ESPERION THERAPEUTICS INC/MI
Form 424B4
August 01, 2003

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Filed pursuant to Rule 424(b)(4) under the Securities Act of 1933
Registration No. 333-106988

PROSPECTUS

4,000,000 Shares

Common Stock

We are offering 4,000,000 shares of our common stock, par value $0.001 per share.

Our common stock is quoted on The Nasdaq National Market under the symbol ESPR. On July 31, 2003, the last reported sale price of our common stock was $16.13 per share.

Investing in our common stock involves risks. Risk Factors begin on page 6.

	Per Share	Total
Public offering price	$16.00	$64,000,000
Underwriting discount and commission	$0.84	$3,360,000
Proceeds to Esperion Therapeutics, Inc. (before expenses)	$15.16	$60,640,000

We and certain selling stockholders have granted the underwriters a 30-day option to purchase up to an additional 600,000 shares of our common stock, on the same terms as set forth above, to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Lehman Brothers, on behalf of the underwriters, expects to deliver the shares on or about August 6, 2003.

LEHMAN BROTHERS

CITIGROUP

NEEDHAM & COMPANY, INC.

U.S. BANCORP PIPER JAFFRAY

SG COWEN

July 31, 2003

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PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. You should read the following summary together with the more detailed information regarding our company, our common stock and the financial statements and notes to those statements incorporated herein by reference from our other filings with the Securities and Exchange Commission (the SEC). We urge you to read the entire prospectus carefully, especially the risks of investing in our common stock, which are discussed under Risk Factors, before making an investment decision.

Esperion Therapeutics, Inc.

Esperion Therapeutics, Inc. is a biopharmaceutical company dedicated to the discovery, development and commercialization of therapies to improve the treatment of cardiovascular disease. Our initial focus is on the development and commercialization of novel classes of drugs that focus on a new treatment approach based upon our understanding of high density lipoprotein, or HDL, function. We call this approach HDL Therapy. By exploiting the beneficial properties of HDL, or good cholesterol, to remove excess cholesterol and other lipids from artery walls and other tissues, we believe our portfolio of product candidates offers an innovative approach in the fight against cardiovascular disease. While current therapies are designed to slow the progression of cardiovascular disease, we believe HDL Therapy has the potential to reverse the damaging effects of cholesterol deposits within artery walls.

We currently have four product candidates in clinical development, including three biopharmaceuticals: ETC-588, or LUV; ETC-216, or AIM; and ETC-642, or RLT Peptide; and one oral small molecule, ETC-1001, each targeted at cardiovascular disease or its risk factors. Our biopharmaceuticals are being developed to focus on the acute treatment of high-risk atherosclerosis, such as acute coronary syndromes, while our oral small molecule targets chronic treatment of risk factors associated with cardiovascular disease.

We are also pursuing the discovery and development of orally active organic small molecules designed to increase HDL-cholesterol, or HDL-C, levels and enhance the function of HDL and to decrease low density lipoprotein-cholesterol, LDL-C, or bad cholesterol, levels and triglycerides, another type of lipid, or fat. We believe some of these oral small molecules may possess anti-diabetic and anti-obesity properties.

We believe our product candidates will enhance the naturally occurring processes in the body for the removal of excess cholesterol and other lipids from artery walls and other tissues by enhancing the efficiency of the reverse lipid transport, or RLT, pathway. The RLT pathway is a four-step process through which excess cholesterol and other lipids are removed from artery walls and other tissues. We believe this removal of excess cholesterol and other lipids from artery walls and other tissues will lead to improvements in vascular structure by stabilizing vulnerable plaque, which could ultimately lead to a reduction in clinical events resulting from cardiovascular disease, including atherosclerosis.

Results of clinical trials and pre-clinical studies indicate that ETC-588, ETC-216 and ETC-642 demonstrate mobilization of cholesterol, which is the removal of excess cholesterol from artery walls and other tissues, as evidenced by measurements of the amount of cholesterol and other lipids in the blood before and after administration. The current clinical development status of our product candidates is as follows:

ETC-588 (Phase II): Enrollment in one of our two ongoing Phase II studies was completed in July 2003. The objective of this study is to evaluate the safety and tolerability of ETC-588 in approximately 150 patients with acute coronary syndromes. We continue to enroll patients in another Phase II clinical trial for ETC-588, which was initiated in 2002. This Phase II trial uses magnetic resonance imaging (MRI) technology to examine the effect, if any, of ETC-588 on plaque in the carotid arteries and whether the benefits of therapy persist three months after completion of treatment.

