



Biogen Idec Reports Third Quarter 2009 Results

October 20, 2009

14% non-GAAP and 36% GAAP Diluted EPS Growth over Prior Year and Board Authorizes \$1 Billion Share Repurchase Program

CAMBRIDGE, Mass.--(BUSINESS WIRE)--Biogen Idec Inc. (NASDAQ: BIIB), a global biotechnology leader in the discovery, development, manufacturing, and commercialization of innovative therapies, today reported its third quarter 2009 results.

Third Quarter 2009 Highlights:

- Total revenues were \$1.12 billion, an increase of 3% from \$1.09 billion in the third quarter of 2008. The increase was driven primarily by the continued growth of TYSABRI® (natalizumab) revenues, which were up 21% over the prior year to \$207 million for the quarter.
- On a reported basis, calculated in accordance with accounting principles generally accepted in the U.S. (GAAP), third quarter 2009 diluted earnings per share (EPS) was \$0.95, an increase of 36% from \$0.70 in the third quarter of 2008. GAAP net income attributable to Biogen Idec for the third quarter of 2009 was \$278 million, a 34% increase over the prior year. The year over year increase in GAAP net income was primarily driven by a reduction in amortization of acquired intangible assets resulting from the significant increase in the expected lifetime revenue of AVONEX® following the issuance in September 2009 of the U.S. patent covering the treatment of multiple sclerosis with AVONEX.
- Non-GAAP diluted EPS for the third quarter of 2009 was \$1.12, an increase of 14% from \$0.98 in the third quarter of 2008. Non-GAAP net income attributable to Biogen Idec for the third quarter was \$326 million, a 13% increase over the prior year. A reconciliation of our GAAP to non-GAAP results is included on Table 3 within this press release.

"Our strong performance this quarter puts us on pace to achieve our 2009 financial goals," said Biogen Idec CEO James C. Mullen. "Equally important, we made significant progress advancing the development of key pipeline programs."

Revenue Performance

Revenues from AVONEX, one of Biogen Idec's therapies for patients with relapsing forms of multiple sclerosis (MS), increased 1% to \$580 million in the third quarter of 2009 as compared to \$573 million in the third quarter of 2008. U.S. sales of AVONEX increased 8% to \$348 million year over year. Rest of world sales of AVONEX decreased 8% to \$232 million year over year.

Revenues for the third quarter of 2009 included \$284 million from Biogen Idec's joint business arrangement related to RITUXAN®, a treatment for certain B-cell non-Hodgkin's lymphomas (NHL) and rheumatoid arthritis (RA) that Biogen Idec co-promotes in the U.S. with Genentech. All U.S. sales of RITUXAN are recognized by Genentech, and Biogen Idec records its share of the pretax co-promotion profits. U.S. net sales of RITUXAN were \$670 million in the third quarter 2009, as compared to \$655 million in the third quarter of 2008, an increase of 2%.

During the third quarter of 2009, Biogen Idec recognized revenue of \$207 million related to TYSABRI. This amount is comprised of:

- \$59 million related to product sold through Elan in the U.S. (based on \$131 million of U.S. in-market sales) and milestone amortization; and
- \$148 million related to product sold in rest of world markets and milestone amortization.

Based upon data available to us through the TOUCH® prescribing program and other third-party sources as of the end of September 2009, we estimate that approximately 46,200 patients were on commercial and clinical TYSABRI therapy worldwide, and that cumulatively approximately 60,700 patients have ever been treated with TYSABRI in the post-marketing setting.

Revenues from other products in the third quarter of 2009 were \$15 million, as compared to \$14 million in the third quarter of 2008.

Table 4 provides individual product revenues.

Royalty revenues were \$35 million in the third quarter of both 2009 and 2008.

Share Repurchase Program

In October 2009, Biogen Idec's Board of Directors authorized the repurchase of up to \$1 billion of common stock. This is in addition to the 6 million shares remaining from our previous share repurchase authorization. While we have used the prior program principally for share stabilization, this new \$1 billion authorization is intended to reduce our shares outstanding, with the objective of returning excess cash to shareholders. Shares will be purchased on the open market and retired. The authorization is open-ended and is expected to be accretive to EPS. The repurchase reflects our confidence in the long-term value of our common stock and we believe it is an effective way of returning excess cash to our shareholders.

