New antiviral drugs. TAG's Antiviral Project, focuses on new antiviral drugs, treatments for salvage therapy, Federal HIV treatment guidelines, long-term effectiveness research, and structured treatment interruptions (STIs). In 2001, we met with many drug companies, including Abbott, Agouron (now merged with Pfizer), Boehringer-Ingelheim, Bristol-Myers Squibb, DuPont (now merged with BMS), Gilead, GlaxoSmithKline, Roche, Schering-Plough, Tibotec, Triangle, and Trimeris, to discuss new anti-HIV drugs in development. 2001 also saw FDA approval for Gilead Sciences' Viread brand tenofovir DF, a potent once daily nucleotide analogue for treatment of HIV. Also in 2001, Roche/Trimeris opened a limited access program for the HIV binding inhibitor T-20 (Fuzeon brand enfuvirtide). TAG held negotiations with Bristol-Myers Squibb on a broad (15,000 person) expanded access program for its new once daily protease inhibitor, atazanavir. We continue to follow many other new drugs in development including FTC (emtricitabine), tipranavir, and others.

HHS Treatment Guidelines. TAG Executive Director Mark Harrington serves on the HHS Panel on Clinical Practices for Treatment of HIV Infection in Adults and Adolescents. For many years he led a group on the Panel which advocated for a more cautious approach to initiating HAART which, despite its clear benefits in advanced disease and its ability to dramatically reduce viral load at all stages of HIV infection, carries with it serious risks of long-term toxicity, as well as high cost, inconvenience, adherence problems, and the emergence of drug resistance and cross-resistance. In June 2000 he coauthored an article in The Lancet recommending that therapy be deferred until the CD4 count was below 350 and the viral load over 50,000. In 2001, TAG won a major victory with a major impact on clinical care and the cost of HIV care, with the release of revised recommendations on when to start HAART. Whereas the original Guidelines in 1997 called for HAART initiation when the CD4 count dropped below 500 cells/mm3 or HIV RNA rose above 10,000 copies/mL, the revised Guidelines now call for therapy initiation when the CD4 count drops below 350 or the viral load rises above 55,000. Mark Harrington wrote a cover story on the new Guidelines for GMHC's Treatment Issues in May 2001. The Guidelines changed again in early 2002, eliminating the recommendation that all people with acute primary HIV infection (PHI) be treated.
**Long-Term Effectiveness Research.** TAG is a forceful advocate of the need for strategy trials designed to look at the long-term safety and effectiveness of HAART, including differing approaches to when to start, when to switch, and whether to interrupt therapy. After an extended campaign, in 2001 the NIH began funding for some of the first such strategy trials, including the Community Programs for Clinical Research on AIDS (CPCRA) SMART (Strategic Management of Antiretroviral Therapy). Other studies in this area are looking at which drug combinations of therapy to start with, and how to manage drug-resistance in a rescue therapy population.

**Structured Treatment Interruptions (STIs).** Since 1999 TAG has cosponsored three scientific workshops on Structured Treatment Interruption research. The third took place in February 2002, bringing together over 60 researchers worldwide focused on the use, safety, and efficacy of STIs and intermittent therapy in primary, chronic, and advanced HIV infection, to stimulate the host immune response to HIV, to reduce viral drug resistance, and to reduce drug exposure and toxicity. TAG’s report on the 3rd International STI Workshop is now up on our website. STI research may have dramatic implications for the cost and feasibility of HAART use in developing countries.

**BASIC SCIENCE & VACCINE RESEARCH**

**Basic Science Program.** TAG has always believed that the ultimate solutions for the HIV pandemic - a cure and a vaccine - must come from intensified, expanded basic research on HIV infection. In 2001, TAG hired Richard Jefferys, our first full time Basic Science Project Director. Richard formerly headed the Access Project at AIDS Treatment & Data Network (ATDN), where he created a database of AIDS Drug Assistance Programs (ADAP); later he was a senior writer for the International AIDS Vaccine Initiative (IAVI).

