

Today's Notes:

1. Senesco In The Clinic and More

Senesco's December 16th annual meeting was a pleasant surprise. After the formal preliminaries the Board got down to discussing the significant progress that the firm made in the past year. There are currently 87 million shares outstanding and 67 million were represented in the voting that took place for various issues. But much more important was the update that CEO Les Browne gave and a spirited presentation by Chairman Harlan Waksal.

Shareholders voted to re-elect the entire Board of Directors and to increase the number of shares outstanding from 250 to 350 million. There was no angst about this as the company recently embarked on its Phase IB / IIA clinical cancer trials at the Mayo Clinic in Rochester, Minnesota.

Below we include the Discovery Scoreboard factor results for Senesco Technologies:

SNT DiS Ten Factor Model (Crowd Score 7.08 - Top Decile): M = Mandatory, D=Desired			
FACTOR	WORD SCORE	IMPORTANCE	M / D
1. World Class Cancer IP:	Very Good	Very Important	D
2. % Project Ownership (Control):	75%	Very Important	D
3. Potential & Immediacy (Breakthrough) :	High	Very Important	D
4. Management / Board:	Somewhat Good	Very Important	M
5. Company Diversification:	Somewhat Good	Moderately Important	D
6. Cycle & Catalyst :	Good	Moderately Important	D
7. Contrarianess (Under Valuation):	Highly Contrarian	Very Important	D
8. Financial Sustainability:	Somewhat Little	Very Important	D
9. Company Stakeholder Relations:	Somewhat Good	Moderately Important	D
10. Investor's Sentiment:	Average	Very Important	D

Chairman, Dr. Harlan Waksal and his hiring of Dr. Les Browne as the CEO. We expect this rating to continue to improve in 2012. The Board has been very open, involved and interactive with management and shareholders. Both have performed well.

What is the value proposition at Senesco? Many of you have heard this before because we have followed this company for a very long time. This is one of those very unique opportunities where the discovery opportunity is quite possibly a breakthrough, a game changer in the pharma industry. If clinical trials are successful its impact will be immediate and very significant.

This is not only about a biologic cancer therapy, it involves a great many diseases that may be related to the immune system including diabetes and arthritis.

Let's put this in everyday language. Over the past 11 years, Senesco's scientists (primarily Dr. John Thompson and his team, Richard Dondero, Les Browne and Harlan Waksal) have developed an understanding of the mechanism of a very important gene, eIF5A1 (Factor 5A for short). This eukaryotic gene exists in every cell of every plant, animal and human. It functions at the top of the genome primarily to implement programmed cell death. This is called senescence in plants and apoptosis in humans. When something goes haywire in a cell, Factor 5A triggers cell death. It is God's way of staying healthy for both plants and animals. Senesco execs said in the meeting, "When Factor 5a "turns on" too early inflammation occurs and diseases such as arthritis, diabetes and even cancers follow. If the gene "fires up too late" cells that should die do not and cancer can ensue.

In animal tests Senesco has found a way to modulate the actions of Factor 5A so that it impacts the immune system and the cells directly. Management said,

"Factor 5A appears to be an important signaling pathway that differentiates this treatment or biologic from chemotherapy."

The SNT proprietary platform is a biologic not a chemotherapeutic. In this sense the therapy, called SNSO1-T, should have lower side effects than today's chemotherapies and perhaps be able to attack cancer without the development of immune system resistance.

The promising issue is that Senesco is, as of November, "in the clinic" at the Mayo Clinic in Rochester Minnesota. It is treating its first multiple myeloma patient in a Phase IB / IIA trial. The most important issue now is safety. For if the SNSO1-T biologic proves safe it may be applied to a wide range of immune system conditions as well as cancer.

The current human trials will use increased dosage over three additional test phases so we do not expect to see a therapeutic effect against multiple myeloma in the initial dose level (.0125 mg/kg). Three successive dosage increases will follow with new MM patients over the next year. We also expect to see the discovery catalyst within 12 to 18 months. According to the management at the Annual meeting this is the relevant time. The Mayo Clinic administered the first dose in November 2011.

Market potential and hence the world class nature of the discovery is very significant. There two main therapies used to treat multiple myeloma on refractory patients and they have significant negative side effects. They are Velcade and Revlimid (Thalidomide). The market for MM treatment today is \$4 billion. Management estimates the market will be \$6 billion by 2018. There are 65,000 U.S. patients. About 20,000 die each year with an average lifespan of 2 1/2 years after diagnosis.

One other very interesting issue surfaced in the annual meeting. In vitro tests using a combination of Revlimid and SNSO1-T (a "sub-optimal dose" of SNSO1-T according to chairman Waksal) produced up to 43.7 times the cancer-killing result of Revlimid used alone. Chairman Waksal described this result as "exciting" and that it is likely not "an additive effect but a synergistic effect." He further suggested, that these results may have "therapeutic and market implications."

Could another catalyst be in the offing - Celgene or another drug manufacture enter the picture?

With the Waksal / Browne succession to the management of Senesco the company is set to focus on B cell cancer delivery. Two more cancers are likely to be tested in the offing depending on the current set of results from the multiple myeloma clinics. They include mantle cell tumors (85% tumor reduction in mice) and diffuse large B-cell lymphoma (88% reduction in mice). At SNS01-T doses above .375 mg/kg management has noted 100% survival rates in mice.

So now the catalyst we await is the safety of the initial dose – so far so good.

We were however most impressed by the leadership shown at the meeting by management, most importantly Dr. Harlan Waksal. It's been a long haul for everyone Senesco and there is now daylight at the end of the tunnel. He pointed out that this is a biologic and in a very exciting world of “targeting specific genes providing clinical benefit and prolong survival.” He also noted quote these “Biologics are safer over very long periods of time as opposed chemotherapies”, an advantage of Senesco's approach. He suggested that preservation of the gene factor 5A in every eukaryotic cell is so important that there should be no mutations away from it. He also said that to “make a biologic similar to what we use would be very difficult” indicating a high degree protection of the Senesco IP if it proves successful in the clinic.

In conclusion I quote Dr. Waksal,

"I am one of those individuals who believes very strongly that we're going to be successful."

As you can see from table above, the discovery crowd-score is quite high at 7.08 out of 10. This score places SNT in the top decile (10%) of mature discovery companies that we cover. As the crowd increases in size we expect to see an increase in this and, of course upon success in clinical, tests which we await.



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