in this Joint Proxy Circular, including the annexes, concerning Glyko has been supplied by Glyko. The information concerning BioMarin after the completion of the transaction, including pro forma financial information, has been jointly provided by BioMarin and Glyko.

SEE THE SECTION OF THIS JOINT PROXY CIRCULAR ENTITLED "RISK FACTORS" BEGINNING ON PAGE 20 FOR CONSIDERATIONS RELEVANT TO APPROVAL OF THE PROPOSALS.

No person is authorized to give any information or to make any representation not contained in this Joint Proxy Circular and, if given or made, such information or representation should not be relied upon as having been authorized. This Joint Proxy Circular does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or proxy solicitation. Neither the delivery of this Joint Proxy Circular nor any distribution of the securities referred to in this Joint Proxy Circular shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Joint Proxy Circular.

Neither the Ontario Securities Commission nor the U.S. Securities and Exchange Commission nor any provincial, state or other securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of the Joint Proxy Circular. Any representation to the contrary is a criminal offense.

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SUMMARY

The following is a summary of the information contained in this Joint Proxy Circular. This summary may not contain all of the information that is important to you. You should carefully read this entire document and the other documents referred to herein for a more complete understanding of the arrangement, the continuance and related transactions involving BioMarin, BioMarin Acquisition (Nova Scotia) Company and Glyko. In particular, you should read the annexes attached to this Joint Proxy Circular, including the Acquisition Agreement and the Plan of Arrangement, which are attached to this Joint Proxy Circular as Annex A and Annex B, respectively.

In addition, the stockholders of BioMarin should carefully read the information concerning the proposal relating to the election of directors of BioMarin, as described under the section titled "The Annual Meeting of BioMarin Stockholders" in this Joint Proxy Circular.

Unless otherwise noted, all dollar amounts in this Joint Proxy Circular are expressed in United States dollars.

THE MEETINGS AND THE APPROVAL PROCESS--GENERALLY

Date, Time and Place

BioMarin. The annual meeting of the stockholders of BioMarin will be held on May 29, 2002, at its Galli Drive facility located at 46 Galli Drive, Novato, California 94949, at 10:00 a.m. (California time).

See "The Annual Meeting of BioMarin Stockholders--Date, Time and Place."

Glyko. The special meeting of the shareholders of Glyko will be held on May 31, 2002, at the offices of Blake, Cassels & Graydon LLP, 199 Bay Street, Suite 2300, Commerce Court West, Toronto, Ontario M5L 1A9 at 10:00 a.m. (Toronto time).

See "The Special Meeting of Glyko Shareholders--Date, Time and Place."

Purposes of the Meetings

BioMarin. The purpose of the BioMarin annual meeting is to consider and vote upon (i) a proposal to elect four directors of BioMarin; (ii) a proposal to approve the transaction with Glyko, including, without limitation, the issuance of shares of BioMarin common stock in connection with the transaction; and (iii) such other business as properly may be brought before the BioMarin annual meeting or any adjournment or postponement thereof. BioMarin will not proceed with the transaction unless the transaction, including, without limitation, the issuance of shares of BioMarin common stock in connection with the transaction, is approved by its stockholders.

See "The Annual Meeting of BioMarin Stockholders--Purpose of the Annual Meeting" and "The Annual Meeting of BioMarin Stockholders--Additional Information on Proposals for the Annual Meeting."

Glyko. The purpose of the Glyko meeting is (i) to consider, pursuant to an interim order of the Superior Court of Justice (Ontario) dated April 23, 2002, and if deemed advisable, to pass, with or without variation, the Glyko arrangement resolution attached as Annex C to this Joint Proxy Circular to approve an arrangement under Section 192 of the Canada Business Corporations Act involving the acquisition by BioMarin of all the issued and outstanding common shares of Glyko; (ii) if the special resolution approving the above-mentioned arrangement is approved, to consider, and if deemed advisable, to pass, with or without variation, the Glyko continuance resolution attached as Annex D to this Joint Proxy Circular to approve the continuance of Glyko under the laws of British Columbia; and (iii) to transact such further or other business as may properly come before the Glyko

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special meeting or any adjournment or postponement thereof. Glyko will not proceed with the transaction unless both the arrangement resolution and the continuance resolution are approved by shareholders.

See "The Special Meeting of Glyko Shareholders--Purpose of the Special Meeting."

Who Can Vote at the Meetings

BioMarin. Only record holders of BioMarin common stock at the close of business on April 17, 2002 are entitled to notice of and to vote at the BioMarin annual meeting. On that date, there were   shares of BioMarin common stock outstanding. The holders of BioMarin common stock vote together as a single class. Each share will have one vote on each matter acted upon at the BioMarin annual meeting.

See "The Annual Meeting of BioMarin Stockholders--General" and "The Annual Meeting of BioMarin Stockholders--Record Date for Annual Meeting."

Glyko. The Glyko shareholders whose names were entered on the register of shareholders of Glyko at the close of business on April 26, 2002 will be entitled to receive notice of and to attend in person, or appoint a proxy nominee to attend, and vote at the Glyko special meeting. Shareholders are entitled to one vote for each Glyko common share held on that date.

See "The Special Meeting of Glyko Shareholders--General" and "The Special Meeting of Glyko Shareholders--Record Date for Special Meeting."

What Vote is Required

BioMarin. The presence, in person or by proxy, at the BioMarin annual meeting of the holders of a majority of the outstanding shares of BioMarin common stock is necessary for a quorum. The affirmative vote by holders of a majority of the outstanding shares of BioMarin common stock, present in person or by proxy at the annual meeting, is required to approve the matters properly brought before the annual meeting, except for the election of the directors. The directors will be elected by a plurality of the votes of the shares present in person or by proxy and entitled to vote.

See "The Annual Meeting of BioMarin Stockholders--Vote Required."

Glyko. The presence, in person or by proxy, at the Glyko meeting of two or more shareholders holding common shares representing at least 33% of the outstanding Glyko common shares is necessary for a quorum. The Glyko arrangement resolution and the Glyko continuance resolution must be approved by not less than two-thirds of the votes cast by the holders of Glyko common shares, voting in person or by proxy, at the Glyko special meeting. Shareholders representing approximately 27.3% of the Glyko common shares have agreed with BioMarin, subject to certain conditions, to vote their shares in favor of the Glyko arrangement resolution and Glyko continuance resolution and otherwise support the transaction.

See "The Special Meeting of Glyko Shareholders--Vote Required."

THE TRANSACTION--GENERALLY

Parties to the Transaction

BioMarin Pharmaceutical Inc.
371 Bel Marin Keys Blvd., Suite 210
Novato, California 94949
(415) 884-6700

BioMarin, a Delaware corporation, is engaged in the business of developing enzyme therapies to treat serious, life-threatening diseases and conditions.

See "Business of BioMarin--Overview."

BioMarin Acquisition (Nova Scotia) Company
371 Bel Marin Keys Blvd., Suite 210
Novato, California 94949
(415) 884-6700

BioMarin Acquisition (Nova Scotia) Company ("BioMarin Nova Scotia") was incorporated under the laws of the Province of Nova Scotia on February 6, 2002, as an unlimited liability company for the sole purpose of effecting the transaction. BioMarin Nova Scotia has not conducted any business since its formation and, after the transaction is completed, will continue to exist as a wholly-owned subsidiary of BioMarin Acquisition (Del.) Inc., a Delaware corporation, which is a wholly-owned subsidiary of BioMarin.

Glyko Biomedical Ltd.
199 Bay Street
Toronto, Ontario M5L 1A9
(416) 863-2400

Glyko was incorporated under the laws of Canada on June 26, 1992. On December 21, 1992, simultaneously with the initial public offering of Glyko's common shares and listing on the Toronto Stock Exchange, Glyko acquired 100% of the outstanding shares of Glyko, Inc., a company incorporated under the laws of Delaware. At the time of acquisition, Glyko, Inc. was involved with original scientific research aimed at developing novel analytic and research instrumentation for carbohydrate research and for human medical diagnosis. Glyko was incorporated for the sole purpose of acquiring Glyko, Inc.