**Pathogenesis Project.** For TAG’s Pathogenesis Project, Richard Jefferys is interviewing over fifty leading researchers to elucidate the unanswered questions about HIV pathogenesis. Key issues include the evolving understanding of HIV pathogenesis since the advent of highly active antiretroviral therapy (HAART), the role of the thymus and T cell homeostasis in immune reconstitution, the role of antigen-presenting cells (APCs), early events in primary HIV infection, the role of HIV-specific immunity in exposed uninfected persons and long-term non-progressors, and the role of genetic and immune factors in progression of and resistance to HIV disease. TAG’s report will synthesize the views of leading researchers in the field and point the way forward.

**Vaccine Development.** Despite recent optimism and some concrete gains in retroviral vaccine development, we are still many years away from having a safe and effective vaccine ready for deployment. Richard Jefferys writes frequently on the work being done to find an AIDS vaccine.

**Immune-based therapies.** Despite over a decade of research, no immune-based therapies are approved for strengthening the immune system to control HIV. TAG works with researchers and biotechnology companies to explore innovative immune-based approaches to HIV therapy, including therapeutic vaccines and intermittent HAART.

**ONCOLOGY, INFECTIONS & CO-INFECTIONS**

**Opportunistic infections.** TAG’s Oncology & Infections Project focuses on the opportunistic complications of AIDS, including co-infections such as hepatitis B and C virus (HBV, HCV) infections and tuberculosis (TB). In 2001, TAG played a critical role in accelerating the development of valganciclovir, the first effective oral drug for the treatment of cytomegalovirus (CMV) retinitis. TAG testified for approval of the drug at the FDA in early 2001, and the drug was later approved. Hepatitis and HIV co-infection. In the post-HAART era, hepatitis and liver disease have risen to become the most common killers of people with HIV in the USA.

**Hepatitis & HIV co-infection.** In 2001, TAG distributed thousands of copies of The Hepatitis Report A Critical Review of the Research and Treatment of Hepatitis C Virus (HCV) and Hepatitis & HIV Coinfection, which has also been downloaded from our website over 10,000 times.

**Tuberculosis and HIV co-infection.** Tuberculosis (TB) is the leading killer of people with AIDS worldwide. TAG started its TB/HIV Coinfection Project in 2001. In spring 2002, we planned the first International TB/HIV Coinfection Education & Community Mobilization Workshop, held in Montreal in October. Twenty-nine people attended the workshop, among them 18 from developing countries in sub-Saharan Africa, Latin America, Eastern Europe and India. TAG’s report on the TB/HIV workshop is now up on our website.

**FEDERAL AFFAIRS**

**NIH AIDS research budget.** TAG was among the first to call for a doubling of the entire NIH biomedical research budget, as long ago as 1992. NIH support for AIDS research has increased by over 200% since TAG was founded, from $800 million in 1991 to $2.7 billion in 2003. Since 1997, Congress and the Executive Branch have agreed to double the entire NIH research budget by 2003. TAG will continue to advocate for healthy growth for NIH. Particular foci include increasing resources for basic science, vaccine, microbicide, and international research.
AIDS Drug Assistance Program (ADAP) funding crisis. Despite the fact that more Americans are living with HIV than ever before, U.S. support for AIDS Drug Assistance Programs has not kept pace with the need. TAG is working with key allies around the country to push the administration and Congress to fully fund the extra $162 million to ensure that no person with AIDS goes without needed life-saving drugs.

US funding for international AIDS activities. Two years ago TAG recommended that the US significantly increase its support for international AIDS activities. While inadequate, the Administration has committed $500 million (over two years) to the new Global Fund for AIDS, Tuberculosis and Malaria (GFATM). We are working with allies in Washington and around the country to continue pressing for dramatic increases in U.S. support to fight AIDS internationally.

COMMUNICATIONS & COMMUNITY PROGRAMS

TAGline. We continue to publish ten issues of TAGline in English and Spanish each year. We also publish a more user-friendly TAG Update and Annual Report once each year. TAG’s website, www.treatmentactiongroup.org/www.aidsinfonyc.org/tag receives over 25,000 hits/month.