"We are confident in the projected cash flows from our core products, which allow us to return capital to shareholders while continuing to fund future growth through our pipeline. Furthermore, we believe that this will not hamper our ability to capitalize on strategic external growth opportunities" stated Biogen Idec CFO Paul J. Clancy.

The company has approximately 289 million shares of common stock outstanding at the end of September 2009. The company plans to update investors on the progress of this program on future quarterly earnings calls.

Financial Guidance

Biogen Idec updated its 2009 full year guidance as follows:

- Revenue growth is expected to be in the mid to high single digits on a year over year basis.
- R&D expense is expected to be between 28% and 30% of revenue.
- SG&A expense is expected to be between 19% and 20% of revenue.
- Operating expense, excluding collaboration profit share, is expected to be between \$2.1 and \$2.2 billion.
- Non GAAP tax rate is expected to be between 28% and 30%; GAAP tax rate is expected to be between 29% and 31%.
- Non-GAAP diluted EPS is expected to be above \$3.85. GAAP diluted EPS is expected to be above \$2.97.
- Our capital expenditure outlook for the full year is in the range of \$150-\$160 million.

This guidance excludes any significant business development activity.

Recent Highlights

- On October 19, 2009, Biogen Idec and Biovitrum AB announced that they plan to advance the companies' long-acting, fully-recombinant Factor IX Fc fusion protein (rFIXFc) into a registrational clinical trial in hemophilia B patients. The decision to advance the program is based on promising data from a Phase 1/2a open-label, multi-center, safety dose-escalation and pharmacokinetic study of intravenous rFIXFc in severe, previously treated hemophilia B patients. rFIXFc was well tolerated in the study. In addition, rFIXFc demonstrated a prolonged half-life compared to historical data for existing therapies, supporting advancement of the program.
- On October 16, 2009, Biogen Idec announced that it extended the tender offer to purchase all of the outstanding shares of Facet Biotech Corporation to midnight New York City time on December 16, 2009, unless otherwise extended. The tender offer was previously set to expire at midnight New York City time on October 19, 2009. The offer price remained unchanged at \$14.50 per share in cash.
- On September 17, 2009, Genentech, Inc. and Biogen Idec announced that a Phase 3 study (PRIMA) met its endpoint during a pre-planned interim analysis, and the study was stopped early on the recommendation of an independent data and safety monitoring board. The primary endpoint was progression-free survival of patients with follicular lymphoma who continued receiving RITUXAN alone after responding to RITUXAN and chemotherapy compared to those who did not continue to receive RITUXAN. The safety profile of RITUXAN observed in the study was consistent with that previously reported.
- On September 15, 2009, Biogen Idec disclosed that the company had been issued U.S. patent no. 7,588,755 for the use of beta interferon for immunomodulation or treating a viral condition, viral disease, cancers or tumors. This patent covers the treatment of multiple sclerosis with AVONEX, which is Biogen Idec's brand of recombinant beta interferon. This patent will expire in September 2026.

Conference Call and Webcast

The company's earnings conference call for the third quarter will be broadcast via the internet at 8:30 a.m. ET on October 20, 2009, and will be accessible through the investor relations section of Biogen Idec's homepage, www.biogenidec.com. Supplemental information in the form of a slide presentation will also be accessible at the same location on the internet at the time of the earnings conference call and will be available on our web site subsequently through November 20, 2009.

About Biogen Idec

Biogen Idec creates new standards of care in therapeutic areas with high unmet medical needs. Biogen Idec is a global leader in the discovery, development, manufacturing, and commercialization of innovative therapies. Patients in more than 90 countries benefit from Biogen Idec's significant products that address diseases such as lymphoma, multiple sclerosis, and rheumatoid arthritis. For product labeling, press releases and additional information about the company, please visit www.biogenidec.com.

