

CASE STUDY

Integrated Communications Program: NASDAQ Listed Specialty Pharma Company

A new CEO of this specialty pharmaceutical company assumed the role in June 2003. The Nasdaq-listed company's stock was trading at less than \$1 per share. With less than \$10 million in cash, the company needed to raise additional capital to fund product development and reposition the story with the investment community. LaVoie Group partnered with this company to build visibility in order to attract a specialized healthcare banker, increase valuation to secure financing, raise capital on favorable terms, rebuild relationships with investment community and reposition the story under new management.

Integrated Communications Program

- Develop strategic media plan to ride on coat tails of competitive product
- Develop key general and consumer media list to pitch
- Identify and media train couple involved in Phase 2 trials as spokespersons
- Identify and media train principal investigator as spokesperson
- Develop an Internet Video Press Release and traditional Video News Release to disseminate to the media
- Work with new management team to re-tell the company story with new materials including presentation and investor fact sheet
- Develop targeted healthcare institutional investor list for series of 1-on-1's and build health care banking relationships
- Participate in monthly institutional investor meetings, provide follow-up and next steps

Return on Investment

- Invited to participate at industry conferences, including Drug Delivery Partnerships and Strategic Research Institute
- Invited to participate at financial conferences, including Symposium LLC, MassOpps, BIO CEO Investor Conference, Sachs Bloomberg Forum and BIO 2004
- Signed on JMP Securities as investment banker
- Two successful PIPE financing completed with key healthcare investors at favorable terms (September 2003 and March 2004)
- Targeted media coverage in consumer, trade and business publications including Drug Delivery Technology, Mass High Tech, Gentlemen's Quarterly, and The Boston Business Journal
- Increased institutional ownership to 25 percent

Boning Up
Viagra's challengers are finally on the market. How stiff is the competition? JAMIE BUFALINO finds out

IT'S BEEN SIX YEARS SINCE VIAGRA hit the market, and any stigma attached to the little blue wonder has long since dissipated, thanks to ringing endorsements from many of the 152 million men worldwide who suffer from varying degrees of limplicity—and those who just want to chemically enhance their sex lives. And just in time for the anniversary, a second generation of erectile-dysfunction (ED) treatments has arrived, looking to horn in on Viagra's \$1.7 billion share of the woody market. This is where investigative journalism comes in. For one exhausting month, I put my penis in the hands of the white-smoked pharmaceutical geniuses who've been concocting drugs that attempt to outdo Viagra by providing faster, stronger, porn-starter erections. Although some of these "little helpers" aren't yet available in the United States, I rounded them up from various shady outfits (like Germany) and gave them all a test-drive.

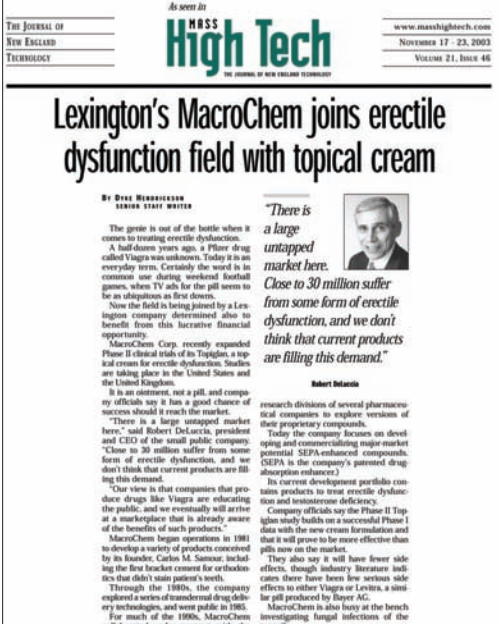
TOPICLAN
What it does: Topiclan is a cream that delivers alprostadil (see MUSE through the side) at the head of the penis. Can it? Topiclan facilitates for your glans? Where? Yes it smart. Faster than you can see. "That's not K&J, it's..."

Coming Soon, MUSE
It's currently in Phase II of clinical trials. Outside those it hasn't been officially approved, even in Germany, I wasn't able to test-drive this one myself—but I did chat with 70-year-old Joe Yankee (I kid you not, who took part in the testing phase for alprostadil, too).

Downside: Depending on your potential schedule—dinner with the parents, say—having a two-hour baseline could be a bit of an inconvenience.

Experienced side effects: None, as per Old Man Yankee.

Strongest potential side effects: Prolonged erection.



Lexington's MacroChem joins erectile dysfunction field with topical cream

By Dave Henderson
SIXTH STAFF WRITER

The genie is out of the bottle when it comes to treating erectile dysfunction. A half-dozen years ago, a Pfizer drug called Viagra was unknown. Today it is an everyday term. Certainly the word is in common use during weekend football games, when TV ads for the pill seem to be an ubiquitous as first down.

Now the field is being joined by a Lexington company, determined also to benefit from this lucrative financial opportunity.

MacroChem Corp. recently expanded Phase II clinical trials of its Topiclan, a topical cream for erectile dysfunction. Studies are taking place in the United States and the United Kingdom.

It is an over-the-counter, not a pill, and company officials say it has a good chance of success should it reach the market.

"There is a large, untapped market here," said Robert DeLacra, president and CEO of the small public company. "Close to 30 million suffer from some form of erectile dysfunction, and we don't think that current products are filling this demand."

"Our view is that companies that produce drugs like Viagra are educating the public, and we eventually will arrive at a marketplace that is already aware of the benefits of such products."

MacroChem began operations in 1981 to develop a variety of products conceived by its founder, Carlos M. Samour, including the first toothpaste cream for orthodontics that didn't stain patient's teeth.

Through the 1980s, the company explored a series of transdermal drug-delivery technologies, and went public in 1985.

For much of the 1990s, MacroChem collaborated under contract with the research divisions of several pharmaceutical companies to explore versions of their proprietary compounds.

Today the company focuses on developing and commercializing major market potential, SEPA-enhanced compounds. (SEPA is the company's patented drug-absorption enhancer.)

Its current development portfolio contains products to treat erectile dysfunction and testosterone deficiency.

Company officials say the Phase II Topiclan study builds on a successful Phase I data with the new cream formulation and that it will prove to be more effective than pills now on the market.

They also say it will have fewer side effects, though industry literature indicates there have been few serious side effects to either Viagra or Levitra, a similar pill produced by Bayer AG.

MacroChem is also busy at the bench investigating fungal infections of the toenails.

Robert DeLacra

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