

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

**FORM 8-K/A**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): January 27, 2014

**VERTEX PHARMACEUTICALS INCORPORATED**

*(Exact name of registrant as specified in its charter)*

**MASSACHUSETTS**

*(State or other jurisdiction of incorporation)*

**000-19319**

*(Commission File Number)*

**04-3039129**

*(IRS Employer Identification No.)*

**50 Northern Avenue**

**Boston, Massachusetts 02210**

*(Address of principal executive offices) (Zip Code)*

**(617) 341-6100**

*(Registrant's telephone number, including area code)*

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

## **Item 2.01. Completion or Disposition of Assets.**

This current report on Form 8-K/A amends and supplements Item 2.01 of the Current Report on Form 8-K filed by us on January 29, 2014 to provide the pro forma financial information required by Item 9.01 of Form 8-K, which was not previously filed with the Form 8-K filed on January 29, 2014. This pro forma information is presented for informational purposes only to provide an understanding of our historical financial results as adjusted for the deconsolidation of Alios.

## **Item 9.01. Financial Statements and Exhibits.**

### **(b) Pro Forma Financial Information**

The following unaudited pro forma consolidated financial statements of Vertex Pharmaceuticals Incorporated are filed as Exhibit 99.1 to this Current Report on Form 8-K/A:

- unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2013 and for the year ended December 31, 2012; and
- unaudited pro forma condensed consolidated balance sheet as of September 30, 2013.

### **(d) Exhibits**

| <u>Exhibit</u> | <u>Description of Document</u>  |
|----------------|---|
| 99.1           | Vertex Pharmaceuticals Incorporated unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2013 and for the year ended December 31, 2012, and unaudited pro forma condensed consolidated balance sheet as of September 30, 2013. |

**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 hereunto duly authorized.

**VERTEX PHARMACEUTICALS INCORPORATED**  
(Registrant)

Date: January 31, 2014

/s/ Kenneth L. Horton

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Kenneth L. Horton  
Executive Vice President and Chief Legal Officer

**Unaudited pro forma consolidated financial information**

On January 27, 2014, Vertex Pharmaceuticals Incorporated (“Vertex,” the “Company” or “we”) concluded that the intangible asset related to the HCV nucleotide analogue program (VX-135) had become fully impaired. This conclusion was based on, among other factors, (a) available safety, tolerability and efficacy data regarding VX-135, (b) the continuing partial clinical hold on VX-135 by the FDA and (c) a review of the competitive landscape for treatments for hepatitis C virus infection. Based on these factors, we evaluated the fair value of the VX-135 intangible asset from the perspective of a market participant and concluded that the fair value of this asset was zero as of December 31, 2013. Accordingly, a \$250.6 million impairment charge and a benefit for income taxes of \$102.1 million was recorded in the fourth quarter of 2013. In connection with this impairment charge, we determined that we no longer had a variable interest in Alios BioPharma, Inc. (“Alios”) and deconsolidated the financial statements of Alios from the Company’s consolidated financial statements as of December 31, 2013. The net effect of the impairment charge, tax benefit and related deconsolidation was a gain of approximately \$68.2 million attributable to Vertex in 2013. In accordance with S-X Rule 11-02(b)(5), these amounts have not been reflected in the pro forma statements of operations.

The following supplemental pro forma information is presented for informational purposes only, to provide an understanding of the Company’s historical financial results as adjusted for the deconsolidation of Alios. These pro forma financial statements should not be considered a substitute for the actual historical financial information prepared in accordance with generally accepted accounting principles, as presented in the Company’s filings on Form 10-Q and 10-K. The unaudited pro forma condensed consolidated financial information disclosed in this report is for illustrative purposes only and is not necessarily indicative of results of operations that would have been achieved had the pro forma events taken place on the dates indicated, or our future consolidated results of operations.

The unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2013 and for the year ended December 31, 2012 present our condensed consolidated results of operations giving pro forma effect to the deconsolidation of Alios as if it had occurred on January 1, 2012. The unaudited pro forma condensed consolidated balance sheet at September 30, 2013 presents our condensed consolidated financial position giving pro forma effect to the deconsolidation of Alios as if it had occurred on September 30, 2013. These pro forma financial statements should be read in connection with the Company’s historical condensed consolidated financial statements for the period ended September 30, 2013, which were included in the Form 10-Q filed on November 7, 2013 and the Company’s historical consolidated financial statements for the year ended December 31, 2012, which were included in the Form 10-K filed on March 1, 2013.

The pro forma adjustments are based on currently available information, estimates and assumptions that we believe are reasonable in order to reflect, on a pro forma basis, the impact of this deconsolidation on our historical financial information.