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ETC-216 (Phase II): In June 2003, we reported initial results that showed that our multiple-dose, multi-center Phase II clinical study met its primary efficacy objective of demonstrating statistically significant regression of atherosclerosis with ETC-216. The results of this study demonstrated, for the first time in a clinical trial, statistically significant regression of atherosclerosis at the end of six weeks.

ETC-642 (Phase I): In June 2003, we initiated our first multiple-dose, multi-center clinical trial in up to 32 patients with stable cardiovascular disease. The primary objective of this study is to assess potential dosing levels and regimens for ETC-642 while evaluating safety and tolerability. In 2002, a Phase I single escalating dose clinical trial for ETC-642 was initiated in patients with stable cardiovascular disease and is continuing to enroll patients in order to determine the maximum tolerated dose.

ETC-1001 (Phase I): We recently initiated our first clinical trial for ETC-1001 in healthy volunteers. This trial is a double-blind, placebo-controlled trial designed to evaluate the safety and tolerability of single escalating doses of ETC-1001.

We believe our drug discovery technology and scientific and drug development expertise have potential applicability to the discovery and development of therapies for a broad range of vascular diseases, including treatments for coronary heart disease, peripheral arterial disease (atherosclerosis occurring in arteries near the body s extremities) and stroke.

Our Strategy

Our objective is to discover, develop and commercialize therapies to address significant unmet needs associated with cardiovascular disease by exploiting the beneficial properties of HDL. The key elements of our business strategy are as follows:

discover novel cardiovascular product candidates that overcome limitations of existing treatments;

develop and commercialize a portfolio of drug candidates focused on enhancing the RLT pathway, utilizing the beneficial properties of HDL;

leverage the scientific, drug discovery and drug development expertise and experience of our management team;

enter into strategic collaborations with established pharmaceutical companies in which we retain co-development and co-promotion rights to our biopharmaceutical product candidates; and

focus on the development of biopharmaceutical product candidates for acute treatments and orally active small molecules for chronic therapies to complement statins and other lipid regulating treatments.

Recent Developments

On July 25, 2003, we were informed that Scott Sacane, Durus Capital Management, LLC and Durus Capital Management (NA), LLC (together, the Sacane Group) had become the beneficial owner of almost 33% of our outstanding common stock. The Sacane Group is our largest stockholder and, as of July 25, 2003, its most recent public filing made with the SEC, a Schedule 13G executed on November 8, 2002, stated that it owned 6,390,217 shares, or 21.8% of our then outstanding common stock. On July 29, 2003, the Sacane Group filed a Schedule 13D that reported that it owned 9,726,900 shares, or approximately 33% of our outstanding common stock, and that none of the owned shares were maintained in a margin account. In addition, the Schedule 13D reported purchases and sales of common stock in the open market between September 3, 2002 and July 24, 2003. The Sacane Group had not disclosed to us any changes in its beneficial ownership after November 8, 2002 until July 25, 2003, nor had it reported those changes to the SEC in a timely manner in accordance with the federal securities laws. Upon our receipt of the

information about the increase in the beneficial ownership of our shares by the Sacane Group, and after consideration of

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the facts and circumstances, we determined that it was in the best interests of our stockholders to enter into an agreement with the Sacane Group relating to its holdings of our common stock. The Sacane Group agreed in that agreement, which was filed as an exhibit to our current report on Form 8-K on July 29, 2003, not to acquire beneficial ownership of more than 33% of our common stock and not to sell any shares of our common stock prior to October 29, 2003. The Sacane Group agreed that, thereafter, its sales would be subject to certain volume restrictions until the amount it beneficially owned was less than 20%. The Sacane Group also agreed to certain voting restrictions, which generally require that any shares it beneficially owns that represent more than 20% of our outstanding voting securities be voted in proportion to the votes cast by all of our stockholders other than the Sacane Group. We amended our stockholder rights agreement (Rights Agreement) to provide that the Sacane Group would not be an Acquiring Person under the Rights Agreement unless and until the earlier of such time as the Sacane Group, together with all Affiliates and Associates, as defined in the Rights Agreement, directly or indirectly, becomes the beneficial owner of more than 33% of our outstanding common stock or ceases to hold any of the common stock of which it is the beneficial owner without any intention of changing or influencing control of the Company. On July 29, 2003, the Sacane Group s counsel acknowledged on behalf of the Sacane Group its liability to the Company under Section 16(b) of the Exchange Act.

