SuperGen Reports 2010 Second Quarter Financial Results

Dacogen Royalty Revenue Increases 62% from Same Prior Year Quarter Dacogen Planned Filings for AML are Proceeding as Data Analysis Continues

DUBLIN, Calif., Aug 02, 2010 (BUSINESS WIRE) --

SuperGen, Inc. (NASDAQ:SUPG) today reported financial results for the second quarter and six months ended June 30, 2010.

"The second quarter was profitable. Our Dacogen partners Eisai and Johnson & Johnson have reaffirmed their respective intentions to file marketing applications for *Dacogen*® (decitabine) for Injection in acute myeloid leukemia (AML) next year, upon completion of their data analyses," said James S.J. Manuso, Ph.D, President and CEO. "All of SuperGen's clinical programs are advancing, and the U.S. Food and Drug Administration (FDA) has cleared our Investigational New Drug Application (IND) for SGI-110, a novel, second-generation DNA methylation inhibitor. We are on schedule to initiate a first in human clinical trial of SGI-110 in myelodysplastic syndromes (MDS) and AML later this year, and we are very pleased to work with the Stand Up to Cancer Foundation to develop this important drug in the years ahead."

Total revenues for the 2010 second quarter were $9.9 million compared with $6.0 million for the same prior year period. Total revenues for the 2010 second quarter includes royalty revenue of $9.8 million compared with $6.0 million for the same prior year period. For the 2009 second quarter, royalty revenue was influenced by a decline in quarterly product sales reported by Eisai that resulted from a certain third party wholesaler adjusting its near-term inventory purchases. Royalty revenue is earned pursuant to the license agreement entered into with MGI PHARMA (acquired by Eisai Corporation of North America in January 2008) during 2004, which granted MGI PHARMA exclusive rights to the development, manufacture, commercialization and distribution of *Dacogen*. The Company generally recognizes royalty revenue when it is received. Total revenues for the 2010 second quarter also include $127,000 of development and license revenue resulting from the recognition of deferred revenue relating to payments received pursuant to the research and license agreement entered into with GlaxoSmithKline (GSK) during October 2009. There was no similar development and license revenue for the same prior year period.

Excluding gain on sale of products, total operating expenses for the 2010 second quarter were $9.7 million, compared with $8.7 million for the same prior year period. The primary reasons for the increase in total operating expenses for the 2010 second quarter were higher research and development expenses relating to clinical trial activities and increases in general and administrative expenses due to higher general corporate expenses. Stock-based compensation expense, a non-cash expense that is included in total operating expenses, was $488,000 for the 2010 second quarter, compared with $505,000 for the same prior year period.

The gain on sale of products for the 2010 second quarter was $700,000 compared with no gain reported in the same prior year period. The gain on sale of products relates to the receipt of additional contractual payments resulting from the 2007 sale of the worldwide rights for *Nipent*® (pentostatin for injection) to Mayne Pharma (acquired by Hospira, Inc. in February 2007). The payment is not contractually due until the second quarter of the year although during 2009 the $500,000 gain was received and recognized a quarter earlier.

The Company reported net income for the 2010 second quarter of $1.0 million, or $0.02 per basic and diluted share, compared with a net loss of $2.4 million, or $0.04 per basic and diluted share, for the same prior year period.

Total revenues for the six months ended June 30, 2010 were $24.3 million, compared with $18.9 million for the same prior year period. Total revenues for the six months ended June 30, 2010 include royalty revenue of $24.0 million compared with $18.9 million for the same prior year period. Royalty revenue is earned pursuant to the license agreement entered into with MGI PHARMA. The Company generally recognizes royalty revenue when it is received. Total revenues for the six months ended June 30, 2010 include $254,000 of development and license revenue for recognition of deferred revenue relating to payments received pursuant to the research and license agreement entered into with GSK during October 2009. There was no similar development and license revenue for the same prior year period.

Excluding gain on sale of products, total operating expenses for the six months ended June 30, 2010 were $19.5 million, compared with $18.3 million for the same prior year period. The primary reasons for the increase in total operating expenses

for the six months ended June 30, 2010 were higher research and development expenses relating to clinical trial activities and increases in general and administrative expenses due to higher general corporate expenses offset in part by lower stock-based compensation expense. Stock-based compensation expense, a non-cash expense that is included in total operating expenses, was $735,000 for the six months ended June 30, 2010, compared with $1.1 million for the same prior year period.

