SUPERNUS PHARMACEUTICALS INC
Form 424B4
November 30, 2012

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Filed Pursuant to Rule 424(b)(4)
Registration No. 333-184930

PROSPECTUS

6,000,000 Shares

Supernus Pharmaceuticals, Inc.

Common Stock

We are offering 6,000,000 shares of our common stock. Our common stock is listed on The NASDAQ Global Market under the symbol "SUPN". On November 29, 2012, the last reported sale price of our common stock on The NASDAQ Global Market was $9.83 per share.

We are an "emerging growth company" as defined by the Jumpstart Our Business Act of 2012 and as such we are eligible for reduced public company reporting requirements.

Investing in our common stock involves a high degree of risk. Please read "Risk Factors" beginning on page 10 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	PER SHARE	TOTAL
Public Offering Price	$ 8.00	$ 48,000,000
Underwriting Discounts and Commissions[(1)]	$ 0.48	$ 2,880,000
Proceeds to Supernus, before expenses	$ 7.52	$ 45,120,000

(1) See "Underwriting" for additional disclosure regarding underwriting commission and expenses.

Delivery of the shares of common stock is expected to be made on or about December 5, 2012. We have granted the underwriters an option for a period of 30 days to purchase an additional 900,000 shares of our common stock. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be $3,312,000, and the total proceeds to us, before expenses, will be $51,888,000.

Joint Book-Running Managers

Jefferies **Piper Jaffray** **Cowen and Company**

Co-Managers

Stifel Nicolaus Weisel **Lazard Capital Markets**

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We are responsible for the information contained in this prospectus. We have not authorized anyone to provide you with different information and we take no responsibility for any other information others may give you. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

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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, each in their entirety, before investing in our common stock, especially the risks of investing in our common stock, which we discuss under "Risk Factors," the information set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes beginning on page F-1.

Unless the context requires otherwise, the words "Supernus," "we," "us," "our" and "the Company" refer to Supernus Pharmaceuticals, Inc. and its subsidiary.

Supernus Pharmaceuticals, Inc.

We are a specialty pharmaceutical company focused on developing and commercializing products for the treatment of central nervous system, or CNS, diseases. Our extensive expertise in product development has been built over the past 20 years: initially as a stand alone development organization, then as a U.S. subsidiary of Shire plc and, upon our acquisition of substantially all the assets of Shire Laboratories Inc. in late 2005, as Supernus Pharmaceuticals, Inc. We are planning for the commercial launch of two neurology products for the treatment of epilepsy in 2013 and are developing multiple product candidates in psychiatry to address the large market opportunity in attention deficit hyperactivity disorder, or ADHD, including ADHD patients with impulsive aggression. We intend to market our products in the United States through our own focused sales force targeting specialty physicians, including neurologists and psychiatrists, and to seek strategic collaborations with other pharmaceutical companies to license our products outside the United States.

We use our proprietary technologies to enhance the therapeutic benefits of approved drugs through advanced extended release formulations. On October 19, 2012, the U.S. Food and Drug Administration, or the FDA, granted final approval of Oxtellar XR (extended release oxcarbazepine), formerly known as SPN-804, for the treatment of epilepsy. We anticipate the commercial launch of Oxtellar XR to occur during the first quarter of 2013. On November 15, 2012, the FDA granted a three year marketing exclusivity to Oxtellar XR. We believe that Oxtellar XR will be the first extended release formulation of oxcarbazepine for the treatment of epilepsy available in the U.S. On June 25, 2012, the FDA granted tentative approval of Trokendi XR (extended release topiramate), formerly known as SPN-538, for the treatment of epilepsy. The final approval for Trokendi XR may not be made effective until the expiration of the marketing exclusivity period that Topamax has regarding safety information of topiramate in a specific pediatric population. This marketing exclusivity expires on June 22, 2013. We are not required to complete any additional clinical trials for Trokendi XR. We anticipate the commercial launch of Trokendi XR to occur during the third quarter of 2013 assuming the receipt of final approval by the FDA. We believe that Trokendi XR will be the first extended release formulation of topiramate for the treatment of epilepsy available in the U.S.