On October 25, 1996, Glyko formed BioMarin to develop its pharmaceutical products. Beginning in October 1997, BioMarin commenced raising capital from third parties and engaging in other transactions which resulted in BioMarin issuing common stock to entities other than Glyko. As a result, Glyko's percentage ownership interest in BioMarin decreased over time. On October 7, 1998, Glyko sold Glyko, Inc., which produces certain carbohydrate analytical products, to BioMarin. As a result of the sale of Glyko, Inc., Glyko has no operating activities or operational employees. Glyko's only significant asset, other than cash and cash equivalents, is its investment in BioMarin. Glyko owns approximately 21.3% of the outstanding shares of BioMarin common stock based on the number of issued and outstanding shares of BioMarin common stock as of March 31, 2002.

See "Business of Glyko--Overview."

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Joint Reasons for the Transaction

The boards of directors of BioMarin and Glyko approved the Acquisition Agreement, and the transactions contemplated by the Acquisition Agreement, because they determined that the stockholders of their respective companies will benefit from the transaction. Among other benefits, the boards of directors believe that:

- the stockholders of BioMarin, including former Glyko shareholders, will benefit from BioMarin's simplified share ownership structure;

- the stockholders of BioMarin, including the former Glyko shareholders, will benefit from the increased number of holders of shares of BioMarin common stock; and

- the shareholders of Glyko will benefit from having direct ownership interests in BioMarin and from the increased liquidity associated with holding shares of BioMarin common stock.

See "The Transaction--Joint Reasons for the Transaction."

Recommendation of BioMarin's Board of Directors for the Transaction

The disinterested members of BioMarin's board of directors, which constitute a majority of the BioMarin board of directors, believe that the terms of the transaction are fair to the stockholders of BioMarin and in the best interests of BioMarin and have unanimously approved the transaction including, without limitation, the issuance of shares of BioMarin common stock in connection with the transaction, and recommend that the stockholders of BioMarin vote FOR the transaction including, without limitation, the issuance of shares of BioMarin common stock in connection with the transaction.

See "The Transaction--Joint Reasons for the Transaction" and "The Transaction--Recommendation of BioMarin's Board of Directors."

Opinion of BioMarin's Financial Advisor

The BioMarin board of directors received a written opinion dated February 6, 2002 from UBS Warburg LLC, BioMarin's financial advisor, as to the fairness, from a financial point of view, to BioMarin of the exchange ratio set forth in the Acquisition Agreement. The full text of UBS Warburg's written opinion, dated February 6, 2002, is attached to this Joint Proxy Circular as Annex F. BioMarin stockholders are encouraged to carefully read this opinion in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. UBS Warburg's opinion is addressed to the BioMarin board of directors and does not constitute a recommendation to any stockholder with respect to any matter relating to the proposed transaction.

See "The Transaction--Opinion of BioMarin's Financial Advisor."

Recommendation of Glyko's Board of Directors

The Glyko board of directors believes that the terms of the arrangement are fair to the shareholders of Glyko and in the best interests of Glyko. Accordingly, the Glyko board of directors has unanimously approved the Acquisition Agreement and recommends that the shareholders of Glyko vote FOR the Glyko arrangement resolution and FOR the Glyko continuance resolution.

See "The Transaction--Joint Reasons for the Transaction" and "The Transaction--Recommendation of Glyko's Board of Directors."

Opinion of Glyko's Financial Advisor

In deciding to approve the Acquisition Agreement and the transactions contemplated by the Acquisition Agreement, Glyko's board of directors considered an opinion from its financial advisor, TD Securities Inc. On February 6, 2002, TD Securities delivered its opinion to the board of directors of Glyko that, as of that date, the consideration to be received by Glyko shareholders under the Acquisition Agreement is fair, from a financial point of view.

The full text of the TD Securities opinion, which sets forth the assumptions made, matters considered and limits on review undertaken, is attached to this Joint Proxy Circular as Annex G. Glyko shareholders are encouraged to carefully read the opinion in its entirety. The opinion of TD Securities is addressed to the board of directors of Glyko and relates only to the fairness, from a financial point of view, of the consideration to be received by the holders of Glyko common shares. The opinion does not address any other aspects of the proposed arrangement or the continuance and does not constitute an opinion or recommendation to any shareholder of Glyko as to how such shareholder should vote with respect to the Glyko arrangement resolution or the Glyko continuance resolution.

See "The Transaction--Opinion of Glyko's Financial Advisor."

Interests of Certain Persons in the Transaction

In considering how to vote your securities with respect to the transaction, you should be aware that certain members of the BioMarin board of directors and certain members of management and the board of directors of Glyko have certain interests in the transaction that may present them with actual or potential conflicts of interest in connection with the transaction. The BioMarin board of directors and the Glyko board of directors were aware of these interests and considered them along with the other matters summarized above. These interests include:

- the receipt of shares of BioMarin common stock in exchange for Glyko common shares in the transaction;

- the receipt of options to purchase BioMarin common stock in exchange for options to purchase Glyko common shares; and

- a promise by BioMarin to provide directors' and officers' liability insurance for a specified period to Glyko's board of directors and management.

Furthermore, the Acquisition Agreement provides executive officers and directors of Glyko with continuing indemnification rights upon terms and conditions consistent with those in effect on the date of the Acquisition Agreement.

See "The Transaction--Interests of Certain Persons in the Transaction."

Share Ownership of Directors and Executive Officers and Certain Related Persons of BioMarin

As of the close of business on March 31, 2002, the directors and executive officers of BioMarin (and their respective affiliates) collectively beneficially owned approximately 26.7% of the shares of BioMarin common stock entitled to vote at the BioMarin annual meeting. These directors include Messrs. Erich Sager and Gwynn Williams, who collectively own or control approximately 16.7% of the Glyko common shares. Furthermore, Glyko owns approximately 21.3% of the outstanding shares of BioMarin common stock based on the number of issued and outstanding shares of BioMarin common stock as of March 31, 2002. The affirmative vote by holders of a majority of the outstanding BioMarin common stock, present in person or by proxy at the annual meeting of BioMarin's stockholders, is required to approve the transaction including, without limitation, the issuance of shares of BioMarin common stock in connection with the transaction.

See "The Transaction--Share Ownership of Directors and Executive Officers and Certain Related Persons of BioMarin."

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Share Ownership of Directors and Executive Officers of Glyko

As of the close of business on April 24, 2002, directors and executive officers of Glyko (and their respective associates) collectively owned or exercised direction or control over approximately 9% of the Glyko common shares entitled to vote at the Glyko special meeting, exclusive of options to acquire Glyko common shares also held by these directors and executive officers. Other than Messrs. Erich Sager and Gwynn Williams, BioMarin and its affiliates do not currently own any Glyko common shares. The vote required for approval of the Glyko arrangement resolution and the Glyko continuance resolution at the Glyko special meeting is not less than two-thirds of the votes cast at the special meeting by holders of Glyko common shares present in person or by proxy at the special meeting. Shareholders representing approximately 27.3% of the Glyko common shares (including all of the directors of Glyko who are shareholders) have agreed with BioMarin, subject to certain conditions, to vote their shares in favor of the Glyko arrangement resolution and the Glyko continuance resolution.

See "The Transaction--Share Ownership of Directors and Executive Officers of Glyko."

Structure and Effects of the Transaction

The Acquisition Agreement among BioMarin, BioMarin Nova Scotia and Glyko dated as of February 6, 2002 and the Plan of Arrangement are attached to this Joint Proxy Circular as Annex A and Annex B, respectively. Please read the Acquisition Agreement, the Plan of Arrangement and the other transaction agreements as they are the principal legal documents that govern the transaction.

The Acquisition Agreement and Plan of Arrangement provide for the combination of BioMarin and Glyko in a transaction under which each holder of Glyko common shares will receive for each Glyko common share held, 0.3309 of a share of BioMarin common stock. In no event will the aggregate number of shares of BioMarin common stock issued to Glyko shareholders exceed 11,367,617. Glyko shareholders who properly exercise dissent rights will not be entitled to receive shares of BioMarin common stock but will be entitled to receive payment in cash from Glyko representing the fair value of their Glyko common shares. It is a condition to closing of the transaction that holders of no more than one percent in the aggregate of the issued and outstanding Glyko common shares shall have exercised dissent rights in respect of the arrangement and the continuance.

The mechanics of the transaction will involve BioMarin Nova Scotia acquiring all of the outstanding common shares of Glyko (other than those of dissenting Glyko shareholders who ultimately receive the fair value of their Glyko common shares) in exchange for shares of BioMarin common stock.

