



*Biotechnology is being more appreciated by investors who began to take time to look into the industry with more depth than they used to. Informed investors began to realize that they must tackle the industry in the context of the full picture, which includes the impact of the drug development in general and the nature, magnitude and reasons of biotechs' cooperation and coordination with Big Pharma. Still, we see that observers examine the firms with eyes that are ridden with predetermined minds, which continue to apply outdated non-applicable parameters to assessing biotechs. Better would have been looking with eyes that can clearly see the firms capabilities and the degree of it that enable them to contribute to the industry's strategy that shapes the future of healthcare*

The lack of vision is what makes a firm like **Osi (OSIP)** loses over 20% of its value as a result of its decision to acquire Eyetech (EYET). The negative analysis was far from considering the big picture, or fathoming the good reasons behind the acquisition. We still believe that Osi has made the right move, that the move will cut the distance to its profitability, that the technology it acquired is far-reaching that will become the most impacting in the future development of drugs and that the combined pipeline is very promising. We will wait until the hysteria stops and accumulate the stock of the firm that owns the best cancer drug ever developed to date.

The industry is changing the way medicine is practiced from diagnosis of diseases, to treatments, to prevention, clinical trials and prohibitive costs. We are extremely optimistic.

ON A CASE BY CASE

### Some good News

▲ **Progenics' (PGNX)** A positive final data analysis was announced from MNTX 301 study of **methylnaltrexone (MNTX)** for the treatment of opioid-induced constipation in patients with advanced medical illness. Significant improvements in measures of constipation distress, bowel movement difficulty and consistency, and global impressions of clinical change. There were no increases in pain scores or opioid withdrawal symptoms in any treatment group. At both doses of MNTX tested, all prospectively defined secondary endpoints exhibited statistically significant differences compared to placebo. The findings are scheduled to be presented today at the International Association for the Study of Pain, 11th World Congress on Pain in Sydney, Australia.

The new data support the previous data that the drug provides consistent, medically meaningful bowel improvements for patients with advanced medical illness who suffer from opioid-induced constipation. According to Progenics, patients experienced less constipation distress after receiving MNTX, as well as achieving better bowel movement consistency with less straining. It is particularly noteworthy that these improvements in bowel function occurred without observed changes in pain relief or opioid withdrawal. (See detailed results elsewhere.)

**This is good news. PGNX is high in the Prohost portfolio and one of our performers in the past two years.**

▲ **Amylin (AMLN), Eli Lilly (LLY) and Alkermes (ALKS)** today announced positive results from the ongoing Phase 2 multi-dose study of a long-acting release (**LAR**) formulation of **BYETTA™** (exenatide) injection in patients with type 2 diabetes.

Exenatide LAR was well tolerated and expected therapeutic blood levels of exenatide were achieved. Dose-dependent **improvements in hemoglobin A1C** (a measure of glucose control) and weight were observed. (See details elsewhere). Fasting blood glucose concentrations were reduced by approximately 50 mg/dL for subjects in the high dose group compared to those receiving placebo. Subjects in this group experienced an average weight reduction of approximately 9 pounds compared to those receiving placebo.

The most common adverse event was mild nausea, which occurred in approximately 20 percent of subjects in the high dose group compared to approximately 7 percent in the placebo group. No severe gastrointestinal side effects were



reported. No severe hypoglycemia was reported, and no subjects receiving exenatide LAR withdrew because of adverse events.

*This Phase 2, randomized, placebo-controlled, double-blind study includes 45 subjects with type 2 diabetes who were not achieving adequate glucose control using diet and exercise with or without metformin. Subjects were randomized to receive 15 once-weekly subcutaneous injections of exenatide LAR at one of two doses or placebo. At this time, study participants have completed the active dosing period. Subjects will be observed for an additional 12 weeks with follow-up observations and data analyses ongoing. The companies anticipate that the full study results will be presented in a future scientific forum.*

### **This is another link in the chain of good news for the biotechs Amilin and Alkermes and for Eli Lilly.**

On April 28, 2005, the FDA approved twice daily exenatide under the trade name BYETTA™ (exenatide) injection for use by people with type 2 diabetes who are unsuccessful at controlling their blood sugar levels despite using commonly prescribed oral medications metformin, a sulfonyleurea, or both. Amylin, Lilly, and Alkermes are working together to develop a **sustained release, subcutaneous injection of exenatide** for the treatment of type 2 diabetes based on **Alkermes' proprietary Medisorb®** injectable long-acting release drug delivery technology. Exenatide LAR has not been approved by the FDA for marketing in the United States.

BYETTA is the **first in a new class of drugs** for the treatment of type 2 diabetes called **incretin mimetics** and exhibits many of the same effects as the human incretin hormone glucagon-like peptide-1 (GLP-1). GLP-1, secreted in response to food intake, has multiple effects on the intestine, liver, pancreas and brain that work in concert to improve blood sugar.

*Incretin mimetics mimic the anti-diabetic or glucose-lowering actions of naturally occurring human hormones called incretins. These actions include stimulating the body's ability to produce insulin in response to elevated levels of blood sugar, inhibiting the release of a hormone called glucagon following meals, slowing the rate at which nutrients are absorbed into the bloodstream and reducing food intake. BYETTA is the first FDA-approved agent of this new class of medications.*

### **Some Disturbing News**

▼ **Isis (ISIS)** entered into an agreement for a \$51 million private placement of 12 million shares of its common stock at a price of \$4.25 per share, a **2.3% discount** from its 60 day average trading price. Upon closing of this financing, expected to be on or before August 24, 2005, investors in the financing will also receive warrants to purchase approximately 3 million shares of common stock at an exercise price of \$5.23 per share. Needham & Company and Fortis Securities LLC are acting as the exclusive placement agents for the offering.

▼ **Supergen (SUPG):** The FDA warned this firm saying in a letter that it's promotional handouts about the drug Nipent, which is approved to treat patients with active hairy cell leukemia. The firm seems to have overstated the drug's safety and made unproven claims. The letter, dated Aug. 18, is the latest in a series of FDA letters regarding the company's marketing of Nipent.

PROHOST RESEARCH P.O. BOX 640429 OAKLAND GARDENS, NY 11364  
TEL: 516 678 1335 FAX FOR EDITOR: 718 423 2731 eMAIL PROHOST@AOL.COM

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