Safe Harbor

In addition to historical information, this press release contains forward-looking statements that are based on our current beliefs and expectations. These statements involve risks and uncertainties that could cause actual results to differ materially from those which we expect. Important factors which could cause actual results to differ from our expectations and which could negatively impact our financial position and results of operations include our dependence on our three principal products, AVONEX, RITUXAN and TYSABRI, the importance of market acceptance and successful sales growth of TYSABRI, uncertainty of success in commercializing other products, the occurrence of adverse safety events with our products, competitive pressures, changes in the availability of reimbursement for our products, our dependence on collaborations over which we may not always have full control, failure to execute our growth initiatives, failure to comply with government regulation and possible adverse impact of changes in such regulation, problems with our manufacturing processes and our reliance on third parties, fluctuations in our effective tax rate, our significant investment in a new manufacturing facility in Denmark, our ability to attract and retain qualified personnel, the risks of doing business internationally, the election of two directors nominated by an activist shareholder, fluctuations in our operating results, our ability to protect our intellectual property rights and the cost of doing so, product liability claims, credit and financial market conditions, the market, interest and credit risks associated with our portfolio of marketable securities, our level of indebtedness, environmental risks, aspects of our corporate governance and collaborations and the other risks and

uncertainties that are described in the Risk Factors section of our annual report on Form 10-K and in other reports we file with the SEC. Forward-looking statements, like all statements in this press release, speak only as of the date of this press release (unless another date is indicated). Unless required by law, we do not undertake any obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise.

TABLE 1
Biogen Idec Inc.
September 30, 2009
Consolidated Statements of Income
(in thousands, except per share amounts)
(unaudited)

| | Three Months Ended | | Nine Months Ended | |
|---|---------------------------|-------------------|--------------------------|-------------------|
| | September 30, | | September 30, | |
| | 2009 | 2008 | 2009 | 2008 |
| REVENUES | | | | |
| Product | \$ 801,689 | \$ 758,260 | \$2,326,067 | \$2,107,816 |
| Unconsolidated joint business | 283,919 | 298,979 | 838,307 | 825,024 |
| Royalties | 34,538 | 35,162 | 83,631 | 87,258 |
| Corporate partner | 372 | 563 | 2,287 | 8,496 |
| Total revenues | <u>1,120,518</u> | <u>1,092,964</u> | <u>3,250,292</u> | <u>3,028,594</u> |
| COST AND EXPENSES | | | | |
| Cost of sales | 93,486 | 107,493 | 282,404 | 300,828 |
| Research and development | 304,055 | 268,800 | 999,986 | 779,291 |
| Selling, general and administrative | 226,755 | 232,824 | 669,415 | 694,342 |
| Amortization of acquired intangible assets | 51,347 | 94,464 | 233,830 | 242,114 |
| Collaboration profit sharing | 60,697 | 43,533 | 152,608 | 98,368 |
| In-process research and development | - | - | - | 25,000 |
| Total cost and expenses | <u>736,340</u> | <u>747,114</u> | <u>2,338,243</u> | <u>2,139,943</u> |
| Income from operations | 384,178 | 345,850 | 912,049 | 888,651 |
| Other income (expense), net | <u>9,360</u> | <u>(23,713)</u> | <u>30,886</u> | <u>(24,651)</u> |
| INCOME BEFORE INCOME TAXES | 393,538 | 322,137 | 942,935 | 864,000 |
| Income taxes | <u>113,936</u> | <u>114,337</u> | <u>271,869</u> | <u>282,320</u> |
| NET INCOME | <u>\$ 279,602</u> | <u>\$ 207,800</u> | <u>\$ 671,066</u> | <u>\$ 581,680</u> |
| Less: Net income attributable to noncontrolling interests, net of tax | <u>1,939</u> | <u>1,012</u> | <u>6,571</u> | <u>5,167</u> |
| NET INCOME ATTRIBUTABLE TO BIOGEN IDEC INC. | <u>\$ 277,663</u> | <u>\$ 206,788</u> | <u>\$ 664,495</u> | <u>\$ 576,513</u> |
| BASIC EARNINGS PER SHARE | <u>\$ 0.96</u> | <u>\$ 0.71</u> | <u>\$ 2.30</u> | <u>\$ 1.97</u> |
| DILUTED EARNINGS PER SHARE | <u>\$ 0.95</u> | <u>\$ 0.70</u> | <u>\$ 2.28</u> | <u>\$ 1.95</u> |
| WEIGHTED-AVERAGE SHARES USED IN CALCULATING: | | | | |
| BASIC EARNINGS PER SHARE | <u>288,917</u> | <u>291,408</u> | <u>288,416</u> | <u>292,613</u> |
| DILUTED EARNINGS PER SHARE | <u>291,037</u> | <u>293,921</u> | <u>290,368</u> | <u>295,515</u> |

