

TABLE 3

Condensed Consolidated Statements of Operations and Reconciliation of GAAP Earnings to Adjusted Pro-Forma Non-GAAP Earnings
(In millions, except per share data)

The non-GAAP financial measures presented below are utilized by Biogen Idec management to gain an understanding of the comparative financial performance of the Company. Management believes that the non-GAAP financial measures are useful because they exclude those non-operational or unusual activities or transactions that are not necessarily relevant to understanding the trends of the Company or the prospects of future performance. Numbers may not foot due to rounding.

	Three Months Ended September 30, 2004			Three Months Ended September 30, 2003		
	GAAP	Adjustments	Adjusted Non-GAAP	GAAP	Adjustments	Adjusted Pro Forma Non-GAAP
Revenues						
Product	\$359.7	-	\$359.7	\$4.4	\$310.1 (G)	\$314.5
Revenue from unconsolidated joint business	159.5	-	159.5	134.0	-	134.0
Royalties	23.9	-	23.9	-	28.6 (G)	28.6
Corporate partner	0.2	-	0.2	0.1	-	0.1
Total revenues	543.3	-	543.3	138.5	338.7	477.2
Cost and Expenses						
Cost of product and royalty revenues	64.5	(3.3) (A)	61.2	0.6	54.3 (G)	54.9
Research and development	168.9	(0.1) (B)	168.8	39.3	87.9 (F), (G)	127.2
Selling, general and administrative	132.0	(1.7) (B)	130.3	27.2	96.1 (G)	123.3
Amortization of acquired intangible assets	107.1	(107.1) (C)	-	-	-	-
Total costs and expenses	472.4	(112.2)	360.3	67.1	238.3	305.4
Income from operations	70.8	112.2	183.0	71.4	100.4	171.8
Other income (expense), net	(1.6)	12.7 (D)	11.2	2.0	6.9 (G)	8.9
Income before income taxes	69.3	124.9	194.2	73.4	107.3	180.6
Provision for income taxes	32.5	29.6 (E)	62.1	27.9	30.0 (G)	57.8
Net income	\$36.8	\$95.3	\$132.0	\$45.5	\$77.4	\$122.8
Numerator:						
Net Income	\$36.8		\$132.0	\$45.5		\$122.8
Net Income allocable to participating securities	(\$0.1) (H)		(\$0.2) (H)	(\$0.6) (H)		(\$0.8) (H)
Net Income used in calculating basic eps	\$36.7		\$131.8	\$44.9		\$122.0
Net Adjustment for interest expense	\$0.5 (I)		\$2.0	\$2.9		\$2.9
Net Income used in calculating diluted eps	\$37.2		\$133.8	\$47.8		\$124.9
Shares used in calculation of earnings per share:						
Denominator:						
Weighted average number of common shares outstanding	334.8		334.8	155.5		327.4
Effect of dilutive securities: stock options, convertible promissory notes	20.5 (I)		29.1	29.3		30.3
Dilutive potential common shares	355.2		363.9	184.8		357.8
Earnings per share:						
Basic	\$0.11		\$0.39	\$0.29		\$0.37
Diluted	\$0.10		\$0.37	\$0.26		\$0.35
	<i>column 1</i>	<i>column 2</i>	<i>column 3 = columns 1+2</i>	<i>column 4</i>	<i>column 5</i>	<i>column 6 = columns 4+5</i>

(A) Represents the non-cash expense related to valuing the inventory acquired from former Biogen, Inc. at fair value.

(B) Represents external, incremental consulting, integration costs, severance, and restructuring charges related to the merger.

(C) Represents the on-going, non-cash amortization and impairment of acquired intangible assets related to the merger with former Biogen, Inc.

(D) Represents \$12.7M for the write-down of certain investments.

(E) Represents the tax effect of the above adjustments.

(F) Represents the elimination of Biogen Idec contract revenue and expense of \$3.1M.

(G) Represents former Biogen, Inc. operating revenue and expenses for the period Jul-Sep of 2003 prior to the merger, net of intercompany transactions.

(H) Due to adoption of EITF 03-06 which requires allocation of income to certain holders of equity & debt instruments.

(I) Adjustment for certain interest expense and convertible securities were included in the period as they were dilutive.

