

REPLIGEN CORP  
Form 10-Q  
August 05, 2011  
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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, 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 000-14656

**REPLIGEN CORPORATION**

(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>04-2729386</b> (I.R.S. Employer Identification No.)
<b>41 Seyon Street, Bldg. 1, Suite 100</b>	
<b>Waltham, MA</b> (Address of principal executive offices)	<b>02453</b> (Zip Code)
<b>Registrant's telephone number, including area code: (781) 250-0111</b>	

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 website, 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 <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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 2, 2011.

Class	Number of Shares
Common Stock, par value \$.01 per share	30,812,257

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**REPLIGEN CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

(Unaudited)

	June 30, 2011	March 31, 2011
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,466,587	\$ 14,203,544
Marketable securities	36,107,680	35,421,520
Accounts receivable, less reserve for doubtful accounts of \$10,000	2,521,817	1,259,607
Royalties receivable	2,772,457	2,512,602
Inventories	2,692,789	1,953,976
Prepaid expenses and other current assets	660,399	492,767
<b>Total current assets</b>	<b>52,221,729</b>	<b>55,844,016</b>
Property, plant and equipment, at cost:		
Leasehold improvements	3,887,476	3,879,130
Equipment	4,594,344	4,426,628
Furniture and fixtures	636,481	644,541
<b>Total property, plant and equipment, at cost</b>	<b>9,118,301</b>	<b>8,950,299</b>
Less: Accumulated depreciation	(7,155,674)	(6,793,984)
<b>Property, plant and equipment, net</b>	<b>1,962,627</b>	<b>2,156,315</b>
Long-term marketable securities	15,050,402	11,878,201
Intangible assets, net	1,176,771	1,221,458
Goodwill	994,000	994,000
Restricted cash	200,000	200,000
<b>Total assets</b>	<b>\$ 71,605,529</b>	<b>\$ 72,293,990</b>
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	\$ 922,525	\$ 930,601
Accrued liabilities	2,793,352	3,692,523
<b>Total current liabilities</b>	<b>3,715,877</b>	<b>4,623,124</b>
Long-term liabilities	576,527	584,162
<b>Total liabilities</b>	<b>4,292,404</b>	<b>5,207,286</b>
<b>Commitments and contingencies</b>		
Stockholders' equity:		
Preferred stock, \$.01 par value, 5,000,000 shares authorized, no shares issued or outstanding		
Common stock, \$.01 par value, 40,000,000 shares authorized, 30,812,257 shares at June 30, 2011 and March 31, 2011 issued and outstanding	308,123	308,123
Additional paid-in capital	185,025,213	184,743,195
Accumulated deficit	(118,020,211)	(117,964,614)
<b>Total stockholders' equity</b>	<b>67,313,125</b>	<b>67,086,704</b>

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Total liabilities and stockholders' equity	\$ 71,605,529	\$ 72,293,990
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The accompanying notes are an integral part of these consolidated financial statements.

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**REPLIGEN CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

	<b>Three months ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Revenue:</b>		
Product revenue	\$ 4,358,392	\$ 4,268,812
Royalty and other revenue	3,295,333	2,741,060
<b>Total revenue</b>	<b>7,653,725</b>	<b>7,009,872</b>
<b>Operating expenses: <sup>(1)</sup></b>		
Cost of product revenue	1,552,809	1,265,750
Cost of royalty and other revenue	415,870	371,741
Research and development	3,517,461	2,695,048
Selling, general and administrative	2,289,118	1,788,238
<b>Total operating expenses</b>	<b>7,775,258</b>	<b>6,120,777</b>
<b>(Loss) income from operations</b>	<b>(121,533)</b>	<b>889,095</b>
Investment income	65,936	98,958
<b>(Loss) income before income taxes</b>	<b>(55,597)</b>	<b>988,053</b>
Income tax provision		
<b>Net (loss) income</b>	<b>\$ (55,597)</b>	<b>\$ 988,053</b>
<b>Earnings (loss) per share:</b>		
Basic	\$ (0.00)	\$ 0.03
Diluted	\$ (0.00)	\$ 0.03
<b>Weighted average shares outstanding:</b>		
Basic	30,812,257	30,767,585
Diluted	30,812,257	30,926,096
<b>(1) Includes non-cash stock-based compensation as follows:</b>		
Cost of product revenue	\$ 15,036	\$ 15,122
Research and development	72,356	60,821
Selling, general and administrative	194,625	186,940

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

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**REPLIGEN CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

	<b>Three months ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Cash flows from operating activities:</b>		
Net (loss) income	\$ (55,597)	\$ 988,053
<b>Adjustments to reconcile net (loss) income to net cash used in operating activities:</b>		
Depreciation and amortization	406,377	402,021
Stock-based compensation expense	282,017	262,882
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(1,262,210)	(968,206)
Royalties receivable	(259,855)	(182,000)
Inventories	(738,813)	(17,537)
Prepaid expenses and other current assets	(167,632)	180,391
Accounts payable	(8,076)	(270,539)
Accrued liabilities	(899,170)	(837,271)
Long-term liabilities	(7,635)	(19,149)
<b>Net cash used in operating activities</b>	<b>(2,710,594)</b>	<b>(461,355)</b>
<b>Cash flows from investing activities:</b>		
Purchases of marketable securities	(24,268,361)	(17,934,494)
Redemptions of marketable securities	20,410,000	14,250,000
Purchases of property, plant and equipment	(168,002)	(63,955)
<b>Net cash used in investing activities</b>	<b>(4,026,363)</b>	<b>(3,748,449)</b>
<b>Cash flows from financing activities:</b>		
Exercise of stock options		16,752
<b>Net cash provided by financing activities</b>		<b>16,752</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,736,957)</b>	<b>(4,193,052)</b>
Cash and cash equivalents, beginning of period	14,203,544	12,526,040
<b>Cash and cash equivalents, end of period</b>	<b>\$ 7,466,587</b>	<b>\$ 8,332,988</b>

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

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**REPLIGEN CORPORATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

**1. Basis of Presentation**

The financial statements included herein have been prepared by Repligen Corporation (the Company, Repligen or we) in accordance with generally accepted accounting principles in the United States (U.S. GAAP) and pursuant to the rules and regulations of the Securities and Exchange Commission (SEC), for quarterly reports on Form 10-Q and Article 10 of Regulation S-X and do not include all of the information and footnote disclosures required by U.S. GAAP. These financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes thereto included in the Company's Annual Report on Form 10-K for the year ended March 31, 2011.

