

INDEVUS PHARMACEUTICALS INC

Form 424B3

June 29, 2006

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Filed Pursuant to Rule 424(B)3

Registration No. 333-130741

PROSPECTUS SUPPLEMENT

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(To Prospectus dated February 3, 2006)

## 7,000,000 Shares

## Common Stock

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We are offering all of the 7,000,000 shares of our common stock offered by this prospectus supplement.

Our common stock is quoted on the Nasdaq National Market under the symbol IDEV. On June 27, 2006, the last reported sale price of our common stock on the Nasdaq National Market was \$5.08 per share.

**Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock in [Risk factors](#) beginning on page 4 of the accompanying prospectus.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

	Per share	Total
Public offering price	\$4.65	\$ 32,550,000
Underwriting discounts and commissions	\$0.279	\$ 1,953,000
Proceeds, before expenses, to us	\$4.371	\$ 30,597,000

The underwriters may also purchase up to an additional 1,050,000 shares of common stock from us at the public offering price, less the underwriting discounts and commissions payable by us, to cover over-allotments, if any, within 30 days of the date of this prospectus supplement.

The underwriters are offering the shares of our common stock as set forth under Underwriting. Delivery of the shares of common stock will be made on or about July 3, 2006.

*Sole Book-Running Manager*

## **UBS Investment Bank**

*Co-Managers*

## **CIBC World Markets**

## **JMP Securities**

## **Leerink Swann & Company**

The date of this prospectus is June 28, 2006.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide information different from that contained or incorporated by reference in this prospectus supplement or the accompanying prospectus. Neither the delivery of this prospectus supplement nor the sale of common stock means that information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is correct after the date of this prospectus supplement. These documents are not an offer to sell or solicitation of an offer to buy these shares of common stock in any circumstance under which the offer or solicitation is unlawful.

Unless otherwise mentioned or unless the context requires otherwise, all references in this prospectus supplement and the accompanying prospectus to Indevus, the Company, we, our and us refer to Indevus Pharmaceuticals, Inc., and common stock refers to the common stock of Indevus, Inc. with a par value of \$.001 par value per share, of Indevus.

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## Prospectus supplement summary

*This summary does not contain all of the information that you should consider before investing in our common stock. You should read this entire prospectus supplement and the accompanying prospectus carefully, including information under the caption the Risk factors, the financial statements and the other information incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision.*

### **OUR BUSINESS**

We are a biopharmaceutical company engaged in the acquisition, development and commercialization of products to treat urological, gynecological and men's health conditions. We currently co-promote SANCTUR<sup>®</sup> for overactive bladder, or OAB, and market DELATESTRYL<sup>®</sup> to treat male hypogonadism, and we have six compounds in clinical development.

### **OUR COMPANY**

We were incorporated in the state of Delaware on February 21, 1990. Our principal office is located at 33 Hayden Avenue, Lexington, Massachusetts 02421-7971, and our main telephone number is (781) 861-8444. Our website address is [www.indevus.com](http://www.indevus.com). Information contained on our website does not constitute a part of this prospectus supplement.

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## The offering

Common stock we are offering 7,000,000 shares

Common stock to be issued and outstanding immediately following this offering 54,614,331 shares

Use of proceeds We estimate that the net proceeds from this offering, after deducting underwriting discounts and commissions and estimated offering expenses, will be approximately \$30.2 million. We anticipate using the net proceeds from the sale of the common stock to fund working capital and general corporate purposes as well as in furtherance of our business strategy, including the acquisition of products and product candidates and research, pre-clinical development, clinical testing and regulatory review activities. See Use of proceeds.

Nasdaq National Market symbol IDEV

The number of shares of common stock to be outstanding after this offering is based on 47,614,331 shares issued and outstanding as of March 31, 2006, and excludes:

- Ø 10,817,308 shares issuable upon conversion of the \$72,000,000 Convertible Senior Notes issued in July 2003, which are due in July 2008;
  - Ø 11,784,533 shares of common stock underlying options outstanding as of March 31, 2006 at a weighted average exercise price of \$4.52 per share and restricted stock and restricted awards ranging from 426,500 to 567,300 shares, depending upon achievement of certain criteria;
  - Ø 2,382,107 shares available for issuance or future grant under our 2004 Equity Incentive Plan, 11,146 shares available for issuance under our 2000 Employee Stock Option Plan, 162,320 shares available for issuance under the 1995 Employee Stock Purchase Plan, and 12,082 shares available for issuance under our 1997 Equity Incentive Plan, as of March 31, 2006;
  - Ø 10,000 shares of common stock underlying a warrant outstanding at March 31, 2006 at a weighted average exercise price of \$6.19 per share; and
  - Ø 622,222 shares issuable upon conversion of preferred stock owned by Wyeth, subject to anti-dilution provisions.
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Unless otherwise stated, all information contained in this prospectus supplement assumes that the underwriters do not exercise their over-allotment option.



