

Genelabs Technologies: An Innovative Discoverer Of Hepatitis Viruses

Therapeutics

Genelabs Technologies is an emerging biotechnology company with international operations focusing on the development of novel therapeutics, vaccines and diagnostics for several human diseases. The company is developing therapeutics for the treatment of multiple-drug-resistant cancer, cardiovascular diseases and viral diseases such as acquired immune deficiency syndrome (AIDS), viral hepatitis and herpes virus infections. Most recently, the company obtained a worldwide exclusive license to develop and market dehydroepiandrosterone (DHEA) for the treatment of systemic lupus erythematosus (lupus) from Stanford University. Thus, Genelabs now has three therapeutics that are in human clinical trials: GLQ223 for AIDS, DHEA for lupus and GL331 for cancer.

GLQ223 is a plant-derived protein also known as alpha-trichosanthin; a phase II clinical trial of GLQ223 in AIDS patients was recently completed. A preliminary analysis of the results of GLQ223's phase II clinical trial indicated that GLQ223 is at least as good a drug as AZT. A further preliminary exploratory analysis of the data suggested that GLQ223 may have a slightly higher benefit for AIDS patients on the basis of clinical, immunologic and virologic parameters. We believe that GLQ223 may have potential in the treatment of AIDS patients who do not respond well to treatment with AZT, since the mechanism of action of GLQ223 is different than that of AZT. The company will decide its future course of action on GLQ223 after meeting with the US Food and Drug Administration in the first quarter of 1994.

DHEA, a potential therapeutic for lupus, may enter a pivotal phase II/III clinical trial in early 1994. DHEA is likely to receive orphan drug designation in the treatment of lupus, since there are about 135,000 lupus patients in the United States. The third most-advanced therapeutic in Genelabs' pipeline, GL331, is currently in phase I trials to evaluate the drug's safety and the amount of maximum tolerable dose. We anticipate that GL331 will be in phase II clinical trials in the first quarter of 1994.

Vaccines

The company is developing vaccines for liver disease caused by hepatitis C and hepatitis E viruses. SmithKline Beecham (SBE-\$27 $\frac{3}{4}$)[†] has worldwide exclusive rights to market Genelabs' hepatitis E vaccine; SBE will pay the company approximately \$12 million for research and

development expenses. The company is also developing a vaccine for hepatitis C virus in collaboration with Sanofi Diagnostics Pasteur.

Diagnostics

Genelabs has been a leader in the discovery of new hepatitis viruses by utilizing its proprietary technologies of hepatocyte (liver cell) culturing and sequence-independent single-primer amplification. The company has been credited with the discovery of hepatitis E virus and hepatitis X virus, a non-A, non-B, non-C hepatitis virus that is a causative agent in approximately 10% of hepatitis cases transmitted through blood transfusion. The importance of hepatitis X virus is validated by the fact that two companies believed to be world leaders in the diagnostics business, Abbott Laboratories (ABT-\$29 $\frac{1}{8}$)[†] and Boehringer Mannheim, have entered into an agreement with Genelabs to receive a nonexclusive license to market a diagnostic screening test for the hepatitis X virus. The company is expected to receive approximately \$10 million and \$14 million from Abbott and Boehringer, respectively, for the diagnostic screening test for the hepatitis X virus.

Genelabs has been building an international diagnostic business for the detection of several viral diseases. In 1992, Genelabs launched the world's first diagnostic test for the hepatitis E virus. The company has used its technological leadership in molecular virology to build a diagnostics business that provides a respectable revenue stream for the short-term future. We anticipate the company to generate diagnostic sales of approximately \$10 million in 1993. When the company launches its diagnostic test for the hepatitis X virus, we expect a rapid explosion in its diagnostic revenues because it is estimated that a hepatitis X diagnostic screening test has a market potential of approximately \$200 million in the United States.

Genelabs has a low market capitalization, at a November 12 stock price of \$5 $\frac{1}{4}$, of approximately \$115 million. The company has cash and cash equivalents of approximately \$19 million and a cash burn rate of approximately \$1 million per month. Therefore, we recommend that high-risk-tolerant long-term investors should purchase shares of Genelabs Technologies.

[†]Priced as of close November 12, 1993.