Each Glyko option not exercised prior to the implementation time of the arrangement will be exchanged for an option to purchase a number of shares of BioMarin common stock equal to 0.3309 multiplied by the number of Glyko common shares subject to such Glyko option, with the total number of shares of BioMarin common stock subject to the replacement option rounded down to the nearest whole number. The exercise price per share of the replacement options to acquire BioMarin common stock shall be equal to the U.S. dollar equivalent of the exercise price per Glyko common share of the Glyko option immediately prior to the consummation of the arrangement divided by 0.3309, rounded up to the nearest whole cent. Each replacement option will be granted in accordance with BioMarin's 1997 Stock Plan.

In connection with the transaction, "implementation time" means 12:01 a.m. (Pacific time) on the date that is the earlier of (i) the date that Glyko is continued under the laws of British Columbia; (ii) the date upon which Glyko's board of directors resolves to implement the arrangement, which in no event may be prior to the effective date; or (iii) the date that is 10 days following the effective date. The "effective date" is the date of the certificate of arrangement to be issued pursuant to the Canada Business Corporations Act giving effect to the arrangement.

Immediately following the completion of the transaction and as a result thereof, former holders of Glyko common shares will hold an aggregate of approximately 11,367,617 shares of BioMarin common stock which, based on the number of issued and outstanding shares of BioMarin common stock as of March 31, 2002 and assuming completion of the preferred stock exchange described below, will represent approximately 21.3% of the outstanding shares of BioMarin common stock.

See "The Transaction," "Transaction Mechanics" and "Pro Forma Capitalization of BioMarin."

The Companies after the Transaction

Following completion of the transaction, BioMarin intends to exchange the 11,367,617 shares of BioMarin common stock owned by Glyko for Series A Preferred Stock of BioMarin, cancel such 11,367,617 shares of common stock and have Glyko remain as a non-operating, indirect subsidiary of BioMarin.

See "The Transaction--Continuance" and "The Companies after the Transaction."

Completion and Effectiveness of the Transaction

The transaction will be completed as soon as practicable after the requisite shareholder, regulatory and court approvals have been obtained and are final and all other conditions to the transaction have been satisfied or waived. BioMarin and Glyko currently plan to complete the transaction during the second calendar quarter of 2002. The arrangement is subject to court approval and other conditions, some of which are beyond the control of BioMarin and Glyko, and therefore the exact timing of completion of the transaction cannot be predicted with certainty. Either party may terminate the Acquisition Agreement if the transaction is not completed by June 15, 2002.

See "The Transaction--Court Approval of the Arrangement and Completion of the Transaction."

The Acquisition Agreement--Certain Covenants, Conditions to Completion of the Arrangement and Other Matters

No Solicitation

Glyko has agreed that, while the transaction is pending, it will not solicit or engage in discussions or negotiations with any third parties with respect to an Acquisition Proposal. An Acquisition Proposal means any offer, proposal or inquiry (other than an offer or proposal by BioMarin) contemplating or otherwise relating to any Acquisition Transaction. An Acquisition Transaction includes, among other things, a transaction relating to any merger, consolidation, amalgamation, business combination or sale of more than 20% of the assets or outstanding securities of any class of voting securities of Glyko, provided that Glyko may enter into such discussions and enter into an agreement with a third party with respect to such a transaction if Glyko's board of directors determines, subject to the satisfaction of certain conditions, that failure to take such action would be inconsistent with its fiduciary obligations under applicable law.

See "The Acquisition Agreement--Material Covenants."

Conditions to Completion of the Arrangement

Completion of the arrangement is subject to the satisfaction of a number of conditions, including:

- the approval of the Glyko arrangement resolution and the Glyko continuance resolution each by at least two-thirds of the votes cast by the holders of Glyko common shares who are represented at the Glyko special meeting and in accordance with any other conditions imposed by the interim order attached as Annex E to this Joint Proxy Circular and which are satisfactory to Glyko;

- the approval of the arrangement, including the issuance of shares of BioMarin common stock, by at least a majority of the votes cast by holders of BioMarin common stock voting at the BioMarin annual meeting;

- the issuance of a final order of the Superior Court of Justice (Ontario) acceptable to BioMarin and Glyko;

- the exemption from registration under the United States Securities Act of 1933 of the shares of BioMarin common stock to be issued upon the consummation of the arrangement;

- the absence of any legal proceeding in which a governmental body is seeking to prevent the consummation of the arrangement;

- the accuracy in all material respects of the representations and warranties of BioMarin, BioMarin Nova Scotia and Glyko contained in the Acquisition Agreement;

- there not having occurred a material adverse change with respect to either Glyko or BioMarin since February 6, 2002; and

- holders of no more than one percent in the aggregate of the issued and outstanding Glyko common shares having exercised and not withdrawn their dissent rights.

Some of the conditions to completion of the arrangement may be waived by the party entitled to assert the benefit of the condition.

See "The Acquisition Agreement--Conditions to Completion of the Arrangement" and "The Transaction--Qualification and Resale of Shares of BioMarin Common Stock."

Termination of the Acquisition Agreement

Glyko and BioMarin may mutually agree to terminate the Acquisition Agreement without completing the transaction. In addition, either Glyko or BioMarin may terminate the Acquisition Agreement under any of the following circumstances:

- if the arrangement has not been consummated by June 15, 2002;

- if a governmental body shall have issued an order, decree or ruling having the effect of prohibiting the arrangement;

- if the requisite approval of the holders of Glyko common shares is not obtained;

- if the requisite approval of the holders of BioMarin common stock is not obtained; or

- if the conditions to completion of the arrangement would not be satisfied because of a material breach by the other party (which in the case of BioMarin includes BioMarin Nova Scotia) of any of its representations, warranties, covenants or other agreements contained in the Acquisition Agreement or if any of the other party's material representations or warranties becomes untrue (although in any such case the breaching party would have 30 days to cure any such breach).

BioMarin may also terminate the Acquisition Agreement if Glyko breaches the provisions of the Acquisition Agreement that prohibit Glyko from, among other things, soliciting Acquisition Proposals from third parties.

See "The Acquisition Agreement--Termination of the Acquisition Agreement."

Payment of Termination Fee

Under certain circumstances, Glyko or BioMarin is required to pay the other a termination fee of $1.0 million if the Acquisition Agreement is terminated.

See "The Acquisition Agreement--Payment of Termination Fee."

Other Agreements

As a condition to closing the transaction, Glyko and BioMarin will enter into agreements with certain affiliates of Glyko, pursuant to which such affiliates agree not to sell, pledge or otherwise dispose of any shares of BioMarin common stock unless: (i) such transaction is permitted under Rule 145 under the United States Securities Act of 1933; (ii) such transaction is made pursuant to an effective registration statement under the United States Securities Act of 1933, or (iii) such transaction is made pursuant to an exemption from registration under the United States Securities Act of 1933.

BioMarin has entered into agreements with certain shareholders of Glyko (including all of the directors who are shareholders), representing, in the aggregate, approximately 27.3% of the outstanding Glyko common shares, pursuant to which each such shareholder has agreed, among other things: (i) to vote the Glyko common shares held by such shareholder in favor of the arrangement and the transactions contemplated thereby; and (ii) to vote the Glyko common shares held by such shareholder against (1) any Acquisition Proposal (other than a Superior Offer), (2) any reorganization, recapitalization, dissolution, liquidation or winding up of Glyko, and (3) any amendment of the articles of incorporation or bylaws of Glyko which would prevent, impede, interfere with or delay the arrangement.

Under the terms of the Acquisition Agreement, a Superior Offer is an unsolicited, bona fide written offer made by a third party (other than BioMarin or its affiliates) which, if consummated, would result in such third party acquiring, directly or indirectly, securities representing more than 50% of the voting power of the shares of Glyko or the resulting entity of such transaction or all or substantially all of the assets of Glyko, in each case on terms which the board of directors of Glyko reasonably determines (following receipt of advice from its financial advisors of nationally recognized reputation and outside counsel) to be more favorable to Glyko's shareholders than the terms of the arrangement.

See "The Transaction--Other Agreements."

Tax Considerations for Glyko Securityholders

Glyko securityholders should read carefully the information under "Tax Considerations for Glyko Securityholders," which qualifies the information set forth below, and should consult their own tax advisors with respect to their particular circumstances. No advance income tax rulings have been sought or obtained with respect to any of the transactions described herein.

