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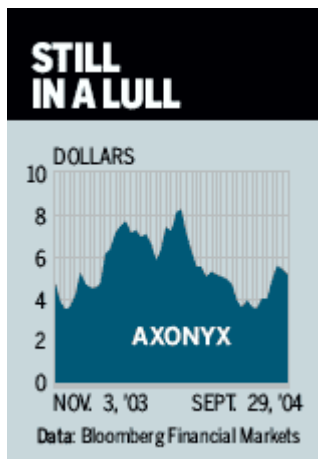
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OCTOBER 11, 2004

INSIDE WALL STREET

By Gene G. Marcial

Can Axonyx Help Treat Alzheimer's?



Tiny Axonyx ([AXYX](#)) could join Pfizer, Johnson & Johnson ([JNJ](#)), Novartis ([NVS](#)), and Forest Labs in the Alzheimer's fight. In the past six years, Axonyx has developed drugs to battle cognitive disorders, notes Elmer Piros, top biotech analyst at Rodman & Renshaw, which owns shares and has done banking for Axonyx. "It heads my list in biotechs," he says, based on its Phenserine, other drugs in its pipeline, and a \$93 million cash hoard. Phenserine, now in two Phase 3 (large sample) trials, "could be a blockbuster," says Piros. He notes that in pre-clinical experiments, "it lowered, without toxicity, beta-amyloid" -- thought to be a factor in Alzheimer's. So Phenserine may "not only treat the symptoms of Alzheimer's, as existing drugs do, but could alter the course of neurodegeneration and slow or halt Alzheimer's," he adds.

"Results of one trial will be out in January," says Dr. Marvin Hausman, CEO of Axonyx, who expects them to be "positive." Piros says Phenserine sales could eventually hit \$400 million to \$1.8 billion a year depending on how successful the results. Piros wouldn't be surprised if big drugmakers made a bid for Axonyx. Hausman, the top shareholder, with 4.5%, insists Axonyx isn't for sale. Second-largest holder is Barclays ([BCS](#)), with 4.2%. Axonyx, which as yet has no sales, is trading at 5.25.

Note: Unless otherwise noted, neither the sources cited in Inside Wall Street nor their firms hold positions in the stocks under discussion. Similarly, they have no investment banking or other financial relationships with them.

See Gene on Fridays at 1:20 p.m. EST on CNNfn's *The Money Gang*.

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