

UNITED DEFENSE INDUSTRIES INC

Form 10-Q

November 14, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For Quarter Ended: **September 30, 2002**

Commission File No. **001-16821**

UNITED DEFENSE INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

52-2059782
*(I.R.S. Employer
Identification No.)*

**1525 Wilson Boulevard, Suite 700,
Arlington, Virginia, 22209-2411
(703) 312-6100**

*(Address and telephone number of principal executive offices of
Registrant and each Co-Registrant)*

Securities registered pursuant to Section 12(b) of the Act:

Title of each class

Name of exchange on which registered

Common Stock, par value \$.01 per share

New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

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, 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

As of October 31, 2002, the aggregate market value of the common stock held by non-affiliates of the registrant was \$605,651,798 based on the closing price of \$22.89 per share on the New York Stock Exchange on such date.

Common Stock, \$.01 par value 51,662,214 Shares Outstanding as of October 31, 2002



UNITED DEFENSE INDUSTRIES, INC.

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UNITED DEFENSE INDUSTRIES, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31, 2001	September 30, 2002
		(Unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 90,535	\$ 54,770
Trade receivables	78,387	188,533
Long-term contract inventories	374,435	366,793
Other current assets	14,406	15,137
	<u>557,763</u>	<u>625,233</u>
Total current assets	557,763	625,233
Property, plant and equipment, net	90,352	169,182
Goodwill, net	97,582	336,702
Intangible assets, net	8,327	33,527
Prepaid pension and postretirement benefit cost	127,828	130,013
Restricted cash	14,950	16,617
Other assets	21,758	32,735
	<u>918,560</u>	<u>1,344,009</u>
Total assets	\$ 918,560	\$ 1,344,009
LIABILITIES AND STOCKHOLDERS DEFICIT		
Current liabilities:		
Current portion of long-term debt	\$ 8,307	\$ 6,100
Accounts payable, trade and other	88,273	87,835
Advanced payments	394,771	469,136
Accrued and other liabilities	111,166	113,788
	<u>602,517</u>	<u>676,859</u>
Total current liabilities	602,517	676,859
Long-term liabilities:		
Long-term debt, net of current portion	422,593	633,900
Accrued pension and postretirement benefit cost	22,487	30,290
Other liabilities	37,329	71,144
	<u>1,084,926</u>	<u>1,412,193</u>
Total liabilities	1,084,926	1,412,193
Commitments and contingencies (Note 6)		
Stockholders' deficit:		
Common stock \$.01 par value, 150,000,000 shares authorized; 50,915,689 and 51,638,664 issued and outstanding at December 31, 2001 and September 30, 2002, respectively		
	509	516
Additional paid-in-capital	167,457	170,731
Deferred compensation	(648)	(572)
Retained deficit	(329,528)	(238,133)
Accumulated other comprehensive loss	(4,156)	(726)
	<u>(166,366)</u>	<u>(68,184)</u>
Total stockholders' deficit	(166,366)	(68,184)
Total liabilities and stockholders' deficit	\$ 918,560	\$ 1,344,009

See accompanying notes.

