UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended June 30, 2011

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 0-19311

BIOGEN IDEC INC.

(Exact name of registrant as specified in its charter)

Delaware	**33-0112644**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

133 Boston Post Road, Weston, MA 02493
(781) 464-2000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days: Yes ☑ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files): Yes ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes o No ☑

The number of shares of the issuer's Common Stock, $0.0005 par value, outstanding as of July 22, 2011, was 242,545,771 shares.

BIOGEN IDEC INC.

FORM 10-Q — Quarterly Report
For the Quarterly Period Ended June 30, 2011

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

In addition to historical information, this report contains forward-looking statements that are based on our current beliefs and expectations. These forward-looking statements may be accompanied by such words as "anticipate," "believe," "estimate," "expect," "forecast," "intend," "may," "plan," "project," "target," "will" and other words and terms of similar meaning. Reference is made in particular to forward-looking statements regarding:

- the anticipated amount and timing of joint business revenues, royalty revenues, milestone and other payments under licensing or collaboration agreements, income tax contingencies, doubtful accounts, cost of sales, currency hedges, and amortization of intangible assets;
- availability and impact of the JC virus assay and other risk stratification protocols for TYSABRI;
- the assumed remaining life of the core technology relating to AVONEX and expected lifetime revenue of AVONEX;
- the development of and data and market exclusivity rights associated with the commercialization of BG-12;
- the incidence, timing, outcome and impact of litigation, proceedings related to patents and other intellectual property rights, tax audits and assessments, product liability claims, and other legal proceedings;
- the timing and impact of accounting standards;
- the costs and timing of programs in our clinical pipeline;
- the impact of U.S. healthcare reform, including the annual fee on prescription drug manufacturers, and other measures designed to reduce healthcare costs;
- the impact that the deterioration of the credit and economic conditions in certain countries in Europe may have on the collection of outstanding receivables in such countries;
- our ability to finance our operations and business initiatives and obtain funding for such activities;
- the expected activity of our share repurchase program;
- the financial and operational impact and timing of our framework for growth;
- the impact of centralizing the RITUXAN sales force with Genentech;
- the use, location, plans for, and financial impact of our manufacturing facilities, corporate headquarters and other properties; and
- the drivers for growing our business, including our plans to pursue external business development and research opportunities, and the impact of competition.

These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements, including those discussed in the "*Risk Factors*" section of this report and elsewhere within this report. You should not place undue reliance on these statements. Forward-looking statements speak only as of the date of this report. We do not undertake any obligation to publicly update any forward-looking statements.

NOTE REGARDING COMPANY AND PRODUCT REFERENCES

Throughout this report, "Biogen Idec," the "Company," "we," "us" and "our" refer to Biogen Idec Inc. and its consolidated subsidiaries. References to "RITUXAN" refer to both RITUXAN (the trade name for rituximab in the U.S., Canada and Japan) and MabThera (the trade name for rituximab outside the U.S., Canada and Japan), and "ANGIOMAX" refers to both ANGIOMAX (the trade name for bivalirudin in the U.S., Canada and Latin America) and ANGIOX (the trade name for bivalirudin in Europe).

NOTE REGARDING TRADEMARKS

AVONEX® and RITUXAN® are registered trademarks of Biogen Idec. FUMADERM™ and AVONEX PEN™ are trademarks of Biogen Idec. TYSABRI® is a registered trademark of Elan Pharmaceuticals, Inc. The following are trademarks of the respective companies listed: ANGIOMAX® and ANGIOX® — The Medicines Company; ARZERRA™ — Glaxo Group Limited; AMEVIVE® — Astellas U.S. LLC; BETASERON® and BETAFERON® — Bayer Schering Pharma AG; EXTAVIA® — Novartis AG; FAMPYRA® — Acorda Therapeutics, Inc.; and REBIF® — Ares Trading S.A.

PART I FINANCIAL INFORMATION

BIOGEN IDEC INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited, in thousands, except per share amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Revenues:				
Product	$ 956,703	$ 859,235	$ 1,863,805	$ 1,683,455
Unconsolidated joint business	216,458	306,371	472,583	561,300
Other	35,486	47,096	75,602	76,807
Total revenues	1,208,647	1,212,702	2,411,990	2,321,562
Cost and expenses:				
Cost of sales, excluding amortization of acquired intangible assets	100,503	106,985	203,616	204,040
Research and development	285,644	331,675	579,277	638,705
Selling, general and administrative	266,301	262,322	510,819	510,987
Collaboration profit sharing	88,050	62,692	162,844	126,249
Amortization of acquired intangible assets	55,136	53,148	108,352	102,037
Acquired in-process research and development	—	—	—	39,976
Restructuring charge	—	—	16,587	—
Fair value adjustment of contingent consideration	2,200	—	3,400	—
Total cost and expenses	797,834	816,822	1,584,895	1,621,994
Income from operations	410,813	395,880	827,095	699,568
Other income (expense), net	(11,728)	1,012	(1,777)	(7,373)
Income before income tax expense	399,085	396,892	825,318	692,195
Income tax expense	95,036	102,243	212,504	177,553
Net income	304,049	294,649	612,814	514,642
Net income attributable to noncontrolling interests, net of tax	16,015	1,211	30,450	3,762
Net income attributable to Biogen Idec Inc.	$ 288,034	$ 293,438	$ 582,364	$ 510,880
Net income per share:				
Basic earnings per share attributable to Biogen Idec Inc.	$ 1.19	$ 1.13	$ 2.40	$ 1.92
Diluted earnings per share attributable to Biogen Idec Inc.	$ 1.18	$ 1.12	$ 2.38	$ 1.91
Weighted-average shares used in calculating:				
Basic earnings per share attributable to Biogen Idec Inc.	242,375	259,938	241,932	265,018
Diluted earnings per share attributable to Biogen Idec Inc.	244,966	261,658	244,899	267,272

See accompanying notes to these unaudited condensed consolidated financial statements

BIOGEN IDEC INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited, in thousands, except per share amounts)

	As of June 30, 2011	As of December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 697,526	$ 759,598
Marketable securities	629,218	448,146
Accounts receivable, net	666,960	605,329
Due from unconsolidated joint business	184,871	222,459
Inventory	308,254	289,066
Other current assets	201,794	215,822
Total current assets	2,688,623	2,540,420
Marketable securities	1,183,559	743,101
Property, plant and equipment, net	1,712,869	1,641,634
Intangible assets, net	1,678,867	1,772,826
Goodwill	1,146,314	1,146,314
Investments and other assets	211,747	248,198
Total assets	$ 8,621,979	$ 8,092,493
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of notes payable, line of credit and other financing arrangements	$ 131,981	$ 137,153
Taxes payable	10,330	84,517
Accounts payable	170,746	162,529
Accrued expenses and other	641,273	665,923
Total current liabilities	954,330	1,050,122
Notes payable and line of credit	1,062,986	1,066,379
Long-term deferred tax liability	196,784	200,950
Other long-term liabilities	351,685	325,599
Total liabilities	2,565,785	2,643,050
Commitments and contingencies (Notes 2, 11, 16, 18 and 20)		
Equity:		
Biogen Idec Inc. shareholders' equity		
Preferred stock, par value $0.001 per share	—	—
Common stock, par value $0.0005 per share	127	124
Additional paid-in capital	4,224,865	3,895,103
Accumulated other comprehensive income (loss)	25,713	(21,610)
Retained earnings	2,454,848	1,872,481
Treasury stock, at cost	(728,503)	(349,592)
Total Biogen Idec Inc. shareholders' equity	5,977,050	5,396,506
Noncontrolling interests	79,144	52,937
Total equity	6,056,194	5,449,443
Total liabilities and equity	$ 8,621,979	$ 8,092,493

See accompanying notes to these unaudited condensed consolidated financial statements

BIOGEN IDEC INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in thousands)

	For the Six Months Ended June 30,	
	2011	**2010**
Cash flows from operating activities:		
Net income	$ 612,814	$ 514,642
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization of property, plant and equipment and intangible assets	182,845	169,961
Acquired in-process research and development	—	39,976
Share-based compensation	57,399	95,370
Fair value adjustment of contingent consideration	3,400	—
Excess tax benefit from share-based compensation	(37,827)	(5,598)
Deferred income taxes	48,626	(30,317)
Write-down of inventory to net realizable value	7,296	5,654
Impairment of marketable securities, investments and other assets	6,137	17,231
Non-cash interest (income) expense, foreign exchange remeasurement loss (gain), net and other	9,748	6,858
Realized gain on sale of marketable securities and strategic investments	(15,539)	(11,300)
Changes in operating assets and liabilities, net:		
Accounts receivable	(54,909)	(22,955)
Due from unconsolidated joint business	37,588	(56,354)
Inventory	(24,708)	21,447
Other assets	(30,354)	3,637
Accrued expenses and other current liabilities	(67,488)	(23,732)
Other liabilities and taxes payable	(51,784)	40,856
Net cash flows provided by operating activities	683,244	765,376
Cash flows from investing activities:		
Proceeds from sales and maturities of marketable securities	1,169,836	2,002,543
Purchases of marketable securities	(1,778,568)	(941,268)
Acquisitions	—	(39,976)
Purchases of property, plant and equipment	(86,229)	(85,260)
Purchases of intangible assets	(14,505)	—
Purchases of other investments	(3,954)	(2,338)
Proceeds from the sale of strategic investments	39,835	—
Net cash flows (used in) provided by investing activities	(673,585)	933,701
Cash flows from financing activities:		
Purchase of treasury stock	(386,575)	(1,609,334)
Proceeds from the issuance of stock for share-based compensation arrangements	285,883	63,193
Excess tax benefit from share-based compensation	37,827	5,598
Change in cash overdraft	4,485	2,912
Net contributions (to) from noncontrolling interests	(9,930)	2,187
Repayments of borrowings	(7,248)	(14,142)
Repayments on financing arrangement for the sale of the San Diego facility	(2,367)	—
Net cash flows used in financing activities	(77,925)	(1,549,586)
Net increase in cash and cash equivalents	(68,266)	149,491
Effect of exchange rate changes on cash and cash equivalents	6,194	(10,418)
Cash and cash equivalents, beginning of the period	759,598	581,889
Cash and cash equivalents, end of the period	$ 697,526	$ 720,962

See accompanying notes to these unaudited condensed consolidated financial statements

BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Business

Overview

Biogen Idec is a global biotechnology company focused on discovering, developing, manufacturing and marketing products for the treatment of serious diseases with a focus on neurological disorders. We currently have four marketed products: AVONEX, RITUXAN, TYSABRI, and FUMADERM. Our marketed products are used for the treatment of multiple sclerosis (MS), non-Hodgkin's lymphoma (NHL), rheumatoid arthritis (RA), Crohn's disease, chronic lymphocytic leukemia (CLL), and psoriasis.

Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of our financial statements for interim periods in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The information included in this quarterly report on Form 10-Q should be read in conjunction with our consolidated financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2010 (2010 Form 10-K). Our accounting policies are described in the "*Notes to Consolidated Financial Statements*" in our 2010 Form 10-K and updated, as necessary, in this Form 10-Q. The year-end condensed consolidated balance sheet data presented for comparative purposes was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The results of operations for the three and six months ended June 30, 2011 are not necessarily indicative of the operating results for the full year or for any other subsequent interim period.

Consolidation

Our condensed consolidated financial statements reflect our financial statements, those of our wholly-owned subsidiaries and those of certain variable interest entities in which we are the primary beneficiary. For consolidated entities in which we own less than a 100% interest, we record net income (loss) attributable to noncontrolling interests in our consolidated statement of income equal to the percentage of the economic or ownership interest retained in such entities by the respective noncontrolling parties. All material intercompany balances and transactions have been eliminated in consolidation.

In determining whether we are the primary beneficiary of an entity, we apply a qualitative approach, that determines whether we have both (1) the power to direct the economically significant activities of the entity and (2) the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to that entity. These considerations impact the way we account for our existing collaborative and joint venture relationships and determine whether we consolidate companies or entities with which we have collaborative or other arrangements. Determination about whether an enterprise should consolidate a variable interest entity is required to be evaluated continuously as changes to existing relationships or future transactions may result in us consolidating or deconsolidating our partner(s) to collaborations and other arrangements.

Use of Estimates

The preparation of our condensed consolidated financial statements in accordance with U.S. GAAP requires management to make estimates, judgments, and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and judgments and methodologies, including those related to revenue recognition and related allowances, our collaborative relationships, clinical trial expenses, the consolidation of variable interest entities, the valuation of contingent consideration resulting from a business combination, the

valuation of acquired intangible assets including in-process research and development, inventory, impairment and amortization of long-lived assets including intangible assets, impairments of goodwill, share-based compensation, income taxes including the valuation allowance for deferred tax assets, valuation of investments, derivatives and hedging activities, contingencies, litigation, and restructuring charges. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates under different assumptions or conditions.

Subsequent Events

We did not have any material recognizable subsequent events. However, we did have the following non-recognizable subsequent events:

- On July 20, 2011, the European Commission (EC) granted a conditional marketing authorisation for FAMPYRA (prolonged release fampridine) in the E.U., which triggered a $25.0 million milestone payment payable to Acorda Therapeutics, Inc. (Acorda). FAMPYRA is an oral compound indicated as a treatment to improve walking ability in people with MS.
- On July 14, 2011, we executed leases for two office buildings to be built in Cambridge, Massachusetts. These buildings, totaling approximately 500,000 square feet, will serve as the future location of our corporate headquarters and commercial operations. The buildings will also provide additional general and administrative and research and development office space. For a more detailed description of these transactions, please read Note 11, *Property, Plant and Equipment* to these condensed consolidated financial statements.

2. Acquisitions

Acquisition of Panima Pharmaceuticals AG

On December 17, 2010, we acquired 100% of the stock of Panima Pharmaceuticals AG (Panima), an affiliate of Neurimmune AG. The purchase price was comprised of a $32.5 million cash payment plus up to $395.0 million in contingent consideration payable upon the achievement of development milestones. Panima is a business involved in the discovery of antibodies designed to treat neurological disorders.

Upon acquisition, we recorded a liability of $81.2 million representing the acquisition date fair value of the contingent consideration. Subsequent changes in the fair value of this obligation are recognized as adjustments to contingent consideration within our consolidated statements of income. As of June 30, 2011, the fair value of the total contingent consideration obligation within our condensed consolidated balance sheet was $84.6 million, of which $4.9 million was reflected as a component of accrued expenses and other, and $79.7 million was reflected as a component of other long-term liabilities. We recorded contingent consideration expense of $2.2 million and $3.4 million for the three and six months ended June 30, 2011, respectively, reflecting the change in the fair value of this obligation. For additional information related to this transaction, please read Note 2, *Acquisitions* to our consolidated financial statements included within our 2010 Form 10-K.

Acquisition of Biogen Idec Hemophilia Inc.

In connection with our acquisition of Biogen Idec Hemophilia Inc. (BIH), formerly Syntonix Pharmaceuticals, Inc. (Syntonix), in January 2007, we agreed to make additional milestone payments associated with the development of long-lasting recombinant Factor IX, a product for the treatment of hemophilia B. In January 2010, we initiated patient enrollment in a registrational trial of Factor IX, which triggered an approximately $40.0 million milestone payment to the former shareholders of Syntonix. We recorded this payment as a charge to acquired in-process research and development within our condensed consolidated statement of

income for the six months ended June 30, 2010, in accordance with the accounting standards applicable to business combinations when we acquired BIH.

3. Restructuring

In November 2010, we announced a number of strategic, operational, and organizational initiatives designed to provide a framework for the future growth of our business and realign our overall structure to become a more efficient and cost effective organization. As part of this initiative:

- We have out-licensed, terminated or are in the process of discontinuing certain research and development programs, including those in oncology and cardiovascular medicine, that are no longer a strategic fit for us.
- We have completed a 13% reduction in workforce spanning our sales, research and development, and administrative functions.
- As of June 30, 2011, we have vacated the San Diego, California facility and consolidated certain of our Massachusetts facilities. For a more detailed description of transactions affecting our facilities, please read Note 11, *Property, Plant and Equipment* to these condensed consolidated financial statements.

Based upon our most recent estimates, we expect to incur total restructuring charges of approximately $100.0 million associated with the implementation of these initiatives, which we expect will be substantially incurred and paid by the end of 2011. Costs associated with our workforce reduction primarily relate to employee severance and benefits. Facility consolidation costs are primarily comprised of charges associated with closing these facilities, related lease obligations and additional depreciation recognized when the expected useful lives of certain assets have been shortened due to the consolidation and closing of related facilities and the discontinuation of certain research and development programs. We incurred $16.6 million of these charges in the six months ended June 30, 2011 and $75.2 million of these charges in the fourth quarter of 2010.

For the three and six months ended June 30, 2011, we recognized restructuring charges of $1.5 million and $6.0 million, respectively, in relation to the consolidation of our facilities inclusive of amounts related to additional depreciation. For the six months ended June 30, 2011, we recognized net restructuring charges of $10.5 million in relation to our workforce reduction initiatives. Restructuring charges related to workforce reduction for the three months ended June 30, 2011 reflect $2.7 million of expense offset by net adjustments of $4.4 million, which primarily resulted from revisions to our previous estimates for health and welfare benefit costs for terminated employees.

The following table summarizes the activity of our restructuring liability:

(In millions)	Workforce Reduction	Facility Consolidation	Total
Restructuring reserve as of December 31, 2010	$ 60.6	$ 5.8	$ 66.4
Expense	12.1	2.4	14.5
(Payments) receipts, net	(73.8)	(2.0)	(75.8)
Adjustments to previous estimates, net	(1.6)	—	(1.6)
Other adjustments	8.6	(3.2)	5.4
Restructuring reserve as of June 30, 2011	$ 5.9	$ 3.0	$ 8.9

4. Revenue Recognition

We recognize revenue when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery has occurred or services have been rendered; our price to the customer is fixed or determinable; and collectibility is reasonably assured.

Product Revenues

Revenues from product sales are recognized when title and risk of loss have passed to the customer, which is typically upon delivery. However, sales of TYSABRI in the U.S. are recognized on the "sell-through" model, that is, upon shipment of the product by Elan Pharma International, Ltd. (Elan), an affiliate of Elan Corporation, plc., to its third party distributor rather than upon shipment to Elan. Product revenues are recorded net of applicable reserves for discounts and allowances.

Reserves for Discounts and Allowances

We establish reserves for trade term discounts, wholesaler incentives, Medicaid rebates, Veterans Administration (VA) and Public Health Service (PHS) discounts, managed care rebates, product returns and other governmental rebates or applicable allowances. Reserves established for these discounts and allowances are classified as reductions of accounts receivable (if the amount is payable to our direct customer) or a liability (if the amount is payable to a party other than our customer). In addition, we distribute no-charge product to qualifying patients under our patient assistance and patient replacement goods program. This program is administered through one of our distribution partners, which ships product to qualifying patients from its own inventory received from us. Gross revenue and the related reserves are not recorded on product shipped under this program and cost of sales is recorded when the product is shipped.

Product revenue reserves are categorized as follows: discounts, contractual adjustments and returns. An analysis of the amount of, and change in, reserves is summarized as follows:

(In millions)	Discounts	Contractual Adjustments	Returns	Total
Balance, as of December 31, 2010	$ 13.9	$ 107.0	$ 21.1	$ 142.0
Current provisions relating to sales in current year	47.2	174.6	6.8	228.6
Adjustments relating to prior years	—	(8.4)	—	(8.4)
Payments/returns relating to sales in current year	(33.3)	(101.4)	(0.3)	(135.0)
Payments/returns relating to sales in prior years	(13.0)	(58.5)	(4.9)	(76.4)
Balance, as of June 30, 2011	$ 14.8	$ 113.3	$ 22.7	$ 150.8

Our product revenue reserves are based on estimates of the amounts earned or to be claimed on the related sales. These estimates take into consideration our historical experience, current contractual and statutory requirements, specific known market events and trends and forecasted customer buying patterns. Actual amounts may ultimately differ from our estimates. If actual results vary, it will result in an adjustment to these estimates, which could have an effect on earnings in the period of adjustment.

During the six months ended June 30, 2011, we reduced our reserves for contractual adjustments by $8.4 million, which was primarily due to a revision of our previous estimates associated with the impact of healthcare reform.

The total reserves above, included in our condensed consolidated balance sheets, are summarized as follows:

(In millions)	As of June 30, 2011	As of December 31, 2010
Reduction of accounts receivable	$ 38.4	$ 36.7
Current liability	112.4	105.3
Total reserves	$ 150.8	$ 142.0

Revenues from Unconsolidated Joint Business

We collaborate with Genentech on the development and commercialization of RITUXAN. Revenues from unconsolidated joint business consist of (1) our share of pre-tax co-promotion profits in the U.S.; (2) reimbursement of our selling and development expense in the U.S.; and (3) revenue on sales of RITUXAN in the rest of world, which consists of our share of pretax co-promotion profits in Canada and royalty revenue on sales of RITUXAN outside the U.S. and Canada by F. Hoffmann-La Roche Ltd. (Roche) and its sublicensees. Pre-tax co-promotion profits are calculated and paid to us by Genentech in the U.S. and by Roche in Canada. Pre-tax co-promotion profits consist of U.S. and Canadian sales of RITUXAN to third-party customers net of discounts and allowances less the cost to manufacture RITUXAN, third-party royalty expenses, distribution, selling and marketing, and development expenses incurred by Genentech, Roche and us. We record our share of the pretax co-promotion profits in Canada and royalty revenues on sales of RITUXAN outside the U.S. on a cash basis. Additionally, our share of the pretax co-promotion profits in the U.S. includes estimates supplied by Genentech.

Royalty Revenues

We receive royalty revenues on sales by our licensees of other products covered under patents that we own. We do not have future performance obligations under these license arrangements. We record these revenues based on estimates of the sales that occurred during the relevant period. The relevant period estimates of sales are based on interim data provided by licensees and analysis of historical royalties that have been paid to us, adjusted for any changes in facts and circumstances, as appropriate. We maintain regular communication with our licensees in order to assess the reasonableness of our estimates. Differences between actual royalty revenues and estimated royalty revenues are adjusted in the period in which they become known, typically the following quarter. Historically, adjustments have not been material when compared to actual amounts paid by licensees. If we are ever unable to accurately estimate revenue, then we record revenues on a cash basis.

5. Accounts Receivable

Our accounts receivable primarily arise from product sales in the U.S. and Europe and primarily represent amounts due from our wholesale distributors, large pharmaceutical companies, public hospitals and other government entities. The majority of our accounts receivable have standard payment terms which are generally between 30 and 90 days. We monitor the financial performance and credit worthiness of our large customers so that we can properly assess and respond to changes in their credit profile. We provide reserves against trade receivables for estimated losses that may result from a customer's inability to pay. Amounts determined to be uncollectible are charged or written-off against the reserve. To date, such losses have not exceeded management's estimates.

Concentrations of credit risk with respect to receivables, which are typically unsecured, are limited due to the wide variety of customers and markets using our products, as well as their dispersion across many different geographic areas. We monitor economic conditions, including volatility associated with international

economies, and related impacts on the relevant financial markets and our business, especially in light of sovereign credit issues. The credit and economic conditions within Italy, Spain, Portugal and Greece, among other members of the European Union, have deteriorated. These conditions have increased, and may continue to increase, the average length of time that it takes to collect on our accounts receivable outstanding in these countries.

Our net accounts receivable balances from product sales in these countries are summarized as follows:

	As of June 30, 2011		
(In millions)	Balance Included within Accounts Receivable, Net	Balance Included within Investments and Other Assets	Total
Italy	$116.5	$11.3	$127.8
Spain	$ 81.7	$36.7	$118.4
Portugal	$ 23.9	$ 7.4	$ 31.3
Greece	$ 10.7	$ —	$ 10.7

	As of December 31, 2010		
(In millions)	Balance Included within Accounts Receivable, Net	Balance Included within Investments and Other Assets	Total
Italy	$103.2	$14.8	$118.0
Spain	$ 70.8	$29.8	$100.6
Portugal	$ 17.8	$ 5.5	$ 23.3
Greece	$ 3.9	$ —	$ 3.9

Of the amounts included within the tables above, approximately $53.5 million and $45.0 million were outstanding for more than one year as of June 30, 2011 and December 31, 2010, respectively. Amounts included as a component of investments and other assets within our condensed consolidated balance sheets represent amounts that are expected to be collected beyond one year.

In May 2011, European Union finance ministers approved a three-year EUR78 billion rescue package for Portugal. Under the terms of the package, Portugal is required to correct its excessive deficit by 2013 and improve the efficiency and effectiveness of its health care system, including through austerity measures aimed at reducing healthcare costs. These measures include plans to standardize control procedures to reduce outstanding balances payable to drug suppliers.

Our concentrations of credit risk related to our accounts receivable from product sales in Greece to date have been limited as our receivables within this market are due from our distributor. These receivables remain current and substantially in compliance with their contractual due dates.

BIOGEN IDEC INC. AND SUBSIDIARIES

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6. Inventory

The components of inventory are summarized as follows:

(In millions)	As of June 30, 2011	As of December 31, 2010
Raw materials	$ 59.8	$ 59.0
Work in process	165.6	142.2
Finished goods	82.9	87.9
Total inventory	$ 308.3	$ 289.1

7. Intangible Assets and Goodwill

Intangible Assets

Intangible assets, net of accumulated amortization, impairment charges and adjustments, are summarized as follows:

		As of June 30, 2011			As of December 31, 2010		
(In millions)	Estimated Life	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Out-licensed patents	12 years	$ 578.0	$ (370.9)	$ 207.1	$ 578.0	$ (350.2)	$ 227.8
Core developed technology	15-23 years	3,005.3	(1,723.4)	1,281.9	3,005.3	(1,636.9)	1,368.4
In process research and development	Up to 15 years upon commercialization	110.9	—	110.9	110.9	—	110.9
Trademarks and tradenames	Indefinite	64.0	—	64.0	64.0	—	64.0
In-licensed patents	Up to 14 years	17.5	(2.5)	15.0	3.0	(1.3)	1.7
Assembled workforce	4 years	2.1	(2.1)	—	2.1	(2.1)	—
Distribution rights	2 years	12.7	(12.7)	—	12.7	(12.7)	—
Total intangible assets		$ 3,790.5	$ (2,111.6)	$ 1,678.9	$ 3,776.0	$ (2,003.2)	$ 1,772.8

Our most significant intangible asset is the core technology related to our AVONEX product. The net book value of this asset as of June 30, 2011 was $1,268.8 million.

In the first quarter of 2011, we entered into a license agreement granting us exclusive patent rights for the diagnostic and therapeutic application of recombinant virus-like particles, known as VP1 proteins. These VP1 proteins are used to detect antibodies of the JC virus (JCV) in serum or blood. Under the terms of this agreement, we expect to make payments totaling approximately $47.1 million through 2016. These payments include upfront and milestone payments as well as the greater of an annual maintenance fee or usage-based royalty payment. As of June 30, 2011, we recognized an intangible asset in the amount of $14.5 million, reflecting the total of upfront payments made and other time-based milestone payments expected to be made. We will further capitalize additional payments due under this arrangement as an intangible asset as they become payable. We will amortize the intangible asset resulting from these payments utilizing an economic consumption amortization model with the amount of amortization determined by the ratio of actual JCV assay tests performed in the current period to the total number of JCV assay tests expected to be performed through 2016.

For the three and six months ended June 30, 2011, amortization for acquired intangible assets totaled $55.1 million and $108.4 million, respectively, as compared to $53.1 million and $102.0 million, respectively, in the prior year comparative periods. Amortization for acquired intangible assets is expected to be in the range of approximately $180.0 million to $220.0 million annually through 2015.

Other than the amounts recorded in connection with the license agreement described above, total intangible assets was unchanged as of June 30, 2011 compared to December 31, 2010, excluding the impact of amortization.

Goodwill

Our goodwill balance remained unchanged as of June 30, 2011 compared to December 31, 2010. As of June 30, 2011, we had no accumulated impairment losses.

8. Fair Value Measurements

A majority of our financial assets and liabilities have been classified as Level 2. Our financial assets and liabilities (which include our cash equivalents, derivative contracts, marketable debt securities, and plan assets for deferred compensation) have been initially valued at the transaction price and subsequently valued, at the end of each reporting period, typically utilizing third party pricing services or other market observable data. The pricing services utilize industry standard valuation models, including both income and market based approaches and observable market inputs to determine value. These observable market inputs include reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates and other industry and economic events. We validate the prices provided by our third party pricing services by reviewing their pricing methods and matrices, obtaining market values from other pricing sources, analyzing pricing data in certain instances and confirming that the relevant markets are active. After completing our validation procedures, we did not adjust or override any fair value measurements provided by our pricing services as of June 30, 2011 and December 31, 2010.

Our strategic investments in publicly traded equity securities are classified as Level 1 assets as their fair values are readily determinable and based on quoted market prices.

We also maintain venture capital investments classified as Level 3 whose fair value is initially measured at transaction prices and subsequently valued using the pricing of recent financing or by reviewing the underlying economic fundamentals and liquidation value of the companies. These investments are the only investments for which we used Level 3 inputs to determine the fair value and represented approximately 0.2% and 0.3% of our total assets as of June 30, 2011 and December 31, 2010, respectively. These investments include investments in certain biotechnology oriented venture capital funds which primarily invest in small privately-owned, venture-backed biotechnology companies. The fair value of our investments in these venture capital funds has been estimated using the net asset value of the fund. The investments cannot be redeemed within the funds. Distributions from each fund will be received as the underlying investments of the fund are liquidated. The funds and therefore a majority of the underlying assets of the funds will not be liquidated in the near future. The underlying assets in these funds are initially measured at transaction prices and subsequently valued using the pricing of recent financings or by reviewing the underlying economic fundamentals and liquidation value of the companies that the funds invest in. We apply judgments and estimates when we validate the prices provided by third parties. While we believe the valuation methodologies are appropriate, the use of valuation methodologies is highly judgmental and changes in methodologies can have a material impact on our results of operations. Gains and losses (realized and unrealized) included in earnings for the period are reported in other income (expense), net.

In addition, in the fourth quarter of 2010, we recognized an in-process research and development asset and recorded a contingent consideration obligation related to our acquisition of Panima. Upon acquisition, we recorded a liability of $81.2 million representing the acquisition date fair value of the contingent consideration. Subsequent changes in the fair value of this obligation are recognized as adjustments to contingent consideration within our consolidated statement of income. We determined the fair value of the contingent consideration obligation based upon probability-weighted assumptions related to the achievement of certain

milestone events and thus the likelihood of us making payments. We revalue the acquisition-related contingent consideration obligation on a recurring basis each reporting period. This fair value measurement is based on inputs not observable in the market and therefore represents a Level 3 measurement.

The fair value of our Level 3 contingent consideration obligation as of June 30, 2011 and December 31, 2010, was $84.6 million and $81.2 million, respectively. These valuations were determined based upon net cash outflow projections of $395.0 million, discounted using a rate of 5.7% and 6.1%, respectively, which is the cost of debt financing for market participants. The change in fair value of this obligation, of $2.2 million and $3.4 million for the three and six months ended June 30, 2011, respectively, was primarily due to changes in the discount rate and in the expected timing related to the achievement of certain developmental milestones and was recognized as a fair value adjustment of contingent consideration within our condensed consolidated statements of income for the three and six months ended June 30, 2011.

There were no transfers between fair value measurement levels during the six months ended June 30, 2011.

The tables below present information about our financial assets and liabilities that are measured at fair value on a recurring basis as of June 30, 2011 and December 31, 2010, and indicate the fair value hierarchy of the valuation techniques we utilized to determine such fair value:

(In millions)	Balance as of June 30, 2011	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 440.6	$ —	$ 440.6	$ —
Marketable debt securities:				
Corporate debt securities	475.1	—	475.1	—
Government securities	1,095.4	—	1,095.4	—
Mortgage and other asset backed securities	242.3	—	242.3	—
Strategic investments	2.0	2.0	—	—
Venture capital investments	20.6	—	—	20.6
Derivative contracts	0.5	—	0.5	—
Plan assets for deferred compensation	15.2	—	15.2	—
Total	$ 2,291.7	$ 2.0	$ 2,269.1	$ 20.6
Liabilities:				
Derivative contracts	$ 24.9	$ —	$ 24.9	$ —
Acquisition-related contingent consideration	84.6	—	—	84.6
Total	$ 109.5	$ —	$ 24.9	$ 84.6

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(In millions)	Balance as of December 31, 2010	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 651.8	$ —	$ 651.8	$ —
Marketable debt securities:				
Corporate debt securities	313.0	—	313.0	—
Government securities	785.3	—	785.3	—
Mortgage and other asset backed securities	92.9	—	92.9	—
Strategic investments	44.8	44.8	—	—
Venture capital investments	20.8	—	—	20.8
Derivative contracts	1.3	—	1.3	—
Plan assets for deferred compensation	13.0	—	13.0	—
Total	$ 1,922.9	$ 44.8	$ 1,857.3	$ 20.8
Liabilities:				
Derivative contracts	$ 12.2	$ —	$ 12.2	$ —
Acquisition-related contingent consideration	81.2	—	—	81.2
Total	$ 93.4	$ —	$ 12.2	$ 81.2

The following table provides a roll forward of the fair value of our venture capital investments, which are all Level 3 assets:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Beginning balance	$ 20.5	$ 20.8	$ 20.8	$ 21.9
Unrealized gains included in earnings	0.1	—	0.7	—
Unrealized losses included in earnings	(0.3)	(0.1)	(1.3)	(1.6)
Purchases	0.3	(0.3)	0.4	0.1
Issuances	—	—	—	—
Settlements	—	—	—	—
Ending balance	$ 20.6	$ 20.4	$ 20.6	$ 20.4

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The fair and carrying values of our debt instruments, which are all Level 2 liabilities, are summarized as follows:

	As of June 30, 2011		As of December 31, 2010	
(In millions)	Fair Value	Carrying Value	Fair Value	Carrying Value
Credit line from Dompé	$ 4.3	$ 4.3	$ 8.1	$ 8.0
Note payable to Fumedica	24.4	21.7	24.2	22.0
6.0% Senior Notes due 2013	482.9	449.8	485.5	449.8
6.875% Senior Notes due 2018	639.4	595.1	618.0	597.9
Total	$ 1,151.0	$ 1,070.9	$ 1,135.8	$ 1,077.7

The fair values of the credit line from Dompé Farmaceutici SpA and our note payable to Fumedica were estimated using market observable inputs, including current interest and foreign currency exchange rates. The fair value of our Senior Notes was determined through market, observable, and corroborated sources.