Our psychiatry product candidates include SPN-810 (molindone hydrochloride), which completed a Phase IIb trial as a novel treatment for impulsive aggression in patients with ADHD, and SPN-812, which completed a Phase IIa trial as a novel non-stimulant treatment for ADHD.

In addition to these products and product candidates, we have several additional product candidates in various stages of development, including SPN-809, for which we submitted an investigational new drug application, or IND, in 2008. SPN-809 would represent a novel mechanism of action for the U.S. anti-depressant market. We believe our broad and diversified portfolio of product candidates provides us with multiple opportunities to achieve our goal of becoming a leading specialty pharmaceutical company focused on CNS diseases.

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The table below summarizes our current pipeline of novel products and product candidates.

Product	Indication	Status
Oxtellar XR	Adjunctive therapy for epilepsy	Final approval by FDA
Trokendi XR	Epilepsy	Tentative approval by FDA
SPN-810	Impulsive aggression in ADHD	Phase IIb completed
SPN-812	ADHD	Phase IIa completed
SPN-809	Depression	IND filed

Our Neurology Portfolio

Epilepsy is a chronic neurological disorder characterized by recurrent convulsive seizures resulting from hyperactivity in the brain cells. It is estimated to affect 50 million people worldwide[(1)] and 2 million people in the United States.[(2)] Achieving reliable seizure control for patients, and avoiding the serious health and life dangers that can be associated with sudden unexpected, or breakthrough, seizures depends on patients being compliant and diligent in taking their medications. We believe there are a number of benefits associated with extended release products in epilepsy that create a significant market opportunity for us, including:

- Extended release products have been shown to improve compliance and reduce breakthrough seizures.[(3)]
- Extended release products have been shown to reduce side effects and improve tolerability.[(4)]
- Managed care plans have not limited the success of extended release products.[(5)]
- Extended release products generally have performed well in the market.[(6)]

Oxtellar XR (extended release oxcarbazepine)

Oxtellar XR is a novel oral once-daily extended release formulation of oxcarbazepine for which we received final FDA approval in October 2012, as adjunctive therapy of partial seizures in adults and in children 6 years to 17 years of age. Oxcarbazepine is marketed by Novartis under the brand name Trileptal and is available in a generic form. Trileptal is indicated for monotherapy and adjunctive therapy of epilepsy. Oxcarbazepine is an active voltage-dependent sodium channel blocker that, despite its effectiveness in treating epilepsy, is associated with many side effects that tend to limit its use. The side effects associated with taking oxcarbazepine include, among others, dizziness, double vision, somnolence, nausea and vomiting.

With a novel pharmacokinetic profile that delivers lower peak plasma concentrations, a slower rate of input and smoother, more consistent blood levels compared to immediate release products such as Trileptal, we believe Oxtellar XR has the potential of improving the tolerability of oxcarbazepine by reducing the side effects experienced by patients. We were granted three year market exclusivity for Oxtellar XR, and anticipate the commercial launch of Oxtellar XR during the first quarter of 2013.

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(1) Bialer, M., *Key factors in the discovery and development of new antiepileptic drugs*, published January 2010 in *Nature*.

(2) U.S. Centers for Disease Control and Prevention, *Epilepsy Self-Management Tools* (citing DiIorio, C., *The Prevention Research Centers' Managing Epilepsy Well Network*, published September 2010 in *Epilepsy & Behavior*).

(3)

Balzac, F., *Medication Noncompliance in Epilepsy*, published March 2006 in *Neurology Reviews*.

(4)

Miller, A.D., *Improved CNS tolerability following conversion from immediate- to extended-release carbamazepine*, published June 2004 in *Acta Neurologica Scandinavia*.

(5)

IMS Health data and Epilepsy Foundation, *Private Health Insurance and Medication Switching*.