The reported gain on sale of products for the six months ended June 30, 2010 was $700,000 compared to $500,000 for the same prior year period. The gain on sale of products for both periods relate to the receipt of additional contractual payments resulting from the sale of the worldwide rights for *Nipent* to Hospira in 2007.

The Company reported net income for the six months ended June 30, 2010 of $5.6 million, or $0.09 per basic and diluted share, compared with net income of $1.6 million, or $0.03 per basic and diluted share, for the same prior year period.

As of June 30, 2010, the Company had approximately $106.5 million in unrestricted cash, cash equivalents and current and non-current marketable securities compared to $105.5 million at March 31, 2010.

2010 Annual Financial Guidance

The financial guidance for 2010 has been modified as follows:

- Royalty revenue for *Dacogen* has been revised upward from our prior guidance range from $41 to $45 million and is now expected to increase up to 17% from the prior year to a revised range from $44 to $48 million.
- Development and license revenue remains unchanged from our prior guidance and is estimated at $500,000. This revenue represents the recognition of deferred revenue relating to prior payments received pursuant to the research and license agreement with GSK.
- During 2010, no additional gain on sale of products resulting from the previous sale of our commercial business is anticipated beyond the $700,000 already received during the 2010 second quarter.
- Research and development expenses are estimated to decrease slightly from our prior guidance from $34.0 to $37.0 million to a revised range from $32.5 to $35.5 million. The level of R&D expenses incurred is influenced by the timing and amount of financial commitments for the various activities related to the Company's clinical trial programs and other discovery and development activities.
- General and administrative expenses remain unchanged from our prior guidance and are estimated to be approximately $9.5 million.
- The prior guidance for the Company's annual net operating results has been modified from a net loss of less than $1 million for the year to an estimated net income of less than $4.5 million for 2010.
- Included in total annual operating expenses is non-cash stock-based compensation expense estimated at $2.5 million for 2010.
- Average annual shares outstanding remains unchanged and is expected to be approximately 61 million common shares.

Recent Corporate News:

June 2010: The Company announced that our partner Eisai released information regarding a randomized Phase III clinical trial of *Dacogen* in elderly patients with AML. The comparator in this trial was low-dose cytarabine, a chemotherapy agent, or supportive care. Overall survival was the primary endpoint of this study. While *Dacogen* did not achieve statistically significant superiority over the control arm, a trend was evident. Based on the primary analysis and supporting data from secondary endpoints in this Phase III trial, Eisai announced it plans to submit to the FDA a supplemental New Drug Application (sNDA) for *Dacogen* in the treatment of elderly patients with AML and poor- or intermediate-risk cytogenetics. Eisai has stated that the sNDA will be submitted to the FDA by March 31, 2011. Eisai and its sub-licensee, Cilag GmbH International, a subsidiary of Johnson & Johnson, are further examining the data to better understand the full implications of the study. Eisai will present the comprehensive data sets from the Phase III trial to the medical community at future major meetings and in peer-reviewed publications.

July 2010: Johnson & Johnson announced during their second quarter investor's call that their subsidiary, Cilag GmbH International, is continuing to analyze the results of the recently completed Phase III study of *Dacogen* in elderly patients with AML and is moving the planned filing for *Dacogen* in AML in the European Union (EU) to 2011.

Conference Call Information

SuperGen will host a conference call to discuss the 2010 second quarter financial results today at 1:30 p.m. PT / 4:30 p.m. ET. A live webcast of the conference call is accessible via the investor relations section of the Company's website at

http://www.supergen.com. A webcast replay of the conference call will be available for 30 days.

About SuperGen

SuperGen is a pharmaceutical company dedicated to the discovery and development of novel cancer therapeutics in epigenetic and cell signaling modulation. The Company develops products through biochemical and clinical proof of concept to partner for further development and commercialization. For more information about SuperGen, please visit http://www.supergen.com.

