

TITAN PHARMACEUTICALS INC

Form S-1

October 18, 2005

As filed with the Securities and Exchange Commission on October 17, 2005

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form S-1

**REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Titan Pharmaceuticals, Inc.

(Exact name of Registrant as specified in its charter)

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Delaware	2836	94-3171940
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

**400 Oyster Point Blvd.
Suite 505
South San Francisco, CA 94080**

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(Address, including zip code, and telephone number,
including area code, of Registrant's principal executive offices)

Louis R. Bucalo
Chief Executive Officer
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(Name, address, including zip code, and telephone number,
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Copies to:

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Approximate date of commencement of proposed sale to the public: From time to time after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box.

CALCULATION OF REGISTRATION FEE

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Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Security	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, par value \$.001 per share	21,819,923	\$ 1.70	\$ 37,093,869.1	\$ 4,365.95

(1) Pursuant to Rule 416 of the Securities Act of 1933, as amended, the shares of common stock offered hereby also include such presently indeterminate number of shares of our common stock as shall be issued by us to the selling shareholders as a result of stock splits, stock dividends or similar transactions.

(2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(c) under the Securities Act of 1933. For this purpose, we have used the closing price as reported on the American stock Exchange on October 12, 2005.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a) , may determine.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL AND IS NOT A SOLICITATION OF AN OFFER TO BUY IN ANY STATE IN WHICH AN OFFER, SOLICITATION, OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED October 17, 2005

PROSPECTUS

TITAN PHARMACEUTICALS, INC.

21,819,923 Shares of Common Stock

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This prospectus relates to the offer and sale of up to 21,819,923 shares of common stock of Titan Pharmaceuticals, Inc. (we, us, our or Titan) by certain persons who are stockholders of Titan, including Cornell Capital Partners, LP (Cornell Capital Partners).

We are not selling any shares of common stock in this offering and therefore we will not receive any of the proceeds from this offering. We will, however, receive proceeds from the sale of common stock under the Standby Equity Distribution Agreement that we entered into as of September 28, 2005 with Cornell Capital Partners. All costs associated with this registration will be borne by us.

The shares of common stock are being offered for sale by the selling stockholders at prices established on the American Stock Exchange during the term of this offering. On October 12, 2005, the last reported sale price of our common stock was \$1.70 per share. Our common stock is presently listed on the American Stock Exchange under the symbol TTP.

Cornell Capital Partners is an underwriter within the meaning of the Securities Act of 1933 in connection with the sale of common stock it acquires pursuant to the Standby Equity Distribution Agreement. No other underwriter or person has been engaged to facilitate the sale of shares of common stock in this offering. This offering will terminate twenty-four months after the accompanying registration statement is declared effective by the Securities and Exchange Commission.

Cornell Capital Partners will pay us the lowest daily volume weighted average price of our common stock as quoted by Bloomberg, LP during the five consecutive trading day period immediately following the date we notify Cornell Capital Partners that we desire to make a draw-down under the Standby Equity Distribution Agreement. In addition, Cornell Capital Partners will retain 5% of each draw-down under the Standby Equity Distribution Agreement and we are required to pay Yorkville Advisors Management, LLC, the investment manager for Cornell Capital Partners, \$500 for each draw-down. We paid Cornell Capital Partners a one-time commitment fee equal to \$140,000 in the form of 75,407 shares of common stock and paid Yorkville Advisors Management a structuring fee of \$10,000, all of which are underwriting discounts payable or paid to Cornell Capital Partners.

Brokers or dealers effecting transactions in these shares should confirm that the shares are registered under the applicable state securities laws or that an exemption from registration is available.

These securities are speculative and involve a high degree of risk. You should purchase securities only if you can afford a complete loss of your investment. See Risk Factors beginning on page 4.