(6)

IMS Health data.

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Trokendi XR (extended release topiramate)

Trokendi XR is a novel oral once-daily extended release topiramate product for the treatment of epilepsy for which we received tentative FDA approval in June 2012, as initial monotherapy in patients 10 years of age and older with partial onset or primary generalized tonic-clonic seizures, and as adjunctive therapy in patients 6 years of age and older with similar seizures or with seizures associated with Lennox-Gastaut syndrome. Topiramate is marketed by Johnson & Johnson under the brand name Topamax and is available in a generic form. Topiramate is currently available only in immediate release form for monotherapy and adjunctive therapy of epilepsy and for the treatment of migraine. It works by enhancing the inhibitory effect of the GABA (Gamma-Aminobutyric Acid), neurotransmitter that regulates neuronal excitability throughout the nervous system, blocking the excitatory effect of the glutamate neurotransmitter, attenuating the sodium channels and inhibiting the carbonic anhydrase enzyme. The side effects associated with taking topiramate, which have tended to limit its use, include, among others, dizziness, fatigue, kidney stones, somnolence and slowing of certain cognitive functions.

Trokendi XR is designed to improve patient compliance and to have a better tolerability profile compared to the current immediate release products that are taken multiple times per day. Trokendi XR's pharmacokinetic profile delivers lower peak plasma concentrations and lower input rate over an extended time period, resulting in smoother and more consistent blood levels of topiramate during the entire day compared to immediate release Topamax. Trokendi XR was tentatively approved by the FDA in June 2012. The final approval for Trokendi XR may not be made effective until the expiration of the marketing exclusivity protection that Topamax has regarding safety information of topiramate in a specific pediatric population, which expires on June 22, 2013. We are not required to complete any additional clinical trials for Trokendi XR. We anticipate the commercial launch of Trokendi XR to occur during the third quarter of 2013 assuming the receipt of final approval by the FDA.

Our Psychiatry Portfolio

ADHD is a common CNS disorder characterized by developmentally inappropriate levels of inattention, hyperactivity, and impulsivity. ADHD affects an estimated 6% to 9% of all school-age children and 3% to 5% of adults in the United States.[(7)] An estimated 60% to 80% of children with ADHD continue to meet the criteria for ADHD into adolescence, and as many as 67% of children who have ADHD may have coexisting conditions such as oppositional defiant disorder, conduct disorder, anxiety disorder and depression.[(8)] In addition, approximately 25% of children with ADHD also exhibit persistent conduct problems, such as impulsive aggression.[(9)] There are currently no approved products for the treatment of impulsive aggression in individuals with ADHD.

SPN-810 (molindone hydrochloride)

We are developing SPN-810 as a novel treatment for impulsive aggression in patients with ADHD. On November 6, 2012, we received preliminary results of our recently completed Phase IIb trial of SPN-810 in the United States. The trial's primary objective was to study three different doses of SPN-810 ranging from 12mg per day to 54mg per day depending on patients' weight. The study accomplished its objective of establishing a dose range at which the drug is effective and supported the efficacy of SPN-810 (molindone hydrochloride extended release formulation) in the treatment of impulsive aggression in ADHD patients weighing 30kg or more. Based on the efficacy demonstrated by the low and medium doses in this study across several measures in these patients, we have decided to advance the program into later stage

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(7) Dopheide, J.A., *Attention-Deficit-Hyperactivity Disorder: An Update*, published June 2009 in *Pharmacotherapy*.

(8) Floet, A.M.W., *Attention-Deficit/Hyperactivity Disorder*, published February 2010 in *Pediatrics in Review*.

(9) Jensen, P.S., *Consensus Report on Impulsive Aggression as a Symptom Across Diagnostic Categories in Child Psychiatry: Implications for Medication Studies*, published March 2007 in *Journal of the American Academy of Child and Adolescent Psychiatry*.

