



BIOGEN IDEC (BIIB) AND ELAN (ELN)
Tysabri's superior effect

Tysabri did not die and its news is not stopping from coming to confirm that the drug has a superior effect and provides more efficacy when combined with Avonex, the same combination accused of turning a friendly virus unfriendly causing a life-threatening condition known as progressive multifocal leukoencephalopathy (PML) - a rare disorder of the nervous system that primarily affects individuals with suppressed immune systems. This is what data from a late-stage trial has revealed.

Patients treated with both **Tysabri and Avonex** saw a 24% reduction in the risk of disability progression and a 56% decline in the clinical relapse rate compared with patients treated with Avonex alone.

The reduction in relapse rate was statistically significant and sustained over a two-year study period, the companies said. Efficacy data from the study at two years were similar to data previously reported after one year.

"We continue to believe in the therapeutic benefit of Tysabri in MS, a disease with significant unmet medical need," Biogen Idec said in a press release. "Our extensive safety evaluation, in collaboration with leading experts and regulatory agencies, is on track and we hope to have findings by the end of the summer."

It was not unusual that Biogen Idec shares rise after the results and the statements.

Another important fact that has not been explained is that most of the patients who developed PML from the MS treatment have not died. This fact contradicts the early statements that the disease is a sure killer. An explanation of the survival of these patients, among other facts, could be the key to the reinstatement of the drug.

GENENTECH (DNA)
Lucentis improves vision of macular degeneration patients

Tests suggest that Genentech's experimental drug, slows the loss of sight in most people tested after 12 months and produces **vision improvement in some patients suffering from wet age-related macular degeneration**, or wet AMD, damages vision via the growth of extra blood vessels in the eye that leak blood or fluid. The leaking causes pressure on part of the retina, leading to distorted vision and loss of vision. Lucentis acts to stop the growth of these blood vessels.

Improving vision has not been proven with other marketed and experimental drugs treating the same disease. Those drugs have shown to slow disease progression.

The presentation of data was made at the recent meeting of the American Society of Retina Specialists.

The study also found that 25% (or 59 of 238) of patients treated with 0.3 milligrams of Lucentis and 34% (81 of 240) of patients treated with 0.5 milligrams of Lucentis "improved vision by a gain of 15 letters or more," Genentech said. Among the control group, 5% showed a similar gain.

In addition, the company said nearly 40% of Lucentis-treated patients achieved a visual acuity score of 20/40 or better at 12 months compared with 11% percent in the control group.



"We are very excited that Lucentis has improved vision in patients with wet AMD and look forward to results of a second Phase III trial," said Dr. Hal Barron, Genentech senior vice president of development and chief medical officer. Phase III is the final stage of clinical testing before a drug is submitted for regulatory review.

"The magnitude of the treatment effect in this study suggests that Lucentis could have a major impact on the lives of patients with wet AMD," Barron said.

The clinical trial tested patients with two of the three forms of wet AMD, and Genentech noted that it's working with **Novartis** on a late-stage clinical trial focusing on the third type of wet AMD, involving 423 patients. Results are expected in the fourth quarter.

A new blockbuster from Genentech?

FINANCING

KOSAN BIOSCIENCES (KOSN)

Kosan secured a \$35 million line of credit from Silicon Valley Bank. Under terms of the deal, the credit is available in two draws through May 31, 2006 and the initial draw must be at least \$15 million. Upon drawdown the credit line converts to a five-year term loan. The loan includes a 24-month period of interest-only payments followed by fixed principal and interest payments based on an 84-month amortization schedule and a balloon payment at the end of the five-year period.

Kosan is securing the line of credit with its assets, excluding intellectual property. According to Kosan's CEO Daniel Santi, the company was pleased to secure the credit line on terms that are "very competitive," including repayment terms that "serve to minimize our near-term cash outflow."

Kosan will use the funds to continue clinical development of its anticancer drug candidates.

Investors liked it. The reason? Probably because they do believe in the technology and products of this firm. We too believe the same.

THE IMMUNE RESPONSE (IMNR)

The Immune Response has entered into a Standby Equity Distribution Agreement (SEDA) with Cornell Capital Partners, LP, to support the continued development of its product candidates. Under the agreement, which is generally referred to as an **equity line of credit**, Cornell Capital has committed to provide up to \$15 million of funding to be drawn down over a 24-month period at The Immune Response's discretion, subject to an effective registration.

There are no minimum requirements on the draw downs in the SEDA agreement. The funds may be used in whole or in part as The Immune Response chooses.

Under Nasdaq rules, the Company will be required to obtain stockholder approval before drawing down the bulk of the SEDA funding. The Company will promptly seek such stockholder approval.

NEEDLE-FREE INJECTION

TRIMERIS (TRMS): Roche and Trimeris filed with the FDA seeking approval to administer their Fuzeon HIV inhibitor with a needle-free injection device. The drug is currently approved for use with a needle and syringe. The FDA decision is expected later this year.

The Biojector 2000 injection system, manufactured by **Bioject Medical Technologies Inc.**, is a needle-free



CO₂-powered injector that disperses liquid medication through the skin. The B2000 has been available since 1996 to deliver subcutaneous and intramuscular injections and has been used in vaccine delivery, chronic therapy and other settings.

Trimeris and Roche plan to begin enrollment of a new trial -- the Fuzeon Wand study -- to assess patient acceptance and experience with the administration of Fuzeon via the B2000 needle-free device compared with the standard needle and syringe. The trial on 40 patients will start next month for a month duration.

ACQUIRING THE ROYALTY

GILEAD (GILD) AND ROYALTY PHARMA

These two firms are on their way to purchase the royalty interest for emtricitabine, also known as **Emtriva®** from Emory University. Under the terms of the agreement, Gilead and Royalty Pharma will make a one-time cash payment of **\$525 million** to Emory in exchange for elimination of the emtricitabine royalties due to Emory on worldwide net sales of the product.

Gilead and Royalty Pharma will pay 65 and 35 percent, respectively, of the \$525 million cash payment to Emory. Following this transaction, Gilead will be obligated to pay to Royalty Pharma royalty revenue based on all future emtricitabine net sales relative to Royalty Pharma's contribution to the Emory royalty buyout. Gilead will continue to have obligations to pay certain royalties to GlaxoSmithKline, fulfilling Emory's obligations under a previous agreement. Within 30 days of closing, Emory and certain inventors of emtricitabine may acquire interests in Royalty Pharma approximating up to 25 percent of the proceeds payable by Royalty Pharma in the transaction.

The Story: Emtricitabine was discovered by Emory researchers Dr. Dennis C. Liotta, Dr. Raymond F. Schinazi and Dr. Woo-Baeg Choi and licensed to **Triangle Pharmaceuticals** in 1996, which was acquired by Gilead in 2003. Emtricitabine, marketed by Gilead as **Emtriva**, was first approved in 2003 for the treatment of HIV infection in combination with other antiretroviral agents. Emtricitabine is a component of Truvada® (emtricitabine and tenofovir disoproxil fumarate), approved by the FDA in 2004 for the treatment of HIV infection in combination with other antiretroviral agents. Emtricitabine is also a component of the triple fixed-dose combination product under development by the Bristol-Myers Squibb and Gilead Sciences joint venture. In connection with amending and restating the license agreement, Gilead will make a one-time payment of \$15 million to Emory on closing of the transaction. Details of the whole subject will be discussed on the web at a later time.

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