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments, consisting of only normal, recurring adjustments necessary for a fair presentation of the financial position, results of operations and cash flows. The results of operations for the interim periods presented are not necessarily indicative of results to be expected for the entire year.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. Revenue Recognition**

The Company generates product revenues from the sale of bioprocessing products to customers in the pharmaceutical and process chromatography industries. The Company recognizes revenue related to product sales upon delivery of the product to the customer as long as there is persuasive evidence of an arrangement, the sales price is fixed or determinable and collection of the related receivable is reasonably assured. Determination of whether these criteria have been met is based on management's judgments primarily regarding the fixed nature of the fee charged for product delivered and the collectability of those fees. The Company has a few longstanding customers who comprise the majority of revenue and have an excellent payment history and therefore the Company does not require collateral. The Company has had no significant write-offs of uncollectible invoices in the periods presented.

At the time of sale, the Company also evaluates the need to accrue for warranty and sales returns. The supply agreements the Company has with its customers and the related purchase orders identify the terms and conditions of each sale and the price of the goods ordered. Due to the nature of the sales arrangements, inventory produced for sale is tested for quality specifications prior to shipment. Since the product is manufactured to order and in compliance with required specifications prior to shipment, the likelihood of sales return, warranty or other issues is largely diminished. Sales returns and warranty issues are infrequent and have had nominal impact on the Company's financial statements historically.

In April 2008, the Company settled its litigation with Bristol-Myers Squibb Company (Bristol) and began recognizing royalty revenue in fiscal year 2009 for Bristol's net sales in the United States of Orencia<sup>®</sup> which is used in the treatment of rheumatoid arthritis. Pursuant to the settlement with Bristol (Bristol Settlement), the Company recognized royalty revenue of approximately \$2,772,000 and \$2,478,000 for the three months ended June 30, 2011 and 2010, respectively. Revenue earned from Bristol royalties is recorded in the periods when it is earned based on royalty reports sent by Bristol to the Company. The Company has no continuing obligations to Bristol as a result of this settlement.

Pursuant to the Bristol Settlement, Repligen must remit to the University of Michigan 15% of all royalty revenue received from Bristol. Royalty expense for the three months ended June 30, 2011 and 2010 was approximately \$416,000 and \$372,000, respectively. This operating expense has been included in the Company's Statements of Operations under the line item Cost of royalty and other revenue.

For the three months ended June 30, 2011 and 2010, the Company recognized approximately \$474,000 and \$263,000, respectively, of revenue from a sponsored research and development project under an agreement with the Muscular Dystrophy Association. For the three months ended June 30, 2011, the Company also recognized approximately \$48,000 of revenue from sponsored research and development projects under agreements with Go Friedrich's Ataxia Research (GoFar) and the Friedrich's Ataxia Research Alliance.



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Research revenue is recognized when the expense has been incurred and services have been performed. Determination of which incurred costs qualify for reimbursement under the terms of the Company's contractual agreements and the timing of when such costs were incurred involves the judgment of management. The Company's calculations are based on the agreed-upon terms as stated in the arrangements. However, should the estimated calculations change or be challenged by other parties to the agreements, research revenue may be adjusted in subsequent periods. The calculations have not historically changed or been challenged and the Company does not anticipate any subsequent change in its revenue related to sponsored research and development projects.

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The Company recognizes milestone payments that meet the definition of a milestone in the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2010-17 as revenue upon achievement of the milestone when (1) the milestone payment is non-refundable, (2) substantive effort is involved in achieving the milestone, (3) the amount of the milestone is reasonable in relation to the effort expended or the risk associated with achievement of the milestone and (4) the milestone is at risk for both parties. If any of these conditions is not met, the Company defers the recognition of revenue underlying the milestone payment and recognizes it over the remaining estimated period of performance under the contract as the Company performs its obligation.

There have been no material changes to the Company's initial estimates related to revenue recognition in any periods presented in the accompanying consolidated financial statements.

**3. Earnings (Loss) Per Share**

Basic earnings (loss) per share for the three-month periods ended June 30, 2011 and 2010 were computed on the basis of the weighted average number of shares of common stock outstanding during the period. Diluted earnings (loss) per share is computed on the basis of the weighted average number of shares of common stock plus the effect of dilutive potential common shares outstanding during the period using the treasury stock method. Dilutive potential common shares include outstanding stock options, restricted stock and warrants.

Basic and diluted weighted average shares outstanding were as follows:

	<b>Three Months Ended</b>	
	<b>June 30,</b>	
	<b>2011</b>	<b>2010</b>
Weighted average common shares	30,812,257	30,767,585
Dilutive common stock options		158,511
Weighted average common shares, assuming dilution	30,812,257	30,926,096

At June 30, 2011, there were outstanding options to purchase 2,573,800 shares of the Company's common stock at a weighted average exercise price of \$4.14 per share. All such outstanding options have been excluded from the calculation of diluted earnings per share because their effect would be anti-dilutive.

At June 30, 2010, there were outstanding options to purchase 2,199,650 shares of the Company's common stock at a weighted average exercise price of \$4.23 per share. For the three-month period ended June 30, 2010, 1,468,000 shares of the Company's common stock were excluded from the calculation of diluted earnings per share because the exercise prices of the stock options were greater than or equal to the average price of the common shares, and were therefore anti-dilutive.

**4. Stock-Based Compensation**

The Company uses the Black-Scholes option pricing model to calculate the fair value of share-based awards on the grant date.

For the three months ended June 30, 2011 and 2010, the Company recorded stock-based compensation expense of approximately \$282,000 and \$263,000, respectively, for stock options granted under the Second Amended and Restated 2001 Repligen Corporation Stock Plan (the 2001 Plan).

The 2001 Plan allows for the granting of incentive and nonqualified options and restricted stock and other equity awards to purchase shares of common stock. Incentive options granted to employees under the 2001 Plan generally vest over a four to five-year period, with 20%-25% vesting on the first anniversary of the date of grant and the remainder vesting in equal yearly installments thereafter. Nonqualified options issued to non-employee directors and consultants under the 2001 Plan generally vest over one year. Options granted under the 2001 Plan have a maximum term of ten years from the date of grant and generally, the exercise price of the stock options equals the fair market value of the Company's common stock on the date of grant. At June 30, 2011, options to purchase 2,573,800 shares were outstanding under the 2001 Plan and the 1992 Repligen Corporation Stock Option Plan (collectively with the 2001 Plan, the Plans). At June 30, 2011, 269,609 shares were available

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for future grant under the 2001 Plan.

