

FORM 10-Q

BIOGEN INC. - BIIB

Filed: November 09, 2006 (period: September 30, 2006)

Quarterly report with a continuing view of a company's financial position

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2006

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-19311

BIOGEN IDEC INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

33-0112644

(I.R.S. Employer Identification No.)

14 Cambridge Center, Cambridge, MA 02142 (617) 679-2000

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes \boxtimes No \square

Indicate by check mark whether the registrant is a large accelerated filer	, an accelerated filer, or	a non-accelerated filer. See	definition of "accel	erated filer and
large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)				

Large Accelerated Filer	Accelerated Filer	Non-Accelerated Filer []
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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes 🗖 No 🗹

The number of shares of the registrant's Common Stock, \$0.0005 par value, outstanding as of November 3, 2006, was 337,126,790 shares.



BIOGEN IDEC INC.

FORM 10-Q — Quarterly Report

For the Quarterly Period Ended September 30, 2006

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PART I

BIOGEN IDEC INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF OPERATIONS (in thousands, except per share amounts) (unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenues:				
Product	\$ 475,096	\$ 391,366	\$1,317,696	\$ 1,187,773
Unconsolidated joint business	203,820	181,597	593,296	526,984
Royalty	21,867	23,117	60,714	71,600
Corporate partner	2,709	131	3,002	3,290
Total revenues	703,492	596,211	1,974,708	1,789,647
Costs and expenses:				
Cost of product revenues, excluding amortization of acquired intangible				
assets	65,742	88,358	209,195	257,083
Cost of royalty revenues	1,050	1,203	3,085	3,179
Research and development	211,033	227,039	518,910	579,357
Selling, general and administrative	168,153	161,410	492,833	475,637
Amortization of acquired intangible assets	60,011	75,990	206,978	228,746
Acquired in-process research and development	_	_	330,520	_
Facility impairments and loss (gain) on sale	175	21,046	(923)	102,904
Gain on settlement of license agreement		<u></u>	(34,192)	
Total costs and expenses	506,164	575,046	1,726,406	1,646,906
Income from operations	197,328	21,165	248,302	142,741
Other income (expense), net	22,319	11,192	62,790	8,318
Income before income tax expense and cumulative effect of accounting				
change	219,647	32,357	311,092	151,059
Income tax expense	63,048	5,172	205,916	45,910
· · · · · · · · · · · · · · · · · · ·				
Income before cumulative effect of accounting change	156,599	27,185	105,176	105,149
Cumulative effect of accounting change, net of income tax	· —		3,779	
Net income	\$156,599	\$ 27,185	\$ 108,955	\$ 105,149
	4100,000	<u> </u>	*************************************	*************************************
Basic earnings per share:				
Income before cumulative effect of accounting change	\$ 0.46	\$ 0.08	\$ 0.31	\$ 0.31
Cumulative effect of accounting change, net of income tax	_	_	0.01	_
Basic earnings per share	\$ 0.46	\$ 0.08	\$ 0.32	\$ 0.31
Diluted comition and decree				
Diluted earnings per share:	\$ 0.45	\$ 0.08	\$ 0.30	\$ 0.31
Income before cumulative effect of accounting change	\$ 0.45	\$ 0.08	*	\$ 0.31
Cumulative effect of accounting change, net of income tax			0.01	
Diluted earnings per share	\$ 0.45	\$ 0.08	\$ 0.31	\$ 0.31
Shares used in calculating:				
Basic earnings per share	338,021	336,536	339,527	334,819
Diluted earnings per share	344,754	340,859	345,999	346,581

See accompanying notes to the consolidated financial statements.