9. Financial Instruments

Marketable Securities, including Strategic Investments

The following tables summarize our marketable securities and strategic investments:

As of June 30, 2011 (In millions)	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Amortized Cost
Available-for-sale				
Corporate debt securities				
Current	$ 122.3	$ 0.2	$ —	$ 122.1
Non-current	352.8	1.3	(0.2)	351.7
Government securities				
Current	504.7	0.3	—	504.4
Non-current	590.7	0.8	(0.1)	590.0
Mortgage and other asset backed securities				
Current	2.2	—	—	2.2
Non-current	240.1	0.5	(0.6)	240.2
Total available-for-sale securities	$ 1,812.8	$ 3.1	$ (0.9)	$ 1,810.6
Other Investments				
Strategic investments, non-current	$ 2.0	$ 0.5	$ —	$ 1.5

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As of December 31, 2010 (In millions)	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Amortized Cost
Available-for-sale				
Corporate debt securities				
Current	$ 93.2	$ 0.1	$ —	$ 93.1
Non-current	219.8	2.1	(0.5)	218.2
Government securities				
Current	352.8	0.2	—	352.6
Non-current	432.5	0.6	(0.6)	432.5
Mortgage and other asset backed securities				
Current	2.1	—	—	2.1
Non-current	90.8	0.5	(0.2)	90.5
Total available-for-sale securities	$ 1,191.2	$ 3.5	$ (1.3)	$ 1,189.0
Other Investments				
Strategic investments, non-current	$ 44.8	$ 17.5	$ —	$ 27.3

In the tables above, as of June 30, 2011 and December 31, 2010, government securities included $247.0 million and $163.5 million, respectively, of Federal Deposit Insurance Corporation (FDIC) guaranteed senior notes issued by financial institutions under the Temporary Liquidity Guarantee Program.

The following table summarizes our financial assets with original maturities of less than 90 days included within cash and cash equivalents on the accompanying condensed consolidated balance sheet:

(In millions)	As of June 30, 2011	As of December 31, 2010
Commercial paper	$ 8.0	$ 4.0
Repurchase agreements	80.9	26.0
Short-term debt securities	351.7	621.8
Total	$ 440.6	$ 651.8

The carrying values of our commercial paper, including accrued interest, repurchase agreements, and our short-term debt securities approximate fair value.

Summary of Contractual Maturities: Available-for-Sale Securities

The estimated fair value and amortized cost of securities, excluding strategic investments, available-for-sale by contractual maturity are summarized as follows:

	As of June 30, 2011		As of December 31, 2010	
(In millions)	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in one year or less	$ 629.2	$ 628.7	$ 448.1	$ 447.8
Due after one year through five years	1,040.9	1,039.0	664.1	662.4
Due after five years	142.7	142.9	79.0	78.8
Total	$ 1,812.8	$ 1,810.6	$ 1,191.2	$ 1,189.0

The average maturity of our marketable securities as of June 30, 2011 and December 31, 2010 was 13 months and 11 months, respectively.

Proceeds from Marketable Securities

The proceeds from maturities and sales of marketable securities, excluding strategic investments and resulting realized gains and losses, are generally reinvested, and are summarized as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	2011	2010	2011	2010
Proceeds from maturities and sales	$ 381.8	$ 973.2	$ 1,169.8	$ 2,002.5
Realized gains	$ 0.7	$ 7.4	$ 3.1	$ 13.1
Realized losses	$ (0.5)	$ 1.1	$ (1.3)	$ 1.8

In the first quarter of 2011, we also recognized within other income (expense), a net gain of $13.8 million on the sale of stock from our strategic investment portfolio.

Impairments

We conduct periodic reviews to identify and evaluate each investment that has an unrealized loss in accordance with the meaning of other-than-temporary impairment and its application to certain investments.

For the three and six months ended June 30, 2011, we recognized $5.5 million and $6.8 million, respectively, in charges for the impairment of our investments in venture capital funds and investments in privately-held companies. No impairments were recognized in relation to our publicly-held strategic investments.

For the three and six months ended June 30, 2010, we recognized $1.2 million and $17.0 million, respectively, in charges for the impairment of our publicly-held strategic investments, investments in venture capital funds and investments in privately-held companies.

10. Derivative Instruments

Foreign Currency Forward Contracts

Due to the global nature of our operations, portions of our revenues are earned in currencies other than the U.S. dollar. The value of revenues measured in U.S. dollars is subject to changes in currency exchange rates. In order to mitigate these changes we use foreign currency forward contracts to lock in exchange rates associated with a portion of our forecasted international revenues.

Foreign currency forward contracts in effect as of June 30, 2011 and December 31, 2010 had durations of 1 to 12 months. These contracts have been designated as cash flow hedges and accordingly, to the extent effective, any unrealized gains or losses on these foreign currency forward contracts are reported in accumulated other comprehensive income (loss). Realized gains and losses for the effective portion of such contracts are recognized in revenue when the sale of product in the currency being hedged is recognized. To the extent ineffective, hedge transaction gains and losses are reported in other income (expense), net.

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The notional value of foreign currency forward contracts that were entered into to hedge forecasted revenue is summarized as follows:

	Notional Amount	
Foreign Currency (In millions)	**As of June 30, 2011**	**As of December 31, 2010**
Euro	$ 537.1	$ 460.3
Canadian dollar	11.4	24.0
Swedish krona	4.8	9.9
Total foreign currency forward contracts	$ 553.3	$ 494.2

The portion of the fair value of these foreign currency forward contracts that was included in accumulated other comprehensive income (loss) within total equity reflected net losses of $23.3 million and $11.0 million as of June 30, 2011 and December 31, 2010, respectively. We expect all contracts to be settled over the next 12 months and any amounts in accumulated other comprehensive income (loss) to be reported as an adjustment to revenue. We consider the impact of our and our counterparties' credit risk on the fair value of the contracts as well as the ability of each party to execute its obligations under the contract. As of June 30, 2011 and December 31, 2010, credit risk did not materially change the fair value of our foreign currency forward contracts.

In relation to our foreign currency forward contracts, we recognized in other income (expense), net losses of $1.2 million and $0.5 million due to hedge ineffectiveness for the three and six months ended June 30, 2011, respectively, as compared to net losses of $0.6 million and $0.5 million, respectively, in the prior year comparable periods.

In addition, we recognized in product revenue net losses of $18.5 million and $26.8 million for the settlement of certain effective cash flow hedge instruments for the three and six months ended June 30, 2011, respectively, as compared to net gains of $19.7 million and $19.9 million, respectively, in the prior year comparable periods. These settlements were recorded in the same period as the related forecasted revenue.

Summary of Derivatives Designated as Hedging Instruments

The following table summarizes the fair value and presentation in our condensed consolidated balance sheets for derivatives designated as hedging instruments:

(In millions)	**Balance Sheet Location**	**Fair Value As of June 30, 2011**
Foreign Currency Contracts		
Asset derivatives	Other current assets	$ —
Liability derivatives	Accrued expenses and other	$23.8

(In millions)	**Balance Sheet Location**	**Fair Value As of December 31, 2010**
Foreign Currency Contracts		
Asset derivatives	Other current assets	$ —
Liability derivatives	Accrued expenses and other	$11.0

The following table summarizes the effect of derivatives designated as hedging instruments within our condensed consolidated statements of income:

(In millions)	Amount Recognized in Accumulated Other Comprehensive Income (Loss) on Derivative Gain/(Loss) *(Effective Portion)*	Income Statement Location *(Effective Portion)*	Amount Reclassified from Accumulated Other Comprehensive Income (Loss) into Income Gain/(Loss) *(Effective Portion)*	Income Statement Location *(Ineffective Portion)*	Amount of Gain/(Loss) Recorded *(Ineffective Portion)*
For the Three Months Ended					
June 30, 2011:				Other income	
Foreign currency contracts	$(23.3)	Revenue	$(18.5)	(expense)	$(1.2)
June 30, 2010:				Other income	
Foreign currency contracts	$ 62.1	Revenue	$ 19.7	(expense)	$(0.6)
For the Six Months Ended					
June 30, 2011:				Other income	
Foreign currency contracts	$(23.3)	Revenue	$(26.8)	(expense)	$(0.5)
June 30, 2010:				Other income	
Foreign currency contracts	$ 62.1	Revenue	$ 19.9	(expense)	$(0.5)

Other Derivatives

We also enter into other foreign currency forward contracts, usually with one month durations, to mitigate the foreign currency risk related to certain balance sheet positions. We have not elected hedge accounting for these transactions.

The aggregate notional amount of our outstanding foreign currency contracts was $243.2 million as of June 30, 2011. The fair value of these contracts was a net liability of $0.7 million. A net gain of $0.6 million and a net loss of $4.3 million related to these contracts were recognized as a component of other income (expense), net, for the three and six months ended June 30, 2011, respectively, as compared to net gains of $7.9 million and $13.1 million in the prior year comparative periods.

11. Property, Plant and Equipment

Property, plant and equipment are recorded at historical cost, net of accumulated depreciation. Accumulated depreciation on property, plant and equipment was $771.1 million and $767.2 million as of June 30, 2011 and December 31, 2010, respectively.

San Diego Facility

On October 1, 2010, we sold the San Diego facility for cash proceeds, net of transaction costs, of approximately $127.0 million. As part of this transaction, we agreed to lease back the San Diego facility for a period of 15 months. We are accounting for this transaction as a financing arrangement as we have determined that the transaction does not qualify as a sale due to our continuing involvement under the leaseback terms. Accordingly, we recorded an obligation for the proceeds received in October and the facility assets remain classified as held for use and the carrying value of the facility remains reflected as a component of property, plant and equipment, net within our condensed consolidated balance sheets as of June 30, 2011 and December 31, 2010. Our remaining obligation, which is reflected as a component of current portion of notes payable, line of credit and other financing arrangements within our condensed consolidated balance sheets,

was $124.5 million and $125.9 million as of June 30, 2011 and December 31, 2010, respectively. We have not recognized a loss or impairment charge related to the San Diego facility.

In the first quarter of 2011, we terminated our 15 month lease of the San Diego facility effective August 31, 2011 and will have no continuing involvement or remaining obligation after that date. Once the lease arrangement has concluded we will account for the San Diego facility as a sale of property.

Hillerød, Denmark Facility

As of June 30, 2011 and December 31, 2010, the construction in progress balance related to the construction of our large-scale biologic manufacturing facility in Hillerød, Denmark totaled $494.2 million and $440.2 million, respectively. This facility is intended to manufacture large molecule products. In connection with our construction of this facility, we capitalized interest costs totaling approximately $7.2 million and $14.4 million for the three and six months ended June 30, 2011, respectively.

Based on our current manufacturing utilization strategy, we plan to begin manufacturing product in 2012, upon completion of the facility's process validation activities.

New Cambridge Leases

In July 2011, we executed leases for two office buildings to be built in Cambridge, Massachusetts. We expect construction to begin in late 2011, with a planned occupancy during the second half of 2013. These buildings, totaling approximately 500,000 square feet, will serve as the future location of our corporate headquarters and commercial operations. These buildings will also provide additional general and administrative and research and development office space. The leases both have 15 year terms and we have options to extend the term of each lease for two additional five-year terms. Future minimum rental commitments under these leases will total approximately $340.0 million over the initial 15 year lease terms. In addition to rent, the leases require us to pay additional amounts for taxes, insurance, maintenance and other operating expenses.

12. Equity

Preferred Stock

In March 2011, the remaining 8,221 shares of our Series A Preferred Stock were converted into 493,260 shares of common stock by the holder pursuant to the conversion terms of the Series A Preferred Stock. As of June 30, 2011, there are no shares of preferred stock issued and outstanding.

Share Repurchases

In February 2011, our Board of Directors authorized the repurchase of up to 20.0 million shares of our common stock. We expect to use this repurchase program principally to offset common stock issued under our share-based compensation plans. This repurchase program does not have an expiration date. Under this authorization, we repurchased approximately 2.2 million and 5.0 million shares of our common stock at a cost of $191.3 million and $386.6 million, respectively, during the three and six months ended June 30, 2011.

For the three and six months ended June 30, 2010, we repurchased approximately 20.8 million and 31.3 million shares at a cost of approximately $1.0 billion and $1.6 billion, respectively, under our 2010 and 2009 stock repurchase authorizations. We retired all of these shares as they were acquired. In connection with this retirement, in accordance with our policy, we recorded a reduction in additional paid-in-capital by the same amount.

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13. Comprehensive Income

The following tables reflect the activity in comprehensive income included within equity attributable to the shareholders of Biogen Idec, equity attributable to noncontrolling interests, and total equity:

	For the Three Months Ended June 30, 2011			For the Three Months Ended June 30, 2010		
(In millions)	Biogen Idec Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity	Biogen Idec Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
Comprehensive income:						
Net income	$ 288.0	$ 16.0	$ 304.0	$ 293.4	$ 1.2	$ 294.6
Unrealized gains (losses) on securities available for sale, net of tax of $0.6 and $3.8	1.1	—	1.1	(6.5)	—	(6.5)
Unrealized gains (losses) on foreign currency forward contracts, net of tax of $0.8 and $3.6	6.3	—	6.3	26.5	—	26.5
Unrealized gains (losses) on pension benefit obligation, net of tax of $0 and $0	—	—	—	(0.2)	—	(0.2)
Currency translation adjustment	19.3	2.9	22.2	(71.8)	(3.4)	(75.2)
Comprehensive income (loss)	$ 314.7	$ 18.9	$ 333.6	$ 241.4	$ (2.2)	$ 239.2

	For the Six Months Ended June 30, 2011			For the Six Months Ended June 30, 2010		
(In millions)	Biogen Idec Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity	Biogen Idec Shareholders' Equity	Noncontrolling Interests	Total Shareholders' Equity
Comprehensive income:						
Net income	$ 582.4	$ 30.4	$ 612.8	$ 510.9	$ 3.8	$ 514.7
Unrealized gains (losses) on securities available for sale, net of tax of $6.3 and $5.5	(10.7)	—	(10.7)	(9.4)	—	(9.4)
Unrealized gains (losses) on foreign currency forward contracts, net of tax of $1.2 and $6.5	(11.1)	—	(11.1)	54.3	—	54.3
Unrealized gains (losses) on pension benefit obligation, net of tax of $0 and $0	—	—	—	(0.3)	—	(0.3)
Currency translation adjustment	69.1	5.7	74.8	(124.2)	(6.0)	(130.2)
Comprehensive income (loss)	$ 629.7	$ 36.1	$ 665.8	$ 431.3	$ (2.2)	$ 429.1

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The following table reconciles equity attributable to noncontrolling interests:

(In millions)	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Noncontrolling interests, beginning of period	$ 70.1	$ 41.2	$ 52.9	$ 40.4
Net income attributable to noncontrolling interests	16.0	1.2	30.4	3.8
Translation adjustments	2.9	(3.4)	5.7	(6.0)
Distributions to noncontrolling interests	(9.9)	—	(9.9)	—
Capital contributions from noncontrolling interests	—	1.4	—	2.2
Noncontrolling interests, end of period	$ 79.1	$ 40.4	$ 79.1	$ 40.4

Total distributions to us from our joint ventures were negligible for the three and six months ended June 30, 2011 and 2010.

14. Earnings per Share

Basic and diluted earnings per share are calculated as follows:

(In millions)	For the Three Months Ended June 30, 2011	For the Three Months Ended June 30, 2010	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Numerator:				
Net income attributable to Biogen Idec Inc	$ 288.0	$ 293.4	$ 582.4	$ 510.9
Adjustment for net income allocable to preferred stock	—	(0.6)	(0.5)	(0.9)
Net income used in calculating basic and diluted earnings per share	$ 288.0	$ 292.8	$ 581.9	$ 510.0
Denominator:				
Weighted average number of common shares outstanding	242.4	259.9	241.9	265.0
Effect of dilutive securities:				
Stock options and employee stock purchase plan	1.0	0.8	1.3	0.9
Time-vested restricted stock units	1.4	1.0	1.5	1.4
Market stock units	0.2	—	0.2	—
Performance-vested restricted stock units settled in shares	—	—	—	—
Dilutive potential common shares	2.6	1.8	3.0	2.3
Shares used in calculating diluted earnings per share	245.0	261.7	244.9	267.3

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The following amounts were not included in the calculation of net income per diluted share because their effects were anti-dilutive:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	**2011**	**2010**	**2011**	**2010**
Numerator:				
Net income allocable to preferred stock	$ —	$ 0.6	$ 0.5	$ 0.9
Denominator:				
Stock options	—	5.3	—	5.1
Time-vested restricted stock units	—	1.4	—	1.0
Market stock units	—	—	—	—
Performance-vested restricted stock units settled in shares	—	—	—	—
Convertible preferred stock	—	0.5	0.2	0.5
Total	—	7.2	0.2	6.6

15. Share-based Payments

The following table summarizes our equity grants to employees, officers and directors under our current stock plans:

	For the Six Months Ended June 30,	
	2011	**2010**
Stock options	—	124,000
Market stock units(a)	373,000	334,000
Cash settled performance shares(b)	483,000	373,000
Time-vested restricted stock units(c)	1,303,000	1,700,000
Performance-vested restricted stock units(d)	1,000	4,000

(a) Market stock units (MSUs) granted for the six months ended June 30, 2010, represents the target number of shares eligible to be earned at the time of grant.

MSUs granted for the six months ended June 30, 2011, includes approximately 18,000 additional MSUs issued in 2011 based upon the attainment of performance criteria set for 2010 in relation to shares granted in 2010. The remainder of the MSUs granted in 2011 represent the target number of shares eligible to be earned at the time of grant. These grants were made in conjunction with the hiring of employees and our annual awards made in February.

(b) Cash settled performance shares (CSPSs) granted for the six months ended June 30, 2010, represents the target number of shares eligible to be earned at the time of grant.

CSPSs granted for the six months ended June 30, 2011, includes approximately 95,000 additional CSPSs issued in 2011 based upon the attainment of performance criteria set for 2010 in relation to shares granted in 2010. The remainder of the CSPSs granted in 2011 represent the target number of shares eligible to be earned at the time of grant. These grants were made in conjunction with the hiring of employees and our annual awards made in February.

(c) Time-vested restricted stock units (RSUs) granted for the six months ended June 30, 2011, includes approximately 1.2 million RSUs granted in connection with our annual awards made in February 2011, and 135,000 RSUs granted in conjunction with new hires and grants made to our Board of Directors.

(d) Performance-vested restricted stock units (PVRSUs) granted for the six months ended June 30, 2010, represents the target number of shares eligible to be earned at the time of grant; approximately 1,000 additional PVRSUs were issued in 2011 based upon the attainment of performance criteria set for 2010 in relation to shares granted in 2010.

In addition, for the six months ended June 30, 2011, approximately 316,000 shares were issued under the ESPP compared to approximately 335,000 shares issued in the prior year comparative period.

The following table summarizes share-based compensation expense included within our condensed consolidated statements of income:

(In millions)	For the Three Months Ended June 30, 2011	2010	For the Six Months Ended June 30, 2011	2010
Research and development	$ 13.9	$ 15.4	$ 32.2	$ 32.1
Selling, general and administrative	22.2	34.0	42.8	70.2
Restructuring charges	—	—	(0.6)	—
Subtotal	36.1	49.4	74.4	102.3
Capitalized share-based compensation costs	(1.0)	(0.7)	(2.0)	(1.6)
Share-based compensation expense included in total cost and expenses	35.1	48.7	72.4	100.7
Income tax effect	(10.9)	(15.7)	(23.0)	(32.4)
Share-based compensation expense included in net income attributable to Biogen Idec Inc	$ 24.2	$ 33.0	$ 49.4	$ 68.3

The following table summarizes share-based compensation expense associated with each of our share-based compensation programs:

(In millions)	For the Three Months Ended June 30, 2011	2010	For the Six Months Ended June 30, 2011	2010
Stock options	$ 1.6	$ 9.3	$ 2.7	$ 20.1
Market stock units	4.3	1.9	7.7	5.5
Time-vested restricted stock units	19.1	32.3	46.2	65.8
Performance-vested restricted stock units settled in shares	0.3	1.3	0.7	3.7
Cash settled performance shares	10.7	4.2	15.5	5.2
Employee stock purchase plan	0.1	0.4	1.6	2.0
Subtotal	36.1	49.4	74.4	102.3
Capitalized share-based compensation costs	(1.0)	(0.7)	(2.0)	(1.6)
Share-based compensation expense included in total cost and expenses	$ 35.1	$ 48.7	$ 72.4	$ 100.7

16. Income Taxes

For the three and six months ended June 30, 2011, our effective tax rate was 23.8% and 25.7%, respectively, compared to 25.8% and 25.7%, respectively, in the prior year comparative periods.

The decrease in our tax rate for the three and six months ended June 30, 2011, compared to the same periods in 2010, was primarily due to an increase in research and development expenditures eligible for the orphan drug credit and a lower effective state tax rate resulting from a change in state law, offset by a higher percentage of our 2011 profits being earned in higher tax rate jurisdictions, principally the U.S. In addition, our effective tax rate was favorably impacted by the settlement of an outstanding IRS audit matter in the first quarter of 2011.

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Reconciliation between the U.S. federal statutory tax rate and our effective tax rate is summarized as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Statutory rate	35.0%	35.0%	35.0%	35.0%
State taxes	0.4	1.9	1.4	1.9
Taxes on foreign earnings	(7.3)	(10.3)	(6.3)	(10.1)
Credits and net operating loss utilization	(4.1)	(1.6)	(3.1)	(1.6)
Purchased intangible assets	1.4	1.5	1.4	1.5
IPR&D	—	0.8	—	0.8
Permanent items	(1.1)	(1.7)	(1.2)	(1.7)
Other	(0.5)	0.2	(1.5)	(0.1)
Effective tax rate	23.8%	25.8%	25.7%	25.7%

Accounting for Uncertainty in Income Taxes

We and our subsidiaries are routinely examined by various taxing authorities. We file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal tax examination for years before 2007 or state, local, or non-U.S. income tax examinations by tax authorities for years before 2001. During the second quarter of 2011, we adjusted our unrecognized tax benefits to reflect new information arising during our ongoing audit examinations.

Contingencies

In 2006, the Massachusetts Department of Revenue (DOR) issued a Notice of Assessment against Biogen Idec MA Inc. (BIMA), one of our wholly-owned subsidiaries, for $38.9 million of corporate excise tax for 2002, which includes associated interest and penalties. The assessment asserts that the portion of sales attributable to Massachusetts (sales factor), the computation of BIMA's research and development credits and certain deductions claimed by BIMA were not appropriate, resulting in unpaid taxes for 2002. We filed an abatement application with the DOR seeking abatement for 2001, 2002 and 2003. Our abatement application was denied and on July 25, 2007 we filed a petition with the Massachusetts Appellate Tax Board (the Massachusetts ATB) seeking, among other items, abatements of corporate excise tax for 2001, 2002 and 2003 and adjustments in certain credits and credit carryforwards for 2001, 2002 and 2003. Issues before the Massachusetts ATB include the computation of BIMA's sales factor for 2001, 2002 and 2003, computation of BIMA's research credits for those same years, and the availability of deductions for certain expenses and partnership flow-through items. The hearing on our petition has been stayed by the Massachusetts ATB to allow the parties to discuss a negotiated resolution of all disputes as to 2001, 2002 and 2003. The Massachusetts ATB has ordered a status conference for September 6, 2011, at which the parties will report on the status of the settlement discussions. If a negotiated resolution is concluded, we do not expect it to have a significant impact on our financial position or results of operations. We have and will continue to evaluate the facts, circumstances and information available in accordance with our financial reporting policies to reflect management's best estimate of the outcome. Based upon our most recent estimates, we currently expect to settle this matter in exchange for a payment of $7.0 million in taxes, plus interest, and expect to reach an agreement on the tax credits carried forward into 2004.

On June 8, 2010, we received Notices of Assessment from the DOR against BIMA for $103.5 million of corporate excise tax, including associated interest and penalties, related to our 2004, 2005 and 2006 tax filings.

We believe the asserted basis for these assessments is consistent with that for 2002. Assessments related to periods under dispute, including associated interest and penalties, total $142.4 million. We filed an abatement application with the DOR seeking abatement for 2004, 2005 and 2006. Our abatement application was denied and we filed a petition appealing the denial with the ATB on February 3, 2011. For all periods under dispute, we believe that positions taken in our tax filings are valid and believe that we have meritorious defenses in these disputes. We are contesting these matters vigorously.

Our tax filings for 2007 and 2008 have not yet been audited by the DOR but have been prepared in a manner consistent with prior filings which may result in an assessment for those years. Due to tax law changes effective January 1, 2009, the computation and deductions at issue in previous tax filings have not been part of our tax filings in Massachusetts starting in 2009.

We believe that these assessments do not impact the level of liabilities for income tax contingencies. However, there is a possibility that we may not prevail in defending all of our assertions with the DOR. If these matters are resolved unfavorably in the future, the resolution could have a material adverse impact on the effective tax rate and our results of operations.

17. Other Consolidated Financial Statement Detail

Other Income (Expense), Net

Components of other income (expense), net, are summarized as follows:

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2011	2010	2011	2010
Interest income	$ 4.3	$ 6.7	$ 8.0	$ 15.6
Interest expense	(8.4)	(9.0)	(17.6)	(17.3)
Impairments of investments	(5.5)	(1.2)	(6.8)	(17.0)
Foreign exchange gains (losses), net	(0.6)	(0.7)	(1.0)	0.3
Gain (loss) on sales of investments, net	0.2	6.3	15.5	11.3
Other, net	(1.7)	(1.1)	0.1	(0.3)
Total other income (expense), net	$ (11.7)	$ 1.0	$ (1.8)	$ (7.4)

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Other Current Assets

Other current assets consist of the following:

(In millions)	As of June 30, 2011	As of December 31, 2010
Deferred tax assets	$ 66.9	$ 112.2
Prepaid taxes	33.1	31.4
Receivable from collaborations	8.8	7.3
Interest receivable	6.1	4.9
Other prepaid expenses	60.1	47.9
Other	26.8	12.1
Total other current assets	$ 201.8	$ 215.8

Accrued Expenses and Other

Accrued expenses and other consists of the following:

(In millions)	As of June 30, 2011	As of December 31, 2010
Employee compensation and benefits	$ 134.3	$ 159.7
Revenue-related rebates	112.4	105.3
Restructuring charges	8.9	66.4
Royalties and licensing fees	40.0	45.1
Deferred revenue	59.1	41.3
Collaboration expenses	57.1	31.6
Clinical development expenses	33.7	24.4
Interest payable	21.6	21.6
Construction in progress acrual	13.3	16.4
Current portion of contingent consideration	4.9	11.9
Derivative liability	24.9	12.2
Other	131.1	130.0
Total accrued expenses and other	$ 641.3	$ 665.9

For a discussion of restructuring charges accrued as of June 30, 2011 and December 31, 2010, please read Note 3, *Restructuring* to these condensed consolidated financial statements.

18. Investments in Variable Interest Entities

Consolidated Variable Interest Entities

Our condensed consolidated financial statements include the financial results of variable interest entities in which we are the primary beneficiary.

BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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Investments in Joint Ventures

We consolidate 100% of the operations of Biogen Dompé SRL and Biogen Dompé Switzerland GmbH, our respective sales affiliates in Italy and Switzerland, as we retain the contractual power to direct the activities of these entities which most significantly and directly impact their economic performance. The activity of each of these joint ventures is significant to our overall operations. The assets of these joint ventures were restricted, from the standpoint of Biogen Idec, in that they are not available for our general business use outside the context of each joint venture. The holders of the liabilities of each joint venture, including the credit line from Dompé described in our 2010 Form 10-K, had no recourse to Biogen Idec. Other than the line of credit from us and Dompé Farmaceutici SpA to Biogen-Dompé SRL, we have provided no financing to these joint ventures. In addition, Biogen-Dompé SRL has an operating lease for office space as well as a contract for the provision of administrative services with Dompé Farmaceutici SpA.

The following table summarizes total joint venture assets and liabilities:

(In millions)	As of June 30, 2011	As of December 31, 2010
Assets	$193.6	$159.2
Liabilities	$ 74.6	$ 63.3

The joint ventures' most significant assets were accounts receivable from the ordinary course of business. As of June 30, 2011, accounts receivable held by our joint ventures totaled $134.2 million, of which $127.8 million were related to Biogen Dompé SRL, compared to $124.2 million as of December 31, 2010, of which $118.0 million were related to Biogen Dompé SRL. For additional information related to our accounts receivable balances in Italy, please read Note 5, *Accounts Receivable* to these condensed consolidated financial statements.

Knopp

In August 2010, we entered into a license agreement with Knopp Neurosciences, Inc. (Knopp), a subsidiary of Knopp Holdings, LLC, for the development, manufacture and commercialization of dexpramipexole, an orally administered small molecule in clinical development for the treatment of amyotrophic lateral sclerosis (ALS). We are responsible for all development activities and, if successful, we will also be responsible for the manufacture and global commercialization of dexpramipexole. Under the terms of the license agreement we made a $26.4 million upfront payment and agreed to pay Knopp up to an additional $265.0 million in development and sales-based milestone payments, as well as royalties on future commercial sales. In addition, we also purchased 30.0% of the Class B common shares of Knopp for $60.0 million.

Due to the terms of the license agreement and our investment in Knopp, we determined that we are the primary beneficiary of Knopp as we have the power to direct the activities that most significantly impact Knopp's economic performance. As such, we consolidate the results of Knopp. Although we have assumed responsibility for the development of dexpramipexole, we may also be required to reimburse certain Knopp expenses directly attributable to the license agreement. Any additional amounts incurred by Knopp that we reimburse will be reflected within total costs and expenses in our consolidated statement of income. Future development and sales-based milestone payments will be reflected within our consolidated statement of income as charges to noncontrolling interests when such milestones are achieved.

In March 2011, we dosed the first patient in a registrational study for dexpramipexole. The achievement of this milestone resulted in a $10.0 million payment due to Knopp. As we consolidate Knopp, we recognized this payment as a charge to noncontrolling interests in the first quarter of 2011.

For the three and six months ended June 30, 2011, the collaboration incurred $9.0 million and $14.7 million, respectively, of expense related to the development of dexpramipexole, which is reflected as research and development expense within our condensed consolidated statements of income. The assets and liabilities of Knopp are not significant to our financial position or results of operations. We have provided no financing to Knopp other than previously contractually required amounts disclosed above.

Neurimmune SubOne AG

In 2007, we entered into a collaboration agreement with Neurimmune SubOne AG (Neurimmune), a subsidiary of Neurimmune AG, for the development and commercialization of antibodies for the treatment of Alzheimer's disease. Neurimmune conducts research to identify potential therapeutic antibodies and we are responsible for the development, manufacturing and commercialization of all products. Based upon our current development plans, we may pay Neurimmune up to $345.0 million in remaining milestone payments, as well as royalties on sales of any resulting commercial products.

We determined that we are the primary beneficiary of Neurimmune because we have the power through the collaboration to direct the activities that most significantly impact SubOne's economic performance and are required to fund 100% of the research and development costs incurred in support of the collaboration agreement. Amounts that are incurred by Neurimmune for research and development expenses in support of the collaboration that we reimburse are reflected in research and development expense in our consolidated statements of income. Future milestone payments will be reflected within our consolidated statements of income as a charge to the noncontrolling interest when such milestones are achieved.

For the three and six months ended June 30, 2011, the collaboration incurred development expense totaling $3.0 million and $4.8 million, respectively, which is reflected as research and development expense within our condensed consolidated statements of income, compared to $5.3 million and $10.4 million, respectively, in the prior year comparative periods.

In April 2011, we submitted an Investigational New Drug (IND) application for BIIB037 (human anti-Amyloid β mAb), a beta-amyloid removal therapy. BIIB037 is being developed for the treatment of Alzheimer's disease. The achievement of this milestone resulted in a $15.0 milestone payment made to Neurimmune. As we consolidate Neurimmune, we have recognized this payment as a charge to noncontrolling interests in the second quarter of 2011.

The assets and liabilities of Neurimmune are not significant as it is a research and development organization. We have provided no financing to Neurimmune other than previously contractually required amounts disclosed above.

Unconsolidated Variable Interest Entities

We have relationships with other variable interest entities which we do not consolidate as we lack the power to direct the activities that significantly impact the economic success of these entities. These relationships include investments in certain biotechnology companies and research collaboration agreements. For additional information related to our significant collaboration arrangements, please read Note 19, *Collaborations* to our consolidated financial statements included within our 2010 Form 10-K.

As of June 30, 2011 and December 31, 2010, the total carrying value of our investments in biotechnology companies that we determined to be variable interest entities and which are not consolidated were $17.7 million and $22.9 million, respectively. Our maximum exposure to loss related to these variable interest entities is limited to the carrying value of our investments.

We have entered into research collaborations with certain variable interest entities where we are required to fund certain development activities. These development activities are included in research and development expense within our consolidated statements of income as they are incurred. Depending on the collaborative arrangement, we may record funding receivables or payable balances with our partners, based on the nature of the cost-sharing mechanism and activity within the collaboration. As of June 30, 2011 and December 31, 2010, we had no significant receivables or payables related to cost sharing arrangements with unconsolidated variable interest entities.

We have provided no financing to these variable interest entities other than previously contractually required amounts.

19. Collaborations

In April 2011, we agreed to terminate our collaboration with Vernalis plc. (Vernalis) for the development and commercialization of an adenosine A2a receptor antagonist for treatment of Parkinson's disease effective April 11, 2011. Under the terms of the agreement, we will return the program to Vernalis and have no further license to, or continuing involvement in the development of, this compound and its related intellectual property. In exchange, we will receive a royalty on future net sales if this compound is ultimately commercialized. We funded development costs through the termination date and have no other remaining development obligations after that date. Development expense incurred by this collaboration in 2011 was insignificant.

20. Litigation

Massachusetts Department of Revenue

In 2006, the Massachusetts Department of Revenue (DOR) issued a Notice of Assessment against Biogen Idec MA, Inc. (BIMA) for $38.9 million of corporate excise tax for 2002, which includes associated interest and penalties. The assessment asserts that the portion of sales attributable to Massachusetts (sales factor), the computation of BIMA's research and development credits and certain deductions claimed by BIMA were not appropriate, resulting in unpaid taxes for 2002. We filed an abatement application with the DOR seeking abatements for 2001, 2002 and 2003. Our abatement application was denied and on July 25, 2007, we filed a petition with the Massachusetts Appellate Tax Board (the Massachusetts ATB) seeking, among other items, abatements of corporate excise tax for 2001, 2002 and 2003 and adjustments in certain credits and credit carry forwards for 2001, 2002 and 2003. Issues before the Massachusetts ATB include the computation of BIMA's sales factor for 2001, 2002 and 2003, computation of BIMA's research credits for those same years, and the availability of deductions for certain expenses and partnership flow-through items. The hearing on our petition has been stayed by the Massachusetts ATB to allow the parties to discuss a negotiated resolution of all disputes as to 2001, 2002 and 2003. The Massachusetts ATB has ordered a status conference for September 6, 2011, at which the parties will report on the status of the settlement discussions.

On June 8, 2010, we received Notices of Assessment from the DOR against BIMA for $103.5 million of corporate excise tax, including associated interest and penalties, related to our 2004, 2005 and 2006 tax filings. We believe the asserted basis for these assessments is consistent with that for 2002. We filed an abatement application with the DOR seeking abatements for 2004, 2005, and 2006. Our abatement application was denied on December 15, 2010 and we filed a petition appealing the denial with the Massachusetts ATB on February 3, 2011. For all periods under dispute, we believe that positions taken in our tax filings are valid and believe that we have meritorious defenses in these disputes. We are contesting these matters vigorously.