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## Use of proceeds

We estimate that the net proceeds to us from this offering will be approximately \$30.2 million (\$34.8 million if the underwriters' over-allotment option is exercised in full), after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We anticipate using the net proceeds from this offering to fund working capital and general corporate purposes as well as in furtherance of our business strategy. This strategy includes the acquisition of products and product candidates, research, pre-clinical development, clinical testing and regulatory review activities. The amounts and timing of the expenditures will depend on numerous factors. These factors include our ability to identify and acquire products and product candidates, as well as the timing and progress of our clinical trials and research and development efforts. As of the date of this prospectus supplement, we cannot specify with certainty all of the particular uses for the net proceeds we will have upon completion of this offering. Accordingly, we will retain broad discretion over the use of these proceeds.

Pending the use of the net proceeds, we intend to invest the net proceeds in short-term, interest-bearing, investment-grade securities.

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## Capitalization

The following table shows our unaudited cash, cash equivalents, and marketable securities and capitalization as of March 31, 2006:

Ø on an actual basis; and

Ø as adjusted to give effect to the sale by us of 7,000,000 shares of our common stock in this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. The as adjusted data assumes that the underwriters do not exercise their over-allotment option.

This table should be read with Management's discussion and analysis of financial condition and results of operations and our financial statements and notes thereto incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of March 31, 2006	
	Actual	As adjusted
	(unaudited)	
	(in thousands, except	
	share and per share data)	
Cash, cash equivalents, and marketable securities	\$ 68,405	\$ 98,602
Convertible Notes	\$ 72,000	\$ 72,000
Deferred revenue, noncurrent	120,748	120,748
Minority interest and other	1,086	1,086
Stockholders' equity:		
Preferred stock, \$0.001 par value per share:		
Series B, 239,425 shares issued and outstanding (liquidation preference at March 31, 2006: \$3,030)	3,000	3,000
Series C, 5,000 shares issued and outstanding (liquidation preference at March 31, 2006: \$505)	500	500
Common stock, \$0.001 par value per share, 120,000,000 shares authorized; 47,825,896 shares issued and 47,614,331 shares outstanding, actual; 54,825,896 shares issued and 54,614,331 shares outstanding, as adjusted	48	55
Additional paid-in capital	308,310	338,500
Accumulated deficit	(445,277)	(445,277)
Treasury stock, 211,565 shares	(1,164)	(1,164)
Total stockholders' deficit	(134,583)	(104,386)
Total capitalization	\$ 59,251	\$ 89,448

The number of shares of common stock outstanding is based on the number of shares outstanding as of March 31, 2006 and excludes:



Ø 10,817,308 shares issuable upon conversion of the \$72,000,000 Convertible Senior Notes issued in July 2003, which are due in July 2008;

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**Capitalization**

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- Ø 11,784,533 shares of common stock underlying options outstanding as of March 31, 2006 at a weighted average exercise price of \$4.52 per share and restricted stock and restricted awards ranging from 426,500 to 567,300 shares, depending upon achievement of certain criteria;
  - Ø 2,382,107 shares available for issuance or future grant under our 2004 Equity Incentive Plan, 11,146 shares available for issuance under our 2000 Employee Stock Option Plan, 162,320 shares available for issuance under the 1995 Employee Stock Purchase Plan, and 12,082 shares available for issuance under our 1997 Equity Incentive Plan, as of March 31, 2006;
  - Ø 10,000 shares of common stock underlying a warrant outstanding at March 31, 2006 at a weighted average exercise price of \$6.19 per share; and
  - Ø 622,222 shares issuable upon conversion of preferred stock owned by Wyeth, subject to anti-dilution provisions.
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## Dilution