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development. We will be analyzing the full dataset in depth, and subsequently planning on meeting with the FDA to discuss next steps in the development program and the design and protocol for Phase III clinical trials. If approved by the FDA, SPN-810 could be the first product available to address this serious, unmet medical need. SPN-810 is based on molindone hydrochloride, which was previously marketed in the United States as an anti-psychotic to treat schizophrenia under the trade name Moban. Molindone hydrochloride is unusual among anti-psychotics in that it is less likely to be associated with weight gain.

SPN-812

We are developing SPN-812, which is currently in Phase II development, as a novel non-stimulant treatment for ADHD. SPN-812 is a selective norepinephrine reuptake inhibitor that we believe could be more effective and have a better side effect profile than other non-stimulant treatments for ADHD. We completed a proof-of-concept Phase IIa trial of SPN-812 in the first quarter of 2011, in which SPN-812 was well tolerated and demonstrated a statistically significant improvement over placebo as a treatment for ADHD. The trial was a randomized, double-blind, placebo-controlled trial in 52 adults with a current diagnosis of ADHD, with 26 subjects per treatment group. Given the positive results of this Phase IIa trial, we are focused on developing an extended release formulation for testing in a future Phase IIb trial. SPN-812 has not been developed and marketed in the United States and, therefore, it would be considered and reviewed by the FDA as a new chemical entity, or NCE.

Our Proprietary Technology Platforms

We have a successful track record of developing novel products by applying proprietary technologies to known drugs to improve existing therapies and to enable the treatment of new indications. Our key proprietary technology platforms include: Microtrol (multiparticulate delivery platform), Solutrol (matrix delivery platform) and EnSoTrol (osmotic delivery system). These technologies create customized product profiles designed to meet efficacy needs, permit more convenient and less frequent dosing, enhance patient compliance and improve tolerability in certain specific applications. Our proprietary technologies have been used in the following FDA approved and marketed products: Carbatrol (carbamazepine), Equetro (carbamazepine), Adderall XR (mixed amphetamine salts), Sanctura XR (trospium chloride), Oracea (doxycycline) and Intuniv (guanfacine). We do not expect these products to contribute to our future cash position as we have either monetized the future revenues associated with them or we developed them when we were formerly Shire Laboratories.

Our Strategy

Our goal is to be a leading specialty pharmaceutical company developing and commercializing new medicines in neurology and psychiatry. Key elements of our strategy to achieve this goal are to:

Build in-house sales and marketing capabilities, focused on specialty markets in the United States, to promote Oxtellar XR and Trokendi XR. We are currently focused on building our own targeted specialty sales force and marketing capabilities in the United States to commercially launch Oxtellar XR and, once approved, Trokendi XR.

Continue to advance our product candidates in our psychiatry portfolio, including SPN-810 and SPN-812. As part of our longer term strategy, we intend to further develop our product candidates in our psychiatry portfolio to enable further diversification of our pipeline and future growth. For example, we completed a Phase IIb trial of SPN-810 for impulsive aggression in patients with ADHD for which we received positive topline results in November 2012.

Develop differentiated products by applying our technologies to known drug compounds. We intend to continue to focus our development activities on known drug compounds and compounds with established mechanisms of action and thereby reduce the risks, costs and time typically associated with pharmaceutical product development. We intend to leverage our proprietary and in-licensed

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technologies and expand our patent portfolio to further develop and protect our diverse pipeline of product candidates.

Establish strategic partnerships to accelerate and maximize the potential of our product candidates worldwide. We intend to continue to seek strategic collaborations with other pharmaceutical companies to commercialize our product candidates outside the United States. We believe that we are an attractive collaborator for pharmaceutical companies due to our broad portfolio of proprietary technologies and our product development track record.

Leverage our management team's expertise to develop and commercialize our broad portfolio of product candidates. We intend to leverage the expertise of our executive management team in developing and commercializing innovative therapeutic products. We plan to continue to evaluate and develop additional CNS product candidates that we believe have significant commercial potential through our internal research and development efforts or, if appropriate, external collaborations.