TABLE OF CONTENTS

<u>Prospectus Summary</u>	<u>1</u>
<u>Risk Factors</u>	<u>4</u>
<u>Special Note Regarding Forward-Looking Statement</u>	<u>11</u>
<u>Use Of Proceeds</u>	<u>12</u>
<u>Standby Equity Distribution Agreement</u>	<u>12</u>
<u>Selling Stockholders</u>	<u>15</u>
<u>Plan Of Distribution</u>	<u>16</u>
<u>Management's Discussion And Analysis Of Financial Condition And Results Of Operations</u>	<u>17</u>
<u>Business</u>	<u>22</u>
<u>Management</u>	<u>32</u>
<u>Security Ownership Of Certain Beneficial Owners And Management</u>	<u>36</u>
<u>Market For Our Common Stock, Dividends And Related Stockholder Information</u>	<u>37</u>
<u>Selected Condensed Financial Information</u>	<u>38</u>
<u>Supplementary Financial Information</u>	<u>39</u>
<u>Description Of Capital Stock</u>	<u>39</u>
<u>Transfer Agent And Registrar</u>	<u>40</u>
<u>Legal Matters</u>	<u>41</u>
<u>Experts</u>	<u>41</u>
<u>Where You Can Find More Information</u>	<u>41</u>
<u>Index To Consolidated Financial Statements</u>	<u>F-1</u>

PROSPECTUS SUMMARY

This summary highlights selected information appearing elsewhere in this prospectus. While this summary highlights what we consider to be the most important information about us, you should carefully read this prospectus and the registration statement of which this prospectus is a part in their entirety before investing in our common stock, especially the risks of investing in our common stock, which we discuss later in Risk Factors, and our financial statements and related notes beginning on page F-1. Unless the context requires otherwise, the words we, us and our refer to Titan Pharmaceuticals, Inc.

About Titan Pharmaceuticals, Inc.

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We are a biopharmaceutical company developing proprietary therapeutics for the treatment of central nervous system (CNS) disorders, cardiovascular disease, bone disease and other disorders. Our product development programs focus primarily on large pharmaceutical markets with significant unmet medical needs and commercial potential. We are focused primarily on clinical development of the following products:

Probuphine: for the treatment of opioid dependence and chronic pain

Iloperidone: for the treatment of schizophrenia and related psychotic disorders (partnered with Vanda Pharmaceuticals, Inc.)

Spheramine: for the treatment of advanced Parkinson's disease (partnered with Schering AG)

DITPA: for the treatment of congestive heart failure and hyperlipidemia

Gallium maltolate: for the treatment of cancer, bone related diseases and chronic bacterial infections

We were incorporated in Delaware in February 1992 and have funded our operations through various sources, including an initial public offering in January 1996 and private placements of securities, as well as proceeds from warrant and option exercises, corporate licensing and collaborative agreements, and government-sponsored research grants.

Summary of the Offering

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This offering relates to the sale of common stock by selling stockholders consisting of (i) Cornell Capital Partners, which intends to sell up to 21,819,923 shares of common stock, 21,739,130 of which shares may be purchased by Cornell Capital Partners from Titan under the Standby Equity Distribution Agreement and 75,407 of which shares were issued to Cornell Capital Partners upon the signing of the Standby Equity Distribution Agreement as a commitment fee, and (ii) Monitor Capital, Inc., which intends to sell up to 5,386 shares of common stock that were issued to it as a placement agent fee.

Pursuant to the Standby Equity Distribution Agreement, we may, at our discretion, periodically issue and sell to Cornell Capital Partners shares of common stock for a total purchase price of up to \$35 million. The amount of each draw-down is subject to a maximum draw-down amount of \$2 million, and we may not submit any request for a draw-down within five trading days of a prior request. Cornell Capital Partners will pay us the lowest daily volume weighted average price of our common stock during the five consecutive trading day period immediately following the date we notify Cornell Capital Partners that we desire to access the Standby Equity Distribution Agreement. Cornell Capital Partners shall retain 5% of each draw-down it makes to us and we are required to pay Yorkville Advisors Management, LLC, the investment manager for Cornell Capital Partners, \$500 for each draw-down. We paid Cornell Capital Partners a one-time commitment fee equal to \$140,000 in the form of 75,407 shares of common stock and paid Yorkville Advisors Management a structuring fee of \$10,000, all of which are underwriting discounts payable or paid to Cornell Capital Partners. We understand that Cornell Capital Partners intends to sell any shares purchased under the Standby Equity Distribution Agreement at the then prevailing market price. Among other things, this prospectus relates to the shares of common stock to be issued under the Standby Equity Distribution

Agreement. There are substantial risks to investors as a result of the issuance of shares of common stock under the Standby Equity Distribution Agreement. These risks include dilution of stockholders, significant decline in our stock price and our inability to draw sufficient funds when needed.