UNITED DEFENSE INDUSTRIES, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except shares and per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2001	2002	2001	2002
Revenue:				
Sales	\$ 275,055	\$ 529,701	\$ 913,863	\$ 1,204,182
Costs and expenses:				
Cost of sales	215,448	426,976	728,836	971,672
Selling, general and administrative expenses	52,589	37,528	131,140	98,013
Research and development	6,810	7,640	16,418	22,854
Total expenses	274,847	472,144	876,394	1,092,539
Income from operations	208	57,557	37,469	111,643
Other income (expense):				
Earnings (loss) related to investments in foreign affiliates	9,205	(561)	9,187	6,652
Interest income	1,874	1,188	4,621	3,346
Interest expense	(6,735)	(10,994)	(19,215)	(23,387)
Total other income (expense)	4,344	(10,367)	(5,407)	(13,389)
Income before income taxes	4,552	47,190	32,062	98,254
Provision for income taxes	12	493	6,682	5,000
Income before extraordinary item	4,540	46,697	25,380	93,254
Extraordinary item net loss from early extinguishment of debt	(22,599)	(1,617)	(22,599)	(1,859)
Net (loss) income	\$ (18,059)	\$ 45,080	\$ 2,781	\$ 91,395
Earnings per common share basic:				
Income before extraordinary item	\$ 0.11	\$ 0.91	\$ 0.62	\$ 1.82
Extraordinary item	(0.55)	(0.03)	(0.55)	(0.04)
Net (loss) income	\$ (0.44)	\$ 0.88	\$ 0.07	\$ 1.78
Weighted average common shares outstanding				
	40,739,551	51,513,743	40,684,041	51,239,233
Earnings per common share diluted:				
Income before extraordinary item	\$ 0.11	\$ 0.88	\$ 0.59	\$ 1.77
Extraordinary item	(0.53)	(0.03)	(0.53)	(0.04)
Net (loss) income	\$ (0.42)	\$ 0.85	\$ 0.06	\$ 1.73
Weighted average common shares outstanding				
	42,713,856	52,759,182	42,754,430	52,706,671

See accompanying notes.

UNITED DEFENSE INDUSTRIES, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS DEFICIT

(In thousands)

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Deferred Compensation</u>	<u>Retained Deficit</u>	<u>Accumulated Other Comprehensive (Loss)/Gain</u>	<u>Total</u>
Balance, December 31, 2001	\$ 509	\$ 167,457	\$ (648)	\$ (329,528)	\$ (4,156)	\$ (166,366)
Amortization of deferred stock compensation			76			76
Exercise of options	7	3,274				3,281
Net foreign currency translation					6,312	6,312
Change in fair value of foreign currency and interest rate hedges					(2,882)	(2,882)
Net income for the nine months ended September 30, 2002				91,395		91,395
Total comprehensive income						94,825
Balance, September 30, 2002	<u>\$ 516</u>	<u>\$ 170,731</u>	<u>\$ (572)</u>	<u>\$ (238,133)</u>	<u>\$ (726)</u>	<u>\$ (68,184)</u>

See accompanying notes.

UNITED DEFENSE INDUSTRIES, INC.

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOW

(In thousands)

	Nine months ended September 30,	
	2001	2002
Operating activities		
Net income	\$ 2,781	\$ 91,395
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation	16,086	17,664
Amortization of software	4,698	4,131
Amortization of intangible assets	32,249	6,444
Amortization of financing costs	3,183	2,481
Extraordinary loss from write-off of financing costs due to early extinguishment of debt	4,525	1,859
Extraordinary loss from payment of premium on retirement of subordinated debt	18,074	
Non-cash compensation		76
Changes in assets and liabilities:		
Trade receivables	(9,724)	(53,827)
Inventories	(88,945)	19,845
Other assets	3,695	(6,296)
Prepaid pension and postretirement benefit cost	(3,584)	(2,185)
Accounts payable, trade and other	895	(10,184)
Advanced payments	53,575	44,321
Accrued and other liabilities	(13,981)	(35,334)
Accrued pension and postretirement benefit cost	(6,576)	(4,665)
Cash provided by operating activities	<u>16,951</u>	<u>75,725</u>
Investing activities		
Capital expenditures	(13,318)	(13,174)
Purchase of Cell ITS, net of \$0.2 million cash acquired		(4,135)
Purchase of USMR, net of \$7.3 million cash acquired		(307,404)
Cash used in investing activities	<u>(13,318)</u>	<u>(324,713)</u>
Financing activities		
Payments on long-term debt	(269,577)	(90,900)
Proceeds from senior secured facility	600,000	300,000
Payment of premium on retirement of subordinated debt	(18,074)	
Proceeds from sale of common stock	698	3,281
Payment of stockholders' loans	1,236	
Dividend payments	(289,703)	
Payments for financing and transaction cost	(19,222)	(5,470)
Cash provided by financing activities	<u>5,358</u>	<u>206,911</u>
Effect of exchange rate changes on cash and marketable securities	(2,108)	6,312
Increase (decrease) in cash and marketable securities	6,883	(35,765)
Cash and cash equivalents, beginning of year	113,357	7.90%

12. TYPE OF REPORTING PERSON*

IN

(3) Comprised of an aggregate of 9,880,498 shares of common stock held by Deerfield Partners, L.P. and Deerfield International Master Fund, L.P.

