

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

Form 10-Q

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

For the quarterly period ended March 31, 2021

OR

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

Commission File Number 0-19311



BIOGEN INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

33-0112644

(I.R.S. Employer Identification No.)

**225 Binney Street, Cambridge, MA 02142
(617) 679-2000**

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.0005 par value	BIIB	The Nasdaq Global Select Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files): Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of shares of the issuer's Common Stock, \$0.0005 par value, outstanding as of April 21, 2021, was 150,554,750 shares.

BIOGEN INC.
FORM 10-Q — Quarterly Report
For the Quarterly Period Ended March 31, 2021

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are being made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995 (the Act) with the intention of obtaining the benefits of the “Safe Harbor” provisions of the Act. These forward-looking statements may be accompanied by such words as “aim,” “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “may,” “plan,” “potential,” “possible,” “will,” “would” and other words and terms of similar meaning. Reference is made in particular to forward-looking statements regarding:

- the anticipated amount, timing and accounting of revenue; contingent, milestone, royalty and other payments under licensing, collaboration, acquisition or divestiture agreements; tax positions and contingencies; collectability of receivables; pre-approval inventory; cost of sales; research and development costs; compensation and other selling, general and administrative expense; amortization of intangible assets; foreign currency exchange risk; estimated fair value of assets and liabilities; and impairment assessments;
- expectations, plans and prospects relating to sales, pricing, growth and launch of our marketed and pipeline products;
- the potential impact of increased product competition in the markets in which we compete, including increased competition from new originator therapies, generics, prodrugs and biosimilars of existing products and products approved under abbreviated regulatory pathways, including generic or biosimilar versions of our products;
- patent terms, patent term extensions, patent office actions and expected availability and period of regulatory exclusivity;
- our plans and investments in our core and emerging growth areas as well as implementation of our corporate strategy;
- the drivers for growing our business, including our plans and intention to commit resources relating to discovery, research and development programs and business development opportunities as well as the potential benefits and results of certain business development transactions;
- the expectations, development plans and anticipated timelines, including costs and timing of potential clinical trials, filings and approvals, of our products, drug candidates and pipeline programs, including collaborations with third-parties, as well as the potential therapeutic scope of the development and commercialization of our and our collaborators’ pipeline products;
- the timing, outcome and impact of administrative, regulatory, legal and other proceedings related to our patents and other proprietary and intellectual property rights, tax audits, assessments and settlements, pricing matters, sales and promotional practices, product liability and other matters;
- our ability to finance our operations and business initiatives and obtain funding for such activities;
- adverse safety events involving our marketed products, generic or biosimilar versions of our marketed products or any other products from the same class as one of our products;
- the direct and indirect impact of the COVID-19 pandemic on our business and operations, including sales, expense, supply chain, manufacturing, cyber-attacks or other privacy or data security incidents, research and development costs, clinical trials and employees;
- the potential impact of healthcare reform in the United States (U.S.) and measures being taken worldwide designed to reduce healthcare costs and limit the overall level of government expenditures, including the impact of pricing actions and reduced reimbursement for our products;
- our manufacturing capacity, use of third-party contract manufacturing organizations, plans and timing relating to changes in our manufacturing capabilities, activities in new or existing manufacturing facilities and the expected timeline for the Solothurn manufacturing facility to be partially operational and for the gene therapy manufacturing facility in Research Triangle Park, North Carolina to be operational;
- the impact of the continued uncertainty of the credit and economic conditions in certain countries and our collection of accounts receivable in such countries;
- lease commitments, purchase obligations and the timing and satisfaction of other contractual obligations; and
- the impact of new laws (including tax), regulatory requirements, judicial decisions and accounting standards.

These forward-looking statements involve risks and uncertainties, including those that are described in *Item 1A. Risk Factors* included in this report and elsewhere in this report, that could cause actual results to differ materially from those reflected in such statements. You should not place undue reliance on these statements. Forward-looking statements speak only as of the date of this report. Except as required by law, we do not undertake any obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

NOTE REGARDING COMPANY AND PRODUCT REFERENCES

References in this report to:

- “Biogen,” the “company,” “we,” “us” and “our” refer to Biogen Inc. and its consolidated subsidiaries; and
- “RITUXAN” refers 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).

NOTE REGARDING TRADEMARKS

AVONEX®, PLEGRIDY®, RITUXAN®, RITUXAN HYCELA®, SPINRAZA®, TECFIDERA®, TYSABRI® and VUMERITY® are registered trademarks of Biogen.

BENEPALI™, FLIXABI™, FUMADERM™ and IMRALDI™ are trademarks of Biogen.

ENBREL®, EYLEA®, FAMPYRA™, GAZYVA®, HUMIRA®, LUCENTIS®, OCREVUS®, REMICADE® and other trademarks referenced in this report are the property of their respective owners.

PART I FINANCIAL INFORMATION

BIOPEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited, in millions, except per share amounts)

	For the Three Months Ended March 31,	
	2021	2020
Revenue:		
Product, net	\$ 2,211.7	\$ 2,904.6
Revenue from anti-CD20 therapeutic programs	389.0	520.4
Other	93.3	109.3
Total revenue	2,694.0	3,534.3
Cost and expense:		
Cost of sales, excluding amortization and impairment of acquired intangible assets	478.1	454.3
Research and development	514.2	476.3
Selling, general and administrative	595.0	570.1
Amortization and impairment of acquired intangible assets	98.1	71.5
Collaboration profit (loss) sharing	68.5	71.8
(Gain) loss on fair value remeasurement of contingent consideration	(33.8)	(4.6)
Acquired in-process research and development	—	75.0
Total cost and expense	1,720.1	1,714.4
Income from operations	973.9	1,819.9
Other income (expense), net	(506.9)	(120.5)
Income before income tax expense and equity in loss of investee, net of tax	467.0	1,699.4
Income tax expense	44.2	292.0
Equity in (income) loss of investee, net of tax	18.2	14.8
Net income	404.6	1,392.6
Net income (loss) attributable to noncontrolling interests, net of tax	(5.6)	(6.5)
Net income attributable to Biogen Inc.	\$ 410.2	\$ 1,399.1
Net income per share:		
Basic earnings per share attributable to Biogen Inc.	\$ 2.70	\$ 8.10
Diluted earnings per share attributable to Biogen Inc.	\$ 2.69	\$ 8.08
Weighted-average shares used in calculating:		
Basic earnings per share attributable to Biogen Inc.	151.9	172.8
Diluted earnings per share attributable to Biogen Inc.	152.3	173.1

See accompanying notes to these unaudited condensed consolidated financial statements.

BIAGEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in millions)

	For the Three Months Ended March 31,	
	2021	2020
Net income attributable to Biogen Inc.	\$ 410.2	\$ 1,399.1
Other comprehensive income:		
Unrealized gains (losses) on securities available for sale, net of tax	(0.8)	(7.8)
Unrealized gains (losses) on cash flow hedges, net of tax	149.6	33.8
Gains (losses) on net investment hedges	22.4	23.0
Unrealized gains (losses) on pension benefit obligation, net of tax	2.0	0.8
Currency translation adjustment	(48.5)	(63.9)
Total other comprehensive income (loss), net of tax	124.7	(14.1)
Comprehensive income attributable to Biogen Inc.	534.9	1,385.0
Comprehensive income (loss) attributable to noncontrolling interests, net of tax	(4.9)	(5.9)
Comprehensive income	\$ 530.0	\$ 1,379.1

See accompanying notes to these unaudited condensed consolidated financial statements.

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

	As of March 31, 2021	As of December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,217.5	\$ 1,331.2
Marketable securities	1,320.0	1,278.9
Accounts receivable, net	1,854.3	1,913.8
Due from anti-CD20 therapeutic programs	369.8	413.5
Inventory	1,171.8	1,068.6
Other current assets	786.1	881.1
Total current assets	6,719.5	6,887.1
Marketable securities	821.9	772.1
Property, plant and equipment, net	3,438.3	3,411.5
Operating lease assets	414.5	433.3
Intangible assets, net	2,988.1	3,084.3
Goodwill	5,763.1	5,762.1
Deferred tax asset	1,286.3	1,369.5
Investments and other assets	2,423.0	2,899.0
Total assets	\$ 23,854.7	\$ 24,618.9
LIABILITIES AND EQUITY		
Current liabilities:		
Taxes payable	\$ 143.1	\$ 142.0
Accounts payable	430.4	454.9
Accrued expense and other	2,592.3	3,145.3
Total current liabilities	3,165.8	3,742.2
Notes payable	7,267.2	7,426.2
Deferred tax liability	966.7	1,032.8
Long-term operating lease liabilities	380.0	402.0
Other long-term liabilities	1,411.8	1,329.6
Total liabilities	13,191.5	13,932.8
Commitments and contingencies		
Equity:		
Biogen Inc. shareholders' equity:		
Preferred stock, par value \$0.001 per share	—	—
Common stock, par value \$0.0005 per share	0.1	0.1
Additional paid-in capital	—	—
Accumulated other comprehensive loss	(174.3)	(299.0)
Retained earnings	13,833.5	13,976.3
Treasury stock, at cost	(2,977.1)	(2,977.1)
Total Biogen Inc. shareholders' equity	10,682.2	10,700.3
Noncontrolling interests	(19.0)	(14.2)
Total equity	10,663.2	10,686.1
Total liabilities and equity	\$ 23,854.7	\$ 24,618.9

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOGEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited, in millions)

	For the Three Months Ended March 31,	
	2021	2020
Cash flow from operating activities:		
Net income	\$ 404.6	\$ 1,392.6
Adjustments to reconcile net income to net cash flow from operating activities:		
Depreciation, amortization and impairments	146.9	119.9
Acquired in-process research and development	—	75.0
Share-based compensation	70.0	67.7
Contingent consideration	(33.8)	(4.6)
Deferred income taxes	(15.0)	36.9
(Gain) loss on strategic investments	437.6	62.0
Loss on equity method investment	18.2	16.8
Other	71.7	28.9
Changes in operating assets and liabilities, net:		
Accounts receivable	37.2	(238.4)
Due from anti-CD20 therapeutic programs	43.8	78.6
Inventory	(112.5)	(62.2)
Accrued expense and other current liabilities	(283.6)	(347.4)
Income tax assets and liabilities	64.8	223.0
Other changes in operating assets and liabilities, net	(80.9)	18.5
Net cash flow provided by operating activities	<u>769.0</u>	<u>1,467.3</u>
Cash flow from investing activities:		
Proceeds from sales and maturities of marketable securities	819.2	2,389.3
Purchases of marketable securities	(913.3)	(1,684.7)
Proceeds from divestiture of Hillerød, Denmark manufacturing operations	28.1	—
Purchases of property, plant and equipment	(92.6)	(149.7)
Acquired in-process research and development	—	(75.0)
Acquisitions of intangible assets	—	(37.0)
Proceeds from sales of strategic investments	91.2	0.5
Other	2.7	(0.5)
Net cash flow (used in) provided by investing activities	<u>(64.7)</u>	<u>442.9</u>
Cash flow from financing activities:		
Purchases of treasury stock	(600.0)	(2,220.2)
Payments related to issuance of stock for share-based compensation arrangements, net	(27.1)	(29.6)
Repayment of borrowings and premiums paid on debt exchange	(169.3)	—
Other	11.4	4.5
Net cash flow used in financing activities	<u>(785.0)</u>	<u>(2,245.3)</u>
Net increase (decrease) in cash and cash equivalents	(80.7)	(335.1)
Effect of exchange rate changes on cash and cash equivalents	(33.0)	12.7
Cash and cash equivalents, beginning of the period	1,331.2	2,913.7
Cash and cash equivalents, end of the period	<u>\$ 1,217.5</u>	<u>\$ 2,591.3</u>

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOGEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(unaudited, in millions)

	Preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Treasury stock		Total Biogen Inc. shareholders' equity	Noncontrolling interests	Total equity
	Shares	Amount	Shares	Amount				Shares	Amount			
Balance, December 31, 2020	—	\$ —	176.2	\$ 0.1	\$ —	\$ (299.0)	\$ 13,976.3	(23.8)	\$ (2,977.1)	\$ 10,700.3	\$ (14.2)	\$ 10,686.1
Net income	—	—	—	—	—	—	410.2	—	—	410.2	(5.6)	404.6
Other comprehensive income (loss), net of tax	—	—	—	—	—	124.7	—	—	—	124.7	0.7	125.4
Capital contribution by noncontrolling interest	—	—	—	—	—	—	—	—	—	—	0.1	0.1
Repurchase of common stock pursuant to the 2020 Share Repurchase Program, at cost	—	—	—	—	—	—	—	(2.2)	(600.0)	(600.0)	—	(600.0)
Retirement of common stock pursuant to the 2020 Share Repurchase Program, at cost	—	—	(2.2)	—	(93.8)	—	(506.2)	2.2	600.0	—	—	—
Issuance of common stock under stock option and stock purchase plans	—	—	0.1	—	19.7	—	—	—	—	19.7	—	19.7
Issuance of common stock under stock award plan	—	—	0.3	—	—	—	(46.8)	—	—	(46.8)	—	(46.8)
Compensation related to share-based payments	—	—	—	—	72.6	—	—	—	—	72.6	—	72.6
Other	—	—	—	—	1.5	—	—	—	—	1.5	—	1.5
Balance, March 31, 2021	—	\$ —	174.4	\$ 0.1	\$ —	\$ (174.3)	\$ 13,833.5	(23.8)	\$ (2,977.1)	\$ 10,682.2	\$ (19.0)	\$ 10,663.2

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOPEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY - (Continued)
(unaudited, in millions)

	Preferred stock		Common stock		Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Treasury stock		Total Biogen Inc. shareholders' equity	Noncontrolling interests	Total equity
	Shares	Amount	Shares	Amount				Shares	Amount			
Balance, December 31, 2019	—	\$ —	198.0	\$ 0.1	\$ —	\$ (135.2)	\$ 16,455.4	(23.8)	\$ (2,977.1)	\$ 13,343.2	\$ (4.1)	\$ 13,339.1
Net income	—	—	—	—	—	—	1,399.1	—	—	1,399.1	(6.5)	1,392.6
Other comprehensive income (loss), net of tax	—	—	—	—	—	(14.1)	—	—	—	(14.1)	0.6	(13.5)
Repurchase of common stock pursuant to the March 2019 Share Repurchase Program, at cost	—	—	—	—	—	—	—	(4.1)	(1,279.1)	(1,279.1)	—	(1,279.1)
Retirement of common stock pursuant to the March 2019 Share Repurchase Program, at cost	—	—	(4.1)	—	(71.0)	—	(1,208.1)	4.1	1,279.1	—	—	—
Repurchase of common stock pursuant to the December 2019 Share Repurchase Program, at cost	—	—	—	—	—	—	—	(3.2)	(941.1)	(941.1)	—	(941.1)
Retirement of common stock pursuant to the December 2019 Share Repurchase Program, at cost	—	—	(3.2)	—	(15.6)	—	(925.5)	3.2	941.1	—	—	—
Issuance of common stock under stock option and stock purchase plans	—	—	0.1	—	18.1	—	—	—	—	18.1	—	18.1
Issuance of common stock under stock award plan	—	—	0.3	—	—	—	(47.8)	—	—	(47.8)	—	(47.8)
Compensation related to share-based payments	—	—	—	—	69.2	—	—	—	—	69.2	—	69.2
Other	—	—	—	—	(0.6)	—	—	—	—	(0.6)	—	(0.6)
Balance, March 31, 2020	—	\$ —	191.1	\$ 0.1	\$ 0.1	\$ (149.3)	\$ 15,673.1	(23.8)	\$ (2,977.1)	\$ 12,546.9	\$ (10.0)	\$ 12,536.9

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. Summary of Significant Accounting Policies

References in these notes to "Biogen," the "company," "we," "us" and "our" refer to Biogen Inc. and its consolidated subsidiaries.

Business Overview

Biogen is a global biopharmaceutical company focused on discovering, developing and delivering worldwide innovative therapies for people living with serious neurological and neurodegenerative diseases as well as related therapeutic adjacencies. Our core growth areas include multiple sclerosis (MS) and neuroimmunology; Alzheimer's disease and dementia; neuromuscular disorders, including spinal muscular atrophy (SMA) and amyotrophic lateral sclerosis (ALS); movement disorders, including Parkinson's disease; ophthalmology; and neuropsychiatry. We are also focused on discovering, developing and delivering worldwide innovative therapies in our emerging growth areas of immunology; acute neurology; and neuropathic pain. In addition, we commercialize biosimilars of advanced biologics. We support our drug discovery and development efforts through the commitment of significant resources to discovery, research and development programs and business development opportunities.

Our marketed products include TECFIDERA, VUMERITY, AVONEX, PLEGRIDY, TYSABRI and FAMPYRA for the treatment of MS; SPINRAZA for the treatment of SMA; and FUMADERM for the treatment of severe plaque psoriasis. We have certain business and financial rights with respect to RITUXAN for the treatment of non-Hodgkin's lymphoma, chronic lymphocytic leukemia (CLL) and other conditions; RITUXAN HYCELA for the treatment of non-Hodgkin's lymphoma and CLL; GAZYVA for the treatment of CLL and follicular lymphoma; OCREVUS for the treatment of primary progressive MS and relapsing MS; and other potential anti-CD20 therapies pursuant to our collaboration arrangements with Genentech, Inc. (Genentech), a wholly-owned member of the Roche Group. For additional information on our collaboration arrangements with Genentech, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2020 (2020 Form 10-K).

Our innovative drug development and commercialization activities are complemented by our biosimilar business that expands access to medicines and reduces the cost burden for healthcare systems. Through our agreements with Samsung Bioepis Co., Ltd. (Samsung Bioepis), our joint venture with Samsung BioLogics Co., Ltd. (Samsung BioLogics), we market and sell BENEPALI, an etanercept biosimilar referencing ENBREL, IMRALDI, an adalimumab biosimilar referencing HUMIRA, and FLIXABI, an infliximab biosimilar referencing REMICADE, in certain countries in Europe and have an option to acquire exclusive rights to commercialize these products in China. Additionally, we have exclusive rights to commercialize two potential ophthalmology biosimilar products, SB11, a proposed ranibizumab biosimilar referencing LUCENTIS, and SB15, a proposed aflibercept biosimilar referencing EYLEA, in major markets worldwide, including the United States (U.S.), Canada, Europe, Japan and Australia. For additional information on our collaboration arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to these unaudited condensed consolidated financial statements (condensed consolidated financial statements).

Basis of Presentation

In the opinion of management, our condensed consolidated financial statements include all adjustments, consisting of normal recurring accruals, necessary for a fair statement 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 audited consolidated financial statements and the accompanying notes included in our 2020 Form 10-K. Our accounting policies are described in the *Notes to Consolidated Financial Statements* in our 2020 Form 10-K and updated, as necessary, in this report. The year-end condensed consolidated balance sheet data presented for comparative purposes was derived from our audited financial statements, but does not include all disclosures required by U.S. GAAP. The results of operations for the three months ended March 31, 2021, are not necessarily indicative of the operating results for the full year or for any other subsequent interim period.

We operate as one operating segment, focused on discovering, developing and delivering worldwide innovative therapies for people living with serious neurological and neurodegenerative diseases as well as related therapeutic adjacencies.

BIOGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, continued)

Consolidation

Our condensed consolidated financial statements reflect our financial statements, those of our wholly-owned subsidiaries and those of certain variable interest entities where we are the primary beneficiary. For consolidated entities where we own or are exposed to less than 100.0% of the economics, we record net income (loss) attributable to noncontrolling interests in our condensed consolidated statements of income equal to the percentage of the economic or ownership interest retained in such entities by the respective noncontrolling parties. Intercompany balances and transactions are eliminated in consolidation.

In determining whether we are the primary beneficiary of a variable interest 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 relationships and other arrangements. We continuously assess whether we are the primary beneficiary of a variable interest entity as changes to existing relationships or future transactions may result in us consolidating or deconsolidating one or more of our collaborators or partners.

Use of Estimates

The preparation of our condensed consolidated financial statements requires us to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, equity, revenue and expense and related disclosure of contingent assets and liabilities. On an ongoing basis we evaluate our estimates, judgments and methodologies. 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, liabilities and equity and the amount of revenue and expense. Actual results may differ from these estimates.

The length of time and full extent to which the COVID-19 pandemic directly or indirectly impacts our business, results of operations and financial condition, including sales, expense, reserves and allowances, manufacturing, clinical trials, research and development costs and employee-related amounts, depends on future developments that are highly uncertain, subject to change and are difficult to predict, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain or treat COVID-19 as well as the economic impact on local, regional, national and international customers and markets. We have made estimates of the impact of the COVID-19 pandemic within our condensed consolidated financial statements and there may be changes to those estimates in future periods.

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 we adopt as of the specified effective date. Unless otherwise discussed below, we do not believe that the adoption of recently issued standards have or may have a material impact on our condensed consolidated financial statements or disclosures.

Income Taxes

In December 2019 the FASB issued Accounting Standards Update No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This standard removes certain exceptions to the general principles in Topic 740 and simplifies certain other aspects of the accounting for income taxes. This standard became effective for us on January 1, 2021, and did not have a material impact on our condensed consolidated financial statements and related disclosures.

2. Acquisitions

BIIB118 Acquisition

In March 2020 we acquired BIIB118 (CK1 inhibitor) for the potential treatment of patients with behavioral and neurological symptoms across various psychiatric and neurological diseases from Pfizer Inc. (Pfizer). We are developing BIIB118 for the potential treatment of irregular sleep wake rhythm disorder in Parkinson's disease and plan to develop BIIB118 for the potential treatment of sundowning in Alzheimer's disease.

BIOGEN INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited, continued)

In connection with this acquisition, we made an upfront payment of \$75.0 million to Pfizer, which was accounted for as an asset acquisition and recorded as acquired in-process research and development (IPR&D) in our condensed consolidated statements of income as BIIB118 has not yet reached technological feasibility. We may also pay Pfizer up to \$635.0 million in potential additional development and commercialization milestone payments as well as tiered royalties in the high single digits to sub-teens.

3. Revenue

Product Revenue

Revenue by product is summarized as follows:

(In millions)	For the Three Months Ended March 31,					
	2021			2020		
	United States	Rest of World	Total	United States	Rest of World	Total
Multiple Sclerosis (MS):						
Fumarate*	\$ 236.0	\$ 316.9	\$ 552.9	\$ 777.5	\$ 323.3	\$ 1,100.8
Interferon**	241.8	158.7	400.5	292.6	173.4	466.0
TYSABRI	273.3	230.0	503.3	277.7	244.7	522.4
FAMPYRA	—	26.6	26.6	—	28.3	28.3
Subtotal: MS product revenue	751.1	732.2	1,483.3	1,347.8	769.7	2,117.5
Spinal Muscular Atrophy:						
SPINRAZA	148.7	371.8	520.5	235.4	329.6	565.0
Biosimilars:						
BENEPALI	—	121.7	121.7	—	133.5	133.5
IMRALDI	—	57.9	57.9	—	61.6	61.6
FLIXABI	—	25.5	25.5	—	23.7	23.7
Subtotal: Biosimilar product revenue	—	205.1	205.1	—	218.8	218.8
Other:						
FUMADERM	—	2.8	2.8	—	3.3	3.3
Total product revenue	\$ 899.8	\$ 1,311.9	\$ 2,211.7	\$ 1,583.2	\$ 1,321.4	\$ 2,904.6

*Fumarate includes TECFIDERA and VUMERITY. VUMERITY became commercially available in the U.S. in November 2019.

**Interferon includes AVONEX and PLEGRIDY.

We recognized revenue from two wholesalers accounting for 30.0% and 9.3% of gross product revenue for the three months ended March 31, 2021, and 30.0% and 14.6% for the three months ended March 31, 2020.

An analysis of the change in reserves for discounts and allowances is summarized as follows:

(In millions)	Discounts	Contractual Adjustments	Returns	Total
Balance, December 31, 2020	\$ 141.4	\$ 1,093.0	\$ 41.6	\$ 1,276.0
Current provisions relating to sales in current year	185.1	775.7	3.8	964.6
Adjustments relating to prior years	0.9	(32.1)	1.0	(30.2)
Payments/credits relating to sales in current year	(111.8)	(284.8)	—	(396.6)
Payments/credits relating to sales in prior years	(82.8)	(562.9)	(1.7)	(647.4)
Balance, March 31, 2021	\$ 132.8	\$ 988.9	\$ 44.7	\$ 1,166.4

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

(In millions)	As of March 31, 2021	As of December 31, 2020
Reduction of accounts receivable	\$ 173.4	\$ 195.4
Component of accrued expense and other	993.0	1,080.6
Total revenue-related reserves	<u>\$ 1,166.4</u>	<u>\$ 1,276.0</u>

Revenue from Anti-CD20 Therapeutic Programs

Revenue from anti-CD20 therapeutic programs are summarized in the table below. For the purposes of this footnote, we refer to RITUXAN and RITUXAN HYCELA collectively as RITUXAN.

(In millions)	For the Three Months Ended March 31,	
	2021	2020
Biogen's share of pre-tax profits in the U.S. for RITUXAN and GAZYVA	\$ 174.1	\$ 341.3
Other revenue from anti-CD20 therapeutic programs	214.9	179.1
Total revenue from anti-CD20 therapeutic programs	<u>\$ 389.0</u>	<u>\$ 520.4</u>

For additional information on our collaboration arrangements with Genentech, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

Other Revenue

Other revenue is summarized as follows:

(In millions)	For the Three Months Ended March 31,	
	2021	2020
Revenue from collaborative and other relationships:		
Revenue earned under our technical development agreement, manufacturing services agreements and royalty revenue on biosimilar products with Samsung Bioepis	\$ 3.9	\$ 3.7
Other revenue from collaborative and other relationships	—	0.2
Other royalty and corporate revenue:		
Royalty	6.2	11.4
Other corporate	83.2	94.0
Total other revenue	<u>\$ 93.3</u>	<u>\$ 109.3</u>

We receive royalties from net sales on products related to patents that we have out-licensed and we record other corporate revenue primarily from amounts earned under contract manufacturing agreements.

4. Inventory

The components of inventory are summarized as follows:

(In millions)	As of March 31, 2021	As of December 31, 2020
Raw materials	\$ 331.3	\$ 314.9
Work in process	634.8	544.5
Finished goods	205.7	209.2
Total inventory	<u>\$ 1,171.8</u>	<u>\$ 1,068.6</u>

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5. Intangible Assets and Goodwill

Intangible Assets

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

(In millions)	Estimated Life	As of March 31, 2021			As of December 31, 2020		
		Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Completed technology	4-28 years	\$ 7,394.3	\$ (5,190.3)	\$ 2,204.0	\$ 7,394.3	\$ (5,136.5)	\$ 2,257.8
In-process research and development	Indefinite until commercialization	720.1	—	720.1	762.5	—	762.5
Trademarks and trade names	Indefinite	64.0	—	64.0	64.0	—	64.0
Total intangible assets		\$ 8,178.4	\$ (5,190.3)	\$ 2,988.1	\$ 8,220.8	\$ (5,136.5)	\$ 3,084.3

For the three months ended March 31, 2021, amortization and impairment of acquired intangible assets totaled \$98.1 million, compared to \$71.5 million in the prior year comparative period. For the three months ended March 31, 2021, amortization and impairment of acquired intangible assets reflects a \$44.3 million impairment charge related to vixotrigine (BIIB074) for the potential treatment of trigeminal neuralgia (TGN). For the three months ended March 31, 2020, we had no impairment charges.

Completed Technology

Completed technology primarily relates to our acquisition of all remaining rights to TYSABRI as well as other amounts related to our other marketed products and programs acquired through business combinations.

IPR&D Related to Business Combinations

IPR&D represents the fair value assigned to research and development assets that we acquired as part of a business combination and had not yet reached technological feasibility at the date of acquisition. Included in IPR&D balances are adjustments related to foreign currency exchange rate fluctuations. We review amounts capitalized as acquired IPR&D for impairment annually, as of October 31, and whenever events or changes in circumstances indicate to us that the carrying value of the assets might not be recoverable. The carrying value associated with our IPR&D assets as of March 31, 2021, relates to the various IPR&D programs we acquired in connection with our acquisitions of Nightstar Therapeutics plc (NST) and Convergence Pharmaceuticals Holdings Ltd. (Convergence). The majority of the balance relates to our acquisition of NST in June 2019. For additional information on our acquisition of NST, please read *Note 2, Acquisitions*, to our consolidated financial statements included in our 2020 Form 10-K.

