

LEXICON PHARMACEUTICALS, INC./DE
Form 10-Q
May 05, 2011
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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 March 31, 2011

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: 000-30111

Lexicon Pharmaceuticals, Inc.
(Exact Name of Registrant as Specified in its Charter)
Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

76-0474169
(I.R.S. Employer
Identification Number)

8800 Technology Forest Place
The Woodlands, Texas 77381
(Address of Principal Executive Offices and Zip Code)

(281) 863-3000
(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.

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Lexicon Pharmaceuticals, Inc.

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Factors Affecting Forward Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements. These statements relate to future events or our future financial performance. We have attempted to identify forward-looking statements by terminology including “anticipate,” “believe,” “can,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “potential,” “predict,” “show” or “will,” and other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks outlined under “Part II, Item 1A. – Risk Factors,” that may cause our or our industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels or activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are not under any duty to update any of the forward-looking statements after the date of this quarterly report on Form 10-Q to conform these statements to actual results, unless required by law.

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Part I – Financial Information

Item 1. Financial Statements

Lexicon Pharmaceuticals, Inc.

Consolidated Balance Sheets

(In thousands, except par value)

	As of March 31, 2011 (unaudited)	As of December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$20,118	\$47,208
Short-term investments, including restricted investments of \$430	168,792	163,903
Accounts receivable, net of allowances of \$35	831	744
Prepaid expenses and other current assets	3,448	2,883
Total current assets	193,189	214,738
Property and equipment, net of accumulated depreciation and amortization of \$82,253 and \$80,323, respectively	51,815	53,427
Goodwill	44,543	44,543
Other intangible assets	53,557	53,557
Other assets	304	619
Total assets	\$343,408	\$366,884
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$5,452	\$3,159
Accrued liabilities	7,688	6,264
Current portion of deferred revenue	185	214
Current portion of long-term debt	1,155	1,138
Total current liabilities	14,480	10,775
Deferred revenue, net of current portion	14,212	14,212
Long-term debt	27,044	27,345
Deferred tax liabilities	18,745	18,745
Other long-term liabilities	49,610	48,783
Total liabilities	124,091	119,860
Commitments and contingencies		
Equity:		
Preferred stock, \$.01 par value; 5,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$.001 par value; 900,000 shares authorized; 337,875 and 337,566 shares issued, respectively	338	338
Additional paid-in capital	922,319	920,324
Accumulated deficit	(703,035) (673,406
Accumulated other comprehensive gain	40	5
Treasury stock, at cost, 218 and 158 shares, respectively	(345) (237
Total equity	219,317	247,024
Total liabilities and equity	\$343,408	\$366,884

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

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Lexicon Pharmaceuticals, Inc.

Consolidated Statements of Operations
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31,	
	2011	2010
Revenues:		
Collaborative research	\$516	\$1,641
Subscription and license fees	80	—
Total revenues	596	1,641
Operating expenses:		
Research and development, including stock-based compensation of \$839 and \$806, respectively	23,921	21,088
Increase in fair value of Symphony Icon, Inc. purchase liability	1,058	—
General and administrative, including stock-based compensation of \$633 and \$499, respectively	4,753	5,519
Total operating expenses	29,732	26,607
Loss from operations	(29,136)	(24,966)
Gain on investments, net	—	88
Interest income	87	217
Interest expense	(607)	(727)
Other income (expense), net	27	(682)
Consolidated net loss	\$(29,629)	\$(26,070)
Consolidated net loss per common share, basic and diluted	\$(0.09)	\$(0.13)