

# GAAP to non-GAAP Reconciliation

## Condensed Consolidated Statements of Income – Operating Basis

(unaudited, \$ in millions, except per share amounts)

	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
<b>GAAP diluted EPS</b>	<b>\$ (4.92)</b>	<b>\$ 0.07</b>	<b>\$ 0.47</b>	<b>\$ 0.63</b>	<b>\$ 1.99</b>	<b>\$ 2.65</b>	<b>\$ 3.35</b>
Adjustment to net income attributable to Biogen Idec Inc. (see below)	\$ 6.14	\$ 1.38	\$ 1.10	\$ 1.62	\$ 0.75	\$ 1.01	\$ 0.77
Effect of the adoption of a new accounting standard which requires allocation of income to certain holders of equity and debt instruments	-	\$ (0.05)	-	-	-	-	-
<b>Non-GAAP diluted EPS</b>	<b>\$ 1.22</b>	<b>\$ 1.40</b>	<b>\$ 1.57</b>	<b>\$ 2.25</b>	<b>\$ 2.74</b>	<b>\$ 3.66</b>	<b>\$ 4.12</b>
<b>GAAP Net Income Attributable to Biogen Idec Inc.</b>	<b>\$ (875)</b>	<b>\$ 25</b>	<b>\$ 161</b>	<b>\$ 218</b>	<b>\$ 638</b>	<b>\$ 783</b>	<b>\$ 970</b>
Revenue – Pre-merger Biogen product, royalty and corporate partner revenue	1,173	-	-	-	-	-	-
COGS – Fair value step up of inventory acquired from Biogen and Fumapharm	232	296	34	8	-	-	-
COGS – Pre-merger Biogen cost of sales	(179)	-	-	-	-	-	-
COGS – Royalties related to Corixa	2	-	-	-	-	-	-
COGS – Amevive divestiture	-	-	36	-	-	-	-
R&D – Pre-merger Biogen net R&D	(301)	-	-	-	-	-	-
R&D – Severance and restructuring	-	3	20	0	1	1	3
R&D – Sale of plant	-	-	2	-	-	-	-
R&D – Expenses paid by Cardiokine	-	-	-	-	-	5	8
SG&A – Pre-merger Biogen SG&A	(347)	-	-	-	-	-	-
SG&A – Merger related and purchase accounting costs	-	-	-	0	-	-	-
SG&A – Severance and restructuring	13	9	19	2	1	4	0
Amortization of intangible assets	33	348	302	267	258	333	290
In-process R&D related to the Biogen Idec merger; acquisitions of Conforma, Syntonix, and Fumapharm; consolidation of Cardiokine, Neurimmune and Escoubac; and contingent consideration payment in 2008 associated with the 2006 Conforma acquisition	823	-	-	331	84	25	-
(Gain)/loss on settlement of license agreements with Fumedica and Fumapharm	-	-	-	(6)	-	-	-
(Gain)/loss on sale of long lived assets	-	-	112	(17)	(0)	(9)	-
Other income, net: Pre-merger Biogen	33	-	-	-	-	-	-
Other income, net: Gain on sale of long lived assets	-	-	-	-	(7)	-	-
Write down of investments	-	13	-	-	-	-	-
Charitable donations and legal settlements	31	-	-	-	-	-	-
Income taxes: Income tax effect primarily related to reconciling items	(206)	(195)	(145)	(70)	(66)	(82)	(97)
Stock option expense	-	-	-	45	36	26	29
Net income attributable to non-controlling interests: consolidation of Cardiokine and Neurimmune and expenses paid by Cardiokine in 2008 and 2009.	-	-	-	-	(65)	(5)	(8)
<b>Non-GAAP Net Income Attributable to Biogen Idec Inc.</b>	<b>\$ 432</b>	<b>\$ 498</b>	<b>\$ 542</b>	<b>\$ 777</b>	<b>\$ 879</b>	<b>\$ 1,081</b>	<b>\$ 1,195</b>

	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	Q3 2010 YTD
<b>Free Cash Flow Reconciliation (unaudited, \$ in millions)</b>							
Net cash flows provided by operating activities	\$ 728	\$ 890	\$ 842	\$ 1,019	\$ 1,562	\$ 1,075	\$ 1,194
Purchases of property, plant and equipment (Capital Expenditures)	361	318	198	284	276	166	124
<b>Free Cash Flow</b>	<b>\$ 367</b>	<b>\$ 571</b>	<b>\$ 644</b>	<b>\$ 735</b>	<b>\$ 1,286</b>	<b>\$ 909</b>	<b>\$ 1,069</b>

Notes: The non-GAAP net income attributable to Biogen Idec, Inc. and diluted EPS presented are defined as reported, or GAAP, values excluding (1) certain purchase accounting and merger-related adjustments, (2) stock option expense and the cumulative effect of an accounting change relating to the initial adoption of a new accounting standard for share-based payments, (3) other unusual or non-recurring items and (4) their related tax effects. Free cash flow is defined as net cash flows provided by operating activities less purchases of property, plant and equipment, and disclosed within our form 10-K. Our management uses these non-GAAP financial measures to establish financial goals and to gain an understanding of the comparative financial performance of the Company from year to year and quarter to quarter. Accordingly, we believe investors' understanding of the Company's financial performance is enhanced as a result of our disclosing these non-GAAP financial measures. These non-GAAP financial measures should not be viewed in isolation or as a substitute for comparable reported, or GAAP financial measures. Numbers may not foot due to rounding. Additional reconciliations of our non-GAAP financial measures can be found at the Investors section of [www.biogenidec.com](http://www.biogenidec.com).