Canadian Federal Income Tax Considerations

Canadian resident Glyko shareholders who hold Glyko common shares as capital property and who receive shares of BioMarin common stock pursuant to the arrangement will dispose of their Glyko common shares and will generally be considered to have realized a capital gain (or capital loss) to the extent that the proceeds of disposition of their Glyko common shares exceed (or are less than) the aggregate of the adjusted cost base of such shares and any reasonable costs of disposition. For this purpose, the proceeds of disposition will be equal to the fair market value of the shares of BioMarin common stock received, determined at the implementation time of the arrangement, plus the amount of any cash received in lieu of a fractional share. Shares of BioMarin common stock received by Glyko shareholders that are Canadian deferred income plans will be "qualified investments" (provided they are listed on a prescribed stock exchange) but will be "foreign property" for

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Canadian federal income tax purposes. Glyko shareholders who are not at any time Canadian residents will not generally be subject to Canadian federal income tax on the exchange of Glyko common shares for shares of BioMarin common stock pursuant to the arrangement.

See "Tax Considerations for Glyko Securityholders--Canadian Tax Considerations for Glyko Shareholders."

United States Federal Income Tax Considerations

The arrangement is intended to qualify as a "reorganization" within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended. In that event and subject to the "passive foreign investment company" or PFIC rules, a Glyko shareholder who is a United States person and who holds such Glyko common shares as capital assets generally should not recognize any gain or loss upon the exchange of Glyko common shares for BioMarin common stock. Subject to the PFIC rules, a Glyko shareholder who is a United States person, who dissents from the arrangement and is ultimately determined to receive fair value for its Glyko common stock will generally recognize a capital gain or loss equal to the difference between the U.S. dollar value of any payment (other than any amount treated as interest) received from Glyko and such dissenting shareholder's aggregate adjusted tax basis in the Glyko common shares in respect of which such shareholder dissented. Any payment received by a dissenting shareholder that is treated as interest will be taxed as ordinary income.

The application of the PFIC rules could change these consequences. For its fiscal year beginning January 1, 2002, Glyko likely will be a PFIC. In addition, although the matter is not free from doubt, for its fiscal year ending December 31, 2001, Glyko may have been a PFIC. Glyko makes no representation whether it was or was not a PFIC for any other fiscal year. Glyko common shares will be treated as stock of a PFIC held by a U.S. person if, at any time during the holding period of such stock, Glyko is a PFIC. The PFIC rules are complex and often disadvantageous to United States persons who own shares of a PFIC.

See "Tax Considerations for Glyko Securityholders--United States Federal Income Tax Considerations for Glyko Shareholders."

Accounting Treatment of the Transaction

BioMarin will record the transaction based upon the fair value of the common stock issued by BioMarin as of the date of closing. Following the transaction, BioMarin expects to exchange its shares of common stock owned by Glyko for shares of BioMarin preferred stock and to cancel such shares of common stock. Because Glyko's investment in BioMarin will be held within a consolidated group and will not appear in the consolidated financial statements, no incremental consolidated assets or stockholders' equity will arise as a result of the transaction.

See "The Transaction--Accounting Treatment."

Contingent Capital Gains Tax Liability to BioMarin

Upon completion of the transaction, BioMarin will hold indirectly all of the shares of BioMarin held by Glyko. Upon a taxable disposition of such shares, Glyko (and indirectly BioMarin) would recognize a capital gain which would be subject to tax under Canadian federal and provincial income tax laws. The capital gain for Canadian tax purposes would be equal to the difference between the fair market value of the BioMarin shares held by Glyko as of the date of disposition and the aggregate of Glyko's adjusted cost base of such shares and any reasonable costs of disposition. Under current Canadian federal and provincial income tax laws and tax rates currently in effect for the 2002 calendar year, Glyko (and indirectly BioMarin) would be obligated to pay Canadian federal and provincial income tax at a combined rate of approximately 19% of the capital gain.

BioMarin may be subject to United States federal income tax upon the liquidation or deemed liquidation of the shares of BioMarin held by Glyko. However the timing and amount of the gain subject to tax would vary based on the specific facts surrounding the liquidation or deemed liquidation event. In addition, the events which

would trigger the recognition of gain by Glyko are completely within the discretion and control of Glyko and indirectly BioMarin, and neither Glyko nor BioMarin has any intention of implementing any of these events.

See "The Transaction--Contingent Capital Gain Tax Liability to BioMarin."

Court and Regulatory Approvals Required to Complete the Transaction

Court Approval

An arrangement under the Canada Business Corporations Act requires court approval. Prior to the mailing of this Joint Proxy Circular in connection with the Glyko special meeting, Glyko obtained an interim order from the Superior Court of Justice (Ontario) providing for the calling and holding of the Glyko special meeting and other procedural matters. Subject to the approval of the Glyko arrangement resolution and the Glyko continuance resolution at the Glyko special meeting and the approval of the transaction, including the issuance of shares of BioMarin common stock at the BioMarin annual meeting, the hearing to obtain a final order of the Court is scheduled to take place on or about June 5, 2002 at 10:00 a.m. (Toronto time) at the Toronto courthouse located at 393 University Avenue, Toronto, Ontario.

See "The Transaction--Court Approval of the Arrangement and Completion of the Transaction."

Regulatory Matters

The arrangement and the transactions contemplated by the Acquisition Agreement are subject to the following regulatory approvals and filings: (i) approval of the Registrar under the Company Act (British Columbia) to the continuance of Glyko under the laws of British Columbia; (ii) approval of the Director under the Canada Business Corporations Act to the continuance of Glyko under the laws of British Columbia; and (iii) the filing of an application for the listing of additional shares with Nasdaq regarding the shares of BioMarin common stock issuable in the transaction.

See "The Transaction--Regulatory Matters."

Restrictions on the Ability of Glyko Shareholders to Sell BioMarin Common Stock

All shares of BioMarin common stock received by Glyko shareholders in connection with the transaction will be freely transferable under U.S. securities laws unless a Glyko shareholder is an affiliate (within the meaning of that term under the United States Securities Act of 1933) of Glyko prior to, or an affiliate of BioMarin following, the completion of the transaction. Shares of BioMarin common stock held by such affiliates may only be sold in compliance with Rule 145 under the United States Securities Act of 1933.

See "The Transaction--Qualification and Resale of Shares of BioMarin Common Stock."

Transaction Costs

In connection with the transaction, BioMarin and Glyko expect to incur aggregate costs, including, without limitation, financial advisors' fees, legal and accounting fees, soliciting fees, dealer fees and printing and mailing costs of approximately $3.7 million and filing fees of approximately $19,000.

Stock Exchange Listings

A condition to the closing of the arrangement is the filing of an application for the listing of additional shares with Nasdaq regarding the shares of BioMarin common stock to be issued pursuant to the transaction to Glyko shareholders. The shares of BioMarin common stock to be issued pursuant to the transaction will also be listed on the Swiss SWX New Market as promptly as possible following completion of the transaction.

See "The Transaction--Stock Exchange Listings."

Dissenters' Appraisal Rights

BioMarin

Under Delaware law, stockholders of BioMarin will not have dissenters' appraisal rights in connection with the transaction.

Glyko

Registered Glyko shareholders who properly exercise their dissent rights pursuant to the interim order issued by the Superior Court of Justice (Ontario) and under the Canada Business Corporations Act will be entitled to be paid the fair value of their Glyko common shares. The dissent procedures require that a registered Glyko shareholder who wishes to dissent must provide Glyko a dissent notice at or prior to the Glyko special meeting of shareholders. The obligation of BioMarin to complete the arrangement is subject to the condition that holders of no more than one percent of the issued and outstanding Glyko common shares in the aggregate shall have exercised and not withdrawn dissent rights in respect of the arrangement or the continuance.

See "Dissenting Shareholder Rights."

Summary Consolidated Financial Information of BioMarin

Set forth below is a summary of certain financial information with respect to BioMarin and its subsidiaries as at the dates and for the periods indicated. The summary financial data of BioMarin has been derived from BioMarin's consolidated financial statements included in Annex I to this Joint Proxy Circular. BioMarin's financial information has been prepared using United States Generally Accepted Accounting Principles (GAAP), which differs in certain respects from Canadian GAAP. All dollar amounts are expressed in U.S. dollars.

