

THERAVANCE INC
Form 10-Q
November 04, 2009
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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, 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: 0-30319

THERAVANCE, INC.

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(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

94-3265960
(I.R.S. Employer
Identification No.)

901 Gateway Boulevard

South San Francisco, CA 94080

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(Address of Principal Executive Offices including Zip Code)

(650) 808-6000

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(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. (Check one):

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

The number of shares of registrant's common stock outstanding on October 30, 2009 was 54,160,681.

The number of shares of registrant's Class A common stock outstanding on October 30, 2009 was 9,401,499.

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(In thousands, except per share data)

	September 30, 2009 (Unaudited)	December 31, 2008 *
Assets		
Current assets:		
Cash and cash equivalents	\$ 65,589	\$ 92,280
Marketable securities	88,640	108,325
Receivable from related party	144	287
Notes receivable	224	266
Prepaid and other current assets	8,273	8,803
Total current assets	162,870	209,961
Restricted cash	1,310	3,810
Property and equipment, net	13,910	16,206
Notes receivable	1,008	1,185
Other long-term assets	4,374	4,994
Total assets	\$ 183,472	\$ 236,156
Liabilities and stockholders' net capital deficiency		
Current liabilities:		
Accounts payable	\$ 1,046	\$ 3,277
Accrued personnel-related expenses	9,482	8,932
Accrued clinical and development expenses	2,585	3,434
Other accrued liabilities	3,986	4,407
Current portion of note payable and capital lease	181	117
Current portion of deferred revenue	22,061	23,788
Total current liabilities	39,341	43,955
Convertible subordinated notes	172,500	172,500
Deferred rent	1,121	1,560
Notes payable and capital lease	311	319
Deferred revenue	144,946	152,771
Other long-term liabilities	466	
Commitments and contingencies		
Stockholders' net capital deficiency:		
Preferred stock, \$0.01 par value, 230 shares authorized, no shares issued and outstanding	542	525

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Common stock, \$0.01 par value; 200,000 shares authorized; 54,161 and 52,576 shares issued and outstanding at September 30, 2009 and December 31, 2008, respectively

Class A Common Stock, \$0.01 par value, 30,000 shares authorized, 9,402 issued and outstanding at September 30, 2009 and December 31, 2008	94	94
Additional paid-in capital	918,634	895,383
Accumulated other comprehensive income	61	501
Accumulated deficit	(1,094,544)	(1,031,452)
Total stockholders' net capital deficiency	(175,213)	(134,949)
Total liabilities and stockholders' net capital deficiency	\$ 183,472	\$ 236,156

* Condensed consolidated balance sheet at December 31, 2008 has been derived from audited consolidated financial statements.

See accompanying notes to condensed consolidated financial statements.

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THERAVANCE, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
Revenue (1)	\$ 5,515	\$ 5,999	\$ 20,552	\$ 17,149
Operating expenses:				
Research and development	19,541	20,075	59,118	66,850
General and administrative				