

Galleon Pharma Seeks \$30M Series B, Plans Next Clinical Studies of Respiratory Drug*Brian Gormley**April 15, 2013*

Surgery is especially risky for people with common health concerns such as sleep apnea, but a drug from **Galleon Pharmaceuticals Inc** . may make it less so.

Galleon's first drug might reduce the risk of postoperative breathing complications in people with health problems such as sleep apnea, a disorder that causes breathing pauses during sleep. Anesthesia drugs and narcotics used during and after surgery can decrease respiratory functions, which poses a particular problem for patients who already have a breathing disorder, according to Lynne Brookes , senior vice president and chief business officer.

Pulmonary complications can be costly to manage. A 2005 study in the American Journal of Respiratory and Critical Care Medicine found that mean lengths of hospital stays were substantially prolonged for patients who developed pulmonary complications within seven days of surgery.

Having just received good results from a proof-of-concept study of its first therapy, Galleon seeks \$30 million in Series B financing to test this drug in a larger, Phase IIa trial and to advance a separate drug for sleep apnea, Ms. Brookes said. The company has already raised \$48 million through a \$35 million Series A round in 2006 and a \$13 million bridge financing, she said.

Galleon insiders **BioAdvance** , **HealthCare Ventures** , **Morgenthaler Ventures** and TPG Biotech are expected to take about half of the Series B round, Ms. Brookes said.

TPG Biotech Partner and Managing Director Geoffrey Duyk said a company moving into later-stage trials can benefit from widening its investor base and from the fresh perspective new investors would bring. If needed, however, insiders would supply the capital Galleon needs to continue advance its products, he said.

Galleon's recent, 12-subject proof-of-concept study showed that its intravenous drug, GAL-021, can protect against opioid-induced respiratory depression without affecting analgesia. The Phase IIa study would test the drug in patients with health problems that put them at high risk for postoperative respiratory complications, according to Ms. Brookes.

Galleon scientists created GAL-021 by reworking another compound called almitrine, developed by French pharmaceutical company **Les Laboratoires Servier** , she said. Almitrine, which hasn't been approved in the U.S., helps improve respiratory control but has also been associated with neuropathies. Galleon researchers removed parts of the molecule responsible for the neuropathy side effects, according to Ms. Brookes.

Galleon also has an earlier-stage drug that's similar to GAL-021 but can be taken orally and could therefore be used to treat sleep apnea. Today, sleep apnea is treated through mouth pieces, surgery and continuous positive airway pressure, or CPAP, which uses air pressure to keep airways open during sleep.

Several medical-device companies are pushing alternatives to CPAP, which requires patients to wear a mask while sleeping. They include venture-backed **ApniCure Inc** ., which has secured 510(k) clearance to market its Winx Sleep Therapy system, which is designed to enable users to breathe naturally without wearing a mask.

Galleon, based in Horsham, Pa., sees room for a drug therapy for sleep apnea, which affects more than 18 million American adults, according to the **National Sleep Foundation** . The Series B round would enable it to advance this oral drug into clinical studies, Ms. Brookes said.

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