Vixotrigine

In the periods since we acquired vixotrigine, there have been numerous delays in the initiation of Phase 3 studies for the potential treatment of TGN and for the potential treatment of diabetic painful neuropathy (DPN), another form of neuropathic pain. We have engaged with the U.S. Food and Drug Administration (FDA) regarding the design of the Phase 3 studies of vixotrigine for TGN and DPN and now plan to perform an additional clinical trial of vixotrigine before initiating a Phase 3 study of DPN.

The performance of this additional clinical trial has delayed the initiation of the Phase 3 studies of vixotrigine for the potential treatment of TGN, and, as a result, we recognized an impairment charge of \$44.3 million related to vixotrigine for the potential treatment of TGN during the first quarter of 2021. As of March 31, 2021, the carrying value associated with our remaining vixotrigine IPR&D assets was \$135.1 million, all of which is related to DPN.

BIIB111 and BIIB112

During the fourth quarter of 2020 we recognized an impairment charge of \$115.0 million related to BIIB111 (timrepigene emparvovec) for the potential treatment of choroideremia, a rare, degenerative, X-linked inherited retinal disorder that leads to blindness and currently has no approved treatments, as a result of third-party manufacturing delays that may impact our timeline for a potential filing of a Biologics License Application (BLA) for regulatory approval by up to one year, and increase the costs associated with advancing BIIB111 through Phase 3 development.

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We are continuing to monitor the manufacturing issues encountered with BIIB111 and their potential impact on that program's timing. As of March 31, 2021, we have no indication that BIIB111 or BIIB112 (cotoretigene toliparvovec) for the potential treatment of X-linked retinitis pigmentosa, which is a rare inherited retinal disease with no currently approved treatments, were impaired; however, we will continue to monitor the capabilities of our manufacturing partners and how any additional new manufacturing issues might affect the planned timing of such gene therapy programs.

Estimated Future Amortization of Intangible Assets

The estimated future amortization of finite-lived intangible assets for the next five years is expected to be as follows:

(In millions)	As of March 31, 2021	
2021 (remaining nine months)	\$	165.0
2022		215.0
2023		215.0
2024		225.0
2025		220.0
2026		200.0

Goodwill

The following table provides a roll forward of the changes in our goodwill balance:

(In millions)	As of March 31, 2021	
Goodwill, beginning of period	\$	5,762.1
Other		1.0
Goodwill, end of period	\$	5,763.1

As of March 31, 2021, we had no accumulated impairment losses related to goodwill. Other includes adjustments related to foreign currency exchange rate fluctuations.

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6. Fair Value Measurements

The tables below present information about our assets and liabilities that are regularly measured and carried at fair value and indicate the level within the fair value hierarchy of the valuation techniques we utilized to determine such fair value:

As of March 31, 2021				
(In millions)	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	\$ 745.8	\$ —	\$ 745.8	\$ —
Marketable debt securities:				
Corporate debt securities	1,336.2	—	1,336.2	—
Government securities	677.4	—	677.4	—
Mortgage and other asset backed securities	128.3	—	128.3	—
Marketable equity securities	1,442.8	148.2	1,294.6	—
Derivative contracts	51.2	—	51.2	—
Plan assets for deferred compensation	31.1	—	31.1	—
Total	<u>\$ 4,412.8</u>	<u>\$ 148.2</u>	<u>\$ 4,264.6</u>	<u>\$ —</u>
Liabilities:				
Derivative contracts	\$ 88.6	\$ —	\$ 88.6	\$ —
Contingent consideration obligations	226.0	—	—	226.0
Total	<u>\$ 314.6</u>	<u>\$ —</u>	<u>\$ 88.6</u>	<u>\$ 226.0</u>
As of December 31, 2020				
(In millions)	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	\$ 626.9	\$ —	\$ 626.9	\$ —
Marketable debt securities:				
Corporate debt securities	1,301.5	—	1,301.5	—
Government securities	627.1	—	627.1	—
Mortgage and other asset backed securities	122.4	—	122.4	—
Marketable equity securities	1,974.3	271.1	1,703.2	—
Derivative contracts	20.5	—	20.5	—
Plan assets for deferred compensation	28.2	—	28.2	—
Total	<u>\$ 4,700.9</u>	<u>\$ 271.1</u>	<u>\$ 4,429.8</u>	<u>\$ —</u>
Liabilities:				
Derivative contracts	\$ 217.2	\$ —	\$ 217.2	\$ —
Contingent consideration obligations	259.8	—	—	259.8
Total	<u>\$ 477.0</u>	<u>\$ —</u>	<u>\$ 217.2</u>	<u>\$ 259.8</u>

There have been no material impairments of our assets measured and carried at fair value during the three months ended March 31, 2021. In addition, there have been no changes in valuation techniques during the three months ended March 31, 2021. The fair value of Level 2 instruments classified as cash equivalents and marketable debt securities was determined through third-party pricing services. The fair value of Level 2 instruments classified as marketable equity securities represents our investments in the common stock of Sangamo Therapeutics, Inc. (Sangamo), Denali Therapeutics Inc. (Denali) and Sage Therapeutics, Inc. (Sage) and are valued using an option pricing valuation model as the investments are each subject to certain holding period restrictions. For additional information on our investments in Sangamo, Denali and Sage common stock, please read *Note 7, Financial Instruments*, to these condensed consolidated financial statements.

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For a description of our validation procedures related to prices provided by third-party pricing services and our option pricing valuation model, please read *Note 1, Summary of Significant Accounting Policies - Fair Value Measurements*, to our consolidated financial statements included in our 2020 Form 10-K.

The following tables summarize the significant unobservable inputs in the fair value measurement of our contingent consideration obligations as of March 31, 2021 and December 31, 2020:

As of March 31, 2021					
(In millions)	Fair Value	Valuation Technique	Unobservable Input(s)	Range	Weighted Average
<i>Liabilities:</i>					
Contingent consideration obligation	\$ 226.0	Discounted cash flow	Discount rate Expected timing of achievement of development milestones	0.77% 2022 to 2027	0.77% —
As of December 31, 2020					
(In millions)	Fair Value	Valuation Technique	Unobservable Input(s)	Range	Weighted Average
<i>Liabilities:</i>					
Contingent consideration obligation	\$ 259.8	Discounted cash flow	Discount Rate Expected timing of achievement of development milestones	0.60% 2021 to 2025	0.60% —

The weighted average discount rate was calculated based on the relative fair value of our contingent consideration obligations. In addition, we apply various probabilities of technological and regulatory success, ranging from 21.7% to certain probability, to the valuation models to estimate the fair values of our contingent consideration obligations.

Debt Instruments

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

(In millions)	As of March 31, 2021		As of December 31, 2020	
	Fair Value	Carrying Value	Fair Value	Carrying Value
3.625% Senior Notes due September 15, 2022	\$ 1,044.2	\$ 998.2	\$ 1,054.1	\$ 997.9
4.050% Senior Notes due September 15, 2025	1,940.8	1,741.5	2,003.1	1,741.2
2.250% Senior Notes due May 1, 2030	1,455.3	1,491.4	1,557.2	1,491.1
5.200% Senior Notes due September 15, 2045 ⁽¹⁾	1,394.8	1,099.7	2,365.1	1,723.4
3.150% Senior Notes due May 1, 2050	1,369.8	1,472.7	1,536.4	1,472.6
3.250% Senior Notes due February 15, 2051 ⁽¹⁾	654.3	463.7	—	—
Total	\$ 7,859.2	\$ 7,267.2	\$ 8,515.9	\$ 7,426.2

⁽¹⁾ In February 2021 we completed a private offer to exchange (Exchange Offer) our 5.200% Senior Notes due September 15, 2045 (2045 Senior Notes), whereby approximately \$624.6 million of our 2045 Senior Notes were exchanged for approximately \$700.7 million of a new series of 3.250% Senior Notes due February 15, 2051 (2051 Senior Notes). For additional information on our Exchange Offer, please read *Note 10, Indebtedness*, to these condensed consolidated financial statements.

The fair values of each of our series of Senior Notes were determined through market, observable and corroborated sources. For additional information related to our Senior Notes issued on April 30, 2020 and September 15, 2015, please read *Note 12, Indebtedness*, to our consolidated financial statements included in our 2020 Form 10-K.

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Contingent Consideration Obligations

In connection with our acquisitions of Convergence and Biogen International Neuroscience GmbH, we agreed to make additional payments based upon the achievement of certain milestone events. The following table provides a roll forward of the fair values of our contingent consideration obligations, which includes Level 3 measurements:

(In millions)	For the Three Months Ended March 31,	
	2021	2020
Fair value, beginning of period	\$ 259.8	\$ 346.1
Changes in fair value	(33.8)	(4.6)
Fair value, end of period	<u>\$ 226.0</u>	<u>\$ 341.5</u>

As of March 31, 2021 and December 31, 2020, approximately \$226.0 million and \$110.3 million, respectively, of the fair value of our total contingent consideration obligations was reflected as a component of other long-term liabilities in our condensed consolidated balance sheets with the remaining balance reflected as a component of accrued expense and other.

For the three months ended March 31, 2021, changes in the fair value of our contingent consideration obligations were primarily due to delays in the expected timing of the achievement of certain remaining developmental milestones related to our vixotrigine programs.

7. Financial Instruments

The following table summarizes our financial assets with maturities of less than 90 days from the date of purchase included in cash and cash equivalents in our condensed consolidated balance sheets:

(In millions)	As of March 31, 2021	As of December 31, 2020
Commercial paper	\$ 50.7	\$ 61.1
Overnight reverse repurchase agreements	93.7	37.4
Money market funds	541.5	505.1
Short-term debt securities	59.9	23.3
Total	<u>\$ 745.8</u>	<u>\$ 626.9</u>

The carrying values of our commercial paper, including accrued interest, overnight reverse repurchase agreements, money market funds and our short-term debt securities approximate fair value due to their short-term maturities.

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Our marketable equity securities gains (losses) are recorded in other income (expense), net in our condensed consolidated statements of income. The following tables summarize our marketable debt and equity securities, classified as available for sale:

As of March 31, 2021				
(In millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable debt securities				
Corporate debt securities:				
Current	\$ 979.7	\$ 0.2	\$ (0.4)	\$ 979.5
Non-current	356.0	0.8	(0.1)	356.7
Government securities:				
Current	340.5	—	—	340.5
Non-current	336.5	0.4	—	336.9
Mortgage and other asset backed securities:				
Current	—	—	—	—
Non-current	128.2	0.2	(0.1)	128.3
Total marketable debt securities	<u>\$ 2,140.9</u>	<u>\$ 1.6</u>	<u>\$ (0.6)</u>	<u>\$ 2,141.9</u>
Marketable equity securities				
Marketable equity securities, non-current	\$ 1,168.9	\$ 351.0	\$ (77.1)	\$ 1,442.8
Total marketable equity securities	<u>\$ 1,168.9</u>	<u>\$ 351.0</u>	<u>\$ (77.1)</u>	<u>\$ 1,442.8</u>
As of December 31, 2020				
(In millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Marketable debt securities				
Corporate debt securities:				
Current	\$ 897.8	\$ 0.4	\$ (0.2)	\$ 898.0
Non-current	402.5	1.1	(0.1)	403.5
Government securities:				
Current	380.6	0.1	—	380.7
Non-current	245.9	0.5	—	246.4
Mortgage and other asset backed securities:				
Current	0.2	—	—	0.2
Non-current	122.1	0.2	(0.1)	122.2
Total marketable debt securities	<u>\$ 2,049.1</u>	<u>\$ 2.3</u>	<u>\$ (0.4)</u>	<u>\$ 2,051.0</u>
Marketable equity securities				
Marketable equity securities, current	\$ 70.6	\$ 15.9	\$ —	\$ 86.5
Marketable equity securities, non-current	1,168.9	733.8	(14.9)	1,887.8
Total marketable equity securities	<u>\$ 1,239.5</u>	<u>\$ 749.7</u>	<u>\$ (14.9)</u>	<u>\$ 1,974.3</u>

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Summary of Contractual Maturities: Available-for-Sale Debt Securities

The estimated fair value and amortized cost of our marketable debt securities available-for-sale by contractual maturity are summarized as follows:

(In millions)	As of March 31, 2021		As of December 31, 2020	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in one year or less	\$ 1,320.0	\$ 1,320.2	\$ 1,278.9	\$ 1,278.6
Due after one year through five years	781.2	780.4	722.6	721.3
Due after five years	40.7	40.3	49.5	49.2
Total marketable debt securities	<u>\$ 2,141.9</u>	<u>\$ 2,140.9</u>	<u>\$ 2,051.0</u>	<u>\$ 2,049.1</u>

The average maturity of our marketable debt securities available-for-sale as of March 31, 2021 and December 31, 2020, was approximately 12 months and 11 months, respectively.

Proceeds from Marketable Debt Securities

The proceeds from maturities and sales of marketable debt securities and resulting realized gains and losses are summarized as follows:

(In millions)	For the Three Months Ended March 31,	
	2021	2020
Proceeds from maturities and sales	\$ 819.2	\$ 2,389.3
Realized gains	0.2	5.7
Realized losses	(0.7)	(19.1)

Strategic Investments

As of March 31, 2021 and December 31, 2020, our strategic investment portfolio was comprised of investments totaling \$1,493.1 million and \$2,024.6 million, respectively, which are included in investments and other assets in our condensed consolidated balance sheets.

Our strategic investment portfolio includes investments in equity securities of certain biotechnology companies, which are reflected within our disclosures included in *Note 6, Fair Value Measurements*, to these condensed consolidated financial statements, venture capital funds where the underlying investments are in equity securities of certain biotechnology companies and non-marketable equity securities.

The decrease in our strategic investment portfolio for the three months ended March 31, 2021, was primarily due to decreases in the fair values of our investments in Ionis Pharmaceuticals Inc. (Ionis), Sage, Denali and Sangamo common stock.

Sage Therapeutics, Inc.

In November 2020 we entered into a global collaboration and license agreement with Sage. In connection with the closing of this transaction in December 2020 we purchased \$650.0 million of Sage common stock, or approximately 6.2 million shares at approximately \$104.14 per share, which are subject to transfer restrictions. This investment is classified as a Level 2 marketable equity security due to certain holding period restrictions and is remeasured each reporting period and carried at fair value. The effects of certain holding period restrictions on the investment are estimated using an option pricing valuation model. The most significant assumptions within the model are the term of the restrictions and the stock price volatility, which is based upon historical volatility of similar companies. We also use a constant maturity risk free-interest rate to match the remaining term of the restrictions on our investment in Sage common stock and a dividend yield of zero based upon the fact that Sage and similar companies generally have not historically granted cash dividends.

For additional information on our collaboration arrangement with Sage, please read *Note 16, Collaborative and Other Relationships*, to these condensed consolidated financial statements.

Denali Therapeutics Inc.

In August 2020 we entered into a collaboration and license agreement with Denali.

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As part of this collaboration we purchased approximately \$465.0 million of Denali common stock in September 2020, or approximately 13 million shares at approximately \$34.94 per share, which are subject to transfer restrictions. This investment is classified as a Level 2 marketable equity security due to certain holding period restrictions and is remeasured each reporting period and carried at fair value. The effects of certain holding period restrictions on the investment are estimated using an option pricing valuation model. The most significant assumptions within the model are the term of the restrictions and the stock price volatility, which is based upon historical volatility of similar companies. We also use a constant maturity risk free-interest rate to match the remaining term of the restrictions on our investment in Denali's common stock and a dividend yield of zero based upon the fact that Denali and similar companies generally have not historically granted cash dividends.

For additional information on our collaboration arrangement with Denali, please read *Note 16, Collaborative and Other Relationships*, to these condensed consolidated financial statements.

Sangamo Therapeutics, Inc.

In February 2020 we entered into a collaboration and license agreement with Sangamo. In connection with the closing of this transaction in April 2020 we purchased \$225.0 million of Sangamo common stock, or approximately 24 million shares at approximately \$9.21 per share, which are subject to transfer restrictions. This equity method investment will be remeasured each reporting period and carried at fair value due to our election of the fair value option. The effects of certain holding period restrictions on the investment are estimated using an option pricing valuation model. The most significant assumptions within the model are the term of the restrictions and the stock price volatility, which is based upon historical volatility of similar companies. We also use a constant maturity risk free-interest rate to match the remaining term of the restrictions on our investment in Sangamo's common stock and a dividend yield of zero based upon the fact that Sangamo and similar companies generally have not historically granted cash dividends.

For additional information on our collaboration arrangement with Sangamo, please read *Note 16, Collaborative and Other Relationships*, to these condensed consolidated financial statements.

8. Derivative Instruments

Foreign Currency Forward Contracts - Hedging Instruments

Due to the global nature of our operations, portions of our revenue and operating expense are recorded in currencies other than the U.S. dollar. The value of revenue and operating expense measured in U.S. dollars is therefore subject to changes in foreign 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 revenue and operating expense.

Foreign currency forward contracts in effect as of March 31, 2021 and December 31, 2020, had durations of 1 to 21 months and 1 to 24 months, respectively. These contracts have been designated as cash flow hedges and unrealized gains or losses on the portion of these foreign currency forward contracts that are included in the effectiveness test are reported in accumulated other comprehensive income (loss) (referred to as AOCI in the tables below). Realized gains and losses of such contracts are recognized in revenue when the sale of product in the currency being hedged is recognized and in operating expense when the expense in the currency being hedged is recorded. We recognize all cash flow hedge reclassifications from accumulated other comprehensive income (loss) and fair value changes of excluded portions in the same line item in our condensed consolidated statements of income that has been impacted by the hedged item.

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

(In millions)	Notional Amount	
	As of March 31, 2021	As of December 31, 2020
Euro	\$ 2,657.6	\$ 2,979.1
British pound	190.4	250.6
Swiss franc	159.4	—
Japanese yen	98.5	—
Canadian dollar	80.5	—
Total foreign currency forward contracts	<u>\$ 3,186.4</u>	<u>\$ 3,229.7</u>

The pre-tax portion of the fair value of these foreign currency forward contracts that were included in accumulated other comprehensive income (loss) in total equity as of March 31, 2021, reflected aggregate net unrealized losses of \$41.5 million, composed of gross unrealized losses of approximately \$73.5 million and gross unrealized gains of approximately \$32.0 million, compared to aggregate net unrealized losses of \$212.5 million as of December 31, 2020. We expect the net unrealized losses of \$41.5 million to be settled over the next 21 months, of which \$54.3 million of unrealized losses are expected to be settled over the next 12 months, with any amounts in accumulated other comprehensive income (loss) to be reported as an adjustment to revenue or operating expense. 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 contractual obligations. As of March 31, 2021 and December 31, 2020, credit risk did not materially change the fair value of our foreign currency forward contracts.

The following table summarizes the effect of foreign currency forward contracts designated as hedging instruments in our condensed consolidated statements of income:

For the Three Months Ended March 31,					
Location	Net Gains/(Losses) Reclassified from AOCI into Operating Income (in millions)		Location	Net Gains/(Losses) Recognized in Operating Income (in millions)	
	2021	2020		2021	2020
Revenue	\$ (23.1)	\$ 27.0	Revenue	\$ (3.0)	\$ 9.3
Operating expense	(0.4)	(0.1)	Operating expense	(0.1)	(0.9)

Interest Rate Contracts - Hedging Instruments

We have entered into interest rate lock contracts or interest rate swap contracts on certain borrowing transactions to manage our exposure to interest rate changes and to reduce our overall cost of borrowing.

Interest Rate Swap Contracts

In connection with the issuance of our 2.90% Senior Notes due September 15, 2020, we entered into interest rate swaps with an aggregate notional amount of \$675.0 million, which were originally set to expire on September 15, 2020. The interest rate swap contracts were designated as hedges of the fair value changes in our 2.90% Senior Notes attributable to changes in interest rates. The carrying value of our 2.90% Senior Notes as of December 31, 2020, included approximately \$2.3 million related to changes in the fair value of these interest rate swap contracts. In May 2020 we settled our interest rate swap contracts, in conjunction with our early redemption of our 2.90% Senior Notes, resulting in a gain of approximately \$3.3 million, which was recorded as a component of interest expense in our condensed consolidated statements of income during the second quarter of 2020.

Net Investment Hedges - Hedging Instruments

In February 2012 we entered into a joint venture agreement with Samsung BioLogics establishing an entity, Samsung Bioepis, to develop, manufacture and market biosimilar products. In June 2018 we exercised our option under our joint venture agreement to increase our ownership percentage in Samsung Bioepis from approximately 5.0% to approximately 49.9%. The share purchase transaction was completed in November 2018 and, upon closing, we paid 759.5 billion South Korean won (\$676.6 million) to Samsung BioLogics. Our investment in the equity of Samsung Bioepis is exposed to the currency fluctuations in the South Korean won.

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In order to mitigate the currency fluctuations between the U.S. dollar and South Korean won, we have entered into foreign currency forward contracts. Foreign currency forward contracts in effect as of March 31, 2021, had a remaining duration of seven months. These contracts have been designated as net investment hedges. We recognize changes in the spot exchange rate in accumulated other comprehensive income (loss). The pre-tax portion of the fair value of these foreign currency forward contracts that were included in accumulated other comprehensive income (loss) in total equity reflected net gains of \$2.7 million and net losses of \$21.2 million as of March 31, 2021 and December 31, 2020, respectively. We exclude fair value changes related to the forward rate from our hedging relationship and will amortize the forward points in other income (expense), net in our condensed consolidated statements of income over the term of the contract. The pre-tax portion of the fair value of the forward points that were included in accumulated other comprehensive income (loss) in total equity reflected gains of \$0.1 million and \$0.2 million as of March 31, 2021 and December 31, 2020, respectively.

The following table summarizes the effect of our net investment hedge in our condensed consolidated financial statements:

For the Three Months Ended March 31,								
Net Gains/(Losses) Recognized in Other Comprehensive Income (Effective Portion) (in millions)			Net Gains/(Losses) Recognized in Other Comprehensive Income (Amounts Excluded from Effectiveness Testing) (in millions)			Net Gains/(Losses) Recognized in Net Income (Amounts Excluded from Effectiveness Testing) (in millions)		
Location	2021	2020	Location	2021	2020	Location	2021	2020
Gains (losses) on net investment hedge	\$ 23.8	\$ 24.2	Gains (losses) on net investment hedge	\$ (1.4)	\$ (0.3)	Other income (expense)	\$ 0.1	\$ 0.9

For additional information on our collaboration arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to these condensed consolidated financial statements.

Foreign Currency Forward Contracts - Other Derivative Instruments

We also enter into other foreign currency forward contracts, usually with durations of one month or less, 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 these outstanding foreign currency forward contracts was \$1,358.8 million and \$1,158.0 million as of March 31, 2021 and December 31, 2020, respectively. Net losses of \$17.4 million and \$2.4 million related to these contracts were recorded as a component of other income (expense), net for the three months ended March 31, 2021 and 2020, respectively.

Summary of Derivative Instruments

While certain of our derivative instruments are subject to netting arrangements with our counterparties, we do not offset derivative assets and liabilities in our condensed consolidated balance sheets. The amounts in the table below would not be substantially different if the derivative assets and liabilities were offset.

The following table summarizes the fair value and presentation in our condensed consolidated balance sheets of our outstanding derivative instruments, including those designated as hedging instruments:

(In millions)	Balance Sheet Location	As of March 31, 2021		As of December 31, 2020	
<i>Cash Flow Hedging Instruments:</i>					
Asset derivative instruments	Other current assets	\$	20.6	\$	—
	Investments and other assets		15.2		—
Liability derivative instruments	Accrued expense and other		60.8		157.1
	Other long-term liabilities		—		35.7
<i>Net Investment Hedging Instruments:</i>					
Asset derivative instruments	Other current assets		2.7		—
Liability derivative instruments	Accrued expense and other		—		19.7
<i>Other Derivative Instruments:</i>					
Asset derivative instruments	Other current assets		12.7		20.5
Liability derivative instruments	Accrued expense and other		27.8		4.7

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9. 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 \$1,827.6 million and \$1,782.3 million as of March 31, 2021 and December 31, 2020, respectively. For the three months ended March 31, 2021, depreciation expense totaled \$48.8 million compared to \$48.4 million in the prior year comparative period.

Solothurn, Switzerland Manufacturing Facility

In order to support our future growth and drug development pipeline, we are building a large-scale biologics manufacturing facility in Solothurn, Switzerland. We expect this facility to be partially operational during the first half of 2021. Upon completion, this facility will include 393,000 square feet related to a large-scale biologics manufacturing facility, 290,000 square feet of warehouse, utilities and support space and 51,000 square feet of administrative space. As of March 31, 2021 and December 31, 2020, we had approximately \$1.9 billion and \$1.8 billion, respectively, capitalized as construction in progress related to this facility.

10. Indebtedness

Exchange Offer

In February 2021 we completed our Exchange Offer of our tendered 2045 Senior Notes for our 2051 Senior Notes and cash, and an offer to purchase our tendered 2045 Senior Notes for cash.

An aggregate principal amount of approximately \$624.6 million of our 2045 Senior Notes was exchanged for an aggregate principal amount of approximately \$700.7 million of our 2051 Senior Notes and aggregate cash payments of approximately \$151.8 million. Our Exchange Offer has been accounted for as a debt modification; as such, the cash component has been reflected as additional debt discount and is amortized as an adjustment to interest expense over the term of our 2051 Senior Notes.

In addition, we redeemed an aggregate principal amount of approximately \$8.9 million of our 2045 Senior Notes for aggregate cash payments of approximately \$12.1 million, excluding accrued and unpaid interest. The redemption has been accounted for as a debt extinguishment; as such, we recognized a pre-tax charge of \$3.2 million upon the extinguishment of such 2045 Senior Notes. This charge, which was recognized in interest expense in other income (expense), net in our condensed consolidated statements of income for the three months ended March 31, 2021, reflects the payment of an early call premium and the write-off of the remaining unamortized original debt issuance costs and discount balances associated with such 2045 Senior Notes.

Upon settlement, we also made aggregate cash payments of approximately \$13.8 million to settle all accrued and unpaid interest from the last interest payment date on our 2045 Senior Notes that were exchanged or redeemed. We incurred approximately \$6.1 million of costs associated with our Exchange Offer, which was recognized in interest expense in other income (expense), net in our condensed consolidated statements of income for the three months ended March 31, 2021.

2020 Senior Notes

On April 30, 2020, we issued senior unsecured notes for an aggregate principal amount of \$3.0 billion (2020 Senior Notes), consisting of the following:

- \$1.5 billion aggregate principal amount of 2.25% Senior Notes due May 1, 2030, valued at 99.973% of par; and
- \$1.5 billion aggregate principal amount of 3.15% Senior Notes due May 1, 2050, valued at 99.174% of par.

We incurred approximately \$24.4 million of costs associated with this offering, which have been recorded as a reduction to the carrying amount of the debt on our condensed consolidated balance sheet. For additional information on our 2020 Senior Notes, please read *Note 12, Indebtedness*, to our consolidated financial statements included in our 2020 Form 10-K.

2.90% Senior Notes due September 15, 2020

On September 15, 2015, we issued \$1.5 billion aggregate principal amount of 2.90% Senior Notes due September 15, 2020, at 99.792% of par. Our 2.90% Senior Notes were senior unsecured obligations. In connection with the 2.90% Senior Notes, we entered into interest rate swap contracts where we received a fixed rate and paid a

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variable rate. In May 2020 we used the net proceeds from the sale of our 2020 Senior Notes to redeem our 2.90% Senior Notes prior to their maturity and recognized a net pre-tax charge of \$9.4 million upon the extinguishment of these notes during the second quarter of 2020. This charge, which was recognized in interest expense in other income (expense), net in our condensed consolidated statements of income and reflects the payment of a \$12.7 million early call premium and the write off of remaining unamortized original debt issuance costs and discount balances, partially offset by a \$3.3 million gain related to the settlement of the associated interest rate swap contracts. For additional information on our interest rate swap contracts, please read *Note 8, Derivative Instruments*, to these condensed consolidated financial statements.

11. Equity

Share Repurchases

In October 2020 our Board of Directors authorized a program to repurchase up to \$5.0 billion of our common stock (2020 Share Repurchase Program). Our 2020 Share Repurchase Program does not have an expiration date. All share repurchases under our 2020 Share Repurchase Program will be retired. Under our 2020 Share Repurchase Program, we repurchased and retired approximately 2.2 million shares of our common stock at a cost of approximately \$600.0 million during the three months ended March 31, 2021. Approximately \$4.0 billion remained available under our 2020 Share Repurchase Program as of March 31, 2021.

In December 2019 our Board of Directors authorized a program to repurchase up to \$5.0 billion of our common stock (December 2019 Share Repurchase Program), which was completed as of September 30, 2020. All shares repurchased under our December 2019 Share Repurchase Program were retired. Under our December 2019 Share Repurchase Program, we repurchased and retired approximately 3.2 million shares of our common stock at a cost of approximately \$941.1 million during the three months ended March 31, 2020.