Risks Associated With Our Business

Our ability to implement our business strategy is subject to numerous risks and uncertainties. As an early stage pharmaceutical company, we face many risks inherent in our business and our industry, as more fully described in the section entitled "Risk Factors" immediately following this summary, including the following:

Final marketing approval of Trokendi XR or any of our other product candidates by the FDA or other regulatory authorities may be delayed, limited, or denied, any of which would adversely affect our ability to generate operating revenues.

We are dependent on the successful commercialization of Oxtellar XR and Trokendi XR, after it receives final approval.

Dependence on the success of our product candidates, which may never receive regulatory approval or be successfully commercialized.

We have never generated any revenues from our own sales of our products, and we may never achieve or maintain profitability.

If other extended or controlled release oxcarbazepine or topiramate anti-epileptic drugs are approved and successfully commercialized, our business could be materially harmed.

If the FDA or other applicable regulatory authorities approve generic products that compete with any of our product candidates, the sales of those product candidates may be adversely affected.

You should carefully consider all of the information set forth in this prospectus and, in particular, the information under the heading "Risk Factors," prior to making an investment in our common stock.

Implications of being an Emerging Growth Company

As a company with less than $1 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies. These provisions include:

Only two years of audited financial statements in addition to any required unaudited interim financial statements with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure.

Reduced disclosure about our executive compensation arrangements.

No non-binding advisory votes on executive compensation or golden parachute arrangements.

Exemption from the auditor attestation requirement in the assessment of our internal control over financial reporting.

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We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if we have more than $1 billion in annual revenues, we have more than $700 million in market value of our stock held by non-affiliates, or we issue more than $1 billion of non-convertible debt over a three-year period. In addition, the requirements for financial and other disclosure provided by Regulation S-K promulgated by the Securities and Exchange Commission also provide certain of these exemptions for smaller reporting companies. We are a smaller reporting company. We may choose to take advantage of some but not all of these reduced burdens. We have not taken advantage of all of these reduced reporting burdens in this prospectus, although we may choose to do so in future filings. If we do, the information that we provide stockholders may be different than you might get from other public companies in which you hold stock.

Corporate Information

We were incorporated in Delaware in 2005. Our principal executive office is located at 1550 East Gude Drive, Rockville, Maryland 20850. Our telephone number is (301) 838-2500.

On May 1, 2012, we completed an initial public offering of 10,000,000 shares of our common stock pursuant to which we also sold 449,250 additional shares of our common stock upon the subsequent exercise in full by the underwriters of their over-allotment option, resulting in net cash proceeds to us of $47.6 million after paying offering expenses of approximately $4.7 million.

We are the owner of various U.S. federal trademark registrations (®) and registration applications (TM), including the following marks referred to in this prospectus pursuant to applicable U.S. intellectual property laws: "Supernus®," "Microtrol®," "Solutrol®," "ProScreen®," "OptiScreen®," "ProPhile®," "Trokendi XR ," "Oxtellar XR ," and the registered Supernus Pharmaceuticals logo. All other trademarks or trade names referred to in this prospectus are the property of their respective owners. Solely for convenience, the trademarks and trade names in this prospectus are referred to without the ® and *TM* symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

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THE OFFERING

Common stock we are offering	6,000,000 Shares
Common stock to be outstanding after this offering	30,466,049 Shares
Over-allotment option	We have granted the underwriters an option for a period of up to 30 days to purchase up to 900,000 additional shares of common stock at the offering price.
Use of proceeds after expenses	We estimate that the net proceeds from this offering will be approximately $44.7 million, or approximately $51.5 million if the underwriters exercise their over-allotment option in full. We expect to use the net proceeds from this offering to fund the expected commercial launches of Oxtellar XR and Trokendi XR, the continued clinical development of SPN-810 and SPN-812, the repayment of a portion of the principal of the term loans under our secured credit facility and for other general corporate purposes. See "Use of Proceeds."
Risk factors	You should read the "Risk Factors" section of this prospectus beginning on page 10 for a discussion of factors to consider carefully before deciding to invest in shares of our common stock.
NASDAQ Global Market symbol	SUPN

The number of shares of our common stock to be outstanding after this offering is based on 24,466,049 shares of common stock outstanding as of September 30, 2012.