Hoechst — Genentech Arbitration

On October 24, 2008, Hoechst GmbH ("Hoechst"), predecessor to Sanofi-Aventis Deutschland GmbH ("Sanofi"), filed with the ICC International Court of Arbitration (Paris) a request for arbitration against Genentech, relating to a license agreement (the "Hoechst License") between Hoechst's predecessor and Genentech that was entered as of January 1, 1991 and terminated by Genentech on October 27, 2008. The Hoechst License granted Genentech certain rights with respect to U.S. Patents 5,849,522 ('522 patent) and 6,218,140 ('140 patent) and related patents outside the U.S. The license agreement provided for royalty payments of 0.5% on net sales of certain products defined by the agreement. In June 2011, the arbitrator issued an intermediate decision indicating that RITUXAN is such a product and ordering Genentech to provide certain RITUXAN sales information for the period from December 15, 1998 to October 27, 2008. The arbitrator will use this information to ascertain the amount of damages to be awarded to Hoechst. Genentech has filed a Declaration of Appeal from the intermediate decision in the Court of Appeal in Paris, which is pending. Although we are not a party to the arbitration, we expect that certain damages that may be awarded to Hoechst will be a cost charged to our collaboration with Genentech. Accordingly, we have reduced our share of RITUXAN revenues from unconsolidated joint business by approximately $50.0 million in the second quarter of 2011, as a result of an accrual for estimated compensatory damages (including interest) relating to the arbitrator's intermediate decision. We expect the impact in subsequent quarters will be limited to adjustments necessary to reflect the difference between our estimate and the damages attributable to our collaboration or a successful challenge by Genentech of the arbitrator's decision.

Sanofi '522 and '140 Patent Litigation

On October 27, 2008, Sanofi, successor to Hoechst, filed suit against Genentech and Biogen Idec in federal court in Texas (E.D. Tex.) (Texas Action) claiming that RITUXAN and certain other Genentech products infringe the '522 patent and the '140 patent. The patents are due to expire in December 2015. Sanofi seeks preliminary and permanent injunctions, compensatory and exemplary damages, and other relief. The same day Genentech and Biogen Idec filed a complaint against Sanofi in federal court in California (N.D. Cal.) (California Action) seeking a declaratory judgment that RITUXAN and other Genentech products do not infringe the '522 patent or the '140 patent and a declaratory judgment that those patents are invalid. The Texas Action was ordered transferred to the federal court in the Northern District of California and consolidated with the California Action and we refer to the two actions together as the Consolidated Sanofi Patent Actions. On April 21, 2011, the court entered a separate and final judgment that the manufacture and sale of RITUXAN do not infringe the '522 patent or the '140 patent and stayed the trial of the remaining claims, including Biogen Idec's and Genentech's invalidity claims. Sanofi has filed a notice of appeal from the court's non-infringement ruling to the U.S. Court of Appeals for the Federal Circuit. We have not formed an opinion that a decision in favor of Sanofi in its appeal of the non-infringement ruling, or an unfavorable outcome on the now stayed invalidity claims in the Consolidated Sanofi Patent Actions, is either "probable" or "remote." We believe that we have good and valid defenses and are vigorously defending against Sanofi's allegations. In the event that we and Genentech are found liable we estimate that the range of any potential loss could extend to a royalty of up to 0.5% of net sales of RITUXAN, based on, among other things, the royalty rate set forth in the terminated Hoechst License and an analysis of royalty rates charged for comparable technologies. We believe that Sanofi would seek a substantially higher royalty rate, and we will continue to vigorously oppose its claims and position. One of the issues to be resolved in the Consolidated Sanofi Patent Actions is whether any award of reasonable royalty damages would begin running from October 27, 2008, when Genentech terminated the Hoechst License, or from October 27, 2002, six years before Sanofi filed the Texas Action, the statutory limitations period for damages in patent cases. In the event that Genentech is ordered in the arbitration described above to pay royalties on RITUXAN sales under the Hoechst License up to the date of the termination of the Hoechst License (October 27, 2008), we do not anticipate that either we or Genentech

would be subject to any damages award in the Consolidated Sanofi Patent Actions for any period before October 27, 2008. Certain damages that may be awarded to Sanofi may be a cost charged to our collaboration with Genentech.

'755 Patent Litigation

On September 15, 2009, we were issued U.S. Patent No. 7,588,755 ('755 Patent), which claims the use of interferon beta for immunomodulation or treating a viral condition, viral disease, cancers or tumors. This patent, which expires in September 2026, covers, among other things, the treatment of MS with our product AVONEX. On May 27, 2010, Bayer Healthcare Pharmaceuticals Inc. (Bayer) filed a lawsuit against us in the U.S. District Court for the District of New Jersey seeking a declaratory judgment of patent invalidity and noninfringement and seeking monetary relief in the form of attorneys' fees, costs and expenses. On May 28, 2010, BIMA filed a lawsuit in the U.S. District Court for the District of New Jersey alleging infringement of the '755 Patent by EMD Serono, Inc. (manufacturer, marketer and seller of REBIF), Pfizer, Inc. (co-marketer of REBIF), Bayer (manufacturer, marketer and seller of BETASERON and manufacturer of EXTAVIA), and Novartis Pharmaceuticals Corp. (marketer and seller of EXTAVIA) and seeking monetary damages, including lost profits and royalties. The court has consolidated the two lawsuits, and we refer to the two actions as the Consolidated '755 Patent Actions. On August 16, 2010, BIMA amended its complaint to add Ares Trading S.A. (Ares), an affiliate of EMD Serono, as a defendant, and to seek a declaratory judgment that a purported "nonsuit and option agreement" between Ares and BIMA dated October 12, 2000, that purports to provide that Ares will have an option to obtain a license to the '755 Patent, is not a valid and enforceable agreement or, alternatively, has been revoked and/or terminated by the actions of Ares or its affiliates. Ares moved to compel arbitration of the claims against it, and on June 7, 2011, a United States Magistrate Judge recommended allowance of Ares' motion. On June 21, 2011, we filed objections to the recommendation. Pending a decision on our objections by the U.S. District Court Judge, an arbitration tribunal has convened and has scheduled a hearing for October 19-21, 2011. Bayer, Pfizer, Novartis and EMD Serono have all filed counterclaims in the Consolidated '755 Patent Actions seeking declaratory judgments of patent invalidity and noninfringement, and seeking monetary relief in the form of costs and attorneys' fees, and EMD Serono and Bayer have each filed a counterclaim seeking a declaratory judgment that the '755 Patent is unenforceable based on alleged inequitable conduct. Bayer has also amended its complaint to seek such a declaration. No trial date has yet been ordered, but we expect that the trial of the Consolidated '755 Patent Actions will take place in 2013.

GSK '612 Patent Litigation

On March 23, 2010, we and Genentech were issued U.S. Patent No. 7,682,612 ('612 Patent) relating to a method of treating CLL using an anti-CD20 antibody. The patent which expires in November 2019 covers, among other things, the treatment of CLL with RITUXAN. On March 23, 2010, we filed a lawsuit in federal court in the Southern District of California against Glaxo Group Limited and GlaxoSmithKline LLC (collectively, GSK) alleging infringement of that patent based upon GSK's manufacture, marketing and sale, offer to sell, and importation of ARZERRA. We seek damages, including a royalty and lost profits, and injunctive relief. GSK has filed a counterclaim seeking a declaratory judgment of patent invalidity, noninfringement, unenforceability, and inequitable conduct, and seeking monetary relief in the form of costs and attorneys' fees.

Novartis V&D '688 Patent Litigation

On January 26, 2011, Novartis Vaccines and Diagnostics, Inc. (Novartis V&D) filed suit against us in federal district court in Delaware, alleging that TYSABRI infringes U.S. Patent No. 5,688,688 *"Vector for Expression of a Polypeptide in a Mammalian Cell"* ('688 Patent), which was granted in November 1997 and expires in November 2014. Novartis V&D seeks a declaration of infringement, a finding of willful

infringement, compensatory damages, treble damages, interest, costs and attorneys' fees. We have not formed an opinion that an unfavorable outcome is either "probable" or "remote", and are unable to estimate the magnitude or range of any potential loss. We believe that we have good and valid defenses to the complaint and will vigorously defend against it.

Product Liability and Other Legal Proceedings

We are also involved in product liability claims and other legal proceedings generally incidental to our normal business activities. While the outcome of any of these proceedings cannot be accurately predicted, we do not believe the ultimate resolution of any of these existing matters would have a material adverse effect on our business or financial conditions.

21. Segment Information

We operate as one business segment, which is the business of discovering, developing, manufacturing and marketing products for the treatment of serious diseases with a focus on neurological disorders and therefore, our chief operating decision-maker manages the operations of our Company as a single operating segment.

22. New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies that are adopted by the Company as of the specified effective date. Unless otherwise discussed, we believe that the impact of recently issued standards that are not yet effective will not have a material impact on our financial position or results of operations upon adoption.

In June 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-05, "*Comprehensive Income (Topic 220)*" (ASU 2011-05). This newly issued accounting standard (1) eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity; (2) requires the consecutive presentation of the statement of net income and other comprehensive income; and (3) requires an entity to present reclassification adjustments on the face of the financial statements from other comprehensive income to net income. The amendments in this ASU do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income nor do the amendments affect how earnings per share is calculated or presented. This ASU is required to be applied retrospectively and is effective for fiscal years and interim periods within those years beginning after December 15, 2011, which for Biogen Idec means January 1, 2012. As this accounting standard only requires enhanced disclosure, the adoption of this standard will not impact our financial position or results of operations.

In May 2011, the FASB issued ASU No. 2011-04, "*Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs*" (ASU 2011-04). This newly issued accounting standard clarifies the application of certain existing fair value measurement guidance and expands the disclosures for fair value measurements that are estimated using significant unobservable (Level 3) inputs. This ASU is effective on a prospective basis for annual and interim reporting periods beginning on or after December 15, 2011, which for Biogen Idec means January 1, 2012. We do not expect that adoption of this standard will have a material impact on our financial position or results of operations.

BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, continued)

In January 2010, we adopted a newly issued accounting standard which requires additional disclosure about the amounts of and reasons for significant transfers in and out of Level 1 and Level 2 fair value measurements. This standard also clarified existing disclosure requirements related to the level of disaggregation of fair value measurements for each class of assets and liabilities and requires disclosures about inputs and valuation techniques used to measure fair value for both recurring and nonrecurring Level 2 and Level 3 measurements. In addition, effective for interim and annual periods beginning after December 15, 2010, which for Biogen Idec is January 1, 2011, this standard further requires an entity to present disaggregated information about activity in Level 3 fair value measurements on a gross basis, rather than as one net amount. As this newly issued accounting standard only requires enhanced disclosure, the adoption of this standard did not impact our financial position or results of operations.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion should be read in conjunction with our condensed consolidated financial statements and accompanying notes beginning on page 4 of this quarterly report on Form 10-Q and our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2010 (2010 Form 10-K). Certain totals may not sum due to rounding.

Executive Summary

Introduction

Biogen Idec is a global biotechnology company focused on discovering, developing, manufacturing and marketing products for the treatment of serious diseases with a focus on neurological disorders. We currently have four marketed products: AVONEX, RITUXAN, TYSABRI, and FUMADERM. Our marketed products are used for the treatment of multiple sclerosis (MS), non-Hodgkin's lymphoma (NHL), rheumatoid arthritis (RA), Crohn's disease, chronic lymphocytic leukemia (CLL), and psoriasis.

In the near term, our current and future revenues are dependent upon continued sales of our three principal products, AVONEX, RITUXAN and TYSABRI. In the longer term, our revenue growth will be dependent upon the successful pursuit of external business development opportunities and clinical development, regulatory approval and launch of new commercial product as well as upon our ability to protect our patents related to our marketed products and assets originating from our research and development efforts. As part of our ongoing research and development efforts, we have devoted significant resources to conducting clinical studies to advance the development of new pharmaceutical products and to explore the utility of our existing products in treating disorders beyond those currently approved in their labels.

In November 2010, we announced a number of strategic, operational and organizational initiatives, which are described below under the heading "*Restructuring Charge*." We expect to incur charges totaling approximately $100.0 million associated with the implementation of these initiatives. We incurred $16.6 million of these charges in the six months ended June 30, 2011 and $75.2 million of these charges in the fourth quarter of 2010. We expect that substantially all of the remaining restructuring charges will be incurred and paid by the end of 2011.

Financial Highlights

The following table is a summary of financial results achieved:

	For the Three Months Ended June 30,		
(In millions, except per share amounts and percentages)	**2011**	**2010**	**Change %**
Total revenues	$1,208.6	$1,212.7	(0.3)%
Income from operations	$ 410.8	$ 395.9	3.8%
Net income attributable to Biogen Idec Inc	$ 288.0	$ 293.4	(1.8)%
Diluted earnings per share attributable to Biogen Idec Inc	$ 1.18	$ 1.12	5.4%

As described below under *"Results of Operations,"* our operating results for the three months ended June 30, 2011 reflect the following:

- Worldwide AVONEX revenues totaled $659.2 million in the second quarter of 2011, representing an increase of 5.0% over the same period in 2010.
- Our share of TYSABRI revenues totaled $281.4 million in the second quarter of 2011, representing an increase of 28.4% over the same period in 2010.
- Our share of RITUXAN revenues totaled $216.5 million in the second quarter of 2011, representing a decrease of approximately 29.3% over the same period in 2010. This decrease was primarily the result of an accrual for estimated compensatory damages (including interest) relating to an intermediate

decision by the arbitrator in Genentech's ongoing arbitration with Hoechst GmbH. Accordingly, we have reduced our share of RITUXAN revenues from unconsolidated joint business by approximately $50.0 million in the second quarter of 2011. For additional information related to this matter, please read Note 20, *Litigation* to our condensed consolidated financial statements included within this report. This decrease was also driven by royalty expirations in our rest of world markets, a decrease in selling and development expenses incurred by us and reimbursed by Genentech, which are included within our total unconsolidated joint business revenue, and the recognition of a $21.3 million cumulative underpayment of royalties owed to us by Genentech in the second quarter of 2010. These decreases were offset in part by an increase in our share of net U.S. RITUXAN product revenues which increased 5.9% over the same period in 2010.

- Total cost and expenses decreased 2.3% in the second quarter of 2011, compared to the same period in 2010. Cost of sales and research and development expense decreased 6.1% and 13.9%, respectively, for the second quarter of 2011 over 2010. These decreases were offset by a 40.5% increase in collaboration profit sharing expense due to TYSABRI revenue growth.

We generated $683.2 million of net cash flow from operations for the six months ended June 30, 2011, which was primarily driven by earnings. Cash and cash equivalents and marketable securities totaled approximately $2,510.3 million as of June 30, 2011.

In February 2011, our Board of Directors authorized the repurchase of up to 20.0 million shares of our common stock. Under this authorization, we repurchased approximately 2.2 million and 5.0 million shares of our common stock at a cost of $191.3 million and $386.6 million, respectively, during the three and six months ended June 30, 2011.

Business Environment

We conduct our business primarily within the biotechnology and pharmaceutical industries, which are highly competitive. Many of our competitors are working to develop or have already developed products similar to those we are developing or already market. For example, along with us, a number of companies are working to develop or have already developed additional treatments for MS, including oral and other alternative formulations, that may compete with AVONEX and TYSABRI. In addition, the commercialization of certain of our own pipeline product candidates, such as BG-12 (dimethyl fumarate), may also negatively impact future sales of AVONEX and TYSABRI. We may also face increased competitive pressures as a result of the emergence of biosimilars. In the U.S., AVONEX, RITUXAN and TYSABRI are licensed under the Public Health Service Act (PHSA) as biological products. In March 2010, U.S. healthcare reform legislation amended the PHSA to authorize the U.S. Food and Drug Administration (FDA) to approve biological products, known as biosimilars or follow-on biologics, that are shown to be highly similar to previously approved biological products based upon potentially abbreviated data packages.

In addition, the economic environment in Europe has become increasingly challenging. Many of the countries in which we operate are seeking to reduce their public expenditures in light of the recent global economic downturn and we have encountered efforts to reform health care coverage and reduce health care costs. Moreover, the deterioration of the credit and economic conditions in certain countries in Europe has delayed reimbursement for our products and led to additional austerity measures aimed at reducing healthcare costs. Global efforts to reduce healthcare costs continue to exert pressure on product pricing and have negatively impacted our revenues and results of operations. For additional information about certain risks that could negatively impact our financial position or future results of operations, please read the *"Risk Factors"* section of this report.

Key Pipeline Developments

FAMPYRA

On July 20, 2011, the European Commission (EC) granted a conditional marketing authorisation for FAMPYRA in the E.U., which triggered a $25.0 million milestone payment payable to Acorda Therapeutics, Inc. (Acorda). FAMPYRA is an oral compound indicated as a treatment to improve walking ability in people

with MS. As part of the conditions of the conditional marketing authorisation for FAMPYRA, we will provide additional data from on-going clinical studies regarding FAMPYRA's benefits and safety in the long term. A conditional marketing authorization is renewable annually and is granted to a medicinal product with a positive benefit/risk assessment that fulfills an unmet medical need when the benefit to public health of immediate availability outweighs the risk inherent in the fact that additional data are still required. FAMPRYA also received authorization from the Australian Therapeutic Goods Administration in May 2011.

In 2009, we entered into a collaboration and license agreement with Acorda to develop and commercialize FAMPYRA and other aminopyridine products in markets outside the U.S. This transaction represents a sublicensing of an existing license agreement between Acorda and Elan. Acorda will supply our requirements for FAMPYRA through its existing supply agreement with Elan. Under our agreement with Acorda, we will commercialize FAMPYRA and have responsibility for regulatory activities and future clinical development of FAMPYRA outside the U.S. We will pay Acorda royalties based on ex-U.S. net sales, and milestones based on new indications and ex-U.S. net sales. These milestones include the $25.0 million payment for successful license of the product in the E.U. The next expected milestone would be $15.0 million, due when ex-U.S. net sales reach $100.0 million over four consecutive quarters. We will capitalize these milestones as they become payable as an intangible asset, which will be amortized utilizing an economic consumption model. Under the economic consumption model, the amount of amortization will be determined by calculating a ratio of actual current period sales to total anticipated sales for the life of the product and applying this ratio to the carrying amount of the intangible asset. We will recognize royalty payments as a component of cost of goods sold. For additional information related to our collaboration with Acorda, please read Note 19, *Collaborations* to our consolidated financial statements included within our 2010 Form 10-K.

BG-12

In April 2011, we announced positive results from DEFINE, the first of two pivotal Phase 3 clinical trials designed to evaluate our investigational oral compound BG-12 as a monotherapy in relapsing-remitting multiple sclerosis (RRMS). Results showed that 240 mg of BG-12, administered either twice or three times a day, met the primary and secondary study endpoints. Initial data from the trial also showed that BG-12 demonstrated a favorable safety and tolerability profile, consistent with what was seen in the published Phase 2 study of BG-12. A second Phase 3 RRMS clinical trial, CONFIRM, is currently underway, with results expected in the second half of 2011. The FDA rescinded the fast track designation for BG-12 due to the availability of another oral MS treatment on the market.

We have several patents and other rights applicable to BG-12. In the U.S., we are entitled to the five-year data exclusivity given to new chemical entities and we own a patent covering the administration of dimethyl fumarate (DMF), the active ingredient in BG-12, to treat MS and other autoimmune diseases. This patent expires in 2020 with a possible term extension to be determined. In the E.U., we have a patent covering our BG-12 formulation and the method of treating MS and other autoimmune diseases with our formulation that expires in 2019 and which may also be eligible for patent term extension in some countries. In the E.U., we believe that we are entitled to 8 years of data exclusivity and 2 years of market exclusivity because we believe BG-12 is a "New Active Substance" under E.U. law. While there is some uncertainty around achieving data protection in the E.U. as a "New Active Substance," we believe that our submission, which will be based upon an independent data package, will also support 10 years of data exclusivity.

We acquired BG-12 and FUMADERM (Fumapharm Products) as part of our acquisition of Fumapharm AG in 2006. We paid $220.0 million upon closing of the transaction and will pay an additional $15.0 million if a Fumapharm Product is approved for MS in the U.S. or E.U. We may also make additional milestone payments to Fumapharm AG based on attainment of certain sales levels of Fumapharm Products, less certain costs as defined in the acquisition agreement. These milestone payments are considered contingent consideration and will be accounted for as an increase to goodwill as incurred, in accordance with the accounting standard applicable to business combinations when we acquired Fumapharm. Milestone payments are due within 30 days following the end of the quarter in which the applicable sales level has been reached and are based upon the total sales of Fumapharm Products in the prior twelve month period.

Results of Operations

Revenues

Revenues are summarized as follows:

(In millions, except percentages)	For the Three Months Ended June 30, 2011		2010		For the Six Months Ended June 30, 2011		2010	
Product:								
United States	$ 490.6	40.6%	$ 433.0	35.7%	$ 951.0	39.4%	$ 843.5	36.3%
Rest of world	466.1	38.6%	426.2	35.1%	912.8	37.8%	840.0	36.2%
Total product revenues	956.7	79.2%	859.2	70.8%	1,863.8	77.3%	1,683.5	72.5%
Unconsolidated joint business	216.5	17.9%	306.4	25.3%	472.6	19.6%	561.3	24.2%
Other	35.5	2.9%	47.1	3.9%	75.6	3.1%	76.8	3.3%
Total revenues	$ 1,208.6	100.0%	$ 1,212.7	100.0%	$ 2,412.0	100.0%	$ 2,321.6	100.0%

Product Revenues

Product revenues are summarized as follows:

(In millions, except percentages)	For the Three Months Ended June 30, 2011		2010		For the Six Months Ended June 30, 2011		2010	
AVONEX	$ 659.2	68.9%	$ 628.1	73.1%	$ 1,301.7	69.8%	$ 1,220.7	72.5%
TYSABRI	281.4	29.4%	219.2	25.5%	532.8	28.6%	437.9	26.0%
Other	16.1	1.7%	11.9	1.4%	29.3	1.6%	24.9	1.5%
Total product revenues	$ 956.7	100.0%	$ 859.2	100.0%	$ 1,863.8	100.0%	$ 1,683.5	100.0%

AVONEX

Revenues from AVONEX are summarized as follows:

(In millions, except percentages)	For the Three Months Ended June 30, 2011	2010	Change %	For the Six Months Ended June 30, 2011	2010	Change %
United States	$ 409.4	$ 370.9	10.4%	$ 796.7	$ 720.9	10.5%
Rest of world	249.8	257.2	(2.9)%	505.0	499.8	1.0%
Total AVONEX revenues	$ 659.2	$ 628.1	5.0%	$ 1,301.7	$ 1,220.7	6.6%

For the three and six months ended June 30, 2011, compared to the same periods in 2010, the increase in U.S. AVONEX revenue was due to price increases, offset by decreased commercial demand. Decreased commercial demand resulted in declines of approximately 3% and 2%, respectively, in U.S. AVONEX unit sales volume for the three and six months ended June 30, 2011, over the prior year comparative periods.

For the three and six months ended June 30, 2011, compared to the same periods in 2010, rest of world AVONEX revenue reflects losses recognized in relation to the settlement of certain cash flow hedge instruments under our foreign currency hedging program and prices decreases in some countries, offset by increased commercial demand and the favorable impact of foreign currency exchange rates. Increased commercial demand resulted in increases of approximately 1% and 7%, respectively, in rest of world AVONEX unit sales volume for the three and six months ended June 30, 2011, over the prior year comparative periods. Losses recognized in relation to the settlement of certain cash flow hedge instruments under our foreign currency hedging program for the three and six months ended June 30, 2011, totaled $15.1 million and

$22.2 million, respectively, compared to gains recognized of $15.2 million and $13.9 million, respectively, in the prior year comparative periods.

We expect AVONEX to face increasing competition in the MS marketplace in both the U.S. and rest of world. We and a number of other companies are working to develop or have already developed products to treat MS, including oral and other alternative formulations, that may compete with AVONEX now and in the future. In addition, the continued growth of TYSABRI and the commercialization of our other pipeline product candidates may negatively impact future sales of AVONEX. Increased competition may also lead to reduced unit sales of AVONEX, as well as increasing price pressure.

TYSABRI

We collaborate with Elan Pharma International, Ltd (Elan), an affiliate of Elan Corporation, plc., on the development and commercialization of TYSABRI. For additional information related to this collaboration, please read Note 19, *Collaborations* to our consolidated financial statements included within our 2010 Form 10-K.

Revenues from TYSABRI are summarized as follows:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(In millions, except percentages)	**2011**	**2010**	**Change %**	**2011**	**2010**	**Change %**
United States	$ 81.2	$ 62.1	30.8%	$ 154.3	$ 122.6	25.9%
Rest of world	200.2	157.1	27.4%	378.4	315.3	20.0%
Total TYSABRI revenues	$ 281.4	$ 219.2	28.4%	$ 532.8	$ 437.9	21.7%

For the three and six months ended June 30, 2011, compared to the same periods in 2010, the increase in U.S. TYSABRI revenue was due to increased commercial demand and price increases. Increased commercial demand resulted in increases of approximately 10% and 11%, respectively, in U.S. TYSABRI unit sales volume for the three and six months ended June 30, 2011, over the prior year comparative periods. Net sales of TYSABRI from our collaboration partner, Elan, to third-party customers in the U.S. for the three and six months ended June 30, 2011, totaled $183.0 million and $353.0 million, respectively, compared to $144.9 million and $280.1 million, respectively, in the prior year comparative periods.

For the three and six months ended June 30, 2011, compared to the same periods in 2010, the increase in rest of world TYSABRI revenue was due to increased commercial demand and the favorable impact of foreign currency exchange rates, offset by price decreases in some countries. Increased commercial demand resulted in increases of approximately 20% and 19%, respectively, in rest of world TYSABRI unit sales volume for the three and six months ended June 30, 2011, over the prior year comparative periods. TYSABRI rest of world revenue for the three and six months ended June 30, 2011, also includes losses recognized in relation to the settlement of certain cash flow hedge instruments under our foreign currency hedging program totaling $3.4 million and $4.6 million, respectively, compared to gains recognized of $4.5 million and $6.0 million, respectively, in the prior year comparative periods.

In April 2011, the U.S. Food and Drug Administration (FDA) approved changes to the U.S. TYSABRI label to include a table summarizing the estimated incidence of progressive multifocal leukoencephalopathy (PML), a serious brain infection, according to the duration of TYSABRI therapy. In June 2011, the EMA approved the renewal of TYSABRI's marketing authorization in the E.U. TYSABRI will undergo a second renewal process in another five years.

E.U. and U.S. regulators continue to monitor and assess on an ongoing basis the criteria for confirming PML diagnosis, the number of PML cases, the incidence of PML in TYSABRI patients, the risk factors for PML, and TYSABRI's benefit-risk profile, which could result in further modifications to the respective labels or other restrictions on TYSABRI treatment. Safety warnings included in the TYSABRI label, and any future safety-related label changes, may limit the growth of TYSABRI unit sales. We continue to research and develop protocols and therapies that may reduce risk and improve outcomes of PML in patients. For example, we have initiated two clinical studies in the U.S., known as STRATIFY-1 and STRATIFY-2, that collectively are intended to define the

prevalence of serum JC virus antibody in patients with relapsing MS receiving or considering treatment with TYSABRI and the stratification of patients into lower or higher risk for developing PML based on antibody status. In June 2011, the EMA approved changes to the product label for TYSABRI in the E.U. to include anti-JC virus antibody status as a third risk factor to help stratify the risk of PML. Prior immunosuppressant therapy and TYSABRI treatment duration are two established risk factors already included in the product labeling. In addition, our JC virus assay became commercially available broadly in the E.U. in May 2011. We are pursuing regulatory approval of our JC virus assay in the U.S. and expect it will be available broadly in the U.S. later this year.

Our efforts to stratify patients into lower or higher risk for developing PML, and other ongoing or future clinical trials involving TYSABRI may have a negative impact on prescribing behavior in at least the short term, which may result in decreased product revenues from sales of TYSABRI. We also expect TYSABRI to face increasing competition in the MS marketplace in both the U.S. and rest of world. We and a number of other companies are working to develop or have already developed products to treat MS, including oral and other alternative formulations, that may compete with TYSABRI now and in the future. In addition, the commercialization of our other pipeline product candidates may negatively impact future sales of TYSABRI. Increased competition may also lead to reduced unit sales of TYSABRI, as well as increasing price pressure.

Unconsolidated Joint Business Revenues

We collaborate with Genentech on the development and commercialization of RITUXAN. In April 2011, the FDA approved RITUXAN, in combination with corticosteroids, as a new medicine for adults with Wegener's Granulomatosis (WG) and Microscopic Polyangiitis (MPA). WG and MPA are two severe forms of vasculitis called ANCA-Associated Vasculitis (AAV), a rare autoimmune disease that largely affects the small blood vessels of the kidneys, lungs, sinuses, and a variety of other organs.

For additional information related to this collaboration and additional information regarding the pretax co-promotion profit sharing formula for RITUXAN and its impact on future unconsolidated joint business revenues, please read Note 19, *Collaborations* to our consolidated financial statements included within our 2010 Form 10-K.

Revenues from unconsolidated joint business are summarized as follows:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(In millions, except percentages)	2011	2010	Change %	2011	2010	Change %
Biogen Idec's share of co-promotion profits in the U.S.	$ 189.6	$ 228.1	(16.9)%	$ 411.5	$ 428.4	(3.9)%
Reimbursement of selling and development expenses in the U.S.	1.8	17.6	(89.8)%	4.5	33.8	(86.7)%
Revenue on sales of RITUXAN in the rest of world	25.1	60.7	(58.6)%	56.6	99.1	(42.9)%
Total unconsolidated joint business revenues	$ 216.5	$ 306.4	(29.3)%	$ 472.6	$ 561.3	(15.8)%

For the three and six months ended June 30, 2011, compared to the same periods in 2010, our share of RITUXAN revenues from unconsolidated joint business in the U.S. decreased primarily as a result of an accrual for estimated compensatory damages (including interest) relating to an intermediate decision by the arbitrator in Genentech's ongoing arbitration with Hoechst GmbH. As disclosed in Note 20, *Litigation* to our condensed consolidated financial statements included within this report, Genentech and Hoechst have been arbitrating Hoechst's claims under a license agreement between Hoechst's predecessor and Genentech that was terminated in October 2008. The license agreement provided for royalty payments of 0.5% on net sales of certain products defined by the agreement. In June 2011, the arbitrator issued an intermediate decision indicating that RITUXAN is such a product and ordering Genentech to provide certain RITUXAN sales information for the period from December 15, 1998 to October 27, 2008. The arbitrator will use this information to ascertain the amount of damages to be awarded to Hoechst. On July 11, 2011, Genentech filed a Declaration of Appeal from the intermediate decision in the Court of Appeals in Paris, which is pending.

Although we are not a party to the arbitration, we expect that certain damages that may be awarded to Hoechst will be a cost charged to our collaboration with Genentech. Accordingly, we have reduced our share of RITUXAN revenue from unconsolidated joint business by approximately $50.0 million in the second quarter of 2011, as a result of this accrual. We expect the impact in subsequent quarters will be limited to adjustments necessary to reflect the difference between our estimate and the damages attributable to our collaboration or a successful challenge by Genentech of the arbitrator's decision.

Biogen Idec's Share of Co-Promotion Profits in the U.S.

The following table provides a summary of amounts comprising our share of co-promotion profits in the U.S.:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(In millions, except percentages)	**2011**	**2010**	**Change %**	**2011**	**2010**	**Change %**
Product revenues, net	$ 748.8	$ 707.1	5.9%	$ 1,470.7	$ 1,393.8	5.5%
Cost and expenses	275.5	136.8	101.4%	430.2	310.2	38.7%
Co-promotion profits in the U.S.	$ 473.3	$ 570.3	(17.0)%	$ 1,040.5	$ 1,083.6	(4.0)%
Biogen Idec's share of co-promotion profits in the U.S.	$ 189.6	$ 228.1	(16.9)%	$ 411.5	$ 428.4	(3.9)%

For the three and six months ended June 30, 2011, compared to the same periods in 2010, the increase in U.S. RITUXAN product revenues was primarily due to price increases and increased commercial demand. Increased commercial demand resulted in increases of approximately 3.3% and 3.6%, respectively, in U.S. RITUXAN unit sales volume for the three and six months ended June 30, 2011, over the prior year comparative periods. U.S. RITUXAN product revenues for the first six months of 2011 were also negatively impacted by an increase in reserves established for rebates and allowances related to the U.S. healthcare reform legislation enacted in March 2010.

Total collaboration cost and expenses for the three and six months ended June 30, 2011, compared to the same periods in 2010, increased primarily as a result of the accrual for estimated compensatory damages (including interest), as discussed above, relating to an intermediate decision by the arbitrator in Genentech's ongoing arbitration with Hoechst. In addition, total collaboration cost and expenses for the three and six months ended June 30, 2011, compared to the same periods in 2010, were also negatively impacted by a new fee which became payable in 2011 by all branded prescription drug manufacturers and importers. This fee will be calculated based upon each organization's percentage share of total branded prescription drug sales to qualifying U.S. government programs (such as Medicare, Medicaid and VA and PHS discount programs). We estimate that the fee assessed to Genentech on qualifying sales of RITUXAN will result in a reduction of our share of pre-tax co-promotion profits in the U.S. of approximately $15.0 million in 2011.

Under our collaboration agreement, our current pretax co-promotion profit-sharing formula, which resets annually, provides for a 40% share of co-promotion profits if co-promotion operating profits exceed $50.0 million. For 2011 and 2010, the 40% threshold was met in the first quarter.

Reimbursement of Selling and Development Expenses in the U.S.

In the fourth quarter of 2010, as part of our restructuring initiative, which is described below under the heading *"Restructuring Charge,"* we and Genentech made an operational decision under which we eliminated our RITUXAN oncology and rheumatology sales force, with Genentech assuming responsibility for the U.S. sales and marketing efforts related to RITUXAN. We believe that centralizing the sales force will enhance the sales effectiveness and profitability of our collaboration for the sale of RITUXAN in the U.S. As a result of this change, selling and development expense incurred by us in the U.S. and reimbursed by Genentech decreased for the three and six months ended June 30, 2011, in comparison to the same periods in 2010.

Revenue on Sales of RITUXAN in the Rest of the World

Revenue on sales of RITUXAN in the rest of world consists of our share of pretax co-promotion profits in Canada and royalty revenue on sales of RITUXAN outside the U.S. and Canada. For the three and six months ended June 30, 2011, compared to the same periods in 2010, the decline in revenue on sales of RITUXAN in the rest of world was due to the expiration of royalties on a country-by-country basis in certain of our rest of world markets. In addition, revenue on sales of RITUXAN in the rest of world for the three and six months ended June 30, 2010, also reflected a cumulative underpayment of royalties owed to us on sales of RITUXAN in the rest of world totaling $21.3 million.

The royalty period for sales in the rest of world with respect to all products is 11 years from the first commercial sale of such product on a country-by-country basis. The royalty periods for substantially all of the remaining royalty-bearing sales of RITUXAN in the rest of the world will expire through 2012. As a result of these expirations, we expect royalty revenues derived from sales of RITUXAN in the rest of world to continue to decline in future periods.

Other Revenues

Other revenues are summarized as follows:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(In millions, except percentages)	2011	2010	Change %	2011	2010	Change %
Royalty revenues	$ 28.6	$ 30.1	(5.0)%	$ 54.2	$ 56.1	(3.4)%
Corporate partner revenues	6.9	17.0	(59.4)%	21.4	20.7	3.4%
Total other revenues	$ 35.5	$ 47.1	(24.6)%	$ 75.6	$ 76.8	(1.6)%

Royalty Revenues

We receive royalties on sales by our licensees of a number of products covered under patents we own. For the three and six months ended June 30, 2011, compared to the same periods in 2010, royalty revenues remained relatively unchanged.

