

I would like to talk to you about a race. Who will win this race?

Dr. Howard I. Scher has a dog in this race.

THE RACE TO APPROVAL

Contestant # 1 Novacea with its lead product candidate Asentar, a prostate cancer treatment in Phase III. Patients taking the drug in combination with Taxotere, an existing chemotherapy agent given by IV infusion, had increased survival rates.

Contestant # 2 Dendreon with its with its lead product candidate Provenge, a prostate cancer treatment in Phase III. Patients taking the drug in combination with Taxotere, an existing chemotherapy agent given by IV infusion, had increased survival rates.

1/7/07 Dr. Scher brags about an Asentar trial he leads. "Obviously I think it has potential because I am running the Phase III trial," Dr. Scher said.

2/26/07 Dr. Scher speaks at a symposium sponsored by Novacea. He suggests that when doctors consider whether to prescribe certain treatments, "it may be time we focus less on statistical significance alone, and more on patient benefit."

2/26/07 Dr. Scher signs a conflict of interest waiver so he can vote on whether the FDA should approve Provenge or not.

3/26/07 Novacea submits an 8K to the SEC. It is a financial operations update (items 2.02 & 9.01) which mentions that the slight increase in R&D expenses in the 4th quarter in 2006 as compared to 2005 was related primarily to higher clinical development activity on Asentar. Dr. Scher, from Memorial Sloan-Kettering Cancer Center, is serving as the Asentar study chair.

3/29/07 Dr. Richard Pazdur was observed handing notes during the lunch break to Dr. Maha Hussain, a vocal panelist against Provenge.

3/29/07 Dr. Scher votes against Provenge saying there is no substantial evidence that it works. The final panel vote was 13-4, saying yes, there is substantial evidence that it works.

4/13/07 A letter Dr. Scher wrote to the FDA vehemently asking them not to approve Provenge gets leaked to The Cancer Letter and is placed on the internet for all the world to see. Unlike his February 26th comment at the Novacea symposium, Dr. Scher is now worried about statistics and not patients. He also goes against his vote now by saying Provenge is not safe.

4/26/07 A Memorial Sloan-Kettering spokeswoman told Matthew Herper of Forbes.com that Dr. Scher had nothing to do with his letter leaking.

4/26/07 A second letter to the FDA is leaked by The Cancer Letter. This letter was written by Dr. Maha Hussain.

5/4/07 The Cancer Letter leaks a third letter written to the FDA protesting the approval of Provenge.

5/8/07 The FDA does not approve Provenge and asks for more data.

5/9/07 Dendreon shares drop from 17.74 to as low as 6.27 and finish the day at 7.31

5/11/07 Dr. Scher spoke to Marilyn Chase of the Wall Street Journal. "I try to keep to the high ground," Scher said, adding that he doesn't work with any companies in direct competition with Dendreon. Dendreon shares drop to as low as 4.95, finishing the day at 5.13.

5/30/07 Evelyn M. Rusli of Forbes.com writes the following:

On Tuesday, Novacea was just another young biotech, with a modest market capitalization of \$187.8 million. That all changed on Wednesday, when the drug maker announced it had signed a deal worth over \$500 million with pharma juggernaut Schering-Plough. Under the agreement, the companies will jointly develop and market Novacea's Asentar, a promising cancer drug in late-stage clinical trials.

Novacea's shares opened at 8.06 and went as high as 17.25, finishing at 15.

Interesting side notes:

Jay Moorin started ProQuest Investments in 1998 with the help of Michael Milken's \$45 million. ProQuest's main focus would be prostate cancer. From 2001 until September of this year, Jay Moorin, a founding partner of ProQuest, sat on the Board of Directors of Novacea.

ProQuest Investments has a Scientific Advisory Board. Six of the seven work in the field of prostate cancer. One is Dr. Scher who has been on this board since 2003. He advises ProQuest. Recently, it has been discovered that Dr. Scher also sits on the Board of Directors of ProQuest.

From 2003 to present, ProQuest has been heavily invested in Novacea.