In March 2019 our Board of Directors authorized a program to repurchase up to \$5.0 billion of our common stock (March 2019 Share Repurchase Program), which was completed as of March 31, 2020. All shares repurchased under our March 2019 Share Repurchase Program were retired. Under our March 2019 Share Repurchase Program, we repurchased and retired approximately 4.1 million shares of our common stock at a cost of approximately \$1.3 billion during the three months ended March 31, 2020.

Accumulated Other Comprehensive Income (Loss)

The following tables summarize the changes in accumulated other comprehensive income (loss), net of tax by component:

(In millions)	Unrealized Gains (Losses) on Securities Available for Sale, Net of Tax	Unrealized Gains (Losses) on Cash Flow Hedges, Net of Tax	Gains (Losses) on Net Investment Hedge	Unfunded Status of Postretirement Benefit Plans, Net of Tax	Currency Translation Adjustments	Total
Balance, December 31, 2020	\$ 1.4	\$ (179.0)	\$ (8.5)	\$ (66.3)	\$ (46.6)	\$ (299.0)
Other comprehensive income (loss) before reclassifications	(1.2)	128.6	22.4	2.0	(48.5)	103.3
Amounts reclassified from accumulated other comprehensive income (loss)	0.4	21.0	—	—	—	21.4
Net current period other comprehensive income (loss)	(0.8)	149.6	22.4	2.0	(48.5)	124.7
Balance, March 31, 2021	\$ 0.6	\$ (29.4)	\$ 13.9	\$ (64.3)	\$ (95.1)	\$ (174.3)

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(In millions)	Unrealized Gains (Losses) on Securities Available for Sale, Net of Tax	Unrealized Gains (Losses) on Cash Flow Hedges, Net of Tax	Gains (Losses) on Net Investment Hedge	Unfunded Status of Postretirement Benefit Plans, Net of Tax	Currency Translation Adjustments	Total
Balance, December 31, 2019	\$ 4.2	\$ 7.8	\$ 25.1	\$ (32.8)	\$ (139.5)	\$ (135.2)
Other comprehensive income (loss) before reclassifications	(20.8)	60.7	23.9	0.8	(63.9)	0.7
Amounts reclassified from accumulated other comprehensive income (loss)	13.0	(26.9)	(0.9)	—	—	(14.8)
Net current period other comprehensive income (loss)	(7.8)	33.8	23.0	0.8	(63.9)	(14.1)
Balance, March 31, 2020	\$ (3.6)	\$ 41.6	\$ 48.1	\$ (32.0)	\$ (203.4)	\$ (149.3)

The following table summarizes the amounts reclassified from accumulated other comprehensive income (loss):

(In millions)		Income Statement Location		Amounts Reclassified from Accumulated Other Comprehensive Income (Loss)	
				For the Three Months Ended March 31,	
				2021	2020
Gains (losses) on securities available for sale	Other income (expense)			\$ (0.5)	\$ (16.4)
	Income tax benefit (expense)			0.1	3.4
Gains (losses) on cash flow hedges	Revenue			(23.1)	27.0
	Operating expense			(0.4)	(0.1)
	Other income (expense)			0.2	0.1
	Income tax benefit (expense)			2.3	(0.1)
Gains (losses) on net investment hedge	Other income (expense)			—	0.9
Total reclassifications, net of tax				\$ (21.4)	\$ 14.8

12. Earnings per Share

Basic and diluted earnings per share are calculated as follows:

(In millions)	For the Three Months Ended March 31,	
	2021	2020
<i>Numerator:</i>		
Net income attributable to Biogen Inc.	\$ 410.2	\$ 1,399.1
<i>Denominator:</i>		
Weighted average number of common shares outstanding	151.9	172.8
Effect of dilutive securities:		
Time-vested restricted stock units	0.2	0.1
Market stock units	0.1	0.1
Performance stock units settled in stock	0.1	0.1
Dilutive potential common shares	0.4	0.3
Shares used in calculating diluted earnings per share	152.3	173.1

Amounts excluded from the calculation of net income per diluted share because their effects were anti-dilutive were insignificant.

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13. Share-based Payments

Share-based Compensation Expense

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

(In millions)	For the Three Months Ended March 31,	
	2021	2020
Research and development	\$ 33.6	\$ 33.3
Selling, general and administrative	44.9	43.1
Subtotal	78.5	76.4
Capitalized share-based compensation costs	(2.6)	(1.5)
Share-based compensation expense included in total cost and expense	75.9	74.9
Income tax effect	(14.0)	(13.3)
Share-based compensation expense included in net income attributable to Biogen Inc.	<u>\$ 61.9</u>	<u>\$ 61.6</u>

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

(In millions)	For the Three Months Ended March 31,	
	2021	2020
Market stock units	\$ 16.5	\$ 19.1
Time-vested restricted stock units	42.8	37.5
Cash settled performance units	—	(1.6)
Performance units	—	(0.1)
Performance stock units settled in stock	6.3	10.3
Performance stock units settled in cash	6.0	8.9
Employee stock purchase plan	6.9	2.3
Subtotal	78.5	76.4
Capitalized share-based compensation costs	(2.6)	(1.5)
Share-based compensation expense included in total cost and expense	<u>\$ 75.9</u>	<u>\$ 74.9</u>

We estimate the fair value of our obligations associated with our performance stock units settled in cash at the end of each reporting period through expected settlement. Cumulative adjustments to these obligations are recognized each quarter to reflect changes in the stock price and estimated outcome of the performance-related conditions.

14. Income Taxes

TECFIDERA

In June 2020 and September 2020 judgments were entered in favor of the defendants in the patent infringement proceedings relating to TECFIDERA Orange-Book listed patents pursuant to the Drug Price Competition and Patent Term Restoration Act of 1984, commonly known as the Hatch-Waxman Act, in West Virginia and Delaware. We have appealed the judgments in both actions. For additional information, please read *Note 18, Litigation*, to these condensed consolidated financial statements.

Multiple TECFIDERA generic entrants are now in the U.S. market and have deeply discounted prices compared to TECFIDERA. The generic competition for TECFIDERA has significantly reduced our TECFIDERA revenue and is expected to have a substantial negative impact on our TECFIDERA revenue for as long as there is generic competition.

As of December 31, 2020, we assessed the realizability of our deferred tax assets that are dependent on future expected sales of TECFIDERA in the U.S. and reduced the value of certain deferred tax assets by

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approximately \$1.7 billion and reduced the value of deferred tax liabilities associated with global intangible low-taxed income (GILTI) and tax credits by approximately \$1.6 billion. We continue to assess the realizability of these deferred tax assets and have not recorded a change to these deferred assets for the three months ended March 31, 2021.

Tax Rate

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

	For the Three Months Ended March 31,	
	2021	2020
Statutory rate	21.0 %	21.0 %
State taxes	0.8	0.6
Taxes on foreign earnings	(10.9)	(4.1)
Tax credits	(3.7)	(1.0)
Purchased intangible assets	0.8	0.2
GILTI	0.9	0.6
Other	0.6	(0.1)
Effective tax rate	9.5 %	17.2 %

Changes in Tax Rate

For the three months ended March 31, 2021, compared to the same period in 2020, the decrease in our effective tax rate was primarily due to the change in the territorial mix of our profitability, which included the effect of generic competition for TECFIDERA in the U.S. market, and the non-cash tax effects of changes in the value of our equity investments, where we recorded a reduction of value in the first quarter of 2021. The tax effects of this change in value of our equity investments were recorded discretely, since changes in value of equity investments cannot be forecasted.

Accounting for Uncertainty in Income Taxes

We and our subsidiaries are routinely examined by various taxing authorities. We file income tax returns in various U.S. states and in U.S. federal and other foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal tax examination for years before 2017 or state, local or non-U.S. income tax examinations for years before 2012.

The U.S. Internal Revenue Service and other national tax authorities routinely examine our intercompany transfer pricing with respect to intellectual property related transactions and it is possible that they may disagree with one or more positions we have taken with respect to such valuations.

It is reasonably possible that we will adjust the value of our uncertain tax positions related to certain transfer pricing, collaboration matters and other issues as we receive additional information from various taxing authorities, including reaching settlements with such authorities.

We estimate that it is reasonably possible that our gross unrecognized tax benefits, exclusive of interest, could decrease by up to approximately \$25.0 million in the next 12 months as a result of various audit closures, settlements and expiration of the statute of limitations.

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15. 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 March 31,	
	2021	2020
Interest income	\$ 2.9	\$ 24.4
Interest expense	(64.7)	(44.3)
Gain (loss) on investments, net	(436.6)	(77.3)
Foreign exchange gains (losses), net	(8.6)	(18.9)
Other, net	0.1	(4.4)
Total other income (expense), net	<u>\$ (506.9)</u>	<u>\$ (120.5)</u>

Gain (loss) on investments, net, as reflected in the table above, relate to debt securities, equity securities of certain biotechnology companies, venture capital funds where the underlying investments are in equity securities of certain biotechnology companies and non-marketable equity securities.

For the three months ended March 31, 2021, net unrealized losses and realized gains on our holdings in equity securities were approximately \$442.3 million and \$6.2 million, respectively, compared to net unrealized and realized losses of \$60.9 million and zero, respectively, in the prior year comparative period. The net unrealized losses recognized during the three months ended March 31, 2021, primarily reflect a decrease in the fair value of Ionis, Sangamo, Denali and Sage common stock of approximately \$442.0 million.

The following table summarizes our gain (loss) on investments, net that relates to our equity securities held as of March 31, 2021 and 2020:

(In millions)	For the Three Months Ended March 31,	
	2021	2020
Net gains (losses) recognized during the period on equity securities	\$ (436.1)	\$ (60.9)
Less: Net gains (losses) recognized during the period on equity securities sold during the period	6.2	—
Unrealized gains (losses) recognized during the period on equity securities	<u>\$ (442.3)</u>	<u>\$ (60.9)</u>

Accrued Expense and Other

Accrued expense and other consists of the following:

(In millions)	As of March 31, 2021	As of December 31, 2020
Revenue-related reserves for discounts and allowances	\$ 993.0	\$ 1,080.6
Collaboration expense	390.7	389.9
Royalties and licensing fees	212.5	218.5
Employee compensation and benefits	207.4	333.8
Derivative liabilities	88.6	181.5
Current portion of contingent consideration obligations	—	149.6
Other	700.1	791.4
Total accrued expense and other	<u>\$ 2,592.3</u>	<u>\$ 3,145.3</u>

Other Long-term Liabilities

Other long-term liabilities were \$1,411.8 million and \$1,329.6 million as of March 31, 2021 and December 31, 2020, respectively, and included accrued income taxes totaling \$725.2 million and \$709.9 million, respectively.

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16. Collaborative and Other Relationships

Eisai Co., Ltd.

BAN2401 Collaboration

We have a collaboration agreement with Eisai Co., Ltd. (Eisai) to jointly develop and commercialize BAN2401 (lecanemab), a monoclonal antibody that targets amyloid beta aggregates, and elenbecestat, the oral BACE (base amyloid cleaving enzyme) inhibitor, two Eisai product candidates for the potential treatment of Alzheimer's disease (the BAN2401 Collaboration). In September 2019 we and Eisai discontinued the global Phase 3 studies of elenbecestat in early Alzheimer's disease.

Eisai serves as the global operational and regulatory lead for BAN2401 and all costs, including research, development, sales and marketing expense, are shared equally between us and Eisai. If BAN2401 receives marketing approval, we and Eisai will co-promote BAN2401 and share profits equally. In addition, the BAN2401 Collaboration provides both parties with certain rights and obligations in the event of a change in control of either party.

The BAN2401 Collaboration also provided Eisai with an option to jointly develop and commercialize aducanumab, an anti-amyloid beta antibody candidate for the potential treatment of Alzheimer's disease (Aducanumab Option), and an option to jointly develop and commercialize one of our anti-tau monoclonal antibodies (Anti-Tau Option). In October 2017 Eisai exercised its Aducanumab Option and we entered into a new collaboration agreement for the joint development and commercialization of aducanumab (the Aducanumab Collaboration Agreement).

Eisai may exercise the Anti-Tau Option after completion of the Phase 1 clinical trial of such anti-tau monoclonal antibody. If Eisai exercises its Anti-Tau Option, we will receive an upfront payment from Eisai and will be entitled to additional development and commercial milestone payments. Eisai has not yet exercised its Anti-Tau Option.

A summary of development and sales and marketing expense related to the BAN2401 Collaboration is as follows:

(In millions)	For the Three Months Ended March 31,	
	2021	2020
Total development expense incurred by the collaboration related to the advancement of BAN2401 and elenbecestat	\$ 55.5	\$ 43.5
Biogen's share of BAN2401 and elenbecestat development expense reflected in research and development expense in our condensed consolidated statements of income	27.7	21.8
Total sales and marketing expense incurred by the BAN2401 collaboration	5.7	4.9
Biogen's share of BAN2401 and elenbecestat sales and marketing expense reflected in selling, general and administrative expense in our condensed consolidated statements of income	2.9	2.4

For additional information on our BAN2401 Collaboration, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

Aducanumab Collaboration Agreement

Under the Aducanumab Collaboration Agreement, we lead the ongoing development of aducanumab and, if approved, we and Eisai will co-promote aducanumab with a region-based profit split. Beginning January 1, 2019, Eisai is reimbursing us for 45.0% of development costs incurred by the collaboration for the advancement of aducanumab (aducanumab development expense).

In March 2019, based on a pre-specified futility analysis, we discontinued the global Phase 3 trials, EMERGE and ENGAGE, designed to evaluate the efficacy and safety of aducanumab in patients with early Alzheimer's disease. A new analysis of a larger dataset from these trials, conducted in scientific collaboration with the FDA, showed that the Phase 3 EMERGE trial met its pre-specified primary and secondary endpoints. In the first quarter of 2019, as a result of the decision to discontinue the Phase 3 EMERGE and ENGAGE trials following the futility analysis, we accrued and subsequently paid approximately \$45.0 million related to the termination of various clinical trials and research and development contracts net of the expected 45.0% Eisai reimbursement of development costs incurred under the Aducanumab Collaboration Agreement.

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In October 2019 we and Eisai announced that we plan to pursue regulatory approval for aducanumab in the U.S. In July 2020 we completed the submission of a BLA for the approval of aducanumab to the FDA. We recognized net profit-sharing income of \$33.8 million to reflect Eisai's 45.0% share of the \$75.0 million milestone expense related to the submission of the BLA for the approval of aducanumab to the FDA.

Sales and marketing expense are shared in proportion to the same region-based profit split that will be utilized to co-promote aducanumab. A summary of development and sales and marketing expense related to the Aducanumab Collaboration Agreement is as follows:

(In millions)	For the Three Months Ended March 31,	
	2021	2020
Total aducanumab development expense	\$ 47.0	\$ 19.1
Biogen's share of aducanumab development expense reflected in research and development expense in our condensed consolidated statements of income	25.8	10.5
Total aducanumab sales and marketing expense incurred by the Aducanumab Collaboration Agreement	111.8	22.7
Biogen's share of aducanumab sales and marketing expense reflected in selling, general and administrative expense in our condensed consolidated statements of income	60.3	12.3

For additional information on the Aducanumab Collaboration Agreement, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

In addition, we and Eisai co-promote AVONEX, TYSABRI and TECFIDERA in Japan in certain settings and Eisai distributes AVONEX, TYSABRI, TECFIDERA and PLEGRIDY in India and other Asia-Pacific markets, excluding China.

UCB Pharma S.A.

We have a collaboration agreement with UCB Pharma S.A. (UCB) to jointly develop and commercialize dapirolizumab pegol, an anti-CD40L pegylated Fab, for the potential treatment of systemic lupus erythematosus and other future agreed indications. Either we or UCB may propose development of dapirolizumab pegol in additional indications. If the parties do not agree to add an indication as an agreed indication to the collaboration, we or UCB may, at the sole expense of the applicable party, pursue development in such excluded indication(s), subject to an opt-in right of the non-pursuing party after proof of clinical activity.

All costs incurred for agreed indications, including research, development, sales and marketing expense, are shared equally between us and UCB. Upon marketing approval, we and UCB will co-promote dapirolizumab pegol and share profits equally. A summary of development expense related to the UCB collaboration agreement is as follows:

(In millions)	For the Three Months Ended March 31,	
	2021	2020
Total UCB collaboration development expense	\$ 16.9	\$ 19.0
Biogen's share of UCB development expense reflected in research and development expense in our condensed consolidated statements of income	8.4	9.5

Sage Therapeutics, Inc.

In November 2020 we entered into a collaboration and license agreement with Sage to jointly develop and commercialize BIIB125 (zuranolone) for the potential treatment of major depressive disorder and postpartum depression and BIIB124 (SAGE-324) for the potential treatment of essential tremor with potential in other neurological conditions such as epilepsy.

In connection with the closing of this transaction in December 2020 we purchased \$650.0 million of Sage common stock, or approximately 6.2 million shares at approximately \$104.14 per share, which are subject to transfer restrictions. We recorded an asset in investments and other assets in our condensed consolidated balance sheets to reflect the initial fair value of the Sage common stock acquired and a charge of approximately \$209.0 million to research and development expense in our condensed consolidated statements of income to reflect the premium paid for the Sage common stock. We also made an upfront payment of \$875.0 million that was recorded as research and development expense.

We may also pay Sage development and commercial milestone payments that could total up to approximately \$1.6 billion if all the specified milestones set forth in this agreement are achieved. Both companies will share equal responsibility and costs for development as well as profits and losses for commercialization in the U.S. Outside of

BIOGEN INC. AND SUBSIDIARIES
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the U.S., we are responsible for development and commercialization, excluding Japan, Taiwan and South Korea, with respect to zuranolone and will pay Sage potential tiered royalties in the high teens to low twenties.

A summary of development and sales and marketing expense related to this collaboration is as follows:

(In millions)	For the Three Months Ended March 31,	
	2021	
Total Sage collaboration development expense	\$	39.8
Biogen's share of Sage development expense reflected in research and development expense in our condensed consolidated statements of income		19.9
Total Sage sales and marketing expense incurred by the collaboration		5.3
Biogen's share of Sage sales and marketing expense reflected in selling, general and administrative expense in our condensed consolidated statements of income		2.7

Denali Therapeutics Inc.

In August 2020 we entered into a collaboration and license agreement with Denali to co-develop and co-commercialize Denali's small molecule inhibitors of leucine-rich repeat kinase 2 (LRRK2) for Parkinson's disease. In addition to the LRRK2 program, we also have an exclusive option to license two preclinical programs from Denali's Transport Vehicle platform, including its Antibody Transport Vehicle (ATV): ATV enabled anti-amyloid beta program and a second program utilizing its Transport Vehicle technology. Further, we have the right of first negotiation on two additional Transport Vehicle-enabled therapeutics, should Denali decide to seek a collaboration for such programs.

As part of this collaboration we purchased approximately \$465.0 million of Denali common stock in September 2020, or approximately 13 million shares at approximately \$34.94 per share, which are subject to transfer restrictions. We recorded an asset in investments and other assets in our condensed consolidated balance sheets to reflect the initial fair value of the Denali common stock acquired and a charge of approximately \$41.3 million to research and development expense in our condensed consolidated statements of income to reflect the premium paid for the Denali common stock. We also made an upfront payment of \$560.0 million that was recorded as research and development expense.

We may also pay Denali development and commercial milestone payments that could total up to approximately \$1.1 billion if the milestones related to LRRK2 are achieved. Under this collaboration, both companies share responsibility and costs for global development based on specified percentages and we are responsible for commercialization and will pay Denali potential tiered royalties.

Sangamo Therapeutics, Inc.

In February 2020 we entered into a collaboration and license agreement with Sangamo to develop and commercialize ST-501 for tauopathies, including Alzheimer's disease; ST-502 for synucleinopathies, including Parkinson's disease; a third neuromuscular disease target; and up to nine additional neurological disease targets to be identified and selected within a five-year period. The companies are leveraging Sangamo's proprietary zinc finger protein technology delivered via adeno-associated virus with the aim to modulate the expression of key genes involved in neurological diseases.

In connection with the closing of this transaction in April 2020 we purchased \$225.0 million of Sangamo common stock, or approximately 24 million shares at approximately \$9.21 per share, which are subject to transfer restrictions. We recorded an asset in investments and other assets in our condensed consolidated balance sheets to reflect the initial fair value of the Sangamo common stock acquired and a charge of approximately \$83.0 million to research and development expense in our condensed consolidated statements of income to reflect the premium paid for the Sangamo common stock. We also made an upfront payment of \$125.0 million that was recorded as research and development expense.

We may also pay Sangamo research, development, regulatory and commercial milestone payments that could total up to approximately \$2.4 billion if we select all of the targets allowed under this agreement and all the specified milestones set forth in this agreement are achieved. Of this amount, up to \$80.0 million relates to the selection of targets, \$1.9 billion relates to the achievement of specified research, clinical development, regulatory and first commercial sale milestones and \$380.0 million relates to the achievement of specified sales-based milestones if annual worldwide net sales of licensed products reach specified levels. In addition, we may pay Sangamo tiered royalties on potential net commercial sales of any products developed under this collaboration in the high single digit to double digit sub-teen percentages.

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Samsung Bioepis Co., Ltd.

Joint Venture Agreement

In February 2012 we entered into a joint venture agreement with Samsung BioLogics establishing an entity, Samsung Bioepis, to develop, manufacture and market biosimilar products. In June 2018 we exercised our option under our joint venture agreement to increase our ownership percentage in Samsung Bioepis from approximately 5.0% to approximately 49.9%. The share purchase transaction was completed in November 2018 and, upon closing, we paid 759.5 billion South Korean won (\$676.6 million) to Samsung BioLogics. As of March 31, 2021, our ownership percentage remained at approximately 49.9%.

We recognize our share of the results of operations related to our investment in Samsung Bioepis under the equity method of accounting one quarter in arrears when the results of the entity become available, which is reflected as equity in income (loss) of investee, net of tax in our condensed consolidated statements of income. During 2015, as our share of losses exceeded the carrying value of our initial investment, we suspended recognizing additional losses. In the first quarter of 2019 we restarted recognizing our share of Samsung Bioepis' income (losses), and we began recognizing amortization on certain basis differences resulting from our November 2018 investment.

Upon investment, the equity method of accounting requires us to identify and allocate differences between the fair value of our investment and the carrying value of our interest in the underlying net assets of the investee. These basis differences are amortized over their economic life. The total basis difference was approximately \$675.0 million and relates to inventory, developed technology, IPR&D and deferred tax balances. The basis differences related to inventory were amortized, net of tax, over their estimated useful lives of 1.5 years, and the basis differences related to developed technology and IPR&D for marketed products will be amortized, net of tax, over their estimated useful lives of 15 years.

Certain officers and affiliates of our joint venture partner, Samsung BioLogics, are currently subject to an ongoing criminal proceedings that we continue to monitor. While these proceedings could impact the operations of Samsung Bioepis and its business, we have assessed the value of our investment in Samsung Bioepis and continue to believe that the fair value of the investment is in excess of its net book value.

For the three months ended March 31, 2021 and 2020, we recognized net losses on our investment of \$18.2 million and \$14.8 million, respectively, reflecting our share of Samsung Bioepis' operating results and amortization of basis differences, net of tax.

As of March 31, 2021 and December 31, 2020, the carrying value of our investment in Samsung Bioepis totaled 653.4 billion South Korean won (\$576.3 million) and 673.8 billion South Korean won (\$620.2 million), respectively, which is classified as a component of investments and other assets in our condensed consolidated balance sheets.

2019 Development and Commercialization Agreement

In December 2019 we completed a transaction with Samsung Bioepis and secured the exclusive rights to commercialize two potential ophthalmology biosimilar products, SB11, a proposed ranibizumab biosimilar referencing LUCENTIS, and SB15, a proposed aflibercept biosimilar referencing EYLEA, in major markets worldwide, including the U.S., Canada, Europe, Japan and Australia. Samsung Bioepis will be responsible for development and will supply both products to us.

In connection with this transaction, we made an upfront payment of \$100.0 million to Samsung Bioepis in January 2020, of which \$63.0 million was recorded as research and development expense in 2019 and \$37.0 million was recorded as an intangible asset in 2019. Additionally, during the third quarter of 2020, we paid Samsung Bioepis a \$15.0 million development milestone, which was included in research and development expense in our condensed consolidated statements of income. We may pay Samsung Bioepis up to \$195.0 million in additional development, regulatory and sales-based milestones.

We also acquired an option to extend the term of our 2013 commercial agreement for BENEPALI, IMRALDI and FLIXABI by an additional five years, subject to payment of an option exercise fee of \$60.0 million, and obtained an option to acquire exclusive rights to commercialize these products in China.

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2013 Commercial Agreement

We reflect revenue on sales of BENEPALI, IMRALDI and FLIXABI to third parties in product revenue, net in our condensed consolidated statements of income and record the related cost of revenue and sales and marketing expense in our condensed consolidated statements of income to their respective line items when these costs are incurred.

We share 50.0% of the profit or loss related to our commercial agreement with Samsung Bioepis, which is recognized in collaboration profit (loss) sharing in our condensed consolidated statements of income. For the three months ended March 31, 2021, we recognized net profit-sharing expense of \$68.5 million to reflect Samsung Bioepis' 50.0% sharing of the net collaboration profits, compared to \$71.8 million in the prior year comparative period. As discussed above, we have an option to extend this agreement by an additional five years, subject to the payment of an option exercise fee of \$60.0 million.

Other Services

Simultaneous with the formation of Samsung Bioepis, we also entered into a technical development services agreement, a manufacturing agreement and a license agreement with Samsung Bioepis. Revenue related to these services are reflected in revenue from collaborative and other relationships as a component of other revenue in our condensed consolidated statements of income.

Amounts payable to Samsung Bioepis related to the agreements discussed above were \$188.4 million and \$99.0 million as of March 31, 2021 and December 31, 2020, respectively.

For additional information on our collaboration arrangements with Samsung Bioepis and our other significant collaboration arrangements, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

17. 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. The following are our significant variable interest entities.

Neurimmune SubOne AG

We have a collaboration and license agreement with Neurimmune SubOne AG (Neurimmune) for the development and commercialization of antibodies for the potential treatment of Alzheimer's disease, including aducanumab (as amended, the Neurimmune Agreement). We are responsible for the development, manufacturing and commercialization of all collaboration products. The Neurimmune Agreement is effective for the longer of the duration of certain patents relating to a licensed product or 12 years from the first commercial sale of a licensed product.

We consolidate the results of Neurimmune as 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 the entity's economic performance and we are required to fund 100.0% of the research and development costs incurred in support of the collaboration.

In October 2017 we amended the terms of the Neurimmune Agreement and made a \$150.0 million payment to Neurimmune in exchange for a 15.0% reduction in the previously negotiated royalty rates payable on products developed under the Neurimmune Agreement, including royalties payable on potential commercial sales of aducanumab. In May 2018 we made an additional \$50.0 million payment to Neurimmune to further reduce the previously negotiated royalty rates payable on products developed under the Neurimmune Agreement, including royalties payable on potential commercial sales of aducanumab, by an additional 5.0%. Our royalty rates payable on products developed under the Neurimmune Agreement, including royalty rates payable on potential commercial sales of aducanumab, now range from the high single digits to sub-teens. As we consolidate the results of Neurimmune, we treated these payments as distributions and recognized them as charges to noncontrolling interests in the fourth quarter of 2017 and the second quarter of 2018, as applicable.

Under the terms of the Neurimmune Agreement, we were required to pay Neurimmune a milestone payment of \$75.0 million upon the regulatory filing with the FDA for the approval of aducanumab. During the second quarter of

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2020, we paid Neurimmune \$75.0 million upon the completed submission of the BLA for the approval of aducanumab to the FDA, which was recognized as a charge to noncontrolling interests. In addition, during the second quarter of 2020, we recognized net profit-sharing income of \$33.8 million to reflect Eisai's 45.0% share of the \$75.0 million milestone payment.

Additionally, if aducanumab receives regulatory approval in the jurisdictions where we have submitted filings, we may pay up to approximately \$150.0 million in milestones to Neurimmune in 2021, which includes \$100.0 million if launched in the U.S. and \$50.0 million if launched in Japan. Milestones payable to Neurimmune are shared expenses under the Aducanumab Collaboration Agreement with Eisai.

Research and development costs for which we reimburse Neurimmune are reflected in research and development expense in our condensed consolidated statements of income. During the three months ended March 31, 2021 and 2020, amounts reimbursed were immaterial.