	Year ended December 31,		
	1999	2000	2001
	(in thousands, except for per share data		
Consolidated statements of operations data(1):			
Revenues	$ 5,300	$ 9,714	$ 11,699
Operating costs and expenses:			
Research and development	26,341	34,459	45,283
General and administrative	4,757	6,507	6,718
In-process research and development	--	--	11,647
Facility closure	--	4,423	--
Total operating costs and expenses	31,098	45,389	63,648
Loss from operations	(25,798)	(35,675)	(51,949)
Interest income	1,832	2,979	1,871
Interest expense	(732)	(7)	(17)
Equity in loss of joint venture	(1,673)	(2,912)	(7,333)
Net loss from continuing operations	(26,371)	(35,615)	(57,428)
Loss from discontinued operations	(1,701)	(1,749)	(2,266)
Loss from disposal of discontinued operations	--	--	(7,912)
Net loss	$(28,072)	$(37,364)	$(67,606)
Net loss per common share, basic and diluted	$ (0.94)	$ (1.04)	$ (1.65)
Weighted average common shares outstanding	29,944	35,859	41,083

	December 31,	
	2000	2001
	(in thousands)	
Consolidated balance sheet data:		
Cash, cash equivalents and short-term investments	$40,201	$131,097
Total current assets	44,541	136,783
Total assets	76,933	171,811

Long-term liabilities	56	3,961
Total stockholders' equity	69,994	159,548

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(1) See notes to BioMarin's consolidated financial statements for a description of the number of shares used in the computation of the net loss per common share.

Summary Financial Information of Glyko

Set forth below is a summary of certain financial information with respect to Glyko as of the dates and for the periods indicated. The summary financial data of Glyko has been derived from Glyko's financial statements included in Annex J to this Joint Proxy Circular. Glyko's financial information has been prepared using Canadian GAAP, which differs in certain respects from United States GAAP. All dollar amounts are expressed in U.S. dollars.

	Year ended December	
	1999	2000
	(in thousands, except for pe	
Statements of operations data(1):		
Revenues	$ --	$ --
Expenses:		
General and administrative	199	388
Total costs and expenses	199	388
Loss from operations	(199)	(388)
Equity in loss of BioMarin Pharmaceutical Inc.	(10,173)	(11,934)
Gain on reduction of share ownership of BioMarin Pharmaceutical Inc.	26,814	1,424
Interest income	187	121
Net income (loss)	$ 16,629	$(10,777)
Earnings (loss) per share--basic	$ 0.54	$ (0.32)
Earnings (loss) per share--diluted	$ 0.50	$ (0.32)
Weighted average number of shares--basic	31,066	33,915
Weighted average number of shares--diluted	33,568	33,915

	December 31,	
	2000	2001
	(in thousands)	
Balance sheet data:		
Cash, cash equivalents and short-term investments	$ 1,805	$ 2,444
Total current assets	1,835	2,444
Total assets	26,964	39,185
Total shareholders' equity	26,649	38,724

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(1) See notes to Glyko's financial statements for a description of the number of shares used in the computation of earnings per common share.

Transaction Risk Factors

The transaction involves numerous risks and uncertainties. In evaluating the arrangement, BioMarin stockholders and Glyko shareholders should carefully consider the risk factors disclosed under the heading "Risk Factors," as well as other information contained in this Joint Proxy Circular and the annexes hereto. These risks and uncertainties include those associated with the following:

- fluctuation in the actual dollar value of the BioMarin common stock the Glyko shareholders will receive in the transaction;
- fluctuations in the market price of BioMarin common stock and Glyko common shares;
- the impact on the trading price of BioMarin common stock of sales of substantial amounts of BioMarin common stock following the closing of the transaction;
- failure to complete the transaction;
- required regulatory and court approvals for completing the transaction;
- actual or potential conflicts of interest involving directors and executive officers of Glyko and BioMarin directors in connection with the transaction; and
- a substantial contingent tax liability to BioMarin in connection with the liquidation or deemed liquidation of the BioMarin shares held by Glyko.

See "Risk Factors--General Risks Relating to the Proposed Transaction."

BioMarin Risk Factors

An investment in BioMarin common stock involves a high degree of risk. BioMarin operates in a dynamic and rapidly changing industry that involves numerous risks and uncertainties. In evaluating the arrangement, Glyko shareholders should carefully consider the risk factors disclosed under the heading "Risk Factors," as well as other information contained in this Joint Proxy Circular and the annexes hereto. These risks and uncertainties include those associated with the following:

- BioMarin's continued incurrence of operating losses;
- BioMarin's failure to obtain necessary capital;
- BioMarin's failure to obtain regulatory approval to commercially manufacture or sell its future drug products;
- the cost, length and uncertainty of results of preclinical studies and clinical trials necessary for BioMarin to obtain regulatory approval to market its products;

- the speed of the United States Food and Drug Administration (FDA) review process for BioMarin's drug candidates;
- BioMarin's failure to comply with manufacturing regulations;
- BioMarin's failure to obtain orphan drug exclusivity for some of its drug products;
- the size of the target patient populations for some of BioMarin's drug products;
- the failure to obtain adequate levels of reimbursement for BioMarin's drugs products by third-party payers;
- the ability to protect BioMarin's proprietary technology;
- BioMarin's ability to challenge, and its success in challenging, certain U.S. patents;

- the continuation of BioMarin's joint venture with Genzyme;
- the ability to manufacture BioMarin's drug products in sufficient quantities and at acceptable cost to support commercial sales;
- the ability to increase BioMarin's marketing or distribution capabilities or enter into agreements with third parties to do so;
- the failure to compete successfully;
- the failure to achieve expected milestones;
- the failure to manage growth or to recruit and retain personnel;
- the failure to effectively integrate the recently acquired Neutralase and Phenylase programs and the programs recently acquired from Synapse Technologies Inc. or other programs that may be acquired in the future into current operations;
- changes in the treatment of diseases;
- potential product liability lawsuits;
- the volatility of BioMarin's stock price;
- actions by BioMarin's officers, directors and largest stockholder acting together; and
- anti-takeover provisions in BioMarin's charter documents.

See "Risk Factors--Risks Relating to BioMarin."

COMPARATIVE HISTORICAL AND PRO FORMA PER SHARE DATA

The following tables set forth certain historical per share data of BioMarin and Glyko and consolidated per share data on an unaudited pro forma basis after giving effect to the transaction using the purchase method of accounting. The following data should be read in conjunction with the separate historical consolidated financial statements of BioMarin attached to this Joint Proxy Circular as Annex I and the historical financial statements of Glyko attached to this Joint Proxy Circular as Annex J. With respect to Glyko, the United States GAAP figures have been derived from Glyko's audited financial statements prepared in accordance with United States GAAP and filed with the United States Securities and Exchange Commission. The unaudited pro forma consolidated per share data does not necessarily indicate the operating results that would have been achieved had the transaction been completed as of the beginning of the earliest period presented and should not be taken as representative of future operations. The results may have been different if the companies had always been consolidated. No dividends have ever been declared or paid on BioMarin common stock or Glyko common shares.

	BioMarin Year Ended December 31, 2001	Glyko Year Ended December 31, 2001
	(in U.S. dollars)	
Net income (loss) per share--basic:		
Canadian GAAP....................	n/a	$ 0.33
United States GAAP...............	$(1.65)	$(0.44)
Net income (loss) per share--diluted:		
Canadian GAAP....................	n/a	$ 0.33
United States GAAP...............	$(1.65)	$(0.44)

	For Year Ended December 31, 2001
	BioMarin Pro Forma Consolidated
	(in U.S. dollars--unaudited)
Net income (loss) per share--basic:	
Canadian GAAP....................	n/a
United States GAAP...............	$(1.66)
Net income (loss) per share--diluted:	
Canadian GAAP....................	n/a
United States GAAP...............	$(1.66)

COMPARATIVE MARKET PRICE AND TRADING VOLUME INFORMATION

BioMarin common stock is traded on Nasdaq and the Swiss SWX New Market under the symbol "BMRN." Glyko common shares are traded on the Toronto Stock Exchange under the symbol "GBL." Since November 1993, Glyko's common shares have been listed on the OTC Bulletin Board under the symbol "GLYK." The trading of Glyko's common shares on the OTC Bulletin Board has been limited and sporadic.

Glyko's common shares have been listed and traded on the Toronto Stock Exchange since December 1992.

The following table sets forth, for the periods indicated, the high and low sale prices per share and the average trading volume of BioMarin common stock as reported on Nasdaq.

