

NOVACEA'S IPO ADDING \$40M FOR LATE-STAGE CLINICAL WORK

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Financings Roundup Novacea Inc. gained a listing on Nasdaq after pricing its \$40.6 million initial public offering.

The South San Francisco-based company agreed to sell 6.25 million shares at \$6.50 each, less than the \$11 to \$13 price range set last month, which could have raised as much as \$81 million, based on the high end of that range. When Novacea filed for its IPO in February, the company had anticipated bringing in about \$75 million. (See BioWorld Today, Feb. 14, 2006.)

Net proceeds are estimated to be around \$35.8 million, or \$41.5 million if underwriters exercise in full their 937,500-share overallotment option. On the first day of trading, Novacea's shares (NASDAQ:NOVC) closed unchanged.

The company could not be reached for comment, but said in its prospectus that funds would be used to support clinical trials of its three lead oncology products, with the largest amount, \$17.5 million, earmarked for a 900-patient Phase III study of DN-101 initiated last month in combination with Taxotere (docetaxel, from Sanofi-Aventis Group) in patients with androgen-independent prostate cancer.

DN-101 is an oral formulation of calcitrol, an active form of vitamin D. In a previous Phase II/III study in 250 patients, the drug in combination with Taxotere showed a clinically meaningful improvement of 49 percent in overall survival, compared to Taxotere alone, though it did not meet statistical significance in the primary endpoint of prostate specific antigen response. The goal of the ongoing ASCENT-2 (AIPC Study of Calcitrol Enhancing Taxotere) study is to confirm that survival benefit.

Novacea anticipates directing about \$7.5 million toward its upcoming Phase III study of oral vinorelbine, set to start in the second half of 2006 in metastatic breast cancer patients who failed to respond to approved treatments. The company licensed U.S. and Canadian rights to the product from Pierre Fabre Medicament SA, a division of Paris-based bioMerieux Pierre Fabre, in July 2005. (See BioWorld Today, July 26, 2005.)

About \$5 million has been allocated for a Phase I/II trial of the company's third product candidate, AQ4N, expected to begin during the last half of this year. A tissue-targeted prodrug, AQ4N, will be tested in glioblastoma multiforme in combination with radiation and chemotherapy.

Novacea acquired North American rights to AQ4N in 2003 from KuDOS Pharmaceuticals Ltd., of Cambridge, UK. (See BioWorld Today, Dec. 12, 2003.) Remaining funds from the offering might be used for pre-launch market preparation,

identifying and licensing additional oncology candidates for development, general corporate purposes and working capital. Novacea, which had cash totaling \$50.5 million at the end of 2005, estimates that the combination of its existing cash and IPO proceeds should sustain operations through the end of 2007.

Prior to the offering, the company had raised about \$107 million in venture capital, with its most recent round, a \$25 million Series C, closing in Jan. (See BioWorld Today, Jan. 5, 2006.)

New York firms Bear, Stearns & Co. Inc. and Cowen and Co. LLC acted as joint book-running managers, with San Francisco-based Pacific Growth Equities LLC and New York-based HSBC Securities (USA) Inc. serving as co-managers. Following the offering, Novacea had 22.3 million shares outstanding.