

10-Q 1 regeneron_10q.htm QUARTERLY REPORT

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, 2009

OR

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

For the transition period from _____ to _____

Commission File Number 0-19034

REGENERON PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

13-3444607
(I.R.S. Employer Identification No.)

777 Old Saw Mill River Road
Tarrytown, New York
(Address of principal executive offices)

10591-6707
(Zip Code)

(914) 347-7000
(Registrant's telephone number, including area code)

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company)Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares outstanding of each of the registrant's classes of common stock as of October 15, 2009:

<u>Class of Common Stock</u>	<u>Number of Shares</u>
Class A Stock, \$0.001 par value	2,246,698
Common Stock, \$0.001 par value	78,247,674

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

REGENERON PHARMACEUTICALS, INC.**CONDENSED BALANCE SHEETS AT SEPTEMBER 30, 2009 AND DECEMBER 31, 2008 (Unaudited)***(In thousands, except share data)*

	<u>September 30, 2009</u>	<u>December 31, 2008</u>
		<i>(Revised - see Note 9)</i>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 250,321	\$ 247,796
Marketable securities	129,475	226,954
Accounts receivable from the sanofi-aventis Group	63,953	33,302
Accounts receivable - other	3,813	1,910
Prepaid expenses and other current assets	14,032	11,480
Total current assets	<u>461,594</u>	<u>521,442</u>
Restricted cash	1,600	1,650
Marketable securities	57,200	51,061
Property, plant, and equipment, at cost, net of accumulated depreciation and amortization	215,169	142,035
Other assets	6,629	8,032
Total assets	<u>\$ 742,192</u>	<u>\$ 724,220</u>
LIABILITIES and STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 55,291	\$ 36,168
Deferred revenue from sanofi-aventis, current portion	21,580	21,390
Deferred revenue - other, current portion	37,294	26,114
Total current liabilities	<u>114,165</u>	<u>83,672</u>
Deferred revenue from sanofi-aventis	90,251	105,586
Deferred revenue - other	49,421	56,835
Facility lease obligation	62,571	54,182
Other long-term liabilities	3,341	2,431
Total liabilities	<u>319,749</u>	<u>302,706</u>
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$.01 par value; 30,000,000 shares authorized; issued and outstanding-none		
Class A Stock, convertible, \$.001 par value; 40,000,000 shares authorized; shares issued and outstanding - 2,246,698 in 2009 and 2,248,698 in 2008	2	2
Common Stock, \$.001 par value; 160,000,000 shares authorized; shares issued and outstanding - 78,243,286 in 2009 and 77,642,203 in 2008	78	78
Additional paid-in capital	1,323,432	1,294,813
Accumulated deficit	(904,606)	(873,265)
Accumulated other comprehensive income (loss)	3,537	(114)
Total stockholders' equity	<u>422,443</u>	<u>421,514</u>
Total liabilities and stockholders' equity	<u>\$ 742,192</u>	<u>\$ 724,220</u>

The accompanying notes are an integral part of the financial statements.

REGENERON PHARMACEUTICALS, INC.
CONDENSED STATEMENTS OF OPERATIONS (Unaudited)
(In thousands, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
		<i>(Revised - see Note 9)</i>		<i>(Revised - see Note 9)</i>
Revenues				
Contract research and development from sanofi-aventis	\$ 68,536	\$ 42,006	\$ 178,928	\$ 116,346
Other contract research and development	13,946	10,872	40,176	33,568
Research progress payments	20,000		20,000	
Technology licensing	10,000	10,000	30,000	30,000
Net product sales	4,973	2,706	13,364	2,706
	<u>117,455</u>	<u>65,584</u>	<u>282,468</u>	<u>182,620</u>
Expenses				
Research and development	105,434	72,089	279,972	200,335
Selling, general, and administrative	12,840	11,103	35,892	35,652
Cost of goods sold	472	292	1,299	292
	<u>118,746</u>	<u>83,484</u>	<u>317,163</u>	<u>236,279</u>
Loss from operations	<u>(1,291)</u>	<u>(17,900)</u>	<u>(34,695)</u>	<u>(53,659)</u>
Other income (expense)				
Investment income	857	3,674	3,935	15,513
Interest expense	(581)	(1,772)	(581)	(7,457)
Loss on early extinguishment of debt		(7)		(938)
	<u>276</u>	<u>1,895</u>	<u>3,354</u>	<u>7,118</u>
Net loss before income tax expense	(1,015)	(16,005)	(31,341)	(46,541)
Income tax expense		<u>3,079</u>		<u>3,079</u>
Net loss	<u>\$ (1,015)</u>	<u>\$ (19,084)</u>	<u>\$ (31,341)</u>	<u>\$ (49,620)</u>
Net loss per share, basic and diluted	\$ (0.01)	\$ (0.24)	\$ (0.39)	\$ (0.63)
Weighted average shares outstanding, basic and diluted	79,866	78,937	79,663	78,706

The accompanying notes are an integral part of the financial statements.

REGENERON PHARMACEUTICALS, INC.
CONDENSED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)

For the nine months ended September 30, 2009
(In thousands)

	Class A Stock		Common Stock		Additional	Accumulated	Accumulated	Total	Comprehensive
	Shares	Amount	Shares	Amount	Paid-in Capital	Deficit	Other Comprehensive Income (Loss)	Stockholders' Equity	Comprehensive Loss
Balance, December 31, 2008									
<i>(Revised - see Note 9)</i>	2,249	\$ 2	77,642	\$ 78	\$ 1,294,813	\$ (873,265)	\$ (114)	\$ 421,514	
Issuance of Common Stock in connection with exercise of stock options, net of shares tendered			518		4,626			4,626	
Issuance of Common Stock in connection with Company 401(k) Savings Plan contribution			81		1,391			1,391	
Conversion of Class A Stock to Common Stock	(2)		2						
Stock-based compensation expense					22,602			22,602	
Net loss						(31,341)		(31,341)	\$ (31,341)
Change in net unrealized gain (loss) on marketable securities							3,651	3,651	3,651
Balance, September 30, 2009	<u>2,247</u>	<u>\$ 2</u>	<u>78,243</u>	<u>\$ 78</u>	<u>\$ 1,323,432</u>	<u>\$ (904,606)</u>	<u>\$ 3,537</u>	<u>\$ 422,443</u>	<u>\$ (27,690)</u>

The accompanying notes are an integral part of the financial statements.

REGENERON PHARMACEUTICALS, INC.
CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)
(In thousands)

	Nine months ended September 30,	
	2009	2008
Cash flows from operating activities		
Net loss	\$ (31,341)	\$ (49,620)
Adjustments to reconcile net loss to net cash used in operating activities		

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