



# Building a Pain Management Franchise



Corgentech Inc. (Nasdaq: CGTK) is a late-stage biopharmaceutical company focused on the development and commercialization of novel therapeutic treatments for pain management and inflammation. We are financially strong with a seasoned management team. We have drug candidates in mid- to late-stage clinical trials for multiple potential indications, the most advanced of which has completed Phase 3 clinical trials and is expected to be submitted for FDA approval in mid-2006:

	PRECLINICAL	PHASE 1	PHASE 2	PHASE 3	CTD
<b>3268</b>					
a fast-acting local anesthetic; achieved its primary endpoint in two Phase 3 trials for pain associated with venipuncture procedures					
<b>4975</b>					
a novel, long-acting, non-opioid drug candidate; has been shown to reduce pain in multiple mid-stage clinical trials for site-specific, moderate to severe pain					
<b>Avrina™</b>					
a highly potent inhibitor of the transcription factor NF-κB; has completed initial Phase 1/2 clinical trials for the inflammatory skin condition, eczema					
<b>1207</b>					
a new class of anesthetic; is undergoing preclinical development as a topical local anesthetic and is expected to enter the clinic in 2006					

# Dear Stockholders

Corgentech enters 2006 a revitalized company with a rich portfolio of four clinical development drug candidates addressing significant opportunities in pain management and inflammation. This transformation was accomplished in December 2005 with the completion of our merger with AlgoRx Pharmaceuticals. In keeping with our new mission to be the leader in novel pain management therapies, our Board of Directors recently voted to change the name of our company to Anesiva. We hope that you will support this name change which must also be approved by the stockholders at our Annual Meeting on June 21, 2006.



In 2006, we plan to rapidly advance our late-stage pipeline by:

- Filing a New Drug Application (NDA) in mid-2006 with the FDA and preparing for the 2007 product launch of our lead compound, 3268, a needle-free injection system that delivers micro-crystals of lidocaine to anesthetize the skin very rapidly so as to reduce the pain associated with intravenous (IV) line placements and similar procedures;
- Completing multiple Phase 2 trials of 4975, a non-opioid drug candidate with blockbuster commercial potential for the treatment of moderate-to-severe pain, which has demonstrated reductions in pain for up to eight weeks in some clinical settings after only a single administration of the drug;
- Initiating a Phase 1 clinical trial of 1207, a new class of local anesthetic with potentially broad utility in neuropathic pain; and,
- Defining future clinical development of Avrina™, a potential treatment for atopic dermatitis, or eczema, which affects over 50 million children and adults worldwide. Avrina recently completed Phase 1/2 clinical trials.

## CREATING A LEADERSHIP POSITION IN PAIN MANAGEMENT

Our powerful, differentiated pipeline addresses multiple potential pain management indications with the promise of fewer side effects and better efficacy than currently marketed products. Despite worldwide pain prescriptions in excess of \$28 billion, managing pain remains a significant unmet medical condition, which can often lead to inferior healthcare outcomes, longer hospital stays and additional expense. Our strategy is to direct our efforts toward the treatment of pain in the hospital setting where we can readily and cost-effectively build a dedicated specialty sales force to commercialize these new treatments.

3268, our needleless system for the delivery of small particles of lidocaine into the skin, represents an important near-term product opportunity that will serve as the cornerstone of a comprehensive portfolio of pain management treatments. In two Phase 3 trials, we demonstrated that 3268 provides a fast-acting, local anesthetic for reducing pain associated with IV line placements and similar procedures in children. Potential markets that we can address include the more than 18 million venipunctures and IV line placements that occur each year in the largest children's hospitals in the United States and the 89 million annual adult venipunctures that occur in emergency rooms. We have initiated pre-launch activities to support 3268's launch in 2007. In addition, 3268 could have application for the treatment of pain associated with venipunctures in the 60,000 physicians' offices and the 47 million annual hemodialysis visits in the U.S. We are seeking partners to assist in commercialization in these latter two markets as well as outside the U.S.