BIOGEN IDEC INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (in thousands, except per share amounts) (unaudited)

Cash and cash equivalents \$14,594 \$568,16 Marketable sceurities 246,425 282,58 265,74 Due from unconsolidated joint business 157,319 141,05 665,74 Due from unconsolidated joint business 44,966 61,24 Inventory 155,119 182,81 Deferred tax sasets 74,614 78,05 78,014 78,05 Assets held for sale 9,001 58,41 78,05 Assets held for sale 1,372,772 1,204,37 Total current assets 1,372,772 1,204,37 Property and equipment, net 1,246,116 1,174,39 Intample assets, net 2,795,600 2,975,60 Goodwill 1,153,980 1,130,48 Interpret yand equipment, net 2,195,600 88,186,558 88,366,94 LIABILITIES AND SHAREHOLDERS' EQUITY Current liabilities: LIABILITIES AND SHAREHOLDERS' EQUITY Current liabilities: Accounts payable 66,28,22 99,78 Defered revenue 96,730 <th></th> <th>September 30, 2006</th> <th>December 31, 2005</th>		September 30, 2006	December 31, 2005
Cash and cash equivalents \$14,594 \$568,16 Marketable sceurities 246,425 282,58 265,74 Due from unconsolidated joint business 157,319 141,05 665,74 Due from unconsolidated joint business 44,966 61,24 Inventory 155,119 182,81 Deferred tax sasets 74,614 78,05 78,014 78,05 Assets held for sale 9,001 58,41 78,05 Assets held for sale 1,372,772 1,204,37 Total current assets 1,372,772 1,204,37 Property and equipment, net 1,246,116 1,174,39 Intample assets, net 2,795,600 2,975,60 Goodwill 1,153,980 1,130,48 Interpret yand equipment, net 2,195,600 88,186,558 88,366,94 LIABILITIES AND SHAREHOLDERS' EQUITY Current liabilities: LIABILITIES AND SHAREHOLDERS' EQUITY Current liabilities: Accounts payable 66,28,22 99,78 Defered revenue 96,730 <th>ASSETS</th> <th></th> <th></th>	ASSETS		
Marketable securities 246,425 282,58 Accounts receivable, net 282,519 265,74 Due from unconsolidated joint business 157,319 141,05 Deferred tax assets 44,966 41,24 Inventory 155,119 182,81 Other current assets 74,614 78,05 Assets held for sale 9,601 58,41 Total current assets 1,385,157 1,618,08 Marketable securities 1,372,772 1,204,37 Property and equipment, net 1,246,116 1,174,39 Intangible assets, net 2,795,602 2,975,60 Goodwill 1,153,980 1,130,43 Interstments and other assets 232,913 264,06 ***********************************	Current assets:		
Accounts receivable, net	Cash and cash equivalents	\$ 414,594	\$ 568,168
Due from unconsolidated joint business 157,319 141,05 Deferred tax assets 44,966 41,24 Inventory 155,119 182,81 Other current assets 74,614 78,05 Assets held for sale 9,601 58,41 Total current assets 1,385,157 1,618,08 Marketable securities 1,246,116 1,174,39 Property and equipment, net 1,246,116 1,174,39 Intangible assets, net 2,795,602 2,975,00 Goodwill 1,153,980 1,130,39 Intage the assets 232,913 264,06 States the assets 232,913 264,06 ***********************************	Marketable securities	246,425	282,585
Defered tax assets 44,966 41,26 Inventory 155,119 182,81 Other current assets 74,614 78,05 Assets held for sale 9,601 58,41 Total current assets 1,385,157 1,618,08 Marketable securities 1,372,772 1,204,37 Property and equipment, net 1,246,116 1,174,39 Intengible assets, net 23,913 264,06 Goodwill 1,153,980 1,30,43 Intensity and the assets 232,913 264,06 *** LIABILITIES AND SHAREHOLDERS' EQUITY** *** LIABILITIES AND SHAREHOLDERS' EQUITY** *** LIABILITIES AND SHAREHOLDERS' EQUITY** *** Accounts payable \$6,282 \$9,78 Defered revenue 6,730 16,92 Accumet liabilities 45,074 35,33 Total current liabilities 45,074 43,44 Long-term deferred tax liability 653,433 76,22 Commitments and contingencies (Notes 7, 10 and 12) 58 *** Convertible preferred stock,	Accounts receivable, net	282,519	265,742