	High U.S.$	Low U.S.$	Average Trading Volume
2000:			
Fiscal Quarters			
First Quarter..............	41.25	11.75	131,362
Second Quarter.............	30.38	16.00	65,687
Third Quarter..............	21.86	15.75	54,268
Fourth Quarter.............	18.50	6.94	30,702
2001:			
Fiscal Quarters			
First Quarter..............	13.25	6.56	67,387
Second Quarter.............	13.29	7.50	56,189
Third Quarter..............	13.74	8.07	65,603
Fourth Quarter.............	14.40	8.65	495,055
2002:			
January........................	14.06	11.20	384,400
February.......................	12.96	9.71	424,158
March..........................	10.75	9.25	361,260
April (through April 23, 2002).	.	.	.

The following table sets forth, for the periods indicated, the high and low sale prices per Glyko common share and average trading volume of Glyko common shares as reported on the Toronto Stock Exchange.

	High Cdn.$	Low Cdn.$	Average Trading Volume
2000:			
Fiscal Quarters			
First Quarter..............	15.00	5.20	90,625
Second Quarter.............	10.00	6.50	10,687
Third Quarter..............	9.25	7.00	12,248
Fourth Quarter.............	8.50	3.25	18,273
2001:			
Fiscal Quarters			
First Quarter..............	5.75	3.50	12,517
Second Quarter.............	6.45	3.85	16,930
Third Quarter..............	7.00	3.75	15,823
Fourth Quarter.............	7.00	3.75	67,365
2002:			
January........................	7.20	5.15	6,945

February......................	6.40	5.05	11,140
March.........................	5.90	4.51	11,715
April (through April 23, 2002).	.	.	.

The following table shows the closing prices (i) per share of BioMarin common stock as reported on Nasdaq and (ii) per Glyko common share as reported on the Toronto Stock Exchange, on February 6, 2002, the business day preceding the public announcement that BioMarin and Glyko had entered into the Acquisition Agreement and on April 23, 2002. The table also includes the equivalent price per Glyko common share on those dates. This equivalent per share price reflects the value of the BioMarin common stock the Glyko shareholders would have received for each Glyko common share if the transaction had been completed on either of those dates, applying the exchange ratio of 0.3309 of a share of BioMarin common stock for each Glyko common share.

	Glyko Common Shares	Glyko Common Shares	BioMarin Common Stock	Equivalent Price Per Share
	(Cdn.$)	(US.$)(1)	(U.S.$)	(U.S.$)
February 6, 2002	6.35	3.96	12.52	4.14
April 23, 2002..	.	.	.	.

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(1) U.S. dollar price is based on the Bank of Canada noon rate on such day, as stated in the section entitled "Exchange Rates."

The market price of BioMarin common stock is subject to fluctuation due to numerous market forces, with the result that the market value of the BioMarin common stock Glyko common shareholders will receive under the arrangement may increase or decrease prior to the implementation time of the arrangement. Shareholders are urged to obtain current market quotations for the Glyko common shares and the BioMarin common stock. Historical market prices are not necessarily indicative of future market prices.

BioMarin Dividend Policy

BioMarin has not paid or declared dividends on its shares and does not anticipate paying dividends in the foreseeable future.

Glyko Dividend Policy

Glyko has not paid or declared dividends on its common shares and does not anticipate paying dividends in the foreseeable future.

EXCHANGE RATES

The following table sets forth, for each period indicated, the high and low exchange rates for one Canadian dollar expressed in U.S. dollars, the average of such exchange rates during such period, and the exchange rate at the end of such period, based upon the Bank of Canada Noon Rate and generally reflecting the exchange rates for transactions of $1 million or more:

	Year Ended December 31,				
	2001	2000	1999	1998	1997
High......	0.6695	0.6973	0.6929	0.7105	0.7489
Low.......	0.6242	0.6413	0.6537	0.6343	0.6948
Average...	0.6500	0.6733	0.6731	0.6741	0.7223
Period End	0.6279	0.6460	0.6929	0.6534	0.6997

On February 6, 2002, the last trading day prior to the announcement of the transaction, the exchange rate for one Canadian dollar expressed in U.S. dollars based on the Bank of Canada Noon Rate was $0.6234. On April 23, 2002, the exchange rate for one Canadian dollar expressed in U.S. dollars based on the Bank of Canada Noon Rate was $..

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS DOCUMENT

This Joint Proxy Circular includes "forward-looking statements" within the meaning of the United States Securities Act of 1933 and Section 21E of the United States Securities Exchange Act of 1934. All statements other than statements of historical fact included in this Joint Proxy Circular are forward-looking statements. Such forward-looking statements have been identified in this Joint Proxy Circular using words such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "should," or "will" or the negative of such terms or other comparable terminology. These statements are based on the beliefs of BioMarin and Glyko as well as assumptions BioMarin and Glyko made using information currently available to them. Because these statements reflect BioMarin and Glyko's current views concerning future events, these statements involve risks, uncertainties and assumptions.

Although BioMarin and Glyko believe that the expectations reflected in the forward-looking statements are reasonable, they can give no assurance that the expectations will prove to have been correct. Important factors that could cause actual results to differ materially from these expectations are disclosed in this Joint Proxy Circular. Moreover, neither BioMarin nor Glyko nor any other person assumes responsibility for the accuracy and completeness of such statements. Neither BioMarin nor Glyko is under any duty to update any of the forward-looking statements after the date of this Joint Proxy Circular to conform such statements to actual results, unless required by law.

RISK FACTORS

In addition to the other information contained in this Joint Proxy Circular, the following risk factors should be carefully considered before deciding how to vote your securities. They should be reviewed together with the other information in this Joint Proxy Circular. Some of these risk factors relate directly to the transaction, while others relate to BioMarin, Glyko or the consolidated company's business independent of the transaction. By voting in favor of the Glyko arrangement resolution and the Glyko continuance resolution, Glyko shareholders will be choosing to invest directly in BioMarin common stock. An investment in BioMarin common stock involves a substantial amount of risk. By voting in favor of the transaction, including the issuance of BioMarin common stock, BioMarin stockholders are authorizing the issuance of a substantial amount of additional shares of BioMarin common stock.

General Risks Relating to the Proposed Transaction

Because Glyko shareholders will receive a fixed number of shares of BioMarin common stock, the actual dollar value of the BioMarin common stock that Glyko shareholders receive when the transaction is completed may be less than it is on the date that Glyko shareholders vote on the transaction.

Upon the arrangement's completion, each Glyko common share will be exchanged for 0.3309 of a share of BioMarin common stock. The exchange ratio for BioMarin shares will not be adjusted for changes in the market price of either Glyko common shares or shares of BioMarin common stock. In addition, neither Glyko nor BioMarin may terminate the Acquisition Agreement or "walk away" from the transaction solely because of changes in the market price of BioMarin common stock or Glyko common shares. Accordingly, the specific dollar value of BioMarin common stock that Glyko shareholders will receive upon the transaction's completion will depend on the market value of BioMarin common stock at that time and may decrease after the date Glyko shareholders vote on the transaction. The share price of BioMarin common stock is subject to the general price fluctuations in the market for publicly traded equity securities and has experienced volatility. BioMarin and Glyko urge you to obtain recent market quotations for BioMarin common stock and Glyko common shares and consult your own investment advisor prior to voting. BioMarin cannot predict or give any assurances as to the market price of BioMarin common stock at any time before or after the completion of the arrangement.

The market price of both BioMarin common stock and Glyko common shares may fluctuate which would change the value of the shares to be issued by BioMarin and received by the Glyko shareholders.

The market price for BioMarin common stock and Glyko common shares could each fluctuate significantly in response to various factors and events, including the differences between BioMarin's and Glyko's actual financial or operating results and those expected by investors and analysts, changes in analysts' projections or recommendations, changes in general economic or market conditions and broad market fluctuations. Because historical market prices are not indicative of future market prices, BioMarin stockholders and Glyko shareholders should obtain current market quotations for the BioMarin common stock and the Glyko common shares prior to voting. There can be no assurance that the market value of BioMarin common stock that the holders of Glyko common shares receive after consummation of the transaction will equal or exceed the market value of the Glyko common shares held by such shareholders prior to the implementation time of the arrangement or that the market value of BioMarin common stock that the holders of Glyko common shares receive after consummation of the transaction will equal or exceed the market value of such common stock at the time of the annual meeting of BioMarin's stockholders or the special meeting of Glyko's shareholders.

Sales of substantial amounts of BioMarin common stock in the public market following the closing of the transaction may adversely effect the prevailing price of BioMarin common stock.