TABLE 2
Biogen Idec Inc.
September 30, 2009
Condensed Consolidated Balance Sheets
(in thousands)
(unaudited)

| | <u>September 30,</u> | <u>December 31,</u> |
|--|----------------------------|----------------------------|
| | <u>2009</u> | <u>2008</u> |
| ASSETS | | |
| Cash, cash equivalents and marketable securities | \$ 1,407,676 | \$ 1,341,971 |
| Collateral received for loaned securities | - | 29,991 |
| Accounts receivable, net | 550,995 | 446,665 |
| Loaned securities | - | 29,446 |
| Inventory | 278,686 | 263,602 |
| Other current assets | <u>334,902</u> | <u>346,325</u> |
| Total current assets | <u>2,572,259</u> | <u>2,458,000</u> |
| Marketable securities | 1,497,447 | 891,406 |
| Property, plant and equipment, net | 1,634,696 | 1,594,754 |
| Intangible assets, net | 1,927,115 | 2,161,058 |
| Goodwill | 1,138,621 | 1,138,621 |
| Investments and other assets | <u>256,299</u> | <u>235,152</u> |
| TOTAL ASSETS | <u>\$ 9,026,437</u> | <u>\$ 8,478,991</u> |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|---|----------------------------|----------------------------|
| Collateral payable on loaned securities | \$ - | \$ 29,991 |
| Current portion of notes payable | 15,452 | 27,667 |
| Other current liabilities | 705,916 | 865,564 |
| Long-term deferred tax liability | 289,654 | 356,017 |
| Notes payable | 1,085,844 | 1,085,431 |
| Other long-term liabilities | 331,761 | 280,369 |
| Shareholders' equity | <u>6,597,810</u> | <u>5,833,952</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | <u>\$ 9,026,437</u> | <u>\$ 8,478,991</u> |

TABLE 3
Biogen Idec Inc.
September 30, 2009
Condensed Consolidated Statements of Income - Non-GAAP
(in millions, except per share amounts)
(unaudited)

| EARNINGS PER SHARE | Three Months Ended | | Nine Months Ended | |
|---------------------------|---------------------------|-------------|--------------------------|-------------|
| | September 30, | 2008 | September 30, | 2008 |
| | <u>2009</u> | <u>2008</u> | <u>2009</u> | <u>2008</u> |

| | | | | |
|---|----------------|----------------|----------------|----------------|
| GAAP earnings per share - Diluted | \$ 0.95 | \$ 0.70 | \$ 2.28 | \$ 1.95 |
| Adjustments to net income attributable to Biogen Idec, Inc. (as detailed below) | 0.17 | 0.28 | 0.64 | 0.78 |
| Non-GAAP earnings per share - Diluted | <u>\$ 1.12</u> | <u>\$ 0.98</u> | <u>\$ 2.92</u> | <u>\$ 2.73</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. | \$ 277.7 | \$ 206.8 | \$ 664.5 | \$ 576.5 |
| Adjustments: | | | | |
| R&D: Restructuring | 0.7 | 0.1 | 2.5 | 0.1 |
| R&D: Stock option expense | 2.6 | 2.4 | 6.2 | 6.5 |
| R&D: Expenses paid by Cardiokine | 2.2 | 1.7 | 6.0 | 4.0 |
| SG&A: Restructuring | 0.1 | 2.9 | 0.4 | 2.9 |
| SG&A: Stock option expense | 5.8 | 5.3 | 15.3 | 12.2 |
| Amortization of acquired intangible assets | 51.4 | 94.5 | 233.8 | 242.1 |
| In-process research and development related to the contingent consideration payment in 2008 associated with the 2006 Conforma acquisition | - | - | - | 25.0 |
| Income taxes: Income tax effect primarily related to reconciling items | (12.5) | (24.1) | (72.8) | (58.6) |
| Noncontrolling interest: Expenses paid by Cardiokine | (2.2) | (1.7) | (6.0) | (4.0) |
| Non-GAAP net income attributable to Biogen Idec, Inc. | <u>\$ 325.8</u> | <u>\$ 287.9</u> | <u>\$ 849.9</u> | <u>\$ 806.7</u> |

