

ALEXION PHARMACEUTICALS INC

Form 10-Q/A

June 10, 2005

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## FORM 10-Q/A

(Amendment No. 1)

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### SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended April 30, 2005

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: 0-27756

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## Alexion Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

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Delaware

13-3648318

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(State or other jurisdiction of  
incorporation or organization)

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

**352 Knotter Drive, Cheshire, Connecticut 06410**

(Address of principal executive offices) (Zip Code)

**203-272-2596**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address, and former fiscal year, if changed since last report)

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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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Common Stock, \$0.0001 par value  
Class

28,114,845 shares  
**Outstanding at May 31, 2005**

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**EXPLANATORY NOTE**

This Form 10-Q/A is being filed solely to revise information contained under the caption "Liquidity and Capital Resources" of Item 2 of Part I of Alexion Pharmaceutical, Inc.'s quarterly report on Form 10-Q for the quarterly period ended April 30, 2005. The revisions have been made to correct two inadvertent errors: (1) net cash used in operating activities for the nine months ended April 30, 2005 should have been reported as \$64.4 million; and (2) net cash provided by financing activities for the nine months ended April 30, 2005 should have been reported as \$27.3 million. The financial statements included in the Form 10-Q as originally filed have not been revised. This Form 10-Q/A includes the original filing in its entirety for the convenience of the reader.

With the exception of the foregoing, no other information in the quarterly report on Form 10-Q has been supplemented, updated or amended.

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**Table of Contents****ALEXION PHARMACEUTICALS, INC.****Condensed Consolidated Balance Sheets**

(UNAUDITED)

(amounts in thousands)

	<u>April 30, 2005</u>	<u>July 31, 2004</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 35,141	\$ 113,224
Marketable securities	191,435	153,277
Milestone receivable		4,000
Reimbursable contract costs	120	826
State tax receivable	953	1,493
Prepaid expenses and other current assets	4,387	3,513
	<u>232,036</u>	<u>276,333</u>
Total current assets	232,036	276,333
Property, plant and equipment, net	11,958	11,336
Property, plant and equipment held for sale (see Note 7)		450
Goodwill	19,954	19,954
Prepaid manufacturing costs (see Note 8)	11,600	9,500
Deferred financing costs, net (see Note 3)	4,574	1,547
Other assets	457	455
	<u>280,579</u>	<u>319,575</u>
<b>TOTAL ASSETS</b>	<b>\$ 280,579</b>	<b>\$ 319,575</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Note payable (see Note 7)	\$	\$ 3,920
Accounts payable	2,878	3,973
Accrued expenses	22,529	11,004
Capital lease obligation - current	123	
Deferred revenue	826	588
Deferred research and development payments		188
	<u>26,356</u>	<u>19,673</u>
Total current liabilities	26,356	19,673
Deferred revenue, less current portion	5,735	6,177
Deferred research and development payments, less current portion		1,203
Capital lease obligation - non-current	88	
Convertible notes (see Note 3)	150,000	120,000
	<u>182,179</u>	<u>147,053</u>
Total liabilities	182,179	147,053
Stockholders' Equity:		
Preferred stock \$.0001 par value; 5,000 shares authorized; no shares issued or outstanding		
Common stock \$.0001 par value; 145,000 shares authorized; 28,091 and 27,557 shares issued at April 30, 2005 and July 31, 2004, respectively	3	3
Additional paid-in capital	517,154	512,827
Stock subscription receivable	(5)	

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Deferred stock-based compensation	(2,072)	
Accumulated deficit	(415,469)	(339,361)
Accumulated other comprehensive loss	(611)	(347)
Treasury stock, at cost; 37 shares	(600)	(600)
	<u>          </u>	<u>          </u>
Total stockholders' equity	98,400	172,522
	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 280,579</b>	<b>\$ 319,575</b>
	<u>          </u>	<u>          </u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Table of Contents****ALEXION PHARMACEUTICALS, INC.****Condensed Consolidated Statements of Operations**

(UNAUDITED)

(amounts in thousands, except per share amounts)

	Three months ended April 30,		Nine months ended April 30,	
	2005	2004	2005	2004
<b>CONTRACT RESEARCH REVENUES</b>	\$ 151	\$ 168	\$ 861	\$ 462
<b>OPERATING EXPENSES:</b>				
Research and development	25,021	10,792	63,772	42,004
General and administrative	4,777	3,569	12,736	9,683
Total operating expenses	29,798	14,361	76,508	51,687
Operating loss	(29,647)	(14,193)	(75,647)	(51,225)
<b>OTHER INCOME AND EXPENSE:</b>				
Investment income	1,729	720	3,946	2,715
Interest expense	(1,600)	(1,926)	(5,429)	(5,781)
Gain from extinguishment of note payable			3,804	
Loss from early extinguishment of convertible notes	(3,184)		(3,184)	
Loss before state tax benefit	(32,702)	(15,399)	(76,510)	(54,291)
State tax benefit	252	186	402	319
Net loss	\$ (32,450)	\$ (15,213)	\$ (76,108)	\$ (53,972)
<b>BASIC AND DILUTED NET LOSS PER COMMON SHARE</b>	\$ (1.16)	\$ (0.69)	\$ (2.74)	\$ (2.54)
<b>SHARES USED IN COMPUTING BASIC AND DILUTED NET LOSS PER COMMON SHARE</b>	27,938	21,969	27,793	21,268

The accompanying notes are an integral part of these condensed consolidated financial statements.

**Table of Contents****ALEXION PHARMACEUTICALS, INC.****Condensed Consolidated Statements Of Cash Flows**

(UNAUDITED)

(amounts in thousands)

	<b>Nine months ended April 30,</b>	
	<b>2005</b>	<b>2004</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (76,108)	\$ (53,972)
Adjustments to reconcile net loss to net cash used in operating activities:		
Gain from extinguishment of note payable	(3,804)	
Write-off of remaining deferred financing costs	1,212	
Depreciation and amortization	2,617	2,547
Stock based compensation expense	205	115
Change in assets and liabilities:		
Milestone receivable and reimbursable contract costs	4,706	326
State tax receivable	540	(109)
Prepaid expenses and other assets	(876)	107
Prepaid manufacturing costs	(2,100)	
Accounts payable	(1,095)	(3,084)
Accrued expenses	11,858	(2,301)
Deferred revenue	(204)	(441)
Deferred research and development payments	(1,391)	1,438
Net cash used in operating activities	<u>(64,440)</u>	<u>(55,374)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of marketable securities	(399,061)	(122,566)
Proceeds from maturity or sale of marketable securities	360,642	182,766
Investments in patents and licensed technology		(5)
Purchases of property, plant and equipment	(2,511)	(1,291)
Net cash (used in) provided by investing activities	<u>(40,930)</u>	<u>58,904</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net proceeds from convertible note offering	145,242	
Redemption of convertible notes	(120,000)	
Net proceeds from issuance of common stock	2,045	46,186
Net cash provided by financing activities	<u>27,287</u>	<u>46,186</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(78,083)</b>	<b>49,716</b>
<b>CASH AND CASH EQUIVALENTS, beginning of period</b>	<b>113,224</b>	<b>24,844</b>
<b>CASH AND CASH EQUIVALENTS, end of period</b>	<b>\$ 35,141</b>	<b>\$ 74,560</b>



The accompanying notes are an integral part of these condensed consolidated financial statements.

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