**VERTEX PHARMACEUTICALS INCORPORATED**  
**Unaudited Condensed Consolidated Pro Forma Statement of Operations**  
**For the nine months ended September 30, 2013**  
**(in thousands, except per share amounts)**

|   | Vertex              | Pro Forma<br>Adjustments | Notes  | Pro Forma           |
|---|---------------------|--------------------------|--------|---------------------|
| <b>Revenues:</b>  |                     |                          |        |                     |
| Product revenues, net   | \$ 708,823          | \$ —                     |        | \$ 708,823          |
| Royalty revenues  | 119,705             | —                        |        | 119,705             |
| Collaborative revenues  | 32,290              | —                        |        | 32,290              |
| Total revenues  | 860,818             | —                        |        | 860,818             |
| <b>Costs and expenses:</b>  |                     |                          |        |                     |
| Cost of product revenues  | 75,698              | —                        |        | 75,698              |
| Royalty expenses  | 32,315              | —                        |        | 32,315              |
| Research and development expenses                                     | 669,174             | (17,339)                 | (a)(b) | 651,835             |
| Sales, general and administrative expenses                            | 287,154             | (4,009)                  | (a)(b) | 283,145             |
| Restructuring expense   | 12,863              | —                        |        | 12,863              |
| Intangible asset impairment charge                                    | 412,900             | —                        |        | 412,900             |
| Total costs and expenses  | 1,490,104           | (21,348)                 |        | 1,468,756           |
| Income (loss) from operations   | (629,286)           | 21,348                   |        | (607,938)           |
| Interest income   | 4,986               | (173)                    | (a)    | 4,813               |
| Interest expense  | (11,564)            | 2                        | (a)    | (11,562)            |
| Income (loss) before provision for (benefit from) income taxes        | (635,864)           | 21,177                   |        | (614,687)           |
| Provision for (benefit from) income taxes                             | (132,863)           | 9,089                    | (a)    | (123,774)           |
| Net income (loss)   | (503,001)           | 12,088                   |        | (490,913)           |
| Net loss (income) attributable to noncontrolling interest (Alios)     | 13,688              | (13,688)                 | (a)    | —                   |
| Net loss attributable to Vertex                                       | <u>\$ (489,313)</u> | <u>\$ (1,600)</u>        |        | <u>\$ (490,913)</u> |
| <b>Net loss per share attributable to Vertex common shareholders:</b> |                     |                          |        |                     |
| Basic   | \$ (2.20)           |                          |        | \$ (2.20)           |
| Diluted   | \$ (2.20)           |                          |        | \$ (2.20)           |
| <b>Shares used in per share calculations:</b>                         |                     |                          |        |                     |
| Basic   | 222,764             |                          |        | 222,764             |
| Diluted   | 222,764             |                          |        | 222,764             |

(a) To eliminate results of operations of Alios and related non-controlling interest (Alios)

(b) To record research and development and administrative funding paid to Alios of \$8.2 million in the nine months ended September 30, 2013

**VERTEX PHARMACEUTICALS INCORPORATED**  
**Unaudited Condensed Consolidated Pro Forma Statement of Operations**  
**For the year ended December 31, 2012**  
**(in thousands, except per share amounts)**

|   | Vertex       | Pro Forma<br>Adjustments | Notes     | Pro Forma    |
|---|--------------|--------------------------|-----------|--------------|
| <b>Revenues:</b>  |              |                          |           |              |
| Product revenues, net   | \$ 1,333,458 | \$ —                     |           | \$ 1,333,458 |
| Royalty revenues  | 141,498      | —                        |           | 141,498      |
| Collaborative revenues  | 52,086       | —                        |           | 52,086       |
| Total revenues  | 1,527,042    | —                        |           | 1,527,042    |
| <b>Costs and expenses:</b>  |              |                          |           |              |
| Cost of product revenues  | 236,742      | —                        |           | 236,742      |
| Royalty expenses  | 43,143       | —                        |           | 43,143       |
| Research and development expenses                                     | 806,185      | 8,736                    | (c)(d)(e) | 814,921      |
| Sales, general and administrative expenses                            | 436,796      | (3,798)                  | (c)(e)    | 432,998      |
| Restructuring expense   | 1,844        | —                        |           | 1,844        |
| Total costs and expenses  | 1,524,710    | 4,938                    |           | 1,529,648    |
| Income (loss) from operations   | 2,332        | (4,938)                  |           | (2,606)      |
| Interest income   | 1,940        | (207)                    | (c)       | 1,733        |
| Interest expense  | (16,653)     | 189                      | (c)       | (16,464)     |
| Income (loss) before provision for (benefit from) income taxes        | (12,381)     | (4,956)                  |           | (17,337)     |
| Provision for (benefit from) income taxes                             | 38,754       | (39,029)                 | (c)       | (275)        |
| Net income (loss)   | (51,135)     | 34,073                   |           | (17,062)     |
| Net loss (income) attributable to noncontrolling interest (Alios)     | (55,897)     | 55,897                   | (c)       | —            |
| Net income (loss) attributable to Vertex                              | \$ (107,032) | \$ 89,970                |           | \$ (17,062)  |
| <b>Net loss per share attributable to Vertex common shareholders:</b> |              |                          |           |              |
| Basic   | \$ (0.50)    |                          |           | \$ (0.08)    |
| Diluted   | \$ (0.50)    |                          |           | \$ (0.08)    |
| <b>Shares used in per share calculations:</b>                         |              |                          |           |              |
| Basic   | 211,946      |                          |           | 211,946      |
| Diluted   | 211,946      |                          |           | 211,946      |

