Welcome to the May 2007 Issue!

The PharmSource PERISCOPE provides valuable insight into sales issues and trends for companies that sell goods or services to bio/pharma. It helps you recognize new business opportunities, and overcome sales obstacles. Enjoy the May issue.

The PharmSource Team

Pharma Sales: Lead Activity Report

PharmSource Lead Sheet: April Opportunities

236 overall leads for pharma vendors were reported by the PharmSource Lead Sheet in April.

<table>
<thead>
<tr>
<th>Lead Type</th>
<th>Apr-07</th>
<th>2007 Y-T-D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-US Leads</td>
<td>82</td>
<td>328</td>
</tr>
<tr>
<td>Early development candidates</td>
<td>50</td>
<td>130</td>
</tr>
<tr>
<td>Late development candidates</td>
<td>61</td>
<td>172</td>
</tr>
<tr>
<td>Large molecule candidates</td>
<td>34</td>
<td>114</td>
</tr>
<tr>
<td>Small molecule candidates</td>
<td>92</td>
<td>271</td>
</tr>
<tr>
<td>Newly-funded companies</td>
<td>53</td>
<td>213</td>
</tr>
<tr>
<td>New sourcing executives</td>
<td>26</td>
<td>107</td>
</tr>
<tr>
<td>Parenteral dosage form candidates</td>
<td>45</td>
<td>138</td>
</tr>
<tr>
<td>Oral candidates</td>
<td>46</td>
<td>152</td>
</tr>
<tr>
<td><strong>Total Leads</strong>*</td>
<td><strong>236</strong></td>
<td><strong>873</strong></td>
</tr>
</tbody>
</table>

*Total leads include product acquisitions/alliances, company acquisition/alliances and other sponsor events. Pipeline leads shown are categorized by development, API and dosage form.

PharmSource Lead Sampler

The PharmSource Lead Sheet (PLS) is a weekly, web-based information service that delivers new business opportunities and key market intelligence information to companies serving Bio/Pharma. It includes new information on products in development, acquisitions, alliances, financing transactions, and more, and delivers 40-60 fresh leads each week. Below are two actual leads from a recent issue. Use the PLS to stay on top of opportunities as soon as they’re announced, keep attuned to market activity and trends, and as a key resource for targeted marketing.
Products in Development

Phase I

<table>
<thead>
<tr>
<th>Company</th>
<th>Progenics Pharmaceuticals Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>HQ Location</td>
<td>Tarrytown, NY</td>
</tr>
<tr>
<td>Product</td>
<td>PRO 140</td>
</tr>
<tr>
<td>Dosage Form</td>
<td>Parenteral - Unspecified</td>
</tr>
<tr>
<td>Nature of API</td>
<td>Biologic - Monoclonal antibody</td>
</tr>
<tr>
<td>Therapeutic Area</td>
<td>Anti-viral</td>
</tr>
<tr>
<td>Comment</td>
<td>Progenics reports positive results in a Phase Ib trial of PRO 140 as a treatment for HIV-infected individuals. PRO 140, a viral-entry inhibitor, is a humanized monoclonal antibody designed to bind CCR5 on immune-system cells and thereby prevent HIV from infecting the cells. The product was granted fast track status in 2006. The company plans to initiate Phase II trials in H2 of 2007.</td>
</tr>
</tbody>
</table>

Research contact: William C. Olson
Clinical research contact: Robert J. Israel, MD
Clinical research contact: Alton B. Kremer, MD, PhD
Clinical research contact: Thomas A. Boyd, PhD

Corporate Finance, Alliances, and Acquisitions

Corporate Finance

<table>
<thead>
<tr>
<th>Company</th>
<th>Nautilus Biotech</th>
</tr>
</thead>
<tbody>
<tr>
<td>HQ Location</td>
<td>Evry, France</td>
</tr>
<tr>
<td>Financing Type</td>
<td>Venture capital investment</td>
</tr>
<tr>
<td>Amount Raised</td>
<td>$11.30 million</td>
</tr>
<tr>
<td>Description</td>
<td>Nautilus secures $11.3 million in new venture financing to develop protein drugs. The proceeds will be used to fund the clinical development of Nautilus' two lead products, Belerofon and Vitatropin.</td>
</tr>
<tr>
<td>Strategy</td>
<td>Nautilus offers its partners high quality services for protein and cell line improvement in the fields of protein pharmaceuticals, vaccines, chemicals and agriculture.</td>
</tr>
</tbody>
</table>

Research contact: Lila Drittanti, PhD
Corporate: Paul Martin, PhD
Sales Article

Sales Management Mastery: How to Turn Your Sales Effort into a Rocket Ship of Results

By Chet Holmes

Business leaders don't always know how to structure their sales organizations or even themselves for maximum productivity, or how to change, adapt and re-organize for new stages of growth. Whether you are a one-person army or a large-scale sales force, you can learn and leverage my golden secrets to super sales mastery. Here’s how…

How to Increase Productivity & Double Your Sales

In most sales organizations, the sales are ad-hoc. Everyone’s running around doing what they think is best. Management sets very little standards of performance.