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Healthcare: *Biotechnology*

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		Rate/ Risk	11/12/93 Price	52-Week Range	EPS			PE 94E	Divd.	Yield	Expected 12-Month Price Range
					1992	1993E	1994E				
BIOTECHNOLOGY											
AMGN	Amgen, Inc.*	2A	46.75	78-31	2.10	2.46	2.78	16.8	0.00	0.0	55-32
CEPH	Cephalon, Inc.*	1S	16.25	19-09	(0.80)	(1.75)	(2.21)	N.M.	0.00	0.0	22-09
GNLB	Genelabs Technologies, Inc.**	2S	5.25	08-04	(0.96)	(0.99)	(0.57)	N.M.	0.00	0.0	10-04
LIPO	Liposome Company**	2S	7.78	15-05	(0.43)	(1.22)	(1.65)	N.M.	0.00	0.0	13-05
SYGN	Synergen, Inc. ^(U) *	3S	13.63	66-08	(1.66)	(3.34)	(3.19)	N.M.	0.00	0.0	15-08
TLIO	Telios Pharmaceuticals, Inc. ^(U) *	1S	6.50	08-05	(1.04)	(0.93)	(0.97)	N.M.	0.00	0.0	12-04
UNVX	Univax Biologics, Inc. ^(U)	2S	9.00	13-07	(1.19)	(1.69)	(1.27)	N.M.	0.00	0.0	15-06

		Qtr. FY	Qtr. Ends	Curr. Est.	Comp. Qtr.	1992 ROE	1993 Book Value ⁽¹⁾	C&CE 1993 ⁽²⁾	Secular Growth Rate	Avg. Shares 20-Day Volume	Shares Outst. (Mill.)	Mkt Value (Mill.)
BIOTECHNOLOGY												
AMGN	Amgen, Inc.*	12	12	0.63	0.59	47.3	7.67	4.04	15	1,929,470	135.0	6,311
CEPH	Cephalon, Inc.*	12	12	(0.53)	(0.33)	N.M.	5.87	4.30	N.M.	138,620	11.7	190
GNLB	Genelabs Technologies, Inc.**	12	12	(0.17)	(0.25)	N.M.	1.00	0.87	N.M.	46,055	20.6	108
LIPO	Liposome Company**	12	12	(0.43)	(0.17)	N.M.	5.56	5.50	N.M.	114,735	23.8	185
SYGN	Synergen, Inc. ^(U) *	12	12	(0.79)	(1.43)	N.M.	11.05	6.75	N.M.	378,800	25.0	341
TLIO	Telios Pharmaceuticals, Inc. ^(U) *	12	12	(0.26)	(0.22)	N.M.	1.28	1.20	N.M.	87,370	24.3	158
UNVX	Univax Biologics, Inc. ^(U)	12	12	(0.37)	(0.41)	N.M.	2.44	2.02	N.M.	9,765	11.5	104

*The Liposome Company, Inc. also has 2.76 million depositary shares outstanding that are traded under the NASDAQ symbol LIPOZ. Each depositary share pays a quarterly dividend of \$0.484. Each depositary share is convertible into 1.9455 shares of common stock.

⁽¹⁾ 1993 Book Value per share as of 3Q 1993.

⁽²⁾ 1993 Cash and Cash Equivalents per share as of 3Q 1993.

Opinion Code: 1=Strong Buy; 2=Long-Term Buy; 3=Hold; 4=Reduce; 5=Sell

Risk Rating: L=Low; A=Average; H=High; S=Speculative

*Stock has listed options.

*KSI makes a market in these shares and may deal as a principal.

^(U) KSI has acted in an underwriting and/or investment banking capacity for this company within the past three years.

Genelabs Technologies

Company Update

Rating: BUY (High Risk)

- Lupus drug acquired from Stanford University expands Genelabs's pipeline.
- Promising Phase II on drug lowers risk for Genelabs.
- We view deal as a plus for Genelabs—Reiterate Buy rating on GNLB.

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GNLB (4 3/4)—OTC

November 17, 1993

	Earnings Per Share			P/E	Ind. Div.	Yield	Shares O/S (Mil.)	52-Week Range
	Fiscal Year Ending							
	12/92	12/93E	12/94E					
New	\$(0.96)	\$(1.00)	\$(0.90)	NM	—	—	20.5	8-4
Old								
DJIA:	3710.77							
S&P 400:	540.25							

Priced as of the close, November 16, 1993.