(c) To eliminate results of operations of Alios and related non-controlling interest (Alios)

(d) To record research and development milestone paid to Alios of \$25.0 million in 2012

(e) To record research and development and administrative funding paid to Alios of \$24.3 million in 2012

**VERTEX PHARMACEUTICALS INCORPORATED**  
**Unaudited Condensed Consolidated Pro Forma Balance Sheet**  
**As of September 30, 2013**  
**(in thousands)**

|   | Vertex              | Pro Forma<br>Adjustments | Notes | Pro Forma           |
|---|---------------------|--------------------------|-------|---------------------|
| <b>Assets</b>                                 |                     |                          |       |                     |
| Current Assets:                               |                     |                          |       |                     |
| Cash and cash equivalents                     | \$ 583,181          | \$ —                     |       | \$ 583,181          |
| Marketable securities, available for sale     | 839,469             | —                        |       | 839,469             |
| Restricted cash and cash equivalents (Alios)  | 51,059              | (51,059)                 | (f)   | —                   |
| Other current assets                          | 174,922             | (8,820)                  | (f)   | 166,102             |
| Total current assets                          | <u>1,648,631</u>    | <u>(59,879)</u>          |       | <u>1,588,752</u>    |
| Property and equipment, net                   | 648,924             | (1,374)                  | (f)   | 647,550             |
| Intangible assets                             | 250,600             | (250,600)                | (f)   | —                   |
| Other assets                                  | 34,593              | (153)                    | (f)   | 34,440              |
| Total assets                                  | <u>\$ 2,582,748</u> | <u>\$ (312,006)</u>      |       | <u>\$ 2,270,742</u> |
| <b>Liabilities and Shareholders' Equity</b>   |                     |                          |       |                     |
| Current liabilities:                          |                     |                          |       |                     |
| Accrued expenses                              | \$ 280,848          | \$ (6,409)               | (f)   | \$ 274,439          |
| Other current liabilities                     | 128,651             | (1,052)                  | (f)   | 127,599             |
| Total current liabilities                     | <u>409,499</u>      | <u>(7,461)</u>           |       | <u>402,038</u>      |
| Other liabilities, excluding current portions | 143,797             | (761)                    | (f)   | 143,036             |
| Deferred tax liability                        | 150,203             | (150,203)                | (f)   | —                   |
| Construction financing lease obligation       | 392,569             | —                        |       | 392,569             |
| Total liabilities                             | <u>1,096,068</u>    | <u>(158,425)</u>         |       | <u>937,643</u>      |
| Redeemable noncontrolling interest (Alios)    | 39,624              | (39,624)                 | (f)   | —                   |
| Shareholders' equity:                         |                     |                          |       |                     |
| Common stock                                  | 2,311               | —                        |       | 2,311               |
| Additional paid-in capital                    | 5,274,307           | —                        |       | 5,274,307           |
| Accumulated other comprehensive loss          | (550)               | —                        |       | (550)               |
| Accumulated deficit                           | (4,011,180)         | 68,211                   | (f)   | (3,942,969)         |
| Total Vertex shareholders' equity             | <u>1,264,888</u>    | <u>68,211</u>            |       | <u>1,333,099</u>    |
| Noncontrolling interest (Alios)               | 182,168             | (182,168)                |       | —                   |
| Total shareholders' equity                    | <u>1,447,056</u>    | <u>(113,957)</u>         |       | <u>1,333,099</u>    |
| Total liabilities and shareholders' equity    | <u>\$ 2,582,748</u> | <u>\$ (312,006)</u>      |       | <u>\$ 2,270,742</u> |

(f) To deconsolidate the net assets of Alios and related non-controlling interest (Alios)