TABLE 4

Condensed Consolidated Statements of Operations and Reconciliation of GAAP Earnings to Adjusted Pro-Forma Non-GAAP Earnings
(In millions, except per share data)

The non-GAAP financial measures presented below are utilized by Biogen Idec management to gain an understanding of the comparative financial performance of the Company. Management believes that the non-GAAP financial measures are useful because they exclude those non-operational or unusual activities or transactions that are not necessarily relevant to understanding the trends of the Company or the prospects of future performance. Numbers may not foot due to rounding.

	Nine Months Ended September 30, 2004			Nine Months Ended September 30, 2003		
	GAAP	Adjustments	Adjusted Non-GAAP	GAAP	Adjustments	Adjusted Pro Forma Non-GAAP
Revenues						
Product	\$1,095.4	-	\$1,095.4	\$15.1	\$881.4 (G)	\$896.5
Revenue from unconsolidated joint business	444.6	-	444.6	363.2	-	363.2
Royalties	73.4	-	73.4	-	100.4 (G)	100.4
Corporate partner	10.4	-	10.4	-	-	1.0
Total revenues	1,623.8	-	1,623.8	379.3	981.9	1,361.2
Cost and Expenses						
Cost of product and royalty revenues	471.0	(291.1) (A)	179.9	5.3	146.2 (G)	151.5
Research and development	498.2	(3.0) (B)	495.2	121.4	253.2 (F), (G), (H)	374.6
Selling, general and administrative	401.9	(6.7) (B)	395.2	75.0	296.4 (G)	371.4
Amortization of acquired intangible assets	267.2	(267.2) (C)	-	-	-	-
Total costs and expenses	1,638.3	(568.0)	1,070.3	201.7	695.8	897.5
Income (loss) from operations	(14.5)	568.0	553.5	177.7	286.1	463.7
Other income, net	16.6	12.7 (D)	29.3	8.5	28.2 (G)	36.7
Income before income taxes	2.1	580.7	582.8	186.2	314.2	500.4
Provision for income taxes	5.7	180.8 (E)	186.5	70.8	89.3 (G)	160.1
Net income (loss)	(\$3.6)	\$399.9	\$396.3	\$115.5	\$224.8	\$340.3
Numerator:						
Net Income (Loss)	(\$3.6)		\$396.3	\$115.5		\$340.3
Net Income allocable to participating securities	- (I)		(\$0.6) (I)	(\$1.6) (I)		(\$2.2) (I)
Net Income (Loss) used in calculating basic eps	(\$3.6)		\$395.8	\$113.9		\$338.2
Net Adjustment for interest expense	- (J)		\$6.8	\$5.5		\$7.2
Net Income (Loss) used in calculating diluted eps	(\$3.6)		\$402.6	\$119.4		\$345.3
Shares used in calculation of earnings (loss) per share:						
Denominator:						
Weighted average number of common shares outstanding	335.2		335.2	155.1		326.4
Effect of dilutive securities: stock options, convertible promissory notes	- (J)		31.6	23.8		30.5
Dilutive potential common shares	335.2		366.8	178.9		356.9
Earnings (Loss) per share:						
Basic	(\$0.01)		\$1.18	\$0.73		\$1.04
Diluted	(\$0.01)		\$1.10	\$0.67		\$0.97
	<i>column 1</i>	<i>column 2</i>	<i>column 3 = column 1+2</i>	<i>column 4</i>	<i>column 5</i>	<i>column 6 = column 4+5</i>

(A) Represents the non-cash expense related to valuing the inventory acquired from former Biogen, Inc. at fair value.

(B) Represents external, incremental consulting, integration costs, severance, and restructuring charges related to the merger.

(C) Represents the on-going, non-cash amortization and impairment of acquired intangible assets related to the merger with former Biogen, Inc.

(D) Represents \$12.7M for the write-down of certain investments.

(E) Represents the tax effect of the above adjustments.

(F) Represents the elimination of Biogen Idec contract revenue and expense of \$6.3M.

(G) Represents former Biogen, Inc. operating revenue and expenses for the period Jan-Sep of 2003 prior to the merger, net of intercompany transactions.

(H) Represents former IDEC one-time adjustment of \$20M related to a signing payment for the Genentech new anti-CD20 antibody development collaboration.

(I) Due to adoption of EITF 03-06 which requires allocation of income to certain holders of equity & debt instruments.

(J) Adjustment for certain interest expense and convertible securities were included in the period as they were dilutive.