The Company recognizes stock-based compensation expense on a straight-line basis over the requisite service period based upon options that are ultimately expected to vest, and accordingly, such compensation expense has been adjusted by an amount of estimated forfeitures. Forfeitures represent only the unvested portion of a surrendered option. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

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Information regarding option activity for the three months ended June 30, 2011 under the Plans is summarized below:

	Options Outstanding	Weighted- Average Exercise Price Per Share	Weighted- Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value
Options outstanding at April 1, 2011	2,580,600	\$ 4.15		
Granted	16,000	4.00		
Exercised				
Forfeited/Cancelled	(22,800)	4.90		
Options outstanding at June 30, 2011	2,573,800	\$ 4.14	6.19	\$ 783,722
Options exercisable at June 30, 2011	1,558,500	\$ 4.16	4.75	\$ 603,947
Vested and expected to vest at June 30, 2011 (1)	2,446,768	\$ 4.13	6.08	\$ 767,026

(1) This represents the number of vested options as of June 30, 2011 plus the number of unvested options expected to vest as of June 30, 2011 based on the unvested outstanding options at June 30, 2011 adjusted for estimated forfeiture rates of 8% for awards granted to non-executive level employees and 3% for awards granted to executive level employees.

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the closing price of the common stock on June 30, 2011 of \$3.64 and the exercise price of each in-the-money option) that would have been received by the option holders had all option holders exercised their options on June 30, 2011.

The weighted average grant date fair value of options granted during the three months ended June 30, 2011 and 2010 was \$2.24 and \$1.97, respectively. The total fair value of stock options that vested during the three months ended June 30, 2011 and 2010 was approximately \$340,083 and \$405,859, respectively.

As of June 30, 2011, there was approximately \$1,705,988 of total unrecognized compensation cost related to unvested share-based awards. This cost is expected to be recognized over a weighted average remaining requisite service period of 2.99 years. The Company expects approximately 888,268 in unvested options to vest over the next five years.

##### 5. Cash, Cash Equivalents and Marketable Securities

At June 30, 2011, the Company's investments included money market funds as well as short-term and long-term marketable securities, which are classified as held-to-maturity investments as the Company has the positive intent and ability to hold the investments to maturity. These investments are therefore recorded on an amortized cost basis. Marketable securities are investments with original maturities of greater than 90 days. Long-term marketable securities are securities with maturities of greater than one year. The average remaining contractual maturity of marketable securities at June 30, 2011 is approximately 8.48 months.

Management reviewed the Company's investments as of June 30, 2011 and concluded that there are no securities with other than temporary impairments in the investment portfolio. The Company does not intend to sell any investments and it is not more likely than not that the Company will be required to sell the investments before recovery of their amortized cost bases at maturity.

Investments in held-to-maturity debt securities consist of the following at June 30, 2011:

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	June 30, 2011			
	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
<b>Marketable securities:</b>				
U.S. Government and agency securities	\$ 18,359,057	\$ 8,453	\$ (8)	\$ 18,367,502
Corporate and other debt securities	17,748,623	17,933	(2,524)	17,764,032
	36,107,680	26,386	(2,532)	36,131,534
<b>Long-term marketable securities:</b>				
U.S. Government and agency securities	14,028,972	5,550	(5,782)	14,028,740
Corporate and other debt securities	1,021,430	3,960		1,025,390
	15,050,402	9,510	(5,782)	15,054,130
<b>Total</b>	<b>\$ 51,158,082</b>	<b>\$ 35,896</b>	<b>\$ (8,314)</b>	<b>\$ 51,185,664</b>

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At June 30, 2011, the Company's investments included nine held-to-maturity debt securities in unrealized loss positions with a total unrealized loss of approximately \$8,000 and a total fair market value of approximately \$9,890,000. All investments with gross unrealized losses have been in unrealized loss positions for less than 12 months. The unrealized losses were caused by a temporary change in the market for the securities. There was no change in the credit risk of the securities. The Company does not intend to sell the securities and it is not more likely than not that the Company will be required to sell the securities before the expected recovery of their amortized cost bases. There were no realized gains or losses on the investments for the periods ended June 30, 2011 and March 31, 2011.

Investments in held-to-maturity debt securities consisted of the following at March 31, 2011:

	Amortized Cost	March 31, 2011 Gross Unrealized Gain	March 31, 2011 Gross Unrealized Loss	Fair Value
<b>Marketable securities:</b>				
U.S. Government and agency securities	\$ 17,727,581	\$ 9,189	\$ (852)	\$ 17,735,918
Corporate and other debt securities	17,693,939	17,417	(4,578)	17,706,778
	35,421,520	26,606	(5,430)	35,442,696
<b>Long-term marketable securities:</b>				
U.S. Government and agency securities	9,257,798	235	(15,613)	9,242,420
Corporate and other debt securities	2,620,403	2,731	(1,744)	2,621,390
	11,878,201	2,966	(17,357)	11,863,810
<b>Total</b>	<b>\$ 47,299,721</b>	<b>\$ 29,572</b>	<b>\$ (22,787)</b>	<b>\$ 47,306,506</b>

The contractual maturities of held-to-maturity debt securities at June 30, 2011 were as follows:

	Amortized Cost	Fair Value
Due in 1 year or less	\$ 36,107,680	\$ 36,131,534
Due in 1 to 2 years	15,050,402	15,054,130
	\$ 51,158,082	\$ 51,185,664

**6. Fair Value Measurement**

In determining the fair value of its assets and liabilities, the Company uses various valuation approaches. The Company employs a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the source of inputs as follows:

Level 1 Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access

Level 2

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Valuations based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and models for which all significant inputs are observable, either directly or indirectly

**Level 3** Valuations based on inputs that are unobservable and significant to the overall fair value measurement

The availability of observable inputs can vary among the various types of financial assets and liabilities. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for financial statement disclosure purposes, the level in the fair value hierarchy within which the fair value measurement is categorized is based on the lowest level input that is significant to the overall fair value measurement.

The Company's held-to-maturity securities, which are fixed income investments, are comprised of obligations of U.S. government agencies, corporate debt securities and other interest bearing securities. These held-to-maturity securities are recorded at amortized cost and are therefore not included in the Company's market value measurement disclosure. Money market funds are valued using quoted market prices with no valuation adjustments applied. Accordingly, these securities are categorized in Level 1.