The assets and liabilities of Neurimmune are not significant to our condensed consolidated financial position or results of operations as it is a research and development organization. We have provided no financing to Neurimmune other than contractually required amounts.

Under the Aducanumab Collaboration Agreement, Eisai had an option to share in the benefit and cost associated with the royalty reductions discussed above; however, Eisai did not elect to share in the benefit and cost with respect to either the October 2017 or May 2018 royalty reductions, which will impact the amount of profits (losses) on potential commercial sales of aducanumab to be shared with Eisai.

For additional information on our collaboration arrangements with Eisai, please read *Note 16, Collaborative and Other Relationships*, to these condensed consolidated financial statements.

Unconsolidated Variable Interest Entities

We have relationships with various variable interest entities that 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.

As of March 31, 2021 and December 31, 2020, the carrying value of our investments in certain biotechnology companies representing potential unconsolidated variable interest entities totaled \$12.8 million. Our maximum exposure to loss related to these variable interest entities is limited to the carrying value of our investments.

We have also entered into research collaboration agreements with certain variable interest entities where we are required to fund certain development activities. These development activities are included in research and development expense in our condensed consolidated statements of income as they are incurred. We have provided no financing to these variable interest entities other than previously contractually required amounts.

For additional information on our investments in Neurimmune and other variable interest entities, please read *Note 19, Investments in Variable Interest Entities*, to our consolidated financial statements included in our 2020 Form 10-K.

18. Litigation

We are currently involved in various claims and legal proceedings, including the matters described below. For information as to our accounting policies relating to claims and legal proceedings, including use of estimates and contingencies, please read *Note 1, Summary of Significant Accounting Policies*, to our consolidated financial statements included in our 2020 Form 10-K.

With respect to some loss contingencies, an estimate of the possible loss or range of loss cannot be made until management has further information, including, for example, (i) which claims, if any, will survive dispositive motion practice; (ii) information to be obtained through discovery; (iii) information as to the parties' damages claims and supporting evidence; (iv) the parties' legal theories; and (v) the parties' settlement positions.

The claims and legal proceedings in which we are involved also include challenges to the scope, validity or enforceability of the patents relating to our products, pipeline or processes and challenges to the scope, validity or enforceability of the patents held by others. These include claims by third parties that we infringe their patents. An adverse outcome in any of these proceedings could result in one or more of the following and have a material impact on our business or consolidated results of operations and financial position: (i) loss of patent protection; (ii) inability

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to continue to engage in certain activities; and (iii) payment of significant damages, royalties, penalties and/or license fees to third parties.

Loss Contingencies

Aducanumab Securities Litigation

We and certain current and former officers are named as defendants in an action filed by a shareholder on November 13, 2020, in the U.S. District Court for the Central District of California and transferred to the U.S. District Court for the District of Massachusetts in March 2021. The action alleges violations of federal securities laws under 15 U.S.C §78j(b) and §78t(a) and 17 C.F.R. §240.10b-5 and seeks a declaration of the action as a class action and an award of damages, interest and attorneys' fees. An estimate of the possible loss or range of loss cannot be made at this time. No trial date has been set. A second class action, filed by another shareholder on January 5, 2021, in the U.S. District Court for the District of Massachusetts, was dismissed in March 2021.

IMRALDI Patent Litigation

In September 2018 Fresenius Kabi Deutschland GmbH (Fresenius Kabi) commenced proceedings for damages and injunctive relief against Biogen France SAS in the Tribunal de Grande Instance de Paris, alleging that IMRALDI, the adalimumab biosimilar product of Samsung Bioepis UK Limited that Biogen has commercialized in Europe, infringes the French counterpart of European Patent No. 3 148 510 (the '510 Patent), which was issued in June 2018 and expires in May 2035. No hearing has been scheduled.

In October 2018 Fresenius Kabi commenced preliminary injunction proceedings against Biogen (Denmark) Manufacturing ApS and Biogen Denmark A/S in Denmark's Maritime and Commercial High Court alleging infringement of Danish Utility Models. The request for preliminary injunction was denied in June 2019 and the decision was affirmed on appeal in February 2021. In July 2020 the Danish Patent Board of Appeal revoked the Danish Utility Models that were the subject of Fresenius Kabi's October 2018 request for a preliminary injunction and Fresenius Kabi has appealed those revocations to Denmark's Maritime and Commercial High Court. No hearing has been scheduled in that appeal.

In June 2020 Fresenius Kabi commenced preliminary injunction proceedings against Biogen (Denmark) Manufacturing ApS and Biogen (Denmark) A/S in Denmark's Maritime and Commercial High Court alleging infringement of another Danish Utility Model. A hearing has been scheduled for May 2021.

In November 2018 Fresenius Kabi commenced infringement proceedings for damages and injunctive relief against Biogen GmbH in the Düsseldorf Regional Court relating to the German counterpart of the '510 Patent. A hearing has been set for August 2021.

In July 2019 Gedeon Richter PLC commenced proceedings against Biogen GmbH in the Düsseldorf Regional Court alleging infringement of the German counterpart of European Patent No. 3 212 667, which was issued in September 2018 and expires in October 2035, and seeking damages and injunctive relief. A hearing has been set for November 2021.

An estimate of the possible loss or range of loss in the IMRALDI patent litigation described above cannot be made at this time.

Qui Tam Litigation

In July 2015 a qui tam action filed by Michael Bawduniak on behalf of the U.S. and certain states was unsealed by the U.S. District Court for the District of Massachusetts. The action alleges sales and promotional activities in violation of the federal False Claims Act and state law counterparts and seeks single and treble damages, civil penalties, interest, attorneys' fees and costs. No trial date has been set. The U.S. has not made an intervention decision. An estimate of the possible loss or range of loss cannot be made at this time.

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Dispute with Former Convergence Shareholders

In November and December 2019 Shareholder Representative Services LLC, on behalf of the former shareholders of Convergence, sent us correspondence asserting claims of \$200.0 million for alleged breach of the contract under which we acquired Convergence. We dispute the claims.

Samsung BioLogics Arbitration

In December 2020 we requested arbitration in the International Chamber of Commerce Court of International Arbitration against Samsung BioLogics seeking interpretation of certain provisions in the Joint Venture Agreement executed on December 6, 2011, as amended, by and between Biogen and Samsung BioLogics (the Joint Venture Agreement). Samsung BioLogics has asserted counterclaims, including breach of the Joint Venture Agreement, and seeks declaratory relief and unspecified damages. An estimate of the possible loss or range of loss cannot be made at this time. No hearing date has been set.

Other Matters

Petition for Inter Partes Review

In July 2018 Mylan Pharmaceuticals, Inc. (Mylan) filed a petition that was granted by the U.S. Patent Trial and Appeal Board (PTAB) for *inter partes* review of our U.S. Patent No. 8,399,514 (the '514 Patent). The '514 Patent includes claims covering treatment of MS with 480 mg of dimethyl fumarate per day as provided for in our TECFIDERA label. In February 2020 the PTAB issued a final written decision upholding the patentability of the '514 Patent and in April 2020 Mylan filed an appeal in the U.S. Court of Appeals for the Federal Circuit (the Federal Circuit), which is pending.

Hatch-Waxman Act Litigation relating to TECFIDERA Orange-Book Listed Patents

In 2017 to 2020, we filed patent infringement proceedings relating to TECFIDERA Orange-Book listed patents pursuant to the Drug Price Competition and Patent Term Restoration Act of 1984, commonly known as the Hatch-Waxman Act (the Delaware Actions), against Accord Healthcare Inc., Alkem Laboratories Ltd., Amneal Pharmaceuticals LLC, Cipla Limited, Graviti Pharmaceuticals Pvt. Ltd., Hetero USA, Inc., Lupin Atlantis Holdings SA, Macleods Pharmaceuticals, Ltd., MSN Laboratories Pvt. Ltd., Pharmathen S.A., Princeton Pharmaceutical Inc., Sandoz Inc., Shilpa Medicare Limited, Slayback Pharma LLC, Sun Pharmaceutical Industries, Ltd., Sun Pharmaceutical Industries, Inc., Sun Pharma Global FZE, Torrent Pharmaceuticals Ltd., TWi Pharmaceuticals, Inc., Windlas Healthcare Pvt. Ltd. and Zydus Pharmaceuticals (USA) Inc. (collectively, the Delaware Defendants) in the U.S. District Court for the District of Delaware (the Delaware Court) and against Mylan in the U.S. District Court for the Northern District of West Virginia (the West Virginia Court).

On June 22, 2020, the West Virginia Court entered judgment for Mylan that the asserted claims of the '514 Patent are invalid for lack of written description. We appealed the judgment to the Federal Circuit and the appeal is pending.

The Delaware Court entered judgment for the Delaware Defendants on the grounds that the judgment of the West Virginia Court applies to the Delaware Actions under principles of collateral estoppel. We have appealed the judgments and the appeal is pending.

Hatch-Waxman Act Litigation relating to VUMERITY Orange-Book Listed Patents

In March 2021 Biogen and Alkermes Pharma Ireland Limited filed patent infringement proceedings relating to VUMERITY Orange-Book listed patents (U.S. Patent Nos. 8,699,281, 9,090,558 and 10,080,733) pursuant to the Hatch-Waxman Act in the Delaware Court against Teva Pharmaceuticals Development, Inc. A trial date has not yet been set.

European Patent Office Oppositions

In 2016 the European Patent Office (EPO) revoked our European Patent No. 2 137 537, which covers the treatment of MS with 480 mg of dimethyl fumarate as provided for in our TECFIDERA label. We have appealed to the Technical Boards of Appeal of the EPO and a hearing date has been set for January 2022.

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In March 2018 the EPO revoked Forward Pharma A/S' (Forward Pharma) European Patent No. 2 801 355, which expires in October 2025. Forward Pharma has filed an appeal to the Technical Boards of Appeal of the EPO and a hearing has been set for September 2021.

TYSABRI Patent Revocation Matters

In November 2017 Bioeq GMBH, affiliated with the Polpharma Group, brought an action in the Polish Patent Office seeking to revoke Polish Patent No. 215263 (the Polish '263 Patent), which corresponds to our European Patent No. 1 485 127 (the E.U. '127 Patent) and covers administration of natalizumab (TYSABRI) to treat MS. The Polish '263 Patent expires in February 2023. The Polish Patent Office dismissed the action in February 2021. In August 2020 a related entity, Polpharma Biologics S.A., also brought an action seeking to revoke the Polish '263 Patent in the Polish Patent Office. The action was suspended by the Polish Patent Office in April 2021.

Swiss Pharma International AG, also affiliated with the Polpharma Group, filed actions in the District Court of the Hague, Netherlands (January 2016), the German Patents Court (March 2016) and the Commercial Court of Rome (November 2017) seeking to invalidate the Dutch, German and Italian counterparts, respectively, of the E.U. '127 Patent, which also cover administration of natalizumab (TYSABRI) to treat MS and expire in February 2023. The Dutch and German counterparts were ruled invalid. The decision in the Dutch action was affirmed on appeal and the German appeal has been withdrawn. No hearing has been set in the Italian action.

Annulment Proceedings in General Court of the European Union relating to TECFIDERA

Pharmaceutical Works Polpharma SA (Polpharma) and Mylan Ireland Ltd. (Mylan Ireland) have each filed applications in the General Court of the European Union (Polpharma in October 2018 and Mylan Ireland in November 2020) seeking to annul decisions of the European Medicines Agency (EMA) refusing to validate Polpharma's and Mylan Ireland's respective applications to market a generic version of TECFIDERA. The EMA's refusals were on the grounds that TECFIDERA benefits from regulatory data protection. Biogen and the European Commission were granted leave to intervene in support of the EMA in the case brought by Polpharma and the court will announce its decision in that case on May 5, 2021. We intend to seek leave to intervene in support of the EMA in the case brought by Mylan Ireland. No hearing has been set in that matter.

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 condition.

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

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements (condensed consolidated financial statements) and the accompanying notes beginning on page 5 of this quarterly report on Form 10-Q and our audited consolidated financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2020 (2020 Form 10-K).

Executive Summary

Introduction

Biogen is a global biopharmaceutical company focused on discovering, developing and delivering worldwide innovative therapies for people living with serious neurological and neurodegenerative diseases as well as related therapeutic adjacencies. Our core growth areas include multiple sclerosis (MS) and neuroimmunology; Alzheimer's disease and dementia; neuromuscular disorders, including spinal muscular atrophy (SMA) and amyotrophic lateral sclerosis (ALS); movement disorders, including Parkinson's disease; ophthalmology; and neuropsychiatry. We are also focused on discovering, developing and delivering worldwide innovative therapies in our emerging growth areas of immunology; acute neurology; and neuropathic pain. In addition, we commercialize biosimilars of advanced biologics. We support our drug discovery and development efforts through the commitment of significant resources to discovery, research and development programs and business development opportunities.

Our marketed products include TECFIDERA, VUMERITY, AVONEX, PLEGRIDY, TYSABRI and FAMPYRA for the treatment of MS; SPINRAZA for the treatment of SMA; and FUMADERM for the treatment of severe plaque psoriasis. We have certain business and financial rights with respect to RITUXAN for the treatment of non-Hodgkin's lymphoma, chronic lymphocytic leukemia (CLL) and other conditions; RITUXAN HYCELA for the treatment of non-Hodgkin's lymphoma and CLL; GAZYVA for the treatment of CLL and follicular lymphoma; OCREVUS for the treatment of primary progressive MS and relapsing MS (RMS); and other potential anti-CD20 therapies pursuant to our collaboration arrangements with Genentech, Inc. (Genentech), a wholly-owned member of the Roche Group. For additional information on our collaboration arrangements with Genentech, please read *Note 18, Collaborative and Other Relationships*, to our

consolidated financial statements included in our 2020 Form 10-K.

Our innovative drug development and commercialization activities are complemented by our biosimilar business that expands access to medicines and reduces the cost burden for healthcare systems. Through our agreements with Samsung Bioepis Co., Ltd. (Samsung Bioepis), our joint venture with Samsung BioLogics Co., Ltd. (Samsung BioLogics), we market and sell BENEPALI, an etanercept biosimilar referencing ENBREL, IMRALDI, an adalimumab biosimilar referencing HUMIRA, and FLIXABI, an infliximab biosimilar referencing REMICADE, in certain countries in Europe and have an option to acquire exclusive rights to commercialize these products in China. Additionally, we have exclusive rights to commercialize two potential ophthalmology biosimilar products, SB11, a proposed ranibizumab biosimilar referencing LUCENTIS, and SB15, a proposed aflibercept biosimilar referencing EYLEA, in major markets worldwide, including the U.S., Canada, Europe, Japan and Australia. For additional information on our collaboration arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

We seek to ensure an uninterrupted supply of medicines to our patients around the world. To that end, we continually review our manufacturing capacity, capabilities, processes and facilities. In order to support our future growth and drug development pipeline, we are expanding our large molecule production capacity by building a large-scale biologics manufacturing facility in Solothurn, Switzerland, which we expect to be partially operational during the first half of 2021. We believe that the Solothurn manufacturing facility will provide us with the ability to further expand if our future growth and drug development plans increase.

Our revenue depends upon continued sales of our products as well as the financial rights we have in our anti-CD20 therapeutic programs, and, unless we develop, acquire rights to and/or commercialize new products and technologies, we will be substantially dependent on sales from our products and our financial rights in our anti-CD20 therapeutic programs for many years.

In the longer term, our revenue growth will depend upon the successful clinical development, regulatory approval and launch of new commercial products as well as additional indications for our existing products, our ability to obtain and maintain patents and other rights related to our marketed products, assets originating from our research and

development efforts and/or successful execution of external business development opportunities.

Business Environment

The biopharmaceutical industry and the markets in which we operate are intensely competitive. Many of our competitors are working to develop or have commercialized products similar to those we market or are developing and have considerable experience in undertaking clinical trials and in obtaining regulatory approval to market pharmaceutical products. In addition, the commercialization of certain of our own approved products, products of our collaborators and pipeline product candidates may negatively impact future sales of our existing products.

Our products and revenue streams continue to face increasing competition in many markets from generic versions, prodrugs and biosimilars of existing products as well as products approved under abbreviated regulatory pathways. Such products are likely to be sold at substantially lower prices than branded products. Accordingly, the introduction of such products as well as other lower-priced competing products may significantly reduce both the price that we are able to charge for our products and the volume of products we sell, which will negatively impact our revenue. In addition, in some markets, when a generic or biosimilar version of one of our products is commercialized, it may be automatically substituted for our product and significantly reduce our revenue in a short period of time.

Sales of our products depend, to a significant extent, on the availability and extent of adequate coverage, pricing and reimbursement from government health administration authorities, private health insurers and other organizations. When a new pharmaceutical product is approved, the availability of government and private reimbursement for that product may be uncertain, as is the pricing and amount for which that product will be reimbursed.

Drug prices are under significant scrutiny in the markets in which our products are prescribed. We expect drug pricing and other health care costs to continue to be subject to intense political and societal pressures on a global basis.

Our failure to obtain or maintain adequate coverage, pricing or reimbursement for our products could have an adverse effect on our business, reputation, revenue and results of operations, could curtail or eliminate our ability to adequately fund research and development programs for the discovery and commercialization of new products or could cause a decline or volatility in our stock price.

In addition to the impact of competition, pricing actions and other measures being taken worldwide designed to reduce healthcare costs and limit the

overall level of government expenditures, our sales and operations could also be affected by other risks of doing business internationally, including the impact of public health epidemics, such as the COVID-19 pandemic, on employees, the global economy and the delivery of healthcare treatments, foreign currency exchange fluctuations, changes in intellectual property legal protections and changes in trade regulations and procedures.

For additional information on our competition and pricing risks that could negatively impact our product sales, please read *Item 3. Quantitative and Qualitative Disclosures About Market Risk* and *Item 1A. Risk Factors* included in this report.

TECFIDERA

In June 2020 and September 2020 judgments were entered in favor of the defendants in the patent infringement proceedings relating to TECFIDERA Orange-Book listed patents pursuant to the Drug Price Competition and Patent Term Restoration Act of 1984, commonly known as the Hatch-Waxman Act, in West Virginia and Delaware. We have appealed the judgments in both actions. For additional information, please read *Note 18, Litigation*, to our condensed consolidated financial statements included in this report.

Multiple TECFIDERA generic entrants are now in the U.S. market and have deeply discounted prices compared to TECFIDERA. The generic competition for TECFIDERA has significantly reduced our TECFIDERA revenue and is expected to have a substantial negative impact on our TECFIDERA revenue for as long as there is generic competition. For additional information, please read the discussion under *Results of Operations - Product Revenue - Multiple Sclerosis (MS) - Fumarate* below.

Aducanumab (AB mAb)

In July 2020 we completed the submission of a Biologics License Application (BLA) for the approval of aducanumab, an anti-amyloid beta antibody candidate for the potential treatment of Alzheimer's disease that we are developing in collaboration with Eisai Co., Ltd. (Eisai), to the U.S. Food and Drug Administration (FDA). In August 2020 the FDA accepted the BLA and granted Priority Review with a Prescription Drug User Fee Act (PDUFA) action date on March 7, 2021. In November 2020 the FDA held a virtual meeting of the Peripheral and Central Nervous System Drugs Advisory Committee (the Advisory Committee) to review data supporting the BLA for aducanumab and to vote on questions presented at the meeting. A majority of the Advisory Committee members voted against each of the questions presented at the meeting.

In January 2021 the FDA extended the review period for the BLA for aducanumab by three months.

The updated PDUFA action date is June 7, 2021. As part of the ongoing review, we submitted a response to an information request by the FDA, including additional analyses and clinical data, which the FDA considered a Major Amendment to the application that will require additional time for review.

In October 2020 the European Medicines Agency (EMA) accepted for review the Marketing Authorization Application for aducanumab and in December 2020 the Ministry of Health, Labor and Welfare accepted for review the Japanese New Drug Application for aducanumab.

We have made, and will continue to make, commercial, medical and infrastructure investments in support of activities associated with the potential launch of aducanumab, including the adding of headcount and the manufacture of pre-launch inventory. If we do not receive regulatory approval or are unable to successfully commercialize aducanumab, our financial condition, business and operations may be adversely affected. If aducanumab is approved in the U.S., we expect an immediate launch with only modest revenue in 2021, ramping thereafter.

Business Update Regarding COVID-19

The COVID-19 pandemic continues to present a substantial public health and economic challenge around the world. The length of time and full extent to which the COVID-19 pandemic directly or indirectly impacts our business, results of operations and financial condition, including sales, expense, reserves and allowances, manufacturing, clinical trials, research and development costs and employee-related amounts, depends on future developments that are highly uncertain, subject to change and are difficult to predict, including as a result of new information that may emerge concerning COVID-19 and the actions taken to contain or treat COVID-19 as well as the economic impact on local, regional, national and international customers and markets.

We are monitoring the demand for our products, including the duration and degree to which we may see delays in starting new patients on a product due to hospitals diverting the resources that are necessary to administer certain of our products to care for COVID-19 patients, including products, such as TYSABRI and SPINRAZA, that are administered in a physician's office or hospital setting. We may also see reduced demand for immunosuppressant therapies during the COVID-19 pandemic.

While we are currently continuing the clinical trials we have underway in sites across the globe, COVID-19 precautions have impacted the timeline for some of our clinical trials and these precautions may, directly or indirectly, have a further impact on timing in

the future. For example, our Phase 3 study of BIIB093 (glibenclamide IV) for large hemispheric infarction (LHI), a severe form of ischemic stroke, has been delayed as this study involves administration of BIIB093 in an acute hospital setting. To help mitigate the impact of the COVID-19 pandemic to our clinical trials, we are pursuing innovative approaches such as remote monitoring, remote patient visits and supporting home infusions. These alternative measures have resulted in an immaterial increase to the cost of the clinical trials underway.

For additional information on the various risks posed by the COVID-19 pandemic, please read *Item 3. Quantitative and Qualitative Disclosures About Market Risk* and *Item 1A. Risk Factors* included in this report.

Financial Highlights

Diluted earnings per share attributable to Biogen Inc. was \$2.69 for the three months ended March 31, 2021, representing a decrease of 66.7% compared to \$8.08 in the same period in 2020.

As described below under *Results of Operations*, our net income and diluted earnings per share attributable to Biogen Inc. for the three months ended March 31, 2021, compared to the three months ended March 31, 2020, reflects the following:

Revenue

- Total revenue was \$2,694.0 million for the first quarter of 2021, representing an \$840.3 million, or 23.8%, decrease compared to \$3,534.3 million in the same period in 2020.
- Product revenue, net totaled \$2,211.7 million for the first quarter of 2021, representing a \$692.9 million, or 23.9%, decrease compared to \$2,904.6 million in the same period in 2020. This decrease was primarily due to a \$634.2 million, or 30.0%, decrease in MS product revenue and a \$44.5 million, or 7.9%, decrease in SPINRAZA product revenue.
 - The decrease in MS product revenue was primarily due to a decrease in U.S. TECFIDERA demand as well as higher discounts and allowances as a result of multiple TECFIDERA generic entrants in the U.S. market.
 - We believe that, due to the COVID-19 pandemic, there was an acceleration in sales in the first quarter of 2020, primarily in the European Union (E.U.), that increased product revenue by approximately \$100.0 million.
- Revenue from anti-CD20 therapeutic programs totaled \$389.0 million for the first quarter of 2021, representing a \$131.4 million, or 25.2%, decrease compared to \$520.4 million in the same period in 2020. This decrease was primarily due to a \$183.6 million, or 53.6%, decrease in RITUXAN revenue, partially offset by a \$47.1 million, or 29.0%, increase in royalty revenue on sales of OCREVUS. We believe that sales of RITUXAN have been adversely affected by the onset of biosimilars competition.
- Other revenue totaled \$93.3 million for the first quarter of 2021, representing a 14.6% decrease from \$109.3 million in the same period in 2020.

Expense

- Total cost and expense was \$1,720.1 million for the first quarter of 2021, representing a \$5.7 million increase compared to \$1,714.4 million in the same period in 2020.

As described below under *Financial Condition, Liquidity and Capital Resources*:

- We generated \$769.0 million of net cash flows from operations for the first quarter of 2021.
- Cash, cash equivalents and marketable securities totaled approximately \$3,359.4 million as of March 31, 2021.
- We repurchased and retired approximately 2.2 million shares of our common stock at a cost of approximately \$600.0 million during the first quarter of 2021 under a program authorized by our Board of Directors in October 2020 to repurchase up to \$5.0 billion of our common stock (2020 Share Repurchase Program). Approximately \$4.0 billion remained available under our 2020 Share Repurchase Program as of March 31, 2021.

Other Key Developments

Exchange Offer

In February 2021 we completed a private offer to exchange (Exchange Offer) our tendered 5.200% Senior Notes due September 15, 2045 (2045 Senior Notes) for a new series of 3.250% Senior Notes due February 15, 2051 (2051 Senior Notes) and cash, and an offer to purchase our tendered 2045 Senior Notes for cash. For additional information on our Exchange Offer, please read *Note 10, Indebtedness*, to our condensed consolidated financial statements included in this report.

North Carolina Gene Therapy Manufacturing Facility

In March 2021 we announced our plans to build a new gene therapy manufacturing facility in Research Triangle Park, North Carolina to support our growing gene therapy pipeline across multiple therapeutic areas. The new facility will be 175,000 square feet and is expected to be operational by 2023, with an estimated total investment of approximately \$200.0 million.

Results of Operations

Revenue

Revenue is summarized as follows:

(In millions, except percentages)	For the Three Months Ended March 31,					
	2021		2020		\$ Change	% Change
Product revenue, net:						
United States	\$ 899.8	33.4 %	\$ 1,583.2	44.8 %	\$ (683.4)	(43.2)%
Rest of world	1,311.9	48.7	1,321.4	37.4	(9.5)	(0.7)
Total product revenue, net	2,211.7	82.1	2,904.6	82.2	(692.9)	(23.9)
Revenue from anti-CD20 therapeutic programs	389.0	14.4	520.4	14.7	(131.4)	(25.2)
Other revenue	93.3	3.5	109.3	3.1	(16.0)	(14.6)
Total revenue	\$ 2,694.0	100.0 %	\$ 3,534.3	100.0 %	\$ (840.3)	(23.8)%

Product Revenue

Product revenue is summarized as follows:

(In millions, except percentages)	For the Three Months Ended March 31,					
	2021		2020		\$ Change	% Change
Multiple Sclerosis:						
Fumarate*	\$ 552.9	25.0 %	\$ 1,100.8	37.9 %	\$ (547.9)	(49.8)%
Interferon**	400.5	18.1	466.0	16.0	(65.5)	(14.1)
TYSABRI	503.3	22.8	522.4	18.0	(19.1)	(3.7)
FAMPYRA	26.6	1.2	28.3	1.0	(1.7)	(6.0)
Subtotal: MS product revenue	1,483.3	67.1	2,117.5	72.9	(634.2)	(30.0)
Spinal Muscular Atrophy:						
SPINRAZA	520.5	23.5	565.0	19.5	(44.5)	(7.9)
Biosimilars:						
BENEPALI	121.7	5.5	133.5	4.6	(11.8)	(8.8)
IMRALDI	57.9	2.6	61.6	2.1	(3.7)	(6.0)
FLIXABI	25.5	1.2	23.7	0.8	1.8	7.6
Subtotal: Biosimilar product revenue	205.1	9.3	218.8	7.5	(13.7)	(6.3)
Other:						
FUMADERM	2.8	0.1	3.3	0.1	(0.5)	(15.2)
Total product revenue, net	\$ 2,211.7	100.0 %	\$ 2,904.6	100.0 %	\$ (692.9)	(23.9)%

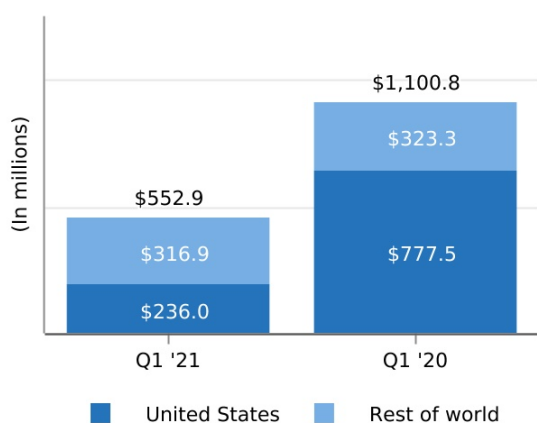
*Fumarate includes TECFIDERA and VUMERITY. VUMERITY became commercially available in the U.S. in November 2019.