CUSIP No. 036642106 13G

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Item
1(a). Name of Issuer:

Antares Pharma, Inc.

Item
1(b). Address of Issuer's Principal Executive Offices:

100 Princeton South, Suite 300
Ewing, New Jersey 08628

Item
2(a). Name of Person Filing:

James E. Flynn, Deerfield Mgmt, L.P., Deerfield Management Company, L.P., Deerfield Partners, L.P., Deerfield International Master Fund, L.P.

Item
2(b). Address of Principal Business Office, or if None, Residence:

780 Third Avenue, 37th Floor, New York, NY 10017

Item
2(c). Citizenship:

Deerfield Mgmt, L.P., Deerfield Management Company, L.P., Deerfield Partners, L.P. - Delaware limited partnerships

Deerfield International Master Fund, L.P. – British Virgin Islands limited partnership

James E. Flynn - United States citizen

Item
2(d). Title of Class of Securities:

Common Stock

Item
2(e). CUSIP Number:

036642106

Item 3. If This Statement is Filed Pursuant to Rule 13d-1(b), or 13d-2(b) or (c), Check Whether the Person Filing is a:

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- (a) o Broker or dealer registered under Section 15 of the Exchange Act.
 - (b) o Bank as defined in Section 3(a)(6) of the Exchange Act.
 - (c) o Insurance company as defined in Section 3(a)(19) of the Exchange Act.
 - (d) o Investment company registered under Section 8 of the Investment Company Act.
 - (e) o An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
 - (f) o An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
 - (g) o A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);
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- (h) o A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act;
- (i) o A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act;
- (j) o A non-U.S. institution in accordance with Rule 13d-1(b)(1)(ii)(J);
- (k) o Group, in accordance with Rule 13d-1(b)(1)(ii)(K).

If filing as a non-U.S. institution in accordance with Rule 13d-1(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership.

Provide the following information regarding the aggregate number and percentage of the class of securities of the issuer identified in Item 1.

(a) Amount beneficially owned**:

Deerfield Mgmt, L.P. – 9,880,498 shares
 Deerfield Management Company, L.P. – 9,880,498 shares
 Deerfield Partners, L.P. – 4,209,072 shares
 Deerfield International Master Fund, L.P. - 5,671,426 shares
 James E. Flynn – 9,880,498 shares

(b) Percent of class**:

Deerfield Mgmt, L.P. – 7.90%
 Deerfield Management Company, L.P. – 7.90%
 Deerfield Partners, L.P. – 3.36%
 Deerfield International Master Fund, L.P. - 4.53%
 James E. Flynn – 7.90%

(c) Number of shares as to which such person has**:

- | | | |
|------|--|---|
| (i) | Sole power to vote or to direct the vote | All Reporting Persons - 0 |
| (ii) | Shared power to vote or to direct the vote | Deerfield Mgmt, L.P. – 9,880,498
Deerfield Management Company, L.P. – 9,880,498
Deerfield Partners, L.P. – 4,209,072
Deerfield International Master Fund, L.P. – 5,671,426
James E. Flynn - 9,880,498 |

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(iii) Sole power to dispose or to direct the disposition of	All Reporting Persons - 0
(iv) Shared power to dispose or to direct the disposition of	Deerfield Mgmt, L.P. – 9,880,498 Deerfield Management Company, L.P. – 9,880,498 Deerfield Partners, L.P. – 4,209,072 Deerfield International Master Fund, L.P. – 5,671,426 James E. Flynn - 9,880,498

**See footnotes on cover pages which are incorporated by reference herein.

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Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities check the following.