Genelabs Acquires Marketing Rights To Promising Lupus Drug

Genelabs acquired worldwide marketing rights to dehydroepiandrosterone (DHEA) from Stanford University. DHEA is a naturally occurring steroid hormone that is being investigated as a potential treatment for systemic lupus erythematosus (SLE), an autoimmune disorder. We believe Genelabs's purchase of DHEA makes the company a more attractive investment near term. We reiterate our Buy rating on GNLB with a 12-month price target of \$10. We view this as an positive step for Genelabs because:

- It Broadens Genelabs's Near-Term Pipeline.** The near-term focus is on the company's AIDS drug GLO223. The addition of DHEA adds another clinically advanced product candidate to the company's portfolio.
- DHEA Is A Relatively Low-Risk Project.** Promising Phase II double-blind, placebo-controlled data were presented at the recent Rheumatology meeting in San Antonio, Texas. The effects of the drug seem to be fairly strong.
- Genelabs Skips Early Development Costs.** Genelabs paid Stanford only a small, undisclosed amount up-front. In addition, preclinical testing and clinical trials through Phase II are already complete. The company will fund efficacy trials, and pay Stanford milestone payments based on progress and royalties on sales.

Genelabs Receives Worldwide Rights In Exchange For Royalty Payments.

Genelabs acquired exclusive marketing and sublicensing rights to the DHEA patent and to Phase II clinical results.

SMALL CAP RESEARCH

Phase II Data Show Signs Of Efficacy. A double-blind, randomized, placebo-controlled study was performed on 30 mild-to-moderate SLE patients. Fifteen patients received 200 mg/day of DHEA, and 15 received placebo, for three months. The drug was given in addition to the patients' regular treatments of prednisone. Changes in patients' pretrial drug regimens were allowed by the trial.

DHEA improved the condition of patients. Patient disease status was measured by the SLE disease activity index, or SLE-DAI, a composite score of several clinical measurements. The SLE-DAI worsened in the placebo group but improved in the DHEA group (Table 1). The drug also allowed patients to reduce prednisone dosage. The drug appears fairly safe. Only two patients dropped out of the trial. One patient dropped out because of acne, a side-effect of the drug; the other for personal reasons.

Table 1. DHEA Improves The Condition Of SLE Patients

	# Of Patients *	Baseline	Post-Treatment	% Change
Placebo	7	6.0±1.9	7.4±3.0	-23%
DHEA	6	9.7±4.0	5.5±2.2	43%

* Fifteen patients finished the trial when these data were published.

Source: van Vollenhoven, R.F., et al., American College of Rheumatology Annual meeting, 1993.

A Phase II/III Multidose Efficacy Should Be Next. Although not serious, the acne could pose compliance problems considering the drug's potential chronic use. It also revealed which patients received the drug, confounding the blinded design of the study. In an earlier, open label study, 50 mg/day to 100 mg/day doses reduced or eliminated the acne. The trial should resolve this issue.

SLE Is An Autoimmune Disorder Affecting 135,000 People In The United States. SLE causes inflammation in several organ systems and is associated with antibodies that are reactive to nuclear, cytoplasmic, and cell membrane antigens. Patients suffer from a variety of ailments, including fatigue, anemia, fever, rashes, and arthritis. The disease often strikes individuals, primarily women, in their early teen years. Patients usually live a normal life span but face a disease that runs an unpredictable course of exacerbations and remissions. Prednisone is the most common treatment.

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BLUE SKY—GNLB IS CLEAR IN ALL STATES.

Any OTC-traded securities mentioned in this report may not be cleared for sale in all states. See BLUE on ERA.

93-4240

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Additional information on the securities discussed herein is available upon request.

Sven H. Borho
June 28, 1994

Genelabs Progress
is on Track

GENELABS TECHNOLOGIES - \$2 1/2 (OTC; GNLB) - BUY!

Shares O/S: 24,005,418

Market Value of Equity: \$51 million

SUMMARY AND RECOMMENDATION

We continue to recommend purchase of Genelabs Technologies. Genelabs is one of the least understood and most undervalued companies in our *Rising Stars* universe. The company is building up a successful worldwide diagnostics business unit that by 1996 could be valued at Genelabs' entire market capitalization today. On top of that, Genelabs has a promising virology/immunology therapeutics pipeline with a lupus treatment in Phase II/III pivotal clinical trials as the lead product. With the completion of its secondary offering of 2.4 million shares, Genelabs obtained the financial resources to continue to advance clinical trials for its lead products and possibly to acquire a North American GMP manufacturing facility for its diagnostics division. While Genelabs shares are still only suitable for risk tolerant accounts, the risk/reward ratio is one of the best in the context of our *Rising Stars Portfolio Recommendations*.