**Interferon includes AVONEX and PLEGRIDY.

Multiple Sclerosis (MS)

Fumarate

For the Three Months (Q1) Ended
March 31, 2021 ('21) and 2020 ('20)



Fumarate revenue includes sales from TECFIDERA and VUMERITY. In October 2019 the FDA approved VUMERITY for the treatment of RMS and VUMERITY became commercially available in the U.S. in November 2019.

For the three months ended March 31, 2021, compared to the same period in 2020, the decrease of 69.6% in U.S. Fumarate revenue was primarily due to a decrease in TECFIDERA demand as well as higher discounts and allowances as a result of multiple TECFIDERA generic entrants in the U.S. market. Additionally, revenue in the first quarter of 2020 reflected higher volume associated with additional shipping days. The decrease was partially offset by an increase in VUMERITY sales volume.

For the three months ended March 31, 2021, compared to the same period in 2020, the decrease in rest of world Fumarate revenue was primarily due to a decrease in sales volume of 2.0% and unfavorable impact of foreign currency exchange, partially offset by price increases. We believe that, due to the COVID-19 pandemic, there was an acceleration in sales during the first quarter of 2020 that increased rest of world Fumarate revenue by approximately \$28.0 million.

In June 2020 and September 2020 judgments were entered in favor of the defendants in the patent infringement proceedings relating to TECFIDERA Orange-Book listed patents pursuant to the Hatch-Waxman Act in West Virginia and Delaware. We have appealed the judgments in both actions. For additional information, please read *Note 18, Litigation*, to our condensed consolidated financial statements included in this report.

Multiple TECFIDERA generic entrants are now in the U.S. market and have deeply discounted prices

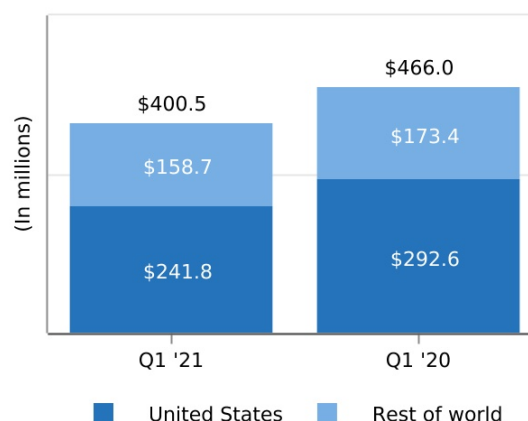
compared to TECFIDERA. The generic competition for TECFIDERA has significantly reduced our TECFIDERA revenue and is expected to have a substantial negative impact on our TECFIDERA revenue for as long as there is generic competition.

We anticipate an increase in TECFIDERA sales volume in rest of world in 2021, compared to 2020, notwithstanding the increasing competition from additional treatments for MS and potential disruptions due, directly or indirectly, to the COVID-19 pandemic.

We expect an increase in VUMERITY sales volume in the U.S., mostly driven by the continued launch of VUMERITY.

Interferon

For the Three Months Ended
March 31, 2021 and 2020



For the three months ended March 31, 2021, compared to the same period in 2020, the decrease of 17.4% in U.S. Interferon revenue was primarily due to a decrease in Interferon sales volumes of 17.5%. The net decline in sales volume reflects the continued decline of the Interferon market as patients transition to other higher efficacy and oral MS therapies, which negatively impacted comparative revenue by approximately \$50.0 million. Additionally, revenue in the first quarter of 2020 reflected higher volume associated with shipping days.

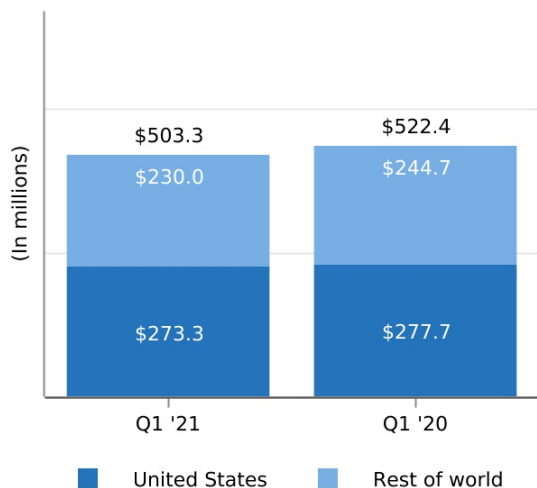
For the three months ended March 31, 2021, compared to the same period in 2020, the decrease of 8.5% in rest of world Interferon revenue was primarily due to a decrease in Interferon sales volumes of 8.8%.

We believe that, due to the COVID-19 pandemic, there was an acceleration in sales during the first quarter of 2020 that increased worldwide Interferon revenue by approximately \$25.0 million, primarily in the E.U.

We expect that Interferon revenue will continue to decline in both the U.S. and rest of world markets in 2021, compared to 2020, as a result of increasing competition from our other MS products as well as other treatments for MS, including biosimilars, and pricing reductions in certain European markets.

TYSABRI

For the Three Months Ended March 31, 2021 and 2020



For the three months ended March 31, 2021, compared to the same period in 2020, the decrease of 1.6% in U.S. TYSABRI revenue was due to unfavorable volume impacts, primarily resulting from additional shipping days in the first quarter of 2020, partially offset by price increases.

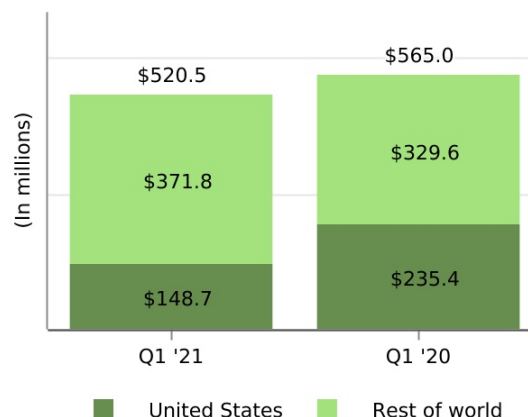
For the three months ended March 31, 2021, compared to the same period in 2020, the decrease of 6.0% in rest of world TYSABRI revenue was primarily due to a decrease in pricing of approximately \$30.5 million. Revenue in the first quarter of 2020 included a \$20.0 million change in estimate related to pharmaceutical taxes. The decrease was partially offset by a favorable volume impact of approximately \$13.7 million.

We anticipate TYSABRI sales volume to modestly increase on a global basis in 2021, compared to 2020, despite increasing competition from additional treatments for MS, including OCREVUS. We expect to continue to face price reductions in certain European markets.

Spinal Muscular Atrophy

SPINRAZA

For the Three Months Ended March 31, 2021 and 2020



For the three months ended March 31, 2021, compared to the same period in 2020, the decrease of 36.8% in U.S. SPINRAZA revenue was due to a decrease in sales volumes of 36.8% resulting from increased competition as well as lower loading and maintenance doses due, directly or indirectly, to the COVID-19 pandemic.

For the three months ended March 31, 2021, compared to the same period in 2020, the increase of 12.8% in rest of world SPINRAZA revenue was primarily due to an increase in sales volumes of 17.3%, due in part by additional shipments in developing markets. The increase was partially offset by a decrease in pricing of 7.8%.

In 2021 we expect that SPINRAZA revenue will be subject to increased competition resulting in higher discontinuations and a lower rate of new patient starts combined with the impact of loading dose dynamics as patients transition to dosing once every four months and lower prices in certain rest of world countries.

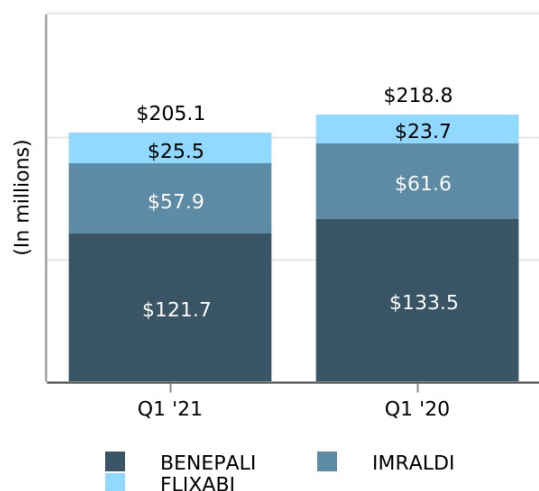
We face competition from a gene therapy product and an oral product. We expect that we will experience competition from both products in additional jurisdictions in the future. Additionally, we are aware of other products now in development that, if launched, may also compete with SPINRAZA. Future sales of SPINRAZA may be adversely affected by the commercialization of competing products.

For information on our collaboration arrangements with Ionis Pharmaceuticals, Inc. (Ionis), please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

Biosimilars

BENEPALI, IMRALDI and FLIXABI

For the Three Months Ended
March 31, 2021 and 2020



For the three months ended March 31, 2021, compared to the same period in 2020, the decrease of 6.3% in biosimilar revenue was primarily due to the unfavorable impact of lower volumes and price decreases, partially offset by favorable foreign currency impact. We believe that, due to the COVID-19 pandemic, there was an acceleration in sales during the first quarter of 2020 that increased biosimilar revenue by approximately \$15.0 million.

In 2021 we expect modest to moderate revenue growth for our biosimilars business depending on the impact of the COVID-19 pandemic. We expect to continue to face price reductions in certain European countries.

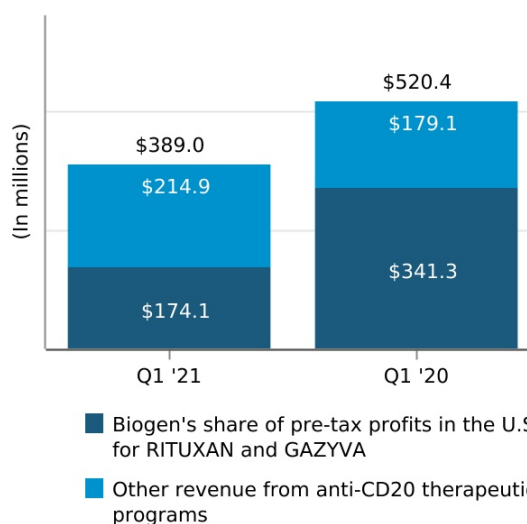
For additional information on our collaboration arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

Revenue from Anti-CD20 Therapeutic Programs

Genentech (Roche Group)

Our share of RITUXAN, including RITUXAN HYCELA, and GAZYVA collaboration operating profits in the U.S. and other revenue from anti-CD20 therapeutic programs are summarized in the table below. For purposes of this discussion, we refer to RITUXAN and RITUXAN HYCELA collectively as RITUXAN.

For the Three Months Ended
March 31, 2021 and 2020



Biogen's Share of Pre-tax Profits in the U.S. for RITUXAN and GAZYVA

The following table provides a summary of amounts comprising our share of pre-tax profits in the U.S. for RITUXAN and GAZYVA:

(In millions)	For the Three Months Ended March 31,	
	2021	2020
Product revenue, net	\$ 551.4	\$ 1,078.2
Cost and expense	74.2	147.5
Pre-tax profits in the U.S.	477.2	930.7
Biogen's share of pre-tax profits	\$ 174.1	\$ 341.3

For the three months ended March 31, 2021, compared to the same period in 2020, the decrease in U.S. product revenue, net was primarily due to a decrease in sales volumes of RITUXAN in the U.S. of 47.8%, primarily due to the onset of competition from multiple biosimilar products.

For the three months ended March 31, 2021, compared to the same period in 2020, product revenue, net also reflected an increase in GAZYVA sales volume of 0.7%.

For the three months ended March 31, 2021, compared to the same period in 2020, the decrease in collaboration costs and expense was primarily due to lower cost of sales on RITUXAN.

We are aware of several other anti-CD20 molecules, including biosimilar products, that have recently been approved and are expected to compete with RITUXAN and GAZYVA in the oncology and other markets. In November 2019, January 2020 and January 2021 biosimilar products referencing RITUXAN were launched in the U.S. and are being offered at lower prices. This competition has had a significant adverse impact on the pre-tax profits of our collaboration arrangements with Genentech, as the sales of RITUXAN have decreased substantially compared to prior periods. We expect that biosimilar competition will continue to increase as these products capture additional market share and that this will have a significant adverse impact on our co-promotion profits in the U.S. in future years.

Other Revenue from Anti-CD20 Therapeutic Programs

Other revenue from anti-CD20 therapeutic programs consist of royalty revenue on sales of OCREVUS and our share of pre-tax co-promotion profits from RITUXAN in Canada.

For the three months ended March 31, 2021, compared to the same period in 2020, the increase in other revenue from anti-CD20 therapeutic programs was primarily due to sales growth of OCREVUS. Royalty revenue recognized on sales of OCREVUS for the three months ended March 31, 2021, totaled \$209.3 million compared to \$162.2 million in the prior year comparative period.

OCREVUS royalty revenue is based on our estimates from third party and market research data of OCREVUS sales occurring during the corresponding period. Differences between actual and estimated royalty revenue will be adjusted for in the period in which they become known, which is generally expected to be the following quarter.

For additional information on our collaboration arrangements with Genentech, including information regarding the pre-tax profit-sharing formula and its impact on future revenue from anti-CD20 therapeutic programs, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

Other Revenue

Other revenue is summarized as follows:

(In millions, except percentages)	For the Three Months Ended March 31,					
	2021		2020		% Change	\$ Change
Revenue from collaborative and other relationships	\$ 3.9	4.2 %	\$ 3.9	3.6 %	— %	\$ —
Other royalty and corporate revenue	89.4	95.8	105.4	96.4	(15.2)	(16.0)
Total other revenue	\$ 93.3	100.0 %	\$ 109.3	100.0 %	(14.6)%	\$ (16.0)

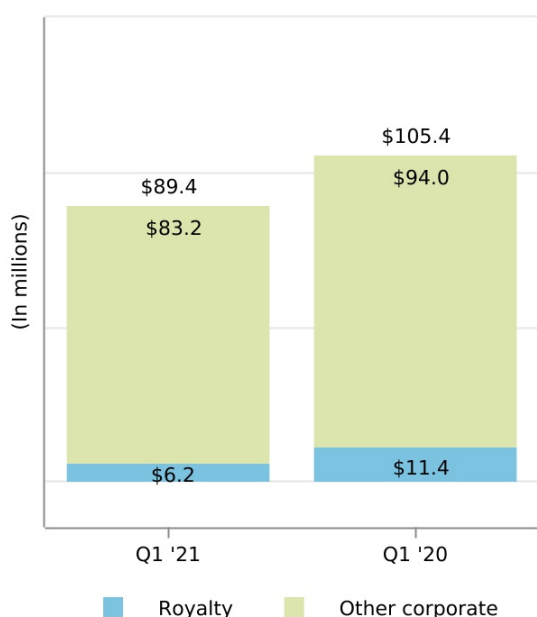
Revenue from Collaborative and Other Relationships

Revenue from collaborative and other relationships primarily includes royalty revenue on biosimilar products from Samsung Bioepis.

For additional information on our collaborative arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

Other Royalty and Corporate Revenue

For the Three Months Ended
March 31, 2021 and 2020



We receive royalties from net sales on products related to patents that we have out-licensed and we record other corporate revenue primarily from amounts earned under contract manufacturing agreements.

For the three months ended March 31, 2021, compared to the same period in 2020, the decrease in other royalty and corporate revenue was primarily due to a decrease in royalty revenue and lower contract manufacturing revenue.

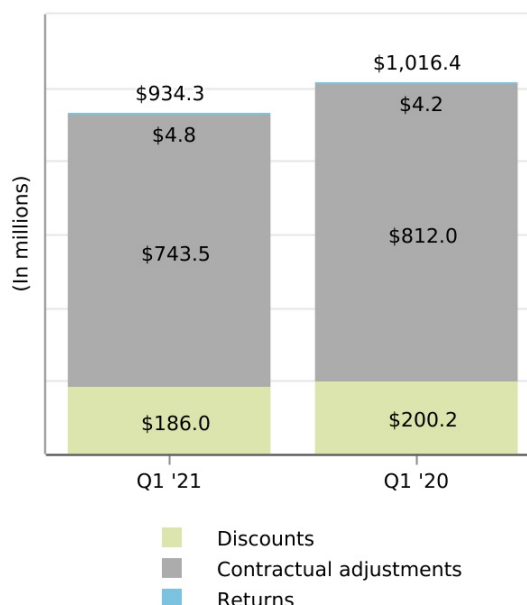
Reserves for Discounts and Allowances

Revenue from product sales is recorded net of reserves established for applicable discounts and allowances, including those associated with the implementation of pricing actions in certain international markets where we operate.

These reserves are based on estimates of the amounts earned or to be claimed on the related sales and are classified as reductions of accounts receivable (if the amount is payable to our customer) or a liability (if the amount is payable to a party other than our customer). These estimates reflect our historical experience, current contractual and statutory requirements, specific known market events and trends, industry data and forecasted customer buying and payment patterns. Actual amounts may ultimately differ from our estimates. If actual results vary, we adjust these estimates, which could have an effect on earnings in the period of adjustment.

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

For the Three Months Ended
March 31, 2021 and 2020



For the three months ended March 31, 2021, reserves for discounts and allowances as a percentage of gross product revenue was 29.0% compared to 25.7% in the prior year comparative period.

Discounts

Discounts include trade term discounts and wholesaler incentives.

For the three months ended March 31, 2021, compared to the same period in 2020, the decrease in discounts was primarily driven by a decrease in gross sales.

Contractual Adjustments

Contractual adjustments primarily relate to Medicaid and managed care rebates, pharmacy rebates, co-payment (copay) assistance, Veterans Administration, Public Health Service discounts, specialty pharmacy program fees and other government rebates or applicable allowances.

For the three months ended March 31, 2021, compared to the same period in 2020, the decrease in contractual adjustments was primarily due to lower Medicaid and managed care rebates, partially offset by pharmacy rebates.

Returns

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. Provisions for product returns are recognized in the period the related revenue is recognized, resulting in a reduction to product sales.

For the three months ended March 31, 2021, compared to the same period in 2020, return reserves were relatively consistent.

For additional information on our revenue reserves, please read *Note 3, Revenue*, to our condensed consolidated financial statements included in this report.

Cost and Expense

A summary of total cost and expense is as follows:

(In millions, except percentages)

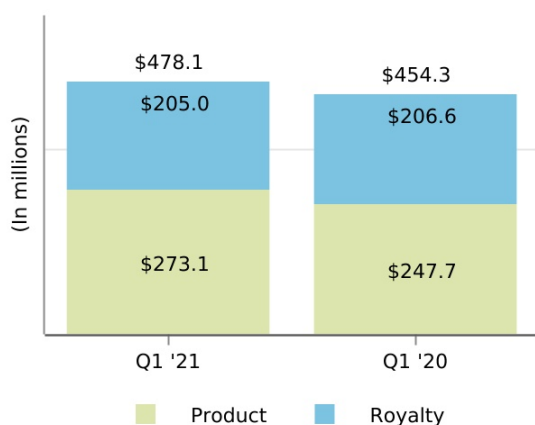
Cost of sales, excluding amortization and impairment of acquired intangible assets	\$ 478.1
Research and development	514.2
Selling, general and administrative	595.0
Amortization and impairment of acquired intangible assets	98.1
Collaboration profit (loss) sharing	68.5
(Gain) loss on fair value remeasurement of contingent consideration	(33.8)
Acquired in-process research and development	—
Total cost and expense	\$ 1,720.1

For the Three Months Ended March 31,			
2021	2020	% Change	\$ Change
\$ 478.1	\$ 454.3	5.2 %	\$ 23.8
514.2	476.3	8.0	37.9
595.0	570.1	4.4	24.9
98.1	71.5	37.2	26.6
68.5	71.8	(4.6)	(3.3)
(33.8)	(4.6)	nm	(29.2)
—	75.0	nm	(75.0)
\$ 1,720.1	\$ 1,714.4	0.3 %	\$ 5.7

^{nm} Not meaningful

Cost of Sales, Excluding Amortization and Impairment of Acquired Intangible Assets

For the Three Months Ended
March 31, 2021 and 2020



Product Cost of Sales

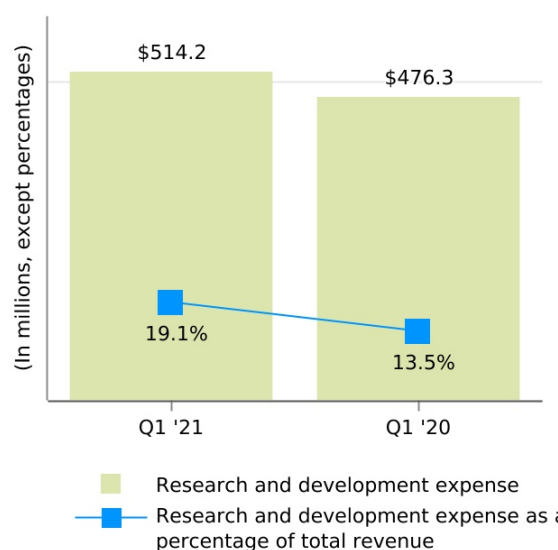
For the three months ended March 31, 2021, compared to the same period in 2020, the increase in product cost of sales was primarily due to higher cost of sales associated with contract manufacturing agreements.

Royalty Cost of Sales

For the three months ended March 31, 2021, compared to the same period in 2020, royalty cost of sales remained flat.

Research and Development

For the Three Months Ended
March 31, 2021 and 2020



For the Three Months Ended
March 31, 2021 and 2020



We support our drug discovery and development efforts through the commitment of significant resources to discovery, research and development programs and business development opportunities.

A significant amount of our research and development costs consists of indirect costs incurred in support of overall research and development activities and non-specific programs, including activities that benefit multiple programs, such as

management costs, as well as depreciation, information technology and facility-based expenses. These costs are considered other research and development costs in the table above and are not allocated to a specific program or stage.

Research and development expense incurred in support of our marketed products includes costs associated with product lifecycle management activities including, if applicable, costs associated with the development of new indications for existing products. Late stage programs are programs in Phase 3 development or in registration stage. Early stage programs are programs in Phase 1 or Phase 2 development. Research and discovery represents costs incurred to support our discovery research and translational science efforts. Costs are reflected in the development stage based upon the program status when incurred. Therefore, the same program could be reflected in different development stages in the same year. For several of our programs, the research and development activities are part of our collaborative and other relationships. Our costs reflect our share of the total costs incurred.

For the three months ended March 31, 2021, compared to the same period in 2020, the increase in research and development expense was primarily due to an increase in spending related to the EMBARK redosing study for aducanumab, the development of BIIB125 (zuranolone) for the potential treatment of major depressive disorder (MDD) and postpartum depression (PPD), which we are developing in collaboration with Sage Therapeutics, Inc. (Sage), and BIIB124 (SAGE-324) for the potential treatment of essential tremor, which we are developing in collaboration with Sage.

As of March 31, 2021 and December 31, 2020, we capitalized approximately \$124.7 million and \$93.8 million, respectively, of pre-launch inventory for aducanumab. If aducanumab does not receive regulatory approval in the U.S., we would expense this inventory as research and development expense and, under the terms of the collaboration agreement with Eisai to jointly develop and commercialize aducanumab (the Aducanumab Collaboration Agreement), Eisai would reimburse us for 45.0% of the costs.

Early Stage Programs

For the three months ended March 31, 2021, compared to the same period in 2020, the increase in spending related to our early stage programs was primarily due to an increase in costs associated with:

- spending in the development of BIIB112 (cotoretigene toliparovec) for the potential treatment of X-linked retinitis pigmentosa;

- spending in the development of BIIB122 (DNL151) for the potential treatment of Parkinson's disease, which we are developing in collaboration with Denali Therapeutics Inc. (Denali); and
- spending in the development of BIIB124 for the potential treatment of essential tremor.

The increase was partially offset by a decrease in costs associated with:

- the discontinuation of gosuranemab (BIIB092) in progressive supranuclear palsy; and
- the advancement of dapirolizumab pego, an anti-CD40L pegylated Fab that we are developing in collaboration with UCB Pharma S.A., for the potential treatment of systemic lupus erytheatosus (SLE) into late stage.

Late Stage Programs

For the three months ended March 31, 2021, compared to the same period in 2020, the increase in spending associated with our late stage programs was primarily due to:

- spending in the development of zuranolone for the potential treatment of MDD and PPD;
- an increase in spending related to the EMBARK redosing study for aducanumab and other development activities, net of reimbursement from Eisai;
- the advancement of dapirolizumab pego for the potential treatment of SLE into late stage; and
- an increase in spending related to BAN2401 (lecanemab), an anti-amyloid beta antibody, in early Alzheimer's disease that we are developing in collaboration with Eisai.

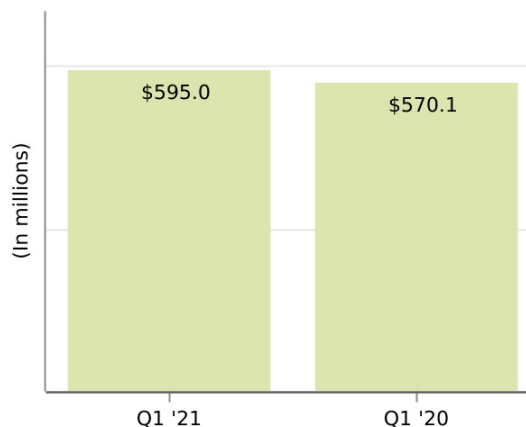
In July 2020 we completed the submission of a BLA for the approval of aducanumab to the FDA. In August 2020 the FDA accepted the BLA and granted Priority Review with a PDUFA action date on March 7, 2021. In January 2021 the FDA extended the review period for the BLA for aducanumab by three months. The updated PDUFA action date is June 7, 2021.

In March 2019 Eisai initiated a global Phase 3 trial for the development of BAN2401 in early Alzheimer's disease. Under our collaboration arrangement, Eisai serves as the global operational and regulatory lead for BAN2401 and all costs, including research, development, sales and marketing expense, are shared equally between us and Eisai.

For additional information on our collaboration arrangements with Eisai, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

Selling, General and Administrative

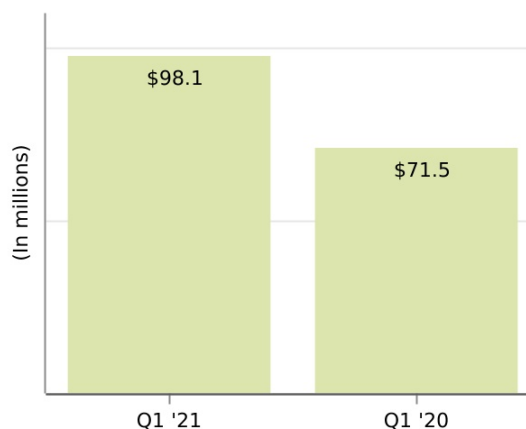
For the Three Months Ended
March 31, 2021 and 2020



For the three months ended March 31, 2021, compared to the same period in 2020, selling, general and administrative expense increased 4.4%, primarily due to increases in personnel in support of the potential launch of aducanumab.

Amortization and Impairment of Acquired Intangible Assets

For the Three Months Ended
March 31, 2021 and 2020



Our amortization expense is based on the economic consumption and impairment of intangible assets. Our most significant amortizable intangible assets are related to our TYSABRI, AVONEX, SPINRAZA, VUMERITY and TECFIDERA (rest of world)

products and other programs acquired through business combinations.

For the three months ended March 31, 2021, compared to the same period in 2020, the increase in amortization and impairment of acquired intangible assets was primarily related to a \$44.3 million impairment charge recorded during the first quarter of 2021 related to vixotrigine (BIIB074) for the potential treatment of trigeminal neuralgia (TGN). For the three months ended March 31, 2020, we had no impairment charges.

We monitor events and expectations regarding product performance. If new information indicates that the assumptions underlying our most recent analysis are substantially different than those utilized in our current estimates, our analysis would be updated and may result in a significant change in the anticipated lifetime revenue of the relevant products. The occurrence of an adverse event could substantially increase the amount of amortization expense related to 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.

IPR&D Related to Business Combinations

In-process research and development (IPR&D) represents the fair value assigned to research and development assets that we acquired as part of a business combination and had not yet reached technological feasibility at the date of acquisition. We review amounts capitalized as acquired IPR&D for impairment annually, as of October 31, and whenever events or changes in circumstances indicate to us that the carrying value of the assets might not be recoverable.

Overall, the value of our acquired IPR&D assets is dependent upon several variables, including estimates of future revenue and the effects of competition, our ability to secure sufficient pricing in a competitive market, our ability to confirm safety and efficacy based on data from clinical trials and regulatory feedback, the level of anticipated development costs and the probability and timing of successfully advancing a particular research program from one clinical trial phase to the next. We are continually reevaluating our estimates concerning these and other variables, including our life cycle management strategies, research and development priorities and development risk, changes in program and portfolio economics and related impact of foreign currency exchange rates and economic trends and evaluating industry and company data regarding the productivity of clinical research and the development process. Changes in our estimates may result in a significant change to our valuation of our IPR&D assets.