4975, a long-acting analgesic for site-specific, moderate-to-severe pain, is being evaluated in a comprehensive Phase 2 program, involving over 400 patients, for the treatment of post-surgical pain; trauma-induced neuropathic pain, such as Morton's neuroma; and musculoskeletal pain, such as osteoarthritis and tendonitis. In the U.S. alone, these are substantial markets accounting for approximately 59 million procedures each year. Given the long duration of pain relief afforded by a single administration of 4975 seen in some clinical settings, its efficacy in managing the severe pain experienced by end-stage osteoarthritis patients, and its superior safety profile when compared to the commonly used opioids – it does not cause the drowsiness, disorientation, nausea or bowel dysfunction associated with opioids – 4975 has significant medical and blockbuster commercial potential.

In addition, we are making good progress in the preclinical development of 1207, and believe that it has great promise for the treatment of certain types of cutaneous neuropathic pain, such as chemotherapy-induced neuropathy.

#### **BUILDING LONG-TERM VALUE**

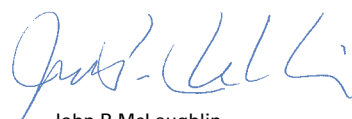
With \$94.9 million in cash and cash equivalents at December 31, 2005 and a management team that has experience developing and commercializing new drugs, we believe that we have the resources, expertise and strategic focus to capitalize on the potential of our product portfolio and build long-term value for our stockholders.

2006 promises to be a year marked by significant value drivers, such as clinical results announcements, data presentations at major medical meetings, an NDA filing, and preparing to launch our first product in 2007. We thank you, our stockholders, for your continued support and confidence. We look forward to reporting our progress throughout the year.

Sincerely,



Rodney A. Ferguson, J.D., Ph.D.  
Chairman of the Board



John P. McLaughlin  
Chief Executive Officer and Director



## PRODUCT CANDIDATES

**3268** represents a near-term product opportunity for which a New Drug Application (NDA) is expected to be filed in mid-2006. 3268 utilizes a needleless injection system to locally deliver powder lidocaine into the skin to anesthetize the skin very rapidly—generally in one minute—in advance of venipuncture procedures. Approximately 18 million venipunctures and intravenous line placements occur each year in the largest children’s hospitals and academic institutions and 89 million annual adult venipuncture procedures in emergency rooms in the U.S. With its fast onset-of-action, additional opportunities exist for 3268 in hemodialysis and blood donation centers as well as physicians’ offices and clinical laboratories.

**4975** is being developed for site-specific, moderate-to-severe pain. It is a non-opioid anesthetic, based on capsaicin. It is long-acting, providing pain relief to many patients for weeks or months after a single treatment. 4975 has demonstrated its potential in many Phase 2 clinical studies to manage pain across multiple post-surgical, neuropathic and musculoskeletal pain conditions some of which include bunionectomy surgery, a neuropathic condition of the foot called Morton’s neuroma, and musculoskeletal pain conditions such as “tennis elbow” or tendonitis of the elbow and end-stage osteoarthritis. Among other markets, 4975 could have significant application in the post-surgical and neuropathic pain markets, which currently represent \$1.7 billion and \$1.9 billion markets in the U.S., respectively.

**Avrina™** is a highly selective and potent inhibitor of the transcription factor NF- $\kappa$ B, and is currently being evaluated for the treatment of atopic dermatitis, a chronic skin disease also known as eczema that affects about 15 million adults and children in the U.S. Two Phase 1/2 trials have been completed demonstrating that Avrina was safe and well-tolerated at the clinically relevant dose level, and plans for the future development of this product are being defined.

**1207** is a new class of anesthetic that is undergoing preclinical development as a topical local anesthetic and is expected to enter the clinic in 2006. This product candidate acts by binding to the fast sodium channel and may have a faster onset and longer duration of action as well as improved penetration when compared with products currently on the market.