Up to 11,367,617 shares of BioMarin common stock to be issued to holders of Glyko common shares in the transaction will be issued in reliance upon the exemption available pursuant to Section 3(a)(10) of the United

States Securities Act of 1933 and exemptions provided under the securities laws of each state of the United States. Except for certain limitations on resale by affiliates of Glyko or BioMarin, such shares will be freely tradeable. Sales of substantial amounts of BioMarin common stock in the public market following the closing of the transaction may adversely effect the prevailing price of BioMarin common stock.

Failure to complete the transaction could negatively impact Glyko's and/or BioMarin's stock price, future business and operations.

If the transaction is not completed, Glyko and/or BioMarin may be subject to a number of negative consequences, including the following:

- Glyko or BioMarin may be required under certain circumstances to pay the other a termination fee of $1.0 million; and

- certain costs related to the transaction, such as legal, accounting and financial advisor fees, must be paid even if the transaction is not completed.

Further, if the transaction is terminated and Glyko's board of directors determines to seek another merger or business combination, there can be no assurance that it will be able to find a partner willing to pay an equivalent or more attractive price than the price to be paid by BioMarin pursuant to the arrangement.

BioMarin and Glyko may be unable to obtain the required regulatory and court approvals for completing the transaction and if these approvals are not obtained, the transaction cannot be completed.

The arrangement and the transactions contemplated by the Acquisition Agreement are subject to the following regulatory approvals and filings: (i) approval of the Registrar under the Company Act (British Columbia) to the continuance of Glyko under the laws of British Columbia; (ii) approval of the Director under the Canada Business Corporations Act to the continuance of Glyko under the laws of British Columbia; and (iii) the filing of an application for the listing of additional shares with Nasdaq regarding the shares of BioMarin common stock issuable in the transaction.

Even if all regulatory approvals have been obtained, the laws of the U.S. and certain other jurisdictions permit federal, state and foreign governmental entities and any private person to challenge the transaction at any time before or after its completion.

In addition to regulatory approvals, the proposed arrangement under the Canada Business Corporations Act requires approval by the Superior Court of Justice (Ontario). Prior to the mailing of this Joint Proxy Circular, Glyko obtained an interim order providing for the calling and holding of the Glyko special meeting and other procedural matters. Subject to the approval of the Glyko arrangement resolution and the Glyko continuance resolution at the Glyko special meeting and the approval of the transaction, including the issuance of shares of BioMarin common stock, at the BioMarin annual meeting, the hearing to obtain a final order of the court is expected to take place on or about June 5, 2002 at 10:00 a.m. (Toronto time) at the Toronto Courthouse at 393 University Avenue, Toronto, Ontario.

BioMarin's directors and Glyko's executive officers and directors have interests that may influence them to support and approve the transaction.

Certain members of the BioMarin board of directors and certain members of the management and board of directors of Glyko have certain interests in the transaction that may present them with actual or potential conflicts of interest in connection with the transaction. Those interests include:

- the receipt of shares of BioMarin common stock in exchange for Glyko common shares in the transaction;

- the receipt of options to purchase BioMarin common stock in exchange for options to purchase Glyko common shares; and

- a promise by BioMarin to provide directors' and officers' liability insurance for a specified period to Glyko's board of directors and management.

Furthermore, the Acquisition Agreement provides executive officers and directors of Glyko with continuing indemnification rights upon terms and conditions consistent with those in effect on the date of the Acquisition Agreement.

For the above reasons, the directors and officers of Glyko could be more likely to vote to approve the Glyko arrangement resolution and the Glyko continuance resolution than if they did not hold these interests. Glyko shareholders should consider whether these interests may have influenced these directors and officers to support or recommend the transaction. The Glyko board of directors was aware of these interests when it approved the Acquisition Agreement.

Similarly, certain members of the BioMarin board of directors who are also shareholders of Glyko, could have been more likely to approve the transaction in their capacity as directors of BioMarin given their interests in Glyko. Accordingly, such members of the BioMarin board of directors abstained from the vote taken by the BioMarin board of directors with respect to the transaction and the transaction was approved only by the disinterested members of the BioMarin board.

If Glyko (and indirectly BioMarin) disposes of the BioMarin shares held by Glyko, then the capital gain tax liability which Glyko (and indirectly BioMarin) would be obligated to pay under Canadian federal and provincial income tax laws or may be obligated to pay under United States federal tax principles may have a material adverse effect on BioMarin.

After giving effect to the transactions described herein, upon a disposition of the BioMarin shares held by Glyko, Glyko (and indirectly BioMarin) would recognize a gain under Canadian federal and provincial income tax laws (if the disposition is taxable) and may recognize a gain under United States federal income tax laws. If the disposition is taxable, the potential gain for Canadian tax purposes as of April 11, 2002, based upon the per share closing price of BioMarin's common stock as of such date (as reported on the Nasdaq), is approximately $63 million, as calculated by BioMarin. Under current Canadian federal and provincial income tax laws and tax rates currently in effect, Glyko (and indirectly BioMarin) would be obligated to pay Canadian federal and provincial income tax at a combined rate of approximately 19% of the capital gain (subject to the deduction of any available losses in accordance with Canadian income tax laws). The timing and amount of the gain subject to tax under United States federal income tax principles would vary based on the specific facts surrounding the liquidation or deemed liquidation event. If Glyko (and indirectly BioMarin) were to dispose of the BioMarin shares held by Glyko, then the capital gains tax liability which Glyko (and indirectly

BioMarin) may be obligated to pay under Canadian federal and provincial income tax laws (assuming the disposition is taxable for Canadian purposes) or may be obligated to pay under United States federal tax principles may have a material adverse effect on BioMarin. However, the events which would trigger the recognition of gain by Glyko (and indirectly BioMarin) are completely within the discretion and control of BioMarin, and BioMarin has no intention of implementing or effecting any of these events. In addition, in the future, if BioMarin remains a "foreign affiliate" of Glyko, and BioMarin generates sufficient after-tax net earnings, the contingent capital gains tax liability may be limited or eliminated under Canadian federal and provincial income tax laws in certain circumstances based on an election provided in the Income Tax Act (Canada).

Risks Relating to BioMarin

If BioMarin continues to incur operating losses for a period longer than anticipated, it may be unable to continue its operations at planned levels and may be forced to reduce or discontinue operations.

BioMarin is in an early stage of development and has operated at a net loss since it was formed. Since BioMarin began operations in March 1997, BioMarin has been engaged primarily in research and development. BioMarin has no sales revenues from any of its product candidates. As of December 31, 2001, BioMarin had an accumulated deficit of approximately $ 148.1 million. BioMarin expects to continue to operate at a net loss for the foreseeable future. BioMarin's future profitability depends on receiving regulatory approval of its product candidates and its ability to successfully manufacture and market any approved drugs, either by itself or jointly with others. The extent of BioMarin's future losses and the timing of profitability are highly uncertain. If BioMarin fails to become profitable or is unable to sustain profitability on a continuing basis, then it may be unable to continue its operations.

If BioMarin fails to obtain the capital neccessary to fund its operations, it will be unable to complete its product development programs.

In the future, BioMarin may need to raise substantial additional capital to fund operations. BioMarin cannot be certain that any financing will be available when needed. If BioMarin fails to raise additional financing as it needs such funds, BioMarin will have to delay or terminate some or all of its product development programs.

BioMarin expects to continue to spend substantial amounts of capital for its operations for the foreseeable future. The amount of capital BioMarin will need depends on many factors, including:

- the progress, timing and scope of BioMarin's preclinical studies and clinical trials;

- the time and cost necessary to obtain regulatory approvals;

- the time and cost necessary to develop commercial manufacturing processes, including quality systems and to build or acquire manufacturing capabilities;

- the time and cost necessary to respond to technological and market developments; and

- any changes made or new developments in BioMarin's existing collaborative, licensing and other commercial relationships or any new collaborative, licensing and other commercial relationships that BioMarin may establish.

Moreover, BioMarin's fixed expenses such as rent, license payments and other contractual commitments are substantial and will increase in the future. These fixed expenses will increase because BioMarin may enter into:

- additional leases for new facilities and capital equipment;
- additional licenses and collaborative agreements;
- additional contracts for consulting, maintenance and administrative services; and
- additional contracts for product manufacturing.

BioMarin believes that its cash, cash equivalents and short term investment securities balances at December 31, 2001 will be sufficient to meet its operating and capital requirements through 2003. These estimates are based on assumptions and estimates, which may prove to be wrong. As a result, BioMarin may need or choose to obtain additional financing during that time.

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If BioMarin fails to obtain regulatory approval to commercially manufacture or sell any of its future drug products, or if approval is delayed, BioMarin will be unable to generate revenue from the sale of its products and its operating results will be adversely affected.

