

HALOZYME THERAPEUTICS INC

Form 424B3

March 16, 2007

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Filed Pursuant to Rule 424(b)(3) and (c)  
Registration No. 333-114776

**HALOZYME THERAPEUTICS, INC.**  
**PROSPECTUS SUPPLEMENT #1**  
(To Prospectus dated April 1, 2005)

This prospectus supplement supplements the Halozyme Therapeutics, Inc. prospectus dated April 1, 2005, which originally related to the sale of up to 23,740,622 shares of our common stock by certain selling security holders. This Prospectus Supplement No. 1 should be read in conjunction with the original prospectus and this Prospectus Supplement No. 1 is qualified by reference to the original prospectus, except to the extent that the information provided by this Prospectus Supplement No. 1 supersedes the information contained in the original prospectus.

**SEE RISK FACTORS CONTAINED IN OUR MOST RECENT PERIODIC FILINGS WITH THE SECURITIES AND EXCHANGE COMMISSION TO READ ABOUT FACTORS YOU SHOULD CONSIDER BEFORE MAKING A DECISION TO PURCHASE OUR COMMON STOCK.**

The shares offered or sold under this prospectus have not been approved by the Securities and Exchange Commission or any state securities commission nor have any of these organizations determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The date of this Prospectus Supplement No. 1 is March 16, 2007.

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The sections of the prospectus, dated April 1, 2005, titled "Use of Proceeds", "Selling Security Holders" and "Plan of Distribution" are superseded in their entirety by the following:

**USE OF PROCEEDS**

We will not receive proceeds from the sale of shares under this prospectus, but we did receive consideration from the selling security holders at the time they purchased the shares. We may receive proceeds from the exercise price of the warrants if they are exercised by the selling security holders. Assuming the exercise of all remaining Warrants held by the selling security holders, we would receive gross proceeds of approximately \$5.0 million. We intend to use any proceeds from the exercise of the Warrants for working capital and general corporate purposes.

**SELLING SECURITY HOLDERS**

The shares are being offered by certain selling security holders. The selling security holders may from time to time offer and sell pursuant to this prospectus up to an aggregate of 5,985,858 shares of our common stock now owned by them or issuable to them upon the exercise of warrants. The selling security holders may, from time to time, offer and sell any or all of the shares that are registered under this prospectus. Because the selling security holders are not obligated to sell their shares, and because the selling security holders may also acquire publicly traded shares of our common stock, we cannot estimate how many shares the selling security holders will own after the offering.

None of the selling security holders has ever held an office, been a director or had any other material relationship with Halozyme or its predecessor company.

Pursuant to the stock purchase agreements with the selling security holders, all expenses incurred with respect to the registration of the common stock will be borne by us, but we will not be obligated to pay any underwriting fees, discounts, commissions or other expenses incurred by them in connection with the sale of such shares.

The following table sets forth, with respect to the selling security holders: (i) the number of shares of common stock covered by this prospectus, (ii) the number of shares of common stock covered by this prospectus that are issuable upon exercise of the warrants, (iii) the total shares of common stock covered by this prospectus, (iv) the total number of shares of common stock beneficially owned but not covered by this prospectus\*, (v) the total number of shares of company stock beneficially owned by such selling security holders as of March 1, 2007\*, and (vi) the percentage of shares of common stock beneficially owned as of March 1, 2007, based upon approximately 71.0 million shares of common stock outstanding as of March 1, 2007.

\* Each selling security holder's beneficial ownership total reflects shares owned beneficially as of August 12, 2004 as adjusted by (i) warrant exercises and redemptions and (ii) the sale of registered shares pursuant to the prior version(s) of this prospectus from that date through March 14, 2007, and such totals do not include any shares that were sold pursuant to Rule 144 or that were purchased or sold on the open market unless such purchases and sales were reported in public filings made with the Securities and Exchange Commission.