If you invest in our common stock, your interest will be diluted to the extent of the difference between the public offering price per share you pay in this offering and the net tangible book value per share of our common stock immediately after this offering. The net tangible book value of our common stock on March 31, 2006 was approximately \$(139.6) million, or \$(2.93) per share. Net tangible book value per share is equal to the amount of our total tangible assets, less total liabilities and the liquidation preference of our outstanding convertible preferred stock, divided by the number of shares of common stock outstanding. Dilution per share represents the difference between the amount per share paid by purchasers of shares of common stock in this offering and the net tangible book value per share of our common stock immediately afterwards. After giving effect to the sale by us of 7,000,000 shares of common stock in this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our net tangible book value at March 31, 2006 would have been approximately \$(109.4) million, or \$(2.00) per share. This represents an immediate increase in net tangible book value of \$0.93 per share to existing stockholders and an immediate dilution of \$6.65 per share to new investors purchasing shares of common stock in this offering. The following table illustrates this dilution on a per share basis:

Public offering price per share	\$ 4.65
Net tangible book value per share as of March 31, 2006	\$ (2.93)
Increase per share attributable to new investors	0.93
	<hr/>
As adjusted net tangible book value per share after this offering	(2.00)
	<hr/>
Dilution per share to new investors	\$ 6.65
	<hr/>

If the underwriters exercise their over-allotment option in full, the as adjusted net tangible book value as of March 31, 2006 would have been \$(1.88) per share, representing an increase to existing stockholders of \$1.05 per share, and there will be an immediate dilution of \$6.53 per share to new investors.

The foregoing table does not take into effect further dilution to new investors that could occur upon the exercise of outstanding options having a per share exercise price less than the offering price per share in this offering. As of March 31, 2006, there were:

- Ø 10,817,308 shares issuable upon conversion of the \$72,000,000 Convertible Senior Notes issued in July 2003, which are due in July 2008;
- Ø 11,784,533 shares of common stock underlying options outstanding as of March 31, 2006 at a weighted average exercise price of \$4.52 per share and restricted stock and restricted awards ranging from 426,500 to 567,300 shares, depending upon achievement of certain criteria;
- Ø 2,382,107 shares available for issuance or future grant under our 2004 Equity Incentive Plan, 11,146 shares available for issuance under our 2000 Employee Stock Option Plan, 162,320 shares available for issuance under the 1995 Employee Stock Purchase Plan, and 12,082 shares available for issuance under our 1997 Equity Incentive Plan, as of March 31, 2006;

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10,000 shares of common stock underlying a warrant outstanding at March 31, 2006 at a weighted average exercise price of \$6.19 per share;  
and

Ø 622,222 shares issuable upon conversion of preferred stock owned by Wyeth, subject to anti-dilution provisions.

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## Underwriting

We are offering the shares of our common stock described in this prospectus supplement through the underwriters named below. UBS Securities LLC, CIBC World Markets Corp., JMP Securities LLC and Leerink Swann & Co., Inc. are the representatives of the underwriters. UBS Securities LLC is the sole book-running manager of the offering.

We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, each of the underwriters has severally agreed to purchase the number of shares of common stock listed next to its name in the following table:

<b>Underwriters</b>	<b>Number of shares</b>
UBS Securities LLC	3,500,000
CIBC World Markets Corp.	1,750,000
JMP Securities LLC	875,000
Leerink Swann & Co., Inc.	875,000
<b>Total</b>	<b>7,000,000</b>

The underwriting agreement provides that the underwriters must buy all of the shares if they buy any of them. However, the underwriters are not required to take or pay for the shares covered by the underwriters' over-allotment option described below.

Our common stock is offered subject to a number of conditions, including:

Ø receipt and acceptance of our common stock by the underwriters; and

Ø the underwriters' right to reject orders in whole or in part.

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses electronically. Sales of shares made outside of the United States may be made by affiliates of the underwriters.

### OVER-ALLOTMENT OPTION

We have granted the underwriters an option to buy up to 1,050,000 additional shares of our common stock. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with this offering. The underwriters have 30 days from the

date of this prospectus supplement to exercise this option. If the underwriters exercise this option, they will each purchase additional shares approximately in proportion to the amounts specified in the table above.

## COMMISSIONS AND DISCOUNTS

Shares sold by the underwriters to the public will initially be offered at the initial offering price set forth on the cover of this prospectus supplement. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$0.14 per share from the public offering price. If all the shares are not sold at the public offering price, the representatives may change the offering price and the other selling terms.

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**Table of Contents****Underwriting**

The following table shows the per share and total underwriting discounts and commissions we will pay to the underwriters assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 1,050,000 shares:

	<b>No exercise</b>	<b>Full exercise</b>
Per share	\$ 0.279	\$ 0.279
Total	\$ 1,953,000	\$ 2,245,950

We estimate that the total expenses of this offering payable by us, not including the underwriting discounts and commissions, will be approximately \$400,000.