Our most significant source of royalty revenue is derived from worldwide sales of ANGIOMAX by The Medicines Company (TMC). Royalty revenues related to the sales of ANGIOMAX are recognized in an amount equal to the level of net sales achieved during a calendar year multiplied by the royalty rate in effect for that tier under our agreement with TMC. The royalty rate increases based upon which tier of total net sales are earned in any calendar year. The increased royalty rate is applied retroactively to the first dollar of net sales achieved during the year. This formula has the effect of increasing the amount of royalty revenue to be recognized in later quarters and, as a result, an adjustment is recorded in the periods in which an increase in royalty rate has been achieved.

Under the terms of our agreement, TMC is obligated to pay us royalties earned, on a country-by-country basis, until the later of (1) twelve years from the date of the first commercial sale of ANGIOMAX in such country or (2) the date upon which the product is no longer covered by a patent in such country. The annual royalty rate is reduced by a specified percentage in any country where the product is no longer covered by a patent and where sales have been reduced to a certain volume-based market share. TMC began selling ANGIOMAX in the U.S. in January 2001. The principal U.S. patent that covers ANGIOMAX was due to expire in March 2010 and TMC applied for an extension of the term of this patent. Initially, the U.S. Patent and Trademark Office (PTO) rejected TMC's application because in its view the application was not timely filed. TMC sued the PTO in federal district court seeking to extend the term of the principal U.S. patent to December 2014. On August 3, 2010, the federal district court ordered the PTO to deem the application as timely filed. The PTO did not appeal the order, but a generic manufacturer is challenging the order in an appellate proceeding. The PTO has granted an interim extension of the patent term until August 13, 2011. In the event that TMC is unsuccessful in obtaining a patent term extension thereafter and third parties sell

products comparable to ANGIOMAX, we would expect a significant decrease in royalty revenues due to increased competition, which may impact sales and result in lower royalty tiered rates.

Corporate Partner Revenues

Corporate partner revenue for the six months ended June 30, 2011, include a one-time cash payment of approximately $11.0 million received in exchange for entering into an asset transfer agreement in March 2011, related to two research and development programs that were discontinued in connection with our *Framework for Growth* restructuring initiative.

Corporate partner revenue for the three and six months ended June 30, 2010, were favorably impacted by amounts earned under the terms of our 2006 contract manufacturing agreement with Astellas Pharma US, Inc. for the supply of AMEVIVE.

Provision for Discounts and Allowances

Revenues from product sales are recorded net of applicable allowances for trade term discounts, wholesaler incentives, Medicaid rebates, Veterans Administration (VA) and Public Health Service (PHS) discounts, managed care rebates, product returns, and other governmental discounts or applicable allowances. Reserves established for these discounts and allowances are classified as reductions of accounts receivable (if the amount is payable to our direct customer) or a liability (if the amount is payable to a party other than our customer). These reserves are based on estimates of the amounts earned or claimed on the related sales. Our estimates take into consideration our historical experience, current contractual and statutory requirements, specific known market events and trends and forecasted customer buying patterns. Actual amounts may ultimately differ from our estimates. If actual results vary, we will need to adjust these estimates, which could have an effect on earnings in the periods of the adjustment. The estimates we make with respect to these allowances represent the most significant judgments with regard to revenue recognition.

Reserves for discounts, contractual adjustments and returns that reduced gross product revenues are summarized as follows:

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(In millions, except percentages)	2011	2010	Change %	2011	2010	Change %
Discounts	$ 23.4	$ 20.1	16.4%	$ 47.2	$ 39.4	19.8%
Contractual adjustments	80.0	66.4	20.5%	166.2	122.3	35.9%
Returns	4.0	1.9	110.5%	6.8	6.5	4.6%
Total allowances	$ 107.4	$ 88.4	21.5%	$ 220.2	$ 168.2	30.9%
Gross product revenues	$ 1,064.1	$ 947.6	12.3%	$ 2,084.0	$ 1,851.7	12.5%
Percent of gross product revenues	10.1%	9.3%		10.6%	9.1%	

Discount reserves include trade term discounts and wholesaler incentives. For the three and six months ended June 30, 2011, compared to the same periods in 2010, the increase in discounts was primarily driven by increases in trade term discounts and wholesaler incentives as a result of price increases.

Contractual adjustment reserves relate to Medicaid and managed care rebates, VA and PHS discounts and other governmental rebates or applicable allowances. For the three and six months ended June 30, 2011, compared to the same periods in 2010, the increase in contractual adjustments was primarily due to higher reserves for managed care and Medicaid and VA programs principally associated with price increases in the U.S. and an increase in contractual rates as well as an increase in governmental rebates and allowances associated with the implementation of pricing actions in certain of the international markets in which we operate.

Product return reserves are established for returns made by wholesalers. In accordance with contractual terms, wholesalers are permitted to return product for reasons such as damaged or expired product. The majority of wholesaler returns are due to product expiration. We also accept returns from our patients for various reasons. Reserves for product returns are recorded in the period the related revenue is recognized, resulting in a reduction to product sales. For the three and six months ended June 30, 2011, compared to the same periods in 2010, return reserves were similar.

Cost and Expenses

A summary of total cost and expenses is as follows:

(In millions, except percentages)	For the Three Months Ended June 30, 2011	2010	Change %	For the Six Months Ended June 30, 2011	2010	Change %
Cost of sales, excluding amortization of acquired intangible assets	$ 100.5	$ 107.0	(6.1)%	$ 203.6	$ 204.0	(0.2)%
Research and development	285.6	331.7	(13.9)%	579.3	638.7	(9.3)%
Selling, general and administrative	266.3	262.3	1.5%	510.8	511.0	(0.0)%
Collaboration profit sharing	88.1	62.7	40.5%	162.8	126.2	29.0%
Amortization of acquired intangible assets	55.1	53.1	3.8%	108.4	102.0	6.3%
Acquired in-process research and development	—	—	**	—	40.0	(100.0)%
Restructuring charge	—	—	**	16.6	—	**
Fair value adjustment of contingent consideration	2.2	—	**	3.4	—	**
Total cost and expenses	$ 797.8	$ 816.8	(2.3)%	$ 1,584.9	$ 1,622.0	(2.3)%

Cost of Sales, Excluding Amortization of Acquired Intangible Assets (Cost of Sales)

(In millions, except percentages)	For the Three Months Ended June 30, 2011	2010	Change %	For the Six Months Ended June 30, 2011	2010	Change %
Cost of sales	$100.5	$107.0	(6.1)%	$203.6	$204.0	(0.2)%

For the three and six months ended June 30, 2011, compared to the same periods in 2010, cost of sales reflects an increase in costs resulting from increased unit sales volumes, the impact of which were offset by incremental period expenses recognized during the second quarter of 2010. Cost of sales for the three and six months ended June 30, 2010, include a $5.5 million increase in costs associated with the supply of AMEVIVE and a $6.7 million charge related to the temporary suspension of operations at our manufacturing facility in Research Triangle Park, North Carolina for capital upgrades. In addition, the sale of inventory produced under our new high-titer production process also reduced our cost of sales by $5.5 million and $10.8 million in the three and six months ended June 30, 2011, as compared the prior year comparative periods.

We expect an increase in cost of sales for the full year 2011, relative to prior year comparative periods, as a result of increased production costs and an increase in expected contract manufacturing activity in the second half of 2011, as well as due to costs associated with AVONEX PEN and the JC virus antibody assay.

Research and Development

(In millions, except percentages)	For the Three Months Ended June 30, 2011	2010	Change %	For the Six Months Ended June 30, 2011	2010	Change %
Research and development	$285.6	$331.7	(13.9)%	$579.3	$638.7	(9.3)%

For the three and six months ended June 30, 2011, compared to the same periods in 2010, the decrease in research and development expense reflects our efforts to reallocate resources within our research and

development organization consistent with our restructuring initiative. The savings expected to be achieved in 2011, in comparison to 2010, will be offset to some degree by research and development costs associated with initiatives to grow our business.

The decrease for the three and six month comparative periods is primarily attributable to a reduction in spending related to certain programs which were terminated or are in the process of being discontinued as well as a reduction in workforce. These decreases are offset by an increase in research and development spend resulting from increased clinical trial activity for certain of our product candidates in or near registrational stage development, including among others, our dexpramipexole, Factor VIII, Factor IX, and PEGylated interferon beta-1a programs as well as an increase in spending associated with our efforts to research and develop protocols that may reduce the risk and improve outcomes of PML in patients treated with TYSABRI. Research and development expense for the three months ended June 30, 2010, also included a $30.0 milestone paid to Abbott Biotherapeutics Corp, formerly Facet Biotech, in May 2010.

We intend to continue committing significant resources on targeted research and development opportunities, where there is a significant unmet need and where the drug candidate has the potential to be highly differentiated. Specifically, we intend to make significant investments during 2011 in the advancement of BG-12 and our Factor VIII and Factor IX hemophilia programs. We also intend in 2011 to invest in bringing forward our MS pipeline and in pursuing therapies for other neurodegenerative diseases.

Milestone Payments

In March 2011, we dosed the first patient in a registrational study for dexpramipexole, in development for amyotrophic lateral sclerosis (ALS). The achievement of this milestone resulted in a $10.0 million payment due to Knopp Neurosciences, Inc. (Knopp). As we consolidate Knopp, we recognized this payment as a charge to noncontrolling interests in the first quarter of 2011.

In April 2011, we submitted an Investigational New Drug application for BIIB037 (human anti-Amyloid β mAb) a beta-amyloid removal therapy, which triggered a $15.0 million milestone payment due to Neurimmune SubOne AG (Neurimmune). BIIB037 is being developed for the treatment of Alzheimer's disease. As we consolidate Neurimmune, we recognized this payment as a charge to noncontrolling interests in the second quarter of 2011.

In July 2011, the European Commission (EC) granted a conditional marketing authorisation for FAMPYRA in the E.U., which triggered a $25.0 million milestone payment payable to Acorda Therapeutics, Inc. (Acorda). FAMPYRA, is an oral compound indicated as a treatment to improve walking ability in people with MS. We will capitalize this milestone payment as an intangible asset in the third quarter of 2011.

Selling, General and Administrative

	For the Three Months Ended June 30,			For the Six Months Ended June 30,		
(In millions, except percentages)	**2011**	**2010**	**Change %**	**2011**	**2010**	**Change %**
Selling, general and administrative	$266.3	$262.3	1.5%	$510.8	$511.0	(0.0)%

Selling, general and administrative expenses are primarily comprised of compensation and benefits associated with sales and marketing, finance, human resources, legal and other administrative personnel, outside marketing and legal expenses and other general and administrative costs.

For the three and six months ended June 30, 2011, compared to the same periods in 2010, selling, general and administrative expenses reflect savings realized through our restructuring initiatives, which are described below under the heading "*Restructuring Charge,*" offset to some degree by costs associated with initiatives to grow our business, the negative impact of foreign currency exchange rates and increased sales and marketing activities in support of AVONEX and TYSABRI. Included within selling, general and administrative expenses for the three and six months ended June 30, 2010, are incremental charges of $8.0 million and $18.6 million, respectively, which were recognized in relation to the modification of equity based compensation in

accordance with the transition agreement entered into with James C. Mullen, who retired as our President and Chief Executive Officer on June 8, 2010.

Collaboration Profit Sharing

(In millions, except percentages)	For the Three Months Ended June 30, 2011	2010	Change %	For the Six Months Ended June 30, 2011	2010	Change %
Collaboration profit sharing	$88.1	$62.7	40.5%	$162.8	$126.2	29.0%

For the three and six months ended June 30, 2011, compared to the same periods in 2010, the increase in collaboration profit sharing expense was due to the continued increase in TYSABRI rest of world sales resulting in higher rest of world net operating profits to be shared with Elan and resulting in growth in the third-party royalties Elan paid on behalf of the collaboration. For the three and six months ended June 30, 2011, our collaboration profit sharing expense included $15.2 million and $28.2 million, respectively, related to the reimbursement of third-party royalty payments made by Elan as compared to $11.1 million and $22.5 million, respectively, in the prior year comparative periods. For additional information related to this collaboration, please read Note 19, *Collaborations* to our consolidated financial statements included within our 2010 Form 10-K.

Amortization of Acquired Intangible Assets

(In millions, except percentages)	For the Three Months Ended June 30, 2011	2010	Change %	For the Six Months Ended June 30, 2011	2010	Change %
Amortization of acquired intangible assets	$55.1	$53.1	3.8%	$108.4	$102.0	6.3%

Our most significant intangible asset is the core technology related to our AVONEX product. Our amortization policy reflects our belief that the economic benefit of our core technology is consumed as revenue is generated from our AVONEX product. We refer to this amortization methodology as the economic consumption model, which involves calculating a ratio of actual current period sales to total anticipated sales for the life of the product and applying this ratio to the carrying amount of the intangible asset. An analysis of the anticipated lifetime revenue of AVONEX is performed at least annually during our long range planning cycle, and this analysis serves as the basis for the calculation of our economic consumption amortization model. Although we believe this process has allowed us to reliably determine the best estimate of the pattern in which we will consume the economic benefits of our core technology intangible asset, the model could result in deferring amortization charges to future periods in certain instances, due to continued sales of the product at a nominal level after patent expiration or otherwise. In order to ensure that amortization charges are not unreasonably deferred to future periods, we compare the amount of amortization determined under the economic consumption model against the minimum amount of amortization recalculated each year under the straight-line method and record the higher amount.

We completed our most recent long range planning cycle in the third quarter of 2010. This analysis is based upon certain assumptions that we evaluate on a periodic basis, such as the anticipated product sales of AVONEX and expected impact of competitor products and our own pipeline product candidates, as well as the issuance of new patents or the extension of existing patents. Based upon this analysis, we have continued to amortize this asset on the economic consumption model.

Based upon our most recent analysis, amortization for acquired intangible assets is expected to be in the range of approximately $180.0 million to $220.0 million annually through 2015.

We monitor events and expectations on product performance. If there are any indications that the assumptions underlying our most recent analysis would be different than those utilized within our current estimates, our analysis would be updated and may result in a significant change in the anticipated lifetime revenue of AVONEX determined during our most recent annual review. For example, the occurrence of an adverse event, such as the invalidation of our AVONEX ‘755 Patent issued in September 2009, could substantially increase the amount of amortization expense associated with our acquired intangible assets as

compared to previous periods or our current expectations, which may result in a significant negative impact on our future results of operations.

Acquired In-Process Research and Development (IPR&D)

(In millions, except percentages)	For the Three Months Ended June 30, 2011	2010	Change %	For the Six Months Ended June 30, 2011	2010	Change %
Acquired in-process research and development	$ —	$ —	**	$ —	$40.0	(100.0)%

In connection with our acquisition of Biogen Idec Hemophilia Inc., formerly Syntonix Pharmaceuticals, Inc. (Syntonix), in January 2007, we agreed to make additional payments based upon the achievement of certain milestone events. One of these milestones was achieved when, in January 2010, we initiated patient enrollment in a registrational trial of Factor IX in hemophilia B. As a result of the achievement of this milestone we paid approximately $40.0 million to the former shareholders of Syntonix, which was reflected as a charge to acquired IPR&D within our condensed consolidated statement of income for the six months ended June 30, 2010.

Restructuring Charge

(In millions, except percentages)	For the Three Months Ended June 30, 2011	2010	Change %	For the Six Months Ended June 30, 2011	2010	Change %
Restructuring charge	$ —	$ —	**	$ 16.6	$ —	**

In November 2010, we announced a number of strategic, operational, and organizational initiatives designed to provide a framework for the future growth of our business and realign our overall structure to become a more efficient and cost effective organization. As part of this initiative:

- We have out-licensed, terminated or are in the process of discontinuing certain research and development programs, including those in oncology and cardiovascular medicine that are no longer a strategic fit for us.
- We have completed a 13% reduction in workforce spanning our sales, research and development, and administrative functions.
- As of June 30, 2011, we have vacated the San Diego, California facility and consolidated certain of our Massachusetts facilities. For a more detailed description of transactions affecting our facilities, please read Note 11, *Property, Plant and Equipment* to our condensed consolidated financial statements included within this report.

We expect to fully realize annual operating expense savings of approximately $300.0 million beginning in the second half of 2011 as result of these initiatives. The substantial majority of the savings will be realized within research and development and selling, general and administrative expense. These expected savings will be offset to some degree by costs associated with initiatives to grow our business.

Based upon our most recent estimates, we expect to incur total restructuring charges of approximately $100.0 million associated with the implementation of these initiatives, which we expect will be substantially incurred and paid by the end of 2011. Costs associated with our workforce reduction primarily relate to employee severance and benefits. Facility consolidation costs are primarily comprised of charges associated with closing these facilities, related lease obligations and additional depreciation recognized when the expected useful lives of certain assets have been shortened due to the consolidation and closing of related facilities and the discontinuation of certain research and development programs. We incurred $16.6 million of these charges in the six months ended June 30, 2011 and $75.2 million of these charges in the fourth quarter of 2010.

For the three and six months ended June 30, 2011, we recognized restructuring charges of $1.5 million and $6.0 million, respectively, in relation to the consolidation of our facilities inclusive of amounts related to additional depreciation. For the six months ended June 30, 2011, we recognized net restructuring charges of $10.5 million in relation to our workforce reduction initiatives. Restructuring charges related to workforce

reduction for the three months ended June 30, 2011 reflect $2.7 million of expense offset by net adjustments of $4.4 million, which primarily resulted from revisions to our previous estimates for health and welfare benefit costs for terminated employees.

The following table summarizes the activity of our restructuring liability:

(In millions)	Workforce Reduction	Facility Consolidation	Total
Restructuring reserve as of December 31, 2010	$ 60.6	$ 5.8	$ 66.4
Expense	12.1	2.4	14.5
(Payments) receipts, net	(73.8)	(2.0)	(75.8)
Adjustments to previous estimates, net	(1.6)	—	(1.6)
Other adjustments	8.6	(3.2)	5.4
Restructuring reserve as of June 30, 2011	$ 5.9	$ 3.0	$ 8.9

Fair Value Adjustment of Contingent Consideration

(In millions, except percentages)	For the Three Months Ended June 30, 2011	2010	Change %	For the Six Months Ended June 30, 2011	2010	Change %
Fair value adjustment of contingent consideration	$2.2	$ —	**	$3.4	$ —	**

In December 2010, we acquired 100% of the stock of Panima Pharmaceuticals AG (Panima), an affiliate of Neurimmune AG. The purchase price was comprised of a $32.5 million cash payment, plus up to $395.0 million in contingent cash consideration payable upon the achievement of development milestones. Upon acquisition, we recorded a liability of $81.2 million representing the acquisition date fair value of the contingent consideration. Subsequent changes in the fair value of this obligation are recognized as adjustments to contingent consideration within our consolidated statement of income.

As of June 30, 2011, the fair value of the total contingent consideration obligation was $84.6 million. In addition, we recorded contingent consideration expense of $2.2 million and $3.4 million, respectively, for the three and six months ended June 30, 2011, reflecting the change in the fair value of this obligation. The change in fair value of this obligation for both the three and six month periods was primarily due to changes in the discount rate and in the expected timing related to the achievement of certain developmental milestones.

Other Income (Expense), Net

(In millions, except percentages)	For the Three Months Ended June 30, 2011	2010	Change %	For the Six Months Ended June 30, 2011	2010	Change %
Interest income	$ 4.3	$ 6.7	(35.8)%	$ 8.0	$ 15.6	(48.7)%
Interest expense	(8.4)	(9.0)	(6.7)%	(17.6)	(17.3)	1.7%
Impairments of investments	(5.5)	(1.2)	358.3%	(6.8)	(17.0)	(60.0)%
Foreign exchange gains (losses), net	(0.6)	(0.7)	(14.3)%	(1.0)	0.3	(433.3)%
Gain (loss) on sales of investments, net	0.2	6.3	(96.8)%	15.5	11.3	37.2%
Other, net	(1.7)	(1.1)	(54.5)%	0.1	(0.3)	133.3%
Total other income (expense), net	$ (11.7)	$ 1.0	(1270.0)%	$ (1.8)	$ (7.4)	(75.7)%

Interest Income

For the three and six months ended June 30, 2011, compared to the same periods in 2010, interest income decreased primarily due to lower yields on cash, cash equivalents and marketable securities.

Interest Expense

For the three and six months ended June 30, 2011, compared to the same periods in 2010, interest expense remained relatively unchanged.

For the three and six months ended June 30, 2011, we capitalized interest costs related to construction in progress totaling approximately $8.3 million, and $15.9 million, respectively, which reduced our interest expense by the same amount. We capitalized $6.9 million and $14.7 million, respectively, in the prior year comparative periods. Capitalized interest costs are primarily related to the development of our large-scale biologic manufacturing facility in Hillerød, Denmark.

Based on our current manufacturing utilization strategy, we plan to begin manufacturing product in 2012, upon completion of the facility's process validation activities.

Impairment on Investments

For the three and six months ended June 30, 2011, we recognized $5.5 million and $6.8 million, respectively, in charges for the impairment of our investments in venture capital funds and investments in privately-held companies. No impairments were recognized in relation to our publicly-held strategic investments.

For the three and six months ended June 30, 2010, we recognized $1.2 million and $17.0 million, respectively, in charges for the impairment of our publicly-held strategic investments, investments in venture capital funds and investments in privately-held companies.

Gain on Sale of Investments, net

For the three and six months ended June 30, 2011, we realized net gains of $0.2 million and $15.5 million, respectively, on the sale of investments. Included within the net gains realized in the six months ended June 30, 2011 is a gain of $13.8 million on the sale of stock from our strategic investment portfolio that was deemed to be no longer strategic.

Income Tax Provision

(In millions, except percentages)	For the Three Months Ended June 30, 2011	2010	Change %	For the Six Months Ended June 30, 2011	2010	Change %
Effective tax rate on pre-tax income	23.8%	25.8%	(7.8)%	25.7%	25.7%	0.0%
Income tax expense	$95.0	$102.2	(7.0)%	$212.5	$177.6	19.7%

Our effective tax rate fluctuates from year to year due to the global nature of our operations. The factors that most significantly impact our effective tax rate include variability in the allocation of our taxable earnings between multiple jurisdictions, changes in tax laws, acquisitions and licensing transactions.

The decrease in our tax rate for the three and six months ended June 30, 2011, compared to the same periods in 2010, was primarily due to an increase in research and development expenditures eligible for the orphan drug credit and a lower effective state tax rate resulting from a change in state law, offset by a higher percentage of our 2011 profits being earned in higher tax rate jurisdictions, principally the U.S. In addition, our effective tax rate was favorably impacted by the settlement of an outstanding IRS audit matter in the first quarter of 2011.

For a detailed income tax rate reconciliation for the three and six months ended June 30, 2011 and 2010, please read Note 16, *Income Taxes* to our condensed consolidated financial statements included within this report.

Noncontrolling Interests

(In millions)	For the Three Months Ended June 30, 2011	2010	Change %	For the Six Months Ended June 30, 2011	2010	Change %
Net income attributable to noncontrolling interests, net of tax	$16.0	$1.2	1,233.3%	$30.5	$3.8	702.6%

For the three and six months ended June 30, 2011, compared to the same periods in 2010, the change in net income attributable to noncontrolling interests primarily resulted from the attribution of a $15.0 million milestone payment due Neurimmune offset by the attribution of earnings from our foreign joint ventures, which were relatively consistent in each period. Net income attributable to noncontrolling interests for the six months ended June 30, 2011, also included the attribution of a $10.0 million payment due to Knopp upon the achievement of a milestone in the first quarter 2011.

New Cambridge Leases

In July 2011, we executed leases for two office buildings to be built in Cambridge, Massachusetts. We expect construction to begin in late 2011, with a planned occupancy during the second half of 2013. These buildings, totaling approximately 500,000 square feet, will serve as the future location of our corporate headquarters and commercial operations. These buildings will also provide additional general and administrative and research and development office space. The leases both have 15 year terms and we have options to extend the term of each lease for two additional five-year terms. Future minimum rental commitments under these leases will total approximately $340.0 million over the initial 15 year lease terms. In addition to rent, the leases require us to pay additional amounts for taxes, insurance, maintenance and other operating expenses.

As a result of our decision to relocate our corporate headquarters and centralize our campus in Cambridge, Massachusetts, we expect to vacate our Weston, Massachusetts facility upon completion of the new buildings. Based upon our most recent estimates, we expect to incur a charge of approximately $35.0 million upon vacating this facility. This amount represents our remaining Weston lease obligation, net of our estimate of sublease income expected to be recovered. In addition, this decision has also resulted in a change in the expected useful lives of certain leasehold improvements and other assets, which have been shortened due to our anticipated departure from this facility and will result in approximately $25.0 million of

additional depreciation that will be realized ratably through the date upon which we expect to vacate the Weston facility.

Market Risk

We conduct business globally. As a result, our international operations are subject to certain opportunities and risks which may affect our results of operations, including volatility in foreign currency exchange rates or weak economic conditions in the foreign markets in which we operate.

Foreign Currency Exchange Risk

Our results of operations are subject to foreign currency exchange rate fluctuations due to the global nature of our operations. While the financial results of our global activities are reported in U.S. dollars, the functional currency for most of our foreign subsidiaries is their respective local currency. Fluctuations in the foreign currency exchange rates of the countries in which we do business will affect our operating results, often in ways that are difficult to predict. For example, when the U.S. dollar strengthens against foreign currencies, the relative value of sales made in the respective foreign currencies decreases, conversely, when the U.S. dollar weakens against foreign currencies, the relative amount of such sales in U.S. dollars increases.

Our net income may also fluctuate due to the impact of our foreign currency hedging program, which is designed to mitigate, over time, a portion of the impact resulting from volatility in exchange rate changes on net income and earnings per share. We use foreign currency forward contracts to manage foreign currency risk with the majority of our forward contracts used to hedge certain forecasted revenue transactions denominated in foreign currencies. Foreign currency gains or losses arising from our operations are recognized in the period in which we incur those gains or losses.

Pricing Pressure

We operate in certain countries where the economic conditions continue to present significant challenges. Many countries are reducing their public expenditures in light of the global economic downturn and the deterioration of the credit and economic conditions in certain countries in Europe. As a result, we expect to see continued efforts to reduce healthcare costs, particularly in certain of the international markets in which we operate. The implementation of pricing actions varies by country and certain measures already implemented, which include among other things, mandatory price reductions and suspensions on pricing increases on pharmaceuticals, have negatively impacted our revenues. In addition, certain countries set prices by reference to the prices in other countries where our products are marketed. Thus, our inability to secure adequate prices in a particular country may also impair our ability to obtain acceptable prices in existing and potential new markets. We expect that our revenues and results of operations will be further negatively impacted if these, similar or more extensive measures are, or continue to be, implemented in other countries in which we operate.

Credit Risk

We are subject to credit risk from our accounts receivable related to our product sales. The majority of our accounts receivable arise from product sales in the U.S. and Europe with concentrations of credit risk limited due to the wide variety of customers and markets using our products, as well as their dispersion across many different geographic areas. Our accounts receivable are primarily due from wholesale distributors, large pharmaceutical companies, public hospitals and other government entities. We monitor the financial performance and credit worthiness of our large customers so that we can properly assess and respond to changes in their credit profile. We operate in certain countries where the economic conditions continue to present significant challenges. We continue to monitor these conditions, including the volatility associated with international economies and associated impacts on the relevant financial markets and our business. Our historical write-offs of accounts receivable have not been significant.

Within the European Union, our product sales in Italy, Spain, and Portugal continue to be subject to significant payment delays due to government funding and reimbursement practices. The credit and economic conditions within these countries have deteriorated. These conditions have increased, and may continue to increase, the average length of time that it takes to collect on our accounts receivable outstanding in these countries. As of June 30, 2011, our accounts receivable balances in Italy, Spain and Portugal totaled $277.5 million.

Our net accounts receivable balances from product sales in these countries are summarized as follows:

	As of June 30, 2011		
(In millions)	Balance Included within Accounts Receivable, Net	Balance Included within Investments and Other Assets	Total
Italy	$116.5	$11.3	$127.8
Spain	$ 81.7	$36.7	$118.4
Portugal	$ 23.9	$ 7.4	$ 31.3

	As of December 31, 2010		
(In millions)	Balance Included within Accounts Receivable, Net	Balance Included within Investments and Other Assets	Total
Italy	$103.2	$14.8	$118.0
Spain	$ 70.8	$29.8	$100.6
Portugal	$ 17.8	$ 5.5	$ 23.3

Of the amounts included within the tables above, approximately $53.5 million and $45.0 million were outstanding for more than one year as of June 30, 2011 and December 31, 2010, respectively. Amounts included as a component of investments and other assets within our condensed consolidated balance sheets represent amounts that are expected to be collected beyond one year.

In May 2011, European Union finance ministers approved a three-year EUR78 billion rescue package for Portugal. Under the terms of the package, Portugal is required to correct its excessive deficit by 2013 and improve the efficiency and effectiveness of its health care system, including through austerity measures aimed at reducing healthcare costs. These measures include plans to standardize control procedures to reduce outstanding balances payable to drug suppliers.

Our concentrations of credit risk related to our accounts receivable from product sales in Greece to date have been limited as our receivables within this market are due from our distributor. As of June 30, 2011 and December 31, 2010, our accounts receivable balances due from this distributor totaled $10.7 million and $3.9 million, respectively. These receivables remain current and substantially in compliance with their contractual due dates. However, the majority of the sales by our distributor are to government funded hospitals and as a result our distributor maintains significant outstanding receivables with the government of Greece. In the event that Greece defaults on its debt and is unable to pay our distributor, we may be unable to collect some or all of our remaining amounts due from the distributor. In addition, the government of Greece may also require pharmaceutical creditors to accept mandatory, retroactive, price deductions in settlement of outstanding receivables and in this event we could be required to repay our distributor a portion of the amounts they have previously remitted to us. To date, we have not been required to repay such amounts to our distributor or take a discount in settlement of any outstanding receivables.

We believe that our allowance for doubtful accounts was adequate as of June 30, 2011; however, if significant changes occur in the availability of government funding or the reimbursement practices of these or other governments, we may not be able to collect on amounts due to us from customers in such countries and our results of operations could be adversely affected.

Financial Condition and Liquidity

Our financial condition is summarized as follows:

(In millions, except percentages)	As of June 30, 2011	As of December 31, 2010	Change %
Financial assets:			
Cash and cash equivalents	$ 697.5	$ 759.6	(8.2)%
Marketable securities — current	629.2	448.1	40.4%
Marketable securities — non-current	1,183.6	743.1	59.3%
Total financial assets	$ 2,510.3	$ 1,950.8	28.7%
Borrowings:			
Current portion of notes payable, line of credit and other financing arrangements	$ 132.0	$ 137.2	(3.8)%
Notes payable and line of credit	1,063.0	1,066.4	(0.3)%
Total borrowings	$ 1,195.0	$ 1,203.5	(0.7)%
Working Capital:			
Current assets	$ 2,688.6	$ 2,540.4	5.8%
Current liabilities	(954.3)	(1,050.1)	(9.1)%
Working capital	$ 1,734.3	$ 1,490.3	16.4%

For the six months ended June 30, 2011, certain significant cash flows were as follows:

- $608.7 million used for net purchases of marketable securities;
- $386.6 million used for share repurchases;
- $285.9 million in proceeds from the issuance of stock for share-based compensation arrangements;
- $201.5 million in total payments for income taxes;
- $86.2 million used for purchases of property, plant and equipment; and
- $39.8 million in proceeds received from the sale of a strategic investment.

For the six months ended June 30, 2010, certain significant cash flows were as follows:

- $1,609.3 million used for share repurchases;
- $1,061.3 million in net proceeds received on sales and maturities of marketable securities;
- $141.6 million in total payments for income taxes;
- $85.3 million used for purchases of property, plant and equipment;
- $63.2 million in proceeds from the issuance of stock for share-based compensation arrangements;
- $40.0 million payment made to the former shareholders of Syntonix recognized as IPR&D expense; and
- $30.0 million milestone payment made to Facet recognized as research and development expense.

We have historically financed our operating and capital expenditures primarily through positive cash flows earned through our operations. We expect to continue funding our current and planned operating requirements principally through our cash flows from operations, as well as our existing cash resources. We believe that existing funds, when combined with cash generated from operations and our access to additional financing resources, if needed, are sufficient to satisfy our operating, working capital, strategic alliance, milestone payment, capital expenditure and debt service requirements for the foreseeable future. In addition,

we may choose to opportunistically return cash to shareholders and pursue other business initiatives, including acquisition and licensing activities. We may, from time to time, also seek additional funding through a combination of new collaborative agreements, strategic alliances and additional equity and debt financings or from other sources should we identify a significant new opportunity.

We consider the unrepatriated cumulative earnings of certain of our foreign subsidiaries to be invested indefinitely outside the U.S. Of the total cash, cash equivalents and marketable securities at June 30, 2011, approximately $1.0 billion was generated from operations in foreign jurisdictions and is intended for use in our foreign operations or in connection with business development transactions outside of the U.S. In managing our day-to-day liquidity in the U.S., we do not rely on the unrepatriated earnings as a source of funds and we have not provided for U.S. federal or state income taxes on these undistributed foreign earnings.

For additional information related to certain risks that could negatively impact our financial position or future results of operations, please read the "*Risk Factors*" and "*Quantitative and Qualitative Disclosures About Market Risk*" sections of this report.

Preferred Stock

In March 2011, the remaining 8,221 shares of our Series A Preferred Stock were converted into 493,260 shares of common stock by the holder pursuant to the conversion terms of the Series A Preferred Stock. As of June 30, 2011, there are no shares of preferred stock issued and outstanding.

Share Repurchase Programs

In February 2011, our Board of Directors authorized the repurchase of up to 20.0 million shares of our common stock. We expect to use this repurchase program principally to offset common stock issued under our share-based compensation plans. This repurchase program does not have an expiration date. Under this authorization, we repurchased 5.0 million shares of our common stock at a cost of $386.6 million in the first six months of 2011.

In April 2010, our Board of Directors authorized the repurchase of up to $1.5 billion of our common stock, with the objective of reducing shares outstanding and returning excess cash to shareholders. This repurchase program was completed during the third quarter of 2010. As of June 30, 2010, we repurchased approximately 20.8 million shares of our common stock at a cost of $1.0 billion were repurchased under this authorization, all of which were retired.

In October 2009, our Board of Directors authorized the repurchase of up to $1.0 billion of our common stock with the objective of reducing shares outstanding. This repurchase program was completed in the first quarter of 2010. In the first quarter of 2010, approximately 10.5 million shares of our common stock were repurchased for approximately $577.6 million under this authorization. All shares repurchased under this program were retired.

Cash, Cash Equivalents and Marketable Securities

Until required for another use in our business, we invest our cash reserves in bank deposits, certificates of deposit, commercial paper, corporate notes, U.S. and foreign government instruments and other interest bearing marketable debt instruments in accordance with our investment policy. We mitigate credit risk in our cash reserves and marketable securities by maintaining a well-diversified portfolio that limits the amount of investment exposure as to institution, maturity, and investment type. The value of our investments, however, may be adversely affected by increases in interest rates, downgrades in the credit rating of the corporate bonds included in our portfolio, instability in the global financial markets that reduces the liquidity of securities included in our portfolio, and by other factors which may result in declines in the value of the investments. Each of these events may cause us to record charges to reduce the carrying value of our investment portfolio if the declines are other-than-temporary or sell investments for less than our acquisition cost which could adversely impact our financial position and our overall liquidity. For a summary of the fair value and valuation

methods of our marketable securities please read Note 8, *Fair Value Measurements* to our condensed consolidated financial statements included within this report.

