

# Tesaro Rises on \$85 Million J&J Cancer Drug Licensing Deal

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April 6, 2016 — 7:00 AM EDT

Updated on April 6, 2016 — 9:58 AM EDT

Shares of Tesaro Inc. gained in New York trading Wednesday after the drugmaker said Johnson & Johnson will pay \$85 million for rights to develop and sell its experimental pill for prostate cancer, a disease area where J&J is looking to defend its dominance.

J&J will invest \$50 million in Tesaro stock, paying \$44.24 a share, and will pay \$35 million in cash up front for rights to the cancer drug, called niraparib, according to a statement Wednesday. Waltham, Massachusetts-based Tesaro may also get as much as \$415 million in potential milestone payments from J&J.

Tesaro's stock rose 5.6 percent to \$45.21 at 9:43 a.m.

Prostate cancer has become a more competitive market for J&J as its blockbuster pill Zytiga may lose its top-selling spot in the area to Medivation Inc.'s Xtandi, according to Bloomberg Intelligence. Zytiga was New Brunswick, New Jersey-based J&J's third-best-selling drug last year, bringing in \$2.23 billion.

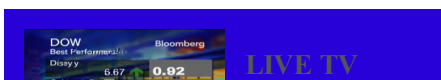
Tesaro's drug might be used together with existing prostate cancer drugs, including Zytiga, according to Lonnie Moulder, the company's chief executive officer.

"A combination could address an earlier and broader array of men with prostate cancer than a single agent," Moulder said by phone Tuesday.

## Blocking PARP

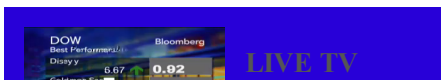
J&J will gain the right to develop and sell Tesaro's pill for prostate cancer everywhere except Japan, according to the statement. Tesaro will get royalties on those sales.

Niraparib is now in late-stage trials in ovarian cancer and breast cancer. Jefferies LLC analyst Eun Yang said last month that she was "cautiously optimistic" about the drug's odds of success in a late-stage breast cancer study.



The pill works by blocking PARP, a group of proteins that repair DNA. Some tumor cells lack some ability to fix DNA, and developers say that drugs like niraparib will harm cancer cells, while leaving normal cells that have backup DNA-repair tools relatively healthy. About 15 percent to 35 percent of severe prostate cancers lack those backup tools, according to the Prostate Cancer Foundation.

Prostate cancer is the third-most common cancer in the U.S., with 2.8 million men living with the disease in 2012, according to the National Institutes of Health. About 14 percent of men will get the disease in their lifetime.



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