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|   | Shares of<br>Common<br>Stock<br>Being<br>Registered | Shares of<br>Common<br>Stock<br>Issuable<br>Upon<br>Exercise of<br>Warrants | Total<br>Shares of<br>Common<br>Stock<br>Being<br>Registered<br>Equivalents | Shares of<br>Common<br>Stock<br>Beneficially<br>Owned But<br>NOT<br>Being<br>Registered | Total Shares<br>of<br>Common<br>Stock<br>Beneficially<br>Owned | Total<br>Beneficial<br>Ownership<br>% |
|---|---|---|---|---|--|---------------------------------------|
| <b>Security Holders</b>                                   |   |   |   |   |  |                                       |
| Anthony Salandra  | 2,200   | 57,223  | 59,423  | 70,673  | 130,096  | 0.18%                                 |
| Asia Pacific Imports                                      | 7,500   | 11,250  | 18,750  | 56,250  | 75,000   | 0.10%                                 |
| Autry Qualified Interest                                  |   |   |   |   |  |                                       |
| Trust   | 29,500  | 45,500  | 75,000  | 225,000   | 300,000  | 0.42%                                 |
| BioGrowth, Inc.   | 140,569   |   | 140,569   |   | 140,569  | 0.19%                                 |
| Bonanza Master Fund, LTD                                  | 88,700  | 136,300   | 225,000   | 1,700,586   | 1,925,586  | 2.70%                                 |
| Brean Murray, Carret &<br>Co., LLC                        | 107,700   | 165,513   | 273,213   |   | 273,213  | 0.38%                                 |
| Centrum Bank AG   | 45,500  |   | 45,500  |   | 45,500   | 0.06%                                 |
| Darren Blanton  | 90,000  | 322,788   | 412,788   | 927,074   | 1,339,862  | 1.87%                                 |
| David Hochman   |   | 2,350   | 2,350   |   | 2,350  | 0.00%                                 |
| Dr. Donald Cramer   |   | 637   | 637   | 2,500   | 3,137  | 0.00%                                 |
| Dr. Leonard Makowka                                       | 3,750   |   | 3,750   | 11,250  | 15,000   | 0.02%                                 |
| Forest Hill Select Fund, LP                               | 120,000   |   | 120,000   | 321,417   | 441,417  | 0.62%                                 |
| Franklin H. Nyi   | 11,800  | 18,200  | 30,000  | 90,000  | 120,000  | 0.16%                                 |
| Gene Salkind, MD  | 23,600  | 36,400  | 60,000  | 305,000   | 365,000  | 0.51%                                 |
| Global Securities<br>Corporation                          | 20,000  |   | 20,000  |   | 20,000   | 0.02%                                 |
| Harvest International                                     |   | 107,596   | 107,596   | 107,596   | 215,192  | 0.30%                                 |
| Henri Talerman  | 15,000  | 15,000  | 30,000  | 80,000  | 110,000  | 0.15%                                 |
| Hyde Family Trust   | 20,000  | 10,000  | 30,000  | 90,000  | 120,000  | 0.16%                                 |
| Icon Investors Limited                                    | 89,842  |   | 89,842  |   | 89,842   | 0.12%                                 |
| Jacqueline Autry  | 5,900   | 9,100   | 15,000  | 45,000  | 60,000   | 0.08%                                 |
| Jerome Morgan   | 1,300   | 2,000   | 3,300   | 9,900   | 13,200   | 0.01%                                 |
| Jesse Grossman  | 58,022  | 442,891   | 500,913   | 1,260,695   | 1,761,608  | 2.46%                                 |
| Fidelity Management Trust<br>Co FBO Jesse Grossman<br>IRA | 160,078   |   | 160,078   |   | 160,078  | 0.23%                                 |
| John Paul DeJoria   | 11,800  | 18,200  | 30,000  | 40,000  | 70,000   | 0.10%                                 |
| Jonathan Spanier  | 163,800   | 359,513   | 523,313   | 1,209,423   | 1,732,736  | 2.42%                                 |
| Keith Granirer  |   | 1,713   | 1,713   | 7,500   | 9,213  | 0.01%                                 |
| Ken Rickel  | 34,000  | 267,442   | 301,442   | 462,042   | 763,484  | 1.07%                                 |
| Ken Y. Leung  | 11,800  | 18,200  | 30,000  | 80,000  | 110,000  | 0.15%                                 |

