

TERCICA INC  
Form SC 13G/A  
February 14, 2008

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 13G**

(Rule 13d-102)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULES 13d-1 (b), (c) AND (d)  
AND AMENDMENTS

THERE TO FILED PURSUANT TO 13d-2 (b)

(Amendment No. 2)\*

**Tercica, Inc.**

(Name of Issuer)

**Common Stock, par value \$0.001 per share**

(Title of Class of Securities)

**88078L 10 5**

(CUSIP Number)

**December 31, 2007**

(Date of Event Which Requires Filing of This Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

**Rule 13d-1(d)**

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 ( Act ) or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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1 NAMES OF REPORTING PERSONS.  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)  
**Prospect Venture Partners II, L.P. IRS No. 77-0565416**

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*  
(a)   
(b)  (1)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION  
**Delaware, United States of America**

5 SOLE VOTING POWER  
NUMBER OF **0 shares**  
SHARES BENEFICIALLY OWNED BY **6**  
SHARED VOTING POWER  
**3,063,540 shares of Common Stock (2)**

7 SOLE DISPOSITIVE POWER  
EACH REPORTING PERSON **0 shares**

8 SHARED DISPOSITIVE POWER  
WITH: **3,063,540 shares of Common Stock (2)**

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
**3,063,540 shares of Common Stock (2)**

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

11

5.95%(3)

TYPE OF REPORTING PERSON\*

12

PN

(1) This Schedule 13G is filed by Prospect Venture Partners II, L.P., a Delaware limited partnership ( PVP II ), Prospect Associates II, L.P., a Delaware limited partnership ( PA II ), Prospect Management Co. II, L.L.C., a Delaware limited liability company ( PMC II, together with PVP II and PA II, collectively, the Reporting Persons ). The Reporting Persons expressly disclaim status as a group for purposes of this Schedule 13G.

(2) Includes (i) 3,017,588 shares held by PVP II; and (ii) 45,952 shares held by PA II. PMC II serves as the sole general partner of PVP II and PA II, and owns no securities of the Issuer directly. The information with respect to the ownership of the Common Stock by the Reporting Persons filing this statement on Schedule 13G is provided as of December 31, 2007.

(3) This percentage is calculated based upon 51,447,870 shares of Common Stock outstanding (as of October 31, 2007), as set forth in the Issuer's most recent 10-Q, filed with the Securities and Exchange Commission on November 1, 2007.

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1 NAMES OF REPORTING PERSONS.  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)  
**Prospect Associates II, L.P. IRS No. 77-0584739**

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*  
(a)   
(b)  (1)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION  
**Delaware, United States of America**

5 SOLE VOTING POWER  
NUMBER OF **0 shares**  
SHARES BENEFICIALLY OWNED BY **6**  
SHARED VOTING POWER  
**3,063,540 shares of Common Stock (2)**

7 SOLE DISPOSITIVE POWER  
EACH REPORTING PERSON **0 shares**

8 SHARED DISPOSITIVE POWER  
WITH: **3,063,540 shares of Common Stock (2)**

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
**3,063,540 shares of Common Stock (2)**

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

**10**

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

**11**

**5.95%(3)**

TYPE OF REPORTING PERSON\*

**12**

**PN**

(1) This Schedule 13G is filed by the Reporting Persons. The Reporting Persons expressly disclaim status as a group for purposes of this Schedule 13G.

(2) Includes (i) 3,017,588 shares held by PVP II; and (ii) 45,952 shares held by PA II. PMC II serves as the sole general partner of PVP II and PA II, and owns no securities of the Issuer directly. The information with respect to the ownership of the Common Stock by the Reporting Persons filing this statement on Schedule 13G is provided as of December 31, 2007.

(3) This percentage is calculated based upon 51,447,870 shares of Common Stock outstanding (as of October 31, 2007), as set forth in the Issuer's most recent 10-Q, filed with the Securities and Exchange Commission on November 1, 2007.

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**1** NAMES OF REPORTING PERSONS  
 I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)  
**Prospect Management Co. II, L.L.C. IRS No. 77-0565417**

**2** CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*  
 (a)   
 (b)  (1)

**3** SEC USE ONLY

**4** CITIZENSHIP OR PLACE OF ORGANIZATION  
**Delaware, United States of America**

	<b>5</b>	SOLE VOTING POWER
NUMBER OF		<b>0 shares</b>
SHARES		SHARED VOTING POWER
<b>BENEFICIALLY</b>	<b>6</b>	
OWNED BY		<b>3,063,540 shares of Common Stock (2)</b>

EACH	<b>7</b>	SOLE DISPOSITIVE POWER
REPORTING		
PERSON		<b>0 shares</b>

WITH:	<b>8</b>	SHARED DISPOSITIVE POWER
		<b>3,063,540 shares of Common Stock (2)</b>

**9** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
**3,063,540 shares of Common Stock (2)**

CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

**10**

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

**11**

**5.95%(3)**

TYPE OF REPORTING PERSON\*

**12**

**OO**

(1) This Schedule 13G is filed by the Reporting Persons. The Reporting Persons expressly disclaim status as a group for purposes of this Schedule 13G.