Inventory	Due from unconsolidated joint business		141,059
Other current assets 74,614 78,05 Assets held for sale 9,601 58,41 Total current assets 1,385,157 1,618,08 Marketable securities 1,372,772 1,044,37 Property and equipment, net 1,246,116 1,174,39 Intragable assets, net 2,795,602 2,975,60 Goodwill 1,153,3980 1,130,43 Investments and other assets 232,913 264,60 ***********************************	Deferred tax assets	44,966	41,242
Assets held for sale 9,601 58,41 Total current assets 1,385,157 1,618,08 Marketable securities 1,372,772 1,204,37 Property and equipment, net 1,746,116 1,174,39 Intangible assets, net 2,795,60 2,975,60 Goodwill 1,153,980 1,130,48 Investments and other assets 232,913 264,06 *** LIABILITIES AND SHAREHOLDERS' EQUITY** *** Counts payable \$6,780 \$8,366,934 *** Deferred revenue 6,730 16,92 *** Taxes payable \$6,730 266,13 *** Accounts payable 495,010 583,03 *** Accounted expenses and other 285,730 266,13 *** Total current liabilities 495,010 583,03 *** Only a colspan="2">*** Total current liabilities 495,010 583,03 *** Total current liabilities 98,167 72,30 *** Competition deferred tax liability 653,433 762,28 *** Competition payabl	Inventory	155,119	182,815
Total current assets 1,385,157 1,618,08 Marketable securities 1,372,772 1,204,17 Property and equipment, net 1,246,116 1,174,39 Intangible assets, net 2,795,620 2,975,60 Goodwill 1,153,980 1,130,40 foodwill 232,913 264,06 **** **** **** **** **** **** **** *	Other current assets	74,614	78,054
Marketable securities	Assets held for sale	9,601	58,416
Property and equipment, net 1,246,116 1,174,39 Intrangible assets, net 2,795,620 2,975,60 Goodwill 1,153,980 1,130,48 Investments and other assets 232,913 264,06 ***********************************	Total current assets	1,385,157	1,618,081
Property and equipment, net 1,246,116 1,174,39 Intrangible assets, net 2,795,620 2,975,60 Goodwill 1,153,980 1,130,48 Investments and other assets 232,913 264,06 ***********************************	Marketable securities	1.372.772	1,204,378
Intangible assets, net	Property and equipment, net		1,174,396
Goodwill 1,153,980 1,130,43 Investments and other assets 232,913 264,06 ***********************************	Intangible assets, net		2,975,601
Commitments and other assets 23,913 264,06 88,186,558 88,366,94			, ,
Current liabilities	Investments and other assets		
Current liabilities: \$62,822 \$99,78 Accounts payable \$62,822 \$99,78 Deferred revenue 6,730 16,92 Taxes payable 139,728 200,19 Accrued expenses and other 285,730 266,13 Total current liabilities 495,010 583,03 Notes payable 45,074 43,44 Long-term deferred tax liability 653,433 762,28 Other long-term liabilities 98,167 72,30 Commitments and contingencies (Notes 7, 10 and 12) Shareholders' equity: — — Comment seed unity: — — — Common stock, par value \$0.001 per share — — — Common stock, par value \$0.0005 per share — — — Accumulated other comprehensive loss (17,876) (13,91) Deferred stock-based compensation — (42,89) Accumulated deficit (954,991) (1,021,64) Accumulated deficit (7,288,192 7,128,63 Total shareholders' equity 6,894,874			\$ 8,366,947