NATAF. TAG continues to cosponsor the North American AIDS Treatment Action Forum, which took place at Vancouver, British Columbia, in December 2001. Over 500 advocates from around the continent attended. TAG staff presented at over ten workshops.

AIDS Treatment Activists Coalition (ATAC). In 2001, TAG helped to found a new national treatment advocacy alliance, the ATAC, focused on broadening the circle of effective AIDS treatment advocates around the country. ATAC held its first two workshops in February and July 2002.

INTERNATIONAL PROGRAMS

U.S. trade and drug patent protection. Flexible implementation of international trade accords is essential in order to let developing countries deal with the health crises posed by HIV, TB and other infectious diseases. To address these issues, TAG is working in coalition with Health GAP Coalition, Médecins sans Frontières (MSF), Treatment Action Campaign (TAC), and many others to ensure that developing countries can access the cheapest high quality life-saving medications - whether brand-name or generic - regardless of patent status. In April 2001, TAG Senior Policy Director Mark Harrington was the sole representative of the AIDS treatment advocacy community to attend the World Health Organization/World Trade Organization (WHO/WTO) workshop on Differential Pricing & Financing of Essential Medicines, held at Høsbjør, Norway - one of a number of events which helped lead to a new consensus at the WTO ministerial conference at Doha, Qatar, in November, which allowed developing countries ten more years of flexibility (through 2016) to bring their patent regimes in line with WTO treaties. In spring 2001, TAG also met with the Office of the U.S. Trade Representative (USTR) and the Pharmaceutical Research & Manufacturers Association (PhRMA) to pressure the U.S. and the private sector to change their policies regarding global HIV drug access. Reports on these meetings are on the TAG website. We also participated in the UN General Assembly Special Session (UNGASS) on HIV/AIDS in June 2001, where we met with representatives of many PWA organizations from around the world to coordinate our advocacy efforts.

WHO/UNAIDS Accelerating Access and Treatment Guidelines. Patent flexibility is useless without an intensified commitment to reducing drug prices, developing infrastructure in developing countries, and providing simplified treatment guidelines for using antiretrovirals there. In February 2001, TAG instigated a global sign-on letter to GlaxoSmithKline calling on them to stop interfering with developing countries’ rights to access cheap generic antiretrovirals. Over 600 organizations worldwide signed on. In April 2001, GSK and Merck capitulated to worldwide pressure, reduced prices on their antiretrovirals, and forced PhRMA/South Africa to drop its suit against the South African government. In May 2001, Mark Harrington attended a WHO meeting at Geneva on antiretroviral therapy in resource-poor settings, leading to the publication of preliminary WHO ART guidelines in spring 2002. TAG will work closely with others to push for increased funds for the Global Fund to Fight AIDS, TB, and Malaria.

Treatment Action Campaign, South Africa

Following our successful 3-day workshops with Treatment Action Campaign in Johannesburg, Durban, and Cape Town, South Africa, in November 2001, TAG supported several TAC initiatives in 2001, including five issues of TAC’s newsletter, Equal Treatment, and eleven hour-long treatment literacy training videos made in several of South Africa’s languages including material from the TAC/TAG workshops. TAC distributed tens of thousands of copies of Equal Treatment across South Africa.

International Conference on AIDS in Asia & the Pacific (ICAAP). Based on the success of the TAC/TAG workshops, TAG funded and cosponsored a one-day workshop for treatment advocates from Asia and the Pacific just before the 6th ICAAP held at Melbourne, Australia, in October 2001, supporting travel and training for over 50 treatment advocates from across Asia.
$100,000 and above
The Royal S. Marks Foundation

$50,000 to $99,999
Newman’s Own, Inc.
Roche Laboratories Inc.

$25,000 to $49,999
Agouron Pharmaceuticals, Inc.
GlaxoSmithKline Inc.
Merck & Co. Inc.