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|  | Shares of<br>Common<br>Stock<br>Being<br>Registered | Shares of<br>Common<br>Stock<br>Issuable<br>Upon<br>Exercise of<br>Warrants | Total<br>Shares of<br>Common<br>Stock<br>Equivalents<br>Being<br>Registered | Shares of<br>Common<br>Stock<br>Beneficially<br>Owned But<br>NOT<br>Being<br>Registered | Total Shares<br>of<br>Common<br>Stock<br>Beneficially<br>Owned | Total<br>Beneficial<br>Ownership<br>% |
|--|---|---|---|---|--|---------------------------------------|
| <b>Security Holders</b>  |   |   |   |   |  |                                       |
| Kingsbridge Capital  | 22,100  | 34,150  | 56,250  | 250   | 56,500   | 0.07%                                 |
| Laura Stone  | 1,650   | 1,650   | 3,300   | 10,115  | 13,415   | 0.01%                                 |
| Lawrence Diamant   |   | 812   | 812   | 3,938   | 4,750  | 0.00%                                 |
| Linda May Stone  | 5,900   | 9,100   | 15,000  | 41,400  | 56,400   | 0.07%                                 |
| Lore E. Stone Trust, Lore E.<br>Stone, trustee                           | 9,000   |   | 9,000   | 27,000  | 36,000   | 0.05%                                 |
| Louis F. Burke PC<br>Retirement Trust                                    | 2,900   | 4,600   | 7,500   | 20,000  | 27,500   | 0.03%                                 |
| Michael P. Marcus  |   | 18,200  | 18,200  | 20,000  | 38,200   | 0.05%                                 |
| Michael Stone  | 317,394   |   | 317,394   | 629,394   | 946,788  | 1.33%                                 |
| Nadine Smith   | 19,092  | 95,297  | 114,389   |   | 114,389  | 0.16%                                 |
| Odyssey Holdings Ltd.  | 20,000  |   | 20,000  |   | 20,000   | 0.02%                                 |
| Oppenheimer & Co. Inc.<br>Custodian for Jonathan<br>Spanier IRA Rollover | 62,500  | 96,177  | 158,677   | 474,890   | 633,567  | 0.89%                                 |
| Paul Rosenberg   |   | 53,798  | 53,798  | 3,798   | 57,596   | 0.08%                                 |
| Peter Geddes   | 218,100   | 335,219   | 553,319   | 1,664,618   | 2,217,937  | 3.10%                                 |
| Peter Geddes Custodian for<br>Campbell Geddes under<br>CUTMA, age 21     | 7,300   | 11,450  | 18,750  | 50,000  | 68,750   | 0.09%                                 |
| Peter Geddes Custodian for<br>Lily Geddes under<br>CUTMA, age 21         | 7,300   | 11,450  | 18,750  | 50,000  | 68,750   | 0.09%                                 |
| Peter Graffman   | 3,600   | 5,775   | 9,375   | 68,175  | 77,550   | 0.10%                                 |
| Peter Kosa   | 35,000  |   | 35,000  |   | 35,000   | 0.04%                                 |
| Richard Genovese   | 120,000   | 614,892   | 734,892   | 1,230,746   | 1,965,638  | 2.74%                                 |
| Roth Capital Partners, LLC   | 41,900  | 94,400  | 136,300   |   | 136,300  | 0.19%                                 |
| Sean Fitzpatrick   | 1,100   |   | 1,100   |   | 1,100  | 0.00%                                 |
| Spectrum Advisors, Ltd.  |   | 22,800  | 22,800  | 3,000   | 25,800   | 0.03%                                 |
| Steven S. Vender   | 6,600   | 10,275  | 16,875  | 50,000  | 66,875   | 0.09%                                 |
| TBG America Inc.   |   | 18,200  | 18,200  |   | 18,200   | 0.02%                                 |
| The Ward Family<br>Foundation  | 17,700  | 27,300  | 45,000  | 135,000   | 180,000  | 0.25%                                 |
| University Finance, Inc.   | 130,000   |   | 130,000   |   | 130,000  | 0.18%                                 |