Accounts payable \$62,822 \$99,78 Deferred revenue 6,730 16,92 Taxes payable 139,728 200,19 Accrued expenses and other 285,730 266,13 Total current liabilities 495,010 583,03 Notes payable 45,074 43,44 Long-term deferred tax liability 653,433 762,28 Other long-term liabilities 98,167 72,30 Commitments and contingencies (Notes 7, 10 and 12) 58. 59,167 72,30 Convertible preferred stock, par value \$0.001 per share — — — — Convertible preferred stock, par value \$0.005 per share 173 17 Additional paid-in capital 8,260,886 8,206,91 Accumulated other comprehensive loss (17,876) (13,91 42,88 Deferred stock-based compensation — — — Accumulated deficit (954,991) (1,021,64 Total shareholders' equity 6,894,874 6,905,87		DERS' EQUITY	
Deferred revenue 6,730 16,92 Taxes payable 139,728 200,19 Accrued expenses and other 285,730 266,13 Total current liabilities 495,010 583,03 Notes payable 45,074 43,44 Long-term deferred tax liability 653,433 762,28 Other long-term liabilities 98,167 72,30 Commitments and contingencies (Notes 7, 10 and 12) Shareholders' equity: — — Convertible preferred stock, par value \$0.001 per share — — Common stock, par value \$0.0005 per share 173 17 Additional paid-in capital 8,260,886 8,206,91 Accumulated other comprehensive loss (17,876) (13,91 Deferred stock-based compensation — (42,89 Accumulated deficit (954,991) (1,021,64 Less treasury stock, at cost 393,318 222,76 Total shareholders' equity 6,894,874 6,905,87		\$ 62.822	\$ 99.780
Taxes payable 139,728 200,19 Accrued expenses and other 285,730 266,13 Total current liabilities 495,010 583,03 Notes payable 45,074 43,44 Long-term deferred tax liability 653,433 762,28 Other long-term liabilities 98,167 72,30 Commitments and contingencies (Notes 7, 10 and 12) Shareholders' equity: — — Convertible preferred stock, par value \$0.001 per share — — — Common stock, par value \$0.0005 per share 173 17 Additional paid-in capital 8,260,886 8,206,91 Accumulated other comprehensive loss (17,876) (13,91 Deferred stock-based compensation — — 42,89 Accumulated deficit (954,991) (1,021,64 Total shareholders' equity 6,894,874 6,905,87			, , , , , , ,
Accrued expenses and other 285,730 266,13 Total current liabilities 495,010 583,03 Notes payable 45,074 43,44 Long-term deferred tax liability 653,433 762,28 Other long-term liabilities 98,167 72,30 Commitments and contingencies (Notes 7, 10 and 12) Shareholders' equity: — — Convertible preferred stock, par value \$0.001 per share — — — Common stock, par value \$0.0005 per share 173 17 Additional paid-in capital 8,260,886 8,206,91 Accumulated other comprehensive loss (17,876) (13,91 Deferred stock-based compensation — (42,89 Accumulated deficit (954,991) (1,021,64 Less treasury stock, at cost 393,318 222,76 Total shareholders' equity 6,894,874 6,905,87			
Total current liabilities 495,010 583,03 Notes payable 45,074 43,44 Long-term deferred tax liability 653,433 762,28 Other long-term liabilities 98,167 72,30 Commitments and contingencies (Notes 7, 10 and 12) Shareholders' equity: Convertible preferred stock, par value \$0.001 per share — — — — — — — — — — — — — — — — — — —	1 7		
Notes payable 45,074 43,44 Long-term deferred tax liability 653,433 762,28 Other long-term liabilities 98,167 72,30 Commitments and contingencies (Notes 7, 10 and 12) Shareholders' equity: Convertible preferred stock, par value \$0.001 per share ————————————————————————————————————	1		
Long-term deferred tax liability 653,433 762,28 Other long-term liabilities 98,167 72,30 Commitments and contingencies (Notes 7, 10 and 12) Shareholders' equity: Convertible preferred stock, par value \$0.001 per share — — Common stock, par value \$0.0005 per share 173 17 Additional paid-in capital 8,260,886 8,206,91 Accumulated other comprehensive loss (17,876) (13,91 Deferred stock-based compensation — (42,89 Accumulated deficit (954,991) (1,021,64 Total shareholders' equity 5,894,874 6,905,87	Total current liabilities	495,010	583,036