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The Company has no other assets or liabilities for which fair value measurement is either required or has been elected to be applied, other than the liability for contingent consideration recorded in connection with the acquisition of BioFlash Partners, LLC ( BioFlash ). The contingent consideration is valued using management's estimates of royalties to be paid to the former shareholders of BioFlash based on sales of the acquired assets. This valuation is a Level 3 valuation as the primary inputs are unobservable. The following table provides a roll forward of the fair value of the contingent consideration:

Balance at March 31, 2011	\$ 558,484
Payments	
Changes in Fair Value	
Balance at June 30, 2011	\$ 558,484

The following fair value hierarchy table presents information about each major category of the Company's assets and liabilities measured at fair value on a recurring basis as of June 30, 2011:

	Fair value measurement at reporting date using:			Total
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Assets:				
Money market funds	\$ 7,690,171			\$ 7,690,171

There were no remeasurements to fair value during the three months ended June 30, 2011 of financial assets and liabilities that are not measured at fair value on a recurring basis.

**7. Inventories**

Inventories relate to the Company's bioprocessing business. The Company values inventory at cost or, if lower, fair market value using the first-in, first-out method. The Company reviews its inventories at least quarterly and records a provision for excess and obsolete inventory based on its estimates of expected sales volume, production capacity and expiration dates of raw materials, work-in-process and finished products. Expected sales volumes are determined based on supply forecasts provided by key customers for the next three to twelve months. The Company writes down inventory that has become obsolete, inventory that has a cost basis in excess of its expected net realizable value, and inventory in excess of expected requirements to cost of product revenue. Manufacturing of bioprocessing finished goods is done to order and tested for quality specifications prior to shipment.

A change in the estimated timing or amount of demand for the Company's products could result in additional provisions for excess inventory quantities on hand. Any significant unanticipated changes in demand or unexpected quality failures could have a significant impact on the value of inventory and reported operating results. During all periods presented in the accompanying financial statements, there have been no material adjustments related to a revised estimate of inventory valuations.

Work-in-process and finished products inventories consist of material, labor, outside processing costs and manufacturing overhead. Inventories consist of the following:

	June 30, 2011	March 31, 2011
Raw materials	\$ 1,608,100	\$ 944,259
Work-in-process	568,495	518,374
Finished products	516,194	491,343



Total	\$ 2,692,789	\$ 1,953,976
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**8. Accrued Liabilities**

The Company estimates accrued liabilities by identifying services performed on the Company's behalf, estimating the level of service performed and determining the associated cost incurred for such service as of each balance sheet date. Examples of estimated accrued expenses include: 1) Fees paid to contract manufacturers in conjunction with the production of clinical materials. These expenses are normally determined through a contract or purchase order issued by the Company; 2) Service fees paid to organizations for their performance in conducting clinical trials. These expenses are determined by contracts in place for those services and communications with project managers on costs which have been incurred as of each reporting date; 3) Professional and consulting fees incurred with

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law firms, audit and accounting service providers and other third party consultants. These expenses are determined by either requesting those service providers to estimate unbilled services at each reporting date for services incurred or tracking costs incurred by service providers under fixed fee arrangements.

The Company has processes in place to estimate the appropriate amounts to record for accrued liabilities, which principally involve the applicable personnel reviewing the services provided. In the event that the Company does not identify certain costs which have begun to be incurred or the Company under or over-estimates the level of services performed or the costs of such services, the reported expenses for that period may be too low or too high. The date on which certain services commence, the level of services performed on or before a given date, and the cost of such services are often determinations that are based on management's judgment. The Company makes these judgments based upon the facts and circumstances known at the date of the financial statements.

Accrued liabilities consist of the following:

	June 30, 2011	March 31, 2011
Employee compensation	\$ 1,034,980	\$ 1,466,225
Unearned revenue	595,509	660,624
Royalty and license fees	422,119	410,591
Research and development	387,512	759,450
Professional fees	107,722	87,634
Other accrued expenses	245,510	307,999
	\$ 2,793,352	\$ 3,692,523

**9. Income Taxes**

For the three months ended June 30, 2011, the Company did not record a tax provision as no taxable income was generated in the period.

For the three months ended June 30, 2010, the Company had income before taxes of approximately \$988,000. The Company did not record a tax provision as the effective income tax rate was 0%. The effective income tax rate was based upon the estimated loss for the year and the composition of the income in different jurisdictions. The effective tax rate differs from the statutory tax rate due to the utilization of prior year net operating losses and credits.

The Company has net operating loss carryforwards of approximately \$56,899,000 and business tax credit carryforwards of approximately \$2,309,000 available to reduce future federal income taxes, if any. Additionally, the Company also has net operating loss carryforwards of approximately \$4,184,000 and business tax credit carryforwards of approximately \$3,231,000 available to reduce future state income taxes, if any. The net operating loss and business tax credit carryforwards will continue to expire at various dates through March 2031. The net operating loss and business tax credit carryforwards are subject to review and possible adjustment by the Internal Revenue Service and may be limited in the event of certain changes in the ownership interest of significant stockholders.

As of June 30, 2011, a full valuation allowance has been provided against the net operating losses, business tax credits and other deferred tax assets, as it is uncertain if the Company will realize the benefits of such deferred tax assets.

**10. Comprehensive Income (Loss)**

Comprehensive income is defined as the change in equity of a business enterprise during a period resulting from transactions and other events and circumstances from non-owner sources. The Company's comprehensive income/loss is equal to the reported net income (loss) for all periods presented.

**11. Segment Reporting**

The Company views its operations, makes decisions regarding how to allocate resources and manages the business as one operating segment. As a result, the financial information disclosed herein represents all of the material financial information related to the Company's principal operating segment.

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The following table represents the Company's total revenue by geographic area (based on the location of the customer):

	<b>Three months ended June 30,</b>	
	<b>2011</b>	<b>2010</b>
United States	47%	44%
Sweden	42%	43%
United Kingdom	5%	12%
Other	6%	1%
	100%	100%

Royalty revenue from Bristol represented 36% and 35% of the Company's total revenue for the three months ended June 30, 2011 and 2010, respectively. The Company's largest bioprocessing products customer accounted for 42% and 43% of total revenues for the three months ended June 30, 2011 and 2010, respectively. The second largest bioprocessing products customer accounted for 6% and 13% of total revenues for the three months ended June 30, 2011 and 2010, respectively.

