

ALKERMES INC
Form 8-K
October 17, 2008

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

FORM 8-K
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
Date of report (Date of earliest event reported): October 15, 2008
ALKERMES, INC.
(Exact Name of Registrant as Specified in its Charter)

PENNSYLVANIA
(State or Other Jurisdiction of Incorporation)

1-14131
(Commission
File Number)

23-2472830
(I.R.S. Employer
Identification No.)

88 Sidney Street
Cambridge, Massachusetts
(Address of principal executive offices)

02139
(Zip Code)

Registrant's telephone number, including area code: (617) 494-0171

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))
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Item 9.01. Financial Statements and Exhibits.

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EX-10.1 Stock Option Award Certificate

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The Board of Directors (the Board) of Alkermes, Inc. (the Company) determined that the compensation attributable to certain non-qualified stock options made to certain of its executive officers in the past (the Affected Stock Options) may not be deductible by the Company as a result of the limitations imposed by Section 162(m) of the Internal Revenue Code (Section 162(m)) because such stock options were granted pursuant to stock option plans that did not contain one of the provisions necessary in order to maintain such deductibility under Section 162(m). As a result, the Board requested that stockholders of the Company approve an amended and restated stock option plan so that compensation attributable to stock options granted under such plan could be deductible by the Company when exercised, and the stockholders approved such plan.

In November 2007 and March 2008, the Board canceled certain of the Affected Stock Options, and the Compensation Committee of the Board re-granted stock options under the amended and restated plan with the same terms as the canceled stock options, including vesting, number of shares, and the original exercise price which, in all cases, was higher than the fair market value of the Company's common stock, as determined pursuant to such plan, on the date of re-grant.

On October 15, 2008, given the price per share of the Company's common stock, the Board canceled certain of the remaining Affected Stock Options and the Compensation Committee of the Board re-granted new stock options under the Company's current equity plan. The re-granted stock options contain the same terms as the canceled stock options, including vesting, number of shares, and the original exercise price which, in all cases, is higher than the fair market value of the Company's common stock on the date of re-grant. The sole purpose of the cancellation and re-grant is to preserve the Company's tax deduction in the future with respect to such stock options. No additional benefit is extended to the officers as a result of the cancellation and re-grant. The Board has canceled and the Compensation Committee of the Board has re-granted a total of seven options, as follows: Richard Pops, one option, representing the right to purchase 156,220 shares; Michael Landine, one option, representing the right to purchase 26,250 shares; James Frates, one option, representing the right to purchase 26,250 shares; Elliot Ehrich, one option, representing the right to purchase 22,500 shares; Kathryn Biberstein, one option, representing the right to purchase 10,500 shares; David Broecker, one option, representing the right to purchase 112,470 shares; Gordon Pugh, one option, representing the right to purchase 11,550 shares. The Company does not expect to incur any additional accounting charge as a result of the cancellation and re-grant of such stock options.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
10.1	Stock Option Award Certificate (Non-Qualified Option) under Alkermes, Inc. 2008 Stock Option and Incentive Plan for stock options granted to Company officers pursuant to the Board's Stock Option cancellation and re-grant of October 15, 2008.

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SIGNATURE

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.

ALKERMES, INC.

Date: October 17, 2008

By: /s/ James M. Frates
James M. Frates
Senior Vice President, Chief Financial Officer
and
Treasurer

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