Vixotrigine

In the periods since we acquired vixotrigine, there have been numerous delays in the initiation of Phase 3 studies for the potential treatment of TGN and for the potential treatment of diabetic painful neuropathy (DPN), another form of neuropathic pain. We have engaged with the FDA regarding the design of the Phase 3 studies of vixotrigine for TGN and DPN and now plan to perform an additional clinical trial of vixotrigine before initiating a Phase 3 study of DPN.

The performance of this additional clinical trial has delayed the initiation of the Phase 3 studies of vixotrigine for the potential treatment of TGN, and, as a result, we recognized an impairment charge of \$44.3 million related to vixotrigine for the potential treatment of TGN during the first quarter of 2021. As of March 31, 2021, the carrying value associated with our remaining vixotrigine IPR&D assets was \$135.1 million, all of which is related to DPN.

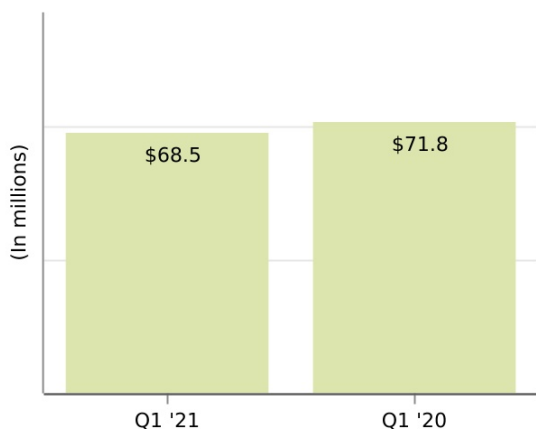
BIIB111 and BIIB112

During the fourth quarter of 2020 we recognized an impairment charge of \$115.0 million related to BIIB111 (timrepigene emparvovec) for the potential treatment of choroideremia, a rare, degenerative, X-linked inherited retinal disorder that leads to blindness and currently has no approved treatments, as a result of third-party manufacturing delays that may impact our timeline for a potential filing of a BLA for regulatory approval by up to one year, and increase the costs associated with advancing BIIB111 through Phase 3 development.

We are continuing to monitor the manufacturing issues encountered with BIIB111 and their potential impact on that program's timing. As of March 31, 2021, we have no indication that BIIB111 or BIIB112 were impaired; however, we will continue to monitor the capabilities of our manufacturing partners and how any additional new manufacturing issues might affect the planned timing of such gene therapy programs.

Collaboration Profit (Loss) Sharing

For the Three Months Ended
March 31, 2021 and 2020



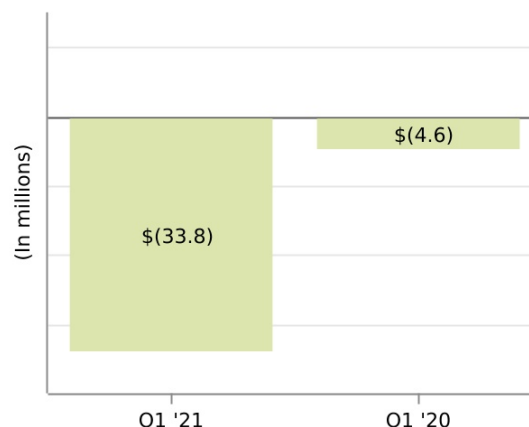
Collaboration profit (loss) sharing primarily includes Samsung Bioepis' 50.0% share of the profit or loss related to our biosimilars commercial agreement with Samsung Bioepis.

For the three months ended March 31, 2021, we recognized net profit-sharing expense of \$68.5 million to reflect Samsung Bioepis' 50.0% sharing of the net collaboration profits compared to \$71.8 million in the prior year comparative period.

For additional information on our collaboration arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

(Gain) Loss on Fair Value Remeasurement of Contingent Consideration

For the Three Months Ended
March 31, 2021 and 2020

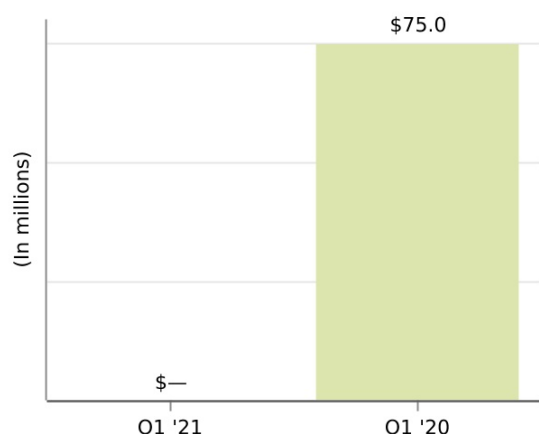


Consideration payable for certain of our business combinations includes future payments that are contingent upon the occurrence of a particular event or events. We record an obligation for such contingent consideration payments at fair value on the acquisition date. We then revalue our contingent consideration obligations each reporting period. Changes in the fair value of our contingent consideration obligations, other than changes due to payments, are recognized as a (gain) loss on fair value remeasurement of contingent consideration in our condensed consolidated statements of income.

For the three months ended March 31, 2021, changes in the fair value of our contingent consideration obligations were primarily due to delays in the expected timing of the achievement of certain remaining developmental milestones related to our vixotrigine programs.

Acquired In-Process Research and Development

For the Three Months Ended
March 31, 2021 and 2020



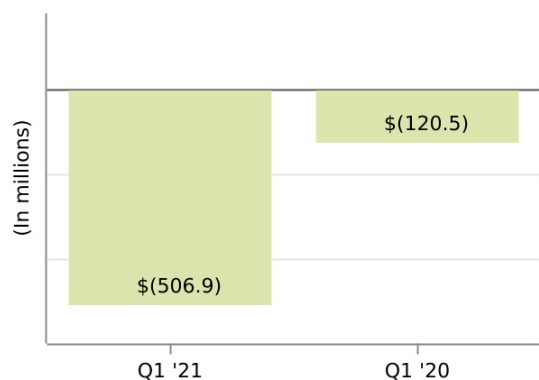
BIIB118 Acquisition

In March 2020 we acquired BIIB118 (CK1 inhibitor) for the potential treatment of patients with behavioral and neurological symptoms across various psychiatric and neurological diseases from Pfizer Inc. (Pfizer). In connection with this acquisition, we made an upfront payment of \$75.0 million to Pfizer, which was accounted for as an asset acquisition and recorded as acquired IPR&D in our condensed consolidated statements of income as BIIB118 has not yet reached technological feasibility.

For additional information on our acquisition of BIIB118, please read *Note 2, Acquisitions*, to our condensed consolidated financial statements included in this report.

Other Income (Expense), Net

For the Three Months Ended
March 31, 2021 and 2020



For the three months ended March 31, 2021, compared to the same period in 2020, the change in

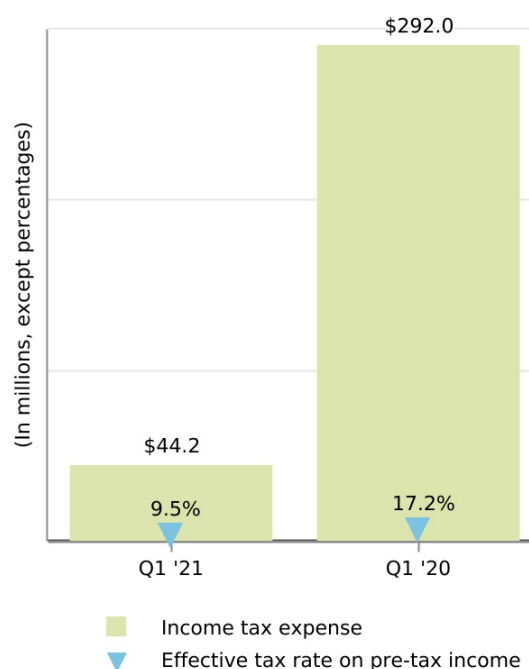
other income (expense), net primarily reflects net unrealized losses on our holdings in equity securities.

For the three months ended March 31, 2021, net unrealized losses and realized gains on our holdings in equity securities were approximately \$442.3 million and \$6.2 million, respectively, compared to net unrealized and realized losses of \$60.9 million and zero, respectively, in the prior year comparative period. The net unrealized losses recognized during the three months ended March 31, 2021, primarily reflect a decrease in the fair value of Ionis, Sangamo Therapeutics, Inc. (Sangamo), Denali and Sage common stock of approximately \$442.0 million.

We expect interest expense for 2021 to be relatively consistent with 2020.

Income Tax Provision

For the Three Months Ended
March 31, 2021 and 2020



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 changes in tax laws, variability in the allocation of our taxable earnings among multiple jurisdictions, the amount and characterization of our research and development expense, the levels of certain deductions and credits, acquisitions and licensing transactions.

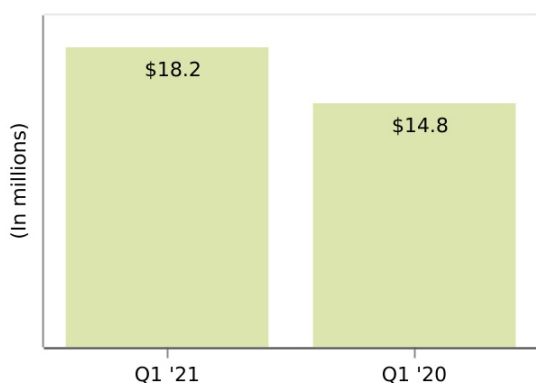
For the three months ended March 31, 2021, compared to the same period in 2020, the decrease

in our effective tax rate was primarily due to the change in the territorial mix of our profitability, which included the effect of generic competition for TECFIDERA in the U.S. market, and the non-cash tax effects of changes in the value of our equity investments, where we recorded a reduction of value in the first quarter of 2021. The tax effects of this change in value of our equity investments were recorded discretely, since changes in value of equity investments cannot be forecasted.

For additional information on our income taxes please read *Note 14, Income Taxes*, to our condensed consolidated financial statements included in this report.

Equity in (Income) Loss of Investee, Net of Tax

For the Three Months Ended
March 31, 2021 and 2020



In February 2012 we entered into a joint venture agreement with Samsung BioLogics establishing an entity, Samsung Bioepis, to develop, manufacture and market biosimilar products.

In June 2018 we exercised our option under our joint venture agreement to increase our ownership percentage in Samsung Bioepis from approximately 5.0% to approximately 49.9%. The share purchase transaction was completed in November 2018. As of March 31, 2021, our ownership percentage remained at approximately 49.9%.

We recognize our share of the results of operations related to our investment in Samsung Bioepis under the equity method of accounting one quarter in arrears when the results of the entity become available, which is reflected as equity in (income) loss of investee, net of tax in our consolidated statements of income. We recognize amortization on certain basis differences resulting from our November 2018 investment.

Certain officers and affiliates of our joint venture partner, Samsung BioLogics, are currently subject to ongoing criminal proceedings that we continue to monitor. While these proceedings could impact the operations of Samsung Bioepis and its business, we have assessed the value of our investment in Samsung Bioepis and continue to believe that the fair value of the investment is in excess of its net book value.

For the three months ended March 31, 2021, we recognized net losses on our investment of \$18.2 million reflecting our share of Samsung Bioepis' operating results and amortization of basis differences, net of tax.

For additional information on our collaboration arrangements with Samsung Bioepis, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

Financial Condition, Liquidity and Capital Resources

Our financial condition is summarized as follows:

(In millions, except percentages)	As of March 31, 2021	As of December 31, 2020	Change %
Financial assets:			
Cash and cash equivalents	\$ 1,217.5	\$ 1,331.2	(8.5)%
Marketable securities — current	1,320.0	1,278.9	3.2
Marketable securities — non-current	821.9	772.1	6.4
Total cash, cash equivalents and marketable securities	<u>\$ 3,359.4</u>	<u>\$ 3,382.2</u>	<u>(0.7)%</u>
Borrowings:			
Notes payable	\$ 7,267.2	\$ 7,426.2	(2.1)%
Total borrowings	<u>\$ 7,267.2</u>	<u>\$ 7,426.2</u>	<u>(2.1)%</u>
Working capital:			
Current assets	\$ 6,719.5	\$ 6,887.1	(2.4)%
Current liabilities	(3,165.8)	(3,742.2)	(15.4)
Total working capital	<u>\$ 3,553.7</u>	<u>\$ 3,144.9</u>	<u>13.0%</u>

For the three months ended March 31, 2021, certain significant cash flows were as follows:

- \$769.0 million in net cash flow provided by operating activities;
- \$600.0 million used for share repurchases;
- \$169.3 million used in connection with our Exchange Offer; and
- \$92.6 million used for purchases of property, plant and equipment.

Overview

We have historically financed our operating and capital expenditures primarily through cash flow earned through our operations. We expect our operating expenditures, particularly those related to research and development, clinical trials, commercialization of new products and international expansion to continue to grow. However, we expect to continue funding our current and planned operating requirements primarily through our cash flow earned from our operations as well as our existing cash resources. We believe generic competition for TECFIDERA in the U.S. will continue to reduce our cash flow from operations in 2021 and will have a significant adverse impact on our future cash flow from operations. We believe that our 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.

Aducanumab

In July 2020 we completed the submission of a BLA for the approval of aducanumab to the FDA. In August 2020 the FDA accepted the BLA and granted Priority Review with a PDUFA action date on March 7, 2021. In January 2021 the FDA extended the review period for the BLA for aducanumab by three months. The updated PDUFA action date is June 7, 2021. If we do not receive regulatory approval or are unable to successfully commercialize aducanumab, our financial condition, business and operations may be adversely affected.

For additional information on certain risks that could negatively impact our financial position or future results of operations, please read *Item 3. Quantitative and Qualitative Disclosures About Market Risk* and *Item 1A. Risk Factors* included in this report.

Cash, Cash Equivalents and Marketable Securities

Until required for another use in our business, we typically invest our cash reserves in bank deposits, certificates of deposit, commercial paper, corporate notes, U.S. and foreign government instruments, overnight reverse repurchase agreements and other interest-bearing marketable debt instruments in accordance with our investment policy. It is our policy to mitigate credit risk in our cash reserves and marketable securities by maintaining a well-diversified portfolio that limits the amount of exposure as to institution, maturity and investment type.

As of March 31, 2021 and December 31, 2020, we had cash, cash equivalents and marketable securities totaling approximately \$3.4 billion. The

change in cash, cash equivalents and marketable securities at March 31, 2021, from December 31, 2020, was primarily due to cash used for share repurchases and capital expenditures as well as cash payments made in connection with our Exchange Offer, partially offset by net cash flow provided by operating activities.

Investments and other assets in our condensed consolidated balance sheets as of March 31, 2021 and December 31, 2020, include the carrying value of our investment in Samsung Bioepis of \$576.3 million and \$620.2 million, respectively. As Samsung Bioepis is a privately-held entity, our ability to liquidate our investment may be limited and we may realize significantly less than the value of such investment. This investment is also subject to foreign currency exchange fluctuations.

In connection with our collaboration with Sangamo, we purchased approximately 24 million shares of Sangamo common stock in April 2020. As of March 31, 2021 and December 31, 2020, the fair value of this investment was \$277.8 million and \$333.7 million, respectively.

In connection with our collaboration with Denali, we purchased approximately 13 million shares of Denali common stock in September 2020. As of March 31, 2021 and December 31, 2020, the fair value of this investment was \$638.5 million and \$935.7 million, respectively.

In connection with our collaboration with Sage, we purchased approximately 6.2 million shares of Sage common stock in December 2020. As of March 31, 2021 and December 31, 2020, the fair value of this investment was \$378.3 million and \$433.9 million, respectively.

Our investment in Ionis common stock had a fair value of \$129.3 million and \$249.1 million as of March 31, 2021 and December 31, 2020, respectively.

For additional information on our collaboration arrangements with Samsung Bioepis, Sangamo, Denali and Sage, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

For additional information on our collaboration arrangements with Ionis, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

Borrowings

In April 2020 we issued our 2020 Senior Notes for an aggregate principal amount of \$3.0 billion, consisting of the following:

- \$1.5 billion aggregate principal amount of 2.25% Senior Notes due May 1, 2030; and
- \$1.5 billion aggregate principal amount of 3.15% Senior Notes due May 1, 2050.

The following is a summary of our currently outstanding senior secured notes issued in 2015 (2015 Senior Notes):

- \$1.0 billion aggregate principal amount of 3.625% Senior Notes due September 15, 2022;
- \$1.75 billion aggregate principal amount of 4.05% Senior Notes due September 15, 2025; and
- \$1.12 billion aggregate principal amount of 5.20% Senior Notes due September 15, 2045.

Our 2020 Senior Notes and our 2015 Senior Notes were issued at a discount, which are amortized as additional interest expense over the period from issuance through maturity.

In February 2021 we completed our Exchange Offer, whereby an aggregate principal amount of approximately \$624.6 million of our 2045 Senior Notes was exchanged for an aggregate principal amount of approximately \$700.7 million of our 2051 Senior Notes and aggregate cash payments of approximately \$151.8 million. In addition, we redeemed an aggregate principal amount of approximately \$8.9 million of our 2045 Senior Notes for aggregate cash payments of approximately \$12.1 million, excluding accrued and unpaid interest.

For a summary of the fair and carrying values of our outstanding borrowings as of March 31, 2021 and December 31, 2020, please read *Note 6, Fair Value Measurements*, to our condensed consolidated financial statements included in this report.

Credit Facility

In January 2020 we entered into a \$1.0 billion, five-year senior unsecured revolving credit facility under which we are permitted to draw funds for working capital and general corporate purposes. The terms of the revolving credit facility include a financial covenant that requires us not to exceed a maximum consolidated leverage ratio. As of March 31, 2021, we had no outstanding borrowings and were in compliance with all covenants under this facility.

Working Capital

Working capital is defined as current assets less current liabilities. The change in working capital at

March 31, 2021, from December 31, 2020, reflects a decrease in total current assets of approximately \$167.6 million and a decrease in total current liabilities of approximately \$576.4 million.

The decrease in total current assets was primarily driven by a decrease in net cash, cash equivalents and marketable securities, due to cash used for share repurchases and capital expenditures as well as cash payments made in conjunction with our exchange and redemption of a portion of our 2045 Senior Notes, partially offset by \$769.0 million in cash flow from operations.

The net decrease in current liabilities was primarily due to a reduction in accrued expense and other, which was primarily related to decreases in the accrual of contingent payments, the accrual for employee compensation and benefits and the fair values of derivative liabilities.

Share Repurchase Programs

In October 2020 our Board of Directors authorized our 2020 Share Repurchase Program, which is a program to repurchase up to \$5.0 billion of our common stock. Our 2020 Share Repurchase Program does not have an expiration date. All share repurchases under our 2020 Share Repurchase Program will be retired. Under our 2020 Share Repurchase Program, we repurchased and retired approximately 2.2 million shares of our common stock

Cash Flow

The following table summarizes our cash flow activity:

(In millions, except percentages)

Net cash flow provided by operating activities	\$	769.0	\$	1,467.3	(47.6)%
Net cash flow (used in) provided by investing activities		(64.7)		442.9	(114.6)
Net cash flow used in financing activities		(785.0)		(2,245.3)	65.0

at a cost of approximately \$600.0 million during the three months ended March 31, 2021. Approximately \$4.0 billion remained available under our 2020 Share Repurchase Program as of March 31, 2021.

In December 2019 our Board of Directors authorized a program to repurchase up to \$5.0 billion of our common stock (December 2019 Share Repurchase Program), which was completed as of September 30, 2020. All shares repurchased under our December 2019 Share Repurchase Program were retired. Under our December 2019 Share Repurchase Program, we repurchased and retired approximately 3.2 million shares of our common stock at a cost of approximately \$941.1 million during the three months ended March 31, 2020.

In March 2019 our Board of Directors authorized a program to repurchase up to \$5.0 billion of our common stock (March 2019 Share Repurchase Program), which was completed as of March 31, 2020. All shares repurchased under our March 2019 Share Repurchase Program were retired. Under our March 2019 Share Repurchase Program, we repurchased and retired approximately 4.1 million shares of our common stock at a cost of approximately \$1.3 billion during the three months ended March 31, 2020.

For the Three Months Ended March 31,

	2021	2020	% Change
Net cash flow provided by operating activities	\$ 769.0	\$ 1,467.3	(47.6)%
Net cash flow (used in) provided by investing activities	(64.7)	442.9	(114.6)
Net cash flow used in financing activities	(785.0)	(2,245.3)	65.0

Operating Activities

Cash flow from operating activities represents the cash receipts and disbursements related to all of our activities other than investing and financing activities. 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, unrealized gain (loss) on strategic investments, acquired IPR&D and share-based compensation;

- 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 in the fair value of contingent payments associated with our acquisitions of businesses and payments related to collaborations.

For the three months ended March 31, 2021, compared to the same period in 2020, the decrease in net cash flow provided by operating activities was primarily due to lower net income.

Investing Activities

For the three months ended March 31, 2021, compared to the same period in 2020, the increase in

net cash flow used in investing activities was primarily due to lower net proceeds received from the sale of investments as compared to the prior year, partially offset by higher capital expenditures and acquisitions of IPR&D and other intangible assets in 2020.

Financing Activities

For the three months ended March 31, 2021, compared to the same period in 2020, the decrease in net cash flow used in financing activities was primarily due to the greater number of shares repurchased in 2020 as compared to the comparative period in 2021, partially offset by cash used in connection with our Exchange Offer.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

Our contractual obligations primarily consist of our obligations under non-cancellable operating leases, long-term debt obligations and defined benefit and other purchase obligations, excluding amounts related to uncertain tax positions, funding commitments, contingent development, regulatory and commercial milestone payments, contingent payments and contingent consideration related to our business combinations, as described below.

There have been no material changes in our contractual obligations since December 31, 2020.

Royalty Payments

TYSABRI

We are obligated to make contingent payments of 18.0% on annual worldwide net sales of TYSABRI up to \$2.0 billion and 25.0% on annual worldwide net sales of TYSABRI that exceed \$2.0 billion. Royalty payments are recognized as cost of sales in our condensed consolidated statements of income.

SPINRAZA

We make royalty payments on annual worldwide net sales of SPINRAZA using a tiered royalty rate between 11.0% and 15.0%, which are recognized as cost of sales in our condensed consolidated statements of income.

VUMERITY

In October 2019 the FDA approved VUMERITY for the treatment of RMS. Under our agreement with Alkermes Pharma Ireland Limited, a subsidiary of Alkermes plc (Alkermes), we make royalty payments to Alkermes on worldwide net commercial sales of VUMERITY using a royalty rate of 15.0%, which are recorded as cost of sales in our condensed consolidated statements of income.

In October 2019 we entered into a new supply agreement and amended our license and collaboration agreement with Alkermes. We have elected to initiate a technology transfer and, following a transition period, to manufacture VUMERITY or have VUMERITY manufactured by a third party we have engaged in exchange for paying an increased royalty rate to Alkermes on any portion of future worldwide net commercial sales of VUMERITY that is manufactured by us or our designee. For additional information on our collaboration arrangement with Alkermes, please read *Note 18, Collaborative and Other Relationships*, to our consolidated financial statements included in our 2020 Form 10-K.

Contingent Consideration related to Business Combinations

In connection with our acquisition of Convergence Pharmaceuticals Holdings Ltd., we agreed to make additional payments based upon the achievement of certain milestone events.

We recognized the contingent consideration liabilities associated with this acquisition at its fair value on the acquisition date and revalue this obligation each reporting period. We may pay up to approximately \$400.0 million in remaining milestones related to this acquisition.

Contingent Development, Regulatory and Commercial Milestone Payments

Based on our development plans as of March 31, 2021, we could trigger potential future milestone payments to third parties of up to approximately \$10.1 billion, including approximately \$1.9 billion in development milestones, approximately \$1.2 billion in regulatory milestones and approximately \$7.0 billion in commercial milestones, as part of our various collaborations, including licensing and development programs. Payments under these agreements generally become due and payable upon achievement of certain development, regulatory or commercial milestones. Because the achievement of these milestones was not considered probable as of March 31, 2021, such contingencies have not been recorded in our financial statements. Amounts related to contingent milestone payments are not considered contractual obligations as they are contingent on the successful achievement of certain development, regulatory or commercial milestones.

If certain clinical and commercial milestones are met, we may pay up to \$86.2 million in milestones in 2021 under our current agreements. In addition, if aducanumab receives regulatory approval in the jurisdictions where we have submitted filings, we may pay up to approximately \$150.0 million in milestones to Neurimmune SubOne AG (Neurimmune) in 2021, which includes \$100.0 million if launched in the U.S.

and \$50.0 million if launched in Japan. Milestones payable to Neurimmune are shared expenses under the Aducanumab Collaboration Agreement with Eisai.

For additional information on our collaboration arrangements with Eisai, please read *Note 16, Collaborative and Other Relationships*, to our condensed consolidated financial statements included in this report.

For additional information on our collaboration arrangement with Neurimmune, please read *Note 17, Investments in Variable Interest Entities*, to our condensed consolidated financial statements included in this report.

Other Funding Commitments

As of March 31, 2021, we have several ongoing clinical studies in various clinical trial stages. Our most significant clinical trial expenditures are to contract research organizations (CROs). The contracts with CROs are generally cancellable, with notice, at our option. We recorded accrued expense of approximately \$27.1 million in our condensed consolidated balance sheet for expenditures incurred by CROs as of March 31, 2021. We have approximately \$554.9 million in cancellable future commitments based on existing CRO contracts as of March 31, 2021.

As part of the sale of our Hillerød, Denmark manufacturing operations to FUJIFILM Corporation (FUJIFILM), we provided FUJIFILM with certain minimum batch production commitment guarantees. There is a risk that the minimum contractual batch production commitments will not be met. Based upon current estimates we do not expect to incur an adverse commitment obligation associated with such guarantees. We developed this estimate using a probability-weighted estimate of future manufacturing activity and may further adjust this estimate based upon changes in business conditions, which may result in the increase or reduction of this adverse commitment obligation in subsequent periods.

For additional information on the divestiture of Hillerød, Denmark manufacturing operations, please read *Note 3, Divestitures*, to our consolidated financial statements included in our 2020 Form 10-K.

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 March 31, 2021, we have approximately \$100.0 million of liabilities associated with uncertain tax positions.

As of March 31, 2021 and December 31, 2020, we have accrued income tax liabilities of

approximately \$697.0 million under a one-time mandatory deemed repatriation tax on accumulated foreign subsidiaries' previously untaxed foreign earnings (the Transition Toll Tax). Of the amounts accrued as of March 31, 2021, \$62.0 million is expected to be paid within one year. The Transition Toll Tax will be paid in installments over an eight-year period, which started in 2018, and will not accrue interest.

Other Off-Balance Sheet Arrangements

We do not have any relationships with entities often referred to as structured finance or special purpose entities that were 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.

New Accounting Standards

For a discussion of new accounting standards please read *Note 1, Summary of Significant Accounting Policies*, to our condensed consolidated financial statements included in 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., requires us to make estimates, judgments and assumptions that may affect the reported amounts of assets, liabilities, equity, revenue and expense and related disclosure of contingent assets and liabilities. On an ongoing basis we evaluate our estimates, judgments and methodologies. 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, liabilities and equity and the amount of revenue and expense. Actual results may differ from these estimates.

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* in our 2020 Form 10-K. There have been no material changes to our critical accounting estimates since our 2020 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are subject to certain risks that may affect our results of operations, cash flow and fair values of

assets and liabilities, including volatility in foreign currency exchange rates, interest rate movements and pricing pressures worldwide as well as changes in economic conditions in the markets in which we operate as a result of the COVID-19 pandemic. We manage the impact of foreign currency exchange rates and interest rates through various financial instruments, including derivative instruments such as foreign currency forward contracts, interest rate lock contracts and interest rate swap contracts. We do not enter into financial instruments for trading or speculative purposes. The counterparties to these contracts are major financial institutions, and there is no significant concentration of exposure with any one counterparty.

Foreign Currency Exchange Risk

Our results of operations are subject to foreign currency exchange rate fluctuations due to the global nature of our operations. As a result, our consolidated financial position, results of operations and cash flow can be affected by market fluctuations in foreign currency exchange rates, primarily with respect to the Euro, British pound sterling, Canadian dollar, Swiss franc, Japanese yen and South Korean won.

