

Onyx Falls After Nexavar Trial for Lung Cancer Ends (Update5)  
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(Adds closing share price in second, seventh paragraph.)

By Tom Randall and Shannon Pettypiece

Feb. 19 (Bloomberg) -- Onyx Pharmaceuticals Inc., developer with Bayer AG of the liver and kidney cancer drug Nexavar, fell the most in more than a year in Nasdaq trading after the companies halted a test against lung tumors.

Onyx, of Emeryville, California, dropped \$11.89, or 26 percent, to \$33.09 at 4 p.m. New York time in composite trading.

The company rose 82 percent over 12 months through Feb. 15, the last day the market was open before the announcement.

Bayer, Germany's biggest drugmaker, and Onyx said yesterday they stopped the study because the product failed to help patients live longer than standard treatment. Nexavar was being tested in the last of three rounds of studies needed for U.S.

regulatory approval for lung cancer.

"This pretty much eliminates the lung cancer indication from everybody's model," said Jason Zhang, an analyst at BMO Capital Markets in New York, in an interview today. "It also brings into question other indications such as breast cancer, which is currently in Phase II trials."

Zhang said he was surprised the trials were stopped early, though he wasn't expecting positive results after previous trials. BMO Capital Markets, which doesn't own any shares of Onyx, will lower its rating on the shares, Zhang said.

#### Competing Drugs

Nexavar is a so-called targeted therapy and would compete for lung cancer patients with Roche Holding AG and Genentech Inc.'s Avastin treatment. ImClone System Inc. also is testing its Erbitux drug, currently used to treat colon and head and neck tumors, in lung cancer patients. ImClone sells Erbitux with Bristol-Myers Squibb Co. in the U.S. and Germany's Merck KGaA markets the product in Europe.

New York-based ImClone rose 99 cents, or 2.5 percent, to \$40.05 in Nasdaq trading. Shares have risen 36 percent in the last twelve months.

The Nexavar trial, dubbed Escape, showed a higher death rate in patients with the squamous cell form of lung cancer who took standard chemotherapy and Nexavar together than in those taking standard chemotherapy alone, the companies said. Escape studied more than 900 patients with non-small cell lung cancer.

Bayer and Onyx are studying whether the Escape testing affects other lung-cancer trials.

Onyx also reported an adjusted fourth-quarter loss of 21 cents a share, more than twice the estimated 9-cent loss in a Bloomberg survey of 10 analysts. The company declined to forecast future sales of Nexavar, its only product on the market, Zhang said.

The earnings announcement was "very very disappointing," Zhang said. "If you know the market is big, but if you don't have any confidence at projecting the revenue, that's not a good sign."

--Editors: Robert Greene, Angela Zimm

To contact the reporters on this story:

Tom Randall in New York at +1-212-617-1023 or [trandall6@bloomberg.net](mailto:trandall6@bloomberg.net);

Shannon Pettypiece in New York at +1-212-617-5818 or [spettpiece@bloomberg.net](mailto:spettpiece@bloomberg.net).

To contact the editor responsible for this story:

Reg Gale at +1-212-617-2563 or

[rgale5@bloomberg.net](mailto:rgale5@bloomberg.net).