If you want to achieve maximum productivity and double your sales in less than 12 to 15 months, you must think like a scientist. You must plan every aspect of your sales process down to the smallest detail.

Here Are My Top Ideas to Help You Create Your Step-By-Step Battle Plan for Sales Success:

1. Prospecting Stage

Do you have minimum standards for the types of accounts your salespeople should go after? Does every rep have some “dream clients” they chase constantly and relentlessly? What is the minimal size accounts should your reps be going after?

Did you establish the minimum number of accounts your team will go after (per rep)? How much time each day is going to be dedicated to this effort? Did you set a minimum amount of rejections your team will face per client? Make sure you include in your battle plan what your sales reps should do after each rejection and how this process is going to be monitored? If you don’t set standards here, 52% of all salespeople will give up after a single rejection. Yet studies show it takes 8.4 rejections today to get the client to at least meet you.

What will be your sales reps first approach? The second? The Third? What do you say if you get the prospect on the phone right away? What are your procedures for getting around gatekeepers and assistants?

2. The sales call.

What are your sales reps going to present? What are the top five strategic objectives you want to achieve from every interaction with every buyer? What and how many questions are they going to ask? How will your reps own personal credibility?

Many companies never address sales call strategy. Have you seriously sat down, talked about the sales call, and planned out each aspect? Did you practice it, role-play it and polish it to a fine luster? Are you leaving nothing to chance?
For every company I work with, I make them plan every inch of the sales call. I tell my clients to think of sales like a war. Marketing with direct mail, advertising, trade shows and Internet Marketing … soften the market and make it more receptive.

Your salespeople are your foot soldiers. When they get into hand-to-hand combat, how well do you want them trained? How many scenarios do you want to address in advance? By perfecting every aspect of the sales phone call, my clients slaughtered companies four times their size!

3. The actual pitch for the product or service.

What’s your pre-emptive strategy to block competitors? What’s going to motivate your prospects to buy right now? Pretend you had to present to all your prospects all at once, what kind of experience would that be? Are you ready right now? If not, your sales process is sloppy.

Sorry, but it’s true. I plan out the sales opportunities to the letter. I know exactly what I’d say if you put all my prospects in a room all at once. Figure it out, then role-play it.

4. The offer.

Creating a compelling offer is an art form. Can you offer something for free that gets you deep into your clients’ world? Can you offer a free audit related to your type of product or service? Can you sweeten the inducement to buy with a bonus or free gift?

I have a client who recently added an MP3 Player to the offer and it increased his sales by 22% overnight. As a bonus, I give away spectacular additional training programs as an inducement to buy my primary offers.

Role-play your offer again and again until the reps do it with ease and complete comfort.

5. The follow up.

Now it’s time to continue the bonding process. In this stage you must recognize and plan your objectives after a sales interaction. Do you want to get referrals? Do you want to keep the client coming back again and again?

How are you going to build a bond? Did you get emails addresses? Can you open a relationship that is so worth having they can’t say no? What’s follow up to step one, step two, step three and so on?

Train Your Sales Reps to Act More Like Top Producers

That said, the procedures, role-playing, constant training and working on your sales process can help even regular salespeople perform like top producers. If you’re not leading, you can’t close. There’s a war in today’s business world. It’s called sales. And, if you want to win the war and get more market share, you must get yourself some true warriors. You need top producers.

Top producers respond to rejection by becoming more effective. They become more persuasive when someone is brushing them off or not buying.

~ continued on next page ~
Top Performers know the sales process is a science. They understand they must operate like scientists, constantly moving toward the sale. So start drilling down like a scientist, into each and every aspect of your sales process.