There is an inverse relationship between our stock price and the number of shares to be issued under the Standby Equity Distribution Agreement in exchange for a cash payment of a particular size. That is, as our stock price declines, we would be required to issue a greater number of shares under the Standby Equity Distribution Agreement for a given draw-down. This inverse relationship is demonstrated by the following table, which shows the number of shares to be issued under the Standby Equity Distribution Agreement assuming that we draw-down the Standby Equity Distribution Agreement in full at \$1.61 per share (the closing price of our common stock on October 6, 2005) and at a 25%, 50% and 75% discount to that price.

	Market Price: \$1.61	Market Price: \$1.21	Market Price: \$0.81	Market Price: \$0.40
No. of Shares (1):	21,739,130	28,925,620	43,209,877	87,500,000
Total Outstanding (2):	54,212,558	61,399,048	75,683,305	119,973,428
Percent Outstanding (3):	66.9%	89.1%	133.1%	269.5%
Net Cash to Access (4):	\$ 33,115,000	\$ 33,115,000	\$ 33,115,000	\$ 33,115,000

(1) Represents the number of shares of common stock which could be issued to Cornell Capital Partners under the Standby Equity Distribution Agreement at the prices set forth in the table.

(2) Represents the total number of shares of common stock outstanding after the issuance of the shares to Cornell Capital Partners under the Standby Equity Distribution Agreement, including the 75,407 shares issued to Cornell Capital Partners as a commitment fee and the 5,386 shares issued to Monitor Capital, Inc., as a placement agent fee.

(3) Represents the shares of common stock to be issued as a percentage of the total number shares outstanding as of October 6, 2005.

(4) Net cash equals the gross proceeds minus the 5% fee to be paid to Cornell Capital Partners, the \$10,000 fee paid to Yorkville Advisors Management and approximately \$125,000 in offering expenses.

We engaged Monitor Capital, Inc., a registered broker-dealer, to act as placement agent in connection with the Standby Equity Distribution Agreement. We paid Monitor Capital, Inc. a fee of \$10,000 in the form of 5,386 shares of our common stock as of September 28, 2005, under a Placement Agent Agreement.

Common Stock Offered 21,819,923 shares by the selling stockholders

Offering Price Market Price

Common Stock Outstanding Before the Offering 32,473,428 shares as of October 6, 2005

Use of Proceeds We will not receive any proceeds of the shares offered by the selling stockholders. Any proceeds we receive from the sale of common stock under the Standby Equity Distribution Agreement will be used

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for general working capital purposes. See Use of Proceeds.

Risk Factors

The securities offered hereby involve a high degree of risk. See Risk Factors beginning on page 4.

American Stock Exchange symbol TTP

Selected Condensed Financial Information

The statements of operations data for the years ended December 31, 2002, 2003 and 2004 and the balance sheet data as of December 31, 2003 and 2004 are derived from our audited consolidated financial statements and footnotes thereto included in the section beginning on page F-1. The statements of operations data for the years ended December 31, 2000 and 2001 and the balance sheet data as of December 31, 2000, 2001 and 2002 have been derived from our audited consolidated financial statements not included in this prospectus. We have also included data for the six months ended June 30, 2004 and 2005 from our unaudited interim consolidated financial statements included in the section beginning on page F-1. This data should be read together with our consolidated financial statements and related footnotes thereto included in the section beginning on page F-1 and the information under Management's Discussion and Analysis of Financial Condition and Results of Operations.

	Six Months Ended June 30, (unaudited)		Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
(in thousands, except per share data)							
Statement of Operations Data:							
Total revenue(1)	\$ 27	\$ 1	\$ 31	\$ 89	\$ 2,892	\$ 4,572	\$ 1,880
Operating expenses:							
Research and development	9,722	9,711	20,415	22,258	29,819	23,339	16,744
Acquired/in-process research and development(2)			759	3,896			4,969
General and administrative	2,600	2,486	5,237	5,109	5,076	5,383	4,070
Other income, net	257	260	376	1,285	3,821	6,686	5,115
Net loss	\$ (12,038)	\$ (11,936)	\$ (26,004)	\$ (29,889)	\$ (28,182)	\$ (17,464)	\$ (18,788)
Basic and diluted net loss per share	\$ (0.37)	\$ (0.39)	\$ (0.83)	\$ (1.07)	\$ (1.02)	\$ (0.63)	