

10-Q 1 regeneron_10q.htm QUARTERLY REPORT

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

- (X) 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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September 30, 2009

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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,</u> <u>2009</u> | <u>December 31,</u> <u>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 | | 3,079 | | 3,079 |
| 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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