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**About the author:**

Jay Levinson of Guerilla Marketing says, “Business Growth Expert, Chet Holmes has the best ideas you will ever hear on super-fast business growth.” Chet invites you to learn his top four incredible concepts that will double your sales in the next twelve month and it will only take five minutes to learn. Watch the live videos for free at: [http://www.howtodoublesales.com](http://www.howtodoublesales.com)

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**Prospect Profile: Quark Biotech, Inc.**

**IPO SPOTLIGHT**

**Quark Biotech** is a clinical-stage biopharmaceutical company that develops therapeutics, particularly RNA interference-based therapeutics for the treatment of diseases associated with oxidative stress. The company uses its BiFAR target gene discovery platform to identify potential drug candidates, by directly identifying critically relevant genes and proteins responsible for various disease traits. R&D expenditures in 2006 were over $18.8 million.

**Corporate Highlights**

- 1993: Founded and incorporated in California
- 63 total employees (31 R&D, 23 General & Administration, 9 Regulatory, Clinical Affairs & QA)
- Facilities include Corporate Headquarters, Freemont, CA: 5,540 sq. ft; R&D facility, Ness-Zion, Israel: 22,884 sq. ft.

**Manufacturing Status**

- Quark Biotech lacks internal manufacturing capabilities, and depends on third party manufacturing for the commercial production of drug candidates, compounds, and preclinical and clinical trials.
- Manufacturing for the preclinical and clinical development and commercial supply of product candidates involved in the 2006 agreement with Pfizer is the responsibility of Pfizer.
- Manufacturing Commitments:
  - Agreements with Aveca, Agilent Technologies and Biosprings for the manufacture and supply of synthetic siRNA.
  - Manufacturing agreement with Pyramid Laboratories for the supply of Quark’s final materials for clinical trials.
Business Relationships

- 2006: Licensing collaboration with Pfizer granting the worldwide rights to develop and commercialize drug candidates that inhibit Quark’s target gene RTP801 through RNAi.
  - Pfizer is responsible for preclinical and clinical development, regulatory filings, approvals, and manufacturing of all product candidates under the agreement.
  - Quark and Pfizer will share oversight of development of candidates.
  - Pfizer paid Quark $25.2 million in upfront fees and milestones; Quark is eligible to receive up to $299 million in additional milestones.
  - Quark and Pfizer developed the product candidate RTP801i-14 under the agreement.

- 2005: Entered an agreement with Atugen for the licenses of their RNAi-related intellectual property to develop and commercialize siRNA product candidates.

- 2004: Licensing agreement with Sanwa allowing them to develop and commercialize BT16 in Japan, China, South Korea, and Taiwan.
  - Sanwa paid Quark $4 million and license and milestone fees.
  - Sanwa is responsible for the development, approvals and commercialization of BT16 in Japan, China, South Korea, and Taiwan.

- 2004: Collaboration agreement with Atugen to develop and commercialize RNAi product candidates based on Quark’s target gene, RTP801 (this was later amended due to the collaboration with Pfizer).

- 1999: Granted license rights from University of Illinois at Chicago for the small molecule p53 inhibitor for its uses and indications.


IPO Filing

- Registration statement filed with the SEC for an initial public offering (IPO) of its common stock (as reported in the April 5, 2007 issue of the PharmSource Lead Sheet).
- As of May 2007, the company had offered an undisclosed amount of common stock for an unknown price. Total estimated financing up to $86 million.

Use of Proceeds

- Anticipate use for general and administrative purposes
- Clinical trials, R&D, and FDA approval of products
- Funds will be used for working capital

Sourcing Opportunities

- CROs, medical institutions, clinical investigators and contract laboratories for drug trials
- Manufacturers for preclinical and clinical product candidates
- Third party suppliers of clinical trial materials for product candidates
- Marketing and commercial manufacturing capabilities
### Pipeline

<table>
<thead>
<tr>
<th>Product Candidate</th>
<th>Indication</th>
<th>Therapeutic Area</th>
<th>Delivery Method</th>
<th>Status</th>
<th>Next Anticipated Milestone</th>
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<tbody>
<tr>
<td>RTP801-14</td>
<td>Age-related Macular Degeneration (AMD)</td>
<td>Ophthalmic</td>
<td>--</td>
<td>Phase I/IIA study ongoing</td>
<td>--</td>
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<tr>
<td>AKLii-5</td>
<td>Acute Renal Failure (ARF)</td>
<td>Urologic</td>
<td>Parenteral</td>
<td>Preclinical</td>
<td>IND filing completed</td>
</tr>
<tr>
<td>AHLi-11</td>
<td>Acute Hearing Loss</td>
<td>Auditory</td>
<td>--</td>
<td>Preclinical</td>
<td>IND to be filed in 2007</td>
</tr>
<tr>
<td>BT16</td>
<td>Dyslipidemia and Metabolic Syndrome</td>
<td>Hyperlipidemia and Metabolic</td>
<td>Parenteral</td>
<td>Phase I study ongoing</td>
<td>--</td>
</tr>
<tr>
<td>CTi-1</td>
<td>COPD</td>
<td>Pulmonary</td>
<td>--</td>
<td>Preclinical</td>
<td>IND to be filed</td>
</tr>
<tr>
<td>PAb-W4</td>
<td>Chronic renal failure</td>
<td>Urologic</td>
<td>--</td>
<td>Discovery</td>
<td>Full POC in 2007</td>
</tr>
<tr>
<td>Pipeline siRNA</td>
<td>Pressure Sores Ototoxicity</td>
<td>Auditory</td>
<td>--</td>
<td>Discovery</td>
<td>--</td>
</tr>
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</table>