Item 6. Ownership of More Than Five Percent on Behalf of Another Person.

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than five percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

N/A

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

If a parent holding company or Control person has filed this schedule, pursuant to Rule 13d-1(b)(1)(ii)(G), so indicate under Item 3(g) and attach an exhibit stating the identity and the Item 3 classification of the relevant subsidiary. If a parent holding company or control person has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identification of the relevant subsidiary.

N/A

Item 8. Identification and Classification of Members of the Group.

If a group has filed this schedule pursuant to ss.240.13d-1(b)(1)(ii)(J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to ss.240.13d-1(c) or ss.240.13d-1(d), attach an exhibit stating the identity of each member of the group.

See Exhibit B

Item 9. Notice of Dissolution of Group.

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity. See Item 5.

N/A

Item 10. Certifications.

"By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not

acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under § 240.14a-11."

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

DEERFIELD MGMT, L.P.

By: J.E. Flynn Capital LLC, General Partner

By: /s/ Jonathan Isler
Jonathan Isler, Attorney-In-Fact

DEERFIELD MANAGEMENT COMPANY, L.P.

By: Flynn Management LLC, General Partner

By: /s/ Jonathan Isler
Jonathan Isler, Attorney-In-Fact

DEERFIELD PARTNERS, L.P.

By: Deerfield Mgmt, L.P., General Partner

By: J.E. Flynn Capital LLC, General Partner

By: /s/ Jonathan Isler
Jonathan Isler, Attorney-In-Fact

DEERFIELD INTERNATIONAL MASTER FUND, L.P.

By: Deerfield Mgmt, L.P., General Partner

By: J.E. Flynn Capital LLC, General Partner

By: /s/ Jonathan Isler
Jonathan Isler, Attorney-In-Fact

JAMES E. FLYNN

/s/ Jonathan Isler
Jonathan Isler, Attorney-In-Fact

Date: February 14, 2013

Exhibit List

Exhibit A. Joint Filing Agreement.

Exhibit B. Item 8 Statement.

Exhibit C (1). Power of Attorney.

(1) Power of Attorney previously filed as Exhibit 24 to a Form 4 with regard to Talon Therapeutics, Inc. filed with the Securities and Exchange Commission on August 21, 2012 by Deerfield Mgmt L.P., Deerfield Management Company, L.P., Deerfield Special Situations Fund, L.P., Deerfield Special Situations Fund International, Limited, Deerfield Private Design Fund, L.P., Deerfield Private Design International, L.P. and James E. Flynn.

Exhibit A
Agreement

The undersigned agree that this Schedule 13G, and all amendments thereto, relating to the Common Stock of Antares Pharma, Inc. shall be filed on behalf of the undersigned.

DEERFIELD MGMT, L.P.

By: J.E. Flynn Capital LLC, General Partner

By: /s/ Jonathan Isler
Jonathan Isler, Attorney-In-Fact

DEERFIELD MANAGEMENT COMPANY, L.P.

By: Flynn Management LLC, General Partner

By: /s/ Jonathan Isler
Jonathan Isler, Attorney-In-Fact

DEERFIELD PARTNERS, L.P.

By: Deerfield Mgmt, L.P., General Partner

By: J.E. Flynn Capital LLC, General Partner

By: /s/ Jonathan Isler
Jonathan Isler, Attorney-In-Fact

DEERFIELD INTERNATIONAL MASTER FUND, L.P.

By: Deerfield Mgmt, L.P., General Partner

By: J.E. Flynn Capital LLC, General Partner

By: /s/ Jonathan Isler
Jonathan Isler, Attorney-In-Fact

JAMES E. FLYNN

/s/ Jonathan Isler
Jonathan Isler, Attorney-In-Fact

Exhibit B

Due to the relationships between them, the reporting persons hereunder may be deemed to constitute a “group” with one another for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934.