Bristol's royalty payment comprised 52% and 62% of the Company's accounts receivable at June 30, 2011 and 2010, respectively. The Company's largest bioprocessing products customer accounted for 34% and 13% of accounts receivable as of June 30, 2011 and 2010, respectively. The second largest bioprocessing products customer accounted for 4% and 22% of accounts receivable as of June 30, 2011 and 2010, respectively.

**12. Recent Accounting Pronouncements**

In October 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2009-13, *Multiple-Deliverable Arrangements a consensus of the FASB Emerging Issues Task Force* (ASU 2009-13). This ASU establishes the accounting and reporting guidance for arrangements under which a vendor will perform multiple revenue-generating activities. Specifically, the provisions of this update address how to separate deliverables and how to measure and allocate arrangement consideration to one or more units of accounting. This update is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company adopted ASU-2009-13 in April 2011. The adoption did not have a material impact on the Company's results of operations, financial position or cash flows.

In May 2011, FASB issued ASU No. 2011-04, *Fair Value Measurement (Topic 82) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* (ASU 2011-04). The amendments in this update will ensure that fair value has the same meaning in U.S. GAAP and in IFRS and that their respective fair value measurement and disclosure requirements are the same. This update is effective prospectively for interim and annual periods beginning after December 15, 2011. Early adoption by public entities is not permitted, and the Company is therefore required to adopt this ASU on January 1, 2012. The Company has not completed its review of ASU 2011-04, but it does not expect the adoption to have a material impact on the Company's results of operations, financial position or cash flows.

**13. Scripps License Agreement**

On April 6, 2007, the Company entered into an exclusive worldwide commercial license agreement (License Agreement) with The Scripps Research Institute (Scripps). Pursuant to the License Agreement, the Company obtained a license to use, commercialize and sublicense certain patented technology and improvements thereon, owned or licensed by Scripps, relating to compounds which may have utility in treating Friedreich's ataxia, an inherited neurodegenerative disease. Research in tissues derived from patients, as well as from mice, indicates that the licensed compounds increase production of the protein frataxin, which suggests potential utility of these compounds in slowing or stopping progression of the disease. There are currently no approved treatments for Friedreich's ataxia in the U.S.

Pursuant to the License Agreement, the Company agreed to pay Scripps an initial license fee of \$300,000, certain royalty and sublicense fees and, in the event that the Company achieves specified developmental and commercial milestones, certain additional milestone payments. Total future milestone payments, if all milestones were to be achieved, would be approximately \$4.3 million. In addition, the Company issued Scripps and certain of its designees 87,464 shares of the Company's common stock which had a value of \$300,000 on the date of issuance.

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In connection with the License Agreement, the Company issued warrants to an individual at Scripps to purchase up to 150,000 shares of common stock. The warrants have a seven year term and are exercisable based on performance criteria as detailed in the warrant agreement. No expense related to these warrants has been recorded through June 30, 2011, as none of the performance criteria have been achieved. At this time, the Company does not believe that the performance criteria are probable of being achieved in the near future.

The License Agreement with Scripps expires or may be terminated (i) when all of the royalty obligations under the License Agreement expire; (ii) at any time by mutual written consent; (iii) by Scripps if the Company (a) fails to make payments under the

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License Agreement, (b) fails to achieve certain developmental and commercial objectives, (c) becomes insolvent, (d) is convicted of a felony relating to the manufacture, use or sale of the licensed technology, or (e) defaults in its performance under the License Agreement; or (iv) by the Company upon 90 days written notice.

**14. FSMA License Agreement**

On October 22, 2009, the Company entered into an exclusive worldwide commercial license agreement ( FSMA License Agreement ) with Families of Spinal Muscular Atrophy ( FSMA ). Pursuant to the FSMA License Agreement, the Company obtained an exclusive license to develop and commercialize certain patented technology and improvements thereon, owned or licensed by FSMA, relating to compounds which may have utility in treating spinal muscular atrophy ( SMA ). SMA is an inherited neurodegenerative disease in which a defect in the survival motor neuron gene ( SMN ) results in low levels of the protein SMN and leads to progressive damage to motor neurons, loss of muscle function and, in many patients, early death.

Pursuant to the License Agreement, the Company paid FSMA an initial license fee of \$500,000 and a related sublicense fee of \$175,000 in fiscal 2010. In April 2011, the Company paid a \$500,000 milestone payment to FSMA in connection with the filing of our Investigational New Drug Application with the FDA. These license fees were recorded as research and development expense in the statements of operations. If all milestones are achieved, total financial obligations under this agreement, including milestone payments, sublicense fees, and other charges, could total approximately \$16,000,000. Given the uncertain nature of such a development program, the likelihood that products or services will result from the research program is not known at this time. The Company has therefore ascribed no value to the license or the related liability.

The License Agreement with FSMA expires or may be terminated (i) on the later of: (a) when all related patents have expired or been abandoned, or (b) 10 years following the first commercial sale of a licensed product; (ii) by FSMA if the Company (a) fails to make payments under the License Agreement, (b) fails to use commercially reasonable efforts towards development and commercial objectives, (c) fails to maintain the required insurance or becomes insolvent, or (d) defaults in its performance under the License Agreement.

**15. Goodwill, Other Intangible Assets and Acquisitions***Acquisitions*

Amounts paid for acquisitions are allocated to the assets acquired and liabilities assumed, if any, based on their fair values at the dates of acquisition. The fair value of identifiable intangible assets is based on detailed valuations that use information and assumptions determined by management. Any excess of purchase price over the fair value of the net tangible and intangible assets acquired is allocated to goodwill. The fair value of contingent consideration includes estimates and judgments made by management regarding the extent of royalties to be earned in excess of the defined minimum royalties. Management updates these estimates and the related fair value of contingent consideration at each reporting period.

*Goodwill*

There was no change in the carrying value of goodwill during the three months ended June 30, 2011.

*Other Intangible Assets*

<b>As of June 30, 2011</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Useful Life (in years)</b>
Technology developed	\$ 760,000	\$ (134,584)	8
Patents	240,000	(42,500)	8
Customer relationships	430,000	(76,145)	8
	\$ 1,430,000	\$ (253,229)	

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<b>As of March 31, 2011</b>	<b>Gross Carrying Amount</b>	<b>Accumulated Amortization</b>	<b>Useful Life (in years)</b>
Technology developed	\$ 760,000	\$ (110,834)	8
Patents	240,000	(35,000)	8
Customer relationships	430,000	(62,708)	8
	\$ 1,430,000	\$ (208,542)	

On January 29, 2010, the Company acquired the assets of BioFlash including a technology platform for the production of pre-packed, plug and play chromatography columns for total consideration transferred of \$2.6 million. This patented technology enables economical production of chromatography columns in a format that is ready for use in the production of a broad range of biopharmaceuticals including monoclonal antibodies, vaccines and recombinant proteins. The terms of the acquisition included an upfront payment of \$1.8 million, a \$300,000 payment made in November 2010, and future royalties based on product sales.

