

Philadelphia

**• Theranox To Help Heal Wounds With \$14M Series A**

By Lorie Konish

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Theranox Inc., a biopharmaceutical company developing medical applications of topically applied gaseous nitric oxide, said it has raised \$14 million in Series A financing.

Theranox CEO Frank J. McCaney, currently the company's sole employee, said that while he filed incorporation papers in September, the funding will help the company formally establish itself. Theranox will be using the patent portfolio of Viasys Healthcare Inc. for the topical use of gaseous nitric oxide.

The Series A funding round was led by Quaker BioVentures and NewSpring Capital. Viasys Healthcare and Virtucon Inc. also participated in the financing.

A biochemist by training, McCaney started the company when he left Viasys Healthcare, where he served as senior vice president of business development, to head Theranox. McCaney said the patents were developed at Viasys Healthcare.

"It was difficult for [Viasys Healthcare] to spend the money to develop the technology," McCaney said of the patents. "This is the culmination of that process."

Viasys Healthcare will continue to be involved with the process, serving as an investor and providing the license for the key patent portfolio of gaseous nitric oxide. Virtucon, another investor, is owned by investors in Pulmonox Medical Inc., a Canadian company that will perform the preclinical work, design the gas delivery services and assist in clinical trials.

Theranox plans to use the funding for clinical trials and the commercialization of the use of gaseous nitric oxide for the treatment of chronic wounds, such as diabetic ulcers and venous stasis ulcers, and post-surgical infections.

The body uses nitric oxide to signal for fibroblasts and keratinocytes to help heal a wound. Theranox's solution, according to McCaney, is to flow nitric oxide over the wound as a gas, which sends certain signals to the body to accelerate the healing process and produce an "anti-infective, anti-inflammatory" effect.

McCaney called the amount raised in the Series A round "just right" and said he expects the money to take the company "through the initial phases of commercialization." McCaney also said that there are no plans for additional rounds of funding, though he would not rule it out.

Theranox's goal, according to McCaney, is to have "direct sales into the chronic wound market in the U.S." in a prescription form.

"I would expect we'll have a product on the market in early 2009," McCaney said.

McCaney said that Theranox has not formed its board yet, but expects that it will have seven members, including at least one member from each investor, with two from the two top investors, and himself.

"Everyone is striving to have someone that adds value to the board," McCaney said.

NewSpring Capital Partner Zev Scherl, who will also be sitting on the Theranox board, declined to reveal how much NewSpring Capital invested in the round, but said the research and human results encouraged the company to invest.

"There is market need that is not being met, starting with wound care and other topical areas we have identified for this application," Scherl said. "We have seen some human results that we are encouraged by going into further clinical studies."

McCaney said Theranox will be based in the Bristol, Pa., area. Theranox will also be hiring personnel and setting up a Web site.