# Corporate Directory

## MANAGEMENT

John P. McLaughlin  
Chief Executive Officer and Director

James Z. Huang  
President

Patrick A. Broderick  
Vice President, General Counsel  
and Corporate Secretary

Badri Dasu  
Vice President,  
Medical Device Engineering

Nancy E. Donahue  
Vice President, Marketing

Daniel J. Gennevois, M.D.  
Vice President, Medical Affairs

Susan M. Kramer  
Vice President, Preclinical Development

Leslie M. McEvoy, Ph.D.  
Senior Vice President, Research

Melissa Morandi  
Vice President, Quality Assurance

Patricia A. Oto, R.Ph.  
Vice President, Regulatory Affairs

Richard P. Powers  
Vice President and  
Chief Financial Officer

John X. Regan  
Vice President, Manufacturing

Jennifer Cook Williams  
Vice President, Investor Relations

## BOARD OF DIRECTORS

Rodney A. Ferguson, J.D., Ph.D.  
Chairman of the Board, Corgentech  
Managing Director, Panorama Capital

Charles M. Cohen, Ph.D.  
Partner, Advent International

Thomas J. Colligan  
Retired Vice Chairman,  
PricewaterhouseCoopers LLP

Carter H. Eckert  
Former Chairman and Chief  
Executive Officer, IMPATH Inc

John P. McLaughlin  
Chief Executive Officer and Director,  
Corgentech

Arnold L. Oronsky, Ph.D.  
General Partner, InterWest Partners

Michael F. Powell, Ph.D.  
Managing Director, Sofinnova Ventures

Robert L. Zerbe, M.D.  
Chief Executive Officer,  
QuatRx Pharmaceuticals Company

## CORPORATE COUNSEL

Cooley Godward LLP  
Five Palo Alto Square  
3000 El Camino Real  
Palo Alto, CA 94306

## INDEPENDENT ACCOUNTANTS

Ernst & Young LLP  
1001 Page Mill Road  
Building 1, Suite 200  
Palo Alto, CA 94304

## ANNUAL STOCKHOLDERS MEETINGS

Annual report and proxy statement are mailed about May 3, 2006. Corgentech's annual meeting of stockholders will be held at 9:00 a.m. on Wednesday, June 21, 2006 at: San Francisco Airport Marriott Hotel 1800 Bayshore Highway Burlingame, CA

## COMMON STOCK INFORMATION

Corgentech's stock is traded on the Nasdaq National Market System under the symbol: CGTK.

## COMPANY CONTACT

Jennifer Cook Williams  
Vice President, Investor Relations  
Corgentech Inc.  
650 Gateway Boulevard  
South San Francisco, CA 94080  
Phone: 650-624-9600  
Fax: 650-624-7540  
investors@corgentech.com

## REGISTRAR & TRANSFER AGENT

Mellon Investor Services  
P.O. Box 3338  
South Hackensack,  
NJ 07606-1938  
800-240-0593  
www.melloninvestor.com

## QUARTERLY REPORTING & OTHER INFORMATION

Corgentech's Form 10-K and other SEC filings, news releases and other information regarding the company and its technology are available on the Internet: [www.corgentech.com](http://www.corgentech.com)

**FORWARD LOOKING STATEMENT** This annual report contains forward-looking statements, including without limitation all statements related to our clinical trials and progress with developing product candidates. Words such as "believes," "anticipates," "plans," "expects," "intend," "will," "slated," "goal" and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon our current expectations. Our actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of these risks and uncertainties, which include, without limitation, risks related to the development of product candidates, progress, timing and results of our clinical trials, intellectual property matters, difficulties or delays in obtaining regulatory approval, competition from other pharmaceutical or biotechnology companies, our ability to obtain additional financing to support our operations and other risks detailed in relevant filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2005. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. All forward-looking statements are qualified in their entirety by this cautionary statement, and Corgentech undertakes no obligation to revise or update any forward-looking statements to reflect events or circumstances after the date hereof. The Corgentech logo and Avrina are trademarks of Corgentech Inc.

**Corgentech Inc.**

650 Gateway Boulevard  
South San Francisco  
California 94080  
Phone: 650 624 9600  
Fax: 650 624 7540  
[www.corgentech.com](http://www.corgentech.com)