In June 2003, we announced initial results from a multiple-dose, multi-center Phase II clinical study of ETC-216. The study met its primary efficacy objective of demonstrating statistically significant regression of atherosclerosis with ETC-216. The trial was a double-blind, placebo-controlled study evaluating the efficacy of ETC-216 at two different dose levels (15 mg/kg and 45 mg/kg), administered once weekly for a maximum of five treatments. The study included 47 evaluable patients with acute coronary syndromes who were scheduled to undergo coronary angiography and who continued to receive their current treatments during the study. Changes in plaque volume were measured using intravascular ultrasound, in which a tiny ultrasound probe is inserted into the coronary artery to directly image atherosclerotic plaques. The primary endpoint was the change in percent plaque volume for all evaluable patients receiving ETC-216 comparing end-of-treatment values to baseline values as measured with intravascular ultrasound. The results of this study demonstrated, for the first time in a clinical trial, statistically significant regression of atherosclerosis at the end of six weeks.

In June 2003, we announced the initiation of a multiple-dose, multi-center clinical study of ETC-642 in patients with stable cardiovascular disease. The primary objective of the study is to assess various potential dosing levels and regimens for ETC-642 while evaluating safety and tolerability. The study will also examine the pharmacokinetics and lipid effects of selected dosing regimens. The double-blind, placebo-controlled Phase I study will evaluate ETC-642 at up to four dose levels. Up to 32 patients with stable atherosclerosis will receive, in addition to their current treatments, either once-weekly doses of ETC-642 or placebo over the treatment period.

We recently initiated our first clinical trial for ETC-1001 in healthy volunteers. This trial is a double-blind, placebo-controlled trial designed to evaluate the safety and tolerability of single escalating doses of ETC-1001.

On July 16, 2003, we announced financial results for the three months ended June 30, 2003, reflecting a net loss of $8.4 million, or $0.29 per share. The net loss for the six months ended June 30, 2003 was $15.8 million, or $0.54 per share. Total operating expenses for the three months and six months ended June 30, 2003 were $7.8 million and $14.9 million, respectively.

Additional Information

We were incorporated in Delaware and commenced operations in July 1998. We became a public company in August 2000 and our common stock trades on The Nasdaq National Market under the symbol ESPR. Our executive offices and primary research facility are located at 3621 South State Street, 695 KMS Place, Ann Arbor, Michigan 48108; our telephone number is (734) 332-0506; and our website is http://www.esperion.com. The

information on our website is not incorporated into, and does not constitute any part of, this prospectus.

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The Offering

Unless otherwise indicated, all of the information in this prospectus assumes no exercise of the underwriters over-allotment option to purchase up to an additional 434,000 shares of common stock from us and up to an additional 166,000 shares from the selling stockholders.

Common stock offered by us	4,000,000
Common stock to be outstanding after the offering	33,480,766
Use of proceeds	We currently intend to use the net proceeds from this offering to fund our operations, for working capital and for general corporate purposes, including, capital expenditures, clinical development, partnership arrangements and in-licensing of technology. See Use of Proceeds.
Nasdaq National Market Symbol	ESPR

The number of shares of common stock to be outstanding after this offering is based on 29,480,766 shares outstanding as of June 30, 2003 and excludes:

- 3,987,175 shares of common stock underlying options outstanding as of June 30, 2003 at a weighted average exercise price of $6.52 per share; and
- 1,272,681 shares available for issuance or future grant under our 2000 Equity Compensation Plan, 169,989 shares available for issuance or future grant under our 1998 Stock Option Plan and 449,660 shares available for issuance under our Employee Stock Purchase Plan.

Summary Financial Data

The following data, insofar as they relate to each of the years 2000-2002, have been derived from annual financial statements, including the consolidated balance sheets at December 31, 2001 and 2002 and the related consolidated statements of operations and cash flows for the three years ended December 31, 2002 and the notes thereto, incorporated herein by reference. The data for the three months ended March 31, 2002 and 2003 have been derived from unaudited financial statements also incorporated herein by reference and which, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the unaudited interim periods.

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Consolidated Statement of Operations Data

	Year Ended December 31,			Three Months Ended March 31,	
	2000(1)	2001(1)	2002	2002	2003
	(in thousands, except share and per share data)			(unaudited)	
Operating expenses:					
Research and development	$22,596	$21,454	$21,991	$5,705	$5,460
General and administrative	3,156	5,023	5,955	1,645	1,629
Goodwill amortization(2)	250	839			
Purchased in-process research and development(3)	4,000				
Operating loss	(30,002)	(27,316)	(27,946)	(7,350)	(7,089)
Other income (expense), net	2,426	2,385	(780)	47	(317)
Net loss	(27,576)	(24,931)	(28,726)	(7,303)	(7,406)
Beneficial conversion feature(4)	(22,870)				

Net loss attributable to common stockholders	$(50,446)	$(24,931)	$(28,726)	$(7,303)	$(7,406)