

TABLE 3
Biogen Idec Inc. and Subsidiaries
GAAP to Non-GAAP Reconciliation: Net Income and Net Income Per Share
(unaudited, in millions, except per share amounts)

EARNINGS PER SHARE	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2013	2012	2013	2012
GAAP earnings per share - Diluted	\$ 1.92	\$ 1.23	\$ 7.81	\$ 5.76
Adjustments to net income attributable to Biogen Idec Inc. (as detailed below)	0.42	0.17	1.15	0.77
Non-GAAP earnings per share - Diluted	<u>\$ 2.34</u>	<u>\$ 1.40</u>	<u>\$ 8.96</u>	<u>\$ 6.53</u>

An itemized reconciliation between net income attributable to Biogen Idec Inc. on a GAAP basis and net income attributable to Biogen Idec Inc. on a non-GAAP basis is as follows:

GAAP net income attributable to Biogen Idec Inc.	\$ 457.3	\$ 292.1	\$ 1,862.3	\$ 1,380.0
Adjustments:				
Amortization of acquired intangible assets	105.5	49.1	330.7	194.3
(Gain) loss on fair value remeasurement of contingent consideration	2.4	3.6	(0.6)	27.2
SG&A: Stock option expense	1.1	1.3	5.3	4.1
R&D: Stock option expense	0.8	0.8	4.4	3.4
R&D: Restructuring and other	-	-	-	8.6
Weston exit costs	27.2	-	27.2	-
2010 Restructuring initiatives	-	-	-	2.2
Income tax effect related to reconciling items	(37.3)	(12.3)	(93.0)	(53.2)
Non-GAAP net income attributable to Biogen Idec Inc.	<u>\$ 557.0</u>	<u>\$ 334.6</u>	<u>\$ 2,136.3</u>	<u>\$ 1,566.6</u>

2014 Full Year Guidance: GAAP to Non-GAAP Adjustments

An itemized reconciliation between projected EPS on a GAAP basis and on a non-GAAP basis is as follows:

	\$	Shares	Diluted EPS
Projected GAAP net income attributable to Biogen Idec Inc.	2,338	238	\$ 9.84
Adjustments:			
Stock option expense	8		
Amortization of acquired intangible assets	402		
(Gain) loss on fair value remeasurement of contingent consideration	14		
Income tax expense: Income tax effect related to reconciling items	(125)		
Projected Non-GAAP net income attributable to Biogen Idec Inc.	<u>2,637</u>	<u>238</u>	<u>\$ 11.10</u>

Numbers may not foot due to rounding.

Use of Non-GAAP Financial Measures

We supplement our consolidated financial statements presented on a GAAP basis by providing additional measures which may be considered “non-GAAP” financial measures under applicable SEC rules. We believe that the disclosure of these non-GAAP financial measures provides additional insight into the ongoing economics of our business and reflects how we manage our business internally, set operational goals and forms the basis of our management incentive programs. These non-GAAP financial measures are not in accordance with generally accepted accounting principles in the United States and should not be viewed in isolation or as a substitute for reported, or GAAP, net income attributable to Biogen Idec Inc. and diluted earnings per share.

Our “Non-GAAP net income attributable to Biogen Idec Inc.” and “Non-GAAP earnings per share - Diluted” financial measures exclude the following items from GAAP net income attributable to Biogen Idec Inc. and diluted earnings per share:

1. Purchase accounting and merger-related adjustments.

We exclude certain purchase accounting related items associated with the acquisition of businesses, assets and amounts in relation to the consolidation of variable interest entities for which we are the primary beneficiary. These adjustments include charges for in-process research and development, the amortization of certain acquired intangible assets and fair value remeasurements of our contingent consideration obligations. The exclusion of these charges provides management and investors with a supplemental measure of performance which the Company believes better reflects the underlying economics of the business.

2. Stock option expense recorded in accordance with the accounting standard for share-based payments.

We believe that excluding the impact of expensing stock options better reflects the recurring economic characteristics of our business.

3. Weston Exit Costs.

As a result of our decision to relocate our headquarters to Cambridge, MA, we vacated a portion of our Weston, MA facility in the fourth quarter of 2013. This charge represents our remaining lease obligation for the vacated portion of our Weston facility, net of sublease income.

4. Other items.

We evaluate other items on an individual basis, and consider both the quantitative and qualitative aspects of the item, including (i) its size and nature, (ii) whether or not it relates to our ongoing business operations, and (iii) whether or not we expect it to occur as part of our normal business on a regular basis. We also include an adjustment to reflect the related tax effect of all reconciling items within our reconciliation of our GAAP to Non-GAAP net income attributable to Biogen Idec Inc.