$10,000 to $24,999
Boehringer Ingelheim Pharmaceuticals Inc.
The Paul Rykoff Coleman Foundation
DuPont Pharmaceuticals Co.
Gilead Sciences
The Mathilde and Arthur B. Krim Foundation, Inc.
Richard Lynn and Joseph Evall
The Office of AIDS Research
The Michael Palm Foundation
UNAIDS

$5,000 to $9,999
Mark O’Donnell
ViroLogic, Inc.

$2,500 to $4,999
M. Lee Garrison
Albert Maccarone, Jr.
Vincent McGee
The Overbrook Foundation

$1,000 to $2,499
Franklin Berger
Ross Bleckner
Frank Bove
Lynne and Tony Brown
David Corkery
Constance D’Aurizio
Lynda M. Dee, esq.
Paul Dietz
Randall Drain
Mario Egozi
Gene Falk and Tim Savin
Michael Giordano
Steven Gluckstern
Judith and Richard Harrington
Christina and Kenneth Hecht
Paul Kennedy
Barry Margolin
Karen K. Smith McCune and Mike McCune
Mark Melchior
Sally Morrison
Elizabeth Powell and Steven Frank
Walter Riemann
Bruce Schackman
Evan Schwartz and Robert Fitterman
The Sexton-Wallace Fund
Matthew Singer
Jeffrey Soref
James Stepp and Peter Zimmer
W. Kirk Wallace and Mark Sexton
Terry Watanabe Charitable Trust
Robin Weiss and Allan Wimer
The Zacks Family Foundation

$500 to $999
The Altman Stiller Foundation
Christine and Benjamin Anagnos
Norbett Buller
Matthew Collins
Sarah Donovan
Joy Episalla
Michael Field
James McKay Harcus
Lloyd Hoffman III
Douglas Holguist
Richard Hooper
James C. Hormel
Thomas Keane
Tim Lofus
Michael MacElhenny
Terrence McNally
Ana Oliveira
James Pape
William St. Clair Pugh
Karen and Jerome Radwin
David Rosenaour and Rex Walker
Paul Sack
Jane Silver
Grant Stitt and Alan Shapiro
Sarah Wright

$250 to $499
James Allman
Katherine and Thomas Ash
David Barr
John Beach
Thomas Berger

Roger M. Bloom Hulley Memorial Fund
Richard Buxbaum
Charles C. J. Carpenter
Marshall Coburn
The Martha Collett Mellon Trust
Randall Cooper
Andrea Dailey
Peter Diffly
Eve Ensler
Howard Grossman, M.D.
Samuel Grubman, M.D.
Mark Harrington
Lawrence Hoskins
Michael Katowitz
Horace Kenney III and Jeffrey Kolch
Kenneth Monteiro
Donna Pauldine
Judith Peabody
James Porcarelli and Scott Gerst
Daniel Schefley
Steven Schiro
Andrea Sessler
Edward Sikov
Janis Spire and Trish Karlin
Peter Staley
Mary Tokar
Joseph Viana and Raymond Baker
Carrie Yamaoka
William Zwart and David Berchenbriter

THANK YOU.
## 2001 Financials

### Treatment Action Group, Inc.

#### Statements of Financial Position

<table>
<thead>
<tr>
<th>Assets</th>
<th>2001</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$222,869</td>
<td>$248,099</td>
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<tr>
<td>Investment-donated marketable securities, at market</td>
<td>4,889</td>
<td>11,695</td>
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<tr>
<td>Prepaid expenses</td>
<td>13,524</td>
<td>10,622</td>
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<tr>
<td>Unconditional promises to give - Unrestricted</td>
<td>47,240</td>
<td>30,555</td>
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<tr>
<td>Total current assets</td>
<td>288,522</td>
<td>300,971</td>
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<tr>
<td>Property and equipment - net of accumulated depreciation</td>
<td>19,430</td>
<td>11,692</td>
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<tr>
<td>Security deposits</td>
<td>2,650</td>
<td>2,250</td>
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<tr>
<td><strong>Total assets</strong></td>
<td>$310,602</td>
<td>$314,913</td>
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</table>