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. In particular, as the U.S. dollar strengthens versus other currencies, the value of the non-U.S. revenue will decline when reported in U.S. dollars. The impact to net income as a result of a strengthening U.S. dollar will be partially mitigated by the value of non-U.S. expense, which will also decline when reported in U.S. dollars. As the U.S. dollar weakens versus other currencies, the value of the non-U.S. revenue and expense will increase when reported in U.S. dollars.

We have established revenue and operating expense hedging and balance sheet risk management programs to protect against volatility of future foreign currency cash flow and changes in fair value caused by volatility in foreign currency exchange rates.

During the second quarter of 2018 the International Practices Task Force of the Center for Audit Quality categorized Argentina as a country with a projected three-year cumulative inflation rate greater than 100.0%, which indicated that Argentina's economy is highly inflationary. This categorization did not have a material impact on our results of operations or financial position as of March 31, 2021, and is not expected to have a material impact on our

results of operations or financial position in the future.

Revenue and Operating Expense Hedging Program

Our foreign currency hedging program is designed to mitigate, over time, a portion of the impact resulting from volatility in exchange rate changes on revenue and operating expense. We use foreign currency forward contracts to manage foreign currency risk, with the majority of our forward contracts used to hedge certain forecasted revenue and operating expense transactions denominated in foreign currencies in the next 21 months. We do not engage in currency speculation. For a more detailed disclosure of our revenue and operating expense hedging program, please read *Note 8, Derivative Instruments*, to our condensed consolidated financial statements included in this report.

Our ability to mitigate the impact of foreign currency exchange rate changes on revenue and net income diminishes as significant foreign currency exchange rate fluctuations are sustained over extended periods of time. In particular, devaluation or significant deterioration of foreign currency exchange rates are difficult to mitigate and likely to negatively impact earnings. The cash flow from these contracts are reported as operating activities in our condensed consolidated statements of cash flow.

Balance Sheet Risk Management Hedging Program

We also use forward contracts to mitigate the foreign currency exposure related to certain balance sheet items. The primary objective of our balance sheet risk management program is to mitigate the exposure of foreign currency denominated net monetary assets and liabilities of foreign affiliates. In these instances, we principally utilize currency forward contracts. We have not elected hedge accounting for the balance sheet related items. The cash flow from these contracts are reported as operating activities in our condensed consolidated statements of cash flow.

The following quantitative information includes the impact of currency movements on forward contracts used in our revenue, operating expense and balance sheet hedging programs. As of March 31, 2021 and December 31, 2020, a hypothetical adverse 10.0% movement in foreign currency exchange rates compared to the U.S. dollar across all maturities would result in a hypothetical decrease in the fair value of forward contracts of approximately \$456.1 million and \$458.2 million, respectively. The estimated fair value change was determined by measuring the impact of the hypothetical exchange rate movement on outstanding forward contracts. Our use of this methodology to quantify the market risk of such instruments is subject to assumptions and actual impact could be significantly different. The

quantitative information about market risk is limited because it does not take into account all foreign currency operating transactions.

Net Investment Hedge Program

Our net investment hedging program is designed to mitigate currency fluctuations between the U.S. dollar and the South Korean won as a result of our approximately 49.9% ownership interest in Samsung Bioepis. We entered into foreign currency forward contracts to manage the foreign currency risk with our forward contracts used to hedge changes in the spot rate over the next seven months. As of March 31, 2021 and December 31, 2020, a hypothetical adverse 10.0% movement would result in a hypothetical decrease in fair value of approximately \$54.7 million and \$56.9 million, respectively. The estimated fair value was determined by measuring the impact of the hypothetical spot rate movement on outstanding forward contracts.

Interest Rate Risk

Our investment portfolio includes cash equivalents and short-term investments. The fair value of our marketable securities is subject to change as a result of potential changes in market interest rates. The potential change in fair value for interest rate sensitive instruments has been assessed on a hypothetical 100 basis point adverse movement across all maturities. As of March 31, 2021 and December 31, 2020, we estimate that such hypothetical 100 basis point adverse movement would result in a hypothetical loss in fair value of approximately \$12.6 million and \$13.2 million, respectively, to our interest rate sensitive instruments. The fair values of our investments were determined using third-party pricing services or other market observable data.

Pricing Pressure

Governments in certain international markets in which we operate have implemented measures, and may in the future implement new or additional measures, to reduce health care costs to limit the overall level of government expenditures. These measures vary by country and may include, among other things, patient access restrictions, suspensions on price increases, prospective and possible retroactive price reductions and other recoupments and increased mandatory discounts or rebates, recoveries of past price increases and greater importation of drugs from lower-cost countries. In addition, certain countries set prices by reference to the prices in other countries where our products are marketed. Our inability to obtain and maintain adequate prices in a particular country may not only limit the revenue from our products within that country but may also adversely affect our ability to secure

acceptable prices in existing and potential new markets, which may limit market growth. The continued implementation of pricing actions throughout Europe may also lead to higher levels of parallel trade.

In the U.S., federal and state legislatures, health agencies and third-party payors continue to focus on containing the cost of health care. Legislative and regulatory proposals, enactments to reform health care insurance programs and increasing pressure from social sources could significantly influence the way our products are prescribed and purchased. It is possible that additional federal health care reform measures will be adopted in the future, which could result in increased pricing pressure and reduced reimbursement for our products and otherwise have an adverse impact on our consolidated financial position or results of operations. There is also significant economic pressure on state budgets that may result in states increasingly seeking to achieve budget savings through mechanisms that limit coverage or payment for our drugs. Managed care organizations are also continuing to seek price discounts and, in some cases, impose restrictions on the coverage of certain drugs.

Our products continue to face increasing competition in many markets from new originator therapies, generics, prodrugs and biosimilars of existing products and products approved under abbreviated regulatory pathways. Such products are likely to be sold at substantially lower prices than branded products. Accordingly, the introduction of such products as well as other lower-priced competing products may significantly reduce both the price that we are able to charge for our products and the volume of products we sell, which will negatively impact our revenue. In addition, in some markets, when a generic or biosimilar version of one of our products is commercialized, it may be automatically substituted for our product and significantly reduce our revenue in a short period of time.

Multiple TECFIDERA generic entrants are now in the U.S. market and have deeply discounted prices compared to TECFIDERA. The generic competition for TECFIDERA has significantly reduced our TECFIDERA revenue and is expected to have a substantial negative impact on our TECFIDERA revenue for as long as there is generic competition.

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 and other third-party distributors, public hospitals, pharmacies and other government entities. We monitor the financial performance and creditworthiness of our customers so that we can properly assess and respond to changes in their credit profile. We operate in certain countries where weakness in economic conditions, including as a result of the COVID-19 pandemic, can result in extended collection periods. We continue to monitor these conditions, including the volatility associated with international economies and the relevant financial markets, and assess their possible impact on our business. To date, we have not experienced any significant losses with respect to the collection of our accounts receivable.

We believe that our allowance for doubtful accounts was adequate as of March 31, 2021 and December 31, 2020. 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.

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 March 31, 2021. 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 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 U.S. Securities and Exchange Commission'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 March 31, 2021, 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

For a discussion of legal proceedings as of March 31, 2021, please read *Note 18, Litigation*, to our condensed consolidated financial statements included in this report, which is incorporated into this item by reference.

Item 1A. Risk Factors

Risks Related to Our Business

We are substantially dependent on revenue from our products.

Our revenue depends upon continued sales of our products as well as the financial rights we have in our anti-CD20 therapeutic programs. A significant portion of our revenue is concentrated on sales of our products in increasingly competitive markets and in markets affected directly and indirectly by the COVID-19 pandemic. Any of the following negative developments relating to any of our products or any of our anti-CD20 therapeutic programs may adversely affect our revenue and results of operations or could cause a decline in our stock price:

- the introduction or greater acceptance of competing products, including new originator therapies, generics, prodrugs and biosimilars of existing products and products approved under abbreviated regulatory pathways;
- safety or efficacy issues;
- limitations and additional pressures on product pricing or price increases, including those resulting from governmental or regulatory requirements; increased competition, including from generic or biosimilar versions of our products; or changes in, or implementation of, reimbursement policies and practices of payors and other third parties;
- adverse legal, administrative, regulatory or legislative developments;
- our ability to maintain a positive reputation among patients, healthcare providers and others, which may be impacted by our pricing and reimbursement decisions; or
- the inability or reluctance of patients to receive a diagnosis, prescription or administration of our products or a decision to prescribe and administer competitive therapies as a direct or indirect result of the COVID-19 pandemic.

Our long-term success depends upon the successful development of new products and additional indications for our existing products.

Our long-term success will depend upon the successful development of new products and technologies from our research and development activities or our licenses or acquisitions from third parties, including our commercialization agreements with Samsung Bioepis, as well as additional indications for our existing products.

Product development is very expensive and involves a high degree of uncertainty and risk and may not be successful. Only a small number of research and development programs result in the commercialization of a product. It is difficult to predict the success and the time and cost of product development of novel approaches for the treatment of diseases. The development of novel approaches for the treatment of diseases, including development efforts in new modalities such as those based on the antisense oligonucleotide platform and gene therapy, may present additional challenges and risks, including obtaining approval from regulatory authorities that have limited experience with the development of such therapies.

Clinical trial data are subject to differing interpretations and even if we view data as sufficient to support the safety, effectiveness and/or approval of an investigational therapy, regulatory authorities may disagree and may require additional data, limit the scope of the approval or deny approval altogether.

Success in preclinical work or early stage clinical trials does not ensure that later stage or larger scale clinical trials will be successful. Clinical trials may indicate that our product candidates lack efficacy, have harmful side effects, result in unexpected adverse events or raise other concerns that may significantly reduce the likelihood of regulatory approval. This may result in terminated programs, significant restrictions on use and safety warnings in an approved label, adverse placement within the treatment paradigm or significant reduction in the commercial potential of the product candidate.

Even if we could successfully develop new products or indications, we may make a strategic decision to discontinue development of a product candidate or indication if, for example, we believe commercialization will be difficult relative to the standard of care or we prefer to pursue other opportunities in our pipeline.

Sales of new products or products with additional indications may also not meet investor expectations.

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

The biopharmaceutical industry and the markets in which we operate are 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, substantially greater financial, marketing, research and development and other resources and other technological or competitive advantages.

Our products continue to face increasing competition from the introduction of new originator therapies, generics, prodrugs and biosimilars of existing products and products approved under abbreviated regulatory pathways. Some of these products are likely to be sold at substantially lower prices than our branded products. The introduction of such products as well as other lower-priced competing products has reduced, and may in the future, significantly reduce both the price that we are able to charge for our products and the volume of products we sell, which will negatively impact our revenue. For instance, demand and price for TECFIDERA declined significantly as a result of multiple TECFIDERA generic entrants entering the U.S. market during the year ended December 31, 2020. In addition, in some markets, when a generic or biosimilar version of one of our products is commercialized, it may be automatically substituted for our product and significantly reduce our revenue in a short period of time.

In addition, our ability to compete, maintain and grow our business may be adversely affected due to a number of factors, including:

- the introduction of more efficacious, safer, less expensive or more convenient alternatives to our products, including our own products and products of our collaborators;
- the introduction of generic versions of branded products, including our own products, biosimilars, follow-on products, prodrugs or products approved under abbreviated regulatory pathways, which would be significantly less costly than our products to bring to market and would be offered for sale at lower prices, and could result in a significant percentage of the sales of our products being lost to such products;
- the off-label use by physicians of therapies indicated for other conditions to treat patients;
- patient dynamics, including the size of the patient population and our ability to attract and maintain new and current patients to our therapies;
- damage to physician and patient confidence in any of our products, generic or biosimilars of our products or any other product from the same class as one of our products, or to our sales and reputation as a result of label changes or adverse experiences or events that may occur with patients treated with our products or generic or biosimilars of our products;
- inability to obtain appropriate pricing and reimbursement for our products compared to our competitors in key international markets; or
- our ability to obtain and maintain patent, data or market exclusivity for our products.

Our business may be adversely affected if we do not successfully execute or realize the anticipated benefits of our strategic and growth initiatives.

The successful execution of our strategic and growth initiatives may depend upon internal development projects, commercial initiatives and external opportunities, which may include the acquisition and in-licensing of products, technologies and companies or the entry into strategic alliances and collaborations.

While we believe we have a number of promising programs in our pipeline, failure or delay of internal development projects to advance or difficulties in executing on our commercial initiatives could impact our current and future growth, resulting in additional reliance on external development opportunities for growth.

Supporting the further development of our existing products and potential new products in our pipeline will require significant capital expenditures and management resources, including investments in research and development, sales and marketing, manufacturing capabilities and other areas of our business. We have made, and may continue to make, significant operating and capital expenditures for potential new products prior to regulatory

approval with no assurance that such investment will be recouped, which may adversely affect our financial condition, business and operations.

The availability of high quality, fairly valued external product development is limited and the opportunity for their acquisition is highly competitive. As such, we are not certain that we will be able to identify suitable candidates for acquisition or if we will be able to reach agreement.

We may fail to initiate or complete transactions for many reasons, including failure to obtain regulatory or other approvals as well as disputes or litigation. Furthermore, we may not be able to achieve the full strategic and financial benefits expected to result from transactions, or the benefits may be delayed or not occur at all. We may also face additional costs or liabilities in completed transactions that were not contemplated prior to completion.

Any failure in the execution of a transaction, in the integration of an acquired asset or business or in achieving expected synergies could result in slower growth, higher than expected costs, the recording of asset impairment charges and other actions which could adversely affect our business, financial condition and results of operations.

Sales of our products depend, to a significant extent, on adequate coverage, pricing and reimbursement from third-party payors, which are subject to increasing and intense pressure from political, social, competitive and other sources. Our inability to obtain and maintain adequate coverage, or a reduction in pricing or reimbursement, could have an adverse effect on our business, reputation, revenue and results of operations.

Sales of our products depend, to a significant extent, on adequate coverage, pricing and reimbursement from third-party payors. When a new pharmaceutical product is approved, the availability of government and private reimbursement for that product may be uncertain, as is the pricing and amount for which that product will be reimbursed.

Pricing and reimbursement for our products may be adversely affected by a number of factors, including:

- changes in, and implementation of, federal, state or foreign government regulations or private third-party payors' reimbursement policies;
- pressure by employers on private health insurance plans to reduce costs;
- consolidation and increasing assertiveness of payors seeking price discounts or rebates in connection with the placement of our products on their formularies and, in some cases, the imposition of restrictions on access or coverage of particular drugs or pricing determined based on perceived value; and
- our value-based contracting program pursuant to which we aim to tie the pricing of our products to their clinical values by either aligning price to patient outcomes or adjusting price for patients who discontinue therapy for any reason, including efficacy or tolerability concerns.

Our ability to set the price for our products varies significantly from country to country and, as a result, so can the price of our products. Certain countries set prices by reference to the prices in other countries where our products are marketed. Our inability to obtain and maintain adequate prices in a particular country may not only limit the revenue from our products within that country but may also adversely affect our ability to secure acceptable prices in existing and potential new markets, which may limit market growth. 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 revenue.

Drug prices are under significant scrutiny in the markets in which our products are prescribed. We expect drug pricing and other health care costs to continue to be subject to intense political and societal pressures on a global basis. Competition from current and future competitors may negatively impact our ability to maintain pricing and our market share. New products marketed by our competitors could cause our revenue to decrease due to potential price reductions and lower sales volumes. Additionally, the introduction of generic or biosimilar versions of our products, follow-on products, prodrugs or products approved under abbreviated regulatory pathways may significantly reduce the price that we are able to charge for our products and the volume of products we sell.

Many payors continue to adopt benefit plan changes that shift a greater portion of prescription costs to patients, including more limited benefit plan designs, higher patient co-pay or co-insurance obligations and limitations on patients' use of commercial manufacturer co-pay payment assistance programs (including through co-pay accumulator adjustment or maximization programs). Significant consolidation in the health insurance industry has resulted in a few large insurers and pharmacy benefit managers exerting greater pressure in pricing and usage negotiations with drug manufacturers, significantly increasing discounts and rebates required of manufacturers and limiting patient access and usage. Further consolidation among insurers, pharmacy benefit managers and other payors would increase the negotiating leverage such entities have over us and other drug manufacturers. Additional

discounts, rebates, coverage or plan changes, restrictions or exclusions as described above could have a material adverse effect on sales of our affected products.

Our failure to obtain or maintain adequate coverage, pricing or reimbursement for our products could have an adverse effect on our business, reputation, revenue and results of operations.

We depend on relationships with collaborators, joint venture partners and other third parties for revenue, and for the development, regulatory approval, commercialization and marketing of certain of our products and product candidates, which are outside of our full control.

We rely on a number of significant collaborative, joint venture and other third-party relationships for revenue and the development, regulatory approval, commercialization and marketing of certain of our products and product candidates. We also outsource certain aspects of our regulatory affairs and clinical development relating to our products and product candidates to third parties. Reliance on third parties subjects us to a number of risks, including:

- we may be unable to control the resources our collaborators, joint venture partners or third parties devote to our programs, products or product candidates;
- disputes may arise under an agreement, including with respect to the achievement and payment of milestones or ownership of rights to technology developed, and the underlying agreement may fail to provide us with significant protection or may fail to be effectively enforced if the collaborators, joint ventures partners or third parties fail to perform;
- the interests of our collaborators, joint venture partners or third parties may not always be aligned with our interests, and such parties may not pursue regulatory approvals or market a product in the same manner or to the same extent that we would, which could adversely affect our revenue, or may adopt tax strategies that could have an adverse effect on our business, results of operations or financial condition;
- third-party relationships require the parties to cooperate, and failure to do so effectively could adversely affect product sales or the clinical development or regulatory approvals of product candidates under joint control, could result in termination of the research, development or commercialization of product candidates or could result in litigation or arbitration;
- any failure on the part of our collaborators, joint venture partners or other third parties to comply with applicable laws, including tax laws, regulatory requirements and/or applicable contractual obligations or to fulfill any responsibilities they may have to protect and enforce any intellectual property rights underlying our products could have an adverse effect on our revenue as well as involve us in possible legal proceedings; and
- any improper conduct or actions on the part of our collaborators, joint venture partners or other third parties could subject us to civil or criminal investigations and monetary and injunctive penalties, impact the accuracy and timing of our financial reporting and/or adversely impact our ability to conduct business, our operating results and our reputation.

Certain officers and affiliates of our joint venture partner, Samsung BioLogics, are currently subject to ongoing criminal proceedings that may impact its operations and business or divert the attention of the Samsung Bioepis management team from its ongoing operations.

In addition, as Samsung Bioepis is a privately-held entity, our ability to liquidate our investment may be limited and we may realize significantly less than the value of such investment.

Given these risks, there is considerable uncertainty regarding the success of our current and future collaborative efforts. If these efforts fail, our product development or commercialization of new products could be delayed, revenue from products could decline and/or we may not realize the anticipated benefits of these arrangements.

Our results of operations may be adversely affected by current and potential future healthcare reforms.

In the U.S., federal and state legislatures, health agencies and third-party payors continue to focus on containing the cost of health care. Legislative and regulatory proposals, enactments to reform health care insurance programs and increasing pressure from social sources could significantly influence the manner in which our products are prescribed and purchased. For example, provisions of the Patient Protection and Affordable Care Act (PPACA) have resulted in changes in the way health care is paid for by both governmental and private insurers, including increased rebates owed by manufacturers under the Medicaid Drug Rebate Program, annual fees and taxes on

manufacturers of certain branded prescription drugs, the requirement that manufacturers participate in a discount program for certain outpatient drugs under Medicare Part D and the expansion of the number of hospitals eligible for discounts under Section 340B of the Public Health Service Act. These changes have had and are expected to continue to have a significant impact on our business.

We may face uncertainties as a result of efforts to repeal, substantially modify or invalidate some or all of the provisions of the PPACA. There is no assurance that the PPACA, as currently enacted or as amended in the future, will not adversely affect our business and financial results, and we cannot predict how future federal or state legislative or administrative changes relating to healthcare reform will affect our business.

There is increasing public attention on the costs of prescription drugs and there have been, are expected to continue to be, legislative proposals to address prescription drug pricing. Some of these proposals could have significant effects on our business, including an executive order issued in September 2020 to test a “most favored nation” model for Part B and Part D drugs that tie reimbursement rates to international drug pricing metrics. These actions and the uncertainty about the future of the PPACA and healthcare laws may put downward pressure on pharmaceutical pricing and increase our regulatory burdens and operating costs.

There is also significant economic pressure on state budgets, including as a result of the COVID-19 pandemic, that 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 and ballot initiatives that would control the prices of drugs, including laws to allow importation of pharmaceutical products from lower cost jurisdictions outside the U.S. and laws intended to impose price controls on state drug purchases. 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. 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 limitation on prices and reimbursement for our products.

In the E.U. 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 have announced or implemented measures, and may in the future implement new or additional measures, to reduce health care costs to limit the overall level of government expenditures. These measures vary by country and may include, among other things, patient access restrictions, suspensions on price increases, prospective and possible retroactive price reductions and other recoupments and increased mandatory discounts or rebates, recoveries of past price increases and greater importation of drugs from lower-cost countries. These measures have negatively impacted our revenue and may continue to adversely affect our revenue and results of operations in the future.

Our success in commercializing biosimilars is subject to risks and uncertainties inherent in the development, manufacture and commercialization of biosimilars. If we are unsuccessful in such activities, our business may be adversely affected.

The development, manufacture and commercialization of biosimilar products require specialized expertise and are very costly and subject to complex regulation. Our success in commercializing biosimilars is subject to a number of risks, including:

- *Reliance on Third Parties.* We are dependent, in part, on the efforts of Samsung Bioepis, collaboration partners and other third parties over whom we have limited or no control in the development and manufacturing of biosimilars products. If these third parties fail to perform successfully, our biosimilar product development or commercialization of biosimilar products could be delayed, revenue from biosimilar products could decline and/or we may not realize the anticipated benefits of these arrangements;
- *Regulatory Compliance.* Biosimilar products may face regulatory hurdles or delays due to the evolving and uncertain regulatory and commercial pathway of biosimilars products in certain jurisdictions;
- *Intellectual Property and Regulatory Challenges.* Biosimilar products may face extensive patent clearances, patent infringement litigation, injunctions or regulatory challenges, which could prevent the commercial launch of a product or delay it for many years or result in imposition of monetary damages, penalties or other civil sanctions and damage our reputation;
- *Failure to Gain Market and Patient Acceptance.* Market success of biosimilar products will be adversely affected if patients, physicians and/or payors do not accept biosimilar products as safe and efficacious products offering a more competitive price or other benefit over existing therapies;

- *Ability to Provide Adequate Supply.* Manufacturing biosimilars is complex. If we encounter any manufacturing or supply chain difficulties we may be unable to meet higher than anticipated demand. We are dependent on a third-party for the manufacture of biosimilar products and such third-party may not perform its obligations in a timely and cost-effective manner or in compliance with applicable regulations and may be unable or unwilling to increase production capacity commensurate with demand for our existing or future biosimilar products; and
- *Competitive Challenges.* Biosimilar products face significant competition, including from innovator products and biosimilar products offered by other companies. Local tendering processes may restrict biosimilar products from being marketed and sold in some jurisdictions. The number of competitors in a jurisdiction, the timing of approval and the ability to market biosimilar products successfully in a timely and cost-effective manner are additional factors that may impact our success and/or the success of Samsung Bioepis in this business area.

Risks Related to Development, Clinical Testing and Regulation of Our Products and Product Candidates

Successful preclinical work or early stage clinical trials does not ensure success in later stage trials, regulatory approval or commercial viability of a product.

Positive results in a clinical trial may not be replicated in subsequent or confirmatory trials. Additionally, success in preclinical work or early stage clinical trials does not ensure that later stage or larger scale clinical trials will be successful or that regulatory approval will be obtained. Even if later stage clinical trials are successful, regulatory authorities may delay or decline approval of our product candidates. Regulatory authorities may disagree with our view of the data, require additional studies or disagree with our trial design or endpoints. Regulatory authorities may also fail to approve the facilities or processes used to manufacture a product candidate, our dosing or delivery methods or companion devices. Regulatory authorities may grant marketing approval that is more restricted than anticipated, including limiting indications to narrow patient populations and the imposition of safety monitoring, educational requirements and risk evaluation and mitigation strategies. The occurrence of any of these events could result in significant costs and expense, have an adverse effect on our business, financial condition and results of operations and/or cause our stock price to decline or experience periods of volatility.

Clinical trials and the development of biopharmaceutical products is a lengthy and complex process. If we fail to adequately manage our clinical activities, our clinical trials or potential regulatory approvals may be delayed or denied.

Conducting clinical trials is a complex, time-consuming and expensive process. Our ability to complete clinical trials in a timely fashion depends on a number of key factors, including protocol design, regulatory and institutional review board approval, patient enrollment rates and compliance with current Good Clinical Practices. If we or our third-party clinical trial providers or third-party CROs do not successfully carry out these clinical activities, our clinical trials or the potential regulatory approval of a product candidate may be delayed or denied.

We have opened clinical trial sites and are enrolling patients in a number of countries where our experience is limited. In most cases, we use the services of third parties to carry out our clinical trial related activities and rely on such parties to accurately report their results. Our reliance on third parties for these activities may impact our ability to control the timing, conduct, expense and quality of our clinical trials. One CRO has responsibility for a substantial portion of our activities and reporting related to our clinical trials and if such CRO does not adequately perform, many of our trials may be affected. We may need to replace our CROs, which may result in the delay of the affected trials or otherwise adversely affect our efforts to obtain regulatory approvals and commercialize our product candidates.

Adverse safety events or restrictions on use and safety warnings for our products can negatively affect our business, product sales and stock price.

Adverse safety events involving our marketed products, generic or biosimilar versions of our marketed products or products from the same class as one of our products may have a negative impact on our business. Discovery of safety issues with our products could create product liability and could cause additional regulatory scrutiny and requirements for additional labeling or safety monitoring, withdrawal of products from the market and/or the imposition of fines or criminal penalties. Adverse safety events may also damage physician, patient and/or investor confidence in our products and our reputation. Any of these could result in adverse impacts on our results of operations.

Regulatory authorities are making greater amounts of stand-alone safety information directly available to the public through periodic safety update reports, patient registries and other reporting requirements. The reporting of adverse safety events involving our products or products similar to ours and public rumors about such events may

increase claims against us and may also cause our product sales to decline or our stock price to experience periods of volatility.

Restrictions on use or significant safety warnings that may be required to be included in the label of our products, such as the risk of developing progressive multifocal leukoencephalopathy (PML) in the label for certain of our products, may significantly reduce expected revenue for those products and require significant expense and management time.

The illegal distribution and sale by third parties of counterfeit or unfit versions of our products or stolen products could have a negative impact on our reputation and business.

Third parties might illegally distribute and sell counterfeit or unfit versions of our products, which do not meet our rigorous manufacturing, distribution and testing standards. A patient who receives a counterfeit or unfit drug may be at risk for a number of dangerous health consequences. Our reputation and business could suffer harm as a result of counterfeit or unfit drugs sold under our brand name. Inventory that is stolen from warehouses, plants or while in-transit, and that is subsequently improperly stored and sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

The increasing use of social media platforms presents new risks and challenges.

Social media is increasingly being used to communicate about our products and the diseases our therapies are designed to treat. Social media practices in the biopharmaceutical industry continue to evolve and regulations relating to such use are not always clear and creates uncertainty and risk of noncompliance with regulations applicable to our business. For example, patients may use social media channels to comment on the effectiveness of a product or to report an alleged adverse event. When such disclosures occur, there is a risk that we fail to monitor and comply with applicable adverse event reporting obligations or we may not be able to defend the company or the public's legitimate interests in the face of the political and market pressures generated by social media due to restrictions on what we may say about our products. There is also a risk of inappropriate disclosure of sensitive information or negative or inaccurate posts or comments about us on any social networking website. In addition, we may encounter criticism on social media regarding our company, management, product candidates or products. The immediacy of social media precludes us from having real-time control over postings made regarding us via social media, whether matters of fact or opinion. Our reputation could be damaged by negative publicity or if adverse information concerning us is posted on social media platforms or similar mediums, which we may not be able to reverse. If any of these events were to occur or we otherwise fail to comply with applicable regulations, we could incur liability, face overly restrictive regulatory actions or incur other harm to our business.

Risks Related to Intellectual Property

If we are unable to obtain and maintain adequate protection for our data, intellectual property and other proprietary rights, our business may be harmed.