RECENT DEVELOPMENTS

1. With the completion of its secondary offering of 2.4 million shares on June 15, 1994 in a difficult market, Genelabs obtained the financial resources necessary to continue to advance clinical trials for its lead products. In addition, the company may also acquire a North American GMP manufacturing facility for its diagnostics division. Genelabs has now approximately \$15 million cash in the bank, which is sufficient to maintain its corporate objectives over the next 12 months.
2. Over the last year, Genelabs management refocused its R&D efforts on three priority product programs, and set aside other projects targeted for corporate partnerships. The three priority programs are: GL701 lupus therapeutic, hepatitis E vaccine, and the hepatitis X discovery effort. Genelabs plans to outlicense its non-priority programs in order to focus its limited drug development resources, while still being able to commercially benefit from its drug discovery successes. Good license candidates include its GLQ223 AIDS anti-viral, GL331 multiple drug resistance inhibitor, its GL288 herpes anti-viral drug, and its GL522 anti-thrombotic agent.
3. Over the last two months, Genelabs reported considerable progress of its lead products in clinical trials. The company started the multicenter pivotal trial of GL701 in 192 lupus patients last month. Lupus is a severe, chronic autoimmune disease with only marginally effective treatment available for the over 300,000 lupus patients worldwide. GL701 is in an expedited development program and will quite likely receive orphan drug status in the United States. A marketing application can be expected in 1996. Further data analysis of the GLQ223 Phase II clinical data revealed that the steroid use of patients treated with GLQ223 negatively affected the outcome of the study. After adjusting the statistical analysis for the steroid effect, GLQ223 significantly outperformed AZT in this study. We believe that GLQ223 is a viable antiviral AIDS treatment and that Genelabs may succeed in finding a corporate partner within the next 6 to 9 months for the further development and eventual commercialization of GLQ223.

MEHTA AND ISALY



Worldwide Healthcare Investments

Kemper Securities, Inc.

July 13, 1994

Genelabs Technologies

Bharat Pandya, Ph.D.
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Strong Buy, Speculative Risk

Raising rating to Strong Buy, Speculative Risk from Long-Term Buy, Speculative Risk. An undervalued biotechnology company whose product development progress has gone unnoticed and unappreciated.

Symbol	Price	EPS:	1993	1994E	1995E	PE95	Div/Yld
GNLB	\$2 1/8	1Q	\$(0.38)	\$(0.18)A	N.A.	N.M.	\$0.0/0.0%
		2Q	(0.23)	(0.17)	N.A.		
		3Q	(0.20)	(0.17)	N.A.		
		4Q	(0.28)	(0.16)	N.A.		
			\$(1.06)	\$(0.69)	\$(0.29)		

Cash and Cash Equivalents: \$15.0 million
Shares Outstanding: 24.0 million

FY Ends: December 31

We are raising our rating of Genelabs Technologies from Long-Term Buy, Speculative Risk to Strong Buy, Speculative Risk on the basis of a substantial decline in the company's stock price in spite of the company's progress with development of its therapeutic and vaccine products over the last six months.

Given below are some of the recent developments at Genelabs that have gone largely unnoticed and unappreciated by the marketplace: 1) Initiation of pivotal phase II/III clinical trials of dehydroepiandrosterone (DHEA) for the treatment of systemic lupus erythematosus (lupus). 2) Completion of detailed analysis of the results of a phase II clinical trial of alpha-trichosanthin or GLQ223 for the treatment of patients with acquired immune deficiency syndrome (AIDS) or AIDS related complex (ARC). The results showed that GLQ223 outperformed AZT when steroid usage was taken into account. The use of steroids had interfered with the primary endpoint of the study because of the fact that steroids reduce the number of lymphocytes, including CD4 positive lymphocytes. 3) The receipt of a U.S. patent covering the company's MERLIN assay, a highly versatile screening assay for the detection and characterization of sequence-specific DNA-binding molecules. The MERLIN assay can be used to isolate novel drugs, of exquisite binding specificity, that have increased therapeutic activity and a superior side effect profile.