<table>
<thead>
<tr>
<th>Liabilities and Net Assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities:</strong></td>
<td>$11,239</td>
<td>$21,027</td>
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<tr>
<td>Accounts payable and accrued expenses</td>
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<td></td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>11,239</td>
<td>21,027</td>
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<td><strong>Net assets:</strong></td>
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<tr>
<td>Unrestricted</td>
<td>208,760</td>
<td>188,643</td>
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<tr>
<td>Restricted</td>
<td>90,603</td>
<td>105,243</td>
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<tr>
<td><strong>Total net assets</strong></td>
<td>299,363</td>
<td>293,886</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$310,602</td>
<td>$314,913</td>
</tr>
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#### Statements of Cash Flows

<table>
<thead>
<tr>
<th>Cash flows from operating activities:</th>
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</thead>
<tbody>
<tr>
<td>Increase in net assets</td>
<td>$5,477</td>
<td>$169,860</td>
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<tr>
<td>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrealized (gain) loss on marketable securities</td>
<td>2,124</td>
<td>(3,416)</td>
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<tr>
<td>Realized loss on sale of marketable securities</td>
<td>132</td>
<td>615</td>
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<tr>
<td>Loss on sale of fixed assets</td>
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<td></td>
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<tr>
<td>Depreciation</td>
<td>6,205</td>
<td>5,781</td>
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<tr>
<td>Donation of marketable securities</td>
<td>(955)</td>
<td>(3,455)</td>
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<tr>
<td>(Increase) Decrease in current assets:</td>
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<td></td>
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<tr>
<td>Prepaid expenses</td>
<td>(2,902)</td>
<td>(10,622)</td>
</tr>
<tr>
<td>Unconditional promises to give</td>
<td>(16,685)</td>
<td>(15,354)</td>
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<tr>
<td>Security deposits</td>
<td>400</td>
<td>150</td>
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<tr>
<td>(Decrease) Increase in current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>(9,788)</td>
<td>8,756</td>
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<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>(16,792)</td>
<td>152,315</td>
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</table>

<table>
<thead>
<tr>
<th>Cash flows from investing activities:</th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from sale of marketable securities</td>
<td>5,505</td>
<td>324</td>
</tr>
<tr>
<td>Proceeds from sale of fixed assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of property and equipment</td>
<td>(13,943)</td>
<td>(835)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(8,438)</td>
<td>(511)</td>
</tr>
</tbody>
</table>

| Net increase in cash balance         | (25,230) | 151,804    |
| Cash, beginning of year              | 248,099  | 96,295     |
| Cash, end of year                    | $222,869 | $248,099   |
TREATMENT ACTION GROUP, INC.  
STATEMENTS OF ACTIVITIES

Years Ended December 31,  
2001 2000

Changes in unrestricted net assets

Revenue and support
Bequests $955 $650
Direct mail 47,674 42,463
Donations 40,762 32,258
Grants 447,539 486,045
Special event income 72,097 47,265
Travel reimbursement 6,314 6,795
Interest and dividend income 4,368 1,210
Net assets released from donor restrictions 619,709 616,686
Total unrestricted revenue and support 14,640 74,757

Expenses
Program services
Antiviral Project 96,176 76,941
OAR Project 30,578 75,785
Pathogenesis Project 20,316 38,006
Infections and Oncology Project 70,250 61,757
Community Outreach 38,808 41,316
TAGline 60,939 39,870
International Programs 113,477 146,855
Total services expenses 430,544 480,530

Supporting services expenses
Management and general 120,051 60,751
Fundraising 61,381 88,346
Total services expenses 611,976 629,627

Other income (expenses)
Realized loss on sale of marketable securities (132) (615)
Unrealized gain (loss) on marketable securities (2,124) 3,416
Loss on sale of fixed assets (2,256) 2,801
Total other income (expenses)
Increase in unrestricted net assets 20,117 64,617

Temporarily restricted net assets
Grants revenue 180,000
Net assets released from restrictions (14,640) (74,757)
Increase in temporary restricted net assets (14,640) 105,243

Increase in total net assets 5,477 169,860

Net assets, beginning of year 293,886 124,026

Net assets, end of year $299,363 $293,886

www.treatmentactiongroup.org