**NO SALES OF SIMILAR SECURITIES**

We and our executive officers and directors have entered into lock-up agreements with the underwriters. Under these agreements, we and each of these persons may not, without the prior written approval of UBS Securities LLC, subject to limited exceptions, offer, sell, contract to sell or otherwise dispose of, or hedge our common stock or securities convertible into or exercisable or exchangeable for our common stock. These restrictions will be in effect for a period of 90 days after the date of this prospectus supplement. At any time and without public notice, UBS Securities LLC may in its sole discretion release all or some of the securities from these lock-up agreements.

**INDEMNIFICATION AND CONTRIBUTION**

We have agreed to indemnify the underwriters and their controlling persons against certain liabilities, including liabilities under the Securities Act. If we are unable to provide this indemnification, we will contribute to payments the underwriters and their controlling persons may be required to make in respect of those liabilities.

**NASDAQ NATIONAL MARKET QUOTATION**

Our common stock is quoted on the Nasdaq National Market under the symbol IDEV.

**PRICE STABILIZATION, SHORT POSITIONS, PASSIVE MARKET MAKING**

In connection with this offering, the underwriters may engage in activities that stabilize, maintain or otherwise affect the price of our common stock, including:

Ø stabilizing transactions;

Ø short sales;

Ø purchases to cover positions created by short sales;

Ø imposition of penalty bids;

Ø syndicate covering transactions; and

Ø passive market making.

Stabilizing transactions consist of bids or purchases made for the purpose of preventing or retarding a decline in the market price of our common stock while this offering is in progress. These transactions

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**Underwriting**

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may also include making short sales of our common stock, which involve the sale by the underwriters of a greater number of shares of common stock than they are required to purchase in this offering. Short sales may be covered short sales, which are short positions in an amount not greater than the underwriters' over-allotment option referred to above, or may be naked short sales, which are short positions in excess of that amount.

The underwriters may close out any covered short position either by exercising their over-allotment option, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market, compared to the price at which they may purchase shares through the over-allotment option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchased in this offering.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of that underwriter in stabilizing or short covering transactions.

As a result of these activities, the price of our common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. The underwriters may carry out these transactions on the Nasdaq National Market, in the over-the-counter market or otherwise.

In addition, in connection with this offering, certain of the underwriters (and selling group members) may engage in passive market making transactions in our common stock on the Nasdaq National Market prior to the pricing and completion of this offering. Passive market making consists of displaying bids on the Nasdaq National Market no higher than the bid prices of independent market makers and making purchases at prices no higher than these independent bids and effected in response to order flow. Net purchases by a passive market maker on each day are generally limited to a specified percentage of the passive market maker's average daily trading volume in the common stock during a specified period and must be discontinued when such limit is reached. Passive market making may cause the price of our common stock to be higher than the price that otherwise would exist in the open market in the absence of these transactions. If passive market making is commenced, it may be discontinued at any time.

**AFFILIATIONS**

Certain of the underwriters and their affiliates have provided and may provide commercial banking, financial advisory and investment banking services for us for which they receive fees.

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## Notice to investors

### EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area ( EEA ) which has implemented the Prospectus Directive (each, a Relevant Member State ), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date ) our common stock will not be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to our common stock that has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that, with effect from and including the Relevant Implementation Date, our common stock may be offered to the public in that Relevant Member State at any time:

- Ø to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- Ø to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000 and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts; or
- Ø in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3 of the Prospectus Directive.

As used above, the expression offered to the public in relation to any of our common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and our common stock to be offered so as to enable an investor to decide to purchase or subscribe for our common stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/ EC and includes any relevant implementing measure in each Relevant Member State.

The EEA selling restriction is in addition to any other selling restrictions set out below.

### UNITED KINGDOM

Our common stock may not be offered or sold and will not be offered or sold to any persons in the United Kingdom other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses and in compliance with all applicable provisions of the Financial Services and Markets Act 2000 ( FSMA ) with respect to anything done in relation to our common stock in, from or otherwise involving the United Kingdom. In addition, each underwriter has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of our common stock in circumstances in which Section 21(1) of the FSMA does not apply to us. Without limitation to the other restrictions referred to herein, this prospectus supplement and the accompanying prospectus is directed only at (1) persons outside the United Kingdom, (2) persons having

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professional experience in matters relating to investments who fall within the definition of investment professionals in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion)

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**Notice to investors**

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Order 2005; or (3) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in Article 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.