In addition to the above-mentioned developmental achievements, Genelabs currently offers a compelling valuation at a market capitalization of approximately \$51 million at a stock price per share of \$2 1/8. We would suggest that the company's fully integrated international diagnostic business, with emphasis

in proprietary viral diagnostics, alone should be valued at approximately \$25 to \$38 million on the basis of a price to sales multiple of approximately 2 to 3, respectively. We would also suggest that Genelab's therapeutics and vaccines business, that includes two proprietary drugs in late-stage clinical development, combined with the company's leadership position in the development of hepatitis E vaccine development, should be valued at no less than approximately \$100 million. Thus, at a total valuation of approximately \$125 million, we believe that Genelabs should be valued, at the minimum, at approximately \$5 per share.

On the basis of the results of a double-blind, randomized placebo controlled phase II trial of DHEA in lupus patients, we believe that DHEA is a very promising drug, as a replacement hormone for the treatment of lupus patients with mild to moderate disease. DHEA is a naturally occurring hormone found at low levels in lupus patients. DHEA also appears to be a regulator of immune function by controlling the levels of certain interleukins that may play a role in the prevention of auto-immune phenomena. We believe that Genelabs should be able to market DHEA by 1998.

Although GLQ223, a potential therapeutic for AIDS, is competing in a crowded market we believe that this drug has a potential as either an alternative to AZT or as a treatment for patients who do not respond to AZT. We believe that the company should be successful in finding a corporate partner for the further development of GLQ223. We anticipate that the company will announce the results of its phase II trials, including detailed statistical data at forthcoming scientific meetings in the next few months. We anticipate that a full realization of the potential of GLQ223 at these scientific meetings could result in substantial price appreciation for Genelab's stock.

Genelabs was the first company that, in collaboration with centers for disease control (CDC), first discovered the hepatitis E virus. As a result of its leadership position in viral discovery, it holds a strong competitive position in the development of hepatitis E vaccine, in collaboration with its corporate partner, SmithKline Beecham (SBE \$27 7/8).

In conclusion, we believe that Genelabs is a highly undervalued biotechnology company with a fully integrated international diagnostic business that generated product sales of approximately \$10 million in 1993 and is rapidly growing, and a biopharmaceutical division with proprietary therapeutics and vaccines under development that will allow the company to achieve breakeven profitability in 1997. Therefore we are raising our rating of Genelabs to Strong Buy, Speculative Risk from Long-Term Buy, Speculative Risk, in spite of the company's current cash burn rate of approximately \$1 million per month.

DJIA: 3702.66

Time: 7:00 a.m.-cdt

Additional information is available upon request.

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BioCentury, THE BERNSTEIN REPORT ON BIOBUSINESS**Analyst picks
& changes****Genelabs Technologies Inc. (GNLB)**

Kemper Securities analyst Bharat Pandya raised his rating to "strong buy" from "long-term buy" on the basis of a substantial decline in the stock price despite progress in the development of GNLB's therapeutic and vaccine products over the past six months.

Progress includes the start of Phase II/III trials of DHEA (dehydroepiandrosterone) to treat systemic lupus erythematosus; completion of analysis of Phase II trials of GLQ223 (alpha trichosanthin) to treat AIDS, showing that the drug outperformed AZT when steroid usage was taken into account; and issuance of a U.S. patent covering GNLB's Merlin screening assay for sequence-specific DNA-binding molecules.

The Redwood City, Calif., company's market cap is \$51 million. Pandya said GNLB's diagnostics business alone is worth \$25-38 million, while the therapeutics and vaccine business, with two drugs in late-stage development and a hepatitis E vaccine in development with SmithKline Beecham, should be valued at no less than \$100 million. A \$125 million market cap would more than double the stock price to \$5.

GENELABS TECHNOLOGIES (GNLB)*

Price 09/30/95: \$4.90 Shares O/S: 34,000,000 Market Value Equity: \$166 Million

RECOMMENDATION: BUY

Valuation: Year-to-date, the Genelabs share price has risen about 311%, beginning the year at \$1.20 and ending September at almost \$5.00. Over this same period of time, the number of Genelabs shares outstanding has also increased by about 10 million, which means that the Company's market capitalization has grown on the order of 482%, moving from about \$30 million to about \$166 million over the nine months. This combination of stock price movement and issuance of additional shares has moved Genelabs' market value of equity back to the level it enjoyed in late 1991/early 1992.

