HIV Drug Giant Gilead Acquires Pharmasset, a Hep C Drug Development Leader

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To the tune of $11 billion, Gilead Sciences—a leader in HIV drug development and sales—has acquired one of the most talked-about pharmaceutical companies in the field of hepatitis C virus (HCV) treatment research: Pharmasset, Inc., based in Princeton, New Jersey. The announcement was initially made by Gilead in a November 21 press release and during a conference call with investors and the media.

Pharmasset currently has three hepatitis C drugs in various stages of development. The company's lead product candidate, PSI-7977, is an HCV nucleotide analog and has produced remarkable results in people with genotype 1 and genotype 2/3 hepatitis C infection. The drug is currently in Phase III studies, two of which are testing PSI-7977 in combination with ribavirin—but without pegylated interferon—as 12-week curative therapy for people with genotype 2/3 HCV disease.

A third Phase III study in genotype 1 patients will be initiated in the second half of 2012, the design of which is dependent on the outcome of Phase II studies which are evaluating PSI-7977 in various combinations in genotype 1-infected patients. If successful, this strategy could lead to an initial U.S. approval of PSI-7977 in 2014.

A second drug, PSI-938, another nucleotide analog, is being tested in a Phase II interferon-free trial as monotherapy and in combination with PSI-7977 in people living with with HCV of all viral genotypes.

Mericitabine (RG7128), a nucleoside analog, is partnered with Roche and is being evaluated in three Phase II trials. Roche is responsible for all aspects of the development of mericitabine.

Gilead will be purchasing Pharmasset for $137 per share, totaling $11 billion, in cash. News of the

acquisition will likely be welcomed by investors; the closing price for Pharmasset stock was $72 a share on Friday, November 18.

"The acquisition of Pharmasset represents an important and exciting opportunity to accelerate Gilead’s effort to change the treatment paradigm for HCV-infected patients by developing all-oral regimens for the treatment of the disease regardless of viral genotype," said John C. Martin, PhD, chairman and chief executive officer of Gilead in the company’s announcement.

"We are excited to join together with Gilead, which shares our commitment to providing HCV patients with new, highly efficacious and safe oral therapies," added Schaefer Price, president and chief executive officer of Pharmasset. "We are very encouraged by the data from our Phase II studies of PSI-7977 and believe strongly in the potential of this compound to be a component in the transformation of the treatment of chronic HCV. Gilead’s established expertise and leadership in the field of antiviral drug development and commercialization, coupled with the company’s existing portfolio of promising compounds for HCV, make this partnership an ideal step to fully realize the potential of our promising molecules as part of future all-oral combination therapies for millions of patients in need around the world."

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