Without limitation to the other restrictions referred to herein, any investment or investment activity to which this prospectus supplement and the accompanying prospectus relate is available only to, and will be engaged in only with, such persons, and persons within the United Kingdom who receive this communication (other than persons who fall within (2) or (3) above) should not rely or act upon this communication.

**FRANCE**

No prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with the offering of our common stock that has been approved by the Autorité des marchés financiers or by the competent authority of another State that is a contracting party to the Agreement on the European Economic Area and notified to the Autorité des marchés financiers; no common stock has been offered or sold and will be offered or sold, directly or indirectly, to the public in France except to permitted investors ( Permitted Investors ) consisting of persons licensed to provide the investment service of portfolio management for the account of third parties, qualified investors (investisseurs qualifiés) acting for their own account and/or corporate investors meeting one of the four criteria provided in Article 1 of Decree N° 2004-1019 of September 28, 2004 and belonging to a limited circle of investors (cercle restreint d'investisseurs) acting for their own account, with qualified investors and limited circle of investors having the meaning ascribed to them in Article L. 411-2 of the French Code Monétaire et Financier and applicable regulations thereunder; none of this prospectus supplement and the accompanying prospectus or any other materials related to the offer or information contained therein relating to our common stock has been released, issued or distributed to the public in France except to Permitted Investors; and the direct or indirect resale to the public in France of any common stock acquired by any Permitted Investors may be made only as provided by articles L. 412-1 and L. 621-8 of the French Code Monétaire et Financier and applicable regulations thereunder.

**ITALY**

The offering of shares of our common stock has not been cleared by the Italian Securities Exchange Commission (Commissione Nazionale per le Società e la Borsa, the CONSOB ) pursuant to Italian securities legislation and, accordingly, shares of our common stock may not and will not be offered, sold or delivered, nor may or will copies of this prospectus supplement and the accompanying prospectus or any other documents relating to shares of our common stock or the offering be distributed in Italy other than to professional investors (operatori qualificati), as defined in Article 31, paragraph 2 of CONSOB Regulation No. 11522 of July 1, 1998, as amended ( Regulation No. 11522 ).

Any offer, sale or delivery of shares of our common stock or distribution of copies of this prospectus supplement and the accompanying prospectus or any other document relating to shares of our common stock or the offering in Italy may and will be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, will be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Legislative Decree No. 385 of September 1, 1993, as amended (the Italian Banking Law ), Legislative Decree No. 58 of February 24, 1998, as amended, Regulation No. 11522, and any other applicable laws and regulations; (ii) in compliance with Article 129 of the Italian Banking Law and the implementing guidelines of the Bank of Italy; and (iii) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.



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### **Notice to investors**

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Any investor purchasing shares of our common stock in the offering is solely responsible for ensuring that any offer or resale of shares of common stock it purchased in the offering occurs in compliance with applicable laws and regulations.

This prospectus supplement and the accompanying prospectus and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its content.

In addition to the above (which shall continue to apply to the extent not inconsistent with the implementing measures of the Prospective Directive in Italy), after the implementation of the Prospectus Directive in Italy, the restrictions, warranties and representations set out under the heading "European Economic Area" above shall apply to Italy.

### **SPAIN**

Neither the common stock nor this prospectus supplement and the accompanying prospectus have been approved or registered in the administrative registries of the Spanish National Securities Exchange Commission (Comisión Nacional del Mercado de Valores). Accordingly, our common stock may not be offered in Spain except in circumstances which do not constitute a public offer of securities in Spain within the meaning of articles 30bis of the Spanish Securities Markets Law of 28 July 1988 (Ley 24/1988, de 28 de Julio, del Mercado de Valores), as amended and restated, and supplemental rules enacted thereunder.

### **SWEDEN**

This is not a prospectus under, and has not been prepared in accordance with the prospectus requirements provided for in, the Swedish Financial Instruments Trading Act (lagen (1991:980) om handel med finansiella instrument) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority nor any other Swedish public body has examined, approved, or registered this document.