Forward-Looking Statements

This press release contains "forward-looking" statements within the meaning of Section 21A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and is subject to the safe harbor created thereby. The actual results could differ materially from those projected in the forward-looking statements as a result of a number of risks and uncertainties. These forward-looking statements include, but are not limited to, statements regarding our revised financial guidance for 2010; the sufficiency of our operating cash to fund our development initiatives this year and next; expectations about increases in royalty and development and license revenue, gains from sales of products from the previous sale of the commercial business, and decreases in research and development expenses and expectations about general and administrative expenses; estimates of 2010 net income; estimates of non-cash stock-based compensation; and expectations regarding Eisai's and Johnson & Johnson's plans for *Dacogen*. Important factors that could cause actual results to differ materially from the expectations reflected in the forward-looking statements include, but are not limited to: the ability of Eisai and Johnson & Johnson to generate global sales of *Dacogen*; risks and uncertainties related to the achievement of developmental milestones with respect to the compounds acquired in the Montigen acquisition; the research and development of amuvatinib, SGI-1776 and SGI-110; GSK's decision whether or not to license and then develop and commercialize the products that are the subject of that collaboration and whether any of those products will be commercially successful; and the outcome of Eisai's and Johnson & Johnson's examination of the *Dacogen* clinical trial data and the submission of US and EU regulatory filings. In general, our future success is dependent upon numerous factors, including our ability to generate pre-clinical development candidates for selection into clinical testing, obtaining regulatory approval of product development programs, conducting and completing clinical trials, and obtaining regulatory approval of our products and product candidates, and creating opportunities for future commercialization of compounds. Our future revenue and operating and net income or loss could be worse than anticipated if demand for our products is less than expected, if our partnerships and collaborations with other parties are not successful, or if the introduction of new products is delayed, for any reason, including regulatory delay. References made to the discussion of risk factors are detailed in the Company's filings with the Securities and Exchange Commission including reports on its most recently filed Form 10-K and Form 10-Q. These forward-looking statements are made only as of the date hereof, and we disclaim any obligation to update or revise the information contained in any such forward-looking statements, whether as a result of new information, future events or otherwise.

Consolidated Statements of Operations and Balance Sheets to follow

SUPERGEN, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2010	**2009**	**2010**	**2009**
Revenues:				
Royalty revenue	$ 9,764	$ 6,011	$24,057	$18,925
Development and license revenue	127	-	254	-
Total revenues	9,891	6,011	24,311	18,925
Operating expenses:				
Research and development	7,269	6,756	14,705	14,091

General and administrative	2,407	1,984	4,768	4,209
Gain on sale of products	(700)	-	(700)	(500)
Total operating expenses	8,976	8,740	18,773	17,800
Income (loss) from operations	915	(2,729)	5,538	1,125
Interest income	46	187	97	458
Income (loss) before income tax benefit (provision)	961	(2,542)	5,635	1,583
Income tax benefit (provision)	-	115	-	(15)
Net income (loss)	$ 961	$ (2,427)	$ 5,635	$ 1,568
Net income (loss) per common share:				
Basic	$ 0.02	$ (0.04)	$ 0.09	$ 0.03
Diluted	$ 0.02	$ (0.04)	$ 0.09	$ 0.03
Weighted average shares outstanding:				
Basic	60,293	59,106	60,251	59,095
Diluted	60,770	59,106	60,752	59,102

SUPERGEN, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	June 30, 2010 (Unaudited)	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 16,614	$ 7,682
Marketable securities	85,952	89,515
Income tax receivable	893	904
Prepaid expenses and other current assets	1,405	1,150
Total current assets	104,864	99,251
Marketable securities, non-current	3,903	3,570
Property, plant and equipment, net	3,957	4,205
Goodwill	731	731
Restricted cash	2,129	2,255
Other assets	505	505
Total assets	$ 116,089	$ 110,517
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,449	$ 2,011

Accrued liabilities		
	200	234
Payable to AVI BioPharma	565	565
Deferred gain on sale of products to Hospira, Inc.	50	50
Deferred revenue	509	509
Deferred rent		
	162	343
Accrued payroll and employee benefits	2,473	2,861
Total current liabilities	5,408	6,573
Deferred rent, non-current		
	14	19
Deferred revenue, non-current	1,684	1,939
Total liabilities	7,106	8,531
Total stockholders' equity		
	108,983	101,986
Total liabilities and stockholders' equity	$ 116,089	$ 110,517

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