

ALNYLAM PHARMACEUTICALS, INC.

Form 10-Q

August 09, 2013

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

For the quarterly period ended June 30, 2013

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 000-50743

**ALNYLAM PHARMACEUTICALS, INC.**

(Exact Name of Registrant as Specified in Its Charter)

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<b>Delaware</b> (State or Other Jurisdiction of Incorporation or Organization)	<b>77-0602661</b> (I.R.S. Employer Identification No.)
<b>300 Third Street, Cambridge, MA</b> (Address of Principal Executive Offices)	<b>02142</b> (Zip Code)
<b>(617) 551-8200</b> (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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

At July 31, 2013, the registrant had 62,960,006 shares of Common Stock, \$0.01 par value per share, outstanding.

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**Table of Contents****ALNYLAM PHARMACEUTICALS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(In thousands, except share and per share amounts)****(Unaudited)**

	<b>June 30, 2013</b>	<b>December 31, 2012</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 24,975	\$ 51,405
Marketable securities	184,719	71,407
Billed and unbilled collaboration receivables	460	104
Prepaid expenses and other current assets	4,205	2,641
<b>Total current assets</b>	<b>214,359</b>	<b>125,557</b>
Marketable securities	169,818	103,416
Investment in equity securities of Regulus Therapeutics Inc.	60,336	38,748
Property and equipment, net	18,045	19,799
<b>Total assets</b>	<b>\$ 462,558</b>	<b>\$ 287,520</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 4,534	\$ 4,420
Accrued expenses	8,488	11,558
Accrued intraperiod tax allocation	5,232	
Deferred rent	1,252	950
Deferred revenue	33,560	31,417
<b>Total current liabilities</b>	<b>53,066</b>	<b>48,345</b>
Deferred rent, net of current portion	3,681	4,248
Deferred revenue, net of current portion	97,636	100,874
<b>Total liabilities</b>	<b>154,383</b>	<b>153,467</b>
Commitments and contingencies (Note 3)		
<b>Stockholders equity:</b>		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized and no shares issued and outstanding at June 30, 2013 and December 31, 2012		
Common stock, \$0.01 par value, 125,000,000 shares authorized; 62,457,513 shares issued and outstanding at June 30, 2013; 52,489,936 shares issued and outstanding at December 31, 2012		
	624	525
Additional paid-in capital	813,613	624,876
Accumulated other comprehensive income	28,130	15,662
Accumulated deficit	(534,192)	(507,010)
<b>Total stockholders equity</b>	<b>308,175</b>	<b>134,053</b>
<b>Total liabilities and stockholders equity</b>	<b>\$ 462,558</b>	<b>\$ 287,520</b>

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

**Table of Contents****ALNYLAM PHARMACEUTICALS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS****(In thousands, except per share amounts)****(Unaudited)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>Net revenues from research collaborators</b>	\$ 8,687	\$ 20,884	\$ 27,329	\$ 41,471
<b>Operating expenses:</b>				
Research and development <sup>(1)</sup>	24,215	21,723	46,394	42,797
General and administrative <sup>(1)</sup>	5,784	11,228	12,051	21,634
<b>Total operating expenses</b>	<b>29,999</b>	<b>32,951</b>	<b>58,445</b>	<b>64,431</b>
Loss from operations	(21,312)	(12,067)	(31,116)	(22,960)
<b>Other income (expense):</b>				
Equity in loss of joint venture (Regulus Therapeutics Inc.)		(1,139)		(2,028)
Interest income	270	271	494	494
Other (expense) income	(11)	(21)	(6)	170
<b>Total other income (expense)</b>	<b>259</b>	<b>(889)</b>	<b>488</b>	<b>(1,364)</b>
Loss before income taxes	(21,053)	(12,956)	(30,628)	(24,324)
Benefit from income taxes	2,884		3,446	
Net loss	\$ (18,169)	\$ (12,956)	\$ (27,182)	\$ (24,324)
Net loss per common share - basic and diluted	\$ (0.29)	\$ (0.25)	\$ (0.45)	\$ (0.50)
Weighted average common shares used to compute basic and diluted net loss per common share	61,661	51,280	60,424	48,877
<b>Comprehensive loss:</b>				
Net loss	\$ (18,169)	\$ (12,956)	\$ (27,182)	\$ (24,324)
Unrealized gain (loss) on marketable securities, net of tax	7,309	(25)	12,468	103
Comprehensive loss	\$ (10,860)	\$ (12,981)	\$ (14,714)	\$ (24,221)

(1) Non-cash stock-based compensation expenses included in operating expenses are as follows:

Research and development	\$ 2,200	\$ 1,998	\$ 4,287	\$ 4,086
General and administrative	1,177	1,098	2,165	2,166

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



**Table of Contents****ALNYLAM PHARMACEUTICALS, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)****(Unaudited)**

	<b>Six Months Ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities:</b>		
Net loss	\$ (27,182)	\$ (24,324)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,838	4,726
Non-cash stock-based compensation	6,452	6,252
Charge for 401(k) company stock match	247	212
Equity in loss of joint venture (Regulus Therapeutics Inc.)		2,028
Realized gain on sale of marketable securities		(179)
Benefit from intraperiod tax allocation on marketable securities	(3,446)	
Changes in operating assets and liabilities:		
Proceeds from landlord tenant improvements	192	
Billed and unbilled collaboration receivables	(356)	(2,917)
Prepaid expenses and other assets	(1,650)	(2,613)
Accounts payable	470	(281)
Accrued expenses and other	(3,043)	2,587
Deferred revenue	(1,095)	(37,400)
Net cash used in operating activities	(24,573)	(51,909)
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(2,178)	(1,933)
Increase in restricted cash		(162)
Purchases of marketable securities	(274,428)	(157,104)
Sales and maturities of marketable securities	92,557	101,207
Net cash used in investing activities	(184,049)	(57,992)
<b>Cash flows from financing activities:</b>		
Proceeds from exercise of stock options and other types of equity	8,620	1,475
Proceeds from issuance of common stock, net of offering costs	173,572	86,800
Payments for repurchase of common stock for employee tax withholding		(328)
Net cash provided by financing activities	182,192	87,947
Net decrease in cash and cash equivalents		