The increase in cash, cash equivalents and marketable securities from December 31, 2010, is primarily due to cash flows provided by operations, proceeds from the issuance of stock for share-based compensation arrangements, and proceeds received from the sale of a strategic investment offset by net purchases of marketable securities, share repurchases, tax payments, and purchases of property, plant and equipment.

Borrowings

There have been no significant changes in our borrowings since December 31, 2010.

We have a $360.0 million senior unsecured revolving credit facility, which we may choose to use for future working capital and general corporate purposes. The terms of this revolving credit facility include various covenants, including financial covenants that require us to not exceed a maximum leverage ratio and, under certain circumstances, an interest coverage ratio. This facility terminates in June 2012. No borrowings have ever been made under this credit facility and as of June 30, 2011 and December 31, 2010 we were in compliance with all applicable covenants.

For a summary of the fair and carrying value of our outstanding borrowings as of June 30, 2011 and December 31, 2010, please read Note 8, *Fair Value Measurements* to our condensed consolidated financial statements included within this report.

Working Capital

We define working capital as current assets less current liabilities. The increase in working capital from December 31, 2010, primarily reflects the overall net increase in total current assets of $148.2 million and overall net decrease in total current liabilities of $95.8 million.

The increase in total current assets was primarily due to the increase in marketable securities. The reduction in total current liabilities primarily reflects the decrease in taxes payable.

Cash Flows

The following table summarizes our cash flow activity:

	For the Six Months Ended June,		
(In millions, except percentages)	**2011**	**2010**	**Change %**
Net cash flows provided by operating activities	$ 683.2	$ 765.4	(10.7)%
Net cash flows used in investing activities	$(673.6)	$ 933.7	172.1%
Net cash flows used in financing activities	$ (77.9)	$(1,549.6)	(95.0)%

Operating Activities

Cash flows from operating activities represent the cash receipts and disbursements related to all of our activities other than investing and financing activities. Cash provided by operating activities is primarily driven by our earnings and changes in working capital. We expect cash provided from operating activities will continue to be our primary source of funds to finance operating needs and capital expenditures for the foreseeable future.

Operating cash flow is derived by adjusting our net income for:

- Non-cash operating items such as depreciation and amortization, impairment charges and share-based compensation charges;
- Changes in operating assets and liabilities which reflect timing differences between the receipt and payment of cash associated with transactions and when they are recognized in results of operations; and

- Changes associated with the payment of contingent milestones associated with our prior acquisitions of businesses.

The decrease in cash provided by operating activities for the six months ended June 30, 2011, compared to the same period in 2010, was primarily driven by lower accrued expense balances, higher tax payments and inventory balances as well as the reduction in our share of RITUXAN revenues from unconsolidated joint business, offset by an increase in net income primarily resulting from increased product revenues.

Investing Activities

For the six months ended June 30, 2011, compared to the same period in the prior year, the decrease in net cash flows provided by investing activities is primarily due to net purchases of marketable securities totaling $608.7 million during the six months ended June 30, 2011, compared to net proceeds received from sales and maturities of marketable securities of $1,061.3 million in the prior year comparative period.

Financing Activities

The decrease in net cash flows used in financing activities is due principally to decreases in the amounts of our common stock we repurchased compared to the same period in 2010. For the six months ended June 30, 2011, we repurchased 5.0 million shares of our common stock for approximately $386.6 million compared to 31.3 million shares for approximately $1.6 billion for the six months ended June 30, 2010.

Cash used in financing activities also includes activity under our employee stock plans. We received $285.9 million during the first six months of 2011, compared to $63.2 million during the first six months of 2010, related to stock option exercises and stock issuances under our employee stock purchase plan.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

Our contractual obligations primarily consist of our obligations under non-cancellable leases, our notes payable and line of credit and other purchase obligations, excluding amounts related to our financing arrangement related to the San Diego facility, uncertain tax positions and amounts payable to tax authorities, funding commitments, contingent milestone payments, contingent consideration, and other off-balance sheet arrangements as described below. Other than the recently signed Cambridge lease agreements discussed below, there have been no other significant changes in our contractual obligations since December 31, 2010.

New Cambridge Leases

In July 2011, we executed leases for two office buildings to be built in Cambridge, Massachusetts. We expect construction to begin in late 2011, with a planned occupancy during the second half of 2013. These buildings, totaling approximately 500,000 square feet, will serve as the future location of our corporate headquarters and commercial operations. These buildings will also provide additional general and administrative and research and development office space. The leases both have 15 year terms and we have options to extend the term of each lease for two additional five-year terms. Future minimum rental commitments under these leases will total approximately $340.0 million over the initial 15 year lease terms. In addition to rent, the leases require us to pay additional amounts for taxes, insurance, maintenance and other operating expenses.

Financing Arrangement

As described in Note 11 *Property, Plant & Equipment* to our condensed consolidated financial statements included within this report, on October 1, 2010, we sold the San Diego facility and agreed to lease back the facility for a period of 15 months. We have accounted for these transactions as a financing arrangement and recorded an obligation of $127.0 million on that date. As of June 30, 2011, our remaining obligation was $124.5 million, which is reflected as a component of current portion of notes payable, line of credit and other financing arrangements within our condensed consolidated balance sheet.

We entered into an agreement in the first quarter of 2011 to terminate our 15 month lease of the San Diego facility on August 31, 2011 and will have no continuing involvement or remaining obligation after that date. Once the lease arrangement has concluded we will account for the San Diego facility as a sale of property. We do not expect to recognize a significant gain or loss on the sale at that time. We are scheduled to incur debt service payments and interest totaling approximately $6.9 million over the term of the revised leaseback period.

Tax Related Obligations

We exclude liabilities pertaining to uncertain tax positions from our summary of contractual obligations as we cannot make a reliable estimate of the period of cash settlement with the respective taxing authorities. As of June 30, 2011, we have approximately $59.3 million of liabilities associated with uncertain tax positions. During the second quarter of 2011, we paid $26.4 million related to a settlement agreement with the IRS.

Other Funding Commitments

As of June 30, 2011, we have funding commitments of up to approximately $17.6 million as part of our investment in biotechnology oriented venture capital investments.

As of June 30, 2011, we have several ongoing clinical studies in various clinical trial stages. Our most significant clinical trial expenditures are to clinical research organizations (CROs). The contracts with CROs are generally cancellable, with notice, at our option. We have recorded accrued expenses of $21.3 million on our condensed consolidated balance sheet for expenditures incurred by CROs as of June 30, 2011. We have approximately $320.0 million in cancellable future commitments based on existing CRO contracts as of June 30, 2011, which are not included in the contractual obligations discussed above because of our termination rights.

Contingent Milestone Payments

Based on our development plans as of June 30, 2011, we have committed to make potential future milestone payments to third parties of up to approximately $1.4 billion as part of our various collaborations, including licensing and development programs. Payments under these agreements generally become due and payable only upon achievement of certain development, regulatory or commercial milestones. Because the achievement of these milestones had not occurred as of June 30, 2011, such contingencies have not been recorded in our financial statements.

We anticipate that we may pay approximately $30.0 million of additional milestone payments during the remainder of 2011, provided various development, regulatory or commercial milestones are achieved. Amounts related to contingent milestone payments are not considered contractual obligations as they are contingent on the successful achievement of certain development, regulatory approval and commercial milestones. These milestones may not be achieved.

Contingent Consideration

In connection with our acquisitions of Panima Pharmaceuticals AG, Biogen Idec Hemophilia, Inc., and Fumapharm AG, we agreed to make additional payments based upon the achievement of certain milestone events. Amounts related to contingent consideration obligations are not considered contractual obligations as they generally become due and payable only when a contingency is satisfied. These milestones may not be achieved.

We completed our acquisition of Panima Pharmaceuticals AG (Panima), in December 2010. The purchase price for Panima included contingent consideration in the form of developmental milestones up to $395.0 million in cash. For additional information related to our acquisition of Panima, please read Note 2, *Acquisitions* to our condensed consolidated financial statements included within this report.

In connection with our acquisition of Biogen Idec Hemophilia Inc. (BIH), formerly Syntonix Pharmaceuticals, Inc. (Syntonix), in January 2007, we agreed to pay up to an additional $80.0 million if certain milestone

events associated with the development of BIH's lead product, long-lasting recombinant Factor IX are achieved. The first $40.0 million contingent payment was achieved in the first quarter of 2010. An additional $20.0 million contingent payment will occur if prior to the tenth anniversary of the closing date, the FDA grants approval of a Biologic License Application for Factor IX. A second $20.0 million contingent payment will occur if prior to the tenth anniversary of the closing date, a marketing authorization is granted by the EMA for Factor IX.

In 2006, we acquired Fumapharm AG. As part of this acquisition we acquired FUMADERM and BG-12 (Fumapharm Products). We paid $220.0 million upon closing of the transaction and will pay an additional $15.0 million if a Fumapharm Product is approved for MS in the U.S. or E.U. We may also make additional milestone payments based on sales of Fumapharm Products in any indication. These milestone payments are considered contingent consideration and are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011.

Other Off-Balance Sheet Arrangements

We do not have any relationships with entities often referred to as structured finance or special purpose entities which would have been established for the purpose of facilitating off-balance sheet arrangements. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships. We consolidate variable interest entities if we are the primary beneficiary.

Legal Matters

For a discussion of legal matters as of June 30, 2011, please read Note 20, *Litigation* to our condensed consolidated financial statements included within this report.

New Accounting Standards

For a discussion of new accounting standards please read Note 22, *New Accounting Pronouncements* to our condensed consolidated financial statements included within this report.

Critical Accounting Estimates

The preparation of our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. (U.S. GAAP), requires us to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We believe the most complex judgments result primarily from the need to make estimates about the effects of matters that are inherently uncertain and are significant to our condensed consolidated financial statements. We base our estimates on historical experience and on various other assumptions that we believe are reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. We evaluate our estimates, judgments and assumptions on an ongoing basis. Actual results may differ from these estimates under different assumptions or conditions.

For a discussion of our critical accounting estimates, please read Part II, Item 7 "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" of our 2010 Form 10-K.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk***

Our market risks, and the ways we manage them, are summarized in Part II, Item 7A, "*Quantitative and Qualitative Disclosures About Market Risk*" of our 2010 Form 10-K. There have been no material changes in the first six months of 2011 to our market risks or to our management of such risks.

Item 4. ***Controls and Procedures***

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Controls and Procedures

We have carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), as of June 30, 2011. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective at the reasonable assurance level in ensuring that (a) the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (b) such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended June 30, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II — OTHER INFORMATION

Item 1. ***Legal Proceedings***

Please refer to Note 20, *Litigation* to our condensed consolidated financial statements included within this report, which is incorporated into this item by reference.

Item 1A. ***Risk Factors***

We are substantially dependent on revenues from our three principal products.

Our current and future revenues depend upon continued sales of our three principal products, AVONEX, RITUXAN and TYSABRI, which represented substantially all of our total revenues during the first half of 2011. Although we have developed and continue to develop additional products for commercial introduction, we may be substantially dependent on sales from these three products for many years. Any negative developments relating to any of these products, such as safety or efficacy issues, the introduction or greater acceptance of competing products, including biosimilars, or adverse regulatory or legislative developments, may reduce our revenues and adversely affect our results of operations. Our competitors are introducing products for use in multiple sclerosis and if they have a similar or more attractive profile in terms of efficacy, convenience or safety, future sales of AVONEX and TYSABRI could be limited.

TYSABRI's sales growth is important to our success.

We expect that our revenue growth over the next several years will be dependent in part upon sales of TYSABRI. If we are not successful in growing sales of TYSABRI, our future business plans, revenue growth and results of operations may be adversely affected.

TYSABRI's sales growth cannot be certain given the significant restrictions on use and the significant safety warnings in the label, including the risk of developing progressive multifocal leukoencephalopathy

(PML), a serious brain infection. The risk of developing PML increases with prior immunosuppressant use, which may cause patients who have previously received immunosuppressants or their physicians to refrain from using or prescribing TYSABRI. The risk of developing PML also increases with longer treatment duration, with limited experience beyond four years. This may cause prescribing physicians or patients to suspend treatment with TYSABRI. Increased incidences of PML could limit sales growth, prompt regulatory review, require significant changes to the label or result in market withdrawal. Additional regulatory restrictions on the use of TYSABRI or safety-related label changes, including enhanced risk management programs, whether as a result of additional cases of PML, changes to the criteria for confirming PML diagnosis or otherwise, may significantly reduce expected revenues and require significant expense and management time to address the associated legal and regulatory issues. In addition, ongoing efforts at stratifying patients into groups with lower or higher risk for developing PML, including through the availability of a JC virus antibody assay, may have an adverse impact on prescribing behavior and reduce sales of TYSABRI. The potential utility of the JC virus antibody assay as a risk stratification tool may be diminished as a result of both the assay's false negative rate as well as the possibility that a patient who initially tests negative for the JC virus antibody may acquire the JC virus after testing.

If we fail to compete effectively, our business and market position would suffer.

The biotechnology and pharmaceutical industry is intensely competitive. We compete in the marketing and sale of our products, the development of new products and processes, the acquisition of rights to new products with commercial potential and the hiring and retention of personnel. We compete with biotechnology and pharmaceutical companies that have a greater number of products on the market and in the product pipeline, greater financial and other resources and other technological or competitive advantages. One or more of our competitors may benefit from significantly greater sales and marketing capabilities, may develop products that are accepted more widely than ours and may receive patent protection that dominates, blocks or adversely affects our product development or business. In addition, healthcare reform legislation enacted in the U.S. in 2010 has created a pathway for the U.S. Food and Drug Administration (FDA) to approve biosimilars, which could compete on price and differentiation with products that we now or could in the future market. The introduction by our competitors of more efficacious, safer, cheaper, or more convenient alternatives to our products could reduce our revenues and the value of our product development efforts.

Our long-term success depends upon the successful development and commercialization of other product candidates.

Our long-term viability and growth will depend upon the successful development and commercialization of new products from our research and development activities, including products licensed from third parties. We have several late-stage clinical programs expected to have near-term data readouts that could impact our prospects for additional revenue growth. Product development and commercialization are very expensive and involve a high degree of risk. Only a small number of research and development programs result in the commercialization of a product. Success in preclinical work or early stage clinical trials does not ensure that later stage or larger scale clinical trials will be successful. Even if later stage clinical trials are successful, product candidates may not receive marketing approval if regulatory authorities disagree with our view of the data or require additional studies.

Conducting clinical trials is a complex, time-consuming and expensive process. Our ability to complete our clinical trials in a timely fashion depends in large part on a number of key factors including protocol design, regulatory and institutional review board approval, the rate of patient enrollment in clinical trials, and compliance with extensive current good clinical practice requirements. We have opened clinical sites and are enrolling patients in a number of new countries where our experience is more limited, and we are in many cases using the services of third-party clinical trial providers. If we fail to adequately manage the design, execution and regulatory aspects of our large, complex and diverse clinical trials, our studies and ultimately our regulatory approvals may be delayed or we may fail to gain approval for our product candidates altogether.

Our ability to successfully commercialize a product candidate that receives marketing approval depends on a number of factors, including the medical community's acceptance of the product, the effectiveness of our sales force and marketing efforts, the size of the patient population and our ability to identify new patients, pricing and the extent of reimbursement from third party payors, the availability or introduction of competing treatments that are deemed more effective, safer, more convenient, or less expensive, manufacturing the product in a timely and cost-effective manner, and compliance with complex regulatory requirements.

Adverse safety events can negatively affect our business and stock price.

Adverse safety events involving our marketed products may have a negative impact on our commercialization efforts. Later discovery of safety issues with our products that were not known at the time of their approval by the FDA or other regulatory agencies worldwide could cause product liability events, additional regulatory scrutiny and requirements for additional labeling, withdrawal of products from the market and the imposition of fines or criminal penalties. Any of these actions could result in, among other things, material write-offs of inventory and impairments of intangible assets, goodwill and fixed assets and material restructuring charges. In addition, the reporting of adverse safety events involving our products and public rumors about such events could cause our stock price to decline or experience periods of volatility.

We depend, to a significant extent, on reimbursement from third party payors and a reduction in the extent of reimbursement could reduce our product sales and revenue.

Sales of our products are dependent, in large part, on the availability and extent of reimbursement from government health administration authorities, private health insurers and other organizations. Changes in government regulations or private third-party payors' reimbursement policies may reduce reimbursement for our products and adversely affect our future results. The U.S. Congress enacted legislation in 2010 that imposes health care cost containment measures and we expect that federal and state legislatures and third-party payors will continue to focus on containing the cost of health care in the future.

In addition, when a new medical product is approved, the availability of government and private reimbursement for that product is uncertain, as is the amount for which that product will be reimbursed. We cannot predict the availability or amount of reimbursement for our product candidates.

Economic pressure on state budgets may result in states increasingly seeking to achieve budget savings through mechanisms that limit coverage or payment for our drugs. In recent years, some states have considered legislation that would control the prices of drugs. State Medicaid programs are increasingly requesting manufacturers to pay supplemental rebates and requiring prior authorization by the state program for use of any drug for which supplemental rebates are not being paid. Managed care organizations continue to seek price discounts and, in some cases, to impose restrictions on the coverage of particular drugs. Government efforts to reduce Medicaid expenses may lead to increased use of managed care organizations by Medicaid programs. This may result in managed care organizations influencing prescription decisions for a larger segment of the population and a corresponding constraint on prices and reimbursement for our products. It is likely that federal and state legislatures and health agencies will continue to focus on additional health care reform in the future.

We encounter similar regulatory and legislative issues in most other countries. In the European Union and some other international markets, the government provides health care at low cost to consumers and regulates pharmaceutical prices, patient eligibility or reimbursement levels to control costs for the government-sponsored health care system. Many countries are reducing their public expenditures and we expect to see strong efforts to reduce healthcare costs in our international markets, including patient access restrictions, suspensions on price increases, prospective and possibly retroactive price reductions and increased mandatory discounts or rebates, recoveries of past price increases, and greater importation of drugs from lower-cost countries to higher-cost countries. We expect that our revenues would be negatively impacted if similar measures are or continued to be implemented in other countries in which we operate. In addition, certain countries set prices by reference to the prices in other countries where our products are marketed. Thus, our inability to secure adequate prices in a particular country may also adversely affect our ability to obtain acceptable prices in both

existing and potential new markets. This may create the opportunity for third party cross border trade or influence our decision to sell or not to sell a product, thus adversely affecting our geographic expansion plans and revenues.

Adverse market and economic conditions may exacerbate certain risks affecting our business.

Sales of our products are dependent on reimbursement from government health administration authorities, private health insurers, distribution partners and other organizations. As a result of adverse conditions affecting the U.S. and global economies and credit and financial markets, including the current sovereign debt crisis in certain countries in Europe and disruptions due to natural disasters, political instability or otherwise, these organizations may be unable to satisfy their reimbursement obligations or may delay payment. In addition, governmental health authorities may reduce the extent of reimbursements, and private insurers may increase their scrutiny of claims. A reduction in the availability or extent of reimbursement could reduce our product sales and revenue, or result in additional allowances or significant bad debts, which may adversely affect our results of operations.

We depend on collaborators and other third-parties for both product and royalty revenue and the clinical development of future products, which are outside of our full control.

Collaborations between companies on products or programs are a common business practice in the biotechnology industry. Out-licensing typically allows a partner to collect upfront payments and future milestone payments, share the costs of clinical development and risk of failure at various points, and access sales and marketing infrastructure and expertise in exchange for certain financial rights to the product or program going to the in-licensing partner. In addition, the obligation of in-licensees to pay royalties or share profits generally terminates upon expiration of the related patents. We have a number of collaborators and partners, and have both in-licensed and out-licensed several products and programs. These collaborations are subject to several risks:

- Our RITUXAN revenues are dependent on the efforts of Genentech and the Roche Group. Their interests may not always be aligned with our interests and they may not market RITUXAN in the same manner or to the same extent that we would, which could adversely affect our RITUXAN revenues.
- Under our collaboration agreement with Genentech, the successful development and commercialization of GA101 and certain other anti-CD20 products will decrease our percentage of the collaboration’s co-promotion profits.
- We are not fully in control of the royalty or profit sharing revenues we receive from collaborators, which may be adversely affected by patent expirations, pricing or health care reforms, other legal and regulatory developments, and the introduction of competitive products, and new indication approvals which may affect the sales of collaboration products.
- Any failure on the part of our collaboration partners to comply with applicable laws and regulatory requirements in the sale and marketing of our products could have an adverse effect on our revenues as well as involve us in possible legal proceedings.
- Collaborations often require the parties to cooperate, and failure to do so effectively could have an adverse impact on product sales by our collaborators and partners, and could adversely affect the clinical development or regulatory approvals of products under joint control.

In addition, we rely on third parties for several other aspects of our business. As a sponsor of clinical trials of our products, we rely on third party contract research organizations to carry out many of our clinical trial related activities. These activities include initiating the conduct of studies at clinical trial sites, regularly monitoring the conduct of the study at study sites, and identifying instances of noncompliance with the study protocol or current Good Clinical Practices. The failure of a contract research organization to conduct these activities with proper vigilance and competence and in accordance with Good Clinical Practices can result in regulatory authorities rejecting our clinical trial data or, in some circumstances, the imposition of civil or criminal sanctions against us.

If we do not successfully execute our growth initiatives through the acquisition, partnering and in-licensing of products, technologies or companies, our future performance could be adversely affected.

We anticipate growing through both internal development projects as well as external opportunities, which include the acquisition, partnering and in-licensing of products, technologies and companies or the entry into strategic alliances and collaborations. The availability of high quality opportunities is limited and we are not certain that we will be able to identify candidates that we and our shareholders consider suitable or complete transactions on terms that are acceptable to us and our shareholders. In order to pursue such opportunities, we may require significant additional financing, which may not be available to us on favorable terms, if at all. Even if we are able to successfully identify and complete acquisitions, we may not be able to integrate them or take full advantage of them and therefore may not realize the benefits that we expect. If we are unsuccessful in our external growth program, we may not be able to grow our business significantly and we may incur asset impairment or restructuring charges as a result of unsuccessful transactions.

If we fail to comply with the extensive legal and regulatory requirements affecting the health care industry, we could face increased costs, penalties and a loss of business.

Our activities, and the activities of our collaborators and third party providers, are subject to extensive government regulation and oversight both in the U.S. and in foreign jurisdictions. The FDA and comparable agencies in other jurisdictions directly regulate many of our most critical business activities, including the conduct of preclinical and clinical studies, product manufacturing, advertising and promotion, product distribution, adverse event reporting and product risk management. Our interactions in the U.S. or abroad with physicians and other health care providers that prescribe or purchase our products are also subject to government regulation designed to prevent fraud and abuse in the sale and use of the products. In the U.S., states increasingly have been placing greater restrictions on the marketing practices of health care companies. In addition, pharmaceutical and biotechnology companies have been the target of lawsuits and investigations alleging violations of government regulation, including claims asserting submission of incorrect pricing information, impermissible off-label promotion of pharmaceutical products, payments intended to influence the referral of federal or state health care business, submission of false claims for government reimbursement, antitrust violations, or violations related to environmental matters. Violations of governmental regulation may be punishable by criminal and civil sanctions against us, including fines and civil monetary penalties and exclusion from participation in government programs, including Medicare and Medicaid, as well as against executives overseeing our business. In addition to penalties for violation of laws and regulations, we could be required to repay amounts we received from government payors, or pay additional rebates and interest if we are found to have miscalculated the pricing information we have submitted to the government. Whether or not we have complied with the law, an investigation into alleged unlawful conduct could increase our expenses, damage our reputation, divert management time and attention and adversely affect our business. Recent changes in U.S. fraud and abuse laws have strengthened government regulation, increased the investigative powers of government enforcement agencies, and enhanced penalties for non-compliance.

If we fail to meet the stringent requirements of governmental regulation in the manufacture of our products, we could incur substantial costs and a reduction in sales.

We and our third party providers are generally required to maintain compliance with current Good Manufacturing Practice and are subject to inspections by the FDA and comparable agencies in other jurisdictions to confirm such compliance. In addition, the FDA must approve any significant changes to our suppliers or manufacturing methods. If we or our third party service providers cannot demonstrate ongoing current Good Manufacturing Practice compliance, we may be required to withdraw or recall product, interrupt commercial supply of our products, undertake costly remediation efforts or seek more costly manufacturing alternatives. Any delay, interruption or other issues that arise in the manufacture, fill-finish, packaging, or storage of our products as a result of a failure of our facilities or the facilities or operations of third parties to pass any regulatory agency inspection could significantly impair our ability to develop and commercialize our products. Significant noncompliance could also result in the imposition of monetary penalties or other civil or

criminal sanctions. This non-compliance could increase our costs, cause us to lose revenue or market share and damage our reputation.

Our investments in properties, including our manufacturing facilities, may not be fully realizable.

We own or lease real estate primarily consisting of buildings that contain research laboratories, office space, and biologic manufacturing operations, some of which are located in markets that are experiencing high vacancy rates and decreasing property values. If we decide to consolidate or co-locate certain aspects of our business operations, for strategic or other operational reasons, we may dispose of one or more of our properties.

Due to reduced expectations of product demand, improved yields on production and other factors, we may not fully utilize our manufacturing facilities at normal levels resulting in idle time at facilities or substantial excess manufacturing capacity. We regularly evaluate our current manufacturing strategy, and may pursue alternatives that include disposing of manufacturing facilities.

If we determine that the fair value of any of our owned properties, including any properties we may classify as held for sale, is lower than their book value we may not realize the full investment in these properties and incur significant impairment charges. In addition, if we decide to fully or partially vacate a leased property, we may incur significant cost, including lease termination fees, rent expense in excess of sublease income and impairment of leasehold improvements.

Problems with manufacturing or with inventory planning could result in inventory shortages, product recalls and increased costs.

Biologics manufacturing is extremely susceptible to product loss due to contamination, equipment failure, or vendor or operator error. In addition, we may need to close a manufacturing facility for an extended period of time due to microbial, viral or other contamination. Any of these events could result in shipment delays or product recalls, impairing our ability to supply products in existing markets or expand into new markets. In the past, we have taken inventory write-offs and incurred other charges and expenses for products that failed to meet specifications, and we may incur similar charges in the future.

We rely solely on our manufacturing facility in Research Triangle Park, North Carolina for the production of TYSABRI. Our global bulk supply of TYSABRI depends on the uninterrupted and efficient operation of this facility, which could be adversely affected by equipment failures, labor shortages, natural disasters, power failures and numerous other factors. If we are unable to meet demand for TYSABRI for any reason, we would need to rely on a limited number of qualified third party contract manufacturers. We cannot be certain that we could reach agreement on reasonable terms, if at all, with those manufacturers or that the FDA or other regulatory authorities would approve our use of such manufacturers on a timely basis, if at all. Moreover, the transition of our manufacturing process to a third party could take a significant amount of time, involve significant expense and increase our manufacturing costs.

Our product pipeline includes several small molecule drug candidates. We expect to rely on third party manufacturers to supply substantially all of our clinical and commercial requirements for small molecules. If these manufacturers fail to deliver sufficient quantities of such drug candidates in a timely and cost-effective manner, it could adversely affect our small molecule drug discovery and commercialization efforts.

We rely on third parties to provide services in connection with the manufacture of our products and, in some instances, manufacture the product itself.

We rely on Genentech for all RITUXAN manufacturing. Genentech relies on a third party to manufacture certain bulk RITUXAN requirements. If Genentech or any third party upon which it relies does not manufacture or fill- finish RITUXAN in sufficient quantities and on a timely and cost-effective basis, or if Genentech or any third party does not obtain and maintain all required manufacturing approvals, our business could be harmed.

We also source all of our fill-finish and the majority of our final product storage operations, along with a substantial portion of our packaging operations, to a concentrated group of third party contractors. Any third party we use to fill-finish, package or store our products to be sold in the U.S. must be licensed by the FDA. As a result, alternative third party providers may not be readily available on a timely basis or, if available, may be more costly than current providers. The manufacture of products and product components, fill-finish, packaging and storage of our products require successful coordination among us and multiple third party providers. Our inability to coordinate these efforts, the lack of capacity available at a third party contractor or any other problems with the operations of these third party contractors could require us to delay shipment of products or recall products previously shipped or impair our ability to supply products at all. This could increase our costs, cause us to lose revenue or market share, diminish our profitability or damage our reputation.

Due to the unique manner in which our products are manufactured, we rely on single source providers of several raw materials and manufacturing supplies. We make efforts to qualify new vendors and to develop contingency plans so that production is not impacted by short-term issues associated with single source providers. Nonetheless, our business could be materially impacted by long-term or chronic issues associated with single source providers.

Changes in laws affecting the health care industry could adversely affect our revenues and profitability.

We and our collaborators and third party providers operate in a highly regulated industry. As a result, governmental actions may adversely affect our business, operations or financial condition, including:

- new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations or decisions, related to health care availability, pricing or marketing practices, compliance with wage and hour laws and other employment practices, method of delivery and payment for health care products and services;
- changes in the FDA and foreign regulatory approval processes that may delay or prevent the approval of new products and result in lost market opportunity;
- changes in FDA and foreign regulations that may require additional safety monitoring, labeling changes, restrictions on product distribution or use, or other measures after the introduction of our products to market, which could increase our costs of doing business, adversely affect the future permitted uses of approved products, or otherwise adversely affect the market for our products; and
- changes in the tax laws relating to our operations.

The enactment in the U.S. of health care reform, potential regulations easing the entry of competing follow-on biologics in the marketplace, new legislation or implementation of existing statutory provisions on importation of lower-cost competing drugs from other jurisdictions, and legislation on comparative effectiveness research are examples of previously enacted and possible future changes in laws that could adversely affect our business.

Our effective tax rate may fluctuate and we may incur obligations in tax jurisdictions in excess of accrued amounts.

As a global biotechnology company, we are subject to taxation in numerous countries, states and other jurisdictions. As a result, our effective tax rate is derived from a combination of applicable tax rates in the various places that we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each of such places. Our effective tax rate, however, may be different than experienced in the past due to numerous factors, including changes in the mix of our profitability from country to country, the results of audits of our tax filings, changes in accounting for income taxes and changes in tax laws. Any of these factors could cause us to experience an effective tax rate significantly different from previous periods or our current expectations.

In addition, our inability to secure or sustain acceptable arrangements with tax authorities and previously enacted or future changes in the tax laws, among other things, may result in tax obligations in excess of amounts accrued in our financial statements.

In the U.S., there are several proposals under consideration to reform tax law, including proposals that may reduce or eliminate the deferral of U.S. income tax on our unrepatriated earnings, scrutinize certain transfer pricing structures, and reduce or eliminate certain foreign tax credits. Our future reported financial results may be adversely affected by tax law changes which restrict or eliminate certain foreign tax credits or our ability to deduct expenses attributable to foreign earnings, or otherwise affect the treatment of our unrepatriated earnings.

The growth of our business depends on our ability to attract and retain qualified personnel and key relationships.

The achievement of our commercial, research and development and external growth objectives depends upon our ability to attract and retain qualified scientific, manufacturing, sales and marketing and executive personnel and to develop and maintain relationships with qualified clinical researchers and key distributors. Competition for these people and relationships is intense and comes from a variety of sources, including pharmaceutical and biotechnology companies, universities and non-profit research organizations.

Our sales and operations are subject to the risks of doing business internationally.

We are increasing our presence in international markets, which subjects us to many risks, such as:

- the inability to obtain necessary foreign regulatory or pricing approvals of products in a timely manner;
- fluctuations in currency exchange rates;
- difficulties in staffing and managing international operations;
- the imposition of governmental controls;
- less favorable intellectual property or other applicable laws;
- restrictions on direct investments by foreign entities and trade restrictions;
- greater political or economic instability; and
- changes in tax laws and tariffs.

In addition, our international operations are subject to regulation under U.S. law. For example, the Foreign Corrupt Practices Act prohibits U.S. companies and their representatives from offering, promising, authorizing or making payments to foreign officials for the purpose of obtaining or retaining business abroad. In many countries, the health care professionals we regularly interact with may meet the definition of a foreign government official for purposes of the Foreign Corrupt Practices Act. Failure to comply with domestic or foreign laws could result in various adverse consequences, including possible delay in approval or refusal to approve a product, recalls, seizures, withdrawal of an approved product from the market, the imposition of civil or criminal sanctions and the prosecution of executives overseeing our international operations.

Uncertainty over intellectual property in the biotechnology industry has been the source of litigation, which is inherently costly and unpredictable.

We are aware that others, including various universities and companies working in the biotechnology field, have filed patent applications and have been granted patents in the U.S. and in other countries claiming subject matter potentially useful to our business. Some of those patents and patent applications claim only specific products or methods of making such products, while others claim more general processes or techniques useful or now used in the biotechnology industry. There is considerable uncertainty within the biotechnology industry about the validity, scope and enforceability of many issued patents in the U.S. and elsewhere in the world, and, to date, there is no consistent policy regarding the breadth of claims allowed in biotechnology patents. We cannot currently determine the ultimate scope and validity of patents which may be

granted to third parties in the future or which patents might be asserted to be infringed by the manufacture, use and sale of our products.

There has been, and we expect that there may continue to be, significant litigation in the industry regarding patents and other intellectual property rights. Litigation and administrative proceedings concerning patents and other intellectual property rights may be protracted, expensive and distracting to management. Competitors may sue us as a way of delaying the introduction of our products. Any litigation, including any interference proceedings to determine priority of inventions, oppositions to patents in foreign countries or litigation against our partners may be costly and time consuming and could harm our business. We expect that litigation may be necessary in some instances to determine the validity and scope of certain of our proprietary rights. Litigation may be necessary in other instances to determine the validity, scope or non-infringement of certain patent rights claimed by third parties to be pertinent to the manufacture, use or sale of our products. Ultimately, the outcome of such litigation could adversely affect the validity and scope of our patent or other proprietary rights or hinder our ability to manufacture and market our products.

If we are unable to adequately protect and enforce our intellectual property rights, our competitors may take advantage of our development efforts or our acquired technology.

We have filed numerous patent applications in the U.S. and various other countries seeking protection of the processes, products and other inventions originating from our research and development. Patents have been issued on many of these applications. We have also obtained rights to various patents and patent applications under licenses with third parties, which provide for the payment of royalties by us. The ultimate degree of patent protection that will be afforded to biotechnology products and processes, including ours, in the U.S. and in other important markets remains uncertain and is dependent upon the scope of protection decided upon by the patent offices, courts and lawmakers in these countries. Our patents may not afford us substantial protection or commercial benefit. Similarly, our pending patent applications or patent applications licensed from third parties may not ultimately be granted as patents and we may not prevail if patents that have been issued to us are challenged in court. In addition, pending legislation to reform the patent system and court decisions or patent office regulations that place additional restrictions on patent claims or that facilitate patent challenges could also reduce our ability to protect our intellectual property rights. If we cannot prevent others from exploiting our inventions, we will not derive the benefit from them that we currently expect.

