BIOTECH'S MOST RESPECTED NEWS SOURCE FOR OVER 16 YEARS

BioWorld® Today

Thursday
April 24, 2008

THE DAILY BIOTECHNOLOGY NEWSPAPER

Volume 19, No. 80
Special Reprint

GSK Grabbing Sirtuin Platform With $720M Sirtris Acquisition

By Jennifer Boggs
Assistant Managing Editor

Sirtris Pharmaceuticals Inc. might not have been looking to be acquired, but GlaxoSmithKline plc came knocking with an offer too good to refuse, with a buyout bid of $22.50 per share, marking a total value of about $720 million.

"We were just focusing on the science" when GSK's offer came in, said Michelle Dipp, senior director of corporate development at Cambridge, Mass.-based Sirtris, which is developing a pipeline of drugs targeting sirtuins, a class of seven enzymes believed to modulate the aging process.

The company recently generated significant buzz around its first program, with publications in scientific journals, as well as several mentions in the lay press, thanks to its vineyard associations. SRT501 is a formulation of resveratrol, a natural substance found in red wine that's known to target sirtuin SIRT1, which affects caloric intake. Sirtris' small-molecule compound aims at targeting SIRT1 in a more efficient manner than natural resveratrol and has demonstrated early potential in metabolic and neurodegenerative disorders.

Early studies demonstrated that SRT501 appeared to work by both lowering glucose levels and improving sensitivity to insulin in patients with Type II diabetes. It also has demonstrated a good safety profile to date, which could set it apart from the recently beleaguered glitazone class of diabetes drugs – among those is GSK's Avandia – which also offer that dual mechanism but has been associated with increased cardiovascular risks.

SRT501 is in a Phase IIa study in combination with metformin in Type II diabetes patients, with results expected in the second half of this year. It also is in a Phase Ib trial in the orphan indication MELAS syndrome (mitochondrial myopathy, encephalopathy, lactic acidosis and stroke-like episodes) and has shown preclinical activity in a Huntington's disease model.

Sirtuins represent "potentially transformative science," Dipp told *BioWorld Today*, adding that "without question," the science was what caught the attention of London-based GSK.

Sirtris is one of only a few companies working on SIRT1 activators, but to date, its programs are far more advanced than potential competitors in that space, such as Cambridge, Mass.-based Elixir Pharmaceuticals Inc. and Boulder, Colo.-based Pharmion Corp.

Like "all small companies, we've had interaction" with pharma firms, Dipp said, but to date, Sirtris has not signed any corporate collaborations. "So we're completely unencumbered," no doubt adding to GSK's interest in an acquisition deal.

She added that Sirtris was "very pleased" with the overall terms, a sentiment that was clearly echoed on Wall Street, as investors sent the company's shares (NASDAQ:SIRT) jumping $10.02, or 81.9 percent, to close at $22.25.

GSK's $22.50-per-share bid represented an impressive 82 percent premium over the company's Tuesday closing price of $12.23, which Dipp called "reasonable standard" for a firm with an expansive drug discovery platform, even if its most advanced drug candidate still is relatively early stage.

The asking price also is more than double the $10-per-share initial public offering price the company set in May 2007. The IPO brought in proceeds of about $60 million. (See *BioWorld Today*, May 24, 2007.)

The acquisition "really accelerates our vision," Dipp said, "and allows us to deliver products to patients more quickly."

She added that about 90 percent of Sirtris' staff was working on the SIRT1 program. But "there are seven sirtuins, each representing a different target for different disease areas," so the acquisition by GSK will allow "us to diversify into other sirtuins." Under the terms of the deal, expected to close later this quarter, Sirtris will become part of GSK's drug discovery organization, but will operate autonomously from its Cambridge facility as a separate unit.

Sirtris CEO Christoph Westphal and the rest of the management team will remain on board, as will the nearly 60 other employees. Sirtris reported a net loss of $9.1 million, or 32 cents per share, for the fourth quarter of 2007. As of Dec. 31, the firm had cash totaling $118.1 million. For GSK, the Sirtris buyout is one of a recent spate of deals aimed at beefing up its pipeline.

In February, it licensed AM103, a clinical-stage compound, along with a 5-lipoxygenase-activating protein inhibitor program, from San Diego-based Amira Pharmaceuticals Inc. in a potential $425 million deal.

That same month, it also gained rights to a preclinical-stage antibody for oncology and inflammatory disease from Oxford, UK-based EUSA Pharma Inc. for $44 million. And only last week, the pharma firm signed a potential $600 million deal with Carlsbad, Calif.-based Regulus Therapeutics LLC to develop microRNA-targeted drugs for inflammatory diseases. ■