### Finances

<table>
<thead>
<tr>
<th>($ in thousands)</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>4,871</td>
<td>3,438</td>
<td>4,252</td>
</tr>
<tr>
<td>R&amp;D Expenses</td>
<td>16,132</td>
<td>9,049</td>
<td>18,881</td>
</tr>
<tr>
<td>General &amp; Administrative Expenses</td>
<td>2,772</td>
<td>2,224</td>
<td>2,981</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>21,374</td>
<td>11,273</td>
<td>21,862</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>420</td>
<td>29</td>
<td>144</td>
</tr>
</tbody>
</table>

### Contact Info

**Quark Biotech, Inc.**  
6501 Dumbarton Circle  
Fremont, CA 94555  
Phone: 510.402.4020  
Fax: 510.402.4021  
[www.quarkbiotech.com](http://www.quarkbiotech.com)

**Key Officers**  
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Yaron Garmazi, CPA, CFO  
Rami Skaliter, PhD, COO  
Shai S. Erlich, PhD, CDO  
Elena Feinstein, MD, PhD, CSO  
Juliana Friedman, SVP of Strategy and Planning  
Gavin B. Samuels, MD, SVP of Business Development
New Enhancement to *Export/Download to Spreadsheet Function*

We are pleased to announce a recent enhancement that has been added to the *Export/Download to Spreadsheet* feature of the *PharmSource Lead Sheet*. Contact names now are comma-separated into two different columns, "First Name" and "Last Name." Previously first and last names were together in a single column.

This new arrangement allows you to more easily sort contact names alphabetically by last name, or by a method of your choosing, to tailor spreadsheets to your needs. This also will enhance your use of the *PLS* with CRM (Customer Relationship Management) software. The Excel spreadsheet format enables simple importing into most programs, including ACT!, Goldmine, SalesForce.com, and others. To take advantage of this, make sure your field commands in the spreadsheet are synchronized with those in your CRM software, with separate "First Name" and "Last Name" fields.

The *Export/Download to Spreadsheet* feature is available at the Corporate and Premier subscription levels. As always, we welcome and appreciate your suggestions on ways we might enhance the *PharmSource Lead Sheet* to better serve your needs. Contact us any time at 703-383-4903 or info@pharmsource.com.

**PharmSource Lead Sheet: Special Offer**

The *PharmSource Lead Sheet (PLS)* is the weekly web-based information service that identifies fresh business opportunities for companies serving pharma and biotech. Respected, endorsed and depended on by the top companies, the *PLS* informs you of new product and financing opportunities. It lowers your prospecting costs, raises the productivity of your sales staff, and keeps your lead funnel full.

If you're not yet a subscriber to the *PharmSource Lead Sheet*, we invite you to take a complimentary test-drive to see for yourself how this service can be a vital tool for growing your market share. **For a limited time only we are offering new subscribers a 15% discount when you subscribe within 10 days of your test-drive.**

Here are just a few things the *PharmSource Lead Sheet* can do for you:

- **Save money**: The *PLS* costs less than exhibiting at a single trade show, and far less than an internal prospecting staff.
- **On-going source of fresh leads** and current market information: The *PLS* alerts your sales staff of fresh leads every week, and keeps you on top of pipeline trends for products and Bio/Pharma financings.
- **Excellent resource** for targeted mailing/contact lists: The Full Database Search feature can be used to create targeted lists of pharma companies for marketing campaigns or to contact for site visits.
The annual subscription renewal rate for the PLS is over 90%. This extraordinary rate demonstrates extremely strong customer satisfaction and loyalty, and speaks volumes to the value of the PLS as a resource that produces results.

To schedule your free test-drive, call Judy Miller at 703-383-4903, ext. 103 (ET), or click here to submit a quick online request.

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