We also rely upon unpatented trade secrets and other proprietary information, and we cannot ensure that others will not independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets or disclose such technology, or that we can meaningfully protect such rights. We require our employees, consultants, outside scientific collaborators, scientists whose research we sponsor and other advisers to execute confidentiality agreements upon the commencement of employment or consulting relationships with us. These agreements may not provide meaningful protection or adequate remedies for our unpatented proprietary information in the event of use or disclosure of such information.

If our products infringe the intellectual property rights of others, we may incur damages and be required to incur the expense of obtaining a license.

A substantial number of patents have already been issued to other biotechnology and pharmaceutical companies. To the extent that valid third party patent rights cover our products or services, we or our strategic collaborators would be required to seek licenses from the holders of these patents in order to manufacture, use or sell these products and services, and payments under them would reduce our profits from these products and services. We are currently unable to predict the extent to which we may wish or be required to acquire rights under such patents and the availability and cost of acquiring such rights, or whether a license to such patents will be available on acceptable terms or at all. There may be patents in the U.S. or in foreign countries or patents issued in the future that are unavailable to license on acceptable terms. Our inability to obtain such licenses may hinder our ability to manufacture and market our products.

Pending and future product liability claims may adversely affect our business and our reputation.

The administration of drugs in humans, whether in clinical studies or commercially, carries the inherent risk of product liability claims whether or not the drugs are actually the cause of an injury. Our products or product candidates may cause, or may appear to have caused, injury or dangerous drug interactions, and we may not learn about or understand those effects until the product or product candidate has been administered to patients for a prolonged period of time.

We are subject from time to time to lawsuits based on product liability and related claims. We cannot predict with certainty the eventual outcome of any pending or future litigation. We may not be successful in defending ourselves in the litigation and, as a result, our business could be materially harmed. These lawsuits may result in large judgments or settlements against us, any of which could have a negative effect on our financial condition and business if in excess of our insurance coverage. Additionally, lawsuits can be expensive to defend, whether or not they have merit, and the defense of these actions may divert the attention of our management and other resources that would otherwise be engaged in managing our business.

Our operating results are subject to significant fluctuations.

Our quarterly revenues, expenses and net income (loss) have fluctuated in the past and are likely to fluctuate significantly in the future due to the timing of charges and expenses that we may take. In recent periods, for instance, we have recorded charges that include:

- the cost of restructurings;
- impairments that we are required to take with respect to investments;
- impairments that we are required to take with respect to fixed assets, including those that are recorded in connection with the sale of fixed assets;
- inventory write-downs for failed quality specifications, charges for excess or obsolete inventory and charges for inventory write downs relating to product suspensions;
- milestone payments under license and collaboration agreements; and
- payments in connection with acquisitions and other business development activity.

Our revenues are also subject to foreign exchange rate fluctuations due to the global nature of our operations. We recognize foreign currency gains or losses arising from our operations in the period in which we incur those gains or losses. Although we have foreign currency forward contracts to hedge specific forecasted transactions denominated in foreign currencies, our efforts to reduce currency exchange losses may not be successful. As a result, currency fluctuations among our reporting currency, the U.S. dollar, and the currencies in which we do business will affect our operating results, often in unpredictable ways. Our net income may also fluctuate due to the impact of charges we may be required to take with respect to foreign currency hedge transactions. In particular, we may incur higher charges from hedge ineffectiveness than we expect or from the termination of a hedge relationship.

These examples are only illustrative and other risks, including those discussed in these “Risk Factors,” could also cause fluctuations in our reported earnings. In addition, our operating results during any one period do not necessarily suggest the anticipated results of future periods.

Our portfolio of marketable securities is significant and subject to market, interest and credit risk that may reduce its value.

We maintain a significant portfolio of marketable securities. Changes in the value of this portfolio could adversely affect our earnings. In particular, the value of our investments may decline due to increases in interest rates, downgrades in the corporate bonds and other securities included in our portfolio, instability in the global financial markets that reduces the liquidity of securities included in our portfolio, declines in the value of collateral underlying the mortgage and asset-backed securities included in our portfolio, and other factors. Each of these events may cause us to record charges to reduce the carrying value of our investment

portfolio or sell investments for less than our acquisition cost. Although we attempt to mitigate these risks by investing in high quality securities and continuously monitoring our portfolio's overall risk profile, the value of our investments may nevertheless decline.

Our level of indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business.

As of June 30, 2011, we had $1.2 billion of outstanding indebtedness, and we may incur additional debt in the future. Our level of indebtedness could adversely affect our business by, among other things:

- requiring us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow for other purposes, including business development efforts and research and development;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, thereby placing us at a competitive disadvantage compared to our competitors that may have less debt; and
- increasing our vulnerability to adverse economic and industry conditions.

Our business involves environmental risks, which include the cost of compliance and the risk of contamination or injury.

Our business and the business of several of our strategic partners, including Genentech and Elan, involve the controlled use of hazardous materials, chemicals, biologics and radioactive compounds. Although we believe that our safety procedures for handling and disposing of such materials comply with state and federal standards, there will always be the risk of accidental contamination or injury. If we were to become liable for an accident, or if we were to suffer an extended facility shutdown, we could incur significant costs, damages and penalties that could harm our business. Biologics manufacturing also requires permits from government agencies for water supply and wastewater discharge. If we do not obtain appropriate permits, or permits for sufficient quantities of water and wastewater, we could incur significant costs and limits on our manufacturing volumes that could harm our business.

Several aspects of our corporate governance and our collaboration agreements may discourage a third party from attempting to acquire us.

Several factors might discourage a takeover attempt that could be viewed as beneficial to shareholders who wish to receive a premium for their shares from a potential bidder. For example:

- Our Board of Directors has the authority to issue, without a vote or action of shareholders, shares of preferred stock and to fix the price, rights, preferences and privileges of those shares, which shares could be used to dilute the interest of a potential bidder.
- Our collaboration agreements with Elan and Genentech respectively allow Elan to purchase our rights to TYSABRI and Genentech to purchase our rights to RITUXAN and certain anti-CD20 products developed under the agreement if we undergo a change of control and certain other conditions are met, which may limit our attractiveness to potential acquirers.

The possibility that activist shareholders may gain additional representation on or control of our Board of Directors could result in costs and disruption to our operations and cause uncertainty about the direction of our business.

Entities affiliated with Carl Icahn commenced proxy contests in 2008, 2009 and 2010, resulting in three of their director nominees being elected to our Board of Directors. In addition, recent SEC rulemaking gives certain shareholders or groups of shareholders the ability to include director nominees and proposals relating to a shareholder nomination process in company proxy materials. As a result, we may face an increase in the

number of shareholder nominees for election to our Board of Directors. In addition, our directors are elected annually, which may increase our vulnerability to hostile and potentially abusive takeover tactics.

Future proxy contests could be costly and time-consuming, disrupt our operations and divert the attention of management and our employees from executing our strategic plan. If there is disagreement among our directors, that may create uncertainty regarding the direction of our business and could impair our ability to effectively execute our strategic plan.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

Issuer Purchases of Equity Securities

The following table summarizes our common stock repurchase activity during the second quarter of 2011:

Period	Total Number of Shares Purchased (#)	Average Price Paid per Share ($)	Total Number of Shares Purchased as Part of Publicly Announced Programs (#)	Maximum Number of Shares That May Yet Be Purchased Under Our Programs (#)
2011 Repurchase Program				
April 2011	1,259,300	78.86	1,259,300	15,943,100
May 2011	943,100	97.53	943,100	15,000,000
June 2011	—	—	—	15,000,000
Total	2,202,400	86.85		

On February 11, 2011, we announced that our Board of Directors authorized the repurchase of up to 20.0 million shares of our common stock. We expect to use this repurchase program principally to offset common stock issuance under our share-based compensation plans. This repurchase program does not have an expiration date. As of June 30, 2011, approximately 5.0 million shares of our common stock at a cost of approximately $386.6 million have been repurchased under this program.

Item 6. ***Exhibits***

The exhibits listed on the Exhibit Index immediately preceding such exhibits, which is incorporated herein by reference, are filed or furnished as part of this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BIOGEN IDEC INC.

/s/ Paul J. Clancy

Paul J. Clancy
Executive Vice President and
Chief Financial Officer

July 26, 2011

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
3.1+	Amended and Restated Certificate of Incorporation, as amended.
3.2+	Second Amended and Restated Bylaws, as amended.
10.1*+	Amendment to letter regarding employment arrangement of Francesco Granata.
10.2*+	Annual Retainer Summary for Board of Directors.
10.3*+	Amendment to IDEC Pharmaceuticals Corporation 1993 Non-Employee Directors Stock Option Plan dated June 1, 2011.
10.4*+	Amendment to Biogen Idec Inc. 2006 Non-Employee Directors Equity Plan dated June 1, 2011.
10.5*	Form of indemnification agreement for directors and executive officers. Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on June 7, 2011.
31.1+	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1++	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101++	The following materials from Biogen Idec Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2011, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Balance Sheets, (iii) the Condensed Consolidated Statements of Cash Flows, and (iv) Notes to Condensed Consolidated Financial Statements.

\+ Filed herewith

++ Furnished herewith

* Management contract or compensatory plan or arrangement.

Exhibit 3.1

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 05:00 PM 12/01/1999
991512488 — 2726078

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

IDEC PHARMACEUTICALS CORPORATION

Pursuant to the General Corporation Law
of the State of Delaware

IDEC Pharmaceuticals Corporation (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware, does hereby certify:

FIRST: The original Certificate of Incorporation of IDEC Pharmaceuticals Corporation was filed with the Secretary of State of Delaware on April 1, 1997.

SECOND: The Amended and Restated Certificate of Incorporation, as herein amended, and the Rights, Preferences and Restrictions of the Series X Junior Participating Preferred Stock of the Corporation are hereby restated and integrated into the single instrument which is hereinafter set forth, and which is entitled Amended and Restated Certificate of Incorporation of IDEC Pharmaceuticals Corporation, without any further amendments other than the amendments herein certified and without any discrepancy between the provisions of the Amended and Restated Certificate of Incorporation, as herein amended, and the Rights, Preferences and Restrictions of the Series X Junior Participating Preferred Stock and the provisions of the said single instrument hereinafter set forth.

THIRD: The amendment and the restatement of the Amended and Restated Certificate of Incorporation set forth herein has been duly adopted in accordance with the provisions of Sections 245, 242 and 211 of the General Corporation Law of the State of Delaware by the directors and stockholders of the Corporation.

FOURTH: Effective upon the filing of this Amended and Restated Certificate of Incorporation, each issued and outstanding share of Common Stock of the Corporation shall be split into two shares of Common Stock.

FIFTH: The text of the Corporation's Amended and Restated Certificate of Incorporation so adopted reads in full as set forth in Exhibit A attached hereto and is hereby incorporated herein by this reference.

IN WITNESS WHEREOF, IDEC Pharmaceuticals Corporation has caused this Amended and Restated Certificate of Incorporation to be signed by the President and the Secretary this 1st day of December, 1999.

IDEC Pharmaceuticals Corporation

By: /s/ William H. Rastetter, Ph.D.
William H. Rastetter, Ph.D.
President and Chief Executive Officer

ATTEST:

By: /s/ Kenneth J. Woolcott
Kenneth J. Woolcott, *Secretary*

EXHIBIT A

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

IDEC PHARMACEUTICALS CORPORATION

ARTICLE I

The name of this corporation is IDEC Pharmaceuticals Corporation.

ARTICLE II

The address of the registered office of the corporation in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law.

ARTICLE IV

(A) Classes of Stock. This corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the corporation is authorized to issue is Two Hundred Eight Million (208,000,000) shares. Two Hundred Million (200,000,000) shares shall be Common Stock, par value $0.0005 per share, and Eight Million (8,000,000) shares shall be Preferred Stock, par value $0.001 per share.

(B) Rights, Preferences and Restrictions of Preferred Stock. The Preferred Stock authorized by this Certificate of Incorporation may be issued from time to time in series. The rights, preferences, privileges, and restrictions granted to and imposed on the Series A Preferred Stock, which series shall consist of One Million Seven Hundred Fifty Thousand (1,750,000) shares, which may be issued in seven subseries designated as (i) "Series A-l Preferred Stock," consisting of One Hundred Thousand (100,000) authorized shares; (ii) "Series A-2 Preferred Stock," consisting of One Hundred Fifty Thousand (150,000) authorized shares; (iii) "Series A-3 Preferred Stock," consisting of Seven Hundred Thousand (700,000) authorized shares; (iv) "Series A-4 Preferred Stock," consisting of Two Hundred Fifty Thousand (250,000) authorized shares; (v) "Series A-5 Preferred Stock," consisting of Three Hundred Fifty Thousand (350,000) authorized shares; (vi) "Series A-6 Preferred Stock," consisting of One Hundred Thousand (100,000) authorized shares; and (vii) "Series A-7 Preferred Stock," consisting of One Hundred Thousand (100,000) authorized shares; and on the Series X Junior Participating Preferred Stock, consisting of Fifty-Eight Thousand (58,000) authorized shares, are as set forth

below in this Article IV(B). The Board of Directors is hereby authorized to fix or alter the rights, preferences, privileges and restrictions granted to or imposed upon additional series of Preferred Stock, and the number of shares constituting any such additional series and the designation thereof, or of any of them. Subject to compliance with applicable protective voting rights which have been or may be granted to the Preferred Stock or series thereof in the Corporation's Certificate of Incorporation, as amended and restated from time to time, and requirements and restrictions of applicable law ("Protective Provisions"), the rights, privileges, preferences and restrictions of any such additional series may be subordinated to, pari passu with (including, without limitation, inclusion in provisions with respect to liquidation and acquisition preferences, redemption and/or approval of matters by vote or written consent), or senior to any of those of any present or future class or series of Preferred or Common Stock. Subject to compliance with applicable Protective Provisions, the Board of Directors is also authorized to increase the number of shares of any series (other than the Series A Preferred Stock), or decrease the number of shares of any series prior or subsequent to the issue of that series, but not below the number of shares of such series then outstanding. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had prior to the adoption of the resolution originally fixing the number of shares of such series. The Series A Preferred Stock and the subseries thereof shall have the relative rights, preferences and restrictions set forth in Annex A hereto, which is incorporated by reference herein and made a part hereof. The Series X Junior Participating Preferred Stock shall have the relative rights, preferences and restrictions set forth in Annex B hereto, which is incorporated by reference herein and made a part hereof.

(C) Common Stock.

1. Dividend Rights. Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the Board of Directors.

2. Liquidation Rights. Upon the liquidation, dissolution or winding up of the Corporation, the assets of the Corporation shall be distributed to the holders of the Common Stock as provided in Annex A and Annex B hereto.

3. Redemption. The Common Stock is not redeemable.

4. Voting Rights. The holder of each share of Common Stock shall have the right to one vote, and shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law.

ARTICLE V

The Board of Directors may from time to time make, amend, supplement or repeal the bylaws of the corporation by the requisite affirmative vote of directors as set forth in the bylaws of the corporation; provided, however, that the stockholders may change or repeal any bylaw adopted by the Board of Directors by the requisite affirmative vote of stockholders as

set forth in the bylaws of the corporation; and, provided further, that no amendment or supplement to the bylaws of the corporation adopted by the Board of Directors shall vary or conflict with any amendment or supplement thus adopted by the stockholders.

ARTICLE VI

The number of directors of the corporation shall be fixed from time to time by, or in the manner provided in, the bylaws or amendment thereof duly adopted by the board of directors or by the stockholders of the corporation.

ARTICLE VII

Elections of directors need not be by written ballot unless the bylaws of the corporation shall so provide. The directors shall be classified into three classes, as nearly equal in number as possible as determined by the board of directors, with (i) the term of office of the first class to expire at the 1998 Annual Meeting of Stockholders, (ii) the term of office of the second class to expire at the 1999 Annual Meeting of Stockholders and (iii) the term of office of the third class to expire at the 2000 Annual Meeting of Stockholders. At each Annual Meeting of Stockholders, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding Annual Meeting of Stockholders after their election. Additional directorships resulting from an increase in the number of directors shall be apportioned among the classes as equally as possible as determined by the board of directors.

ARTICLE VIII

The Corporation is to have perpetual existence.

ARTICLE IX

Meetings of stockholders may be held within or without the State of Delaware, as the bylaws of the corporation may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the bylaws of the corporation.

ARTICLE X

A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended after approval of this Article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director

shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of the foregoing provisions of this Article X shall not adversely affect any right or protection of a director of the Corporation with respect to any acts or omissions of such director occurring prior to such repeal or modification.

ARTICLE XI

To the fullest extent permitted by applicable law, the Corporation is also authorized to provide indemnification of (and advancement of expenses to) such agents (and any other persons to which Delaware law permits the Corporation to provide indemnification) though bylaw provisions, agreements with such agents or other persons, vote of stockholders or disinterested directors or otherwise, in excess of the indemnification and advancement otherwise permitted by Section 145 of the Delaware General Corporation Law, subject only to limits created by applicable Delaware law (statutory or non-statutory), with respect to actions for breach of duty to the Corporation, its stockholders, and others. Any repeal or modification of any of the foregoing provisions of this Article XI shall not adversely affect any right or protection of a director, officer, agent or other person existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions of such director, officer or agent occurring prior to such repeal or modification.

ARTICLE XII

The corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ANNEX A

RIGHTS, PREFERENCES AND RESTRICTIONS OF THE SERIES A-1, A-2, A-3, A-4, A-5, A-6 AND A-7 PREFERRED STOCK

The rights, preferences, restrictions and other matters relating to the Series A Preferred Stock are as follows:

1. Certain Definitions.

"*Affiliate*" means an entity that, directly or indirectly, through one or more intermediaries, is controlled by IDEC or Genentech, As used herein, the term "control" will mean the direct or indirect ownership of fifty percent (50%) or more of the stock having the right to vote for directors thereof or the ability to otherwise control the management of the corporation or other business entity.

"*Approval Process Event*" means a determination by the Joint Development Committee that the formulation of C2B8 and the process for C2B8 recovery are commercially viable as more fully described in Appendix I to the Development Plan.

"*C2B8*" means that certain monoclonal antibody to B cells more particularly described on Exhibit B to the Collaboration Agreement.

"*Co-Promotion Territory*" means the United States and Canada.

"*Collaboration Agreement*" shall mean the Collaboration Agreement dated the Effective Date between the Corporation and Genentech.

"*Controlled,*" unless specified otherwise herein, means possession of the ability to grant a license or sublicense as provided for herein without violating the terms of any agreement or other arrangement with any entity other than the Corporation or Genentech.

"*Development Plan*" means the comprehensive plan for the development of C2B8, designed to generate the preclinical, process development/manufacturing scale-up, clinical and regulatory information required to obtain Regulatory Approval in the Co-Promotion Territory, and may be modified from time to time by the JDC. Development shall refer to all activities related to preclinical testing, toxicology, formulation, process development, manufacturing scale-up, quality assurance/quality control, clinical studies and regulatory affairs for a Licensed Product in connection with obtaining Regulatory Approvals of such Products.

"*Effective Date*" means March 16, 1995.

"*First Anniversary Date*" means the date which is twelve (12) calendar months following March 16, 1995.

"*FDA Approval Date*" means the date on which the United States Food and Drug Administration grants Regulatory Approval of C2B8 for manufacture and sale in the United States.

"*FDA Approval Event*" means the FDA Approval Date occurs on or before the Fifty-Four Month Anniversary Date.

"*Fifty-Four Month Anniversary Date*" means that date which is fifty-four (54) calendar months following March 16, 1995.

"*Genentech*" means Genentech, Inc., a Delaware corporation, and its Affiliates.

"*IDEC*" means IDEC Pharmaceuticals Corporation, a Delaware corporation, and its Affiliates.

"*Joint Development Committee*" or "*JDC*" means that committee established pursuant to Section 3.2 of the Collaboration Agreement.

"*Licensed Product(s)*" means any compound or composition of matter whose mechanism of action is initiated by interaction with the CD20 or CD19 B-cell determinant (including C2B8, but excluding Y2B8 (as defined in Section 2.2. of the Collaboration Agreement) and In2B8 (as defined in Section 2.2. of the Collaboration Agreement) unless the option set forth in Section 2.3 of the Collaboration Agreement is exercised) (a) developed by IDEC or (b) the intellectual property rights to which are owned or Controlled, in whole or in part, by IDEC, in either (a) or (b) as of the Effective Date or during the term of the Collaboration Agreement.

"*Major European Country*" means the United Kingdom, Italy, Germany, France or Spain.

"*ML/MS Agreement*" means the Preferred and Common Stock Purchase Agreement dated March 16, 1995 by and between ML/MS Associates, L.P. and IDEC, whereby IDEC reacquired the rights to certain technologies for the treatment of B-cell lymphomas funded and developed by ML/MS Partners pursuant to a Development Agreement and related agreements, dated as of February 17, 1988 and October 27, 1988.

"*ML/MS Partners*" shall mean ML Technology Ventures, L.P. and Morgan Stanley Ventures, L.P., and any assignee or successor to ML/MS Partners.

"*National Exchange*" shall mean the Nasdaq National Market or any other national exchange on which the Common Stock of the Corporation is listed.

"*Option Agreement*" means the Option Agreement to be dated as of the Effective Date between Genentech and the Corporation.

"*Patent Milestone Event*" means the notice of grant in the European Patent Office or issuance in a Major European Country of the first valid and enforceable letters patent covering C2B8.

"*Preferred Stock Purchase Agreement*" means the Preferred Stock Purchase Agreement dated the Effective Date between the Corporation and Genentech.

"*Regulatory Approval*" means any approvals (including pricing and reimbursement approvals), licenses, registrations or authorizations of any federal, state or local regulatory agency, department, bureau or other governmental entity, necessary for the manufacture and sale of a Licensed Product in a regulatory jurisdiction.

"*Registration Rights Agreement*" means the 1995 Registration Rights Agreement dated as of the Effective Date between Genentech, ML/MS Associates, L.P. and the Corporation.

"*Third Anniversary Date*" means that date which is thirty-six months following March 16, 1995.

2. Dividend Provisions.

a. Series A-1, A-2, A-3, A-4, A-5 and A-6 Preferred Stock Dividend Provisions. No dividend or other distribution shall be paid, or declared and set apart for payment (other than dividends of Common Stock on the Common Stock of the Corporation and dividends payable on the Series A-7 Preferred Stock pursuant to Section 2(b) below), on the shares of any class or series of capital stock of the Corporation unless and until a dividend of equal or greater amount (calculated as if the shares of Series A-1, A-2, A-3, A-4, A-5 and A-6 Preferred Stock had been converted Common Stock on the date the dividend is declared) is first declared and paid with respect to any series of Series A Preferred Stock.

b. Series A-7 Preferred Stock Dividend Provisions. Cumulative dividends shall accrue from the date of issuance of the Series A-7 Preferred Stock at a fluctuating rate per annum equal to the sum of two percent (2%) plus the "Prime Rate" as announced by the Bank of America, San Francisco Branch, from time to time. Accrued dividends shall be payable quarterly in arrears on the first day of each quarter, commencing with the first day of the first quarter following the earlier of the FDA Approval Date or the Fifty-Four Month Anniversary Date. On the earlier of the FDA Approval Date or the Fifty-Four Month Anniversary Date, all dividends accrued through such date shall be paid. Any accumulation of dividends on the Series A-7 Preferred Stock shall not bear interest. No dividend or other distribution shall be paid, or declared and set apart for payment (other than dividends of Common Stock on the Common Stock of the Corporation), on the shares of any class or series of capital stock of the Corporation unless and until such dividends have been paid. The Corporation shall take any and all corporate action necessary to declare and pay such dividends described in this Section 2(b).

3. Liquidation Preference. The holders of Series A Preferred Stock share a liquidation preference as follows:

a. Series A-1, A-2, A-3, A-4, A-5, A-6 and A-7 Preferred Stock Liquidation Preference. In the event of any liquidation, dissolution or winding up of this Corporation, either voluntary or involuntary, subject to the rights of series of Series A Preferred Stock that may from time to time come into existence, the holders of Series A-1, Series A-2, Series A-3, Series A-4, Series A-5, Series A-6 and Series A-7 Preferred Stock, shall be entitled to receive, prior and in preference to any distribution of any of the assets of this Corporation to

the holders of Common Stock and any other series of Series A Preferred Stock by reason of their ownership thereof, an amount per share equal to the Original Issue Price (defined below) for such subseries plus an amount equal to (i) the declared but unpaid dividends and distributions on such share in the case of the Series A-1, Series A-2, Series A-3, Series A-4, Series A-5 and Series A-6 Preferred Stock and (ii) the accrued but unpaid dividends and distributions on such share in the case of the Series A-7 Preferred Stock. If upon the occurrence of such event, the assets and funds thus distributed among the holders of the Series A-1, Series A-2, Series A-3, Series A-4, Series A-5, Series A-6 and Series A-7 Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then, subject to the rights of series of Series A Preferred Stock that may from time to time come into existence, the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series A-1, Series A-2, Series A-3, Series A-4, Series A-5, Series A-6 and Series A-7 Preferred Stock on an as-converted to Common Stock basis in proportion to the amount of such stock owned by each such holder. The "Original Issue Price" for each subseries shall mean the price at which the initial share of such subseries is issued.

b. Upon the completion of the distribution required by subparagraph (a) of this Section 3 and any other distribution that may be required with respect to series of Series A Preferred Stock that may from time to time come into existence, if assets remain in this Corporation, the holders of the Common Stock of this Corporation, shall receive all of the remaining assets of this Corporation.

c. If (i) a single shareholder or group of affiliated shareholders, other than a holder of the Series A Preferred Stock, or a Controlled Affiliate thereof, who would be required to file a Schedule 13D under the Securities Exchange Act of 1934, as amended, acquires or obtains the right to acquire voting stock of the Corporation so that its total holdings of such stock equal or exceed fifty percent (50%) of the then outstanding voting stock of the Corporation, or (ii) any third party (i.e., a party other than a holder or a Controlled Affiliate) acquires or obtains the right to acquire all or substantially all of the assets of the Corporation, then such event shall be considered a liquidation under this Section 3. For purposes hereunder, "Controlled Affiliate" shall mean a party that, directly or indirectly, through one or more intermediaries, is controlled by such holder.

4. Series A Preferred Stock Conversion. The holders of the Series A-1, Series A-2, Series A-3, Series A-4, Series A-5, Series A-6 and Series A-7 Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

a. Series A-1, Series A-2, Series A-3, Series A-4 and Series A-5, Preferred Stock Conversion. Each share of Series A-l, Series A-2, Series A-3, Series A-4 and Series A-5 Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of this Corporation or any transfer agent for such stock, into ten (10) fully paid and nonassessable shares of Common Stock (the "Conversion Rate" for the Series A-l Preferred Stock, Series A-2 Preferred Stock, Series A-3 Preferred Stock, Series A-4 Preferred Stock and the Series A-5 Preferred Stock).

b. [Intentionally omitted.]

c. Series A-6 Preferred Stock Conversion.

(1) "Series A-6 Conversion Number" means the number calculated according to the following formulas: (i) If the FDA Approval Date occurs prior to the Fifty-Four Month Anniversary Date, then the Series A-6 Conversion Number shall equal the average closing price for the Common Stock during the period beginning on the FDA Approval Date and ending on the date which is twenty (20) trading days following the FDA Approval Date, as reported on the National Exchange; or (ii) if the Fifty-Four Month Anniversary Date occurs prior to the FDA Approval Date, then the Series A-6 Conversion Number shall equal the average closing price for the Common Stock during the period beginning on the date which is twenty (20) trading days prior to the Fifty-Four Month Anniversary Date and ending on the Fifty-Four Month Anniversary Date, as reported on the National Exchange.

(2) The Series A-6 Preferred Stock shall not be convertible until the earlier of (i) twenty (20) trading days following the FDA Approval Date or (ii) the Fifty-Four Month Anniversary Date. Thereafter, each share of Series A-6 Preferred Stock shall be convertible, at the option of the holder thereof, into the number of shares of fully paid and nonassessable shares of Common Stock as equals seventy-five (75) divided by the Series A-6 Conversion Number (the "Conversion Rate" for the Series A-6 Preferred Stock).

d. Series A-7 Preferred Stock Conversion.

(1) "Series A-7 Conversion Number" means the average closing price for the Common Stock during the period beginning on the twentieth (20th) trading day preceding the date on which the holder gives notice of such holder's intention to convert (the "Notice Date") and ending on the Notice Date, as reported on the National Exchange.

(2) Each share of Series A-7 Preferred Stock shall be convertible, at the option of the holder thereof, at any time after the Fifty-Four Month Anniversary Date at the office of this Corporation or any transfer agent for such stock, into such number of shares of fully paid and nonassessable shares of Common Stock as equals (A) one hundred (100) divided by (B) the Series A-7 Conversion Number (the "Conversion Rate" for the Series A-7 Preferred Stock).

e. Automatic Conversion. (i) Each share of Series A-l, Series A-2, Series A-3, Series A-4 and Series A-5 Preferred Stock; (ii) each share of Series A-6 Preferred Stock that has become convertible at the option of the holder pursuant to Section 4(c); and (iii) each share of Series A-7 Preferred Stock that has become convertible at the option of the holder pursuant to Section 4(d), shall, in each case, automatically be converted into shares of Common Stock at its then effective Conversion Rate immediately upon the transfer of ownership by the initial holder to a third party which is not an Affiliate of such holder. For purposes hereunder, "Affiliate" shall mean a party that, directly or indirectly, through one or more intermediaries, controls or is controlled by such holder.

f. Mechanics of Conversion of Series A Preferred Stock. Before any holder of Series A Preferred Stock shall be entitled to convert the same into shares of Common

Stock, such holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of this Corporation or of any transfer agent for the Series A Preferred Stock, and shall give written notice to this Corporation at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for shares of Common Stock are to be issued; provided, however, that in the event of an automatic conversion pursuant to Section 4(e), the outstanding shares of Series A Preferred Stock shall be converted automatically without any further action by the holder of such shares and whether or not the certificates representing such shares are surrendered to the Corporation or its transfer agent, and provided further that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon such automatic conversion unless the certificates evidencing such shares of Series A Preferred Stock are delivered to the Corporation or its transfer agent as provided herein. This Corporation shall, as soon as practicable thereafter, issue and deliver at such office to such holder of Preferred Stock, or to the nominee or nominees of such holder, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid and shall promptly pay in cash or, to the extent sufficient funds are not then legally available therefor, in Common Stock (at the Common Stock's fair market value determined by the Board of Directors as of the date of such conversion), any declared and unpaid dividends on the shares of Series A-l, Series A-2, Series A-3, Series A-4, Series A-5 and Series A-6 Preferred Stock being converted and any accrued but unpaid dividends on the shares of Series A-7 Preferred Stock being converted. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the shares of Series A Preferred Stock to be converted, or in the case of automatic conversion pursuant to Section 4(e), on the date of transfer to the new non-Affiliate holder; and the person or persons entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of such date.

g. Conversion Rate Adjustments of Series A Preferred Stock for Splits and Combinations. The Conversion Rate of the Series A-l, Series A-2, Series A-3, Series A-4, Series A-5, Series A-6 and Series A-7 Preferred Stock shall be subject to adjustment from time to time as follows:

(1) In the event the Corporation should at any time or from time to time after the date upon which any shares of Series A Preferred Stock were first issued (the "Purchase Date"), fix a record date for the effectuation of a split or subdivision of the outstanding shares of Common Stock or the determination of holders of Common Stock entitled to receive a dividend or other distribution payable in additional shares of Common Stock or other securities or rights convertible into, or entitling the holder thereof to receive directly or indirectly, additional shares of Common Stock (hereinafter referred to as "Common Stock Equivalents") without payment of any consideration by such holder for the additional shares of Common Stock or the Common Stock Equivalents (including the additional shares of Common Stock issuable upon conversion or exercise thereof), then, as of such record date (or the date of such dividend distribution, split or subdivision if no record date is fixed), the Conversion Rate of the Series A Preferred Stock shall be appropriately increased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be increased in proportion to such increase of the aggregate of shares of Common Stock outstanding and those issuable with respect to such Common Stock Equivalents.

(2) If the number of shares of Common Stock outstanding at any time after the Purchase Date is decreased by a combination of the outstanding shares of Common Stock, then, following the record date of such combination, the Conversion Rate for the applicable series of Series A Preferred Stock shall be appropriately decreased so that the number of shares of Common Stock issuable on conversion of each share of such series shall be decreased in proportion to such decrease in outstanding shares. Any adjustment under Section 4(g)(l) or (2) shall become effective at the close of business on the date the split, subdivision, stock dividend, other distribution or combination becomes effective.

h. Distributions. In the event this Corporation shall declare a distribution payable in securities of other persons, evidences of indebtedness issued by this Corporation or other persons, assets (excluding cash dividends), then, in each such case for the purpose of this subsection 4(h), the holders of the Series A Preferred Stock shall be entitled to a proportionate share of any such distribution as though they were the holders of the number of shares of Common Stock of the Corporation into which their shares of Series A Preferred Stock are convertible as of the record date fixed for the determination of the holders of Common Stock of the Corporation entitled to receive such distribution.

i. Recapitalizations. If at any time or from time to time there shall be a recapitalization of the Common Stock (other than a subdivision or combination provided for elsewhere in this Section 4 or a change in control provided for in Section 3(c)) provision shall be made so that the holders of the Series A-1, Series A-2, Series A-3, Series A-4, Series A-5, Series A-6 and Series A-7 Preferred Stock shall thereafter be entitled to receive upon conversion of the Series A Preferred Stock the number of shares of stock or other securities or property of the Corporation or otherwise, to which a holder of Common Stock deliverable upon conversion would have been entitled on such recapitalization, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of the Series A Preferred Stock after the recapitalization to the end that the provisions of this Section 4 (including adjustment of the applicable Conversion Rate then in effect and the number of shares purchasable upon conversion of the Series A Preferred Stock) shall be applicable after that event as nearly equivalent as may be practicable.

j. No Impairment. This Corporation will not, by amendment of its Certificate of Incorporation or through any reorganization, recapitalization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by this Corporation, but will at all times in good faith assist in the carrying out of all the provisions of this Section 4 and in the taking of all such action as may be necessary or appropriate in order to protect the Conversion Rights of the holders of the Series A Preferred Stock against impairment.

k. No Fractional Shares and Certificate as to Adjustments.

(1) No fractional shares shall be issued upon the conversion of any share or shares of the Series A Preferred Stock, and the number of shares of Series A Preferred Stock or Common Stock to be issued shall be rounded to the nearest whole share.

Whether or not fractional shares are issuable upon such conversion shall be determined on the basis of the total number of shares of Series A Preferred Stock the holder is at the time converting into Series A Preferred Stock or Common Stock and the number of shares of Series A Preferred Stock or Common Stock issuable upon such aggregate conversion.