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Amortization expense for amortized intangible assets was approximately \$45,000 for the three months ended June 30, 2011. The Company expects to record amortization expense of approximately \$179,000 in each of the next five years.

Intangible assets are amortized over their useful lives using the estimated economic benefit method, as applicable, and the amortization expense is recorded within selling, general and administrative expense in the statements of operations. Intangible assets and their related useful lives are reviewed at least annually to determine if any adverse conditions exist that would indicate the carrying value of these assets may not be recoverable. More frequent impairment assessments are conducted if certain conditions exist, including: a change in the competitive landscape, any internal decisions to pursue new or different technology strategies, a loss of a significant customer, or a significant change in the market place including changes in the prices paid for our products or changes in the size of the market for our products. An impairment results if the carrying value of the asset exceeds the estimated fair value of the asset based on the sum of the future undiscounted cash flows expected to result from the use and disposition of the asset. If the estimate of an intangible asset's remaining useful life is changed, the remaining carrying amount of the intangible asset is amortized prospectively over the revised remaining useful life. There were no indicators of impairment in the three months ended June 30, 2011.

**16. Subsequent Event**

On July 5, 2011, Repligen Corporation (the Company) and TC Saracen, LLC (the Landlord) entered into a First Amendment to Lease (the Amendment) to the lease agreement dated October 10, 2001, as amended, for the leased premises located at 41 Seyon Street, Waltham, Massachusetts. This facility currently serves as the corporate headquarters for the Company and primary location for all manufacturing, research and development, sales and marketing and administrative operations. Under terms of the Amendment, the Company and Landlord have mutually agreed to expand the leased premises within this facility and likewise extend the term by eleven years, which, depending on the commencement date of the Company's occupancy of the expanded premises, should expire on or about May 31, 2023. Annual rent for the leased premises begins at \$17.36 per rentable square foot for the first six years, and increases to \$20.22 for years seven through eleven. The Company will receive a Tenant Improvement Allowance of up to \$1.77 million from Landlord to help fund leasehold improvements. The Company also has certain termination rights as described within the Amendment, most notably in the event of Landlord's inability to deliver the expansion space in a timely manner.



**Table of Contents****ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*****Overview***

We are an integrated biopharmaceutical company focused on the development and commercialization of innovative therapies that deliver the benefits of protein therapies to patients and clinicians in the fields of neurology and gastroenterology. We are currently conducting a number of product development programs relating to diseases such as pancreatitis, Friedreich's ataxia and spinal muscular atrophy. We also have a bioprocessing business that focuses on the development and commercialization of products that are used in the production of biopharmaceuticals. In addition, we have out-licensed certain biologics intellectual property from which we receive royalties from Bristol-Myers Squibb Company ( Bristol ) on their net sales in the United States of their product Orenbia

***Critical Accounting Policies and Estimates***

A critical accounting policy is one which is both important to the portrayal of the Company's financial condition and results and requires management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. For additional information, please see the discussion of our critical accounting policies in Management's Discussion and Analysis and our significant accounting policies in Note 2 to the Financial Statements included in our Annual Report on Form 10-K for the year ended March 31, 2011. There have been no changes to our critical accounting policies since March 31, 2011.

***Results of Operations***

*Three months ended June 30, 2011 vs. June 30, 2010*

***Total revenue***

Total revenues for the three-month periods ended June 30, 2011 and 2010 were approximately \$7,654,000 and \$7,010,000, respectively, an increase of \$644,000 or 9%.

Sales of bioprocessing products for the three months ended June 30, 2011 and 2010 were \$4,358,000 and \$4,269,000, respectively, an increase of \$89,000, or 2%. Substantially all of our bioprocessing products are based on recombinant Protein A and are sold to customers who incorporate our manufactured products into their proprietary antibody purification systems to be sold directly to the pharmaceutical industry. Monoclonal antibodies are a well-established class of drug with applications in rheumatoid arthritis, asthma and a variety of cancers. Sales of our bioprocessing products are therefore impacted by the timing of large-scale production orders and the regulatory approvals for such antibodies, which may result in significant quarterly fluctuations in product revenue. We expect such quarterly fluctuations but do not necessarily believe they are always predictive of future revenue or otherwise indicate a trend.

Pursuant to the Bristol Settlement, we recognized royalty revenue of approximately \$2,772,000 and \$2,478,000 for the three months ended June 30, 2011 and 2010, respectively.

During the three-month periods ended June 30, 2011 and 2010, we recognized approximately \$474,000 and \$263,000, respectively, of research revenue from a sponsored research and development project under an agreement with the Muscular Dystrophy Association. For the three months ended June 30, 2011, we also recognized approximately \$48,000 of revenue from sponsored research and development projects under agreements with Go Friedreich's Ataxia Research (GoFar) and the Friedreich's Ataxia Research Alliance.

***Costs and operating expenses***

Total costs and operating expenses were approximately \$7,775,000 and \$6,121,000 for the three-month periods ended June 30, 2011 and 2010, respectively, an increase of \$1,654,000 or 27%.

Cost of product revenue was approximately \$1,553,000 and \$1,266,000 for the three-month periods ended June 30, 2011 and 2010, respectively, an increase of \$287,000 or 23%. This increase is primarily due to the increase in bioprocessing product sales noted above, as well as other individually insignificant manufacturing variances.

Pursuant to the Bristol Settlement, we must remit 15% of royalty revenue received through the expiration of the settlement agreement in December 2013 to the University of Michigan. For the three-month periods ended June 30, 2011 and 2010, the cost of royalty revenue was

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approximately \$416,000 and \$372,000, respectively.