BioMarin must obtain regulatory approval before marketing or selling its drug products in the U.S. and in foreign jurisdictions. In the United States, BioMarin must obtain FDA approval for each drug that it intends to commercialize. The FDA approval process is typically lengthy and expensive, and approval is never certain. Products distributed abroad are also subject to foreign government regulation. None of BioMarin's drug products has received regulatory approval to be commercially marketed and sold. If BioMarin fails to obtain regulatory approval, it will be unable to market and sell its drug products. Because of the risks and uncertainties in biopharmaceutical development, BioMarin's drug products could take a significantly longer time to gain regulatory approval than it expects or may never gain approval. If regulatory approval is delayed, the credibility of BioMarin's management, the value of the company and its operating results will be adversely affected.

To obtain regulatory approval to market BioMarin's products, preclinical studies and costly and lengthy clinical trials will be required, and the results of the studies and trials are highly uncertain.

As part of the regulatory approval process, BioMarin must conduct, at its own expense, preclinical studies in the laboratory on animals and clinical trials on humans for each drug product. BioMarin expects the number of preclinical studies and clinical trials that the regulatory authorities will require will vary depending on the drug product, the disease or condition the drug is being developed to address and regulations applicable to the particular drug. BioMarin may need to perform multiple preclinical studies using various doses and formulations before it can begin clinical trials, which could result in delays in its ability to market any of its drug products. Furthermore, even if BioMarin obtains favorable results in preclinical studies on animals, the results in humans may be significantly different.

After BioMarin has conducted preclinical studies on animals, it must demonstrate that its drug products are safe and efficacious for use on the target human patients in order to receive regulatory approval for commercial sale. Adverse or inconclusive clinical results would stop BioMarin from filing for regulatory approval of its drug products. Additional factors that can cause delay or termination of BioMarin's clinical trials include:

- slow or insufficient patient enrollment;
- slow recruitment of, and completion of necessary institutional approvals at clinical sites;
- longer treatment time required to demonstrate efficacy;
- lack of sufficient supplies of the product candidate;
- adverse medical events or side effects in treated patients;
- lack of effectiveness of the product candidate being tested; and
- regulatory requests for additional clinical trials.

Typically, if a drug product is intended to treat a chronic disease, as is the case with most of the product candidates BioMarin is developing, safety and efficacy data must be gathered over an extended period of time, which can range from six months to three years or more.

In May 2001, BioMarin completed a 24-month patient evaluation for the initial clinical trial of its lead drug product, Aldurazyme, for the treatment of MPS I. Two of the original ten patients enrolled in this trial died in 2000. One of these patients received 103 weeks of Aldurazyme treatment and the other received 137 weeks of treatment. One of the original forty-five patients who completed the Phase 3 clinical trial died after 16 weeks of the Phase 3 extension study. One patient treated under a single-patient use protocol died after 31 weeks of Aldurazyme treatment. Based on medical data collected from clinical investigative sites, none of these cases

directly implicated treatment with Aldurazyme as the cause of death. If cases of patient complications or death are ultimately attributed to Aldurazyme, BioMarin's chances of commercializing this drug would be seriously compromised.

The fast track designation for BioMarin's product candidates may not actually lead to a faster review process.

Although Aldurazyme and Aryplase have obtained fast track designations, BioMarin cannot guarantee a faster review process or faster approval compared to the normal FDA procedures.

BioMarin will not be able to sell its drug products if it fails to comply with manufacturing regulations.

Before BioMarin can begin commercial manufacture of its drug products, it must obtain regulatory approval of its manufacturing facility and process. In addition, manufacture of BioMarin's drug products must comply with the FDA's current Good Manufacturing Practices regulations, commonly known as cGMP. The cGMP regulations govern quality control and documentation policies and procedures. BioMarin's manufacturing facilities are continuously subject to inspection by the FDA, the State of California and foreign regulatory authorities, before and after product approval. BioMarin's Galli Drive and Bel Marin Keys Boulevard manufacturing facilities have been inspected and licensed by the State of California for clinical pharmaceutical manufacture. BioMarin cannot guarantee that these facilities will pass federal or international regulatory inspection. BioMarin cannot guarantee that it, or any potential third party manufacturer of its drug products, will be able to comply with cGMP regulations.

BioMarin must pass federal, state and European regulatory inspections, and it must manufacture process qualification batches to final specifications under cGMP controls for each of its drug products before the marketing applications can be approved. Although BioMarin has completed process qualification batches for Aldurazyme, these batches may be rejected by the regulatory authorities, and BioMarin may be unable to manufacture the process qualification batches for BioMarin's other products or pass the inspections in a timely manner, if at all.

If BioMarin fails to obtain orphan drug exclusivity for some of its products, BioMarin's competitors may sell products to treat the same conditions and its revenues will be reduced.

As part of BioMarin's business strategy, it intends to develop some drugs that may be eligible for FDA and European Community orphan drug designation. Under the Orphan Drug Act, the FDA may designate a product as an orphan drug if it is a drug intended to treat a rare disease or condition, defined as a patient population of less than 200,000 in the United States. The company that first obtains FDA approval for a designated orphan drug for a given rare disease receives marketing exclusivity for use of that drug for the stated condition for a period of seven years. However, different drugs can be approved for the same condition. Similar regulations are available in the European Community with a ten year period of market exclusivity.

Because the extent and scope of patent protection for BioMarin's drug products is limited, orphan drug designation is particularly important for its products that are eligible for orphan drug designation. BioMarin plans to rely on the exclusivity period under the orphan drug designation to maintain a competitive position. If BioMarin does not obtain orphan drug exclusivity for its drug products, which do not have patent protection, BioMarin's competitors may then sell the same drug to treat the same condition.

Even though BioMarin has obtained orphan drug designation for certain of its product candidates and even if it obtains orphan drug designation for other products it develops, BioMarin cannot guarantee that it will be the first to obtain marketing approval for any orphan indication or, if BioMarin does, that exclusivity would effectively protect the product from competition. Orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process.

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Because the target patient populations for some of BioMarin's products are small, it must achieve significant market share and obtain high per-patient prices for its products to achieve profitability.

Two of BioMarin's lead drug candidates, Aldurazyme and Aryplase, target diseases with small patient populations. As a result, BioMarin's per-patient prices must be relatively high in order to recover its development costs and achieve profitability. Aldurazyme targets patients with MPS I and Aryplase targets patients with MPS VI. BioMarin estimates that there are approximately 3,400 patients with MPS I and 1,100 patients with MPS VI in the developed world. BioMarin believes that it will need to market worldwide to achieve significant market share. In addition, BioMarin is developing other drug candidates to treat conditions, such as other genetic diseases and serious burn wounds, with small patient populations. BioMarin cannot be certain that it will be able to obtain sufficient market share for its drug products at a price high enough to justify its product development efforts.

If BioMarin fails to obtain an adequate level of reimbursement for its drug products by third-party payers, there would be no commercially viable market for its products.

The course of treatment for patients with MPS I using Aldurazyme and for patients with MPS VI using Aryplase is expected to be expensive. BioMarin expects patients to need treatment throughout their lifetimes. BioMarin expects that most families of patients will not be capable of paying for this treatment themselves. There will be no commercially viable market for Aldurazyme or Aryplase without reimbursement from third-party payers.

Third-party payers, such as government or private health care insurers, carefully review and increasingly challenge the prices charged for drugs. Reimbursement rates from private companies vary depending on the third-party payer, the insurance plan and other factors. Reimbursement systems in international markets vary significantly by country and by region, and reimbursement approvals must be obtained on a country-by-country basis. BioMarin cannot be certain that third-party payers will pay for the costs of BioMarin's drugs. Even if BioMarin is able to obtain reimbursement from third-party payers, BioMarin cannot be certain that reimbursement rates will be enough to allow it to profit from sales of its drugs or to justify its product development expenses.

BioMarin currently has no expertise obtaining reimbursement. BioMarin expects to rely on the expertise of its joint venture partner Genzyme to obtain reimbursement for the costs of Aldurazyme. BioMarin cannot predict what the reimbursement rates will be. In addition, BioMarin will need to develop its own reimbursement expertise for future drug candidates unless it enters into collaborations with other companies with the necessary expertise.

BioMarin expects that, in the future, reimbursement will be increasingly restricted both in the United States and internationally. The escalating cost of health care has led to increased pressure on the health car