Much of the stock price movement appears to be a result of the increased publicity the Company has received for its work on two hepatitis viruses, HGV and HEV. Additional momentum was gained with the announcement of a deal signed with Chiron/Ortho to ally the companies' strength in diagnostic testing. The Genelabs stock price could continue its rapid upward trajectory because several additional deals could be announced in the next several months. Chief among these potential deals would be the signing of a major pharmaceutical company partner for Genelabs' DNA binding assay system, which has been dubbed "Merlin."

Business Structure: Genelabs is divided into two operating units: Therapeutics, based in the United States, and Diagnostics, based in Singapore. In March, Genelabs and *Chiron* prospectively agreed to ally their diagnostic strengths. While Genelabs' *Diagnostic* division has a strong Asian presence, and a respectable European one, largely focused on clinical research centers, *Chiron* (and its partner, *Ortho*) have a strong presence in high-throughput blood bank testing. With key product rights in the diagnostic testing of viral diseases, Genelabs Technologies should be able to substantially grow its diagnostics business unit in a couple of years time. In the *Therapeutics* division, Genelabs has established a premier research effort in virology/immunology. Genelabs is arguably one of the best in the area of viral discovery, and maintains hepatocyte culture systems that may prove valuable in the discovery of antiviral drugs and vaccines. The Company also has a DNA-binding drug discovery program that has great potential.

Recent Developments: In late August, the Company announced that it had raised some \$20 million in a private placement of 6.5 million shares. About one quarter of the money raised will be used to fund part of Genelabs' commitment to Genelabs Biotechnology Limited (GBL) in Taiwan. The money, which will total \$10 million over two years, coupled with certain Genelabs technology, will give the Company approximately 40% ownership of GBL, with the Taiwanese government owning 35% and outside investors owning the remaining 25%.

After discounting for expenditures, the offering will leave Genelabs with about \$20 million in cash, which should fund the Company's operations for almost two years. Genelabs has three ethical pharmaceutical programs under development which are prime targets for potential near-term collaborations: 1.) GL701, for the treatment of systemic lupus erythematosus, in Phase III, 2) GL331, for the treatment of multiple drug resistant cancers, in Phase I/II and 3.) Merlin, a proprietary DNA sequence-specific binding assay, which has broad drug discovery potential in numerous therapeutic indications.

Genelabs Technologies*
R&D PIPELINE AND SUMMARY INCOME STATEMENT

<u>Product Name</u>	<u>Therapeutic Class</u>	<u>Status</u>	<u>Peak Sales</u>	<u>Partnerships</u>
Infection				
GL701	Lupus	III	M	Stanford
Hepatitis E	Prophylactic vaccine	I	L	SmithKline Beecham
Cancer				
GL331	MDR, small cell lung cancer	I	NE	Yung Shin Pharm
Diagnostics				
Hepatitis G	Diagnostic test	Dis	NE	BoehringerMannheim/ Chiron

Footnotes: Status - L: Launched, PR: Pre-Reg., III-I: Phases III-I, PC: Pre-Clinical, R:Reg., Dis: Discovery
Sales - L: Large (>\$300 million), M: Med. (\$100 - 300 million), S: Small (<\$100 million), NE: No Estimate

<u>FY End December 31:</u> <u>(US\$, millions)</u>	<u>1994A</u>	<u>1995E</u>	<u>1996E</u>	<u>1999E</u>
Product Sales	11.6	10.5	15.0	160.0
Gross Margin %	50.6	48.5	48.0	52.0
Royalties	0.0	0.0	1.0	34.0
Contract Revenue	4.5	4.0	3.0	0.0
Total Revenue	16.0	14.5	19.0	194.0
R&D Expense	15.0	12.0	16.0	35.0
% of Total Revenue	NA	82.8	84.2	18.0
SG&A Expense	11.0	10.0	12.0	45.0
% of Total Revenue	68.7	69.0	63.2	23.2
Operating Income	(15.8)	(13.8)	(16.8)	37.2
Net Other	0.2	(0.2)	0.0	0.4
Taxes	0.0	0.0	0.0	3.8
Net Income	(14.5)	(13.9)	(16.0)	33.8
Shares Outstanding (Mil.)	24.5	34.0	37.0	37.6
Earnings Per Share (\$)	(0.64)	(0.41)	(0.43)	0.90

¹ includes purchase of in-process R&D, \$3.6 million

Source: Company Reports; Mehta and Isaly

* Mehta and Isaly has provided strategic and financial counsel to Genelabs.