(2) Upon the occurrence of each adjustment or readjustment of the Conversion Rate of Series A Preferred Stock pursuant to this Section 4, this Corporation, at its expense, shall promptly compute such adjustment or readjustment in accordance with the terms hereof and prepare and furnish to each holder of Series A Preferred Stock a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. This Corporation shall, upon the written request at any time of any holder of Series A Preferred Stock, furnish or cause to be furnished to such holder a like certificate setting forth (a) such adjustment and readjustment, (b) the Conversion Rate for such Series A Preferred Stock at the time in effect, and (c) the number of shares of Common Stock and the amount, if any, of other property which at the time would be received upon the conversion of a share of Series A Preferred Stock.

l. Notices of Record Date. In the event of any taking by this Corporation of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (other than a cash dividend) or other distribution, any right to subscribe for, purchase or otherwise acquire any shares of stock of any class or any other securities or property, or to receive any other right, this Corporation shall mail to each holder of Series A Preferred Stock, at least 20 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

m. Reservation of Stock Issuable Upon Conversion. This Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A-1, Series A-2, Series A-3, Series A-4, Series A-5, Series A-6 and Series A-7 Preferred Stock, respectively, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A-l, Series A-2, Series A-3, Series A-4, Series A-5, Series A-6 and Series A-7 Preferred Stock, respectively, and if at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A-l, Series A-2, Series A-3, Series A-4, Series A-5, Series A-6 and Series A-7 Preferred Stock, respectively, in addition to such other remedies as shall be available to the holder of such Preferred Stock, this Corporation will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purposes, including, without limitation, engaging in best efforts to obtain the requisite shareholder approval of any necessary amendment to its Certificate of Incorporation.

n. Notices. Any notice required to be given to the holders of shares of Series A Preferred Stock shall be deemed given if deposited in the United States mail, postage prepaid, and addressed to each holder of record at his address appearing on the books of this Corporation.

5. Voting Rights. The holders of shares of Series A Preferred Stock shall not have any voting rights, except as required under the General Corporation Law of Delaware.

6. Status of Unissued, Converted or Redeemed Stock. In the event any shares shall be converted pursuant to Section 4 hereof, the shares so converted shall be cancelled and shall not be issuable by the Corporation. The Certificate of Incorporation of this Corporation shall be appropriately amended to effect the corresponding reduction in the Corporation's authorized capital stock. In the event the Corporation issues less than the number of authorized shares of any subseries of Series A Preferred Stock, the Certificate of Incorporation of this Corporation shall be appropriately amended to effect a corresponding reduction in such subseries of Preferred Stock.

7. Cancellation of Series A-3 Preferred Stock. If the Approval Process Event has not occurred on or before the First Anniversary Date and if the Patent Milestone Event occurs prior to the Third Anniversary Date, then this Corporation may, at its option, cancel that number of shares of Series A-3 Preferred Stock (or if an insufficient number of shares of Series A-3 Preferred Stock are outstanding, then an equivalent number of outstanding shares of other subseries of Series A Preferred Stock or Common Stock) equal to $2,500,000 divided by the Series A-3 Cancellation Price, where the "Series A-3 Cancellation Price" equals the higher of the (i) price paid per share for the Series A-3 Preferred Stock on the date of issuance, or (ii) fair market value of the Series A-3 Preferred Stock calculated as (A) the average closing price for the Corporation's Common Stock during the period beginning twenty- three (23) trading days prior to the date of cancellation and ending three (3) trading days prior to the date of cancellation, as reported on the National Exchange, multiplied by (B) the Conversion Rate for the Series A-3 Preferred Stock.

8. Cancellation of Series A-7 Preferred Stock. If the FDA Approval Date occurs on or before the Fifty-Four Month Anniversary Date, the Corporation shall cancel all of the then outstanding shares of Series A-7 Preferred Stock by crediting therefor an amount equal to the liquidation preference of such shares (including accrued but unpaid dividends) against the milestone payments due the Corporation pursuant to the Collaboration Agreement, such amount to be credited first to the milestone payment payable upon Regulatory Approval in the United States (as described in Section 7.4 of the Collaboration Agreement) and second, to the extent the aforesaid liquidation preference remains unpaid, to the milestone payment then payable on the date of regulatory approval in the first Major European Country (as described in Section 7.4 of the Collaboration Agreement) (collectively, the "Milestone Payments"). If at any time there is a Default Event (defined below), the Corporation shall immediately cancel all of the outstanding shares of Series A-7 Preferred Stock by paying the holders in cash an amount equal to the liquidation preference of such shares (including accrued but unpaid dividends) (an "Acceleration Event"). If the Corporation is unable to cancel such shares of Series A-7 Preferred Stock within seven (7) calendar days from the occurrence of the Default Event, then notwithstanding any provision herein to the contrary, the holder of such shares may, at its sole election, convert such shares into shares of Common Stock of the Corporation equal to the liquidation preference of such shares (including accrued but unpaid dividends) divided by the Original Issue Price for such subseries multiplied by the Conversion Rate for the Series A-7 Preferred Stock. If there is an Acceleration Event and the holder receives cash or converts to

Common Stock in exchange for cancellation of the outstanding shares of Series A-7 Preferred Stock as described in the preceding sentence, the holder shall be obligated to pay, in cash, to the Corporation, any and all Milestone Payments as such payments become due under the Collaboration Agreement.

A "Default Event" shall mean the occurrence of any of the following events:

(i) Distributions. Failure to make a required payment or distribution hereunder;

(ii) Material Adverse Event. At the end of any fiscal quarter, the total cash, cash equivalents and marketable debt investments of the Corporation shall be valued at less than the sum of the principal of and unpaid accrued interest on (i) all indebtedness of the Corporation to banks, insurance companies or financial institutions regularly engaged in the business of lending money, which is for money borrowed by the Corporation; (ii) all purchase money security interests in an amount not to exceed $5,000,000 (as defined in the California Uniform Commercial Code); and (iii) the liquidation preference of the outstanding Series A-7 Preferred Stock. In such event, the Corporation shall provide holder with written notice thereof within twenty-four (24) hours of determining that such event has occurred.

(iii) Bankruptcy Commenced by the Corporation. If the Corporation:

(a) shall commence any proceeding in bankruptcy or seek reorganization, arrangement, readjustment of its debts, dissolution, liquidation, winding-up, composition or any other relief under the United States Bankruptcy Act, as amended, or under any other insolvency, liquidation, dissolution, arrangement, composition, readjustment of debt or any other similar act or law, of any jurisdiction, domestic or foreign, now or hereafter existing;

(b) shall admit is inability to pay its debts as they mature in any petition or pleading in connection with any such proceeding;

(c) shall apply for, or, in writing, consent to or acquiesce in, an appointment of a receiver, conservator, trustee or similar officer for it or for all or substantially all of its assets;

(d) shall make a general assignment for the benefit of creditors; or

(e) shall admit in writing its inability to pay its debts as they mature;

(iv) Bankruptcy Commenced Against the Corporation. If any proceedings are commenced or any other action is taken against the Corporation in bankruptcy or seeking reorganization, arrangement, readjustment of its debts, dissolution, liquidation, winding-up, composition or any other relief under the United States Bankruptcy Act, as amended, or under any other insolvency, reorganization, liquidation, dissolution, arrangement,

composition, readjustment of debt or any other similar act or law, of any jurisdiction, domestic or foreign, now or hereafter existing; or a receiver, conservator, trustee or similar officer for the Corporation or for all or substantially all of its assets is appointed; and in each such case, such event continues for ninety (90) days undismissed, unbounded and undischarged; and

(v) Material Breach. (A) Any breach of any material representation, warranty, covenant or obligation of the Corporation under (i) the Collaboration Agreement, which breach is not cured within sixty (60) days of written notice thereof from Genentech (or if such breach is not susceptible of cure within such period, the Corporation is not making diligent good faith efforts to cure such breach); (ii) the Preferred Stock Purchase Agreement, the Option Agreement or the Registration Rights Agreement, which breach is not cured within thirty (30) days after receipt of written notice of such breach from Genentech to the Corporation; or (iii) the ML/MS Agreement, to the extent such breach materially adversely affects the Corporation's ability to perform its obligations under the Collaboration Agreement; or (B) if, at any time, any of the Collaboration Agreement, the Series A Preferred Stock Agreement, the Option Agreement or the Registration Rights Agreement ceases to be in full force and effect.

ANNEX B

RIGHTS, PREFERENCES AND RESTRICTIONS OF THE SERIES X JUNIOR PARTICIPATING PREFERRED STOCK

The rights, preferences, restrictions and other matters relating to the Series X Junior Participating Preferred Stock shall be as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series X Junior Participating Preferred Stock" (the "Series X Preferred Stock") and the number of shares constituting the Series X Preferred Stock shall be Fifty Eight Thousand (58,000). Such number of shares may be increased or decreased by resolution of the Board of Directors; provided, that no decrease shall reduce the number of shares of Series X Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation which are convertible into Series X Preferred Stock.

Section 2. Dividends and Distributions.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series X Preferred Stock with respect to dividends, the holders of shares of Series X Preferred Stock, in preference to the holders of the Common Stock of the Corporation (the "Common Stock"), and of any other junior stock, shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series X Preferred Stock, in an amount per share (rounded to the nearest cent) equal to, subject to the provision for adjustment hereinafter set forth, 1000 times the aggregate per share amount of all cash dividends, and 1000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series X Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series X Preferred Stock were entitled immediately prior to such event under the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares

of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series X Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock).

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series X Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series X Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series X Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series X Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series X Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series X Preferred Stock shall entitle the holder thereof to 1000 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series X Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in any other Certificate of Designation creating a series of Preferred Stock or any similar stock, or by law, the holders of shares of Series X Preferred Stock and the holders of shares of Common Stock

and any other capital stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, or as otherwise provided by law, holders of Series X Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series X Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series X Preferred Stock outstanding shall have been paid in full, the Corporation shall not:

(i) declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series X Preferred Stock;

(ii) declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series X Preferred Stock, except dividends paid ratably on the Series X Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series X Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series X Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series X Preferred Stock, or any shares of stock ranking on a parity with the Series X Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation

unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series X Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Certificate of Incorporation, or in any other Certificate of Designation creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series X Preferred Stock unless, prior thereto, the holders of shares of Series X Preferred Stock shall have received $1,000 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series X Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1000 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series X Preferred Stock, except distributions made ratably on the Series X Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series X Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series X Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth

in the preceding sentence with respect to the exchange or change of shares of Series X Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series X Preferred Stock shall not be redeemable.

Section 9. Rank. The Series X Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of any other class of the Corporation's Preferred Stock.

Section 10. Amendment. The Certificate of Incorporation of the Corporation shall not be amended in any manner which would materially alter or change the powers, preferences or special rights of the Series X Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least a majority of the outstanding shares of Series X Preferred Stock, voting together as a single class.

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 04:30 PM 05/24/2001
010251885 — 2726078

CERTIFICATE OF AMENDMENT OF

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

IDEC PHARMACEUTICALS CORPORATION

IDEC Pharmaceuticals Corporation, a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

FIRST: That the Board of Directors of said corporation, at a meeting duly held, adopted a resolution proposing and declaring advisable the following amendment to the Amended and Restated Certificate of Incorporation:

RESOLVED, that the Amended and Restated Certificate of Incorporation of this corporation be amended by changing Section A of Article IV thereof so that as amended, said Section A of Article IV shall be and read as follows:

"(A) Classes of Stock. This corporation is authorized to issue two classes of stock to be designated, respectively, **"Common Stock"** and **"Preferred Stock."** The total number of shares which the corporation is authorized to issue is Five Hundred Eight Million (508,000,000). shares. Five Hundred Million (500,000,000) shares shall be Common Stock, par value $0.0005 per share, and Eight Million (8,000,000) shares shall be Preferred Stock, par value $0.001 per share."

SECOND: That thereafter, pursuant to resolution of the Board of Directors, the annual meeting of the stockholders of said corporation was duly called and held, upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

FOURTH: That the capital of said corporation shall not be reduced under or by reason of said amendment.

IN WITNESS WHEREOF, said IDEC Pharmaceuticals Corporation has caused this certificate to be signed by its President and Chief Executive Officer, William H. Rastetter, this 21st day of May, 2001.

/s/ William H. Rastetter
William H. Rastetter
President and Chief Executive Officer

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 10:00 AM 07/26/2001
010363636 — 2726078

CERTIFICATE
INCREASING THE NUMBER OF AUTHORIZED SHARES OF
SERIES X JUNIOR PARTICIPATING PREFERRED STOCK
OF
IDEC PHARMACEUTICALS CORPORATION

IDEC Pharmaceuticals Corporation (the "Corporation"), a corporation organized and existing under the General Corporation Law of the State of Delaware (the "DGCL"), the Certificate of Incorporation of which was originally filed in the office of the Secretary of State of Delaware on April 1, 1997, does hereby certify as follows:

FIRST: Pursuant to the authority vested in the board of directors (the "Board") of the Corporation pursuant to the Certificate of Incorporation and Section 151 of the DGCL, the Board, by resolution thereof and a subsequent filing of a certificate of designation with the Secretary on August 1, 1997, designated the Series X Junior Participating Preferred Stock of the Corporation (the "Series X"), established the rights preferences and restrictions of the Series X and authorized the issuance of fifty-eight thousand (58,000) shares of the Series X.

SECOND: The Corporation's Certificate of Incorporation, as amended, and the rights, preferences and restrictions of the Series X were restated and integrated into a single Amended and Restated Certificate of Incorporation duly filed with the Secretary on December 1, 1999 (the "Amended and Restated Certificate").

THIRD: No shares of Series X have been issued.

FOURTH: Pursuant to the authority reserved to the Board under the Amended and Restated Certificate and Section 151(g) of the DGCL, the Board at a meeting duly convened and held on July 18, 2001, adopted the following resolution:

"RESOLVED, that, pursuant to the authority vested in the Board in accordance with the provisions of the Corporation's Certificate of Incorporation, the Board does hereby increase the number of shares of the Corporation's Series X Junior Participating Preferred Stock to 1,000,000 shares."

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by the President and the Secretary this 26th day of July, 2001.

IDEC PHARMACEUTICALS CORPORATION

By: /s/ William H. Rastetter
William H. Rastetter, Ph.D.
Chairman, President and Chief Executive Officer

Attest:

By: /s/ Kenneth J. Woolcott
Kenneth J. Woolcott, Secretary

State of Delaware
Secretary of State
Division of Corporations
Delivered 01:41 PM 11/12/2003
FILED 01:41 PM 11/12/2003
SRV 030725724 — 2726078 FILE

CERTIFICATE OF AMENDMENT
TO THE
CERTIFICATE OF INCORPORATION
OF
IDEC PHARMACEUTICALS CORPORATION

Pursuant to Section 242 of the General
Corporation Law of the State of Delaware

IDEC Pharmaceuticals Corporation, a Delaware corporation (hereinafter called the "Corporation"), does hereby certify as follows:

FIRST: Article I of the Corporation's Amended and Restated Certificate of Incorporation is hereby amended to read in its entirety as set forth below:

ARTICLE I

The name of this corporation is "Biogen Idec Inc."

SECOND: Article IV(A) of the Corporation's Amended and Restated Certificate of Incorporation is hereby amended to read in its entirety as set forth below:

(A) Classes of Stock. The Corporation is authorized to issue two classes of stock to be designated, respectively, "Common Stock" and "Preferred Stock." The total number of shares which the Corporation is authorized to issue is One Billion Eight Million (1,008,000,000) shares. One Billion (1,000,000,000) shares shall be Common Stock, par value $0.0005 per share, and Eight Million (8,000,000) shares shall be Preferred Stock, par value $0.001 per share.

THIRD: The foregoing amendments were duly adopted in accordance with Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, The Corporation has caused this Certificate to be duly executed in its corporate name this 12th day of November, 2003.

IDEC PHARMACEUTICALS
CORPORATION

By: /s/ William H. Rastetter, Ph.D.
Name: William H. Rastetter, Ph.D.
Title: Chairman of the Board and
Chief Executive Officer

State of Delaware
Secretary of State
Division of Corporations
Delivered 02:28 PM 06/02/2011
FILED 02:16 PM 06/02/2011
SRV 110681874 — 2726078 FILE

STATE OF DELAWARE

CERTIFICATE OF AMENDMENT
OF CERTIFICATE OF INCORPORATION
OF
BIOGEN IDEC INC.

The corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

FIRST: That at a meeting of the Board of Directors of Biogen Idec Inc. resolutions were duly adopted setting forth a proposed amendment to Article VII of the Certificate of Incorporation of said corporation, declaring said amendment to be advisable and directing that the proposed amendment be considered at the next annual meeting of the stockholders. As amended pursuant to such resolutions, Article VII of the Certificate of Incorporation shall be and read as follows:

ARTICLE VII

Elections of directors need not be by written ballot unless the bylaws of the corporation shall so provide. Directors shall hold office for a term ending on the date of the next annual meeting of stockholders following their election and until their successors shall have been elected and qualified, subject to their earlier death, resignation or removal.

SECOND: That, pursuant to resolution of its Board of Directors, an annual meeting of the stockholders of said corporation was duly called and held upon notice in accordance with Section 222 of the General Corporation Law of the State of Delaware at which meeting the necessary number of shares as required by statute were voted in favor of the amendment.

THIRD: That said amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed this 2nd day of June, 2011.

By: /s/ Robert A. Licht
Authorized Officer
Title: Senior Vice President
Name: Robert A. Licht

Exhibit 3.2

SECOND AMENDED AND RESTATED
BYLAWS
OF
BIOGEN IDEC INC.

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(continued)

SECOND AMENDED AND RESTATED

BYLAWS

OF

BIOGEN IDEC INC.

(Adopted as of October 13, 2008; as amended through June 2, 2011)

ARTICLE 1

Offices

1.1 Registered Office

The registered office of the corporation shall be set forth in the certificate of incorporation of the corporation.

1.2 Other Offices

The corporation may also have offices at such other places, either within or without the State of Delaware, as the Board of Directors (the "**Board**") may from time to time designate or the business of the corporation may require.

ARTICLE 2

Meeting of Stockholders

2.1 Place of Meeting

Meetings of stockholders may be held at such place, either within or without of the State of Delaware, as may be designated by or in the manner provided in these bylaws, or, if not so designated, as determined by the Board.

2.2 Annual Meeting

Annual meetings of stockholders shall be held each year at such place, date and time as shall be designated from time to time by the Board and stated in the notice of the meeting. At each such annual meeting, the stockholders shall elect directors to hold office until the next annual meeting of stockholders after their election and until their successors are duly elected and qualified or until their earlier resignation, removal from office, death or incapacity. Except in a contested election, the vote required for the election of a director by the stockholders shall be the affirmative vote of a majority of the votes cast in favor of or against a nominee. In a contested election, directors shall be elected by a plurality of the votes so cast. A contested election shall be one in which there are more nominees than positions on the Board to be filled at the meeting

as of the fourteenth (14th) day prior to the date on which the corporation files its definitive proxy statement with the Securities and Exchange Commission. Any subsequent amendment or supplement of the definitive proxy statement shall not affect the status of the election. The stockholders shall also transact such other business as may properly be brought before the meeting.

To be properly brought before the annual meeting, nominations of persons for election to the Board must be made in accordance with the procedures set forth in Section 3.1.

Subject to the last paragraph of this Section 2.2, to be properly brought before the annual meeting, business other than nominations of persons for election to the Board must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board or the Chairman of the Board or the Chief Executive Officer, (b) otherwise properly brought before the meeting by or at the direction of the Board (or any committee thereof) or the Chairman of the Board or the Chief Executive Officer, or (c) otherwise properly brought before the meeting by a stockholder of record of the corporation at the time of giving of notice of meeting pursuant to Section 2.4 and at the time of the meeting, who is entitled to vote at the meeting and who otherwise complies with this Section 2.2. For any proposed business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) above of this paragraph, the proposed business must constitute a proper matter for stockholder action. Any such stockholder may propose business to be brought before a meeting only if such stockholder has given timely notice to the Secretary of the corporation in proper written form of the stockholder's intent to propose such business. To be timely, the stockholder's notice must be delivered by a nationally recognized courier service or mailed by first class United States mail, postage or delivery charges prepaid, and received at the principal executive offices of the corporation addressed to the attention of the Secretary of the corporation not less than ninety (90) days nor more than one hundred twenty (120) days in advance of the first anniversary of the date the corporation's proxy statement was released to the stockholders in connection with the previous year's annual meeting of stockholders; *provided*, *however*, that in the event that no annual meeting was held in the previous year or the date of the annual meeting is more than (30) days before or more than (60) days after the first anniversary of the previous year's annual meeting of stockholders, notice by the stockholder must be received by the Secretary of the corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of (x) the ninetieth (90th) day prior to such annual meeting and (y) the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. For the purposes of these bylaws, "**public announcement**" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of stockholder's notice as described above. To be in proper form, a stockholder's notice to the Secretary must set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend these bylaws, the language of the proposed amendment), and the reasons for conducting such business at the annual meeting, (ii) the name

and record address of the stockholder proposing such business and the beneficial owner, if any, on whose behalf the proposal is made, (iii) the class, series and number of shares of the corporation that are owned beneficially and of record by the stockholder and such beneficial owner and a representation that the stockholder will notify the corporation in writing of the class and number of such shares owned beneficially and of record as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (iv) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the corporation or with a value derived in whole or in part from the value of any class or series of shares of the corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the corporation or otherwise (a "**Derivative Instrument**") directly or indirectly owned beneficially by such stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the corporation and a representation that the stockholder will notify the corporation in writing of any such Derivative Instrument in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (v) a description of any agreement, arrangement or understanding with respect to the proposal of business between or among such stockholder and such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing and a representation that the stockholder will notify the corporation in writing of any such agreements, arrangements or understandings in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (vi) a description of any material interest of the stockholder and the beneficial owner, if any, on whose behalf the proposal is made, in such business, (vii) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business, (viii) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock required to approve or adopt the proposal and/or (b) otherwise to solicit proxies from stockholders in support of such proposal and (ix) any other information that is required to be provided by the stockholder pursuant to Section 14 of the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder as amended from time to time (collectively, the "**1934 Act**") in such stockholder's capacity as a proponent of a stockholder proposal.

Except as otherwise provided by law, the Chairman of the Board (or such other person presiding at the meeting in accordance with these bylaws) shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 2.2 (including whether the stockholder or beneficial owner, if any, on whose behalf the proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's proposal in compliance with such stockholder's representation as required by clause (viii) above of this Section 2.2), and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section 2.2, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or

special meeting of stockholders of the corporation to present proposed business, such proposed business shall not be transacted, notwithstanding that proxies in respect of such proposed business may have been received by the corporation. For purposes of this Section 2.2, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

Compliance with this Section 2.2 and Section 3.1 shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters brought properly under and in compliance with Rule 14a-8 or Rule 14a-11 under the 1934 Act).

2.3 Special Meetings

Special meetings of the stockholders may be called for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, by the Secretary only at the request of the Chairman of the Board, the Chief Executive Officer or by a resolution duly adopted by the affirmative vote of a majority of the Board. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at any special meeting shall be limited to matters relating to the purpose or purposes stated in the notice of meeting.

2.4 Notice of Meetings

Except as otherwise provided by law, written notice of each meeting of stockholders, annual or special, stating the place, if any, date and time of the meeting, the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which such special meeting is called, shall be given to each stockholder entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting.

When a meeting is adjourned to another place, date or time, notice need not be given of the adjourned meeting if the place, date and time thereof are announced at the meeting at which the adjournment is taken; *provided*, *however*, that if the date of any adjourned meeting is more than thirty (30) days after the date for which the meeting was originally noticed, or if a new record date is fixed for the adjourned meeting, written notice of the place, if any, date, time and means of remote communications, if any, of the adjourned meeting shall be given in conformity herewith. At any adjourned meeting, any business may be transacted that might have been transacted at the original meeting.

2.5 List of Stockholders

The officer in charge of the stock ledger of the corporation or the transfer agent shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the

meeting, for a period of at least ten (10) days prior to the meeting, (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the corporation. If the meeting is to be held at a place, then the list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to gain access to such list shall be provided with the notice of the meeting.

2.6 Organization and Conduct of Business

The Chairman of the Board or, in his or her absence, the Chief Executive Officer or President of the corporation or, in their absence, such person as the Board may have designated or, in the absence of such a person, such person as may be chosen by the holders of a majority of the shares entitled to vote who are present, in person or by proxy, shall call to order any meeting of the stockholders and act as chairman of the meeting. In the absence of the Secretary of the corporation, the secretary of the meeting shall be such person as the chairman of the meeting appoints.

The chairman of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seems to him or her in order.

2.7 Quorum

Except where otherwise provided by law or the certificate of incorporation of the corporation or these bylaws, the holders of a majority of the stock issued and outstanding and entitled to vote, present in person or represented in proxy, shall constitute a quorum at all meetings of the stockholders.

2.8 Adjournments

Any meeting of stockholders may be adjourned from time to time to any other time and to any other place at which a meeting of stockholders may be held under these bylaws, which time and place shall be announced at the meeting, by either the Chairman of the Board or a majority of the stockholders present in person or represented by proxy at the meeting and entitled to vote, whether or not a quorum is present, without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the original meeting. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.9 Voting Rights

Unless otherwise provided in the certificate of incorporation of the corporation, each stockholder shall at every meeting of the stockholders be entitled to one vote for each share of the capital stock having voting power held by such stockholder.

2.10 Majority Vote

When a quorum is present at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which by express provision of statute or of the certificate of incorporation of the corporation or of these bylaws, a different vote is required in which case such express provision shall govern and control the decision of such question.

2.11 Record Date for Stockholder Notice, Voting, Payment and Written Consent

(a) For purposes of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any right in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action (other than the taking of action by written consent of the stockholders without a meeting which is governed by Section 2.11(b) below), the Board may fix, in advance, a record date, which shall not be more than sixty (60) days nor less than ten (10) days before the date of any such meeting nor more than sixty (60) days before any other action to which the record date relates. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; *provided, however*, that the Board may fix a new record date for the adjourned meeting. If the Board does not so fix a record date, then: (i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held; and (ii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating to such purpose.

(b) For purposes of determining the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board to fix a record date. The Board shall, within ten (10) days after the date on which such written notice is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board within ten (10) days after receipt of such written notice, when no prior action by the Board is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is

delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded, to the attention of the Secretary. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board and prior action by the Board is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

2.12 Proxies

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three (3) years from its date unless the proxy provides for a longer period. All proxies must be filed with the Secretary of the corporation at the beginning of each meeting in order to be counted in any vote at the meeting. Subject to the limitation set forth in the last clause of the first sentence of this Section 2.12, a duly executed proxy that does not state that it is irrevocable shall continue in full force and effect unless (i) revoked by the person executing it, before the vote pursuant to that proxy, by a writing delivered to the corporation stating that the proxy is revoked or by a subsequent proxy executed by, or attendance at the meeting and voting in person by, the person executing the proxy, or (ii) written notice of the death or incapacity of the maker of that proxy is received by the corporation before the vote pursuant to that proxy is counted.

2.13 Inspectors of Election

The corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The corporation may designate one or more persons to act as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability.

2.14 Inspectors of Written Consent

In the event of the delivery, in the manner prescribed by law or in these bylaws, to the corporation of the requisite written consent or consents to take corporate action or any related revocations thereof, the corporation may designate one or more persons for the purpose of promptly performing a ministerial review of the validity of such consents and revocations. The corporation may designate one or more persons to act as alternate inspectors to replace any inspector who fails to act. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. For the purpose of permitting the inspectors to perform such review, no action by written consent without a meeting shall be effective until such date as the independent inspectors certify to the corporation that the consents delivered to the corporation in accordance with applicable law and these bylaws represent at least the minimum number of votes

that would be necessary to take the corporate action. Nothing contained in this Section 2.14 shall affect the right of the Board or any stockholder to contest the validity of any consent or revocation thereof, whether before or after such certification by the independent inspectors, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

ARTICLE 3

Directors

3.1 Number, Election, Tenure and Qualifications

The number of directors that shall constitute the entire Board initially shall be twelve (12); *provided, however*, that the number of directors that shall constitute the entire Board shall be fixed from time to time by resolution adopted by a majority of the entire Board.

The directors shall be elected at the annual meetings of the stockholders, except as otherwise provided in Section 3.2 below, and each director elected shall hold office until such director's successor is elected and qualified, unless sooner displaced.

Subject to the last paragraph of this Section 3.1, and subject to the rights of holders of any class or series of preferred stock, nominations of persons for election to the Board by or at the direction of the Board may be made (a) pursuant to the corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board or any committee thereof, or (c) by any stockholder of the corporation who was a stockholder of record at the time of giving of notice of meeting pursuant to Section 2.4 and at the time of the meeting, who is entitled to vote for the election of directors at the applicable meeting and who complies with the notice procedures set forth in this Section 3.1. Such nominations, other than those made by or at the direction of the Board, shall be made pursuant to timely notice in writing to the Secretary of the corporation. To be timely, a stockholder's notice shall be delivered by a nationally recognized courier service or mailed by first class United States mail, postage or delivery charges prepaid, and received at the principal executive offices of the corporation addressed to the attention of the Secretary of the corporation not less than ninety (90) days nor more than one hundred twenty (120) days in advance of the first anniversary of the date the corporation's proxy statement was released to the stockholders in connection with the previous year's annual meeting of stockholders; *provided, however*, that in the event that no annual meeting was held in the previous year or the date of the annual meeting is more than (30) days before or more than (60) days after the first anniversary of the previous year's annual meeting of stockholders, notice by the stockholder must be received by the Secretary of the corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of (x) the ninetieth (90th) day prior to such annual meeting and (y) the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. To be in proper form, a stockholder's notice to the Secretary must set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and

residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class, series and number of shares of capital stock of the corporation that are owned beneficially and of record by the person, (iv) a statement as to the person's citizenship, (v) the completed and signed representation and agreement described below, (vi) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Section 14 of the 1934 Act, and (vii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, and (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made, (i) the name and record address of the stockholder and of such beneficial owner, if any, (ii) the class, series and number of shares of capital stock of the corporation that are owned beneficially and of record by the stockholder and such beneficial owner and a representation that the stockholder will notify the corporation in writing of the class and number of such shares owned beneficially and of record as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (iii) any Derivative Instrument directly or indirectly owned beneficially by such stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the corporation and a representation that the stockholder will notify the corporation in writing of any such Derivative Instrument in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (iv) a description of any agreement, arrangement or understanding with respect to the nomination between or among such stockholder and such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing and a representation that the stockholder will notify the corporation in writing of any such agreements, arrangements or understandings in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (v) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such nomination, and (vi) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock required to elect the nominee and/or (b) otherwise to solicit proxies from stockholders in support of such nomination. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as director of the corporation.

To be eligible to be a nominee for election or reelection as a director of the corporation (or, in the case of a nomination brought under Rule 14a-11 of the 1934 Act, to serve as a director of the corporation), a person must deliver (in accordance with the time periods prescribed for delivery of notice under this Section 3.1 or, in the case of a nomination brought under Rule 14a-11 of the 1934 Act, prior to the time such person is to begin service as a director) to the Secretary of the corporation at the principal executive offices of the corporation a written representation and agreement (in the form provided by the Secretary upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the corporation, will act or vote on any issue or question (a "**Voting Commitment**") that has not been disclosed to the corporation or (B) any Voting Commitment

that could limit or interfere with such person's ability to comply, if elected as a director of the corporation, with such person's fiduciary duties under applicable law, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the corporation, and will comply with, applicable law and all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the corporation.

Notwithstanding anything in the third sentence of the third paragraph of this Section 3.1 to the contrary, in the event that the number of directors to be elected to the Board is increased effective at the annual meeting and there is no public announcement by the corporation naming the nominees for the additional directorships at least one hundred (100) days prior to the first anniversary of the date the corporation's proxy statement was released to the stockholders in connection with the previous year's annual meeting of stockholders, a stockholder's notice required by this Section 3.1 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the corporation's notice of meeting (1) by or at the direction of the Board or any committee thereof or (2) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the corporation who is a stockholder of record at the time of giving of notice of meeting pursuant to Section 2.4 and at the time of the meeting, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 3.1. In the event the corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the corporation's notice of meeting, if the stockholder's notice required by the third paragraph of this Section 3.1 shall be delivered to the Secretary at the principal executive offices of the corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

In connection with any annual meeting of the stockholders (or, if and as applicable, any special meeting of the stockholders), the Chairman of the Board (or such other person presiding at such meeting in accordance with these bylaws) shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing

procedure (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee in compliance with such stockholder's representation as required by clause (vi) above of this Section 3.1), and if he or she should so determine, he or she shall so declare to the meeting and the defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this Section 3.1, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the corporation to present a nomination, such nomination shall be disregarded, notwithstanding that proxies in respect of such vote may have been received by the corporation. For purposes of this Section 3.1, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

Compliance with Section 2.2 and this Section 3.1 shall be the exclusive means for a stockholder to make nominations or submit other business (other than matters brought properly under and in compliance with Rule 14a-8 or Rule 14a-11 under the 1934 Act).

3.2 Enlargement and Vacancies

The number of members of the Board may be increased at any time as provided in Section 3.1 above. Sole power to fill vacancies and newly created directorships resulting from any increase in the authorized number of directors shall be vested in the Board, and any directors so elected shall hold office until the next annual meeting of stockholders after their election and until their successors are duly elected and qualified or until their earlier resignation, removal from office, death or incapacity. If there are no directors in office, then an election of directors may be held in the manner provided by statute. In the event of one or more vacancies in the Board, the remaining directors, except as otherwise provided by law or these bylaws, may exercise the powers of the full board until the vacancies are filled.

3.3 Resignation and Removal

Any director may resign at any time upon written notice to the corporation at its principal place of business or to the Chief Executive Officer or the Secretary. Such resignation shall be effective upon receipt of such notice unless the notice specifies such resignation to be effective at some other time or upon the happening of some other event. Any director or the entire Board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors, unless otherwise specified in the certificate of incorporation of the corporation.

3.4 Powers

The business of the corporation shall be managed by or under the direction of the Board, which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation of the corporation or by these bylaws directed or required to be exercised or done by the stockholders.

3.5 Place of Meetings

The Board may hold meetings, both regular and special, either within or without the State of Delaware.

3.6 Organizational Meetings

There shall be an organizational meeting of the Board each year for the purposes of organization, the appointment of officers and the transaction of other business. Organizational meetings shall be held at such time and place as may be determined from time to time by the Board.

3.7 Regular Meetings

Regular meetings of the Board may be held without notice at such time and place as may be determined from time to time by the Board; *provided* that any director who is absent when such a determination is made shall be given prompt notice of such determination.

3.8 Special Meetings

Special meetings of the Board may be called by the Chairman of the Board, the Lead Director (if any), the Chief Executive Officer or the President, or by the Secretary on the written request of two or more directors, or by one director in the event that there is only one director in office. Notice of the time and place, if any, of special meetings shall be delivered personally or by telephone to each director, or sent by first-class mail or commercial delivery service, facsimile transmission, or by electronic mail or other electronic means, charges prepaid, to such director's business or home address as they appear upon the records of the corporation. In case such notice is mailed, at least two (2) days' notice shall be provided to each director prior to the time of holding of the meeting. In case such notice is delivered personally or by telephone or by commercial delivery service, facsimile transmission, or electronic mail or other electronic means, at least forty-eight (48) hours' notice shall be provided to each director prior to the time of the holding of the meeting. A notice or waiver of notice of a meeting of the Board need not specify the purposes of the meeting.

3.9 Quorum, Action at Meeting, Adjournments

At all meetings of the Board, a majority of directors then in office, but in no event less than one-third (1/3) of the entire Board, shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by law or by the certificate of incorporation of the corporation. For purposes of this Section 3.9, the term "**entire**

Board" shall mean the number of directors last fixed by directors in accordance with these bylaws; *provided, however*, that if fewer than all the number of directors so fixed have been elected (by the stockholders or the Board), the "entire Board" shall mean the greatest number of directors so elected to hold office at any one time pursuant to such authorization. If a quorum shall not be present at any meeting of the Board, a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

3.10 Action Without Meeting

Unless otherwise restricted by the certificate of incorporation of the corporation or these bylaws, any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writings or electronic transmissions are filed with the minutes of proceedings of the Board or committee.

