



GENENTECH (DNA) suggested to offer about \$2 billion in new senior notes. Genentech plans to offer five-year, 10-year and 30-year senior notes. About \$585 million will be used to reduce or repay a lease on its Vacaville manufacturing facility and upgrade the acquired biologics manufacturing facility in Oceanside. Remaining funds will be used for general corporate purposes, stock repurchases and research and development. Genentech's stock is already up over 20 cents in premarket trading.

ID BIOMEDICAL (IDBE): The **fast track status grated to Fluviral** is a step forward to market the flu vaccine to the United States by 2006. The designation will expedite the review of Fluviral by allowing ID Biomedical to communicate with the FDA more frequently and submit portions of its marketing application before it is completed.

Investors reacted positively to the news, especially that IDBE insinuated that it expects an approval before the 2006-07 flu season begins, when the drug will be marketed. Also, the firm has taken a positive step by already upgrading its facilities to increase production capability and finishing construction at its Quebec City plant, while also upgrading its suburban Montreal facility, which is expected to be ready before 2006. IDBE expects to raise its 2007 production capacity to around **75 million doses a year from an original capacity of 50 million doses.**

Good news is coming.

OSI (OSIP): Genentech's financial report has indirectly increased investors' and analysts' optimism about the long-term growth potential for **Tarceva**. The drug is expected to be used earlier in non small-cell lung cancer], possibly in adjuvant, first-line maintenance, and in poor performance first-line patients. Genentech expects a pancreatic cancer approval in a few months, which, according to Banc of America could add an incremental \$100 million to \$150 million to annual sales. BOA believes that Tarceva's potential is underappreciated and it would be buyers of OSI at these levels. **We agree.**

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