

IRONWOOD PHARMACEUTICALS INC

Form 10-Q

May 13, 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: 001-34620

IRONWOOD PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

04-3404176

(I.R.S. Employer
Identification Number)

301 Binney Street

Cambridge, Massachusetts

(Address of Principal Executive Offices)

02142

(Zip Code)

(617) 621-7722

(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 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

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

As of May 2, 2011, there were 50,427,311 shares of Class A common stock outstanding and 49,659,761 shares of Class B common stock outstanding.

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****Ironwood Pharmaceuticals, Inc.****Condensed Consolidated Balance Sheets**

(in thousands, except share and per share amounts)

(unaudited)

	March 31, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 46,214	\$ 44,321
Available-for-sale securities	174,355	203,706
Accounts receivable	207	19
Related party accounts receivable, net	3,977	2,876
Prepaid expenses and other assets	4,299	5,320
Restricted cash		2,833
Total current assets	229,052	259,075
Restricted cash	7,647	7,647
Property and equipment, net	35,074	34,369
Other assets	251	274
Total assets	\$ 272,024	\$ 301,365
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 2,918	\$ 4,302
Accrued research and development costs	8,052	8,140
Accrued expenses	6,394	8,938
Current portion of capital lease obligations	241	197
Current portion of deferred rent	2,877	2,799
Current portion of deferred revenue	40,050	40,050
Total current liabilities	60,532	64,426
Capital lease obligations, net of current portion	598	393
Deferred rent, net of current portion	13,939	14,612
Deferred revenue, net of current portion	52,370	62,383
Commitments and contingencies (Note 8)		
Stockholders equity:		

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Preferred stock, \$0.001 par value, 75,000,000 shares authorized, no shares issued and outstanding		
Class A common stock, \$0.001 par value, 500,000,000 shares authorized and 49,050,397 and 48,202,089 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	49	48
Class B common stock, \$0.001 par value, 100,000,000 authorized and 50,671,950 and 50,970,247 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	51	51
Additional paid-in capital	530,374	526,991
Accumulated deficit	(385,941)	(367,540)
Accumulated other comprehensive income	52	1
Total stockholders' equity	144,585	159,551
Total liabilities and stockholders' equity	\$ 272,024	\$ 301,365

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

Table of Contents**Ironwood Pharmaceuticals, Inc.****Condensed Consolidated Statements of Operations****(in thousands, except share and per share amounts)****(unaudited)**

	Three Months Ended	
	March 31,	
	2011	2010
Collaborative arrangements revenue	\$ 10,237	\$ 8,838
Operating expenses:		
Research and development	19,555	17,549
General and administrative	9,224	5,785
Total operating expenses	28,779	23,334
Loss from operations	(18,542)	(14,496)
Other income (expense):		
Interest expense	(16)	(53)
Interest and investment income	154	68
Other income	3	
Other income (expense), net	141	15
Net loss from continuing operations	(18,401)	(14,481)
Net loss from discontinued operations		(1,772)
Net loss	(18,401)	(16,253)
Net loss from discontinued operations attributable to noncontrolling interest		329
Net loss attributable to Ironwood Pharmaceuticals, Inc.	\$ (18,401)	\$ (15,924)
Net loss per share attributable to Ironwood Pharmaceuticals, Inc. basic and diluted:		