3.11 Telephone Meetings

Unless otherwise restricted by the certificate of incorporation of the corporation or these bylaws, any member of the Board or any committee thereof may participate in a meeting of the Board or of any committee, as the case may be, by means of conference telephone or by any form of communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

3.12 Committees

The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not the member or members present constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the General Corporation Law of the State of Delaware (the "**DGCL**") to be submitted to stockholders for approval or (ii) adopting, amending or repealing any of these bylaws. Any such committee shall have such name as may be determined from time to time by resolution adopted by the Board. Each committee shall keep regular minutes of its meetings and make such reports to the Board as the Board may request. Except as the Board may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be

conducted as nearly as possible in the same manner as is provided in these bylaws for the conduct of its business by the Board.

3.13 Fees and Compensation of Directors

Unless otherwise restricted by the certificate of incorporation of the corporation or these bylaws, the Board shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the Board and may be paid a fixed sum for attendance at each meeting of the Board or a stated salary as director, or such other compensation as may be determined by the Board. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

3.14 Rights of Inspection

Any director shall have the right to examine the corporation's stock ledger, a list of its stockholders and its other books and records for a purpose reasonably related to his or her position as a director.

3.15 Lead Director

The Board may designate a Lead Director from among its members from time to time, who shall be a independent director, with such duties and authority as determined by the Board.

3.16 Conditional Resignation

The Board shall not nominate for election as director any candidate who has not agreed to tender, promptly following the annual meeting at which he or she is elected as director, an irrevocable resignation that will be effective upon (a) the failure to receive the required number of votes for reelection at the next annual meeting of stockholders at which he or she faces reelection, and (b) acceptance of such resignation by the Board. In addition, the Board shall not fill a director vacancy or newly created directorship with any candidate who has not agreed to tender, promptly following his or her appointment to the Board, the same form of resignation.

If an incumbent director fails to receive the number of votes required for reelection, the Board (excluding the director in question) shall, within 90 days after certification of the election results, decide whether to accept the director's resignation, taking into account such factors as it deems relevant. Such factors may include, without limitation, the stated reason or reasons why stockholders voted against such director's reelection, the qualifications of the director (including, for example, whether the director is an "audit committee financial expert"), and whether accepting the resignation would cause the Company to fail to meet any applicable listing standards or would violate state law. The Board shall promptly disclose its decision and, if applicable, the reasons for rejecting the resignation in a filing with the Securities and Exchange Commission.

ARTICLE 4

Officers

4.1 Officers Designated

The officers of the corporation shall be chosen by the Board and shall include a Chief Executive Officer, a Secretary and a Chief Financial Officer or Treasurer. The Board may elect from among its members a Chairman of the Board and a Vice Chairman of the Board. The Board may also choose a President, one or more Vice Presidents, one or more assistant Secretaries or assistant Treasurers and such other officers as the Board deems appropriate from time to time. Any number of offices may be held by the same person, unless the certificate of incorporation of the corporation or these bylaws otherwise provide.

4.2 Appointment

The Board at its organizational meeting shall choose a Chief Executive Officer, a Secretary and a Chief Financial Officer or Treasurer. Other officers may be appointed by the Board at such meeting, at any other meeting, or by written consent, or in such other manner as is determined by the Board.

4.3 Tenure

Each officer of the corporation shall hold office until such officer's successor is appointed and qualified, unless a different term is specified in the vote choosing or appointing such officer, or until such officer's earlier death, resignation, removal or incapacity. Any officer may be removed with or without cause at any time by the affirmative vote of a majority of the Board or a committee duly authorized to do so. Any vacancy occurring in any office of the corporation may be filled by the Board, at its discretion. Any officer may resign by delivering such officer's written resignation to the corporation at its principal place of business or to the Chief Executive Officer or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some other time or upon the happening of some other event.

4.4 Chairman and Vice Chairman

The Chairman of the Board, if any, shall preside at all meetings of the Board and of the stockholders at which he or she shall be present. The Chairman of the Board shall have and may exercise such powers as are, from time to time, assigned to him or her by the Board and as may be provided by law. In the absence of the Chairman of the Board, the Vice Chairman of the Board, if any, shall preside at all meetings of the Board and of the stockholders at which he or she shall be present. The Vice Chairman of the Board shall have and may exercise such powers as are, from time to time, assigned to him or her by the Board and as may be provided by law.

4.5 The Chief Executive Officer

Subject to such supervisory powers, if any, as may be given by the Board to the Chairman of the Board, the Chief Executive Officer (who may also be designated by the title of "President" unless a separate President shall be appointed) shall preside at all meetings of the

stockholders and the Board in the absence of the Chairman of the Board or if there be none, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the Board are carried into effect. He or she shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the corporation.

4.6 The President

The President, if any, shall, in the event there be no Chief Executive Officer or in the absence of the Chief Executive Officer or in the event of his or her disability or refusal to act, perform the duties of the Chief Executive Officer, and when so acting, shall have the powers of and be subject to all the restrictions upon the Chief Executive Officer. The President shall perform such other duties and have such other powers as may from time to time be prescribed for such person by the Board, the Chairman of the Board, the Chief Executive Officer or these bylaws.

4.7 The Vice President

The Vice President (or in the event there be more than one, the Vice Presidents in the order designated by the directors, or in the absence of any designation, in the order of their appointment), shall, in the absence of the President or in the event of his or her disability or refusal to act, perform the duties of the President, and when so acting, shall have the powers of and be subject to all the restrictions upon the President. The Vice President(s) shall perform such other duties and have such other powers as may from time to time be prescribed for them by the Board, the Chairman of the Board, the Chief Executive Officer, the President or these bylaws.

4.8 The Secretary

The Secretary shall attend all meetings of the Board and the stockholders and record all votes and the proceedings of the meetings in a book to be kept for that purpose and shall perform like duties for the standing committees, when required. The Secretary shall give, or cause to be given, notice of all meetings of stockholders and special meetings of the Board, and shall perform such other duties as may from time to time be prescribed by the Board, the Chairman of the Board, the Chief Executive Officer, the President or these bylaws. The Secretary shall have custody of the seal of the corporation, and the Secretary, or an Assistant Secretary, shall have authority to affix the same to any instrument requiring it, and, when so affixed, the seal may be attested by his or her signature or by the signature of such Assistant Secretary. The Board may give general authority to any other officer to affix the seal of the corporation and to attest the affixing thereof by his or her signature. The Secretary shall keep, or cause to be kept, at the principal executive office or at the office of the corporation's transfer agent or registrar, as determined by resolution of the Board, a share register, or a duplicate share register, showing the names of all stockholders and their addresses, the number and classes of shares held by each, the number and date of certificates, if any, issued for the same and the number and date of cancellation of every certificate surrendered for cancellation.

4.9 The Assistant Secretary

The Assistant Secretary, or if there be more than one, any Assistant Secretaries in the order designated by the Board (or in the absence of any designation, in the order of their appointment) shall assist the Secretary in the performance of his or her duties and, in the absence of the Secretary or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the Secretary and shall perform such other duties and have such other powers as may from time to time be prescribed by the Board, the Chairman of the Board, the Chief Executive Officer, the President or these bylaws.

4.10 The Chief Financial Officer

The Chief Financial Officer (who may also be designated by the separate title of "Treasurer" unless a separate Treasurer is appointed) shall consider the adequacy of, and make recommendations concerning, the capital resources available to the corporation to meet it projected obligations and business plans; report periodically to the Chief Executive Officer and the Board on financial results and trends affecting the business; have custody of the corporate funds and deposit and pay out such funds from time to time in such manner as may be prescribed by, or in accordance with the direction of, the Board; and shall perform such other duties and have such other powers as may from time to time be prescribed by the Board, the Chairman of the Board, the Chief Executive Officer, the President or these bylaws.

4.11 The Treasurer and Assistant Treasurers

The Treasurer (if one is appointed) shall, (i) if a Chief Financial Officer is appointed, have such duties as may be specified by the Chief Financial Officer to assist the Chief Financial Officer in the performance of his or her duties, and (ii) otherwise perform such duties and have other powers as may from time to time be prescribed by the Board, the Chairman of the Board, the Chief Executive Officer, the President or these bylaws. It shall be the duty of any Assistant Treasurers to assist the Treasurer in the performance of his or her duties and to perform such other duties and have other powers as may from time to time be prescribed by the Board, the Chairman of the Board, the Chief Executive Officer, the President or these bylaws.

4.12 Bond

If required by the Board, any officer shall give the corporation a bond in such sum and with such surety or sureties and upon such terms and conditions as shall be satisfactory to the Board, including without limitation a bond for the faithful performance of the duties of such officer's office and for the restoration to the corporation of all books, papers, vouchers, money and other property of whatever kind in such officer's possession or under such officer's control and belonging to the corporation.

ARTICLE 5

Notices

5.1 Delivery

Whenever, under the provisions of law, or of the certificate of incorporation of the corporation or these bylaws, written notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but: (a) such notice may be given by mail, addressed to such director or stockholder, at such person's address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail or delivered to a nationally recognized courier service; and (b) unless written notice by mail is required by law, such notice may also be given by commercial delivery service, facsimile transmission, electronic means or similar means addressed to such director or stockholder at such person's address as it appears on the records of the corporation, in which case such notice shall be deemed to be given when delivered into the control of the persons charged with effecting such transmission, the transmission charge to be paid by the corporation or the person sending such notice and not by the addressee. Oral notice or other in-hand delivery, in person or by telephone, shall be deemed given at the time it is actually given.

5.2 Waiver of Notice

Whenever any notice is required to be given under the provisions of law or of the certificate of incorporation of the corporation or of these bylaws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto. In addition to the foregoing, notice of a meeting need not be given to any director who signs a waiver of notice or a consent, or electronically transmits the same, to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

ARTICLE 6

Indemnification and Insurance

6.1 Indemnification

(a) Each person who was or is made a party or is threatened to be made a party to or is involved in (as a witness or otherwise) any action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative in nature (hereinafter a "**proceeding**"), by reason of the fact that he or she or a person of whom he or she is the legal representative (in the event of death or disability of such person) is or was a director or officer of the corporation (or any predecessor) or is or was serving at the request of the corporation (or any predecessor) as a director, officer, employee, fiduciary, representative, partner or agent of another corporation or of a partnership,

joint venture, trust, employee benefit plan sponsored or maintained by the corporation, or other enterprise (or any predecessor of any of such entities), whether the basis of such proceeding is alleged action or inaction in an official capacity as a director, officer, employee, fiduciary, representative, partner or agent or in any other capacity while serving as a director, officer, employee, fiduciary, representative, partner or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith; *provided, however*, that except as provided in Section 6.1(c) below, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board. The right to indemnification conferred in this Section 6.1 shall be a contract right subject to the terms and conditions of this Article 6.

(b) To obtain indemnification under this Section 6.1, a claimant shall submit to the corporation a written request, including therein or therewith such documentation and information as is reasonably available to the claimant and is reasonably necessary to determine whether and to what extent the claimant is entitled to indemnification; provided, however, that the failure of a claimant to so notify the corporation shall not relieve the corporation of any obligation which it may have to the claimant under this Section 6.1 or otherwise except to the extent that any delay in such notification actually and materially prejudices the corporation. Upon written request by a claimant for indemnification pursuant to the preceding sentence, a determination, if required by applicable law, with respect to the claimant's entitlement thereto shall be made as follows: (i) if requested by the claimant, by Independent Counsel (as hereinafter defined), or (ii) if no request is made by the claimant for a determination by Independent Counsel, (A) by the Board by a majority vote of the Disinterested Directors (as hereinafter defined), even though less than a quorum, or (B) by a committee of Disinterested Directors designated by majority vote of the Disinterested Directors, even though less than a quorum, or (C) if there are no Disinterested Directors or the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to the claimant, or (D) if a quorum of Disinterested Directors so directs, by the stockholders of the corporation.

In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board unless there shall have occurred within two years prior to the date of the commencement of the proceeding for which indemnification is claimed a "Change of Control" (as hereinafter defined), in which case Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board. In either event, the claimant or the corporation, as the case may be, shall give written notice to the other advising it of the identity of the Independent Counsel so selected. The party so notified may, within ten (10) days after such written notice of selection shall have been given, deliver to the corporation or to the claimant, as the case may be, a written objection to such selection; *provided*, *however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 6.6, and the objection

shall set forth with particularity the factual basis of such assertion. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within thirty (30) days after submission by the claimant of a written request for indemnification pursuant to Section 6.1(b), no Independent Counsel shall have been selected and not objected to, either the corporation or the claimant may petition the Court of Chancery of the State of Delaware for resolution of any objection which shall have been made by the corporation or the claimant to the other's selection of Independent Counsel or for the appointment as Independent Counsel of a person selected by the Court or by such other person as the Court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel hereunder. The corporation shall pay any and all fees and expenses of Independent Counsel reasonably incurred in connection with acting pursuant to Section 6.1(b), and the corporation shall pay all reasonable fees and expenses incident to the procedures of Section 6.1(b), regardless of the manner in which such Independent Counsel was selected or appointed. Upon the due commencement of any judicial proceeding pursuant to Section 6.1(c), Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

If the person, persons or entity empowered or selected under this Section 6.1(b) to determine whether the claimant is entitled to indemnification shall not have made a determination within ninety (90) days after receipt by the corporation of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and the claimant shall be entitled to such indemnification, absent (i) a misstatement by the claimant of a material fact, or an omission of a material fact necessary to make the claimant's statement(s) not materially misleading, in connection with the request for indemnification or (ii) a prohibition of such indemnification under applicable law.

If it is determined that the claimant is entitled to indemnification, the corporation shall pay the claimant within twenty (20) business days after such determination any then known amounts with respect to which it has been so determined that the claimant is entitled to indemnification hereunder and will pay any other amounts thereafter incurred for which Indemnitee is entitled to indemnification within twenty (20) business days of the corporation's receipt of reasonably detailed invoices for such amounts.

(c) In the event that (i) a determination is made pursuant to Section 6.1(b) that the claimant is not entitled to indemnification, (ii) advancement of Expenses is not timely made pursuant to Section 6.2 or (iii) a claim for the indemnification under Section 6.1 is not paid in full by the corporation within twenty (20) business days after a determination has been made that the claimant is entitled to indemnification, the claimant may at any time thereafter bring suit against the corporation to determine his entitlement to such indemnification or advancement of Expenses and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. If a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section 6.1(c), the corporation shall have the burden of proving that the claimant is not entitled to indemnification. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required,

has been tendered to the corporation) that the claimant has not met the standard of conduct that makes it permissible under the DGCL for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including the Board, Independent Counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor the fact that the corporation (including the Board, Independent Counsel or stockholders) has determined that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the claimant has not met the applicable standard of conduct.

(d) If a determination shall have been made pursuant to this Section 6.1 that the claimant is entitled to indemnification, the corporation shall be bound by such determination in any judicial proceeding commenced pursuant to Section 6.1(c) above, absent (i) a misstatement by the claimant of a material fact, or an omission of a material fact necessary to make the claimant's statements not materially misleading in connection with a request for indemnification or (ii) a prohibition of such indemnification under applicable law. The corporation shall be precluded from asserting in any judicial proceeding commenced pursuant to Section 6.1(c) above that the procedures and presumptions of this Article 6 are not valid, binding and enforceable and shall stipulate in such proceeding that the corporation is bound by all the provisions of this Article 6.

(e) With respect to any proceeding for which indemnification is sought hereunder, so long as there shall not have occurred a Change in Control, the corporation, in its sole discretion, will be entitled to participate in such proceeding at its own expense and, except as provided below, to assume the defense of, and to settle, such proceeding. After notice from the corporation to the claimant of its election so to assume the defense thereof, the corporation will not be liable to the claimant under this Article 6 for any legal or other Expenses subsequently incurred by the claimant in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. The claimant shall have the right to employ its counsel in such proceeding but the fees and Expenses of such counsel incurred after notice from the corporation of its assumption of the defense thereof shall be at the expense of the claimant unless (i) the employment of counsel by the claimant has been authorized by the corporation, (ii) the claimant shall have reasonably concluded that there may be a conflict of interest between the corporation and the claimant in the conduct of the defense of such proceeding or (iii) the corporation shall not in fact have employed counsel to assume the defense of such proceeding, in each of which cases the fees and Expenses of counsel shall be at the expense of the corporation. The corporation shall not be entitled to assume the defense of any proceeding brought by or on behalf of the corporation or as to which the claimant shall have made the conclusion provided for in clause (ii) of the immediately preceding sentence. The claimant shall not compromise or settle any claim or proceeding, release any claim, or make any admission of fact, law, liability or damages with respect to any losses for which indemnification is sought hereunder without the prior written consent of the corporation, which consent shall not be unreasonably withheld (subject to the terms and conditions of this Article 6, including any determination required by

Section 6.1(b) or by applicable law). The corporation shall not be liable for any amount paid by the claimant in settlement of any proceeding or any claim therein, unless the corporation has consented to such settlement or unreasonably withholds consent to such settlement.

(f) If the claimant is a party to or involved in a proceeding with any other person(s) for whom the corporation is required to indemnify or advance Expenses with respect to such proceeding, the corporation shall not be required to indemnify against or advance Expenses for more than one law firm to represent collectively the claimant and such other person(s) in respect of the same matter unless the representation of the claimant and such other person(s) gives rise to an actual or potential conflict of interest.

6.2 Advance Payment

The right to indemnification under this Article 6 shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition, such advances to be paid by the corporation within twenty (20) business days after the receipt by the corporation of a statement or statements from the claimant requesting and reasonably evidencing such advance or advances from time to time; *provided, however*, that if the DGCL requires, the payment of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of an undertaking by or on behalf of such director or officer to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under Section 6.1 above or otherwise.

6.3 Non-Exclusivity and Survival of Rights; Amendments

The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article 6 shall not be deemed exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the certificate of incorporation of the corporation, bylaws, agreement, vote of stockholders or Disinterested Directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent of the corporation and shall inure to the benefit of the heirs, executors and administrators of such a person. Any repeal or modification of the provisions of this Article 6 shall not in any way diminish or adversely affect the rights or protections of any director, officer, employee or agent of the corporation hereunder in respect of any proceeding (regardless of when such proceeding is first threatened, commenced or completed) arising out of, or related to, any act or omission occurring prior to the time of such repeal or modification.

6.4 Insurance

The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership,

joint venture, trust, employee benefit plan or other enterprise against any expense, liability or loss asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of the DGCL.

6.5 Severability

If any word, clause, provision or provisions of this Article 6 shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Article 6 (including, without limitation, each portion of any section or paragraph of this Article 6 containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby; and (ii) to the fullest extent possible, the provisions of this Article 6 (including, without limitation, each such portion of any section or paragraph of this Article 6 containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

6.6 Definitions

For the purpose of this Article 6:

"**Change of Control**" shall mean:

(1) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the 1934 Act (a "**Person**")), directly or indirectly, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 20% or more of either (i) the then outstanding shares of common stock of the corporation (the "**Outstanding Corporation Common Stock**") or (ii) the combined voting power of the then outstanding voting securities of the corporation entitled to vote generally in the election of directors (the "**Outstanding Corporation Voting Securities**"); *provided*, *however*, that for purposes of this part (1), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the corporation or any acquisition from other stockholders where (A) such acquisition was approved in advance by the Board and (B) such acquisition would not constitute a Change of Control under part (2) or part (4) of this definition, (ii) any acquisition by the corporation, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the corporation or any corporation controlled by the corporation, or (iv) any acquisition by any corporation pursuant to a transaction that complies with clauses (i), (ii) and (iii) of part (4) of this definition; or

(2) the acquisition by any Person, directly or indirectly, of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the 1934 Act) of 50% or more of either (i) the Outstanding Corporation Common Stock or (ii) the Outstanding Corporation Voting Securities; or

(3) individuals who, as of the date hereof, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (or such committee thereof that shall then have the authority to nominate persons for election as directors) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies of consents by or on behalf of a Person other than the Board; or

(4) consummation of a reorganization, merger or consolidation or sale or other disposition of all or substantially all of the assets of the corporation (a "**Business Combination**"), in each case, unless, immediately following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that as a result of such transaction owns the corporation or all or substantially all of the corporation's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Corporation Common Stock and Outstanding Corporation Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the corporation or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(5) approval by the stockholders of a complete liquidation or dissolution of the corporation.

"**Disinterested Director**" shall mean a director of the corporation who is not and was not a party to the matter in respect of which indemnification is sought by the claimant.

"**Independent Counsel**" shall mean a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the corporation or the claimant in

any matter material to any such party, or (ii) any other party to the proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not shall include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the corporation or the claimant in an action to determine the claimant's rights under this Article 6.

6.7 Notices

Any notice, request or other communication required or permitted to be given to the corporation under this Article 6 shall be in writing and either delivered in person or sent by telecopy or other electronic transmission, overnight mail or courier service, or certified or registered mail, postage or charges prepaid, return copy requested, to the Secretary of the corporation and shall be effective only upon receipt by the Secretary.

ARTICLE 7

Capital Stock

7.1 Certificates for Shares

The shares of stock of the corporation shall be represented by certificates or, where approved by the Board and permitted by law, shall be uncertificated. Certificates representing shares of stock shall be signed by, or in the name of the corporation by, the Chairman of the Board, the Chief Executive Officer, the President or a Vice President and by the Chief Financial Officer, the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the corporation. Certificates or uncertificated shares may be issued for partly paid shares and in the case of certificated shares, upon the face or back of the certificates issued to represent any such partly paid shares, the total amount of the consideration to be paid therefor, and the amount paid thereon shall be specified.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights.

Within a reasonable time after the issuance or transfer of uncertificated stock, the corporation shall send to the registered owner thereof a written notice containing the information required by the DGCL or a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating,

optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences or rights.

7.2 Signatures on Certificates

Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

7.3 Transfer of Stock

Upon surrender to the corporation or the transfer agent of the corporation of a certificate of shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books. Upon receipt of proper transfer instructions from the registered owner of uncertificated shares, such uncertificated shares shall be canceled and issuance of new equivalent uncertificated shares or certificated shares shall be made to the person entitled thereto and the transaction shall be recorded upon the books of the corporation.

7.4 Registered Stockholders

The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

7.5 Lost, Stolen or Destroyed Certificates

The corporation may direct that a new certificate or certificates or uncertificated shares be issued to replace any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed and on such terms and conditions as the corporation may require. When authorizing the issue of a new certificate or certificates, the corporation may, in its discretion and as a condition precedent to the issuance thereof, require the owner of the lost, stolen or destroyed certificate or certificates, or his or her legal representative, to advertise the same in such manner as it shall require, to indemnify the corporation in such manner as it may require, and to give the corporation a bond or other adequate security in such sum as it may direct as indemnity against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

ARTICLE 8

General Provisions

8.1 Dividends

Dividends upon the capital stock of the corporation, subject to any restrictions contained in the DGCL or the provisions of the certificate of incorporation of the corporation, if any, may be declared by the Board at any regular or special meeting or by unanimous written consent. Dividends may be paid in cash, in property or in shares of capital stock, subject to the provisions of the certificate of incorporation of the corporation. The Board may fix any record date for purposes of determining the stockholders entitled to receive payment of any dividend as set forth in Section 2.11 above.

8.2 Dividend Reserve

Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors shall think conducive to the interest of the corporation, and the directors may modify or abolish any such reserve in the manner in which it was created.

8.3 Checks

All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the Board may from time to time designate.

8.4 Fiscal Year

The fiscal year of the corporation shall be fixed by resolution of the Board.

8.5 Corporate Seal

The Board may, by resolution, adopt a corporate seal. The corporate seal shall have inscribed thereon the name of the corporation, the year of its organization and the words “Corporate Seal, Delaware.” The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced. The seal may be altered from time to time by the Board.

8.6 Execution of Corporate Contracts and Instruments

The Board, except as otherwise provided in these bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the Board or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the corporation by any

contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

8.7 Representation of Shares of Other Corporations

Each of the Chief Executive Officer, the President or any Vice President, the Chief Financial Officer or the Treasurer or any Assistant Treasurer, or the Secretary or any Assistant Secretary of the corporation is authorized to vote, represent and exercise on behalf of the corporation all rights incident to any and all shares of any corporation or corporations standing in the name of the corporation. The authority herein granted to said officers to vote or represent on behalf of the corporation any and all shares held by the corporation in any other corporation or corporations may be exercised either by such officers in person or by any other person authorized so to do by proxy or power of attorney duly executed by said officers.

8.8 Exclusive Jurisdiction

The Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (1) any derivative action brought on behalf of the corporation and (2) any direct action brought by a stockholder against the corporation or any of its directors or officers alleging a violation of the Delaware General Corporation Law, the corporation's certificate of incorporation or bylaws or breach of fiduciary duties or other violation of Delaware decisional law relating to the internal affairs of the corporation; in each case excluding actions in which the Court of Chancery of the State of Delaware concludes that an indispensable party is not subject to the jurisdiction of the Delaware courts and can be subject to the jurisdiction of another court within the United States.

ARTICLE 9

Amendments

These bylaws may be altered, amended or repealed, in whole or in part, or new bylaws may be adopted by the stockholders or by the Board; *provided*, *however*, that notice of such alteration, amendment, repeal or adoption of new bylaws be contained in the notice of such meeting of the stockholders or the Board, as the case may be. Any such alteration, amendment, repeal or adoption must be approved by either the vote of the holders of a majority of the stock issued and outstanding and entitled to vote thereon or by a majority of the entire Board.

Exhibit 10.1

(Biogen Idec Logo)

June 3, 2011

By Hand Delivery

Re: Amendment to Your Revised Offer Letter dated January 6, 2010 and Amendment to the Severance Plan for EVP, Global Commercial Operations dated January 6, 2010

Dear Francesco:

We have agreed to amend your (i) Offer Letter dated January 6, 2010, a copy of which is attached (the "Original Offer Letter"), and (ii) Severance Plan for EVP, Global Commercial Operations dated January 6, 2010, a copy of which is attached (the "Original Severance Plan"). Accordingly, for good and valuable consideration, you and Biogen Idec hereby amend the Original Offer Letter and the Original Severance Plan as follows:

1. The second sentence of the paragraph of the Original Offer Letter entitled "Role" is hereby deleted in its entirety and replaced with the following sentence:

   "In addition to your current responsibilities, the Company will assign you additional global responsibilities and you will be made a direct report of the CEO no later than July 25, 2012."

2. The paragraphs of the Original Severance Plan under the heading "Benefits In Connection With a Qualifying Termination During the First 18 Months of Employment" are hereby deleted in their entirety and replaced with the following:

   "You are entitled to enhanced severance benefits if the Company breaches its obligations under your offer letter, as amended in June 2011, with respect to your "Role" in the Company. In that event, you will have until January 29, 2013 to notify the General Counsel or Head of Human of Human Resources of Biogen Idec in writing of your intent to terminate employment on account of such breach and the Company will have 30 days to cure such breach. In the event that the breach is not cured, your employment will be deemed terminated at the end of the cure period (i.e., a "Qualifying Termination") and, in lieu of the severance benefits otherwise payable under this Plan, you will receive a lump sum payment equal to 21 months of your target annual cash compensation (base salary plus target annual bonus) at the time of your termination. In addition, in the event of a Qualifying Termination you will be entitled to continue participating in Biogen Idec's group medical and dental plans for 21 months, unless you become eligible to participate in another employer's medical and dental plans before that date.

These enhanced benefits will automatically terminate and be of no further force or effect upon the earlier of (1) the date on which the Company has complied with its obligations under the offer letter, as amended in June 2011, in respect of your "Role" in the Company, (2) January 29, 2013, if you have not notified the Company of a breach as described above, and (3) if you have notified the Company of a breach as described above, the date on which the Company cures such breach."

3. The heading "Benefits In Connection With a Qualifying Termination During the First 18 Months of Employment" contained in the Original Severance Plan is hereby deleted in its entirety and replaced with the following heading:

"Benefits In Connection With a Qualifying Termination (Defined Below)"

4. Except for the terms expressly modified by this Amendment, all other terms and conditions of the Original Offer Letter and the Original Severance Plan shall remain and continue in full force and effect.

5. This Amendment, together with the Original Offer Letter and the Original Severance Plan, constitute the entire agreement between the parties with respect to the "Role" paragraph and "Qualifying Termination" paragraphs contained in such agreements, and together, supersede and replace any and all prior and contemporaneous understandings, arrangements and agreements, whether oral or written, with respect to such paragraphs.

6. For convenience, this Amendment may be executed in counterparts and delivered by email or facsimile transmission with the same force and effect as if each of the signatories has executed the same instrument. Any signature delivered by email or facsimile transmission under this paragraph shall have the same force and effect as an original signature.

Biogen Idec Inc.

/s/ George Scangos
George Scangos
Chief Executive Officer

The terms and conditions of the foregoing Amendment are agreed to and accepted by me.

/s/ Francesco Granata
Francesco Granata
(June 23, 2011)

Exhibit 10.2

M E M O R A N D U M

To:	Board of Directors
From:	Bob Licht
Date:	July 5, 2011
Subject:	Director Fees and Expenses

The following is a summary of the retainers and meeting fees payable to directors effective July 1, 2011.

Retainers and Fees

Annual Retainers

$50,000	Board retainer
$20,000	additional annual retainer for chair of Finance and Audit Committee
$5,000	additional annual retainer for members of Finance and Audit Committee (other than Chair)
$15,000	additional annual retainer for chairs of Corporate Governance Committee, Compensation and Management Development Committee and Science and Technology Committee
$60,000	additional annual retainer for Chairman of the Board

Annual retainers will be paid in four equal quarterly installments.

Meeting Fees

$2,500	each Board meeting attended (in person or by videoconference)
$1,500	each Board meeting attended (by teleconference)
$1,500	each committee meeting attended (in person or by teleconference)

Meeting fees will be paid for attendance at formal meetings of the Board or its committees, i.e., those for which meeting minutes are prepared. Meeting fees will not be paid for informal gatherings of directors or Board update calls.

Special Service Fee (extraordinary)

$1,000	each full day of service

The special service fee is for a full day of service, excluding services (and travel) relating to Board or committee meetings, at the request of the Board or the Company and which involves extensive travel by a director. It is expected that situations for which a special service fee is due will be infrequent.

Retainers and fees will be paid shortly following the end of each calendar quarter (or, with respect to the fourth calendar quarter, by the end of the year). Each payment will be accompanied by a schedule explaining how the payment was calculated. Retainers are calculated on the basis of the position held at the beginning of the calendar quarter for which payment is to be made.

Payments of retainers and fees will be reported to the IRS on Form 1099 as income, unless the payments are made to qualifying deferred compensation accounts previously established by directors.

Expenses

The Company will reimburse directors for all reasonable out-of-pocket expenses associated with their duties as directors, including travel to and from Board and committee meetings. The expenses of spouses and significant others will be reimbursed when directors' spouses and significant others are invited to attend Company events with directors.

Expenses will be reimbursed when submitted. Expense reports, including receipts or other supporting documentation, should be sent to Carol Caouette. If you would like to fax the expense report to expedite the approval process, you may fax it to Carol Caouette at 781 899 3970.

Reimbursement for directors' expenses usually will not be reported to the IRS as income. Reimbursement for travel expenses of others will be reported to the IRS as income, and reimbursement for certain other expenses (for example a program that does not meet IRS guidelines) may also be reportable as income.

Questions

Questions about retainers, fees and expenses may be addressed to:

Bob Licht
Senior Vice President, Chief Corporation Counsel
Biogen Idec Inc.
133 Boston Post Road
Weston, MA 02493
Tel. (781) 464-2005
E-mail: bob.licht@biogenidec.com

Exhibit 10.3

IDEC PHARMACEUTICALS CORPORATION
1993 NON-EMPLOYEE DIRECTORS STOCK OPTION PLAN
(Amended and Restated through February 19, 2003)

Pursuant to Section VIII of the Idec Pharmaceuticals Corporation 1993 Non-Employee Directors Stock Option Plan (the "Plan"), Biogen Idec Inc. amends the Plan as follows:

1. Section II is amended, effective as of June 1, 2011, to include the following definition:

"**For Cause**: any act of: (i) fraud or intentional misrepresentation, or (ii) embezzlement, misappropriation or conversion of assets or opportunities of the Corporation or any affiliate. The determination of the Board, or the committee appointed to administer the Plan, as to the existence of circumstances warranting a termination For Cause shall be conclusive."

2. Section VI.G. is amended, effective as of June 1, 2011, to read in its entirety as follows:

1. In the event that the Optionee's Board service shall terminate for any reason other than For Cause, any option grant held by the Optionee, to the extent that it is or becomes vested at the time of such termination, shall remain exercisable by the Optionee (or, in the event of the Optionee's death while such Option is still outstanding, by the Optionee's legal representatives, heirs or legatees) for the three-year period following such termination, but in no event following the expiration of the Option term.

2. In the event of the termination of the Optionee's Board service For Cause, each outstanding option grant held by the Optionee shall be cancelled as of the commencement of business on the date of such termination."

Exhibit 10.4

BIOGEN IDEC INC.
2006 NON-EMPLOYEE DIRECTORS EQUITY PLAN
(As amended through June 9, 2010)

Pursuant to Section 17 of the Biogen Idec Inc. 2006 Non-Employee Directors Equity Plan (the "Plan"), Biogen Idec Inc. amends the Plan as follows:

1. Section 7(d) is amended, effective as of June 1, 2011, to read in its entirety as follows:

"(i) Except as may otherwise be determined by the Committee (A) in the event that the Participant's Board service shall terminate on account of the Retirement, death or Disability of the Participant, each Option granted to such Participant that is outstanding as of the date of such termination shall become fully vested and exercisable, and (B) in the event that the Participant's Board service shall terminate for any reason other than Retirement, death or Disability, each Option that is not exercisable as of the date of such termination shall be cancelled at the time of such termination.

(ii) In the event that the Participant's Board service shall terminate for any reason other than For Cause, each Option granted to such Participant, to the extent that it is or becomes exercisable at the time of such termination, shall remain exercisable by the Participant (or, in the event of the Participant's death while such Option is still outstanding, by the Participant's legal representatives, heirs or legatees) for the three-year period following such termination (or for such other period as may be provided by the Committee), but in no event following the expiration of its term.

(iii) In the event of the termination of the Participant's Board service For Cause, each outstanding Option granted (including any portion of the Option that is then exercisable) to such Participant shall be cancelled as of the commencement of business on the date of such termination."

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, George A. Scangos, certify that:

1. I have reviewed this quarterly report of Biogen Idec Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a—15(e) and 15d—15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a—15(f) and 15d—15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has

materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2011

/s/ George A. Scangos
George A. Scangos
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul J. Clancy, certify that:

1. I have reviewed this quarterly report of Biogen Idec Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a—15(e) and 15d—15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a—15(f) and 15d—15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has

materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2011

/s/ Paul J. Clancy

Paul J. Clancy
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Biogen Idec Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 26, 2011

/s/ George A. Scangos
George A. Scangos
Chief Executive Officer
[principal executive officer]

Dated: July 26, 2011

/s/ Paul J. Clancy
Paul J. Clancy
Executive Vice President and Chief Financial Officer
[principal financial officer]

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.