Research and development expenses were approximately \$3,517,000 and \$2,695,000 for the three-month periods ended June 30, 2011 and 2010, respectively, an increase of \$822,000 or 31%. This increase is primarily attributable to a \$741,000 increase in costs associated with drug product manufacturing and other costs associated with the NDA submission for RG1068 for MRI imaging of the pancreas, an \$884,000 increase related to RG3039 for spinal muscular atrophy which includes both a \$500,000 milestone payment made in April 2011 upon successful filing of our IND with the FDA, as well as other costs associated with the initiation of our Phase 1 clinical trial. These increases are offset by a \$735,000 decrease related to RG2417 for the treatment of patients with bipolar disorder as we discontinued this program in March 2011 and do not anticipate further material spending in this program at this time.

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Significant fluctuations in research and development expenses may occur from period to period depending on the nature, timing, and extent of development activities over any given period of time. Many resources including personnel, supplies and equipment are shared by all of the development programs. As a result, and due to the significant risks and uncertainties in drug development, we are not able to provide cumulative spending to date or predict total development costs for any particular program.

Selling, general and administrative expenses were approximately \$2,289,000 and \$1,788,000 for the three-month periods ended June 30, 2011 and 2010, respectively, an increase of \$501,000 or 28%. This increase is largely attributable to commercialization efforts as we prepare to launch RG1068 for MRI imaging of the pancreas, pending FDA approval, slightly higher headcount and related personnel expenses, and increased sales and marketing activities related to our bioprocessing business.

### ***Investment income***

Investment income was approximately \$66,000 and \$99,000 for the three-month periods ended June 30, 2011 and 2010, respectively. This decrease of \$33,000, or 33%, is primarily due to lower interest rates.

### ***Income tax provision***

For the three months ended June 30, 2011, we did not record a tax provision as no taxable income was generated in the period.

For the three months ended June 30, 2010, we had income before taxes of approximately \$988,000. We did not record a tax provision as the effective income tax rate was 0%. The effective income tax rate was based upon the estimated income for the year and the composition of the income in different jurisdictions. The effective tax rate differs from the statutory tax rate due to the utilization of prior year net operating losses and credits, offset by the effects of the alternative minimum tax on income derived during the fiscal year.

### ***Liquidity and capital resources***

We have financed our operations primarily through sales of equity securities, revenues derived from product sales, and research grants, as well as proceeds and royalties from litigation settlements. Our revenue for the foreseeable future will be limited to our bioprocessing product revenue, royalties from Bristol, and research and development grants. Given the uncertainties related to pharmaceutical product development, we are currently unable to reliably estimate when, if ever, our therapeutic product candidates will generate revenue and cash flows. Total cash, cash equivalents and marketable securities at June 30, 2011 were approximately \$58,625,000, a decrease of \$2,878,000 from \$61,503,000 at March 31, 2011.

### ***Operating activities***

Our operating activities consumed cash of approximately \$2,711,000 for the three-month period ended June 30, 2011. Cash used in operating activities is attributable to an increase in accounts receivable of \$1,262,000, a decrease in accrued liabilities of \$899,000, an increase in inventories of \$739,000, an increase in royalties receivable of \$260,000, and an increase in prepaid expenses of \$168,000, offset by certain non-cash expenses such as \$406,000 for depreciation and \$282,000 in stock-based compensation expense.

For the three months ended June 30, 2010, operating activities consumed cash of approximately \$461,000. Cash used in operating activities was primarily due to an increase in accounts receivable of \$968,000, a decrease in accrued liabilities of \$837,000, a decrease in accounts payable of \$271,000, and an increase in royalties receivable of \$182,000, offset by net income of \$988,000, a decrease in prepaid expenses of \$180,000 and certain non-cash expenses such as \$402,000 for depreciation and \$263,000 in stock-based compensation expense.

### ***Investing activities***

Our investing activities consumed approximately \$4,026,000 and \$3,748,000 for the three-month periods ended June 30, 2011 and 2010, respectively, primarily due to the purchase of additional marketable securities.

### ***Financing activities***

There were no stock option exercises in the three months ended June 30, 2011. Stock option exercises provided cash proceeds of approximately \$17,000 for the three-month period ended June 30, 2010.

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We do not currently use derivative financial instruments. We generally place our marketable security investments in high quality credit instruments as specified in our investment policy guidelines.

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Working capital decreased by approximately \$2,715,000 to \$48,506,000 at June 30, 2011 from \$51,221,000 at March 31, 2011 due to the various changes noted above.

Our future capital requirements will depend on many factors, including the following:

the success of our clinical studies and attainment of necessary regulatory approvals;

the scope of and progress made in our research and development activities;

our ability to acquire additional products or product candidates;

our ability to establish one or more partnerships for commercialization of RG1068 outside the U.S.;

the extent of any share repurchase activity;

the success of any proposed financing efforts;

the ability to sustain sales and profits of our bioprocessing products; and

the amount of royalty revenues we receive from Bristol.

Absent acquisitions of additional products, product candidates or intellectual property, we believe our current cash and investment balances are adequate to meet our cash needs for the foreseeable future. Our future capital requirements include, but are not limited to, continued investment in our research and development programs, the acquisition of additional products and technologies to complement our manufacturing capabilities, capital expenditures primarily associated with purchases of equipment and continued investment in our intellectual property portfolio.

We plan to continue to invest in our bioprocessing business and in key research and development activities. We actively evaluate various strategic transactions on an ongoing basis, including licensing or acquiring complementary products, technologies or businesses that would complement our existing portfolio of development programs. We continue to seek to acquire such potential assets that may offer us the best opportunity to create value for our shareholders. In order to acquire such assets, we may need to seek additional financing to fund these investments. This may require the issuance or sale of additional equity or debt securities. The sale of additional equity may result in additional dilution to our stockholders. Should we need to secure additional financing to acquire a product, fund future investment in research and development, or meet our future liquidity requirements, we may not be able to secure such financing, or obtain such financing on favorable terms because of the volatile nature of the biotechnology marketplace.

### ***Off-Balance Sheet Arrangements***

We did not have any off-balance sheet arrangements as of June 30, 2011.

### ***Commitments***

As of June 30, 2011, we had the following fixed obligations and commitments:

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(In thousands)	Total	Payments Due by Period			More than 5 Years
		Less than 1 Year	1 - 3 Years	3 - 5 Years	
Operating lease obligations	\$ 306	\$ 291	\$ 14	\$ 1	\$
Purchase obligations (2)	4,024	4,024			
Contractual obligations (3)	740	35	135	240	330
Total	\$ 5,070	\$ 4,350	\$ 149	\$ 241	\$ 330

- (1) Subsequent to the end of the first quarter, on July 5, 2011, the Company extended and expanded its lease for its headquarters in Waltham, MA for a period of 11 years. These commitments did not exist as of June 30, 2011 and are therefore excluded from the above table. Commencing on or about June 1, 2012, and for the next six years, minimum lease payments for this facility will be approximately \$997,000 per year. Beginning in year seven through the termination of the lease in May 2023, future minimum lease payments will increase to approximately \$1,126,000 per year.
- (2) Represents purchase orders for the procurement of raw material for manufacturing as well as clinical materials to support our upcoming trials.
- (3) These amounts include obligations for minimum contingent consideration from acquisitions as well as for license, supply and consulting agreements.