The number of shares of our common stock outstanding immediately after this offering excludes:

- 574,820 shares of common stock issuable upon the exercise of vested and nonvested options outstanding as of September 30, 2012, with exercise prices ranging from $0.40 to $12.92 per share and a weighted average exercise price of $4.89 per share (of which options to acquire 187,657 shares of common stock were vested as of September 30, 2012);

- 2,391,750 shares of common stock reserved for future issuance under our 2012 Equity Incentive Plan;

- 250,000 shares of common stock reserved for future issuance under our 2012 Employee Stock Purchase Plan;

- 49,137 shares of common stock issued in October 2012 upon the cashless net exercise of lender warrants with an exercise price of $4.00 per share;

- 15,172 shares of common stock issued in October 2012 upon the cashless net exercise of lender warrants with an exercise price of $5.00 per share;

- 18,750 shares of common stock issuable upon the exercise of warrants at an exercise price of $4.00 per share; and

- 23,332 shares of common stock issuable upon the exercise of warrants at an exercise price of $5.00 per share.

Unless otherwise indicated, all information in this prospectus:

- assumes no exercise by the underwriters of their option to purchase up to 900,000 shares of our common stock in this offering to cover over-allotments; and

gives effect to the one-for-four reverse stock split of our common stock effected on April 9, 2012.

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SUMMARY FINANCIAL DATA

We have derived the consolidated statements of operations data for the years ended December 31, 2009, 2010 and 2011 from our audited consolidated financial statements included in this prospectus. We have derived our consolidated balance sheet data as of September 30, 2012 and consolidated statement of operations data for each of the nine months ended September 30, 2011 and 2012 from our unaudited consolidated financial statements included in this prospectus. The unaudited consolidated financial statement data include, in our opinion, all adjustments (consisting only of normal recurring adjustments) that are necessary for a fair presentation in all material respects of our consolidated financial position and consolidated results of operations for these periods.

Our historical results are not necessarily indicative of future operating results, and the results for the first nine months of 2012 are not necessarily indicative of results expected for the full year or for any other period. You should read this summary consolidated financial data in conjunction with the sections entitled "Risk Factors," "Capitalization," "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes, all included elsewhere in this prospectus.

	Year Ended December 31,			Nine Months Ended September 30,	
	2009	2010	2011	2011	2012
				(unaudited)	
	(in thousands, except share and per share information)				
Consolidated Statement of Operations Data:					
Revenues					
Development and milestone revenues	$ 1,050	$ 106	$ 803	$ 761	$ 391
Royalty revenues	36,875				
Total revenues	37,925	106	803	761	391
Costs and expenses					
Research and development	29,260	35,149	30,627	23,126	18,367
Selling, general and administrative	4,649	5,080	7,928	5,143	11,450
Total costs and expenses	33,909	40,229	38,555	28,269	29,817
Operating income (loss) from continuing operations	4,016	(40,123)	(37,752)	(27,508)	(29,426)
Other income (expense):					
Interest income	122	107	31	29	91
Interest expense			(1,866)	(1,357)	(2,771)
Other		542	117	30	(665)
Total other income (expense)	122	649	(1,718)	(1,298)	(3,345)
Income (loss) from continuing operations before income taxes	4,138	(39,474)	(39,470)	(28,806)	(32,771)
Income tax benefit		399	16,245		
Income (loss) from continuing operations	4,138	(39,075)	(23,225)	(28,806)	(32,771)
Discontinued operations:					
Income (loss) from discontinued operations, net of tax	(3,678)	612	2,188	646	

Gain on disposal of discontinued operations, net of tax	74,852