



**VIROPHARMA (VPHM)** stock price surged 30% to close at \$14.24 after opening at \$10.99. The reason is that the company decided to increase the price of its Vancocin antibiotic, which is the firm's only product.

The surge in the stock price deserves a thorough examination of the firm's activities, pipeline, plans, strategy and promises, especially that Vancocin antibiotic has been acquired from Eli Lilly and Co. and in view of the fact that the drug is the only FDA-approved treatment for bacterial infections of the lower digestive tract - Clostridium difficile-associated disease or CDAD. In addition, the drug had a successful market penetration, generating \$49.9 million in sales.

The drug has been FDA approved to treat antibiotic-associated pseudomembranous colitis caused by Clostridium difficile and enterocolitis caused by staphylococcus aureus, including methicillin-resistant strains.

ViroPharma is focusing its product development activities on viral diseases, including those caused by **cytomegalovirus (CMV)** with a drug in Phase 2 trials called **maribavir** (acquired worldwide rights from {GlaxoSmithKline (GSK)}) and hepatitis C virus (HCV) infection with a drug **HCV-796** in Phase 1b proof of concept clinical study. This drug has been developed together with Wyeth and targets the RNA replication process (RNA Polymerase) of HCV. In addition to HCV-796, ViroPharma has discovered multiple, chemically distinct compound series that target the same RNA replication process (RNA Polymerase) of HCV. The compound is an orally dosed molecule that has the potential to interfere with the replication of hepatitis C virus, is of the same chemical class as HCV-086. It appears that it may be potentially more potent in preclinical assays than its predecessor.

Worth looking at?

For many reasons, including the fact that the firm has already marketed a promising product for a hot market and indication, i.e., infection complication of anti-infective drugs and methicillin-resistant staph strains. Attracting also is the mode of action of Hepatitis C strains and the predicted promising efficacy of the drug.

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