### **SWITZERLAND**

The common stock may not and will not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland and neither this prospectus supplement and the accompanying prospectus nor any other solicitation for investments in our common stock may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156 or 652a of the Swiss Code of Obligations or of Article 2 of the Federal Act on Investment Funds of March 18, 1994. This prospectus supplement and the accompanying prospectus may not be copied, reproduced, distributed or passed on to others without the underwriter's prior written consent. This prospectus supplement and the accompanying prospectus is not a prospectus within the meaning of Articles 1156 and 652a of the Swiss Code of Obligations or a listing prospectus according to article 32 of the Listing Rules of the Swiss Exchange and may not comply with the information standards required thereunder. We will not apply for a listing of our common stock on any Swiss stock exchange or other Swiss regulated market

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and this prospectus supplement and the accompanying prospectus may not comply with the information required under the relevant listing rules. The common stock offered hereby has not and will not be registered with the Swiss Federal Banking Commission and has not and will not be authorized under the Federal Act on Investment Funds of March 18, 1994. The investor protection afforded to acquirers of investment fund certificates by the Federal Act on Investment Funds of March 18, 1994 does not extend to acquirers of our common stock.

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## Legal matters

Burns & Levinson LLP, Boston, Massachusetts will provide an opinion as to the validity of the issuance of the common stock offered by this prospectus supplement. Dewey Ballantine LLP, New York, New York is counsel for the underwriters in connection with this offering.

## Experts

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to the Annual Report on Form 10-K of Indevus Pharmaceuticals, Inc. for the year ended September 30, 2005, have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

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## Where you can find more information

We are subject to the informational requirements of the Exchange Act, and in accordance therewith file reports and other information with the SEC. These annual, quarterly and special reports, proxy statements and other information may be inspected, and copies of these materials may be obtained upon payment of the prescribed fees, at the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549. In addition, we are required to file electronic versions of these materials with the SEC through the SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) system. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the public reference room. The SEC also maintains a Web site at <http://www.sec.gov> that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. Our common stock is quoted on The Nasdaq Stock Market under the symbol IDEV. Reports, proxy statements and other information concerning us may also be reviewed at our website: <http://www.indevus.com>.

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## Incorporation of certain information by reference

This prospectus supplement is part of a registration statement on form S-3 we filed with the Securities and Exchange Commission. You should rely only on the information contained in this prospectus supplement or incorporated by reference. We have not authorized anyone else to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus supplement is accurate as of any date other than the date on the front page of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or any sale of common stock.

This prospectus supplement does not contain all of the information set forth in the Registration Statement. The Commission allows us to incorporate by reference information that we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings we will make with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act:

- (i) Our Annual Report on Form 10-K for the fiscal year ended September 30, 2005, including all material incorporated by reference therein, filed on December 14, 2005;
- (ii) Our Proxy Statement on Schedule 14A for our annual meeting of shareholders held on the March 7, 2006, except the Compensation Committee Report on executive compensation and the performance graph included in the proxy statement, filed pursuant to Section 14 of the Exchange Act;
- (iii) Our Quarterly Reports on Form 10-Q for the quarters ended December 31, 2005 and March 31, 2006;
- (iv) Our Current Reports on Form 8-K filed October 28, 2005; December 16, 2005; March 6, 2006; April 6, 2006; April 14, 2006; and June 15, 2006;
- (v) The description of our common stock, \$.001 par value per share, which is set forth in our Registration Statement on Form 8-A declared effective on March 8, 1990, as amended, registering the common stock under the Exchange Act; and
- (vi) All other reports filed by us pursuant to Section 13(a) or 15(d) of the Exchange Act, since September 30, 2005.

We will provide without charge to each person, including any beneficial owner, to whom this prospectus supplement is delivered, upon written or oral request of such person, a copy of any and all of the documents that have been incorporated by reference in this prospectus supplement (not including exhibits to such documents, unless such exhibits are specifically incorporated by reference in this prospectus supplement or into such documents). Such request may be directed to: Indevus Pharmaceuticals, Inc., 33 Hayden Avenue, Lexington, Massachusetts 02421-7966, Attention: Chief Financial Officer, telephone (781) 861-8444.



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PROSPECTUS

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## **10,000,000 Shares**

## **Common Stock, \$.001 Par Value Per Share**

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The shares of common stock of Indevus Pharmaceuticals, Inc. covered by this prospectus may be offered and sold to the public by Indevus from time to time in one or more issuances.

Our common stock is quoted on the Nasdaq National Market under the symbol IDEV. The closing sales price of our common stock on the Nasdaq National Market on December 22, 2005 was \$5.13 per share.

This prospectus provides you with a general description of the shares that we may offer. Each time we sell shares, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading ***Where You Can Find More Information*** before you make your investment decision.

We will sell the shares to underwriters or dealers, through agents, or directly to investors.

**Investing in these securities involves a high degree of risk. You should carefully consider the Risk factors beginning on page 4 of this prospectus.**

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**These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Commission or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is February 3, 2006.**

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