Other long-term liabilities 98,167 72,30 Commitments and contingencies (Notes 7, 10 and 12) Shareholders' equity: Convertible preferred stock, par value \$0.001 per share ———————————————————————————————————	Notes payable	,	43,444
Commitments and contingencies (Notes 7, 10 and 12) Shareholders' equity: Convertible preferred stock, par value \$0.001 per share — — — Common stock, par value \$0.0005 per share 173 17 Additional paid-in capital 8,260,886 8,206,91 Accumulated other comprehensive loss (17,876) (13,91 Deferred stock-based compensation — (42,89 Accumulated deficit (954,991) (1,021,64 Total shareholders' equity 5,894,874 6,905,87			
Shareholders' equity: Convertible preferred stock, par value \$0.001 per share — — Common stock, par value \$0.0005 per share 173 17 Additional paid-in capital 8,260,886 8,206,91 Accumulated other comprehensive loss (17,876) (13,91 Deferred stock-based compensation — (42,89 Accumulated deficit (954,991) (1,021,64 7,288,192 7,128,63 Less treasury stock, at cost 393,318 222,76 Total shareholders' equity 6,894,874 6,905,87	Other long-term liabilities	98,167	72,309
Convertible preferred stock, par value \$0.001 per share — — Common stock, par value \$0.0005 per share 173 17 Additional paid-in capital 8,260,886 8,206,91 Accumulated other comprehensive loss (17,876) (13,91 Deferred stock-based compensation — (42,89 Accumulated deficit (954,991) (1,021,64 Total shareholders' equity 393,318 222,76 Total shareholders' equity 6,894,874 6,905,87	Commitments and contingencies (Notes 7, 10 and 12)		
Common stock, par value \$0.0005 per share 173 17 Additional paid-in capital 8,260,886 8,206,91 Accumulated other comprehensive loss (17,876) (13,91 Deferred stock-based compensation — (42,89 Accumulated deficit (954,991) (1,021,64 7,288,192 7,128,63 Less treasury stock, at cost 393,318 222,76 Total shareholders' equity 6,894,874 6,905,87	Shareholders' equity:		
Additional paid-in capital 8,260,886 8,206,91 Accumulated other comprehensive loss (17,876) (13,91 Deferred stock-based compensation — (42,89 Accumulated deficit (954,991) (1,021,64 7,288,192 7,128,63 Less treasury stock, at cost 393,318 222,76 Total shareholders' equity 6,894,874 6,905,87			
Accumulated other comprehensive loss (17,876) (13,91) Deferred stock-based compensation — (42,89) Accumulated deficit (954,991) (1,021,64) 7,288,192 7,128,63 Less treasury stock, at cost 393,318 222,76 Total shareholders' equity 6,894,874 6,905,87			173
Deferred stock-based compensation — (42,89 Accumulated deficit (954,991) (1,021,64 7,288,192 7,128,63 Less treasury stock, at cost 393,318 222,76 Total shareholders' equity 6,894,874 6,905,87			8,206,911
Accumulated deficit (954,991) (1,021,64 7,288,192 7,128,63 Less treasury stock, at cost 393,318 222,76 Total shareholders' equity 6,894,874 6,905,87		(17,876)	(13,910
Less treasury stock, at cost 7,288,192 7,128,63 Less treasury stock, at cost 393,318 222,76 Total shareholders' equity 6,894,874 6,905,87	Deferred stock-based compensation	<u> </u>	(42,894
Less treasury stock, at cost 393,318 222,76 Total shareholders' equity 6,894,874 6,905,87	Accumulated deficit		(1,021,644
Less treasury stock, at cost 393,318 222,76 Total shareholders' equity 6,894,874 6,905,87		7,288,192	7,128,630
	Less treasury stock, at cost	393,318	222,760
	• •	6,894,874	6,905,876
		\$8,186,558	\$ 8,366,947

See accompanying notes to the consolidated financial statements.

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