(2) Includes (i) 3,017,588 shares held by PVP II; and (ii) 45,952 shares held by PA II. PMC II serves as the sole general partner of PVP II and PA II, and owns no securities of the Issuer directly. The information with respect to the ownership of the Common Stock by the Reporting Persons filing this statement on Schedule 13G is provided as of December 31, 2007.

(3) This percentage is calculated based upon 51,447,870 shares of Common Stock outstanding (as of October 31, 2007), as set forth in the Issuer's most recent 10-Q, filed with the Securities and Exchange Commission on November 1, 2007.

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Item 8 Identification and Classification of Members of the Group

Item 9 Notice of Dissolution of Group

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SIGNATURE

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Introductory Note: This Statement on Schedule 13G is filed on behalf of the Reporting Persons, in respect of shares of Common Stock, par value \$0.001 per share ( Common Stock ), of Tercica, Inc. (the Issuer ).

**Item 1**

- (a) Name of Issuer: Tercica, Inc.
- (b) Address of Issuer's Principal Executive Offices: 2000 Sierra Point Parkway, #400  
Brisbane, CA 94005

**Item 2**

- (a) Name of Person(s) Filing:  
Prospect Venture Partners II, L.P. ( PVP II )  
Prospect Associates II, L.P. ( PA II )  
Prospect Management Co. II, L.L.C. ( PMC II )
- (b) Address of Principal Business Office: c/o Prospect Venture Partners  
435 Tasso Street, Suite 200  
Palo Alto, California 94301
- (c) Citizenship:

Entities:	PVP	-	Delaware, United States of America
	II		
	PA II	-	Delaware, United States of America
	PMC	-	Delaware, United States of America
	II		

- (d) Title of Class of Securities: Common Stock
- (e) CUSIP Number: 88078L 10 5

**Item 3** Not applicable.

**Table of Contents****Item 4 Ownership.**

The following information with respect to the ownership of the Common Stock by the Reporting Persons filing this statement on Schedule 13G is provided as of December 31, 2007:

Reporting Persons	Warrants		Sole Voting Power	Shared Voting Power	Sole Dispositive Power	Shared Dispositive Power	Beneficial Ownership	Percentage of Class (2)
	Shares Held Directly	Held Directly						
Prospect Venture Partners II, L.P.	3,017,588	0	0	3,063,540	0	3,063,540	3,063,540	5.95%
Prospect Associates II, L.P.	45,952	0	0	3,063,540	0	3,063,540	3,063,540	5.95%
Prospect Management Co. II, L.L.C. (1)	0	0	0	3,063,540	0	3,063,540	3,063,540	5.95%

(1) PMC II serves as the sole general partner of PVP II and PA II, and owns no securities of the Issuer directly. Schnell, Barkas, Tananbaum and Hirsch serve as Managing Directors of PMC II, and share voting and dispositive power over the shares held by PVP II and PA II.

(2) This percentage is calculated based upon 51,447,870 shares of Common Stock outstanding (as of October 31, 2007), as set forth in the Issuer's most

recent 10-Q,  
filed with the  
Securities and  
Exchange  
Commission on  
November 1,  
2007.

**Item 5 Ownership of Five Percent or Less of a Class.**

If this statement is being filed to report the fact that as of the date hereof, the Reporting Persons have ceased to be the beneficial owner of more than five percent of the class of securities, check the following: o

**Item 6 Ownership of More Than Five Percent on Behalf of Another Person.**

Not applicable.

**Item 7 Identification and Classification of the Subsidiary which Acquired the Security Being Reported on by the Parent Holding Company.**

Not applicable.

**Item 8 Identification and Classification of Members of the Group.**

Not applicable.

**Item 9 Notice of Dissolution of Group.**

Not applicable.

**Item 10 Certification.**

Not applicable.

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 13, 2008

PROSPECT VENTURE  
PARTNERS II, L.P.

By: Prospect Management Co. II,  
L.L.C.  
Its: General Partner

/s/ Dave Markland

Dave Markland  
Attorney-in-Fact

PROSPECT ASSOCIATES II, L.P.

By: Prospect Management Co. II,  
L.L.C.  
Its: General Partner

/s/ Dave Markland

Dave Markland  
Attorney-in-Fact

PROSPECT MANAGEMENT CO.  
II, L.L.C.

/s/ Dave Markland

Dave Markland  
Attorney-in-Fact

Exhibit(s)

99.1 Joint Filing Statement

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**Exhibit 99.1**

**AGREEMENT**

Pursuant to Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended, the undersigned hereby agree that only one statement containing the information required by Schedule 13G need be filed with respect to the ownership by each of the undersigned of the shares of Common Stock of Tercica, Inc.

EXECUTED this 13<sup>th</sup> day of February, 2008.

PROSPECT VENTURE PARTNERS II, L.P.

By: Prospect Management Co. II, L.L.C.

Its: General Partner

/s/ Dave Markland

Dave Markland  
Attorney-in-Fact

PROSPECT ASSOCIATES II, L.P.

By: Prospect Management Co. II, L.L.C.

Its: General Partner

/s/ Dave Markland

Dave Markland  
Attorney-in-Fact

PROSPECT MANAGEMENT CO. II, L.L.C.

/s/ Dave Markland

Dave Markland  
Attorney-in-Fact

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