**Table of Contents*****Cautionary Statement Regarding Forward-Looking Statements***

Statements in this Quarterly Report on Form 10-Q, as well as oral statements that may be made by Repligen or by officers, directors or employees of Repligen acting on its behalf, that are not historical facts constitute forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The forward-looking statements in this Quarterly Report on Form 10-Q do not constitute guarantees of future performance. Investors are cautioned that statements in this Quarterly Report on Form 10-Q which are not strictly historical statements, including, without limitation, statements regarding current or future financial performance, management's strategy, plans and objectives for future operations, clinical trials and results, milestone payments, tax payments and benefits, marketing plans, revenue potential of therapeutic product candidates, product research, intellectual property and development, manufacturing plans and performance, delays in manufacturing by us or our partners, timing of customer orders, the anticipated growth in our target markets, including, without limitation, the markets for pancreatic disease treatment, bipolar disorder, Friedreich's ataxia and spinal muscular atrophy, as well as the monoclonal antibody market and the process chromatography industry and projected growth in product sales, costs of operations, sufficiency of funds to meet management objectives and availability of financing and effects of accounting pronouncements constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that could cause our actual results to be materially different from the historical results or from any results expressed or implied by such forward-looking statements, including, without limitation, risks associated with: the success of current and future collaborative relationships, the success of our clinical trials and our ability to develop and commercialize products, our ability to obtain required regulatory approvals, our compliance with all Food and Drug Administration regulations, our ability to obtain, maintain and protect intellectual property rights for our products, the risk of litigation regarding our patent and other intellectual property rights, the risk of litigation with collaborative partners, our limited sales and marketing experience and capabilities, our limited manufacturing capabilities and our dependence on third-party manufacturers and value-added resellers, our ability to hire and retain skilled personnel, the market acceptance of our products, our ability to compete with larger, better financed pharmaceutical and biotechnology companies that may develop new approaches to the treatment of our targeted diseases, our history of losses and expectation of incurring continued losses, our ability to generate future revenues, our ability to raise additional capital to continue our drug development programs, our volatile stock price, and the effects of our anti-takeover provisions. Further information on potential risk factors that could affect our financial results are included in the filings made by us from time to time with the Securities and Exchange Commission including under the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended March 31, 2011.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*****Interest Rate Risk***

We have investments in commercial paper, U.S. Government and agency securities as well as corporate bonds and other debt securities. As a result, we are exposed to potential loss from market risks that may occur as a result of changes in interest rates, changes in credit quality of the issuer or otherwise.

We generally place our marketable security investments in high quality credit instruments, as specified in our investment policy guidelines. A hypothetical 100 basis point increase in interest rates would result in an approximate \$362,000 decrease in the fair value of our investments as of June 30, 2011. We believe, however, that the conservative nature of our investments mitigates our interest rate exposure, and our investment policy limits the amount of our credit exposure to any one issue, issuer (with the exception of U.S. agency obligations) and type of instrument. We do not expect any material loss from our marketable security investments and therefore believe that our potential interest rate exposure is limited. We intend to hold the majority of our investments to maturity, in accordance with our business plans.

**ITEM 4. CONTROLS AND PROCEDURES**

The Company's management, with the participation of the principal executive officer and the principal financial officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this report. Based on such evaluation, the principal executive officer and principal financial officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures were effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, on a timely basis, and is accumulated and communicated to the Company's management, including the Company's principal executive officer and the Company's principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

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There was no change in the Company's internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.



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**PART II. OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

From time to time, we may be subject to legal proceedings and claims other than in the ordinary course of business. We are not currently aware of any such proceedings or claims that we believe will have, individually or in the aggregate, a material adverse effect on our business, financial condition or results of operations.

**ITEM 1A. RISK FACTORS**

For a discussion of risk factors, please see Item 1A in our Annual Report on Form 10-K for the year ended March 31, 2011.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

In June 2008, the Board of Directors authorized a program to repurchase up to 1.25 million shares of our common stock to be repurchased at the discretion of management from time to time in the open market or through privately negotiated transactions. The repurchase program has no set expiration date and may be suspended or discontinued at any time. For the twelve-month period ended March 31, 2009, the Company repurchased 492,827 shares of common stock, for an aggregate purchase price of \$1,969,240, leaving 757,173 shares remaining under this authorization. Since March 31, 2009, we have made no additional repurchases of shares of common stock.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. (REMOVED AND RESERVED)**

**ITEM 5. OTHER INFORMATION**

None.

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**ITEM 6. EXHIBITS**

*(a) Exhibits*

<b>Exhibit Number</b>	<b>Document Description</b>
3.1	Restated Certificate of Incorporation, dated June 30, 1992 and amended September 17, 1999 (filed as Exhibit 3.1 to Repligen Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999 and incorporated herein by reference). (File No. 000-14656)
3.2	Certificate of Designation of Series A Junior Participating Preferred Stock dated March 4, 2003 (filed as Exhibit A of Exhibit 1 to Repligen Corporation's Registration Statement on Form 8-A filed March 4, 2003 and incorporated herein by reference). (File No. 000-14656)
3.3	Amended and Restated By-laws (filed as Exhibit 3.2 to Repligen Corporation's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 and incorporated herein by reference). (File No. 000-14656)
31.1+	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
31.2+	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial and Accounting Officer.
32.1+	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101+	The following materials from the Repligen Corporation Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011 formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Statements of Income, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Cash Flows and (iv) related notes.

+ Filed herewith.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**REPLIGEN CORPORATION**

Date: August 5, 2011

By: /s/ Walter C. Herlihy  
Walter C. Herlihy  
Chief Executive Officer and President  
(Principal executive officer)  
Repligen Corporation

Date: August 5, 2011

By: /s/ William J. Kelly  
William J. Kelly  
Chief Financial Officer  
(Principal financial and accounting officer)  
Repligen Corporation

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