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|                         | Shares of        | Shares of        | Total Shares     | Shares of           | Total Shares      | Total         |
|-------------------------|------------------|------------------|------------------|---------------------|-------------------|---------------|
|                         | Common           | Common           | of               | Common              | of                | Total         |
|                         | Stock Being      | Stock Issuable   | Common           | Stock Beneficially  | Common            | Beneficial    |
|                         | Registered       | Upon             | Stock            | Owned But NOT       | Stock             | Ownership     |
|                         |                  | Exercise of      | Being            | Being               | Beneficially      | %             |
|                         |                  | Warrants         | Registered       | Registered          | Owned             |               |
| <b>Security Holders</b> |                  |                  |                  |                     |                   |               |
| Vega Investments Inc.   | 30,700           | 47,300           | 78,000           |                     | 78,000            | 0.10%         |
| Vertical Ventures, LLC  |                  | 45,500           | 45,500           |                     | 45,500            | 0.06%         |
| William F. Miller III   | 8,800            | 13,700           | 22,500           | 115,000             | 137,500           | 0.19%         |
| Winnie Huang            | 5,900            | 9,100            | 15,000           | 45,000              | 60,000            | 0.08%         |
| <b>Total</b>            | <b>2,356,897</b> | <b>3,628,961</b> | <b>5,985,858</b> | <b>11,744,23062</b> | <b>17,730,088</b> | <b>24.60%</b> |

Subject to applicable exceptions set forth by the Securities and Exchange Commission, transferees, pledgees, donees or successors to the selling security holders named in the prospectus may not offer and sell securities pursuant to the prospectus unless we supplement or amend the prospectus to reflect the required information concerning such transferees, pledgees, donees or successors.

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**PLAN OF DISTRIBUTION**

The selling security holders and any of their pledgees, assignees and successors-in-interest may, from time to time, sell all or any part of their shares of common stock offered hereby on any stock exchange, market or trading facility on which the shares are traded or in private transactions. These sales may be at fixed or negotiated prices. The selling security holders may use any one or more of the following methods when selling shares:

ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

an exchange distribution in accordance with the rules of the applicable exchange;

privately negotiated transactions;

short sales;

broker-dealers may agree with the selling security holders to sell a specified number of such shares at a stipulated price per share;

a combination of any such methods of sale; and

any other method permitted pursuant to applicable law.

The selling security holders may also sell shares under Rule 144 under the Securities Act, if available, rather than under this prospectus. The selling security holders may also engage in short sales against the box, puts and calls and other transactions in our securities or derivatives of our securities, and may sell or deliver shares in connection with these trades. The selling security holders may pledge their shares to their brokers under the margin provisions of customer agreements. If a selling security holder defaults on a margin loan, the broker may, from time to time, offer and sell the pledged shares.

Broker-dealers engaged by the selling security holders may arrange for other broker-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the selling security holders (or, if any broker-dealer acts as agent for the purchaser of shares, from the purchaser) in amounts to be negotiated. The selling security holders do not expect these commissions and discounts to exceed what is customary in the types of transactions involved.

The selling security holders and any broker-dealers or agents that are involved in selling the shares may be deemed to be underwriters within the meaning of the Securities Act in connection with such sales. Any selling security holders that are broker-dealers or broker-dealer affiliates will be deemed to be underwriters within the meaning of the Securities Act in connection with any sales of the shares by them. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the shares purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Of the selling security holders Brean Murray, Carret & Co., LLC; Grant Bettingern, Inc.; and Roth Capital Partners, LLC are each broker-dealers.

Because selling security holders may be deemed to be underwriters within the meaning of Section 2(11) of the Securities Act, the selling security holders will be subject to the prospectus delivery requirements of the Securities Act and the rules promulgated thereunder. We have informed the selling security holders that the anti-manipulative provisions of Regulation M promulgated under the Exchange Act may apply to their sales in the market.

We have agreed to indemnify certain of the selling security holders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

After being notified by a selling security holder that any material arrangement has been entered into with a broker-dealer or underwriter for the sale of shares through a block trade, special offering, exchange distribution or



secondary distribution or a purchase by a broker, dealer or underwriter, we will file a supplement to this prospectus, if required, pursuant to Rule 424(b) under the Securities Act, disclosing (i) the name of each such selling security holder and of the participating broker-dealer(s) or underwriter(s), (ii) the number of shares involved, (iii) the price at which such shares were sold, (iv) the commissions paid or discounts or concessions allowed to such broker-dealer(s) or underwriter(s), where applicable, (v) that such broker-dealer(s) or underwriter(s) did not conduct any investigation to verify the information set out or incorporated by reference in this prospectus and (vi) other facts material to the transaction. Individuals and entities who receive shares from the selling security holders as a gift or in connection with a pledge may sell up to 500 of such shares pursuant to this prospectus.