2009 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:

| | | <u>Shares</u> | <u>Diluted EPS</u> |
|--|-------------------|---------------|--------------------|
| Projected GAAP net income attributable to Biogen Idec, Inc. | \$ 863.4 | 291.0 | \$ 2.97 |
| Adjustments: | | | |
| In-process research and development | 40.0 | | |
| Stock option expense | 29.1 | | |
| Amortization of acquired intangible assets | 282.9 | | |
| Other items | 1.6 | | |
| Income taxes | (95.0) | | |
| Projected Non-GAAP net income attributable to Biogen Idec, Inc. | \$ 1,122.0 | 291.0 | \$ 3.85 |

Use of Non-GAAP Financial Measures

Our "non-GAAP net income attributable to Biogen Idec, Inc." and "non-GAAP diluted EPS" financial measures exclude the following items from GAAP net income attributable to Biogen Idec, Inc. and diluted EPS:

1. Purchase accounting and merger-related adjustments.

We exclude certain purchase accounting impacts, such as those related to the 2003 merger between Biogen, Inc. and Idec Pharmaceuticals, Inc., the acquisitions of Fumapharm AG, Conforma Therapeutics and Syntonix Pharmaceuticals, and the consolidation of Cardiokine and Neurimmune. These include charges for in-process research and development and the incremental charges related to the amortization of the acquired intangible assets. Excluding these charges provides management and investors with a supplemental measure of performance in which the Company's acquired intellectual property is treated in a comparable manner to its internally developed intellectual property.

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. We also exclude stock option expense from our non-GAAP R&D expenses and SG&A expenses, but include P&L impact of restricted stock awards and cash incentives in our non-GAAP results.

3. Unusual or non-recurring items.

We evaluate these 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 believe it is important to share these non-GAAP financial measures with shareholders as they better represent the ongoing economics of the business, reflect how we manage the business internally and set operational goals, and form the basis of our management incentive programs. Non-GAAP net income attributable to Biogen Idec, Inc. and diluted EPS should not be viewed in isolation or as a substitute for reported, or GAAP, net income attributable to Biogen Idec, Inc. and diluted EPS.

TABLE 4
Biogen Idec Inc.
September 30, 2009
Product Revenues
(in thousands)
(unaudited)

| | Three Months Ended September 30, | |
|-------------------------|---|-------------------|
| | 2009 | 2008 |
| PRODUCT REVENUES | | |
| Avonex® | \$ 579,979 | \$ 573,493 |
| Tysabri® | 207,013 | 171,169 |
| Fumaderm TM | 12,634 | 11,088 |
| Other | 2,063 | 2,510 |
| Total product revenues | <u>\$ 801,689</u> | <u>\$ 758,260</u> |

| | Nine Months Ended September 30, | |
|-------------------------|--|--------------------|
| | 2009 | 2008 |
| PRODUCT REVENUES | | |
| Avonex® | \$1,726,428 | \$1,636,754 |
| Tysabri® | 559,842 | 433,005 |
| Fumaderm TM | 35,403 | 32,791 |
| Other | 4,394 | 5,266 |
| Total product revenues | <u>\$2,326,067</u> | <u>\$2,107,816</u> |

Contact:

Media Contact:
Biogen Idec
Jennifer Neiman, 617-914-6524
Senior Manager, Public Affairs
or
Investment Community Contact:
Biogen Idec
John Applegate, 617-679-2812
Associate Director, Investor Relations