Our success, including our long-term viability and growth, depends, in part, on our ability to obtain and defend patent and other intellectual property rights, including certain regulatory forms of exclusivity, that are important to the commercialization of our products and product candidates. Patent protection and/or regulatory exclusivity in the U.S. and other important markets remains uncertain and depends, in part, upon decisions of the patent offices, courts, administrative bodies and lawmakers in these countries. We may fail to obtain or preserve patent and other intellectual property rights, including certain regulatory forms of exclusivity, or the protection we obtain may not be of sufficient breadth and degree to protect our commercial interests in all countries where we conduct business, which could result in financial, business or reputational harm to us or could cause a decline or volatility in our stock price. In addition, settlements of such proceedings often result in reducing the period of patent and other protections, resulting in a reduction in revenue from affected products.

In many markets, including the U.S., manufacturers may be allowed to rely on the safety and efficacy data of the innovator's product and do not need to conduct clinical trials before marketing a competing version of a product after there is no longer patent or regulatory exclusivity. In such cases, manufacturers often charge significantly lower prices and a major portion of the company's revenue may be reduced in a short period of time. In addition, manufacturers of generics and biosimilars may choose to launch or attempt to launch their products before the expiration of our patent or other intellectual property protections.

Furthermore, our products may be determined to infringe patents or other intellectual property rights held by third parties. Legal proceedings, administrative challenges or other types of proceedings are and may in the future be necessary 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. Such proceedings are unpredictable and are often protracted and expensive. Negative outcomes of such proceedings could hinder or prevent us from manufacturing and marketing our products, could require us to seek a license for the infringed product or technology or result in the assessment of significant monetary damages against us that may exceed amounts, if any, accrued in our financial statements. A failure to obtain necessary licenses for an infringed product or technology could prevent us from manufacturing or selling our products. Furthermore, payments under any licenses that we are able to obtain would reduce our profits from the covered products and services. Any of these circumstances could result in financial, business or reputational harm to us or could cause a decline or volatility in our stock price.

Risks Related to Our Operations

The ongoing COVID-19 pandemic may, directly or indirectly, adversely affect our business, results of operations and financial condition.

Our business could be materially adversely affected, directly or indirectly, by the ongoing COVID-19 pandemic. National, state and local governments in affected regions have implemented and may continue to implement safety precautions, including quarantines, border closures, increased border controls, travel restrictions, shelter in place orders and shutdowns, business closures and other measures. These measures may disrupt normal business operations both in and outside of affected areas and may have significant negative impacts on businesses and financial markets worldwide.

We continue to monitor our operations and applicable government recommendations, and we have made modifications to our normal operations because of the COVID-19 pandemic, including limiting travel and working from home. We have also suspended the vast majority of our in-person interactions by our customer-facing professionals in healthcare settings. This limits our ability to market our products and educate physicians, which, in turn, could have an adverse effect on our ability to compete in the marketing and sales of our products.

Prolonged remote working arrangements could impact employees' productivity and morale, strain our technology resources and introduce operational risks. Operating requirements may continually change due to the COVID-19 pandemic and we may experience unpredictability in our expenses, employee productivity and employee work culture. Additionally, the risk of cyber-attacks or other privacy or data security incidents may be heightened as a result of our moving increasingly towards a remote working environment, which may be less secure and more susceptible to hacking attacks.

The COVID-19 pandemic could affect the health and availability of our workforce as well as those of the third parties we rely on. If members of our management and other key personnel in critical functions across our organization are unable to perform their duties or have limited availability due to the COVID-19 pandemic, we may not be able to execute on our business strategy and/or our operations may be negatively impacted. Furthermore, delays and disruptions experienced by our collaborators, joint venture partners or other third parties due to the COVID-19 pandemic could adversely impact the ability of such parties to fulfill their obligations, which could affect product sales or the clinical development or regulatory approvals of product candidates under joint control.

Our ability to continue our existing clinical trials or to initiate new clinical trials may be adversely affected, directly or indirectly, by the COVID-19 pandemic. For example, our Phase 3 study of BIIB093 for LHI has been delayed as this study involves administration of BIIB093 in an acute hospital setting. Restrictions on travel and/or transport of clinical materials as well as diversion of hospital staff and resources to COVID-19 infected patients could disrupt trial operations and recruitment, possibly resulting in a slowdown in enrollment and/or deviations from or disruptions in key clinical trial activities, such as clinical trial site monitoring. These challenges may lead to difficulties in meeting protocol-specified procedures. We may need to make certain adjustments to the operation of clinical trials in an effort to minimize risks to trial data integrity during the COVID-19 pandemic. In addition, the impact of the COVID-19 pandemic on the operations of the FDA and other health authorities may delay potential approvals of our product candidates.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law in the U.S. in March 2020 and is aimed at providing emergency assistance and health care for individuals, families and businesses and generally supporting the U.S. economy. We expect that additional state and federal healthcare reform measures may be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for our products or additional pricing pressures. The COVID-19 pandemic may introduce temporary or permanent healthcare reform measures for which we cannot predict the financial implication of on our business.

While it is not possible at this time to estimate the entirety of the impact that the COVID-19 pandemic will have on our business, operations, employees, customers, suppliers or collaboration partners, continued spread of

COVID-19, measures taken by governments, actions taken to protect employees and the broad impact of the pandemic on all business activities may materially and adversely affect our business, results of operations and financial condition.

A breakdown or breach of our technology systems could subject us to liability or interrupt the operation of our business.

We are increasingly dependent upon technology systems and data to operate our business. Further, the COVID-19 pandemic has caused us to modify our business practices, including the requirement that most of our office-based employees in the U.S. and our other key markets work from home. As a result, we are increasingly dependent upon our technology systems to operate our business and our ability to effectively manage our business depends on the security, reliability and adequacy of our technology systems and data, which includes use of cloud technologies, including Software as a Service (SaaS), Platform as a Service (PaaS) and Infrastructure as a Service (IaaS). A breakdown, invasion, corruption, destruction or breach of our technology systems, including our cloud technologies, and/or unauthorized access to our data and information could subject us to liability or negatively impact the operation of our business. Our technology systems, including our cloud technologies, continue to increase in multitude and complexity, making them potentially vulnerable to breakdown, malicious intrusion and random attack. Data privacy or security breaches also pose a risk that sensitive data, including intellectual property, trade secrets or personal information belonging to us, our patients, customers or other business partners, may be exposed to unauthorized persons or to the public.

Cyber-attacks are increasing in their frequency, sophistication and intensity, and are becoming increasingly difficult to detect. They are often carried out by motivated, well-resourced, skilled and persistent actors, including nation states, organized crime groups, “hacktivists” and employees or contractors acting with malicious intent. Cyber-attacks could include the deployment of harmful malware and key loggers, ransomware, a denial-of-service attack, a malicious website, the use of social engineering and other means to affect the confidentiality, integrity and availability of our technology systems and data. Cyber-attacks could also include supply chain attacks, which could cause a delay in the manufacturing of our products or products produced for contract manufacturing. Our key business partners face similar risks and any security breach of their systems could adversely affect our security posture. In addition, our increased use of cloud technologies could heighten these and other operational risks, and any failure by cloud technology service providers to adequately safeguard their systems and prevent cyber-attacks could disrupt our operations and result in misappropriation, corruption or loss of confidential or proprietary information.

While we continue to build and improve our systems and infrastructure, including our business continuity plans, there can be no assurance that our efforts will prevent breakdowns or breaches in our systems that could adversely affect our business and operations and/or result in the loss of critical or sensitive information, which could result in financial, legal, operational or reputational harm to us, loss of competitive advantage or loss of consumer confidence. Our liability insurance may not be sufficient in type or amount to cover us against claims related to security breaches, cyber-attacks and other related breaches.

Regulators are imposing new data privacy and security requirements, including new and greater monetary fines for privacy violations. For example, the E.U.’s General Data Protection Regulation established regulations regarding the handling of personal data, and provides an enforcement authority and imposes large penalties for noncompliance. New U.S. data privacy and security laws, such as the California Consumer Privacy Act (CCPA), and others that may be passed, similarly introduce requirements with respect to personal information, and non-compliance with the CCPA may result in liability through private actions (subject to statutorily defined damages in the event of certain data breaches) and enforcement. Failure to comply with these current and future laws, policies, industry standards or legal obligations or any security incident resulting in the unauthorized access to, or acquisition, release or transfer of personal information may result in governmental enforcement actions, litigation, fines and penalties or adverse publicity and could cause our customers to lose trust in us, which could have a material adverse effect on our business and results of operations.

Management and key personnel changes may disrupt our operations, and we may have difficulty retaining key personnel or attracting and retaining qualified replacements on a timely basis for management and other key personnel who may leave the Company.

Changes in management and other key personnel have the potential to disrupt our business, and any such disruption could adversely affect our operations, programs, growth, financial condition or results of operations. New members of management may have different perspectives on programs and opportunities for our business, which may cause us to focus on new opportunities or reduce or change emphasis on our existing programs.

Our success is dependent upon our ability to attract and retain qualified management and key personnel in a highly competitive environment. Qualified individuals are in high demand, and we may incur significant costs to attract them, particularly at the executive level. We may face difficulty in attracting and retaining key talent for a number of reasons, including management changes, the underperformance or discontinuation of one or more late stage programs or recruitment by competitors. We cannot ensure that we will be able to hire or retain the personnel necessary for our operations or that the loss of any personnel will not have a material impact on our financial condition and results of operations.

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, distributors and other third-party providers, are subject to extensive government regulation and oversight in the U.S. and in foreign jurisdictions, and are subject to change and evolving interpretations, which could require us to incur substantial costs associated with compliance or to alter one or more of our business practices. The FDA and comparable foreign agencies 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, product risk management and our compliance with good practice quality guidelines and regulations. Our interactions 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 products and place significant restrictions on the marketing practices of health care companies. Health care companies are facing heightened scrutiny of their relationships with health care providers and 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 health care business, submission of false claims for government reimbursement, antitrust violations or violations related to environmental matters. There is also enhanced scrutiny of company-sponsored patient assistance programs, including insurance premium and co-pay assistance programs and donations to third-party charities that provide such assistance. The U.S. government has challenged some of our donations to third-party charities that provide patient assistance. If we, or our vendors or donation recipients, are found to fail to comply with relevant laws, regulations or government guidance in the operation of these programs, we could be subject to significant fines or penalties. Risks relating to compliance with laws and regulations may be heightened as we continue to expand our global operations and enter new therapeutic areas with different patient populations, which may have different product distribution methods, marketing programs or patient assistance programs from those we currently utilize or support.

Conditions and regulations governing the health care industry are subject to change, with possible retroactive effect, including:

- new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations or judicial decisions, related to health care availability, pricing or marketing practices, compliance with employment practices, method of delivery, payment for health care products and services, compliance with health information and data privacy and security laws and regulations, tracking and reporting payments and other transfers of value made to physicians and teaching hospitals, extensive anti-bribery and anti-corruption prohibitions, product serialization and labeling requirements and used product take-back requirements;
- changes in the FDA and foreign regulatory approval processes or perspectives that may delay or prevent the approval of new products and result in lost market opportunity;
- government shutdowns or relocations may result in delays to the review and approval process, slowing the time necessary for new drug candidates to be reviewed and/or approved, which may adversely affect our business;
- requirements that provide for increased transparency of clinical trial results and quality data, such as the EMA's clinical transparency policy, which could impact our ability to protect trade secrets and competitively-sensitive information contained in approval applications or could be misinterpreted leading to reputational damage, misperception or legal action, which could harm our business; and
- 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.

Violations of governmental regulation may be punishable by criminal and civil sanctions, 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. We could also 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 submitted to the government. In addition, legal proceedings and investigations are inherently unpredictable, and large judgments or settlements sometimes occur. While we believe that we have appropriate compliance controls, policies and procedures in place to comply with the laws or regulations of the jurisdictions in which we operate, there is a risk that acts committed by our employees, agents, distributors, collaborators or third-party providers might violate such laws or regulations. Whether or not we have complied with the law, an investigation or litigation related to alleged unlawful conduct could increase our expense, damage our reputation, divert management time and attention and adversely affect our business.

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

We are increasing our presence in international markets, subjecting us to many risks that could adversely affect our business and revenue. There is no guarantee that our efforts and strategies to expand sales in international markets will succeed. Emerging market countries may be especially vulnerable to periods of global and local political, legal, regulatory and financial instability and may have a higher incidence of corruption and fraudulent business practices. Certain countries may require local clinical trial data as part of the drug registration process in addition to global clinical trials, which can add to overall drug development and registration timelines. We may also be required to increase our reliance on third-party agents and unfamiliar operations and arrangements previously utilized by companies we collaborate with or acquire in emerging markets.

Our sales and operations are subject to the risks of doing business internationally, including:

- the impact of public health epidemics, such as the COVID-19 pandemic, on the global economy and the delivery of healthcare treatments;
- less favorable intellectual property or other applicable laws;
- the inability to obtain necessary foreign regulatory or pricing approvals of products in a timely manner;
- limitations and additional pressures on our ability to obtain and maintain product pricing or receive price increases, including those resulting from governmental or regulatory requirements;
- the inability to successfully complete subsequent or confirmatory clinical trials in countries where our experience is limited;
- longer payment and reimbursement cycles and uncertainties regarding the collectability of accounts receivable;
- fluctuations in foreign currency exchange rates that may adversely impact our revenue, net income and value of certain of our investments;
- the imposition of governmental controls;
- diverse data privacy and protection requirements;
- increasingly complex standards for complying with foreign laws and regulations that may differ substantially from country to country and may conflict with corresponding U.S. laws and regulations;
- the far-reaching anti-bribery and anti-corruption legislation in the United Kingdom (U.K.), including the U.K. Bribery Act 2010, and elsewhere and escalation of investigations and prosecutions pursuant to such laws;
- compliance with complex import and export control laws;
- changes in tax laws; and
- the imposition of tariffs or embargoes and other trade restrictions.

In addition, our international operations are subject to regulation under U.S. law. For example, the U.S. Foreign Corrupt Practices Act (FCPA) prohibits U.S. companies and their representatives from paying, offering to pay, promising to pay or authorizing the payment of anything of value to any foreign government official, government staff member, political party or political candidate for the purpose of obtaining or retaining business or to otherwise obtain favorable treatment or influence a person working in an official capacity. In many countries, the health care professionals we regularly interact with may meet the FCPA's definition of a foreign government official. 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 or withdrawal of an approved product from the market, disruption in the supply or availability of our products or suspension of export or import privileges, the imposition of

civil or criminal sanctions, the prosecution of executives overseeing our international operations and damage to our reputation. Any significant impairment of our ability to sell products outside of the U.S. could adversely impact our business and financial results. In addition, while we believe that we have appropriate compliance controls, policies and procedures in place to comply with the FCPA, there is a risk that acts committed by our employees, agents, distributors, collaborators or third-party providers might violate the FCPA and we might be held responsible. If our employees, agents, distributors, collaborators or third-party providers are found to have engaged in such practices, we could suffer severe penalties and may be subject to other liabilities, which could negatively affect our business, operating results and financial condition.

We are building a large-scale biologics manufacturing facility, which will result in the incurrence of significant investment with no assurance that such investment will be recouped.

In order to support our future growth and drug development pipeline, we are expanding our large molecule production capacity by building a large-scale biologics manufacturing facility in Solothurn, Switzerland with no assurance that the additional capacity will be required or this investment will be recouped.

We expect the Solothurn facility to be partially operational during the first half of 2021; however, there can be no assurance that we will be able to meet our expected timeline or that there will not be any direct or indirect delays resulting from the COVID-19 pandemic. We have had delays, and if there are additional delays, in bringing the Solothurn facility online, we may not have sufficient large-scale manufacturing capacity to meet our long-term manufacturing requirements.

If we are unable to adequately and timely manufacture and supply our products and product candidates or if we do not fully utilize our manufacturing facilities, our business may be harmed. Charges resulting from excess capacity would have a negative effect on our financial condition and results of operations.

Manufacturing issues could substantially increase our costs, limit supply of our products and/or reduce our revenue.

The process of manufacturing our products is complex, highly regulated and subject to numerous risks, including:

- ***Risks of Reliance on Third Parties and Single Source Providers.*** We rely on third-party suppliers and manufacturers for many aspects of our manufacturing process for our products and product candidates. In some cases, due to the unique manner in which our products are manufactured, we rely on single source providers of raw materials and manufacturing supplies. These third parties are independent entities subject to their own unique operational and financial risks that are outside of our control, including the impact of the COVID-19 pandemic. These third parties may not perform their obligations in a timely and cost-effective manner or in compliance with applicable regulations, and they may be unable or unwilling to increase production capacity commensurate with demand for our existing or future products. Finding alternative providers could take a significant amount of time and involve significant expense due to the specialized nature of the services and the need to obtain regulatory approval of any significant changes to our suppliers or manufacturing methods. We cannot be certain that we could reach agreement with alternative providers or that the FDA or other regulatory authorities would approve our use of such alternatives.
- ***Risks Relating to Compliance with current Good Manufacturing Practices (cGMP).*** We and our third-party providers are generally required to maintain compliance with cGMP and other stringent requirements and are subject to inspections by the FDA and other regulatory authorities to confirm compliance. 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 operations or those 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 and damage our reputation.
- ***Global Bulk Supply Risks.*** We rely on our manufacturing facilities for the production of drug substance for our large molecule products and product candidates. Our global bulk supply of these products and product candidates depends on the uninterrupted and efficient operation of these facilities, which could be adversely affected by equipment failures, labor shortages, public health epidemics, natural disasters, power failures, cyber-attacks and many other factors. In addition, we are building a large-scale biologics manufacturing facility in Solothurn, Switzerland, which we expect to be partially operational during the first half of 2021. However, there can be no assurance that we will be able to meet our expected timeline or that there will not be any direct or indirect delays resulting from the COVID-19 pandemic. We have had

delays, and if there are additional delays, in bringing the Solothurn facility online, we may not have sufficient large-scale manufacturing capacity to meet our long-term manufacturing requirements.

- *Risk of Product Loss.* The manufacturing process for our products is extremely susceptible to product loss due to contamination, oxidation, equipment failure or improper installation or operation of equipment or vendor or operator error. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our products or manufacturing facilities, we may need to close our manufacturing facilities for an extended period of time to investigate and remediate the contaminant.
- *Risk Relating to Government Actions.* We and/or our third-party providers may be required by the U.S. federal government to manufacture medical supplies needed to treat COVID-19 patients under the Defense Production Act or other acts or orders of government entities, which may result in delays in the manufacturing and supply of our products.

Any adverse developments affecting our manufacturing operations or the operations of our third-party suppliers and manufacturers may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls or other interruptions in the commercial supply of our products. We may also have to take inventory write-offs and incur other charges and expense for products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives. Such developments could increase our manufacturing costs, cause us to lose revenue or market share as patients and physicians turn to competing therapeutics, diminish our profitability or damage our reputation.

In addition, although we have business continuity plans to reduce the potential for manufacturing disruptions or delays and reduce the severity of a disruptive event, there is no guarantee that these plans will be adequate, which could adversely affect our business and operations.

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

As a global biopharmaceutical 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, including withholding taxes, 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 may be different than experienced in the past or our current expectations due to many factors, including changes in the mix of our profitability from country to country, the results of examinations and audits of our tax filings, adjustments to the value of our uncertain tax positions, interpretations by tax authorities or other bodies with jurisdiction, the result of tax cases, changes in accounting for income taxes and changes in tax laws and regulations either prospectively or retrospectively.

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

The Tax Cuts and Jobs Act of 2017 (2017 Tax Act) resulted in significant changes to the U.S. corporate income tax system. Our estimates concerning the impact of the 2017 Tax Act on our accounting and on our business remain subject to developing interpretations of the provisions of the 2017 Tax Act, which may require further adjustments and changes in our estimates, which could have a material adverse effect on our business, results of operations or financial condition. Further, the new administration could introduce new tax laws or revise or issue new interpretations of the 2017 Tax Act.

The Swiss Federal Act on Tax Reform and AHV Financing (TRAF) resulted in significant changes to the Swiss cantonal income tax system. Final interpretation of the transitional and new regimes of the TRAF may require further adjustments and changes in our estimates, which could have a significant adverse effect on our business, results of operations or financial condition.

The enactment of some or all of the recommendations set forth or that may be forthcoming in the Organization for Economic Cooperation and Development's project on "Base Erosion and Profit Shifting" (BEPS) by tax authorities and economic blocs in the countries in which we operate, could unfavorably impact our effective tax rate. These initiatives focus on common international principles for the entitlement to taxation of global corporate profits and minimum global tax rates.

Risks Related to Holding Our Common Stock

Our operating results are subject to significant fluctuations.

Our quarterly revenue, expense and net income (loss) have fluctuated in the past and are likely to fluctuate significantly in the future due to the risks described in these *Risk Factors* as well as the timing of charges and expenses that we may take. We have recorded, or may be required to record, charges that include:

- the cost of restructurings or other initiatives to streamline our operations and reallocate resources;
- impairments with respect to investments, fixed assets and long-lived assets, including IPR&D and other intangible assets;
- inventory write-downs for failed quality specifications, charges for excess or obsolete inventory and charges for inventory write downs relating to product suspensions, expirations or recalls;
- changes in the fair value of contingent consideration or our equity investments;
- bad debt expense and increased bad debt reserves;
- outcomes of litigation and other legal or administrative proceedings, regulatory matters and tax matters;
- payments in connection with acquisitions, divestitures and other business development activities and under license and collaboration agreements;
- failure to meet certain contractual commitments; and
- the impact of public health epidemics, such as the COVID-19 pandemic, on employees, the global economy and the delivery of healthcare treatments.

Our revenue and certain assets and liabilities are also subject to foreign currency exchange rate fluctuations due to the global nature of our operations. Our efforts to mitigate the impact of fluctuating currency exchange rates may not be successful. As a result, currency fluctuations among our reporting currency, the U.S. dollar, and other 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 than expected charges from early termination of a hedge relationship.

Our operating results during any one period do not necessarily suggest the anticipated results of future periods.

Our investments in properties may not be fully realized.

We own or lease real estate primarily consisting of buildings that contain research laboratories, office space and manufacturing operations. We may decide to consolidate or co-locate certain aspects of our business operations or dispose of one or more of our properties, some of which may be located in markets that are experiencing high vacancy rates and decreasing property values. If we determine that the fair value of any of our owned properties is lower than their book value, we may not realize the full investment in these properties and incur significant impairment charges or additional depreciation when the expected useful lives of certain assets have been shortened due to the anticipated closing of facilities. If we decide to fully or partially vacate a property, we may incur significant cost, including facility closing costs, employee separation and retention expenses, lease termination fees, rent expense in excess of sublease income and impairment of leasehold improvements and accelerated depreciation of assets. Any of these events may have an adverse impact on our results of operations.

Our investment portfolio is subject to market, interest and credit risk that may reduce its value.

We maintain a portfolio of marketable securities for investment of our cash as well as investments in equity securities of certain biotechnology companies. Changes in the value of our investment portfolio could adversely affect our earnings. The value of our investments may decline due to, among other things, increases in interest rates, downgrades of the bonds and other securities in our portfolio, instability in the global financial markets that reduces the liquidity of securities in our portfolio, declines in the value of collateral underlying the securities 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 through diversification of our investments and continuous monitoring of our portfolio's overall risk profile, the value of our investments may nevertheless decline.

There can be no assurance that we will continue to repurchase shares or that we will repurchase shares at favorable prices.

From time to time our Board of Directors authorizes share repurchase programs. The amount and timing of share repurchases are subject to capital availability and our determination that share repurchases are in the best interest of our shareholders and are in compliance with all respective laws and our applicable agreements. Our ability to repurchase shares will depend upon, among other factors, our cash balances and potential future capital requirements for strategic transactions, our results of operations, our financial condition and other factors beyond our control that we may deem relevant. A reduction in repurchases under, or the completion of, our share repurchase programs could have a negative effect on our stock price. We can provide no assurance that we will repurchase shares at favorable prices, if at all.

We may not be able to access the capital and credit markets on terms that are favorable to us.

We may seek access to the capital and credit markets to supplement our existing funds and cash generated from operations for working capital, capital expenditure and debt service requirements and other business initiatives. The capital and credit markets are experiencing, and have in the past experienced, extreme volatility and disruption, which leads to uncertainty and liquidity issues for both borrowers and investors. In the event of adverse market conditions, we may be unable to obtain capital or credit market financing on favorable terms. Changes in credit ratings issued by nationally recognized credit rating agencies could also adversely affect our cost of financing and the market price of our securities.

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

Our indebtedness, together with our significant contingent liabilities, including milestone and royalty payment obligations, could have important consequences to our business; for example, such obligations could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to access capital markets and incur additional debt in the future;
- require 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, research and development and mergers and acquisitions; and
- limit 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 have less debt.

Some of our collaboration agreements contain change in control provisions that may discourage a third party from attempting to acquire us.

Some of our collaboration agreements include change in control provisions that could reduce the potential acquisition price an acquirer is willing to pay or discourage a takeover attempt that could be viewed as beneficial to shareholders. Upon a change in control, some of these provisions could trigger reduced milestone, profit or royalty payments to us or give our collaboration partner rights to terminate our collaboration agreement, acquire operational control or force the purchase or sale of the programs that are the subject of the collaboration.

General Risk Factors

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 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, federal and foreign 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. Manufacturing of our products and product candidates also requires permits from government agencies for water supply and wastewater discharge. If we do not obtain appropriate permits, including permits for sufficient quantities of water and wastewater, we could incur significant costs and limits on our manufacturing volumes that could harm our business.

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 under our 2020 Share Repurchase Program during the first quarter of 2021:

Period	Total Number of Shares Purchased (#)	Average Price Paid per Share (\$)	Total Number of Shares Purchased as Part of Publicly Announced Programs (#)	Approximate Dollar Value of Shares That May Yet Be Purchased Under Our Programs (\$ in millions)
January 2021	—	\$ —	—	\$ 4,600.0
February 2021	675,000	\$ 279.13	675,000	\$ 4,411.6
March 2021	1,532,874	\$ 268.51	1,532,874	\$ 4,000.0
Total	2,207,874	\$ 271.75		

In October 2020 our Board of Directors authorized our 2020 Share Repurchase Program, which is a program to repurchase up to \$5.0 billion of our common stock. Our 2020 Share Repurchase Program does not have an expiration date. All share repurchases under our 2020 Share Repurchase Program will be retired. Under our 2020 Share Repurchase Program, we repurchased and retired approximately 2.2 million shares of our common stock at a cost of approximately \$600.0 million during the three months ended March 31, 2021. Approximately \$4.0 billion remained available under our 2020 Share Repurchase Program as of March 31, 2021.

In December 2019 our Board of Directors authorized our December 2019 Share Repurchase Program, which was a program to repurchase up to \$5.0 billion of our common stock that was completed as of September 30, 2020. All shares repurchased under our December 2019 Share Repurchase Program were retired. Under our December 2019 Share Repurchase Program, we repurchased and retired approximately 3.2 million shares of our common stock at a cost of approximately \$941.1 million during the three months ended March 31, 2020.

In March 2019 our Board of Directors authorized our March 2019 Share Repurchase Program, which was a program to repurchase up to \$5.0 billion of our common stock that was completed as of March 31, 2020. All shares repurchased under our March 2019 Share Repurchase Program were retired. Under our March 2019 Share Repurchase Program, we repurchased and retired approximately 4.1 million shares of our common stock at a cost of approximately \$1.3 billion during the three months ended March 31, 2020.

Item 6. Exhibits

The exhibits listed below are filed or furnished as part of this Quarterly Report on Form 10-Q.

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
4.1	<u>Third Supplemental Indenture, dated February 16, 2021, between Biogen Inc. and U.S. Bank National Association. Filed as Exhibit 4.2 to our Current Report on Form 8-K filed on February 16, 2021.</u>
4.2	<u>Form of 3.250% Senior Notes due 2051, in the form of a Global Note bearing a private placement legend. Filed as Exhibit 4.3 to our Current Report on Form 8-K filed on February 16, 2021.</u>
4.3	<u>Form of 3.250% Senior Notes due 2051, in the form of a Global Note bearing a Regulation S legend. Filed as Exhibit 4.4 to our Current Report on Form 8-K filed on February 16, 2021.</u>
4.4	<u>Registration Rights Agreement, dated February 16, 2021, between Biogen Inc. and Deutsche Bank Securities Inc. and Citigroup Global Markets, Inc. with respect to the 3.250% Senior Notes due 2051. Filed as Exhibit 4.5 to our Current Report on Form 8-K filed on February 16, 2021.</u>
10.1†+	<u>Joint Venture Agreement, dated December 6, 2011, by and between Samsung BioLogics Co., Ltd. and Biogen Therapeutics Inc. (f/k/a Biogen Idec Therapeutics Inc.), as amended February 28, 2012, September 29, 2014, and February 20, 2019.</u>
31.1+	<u>Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
31.2+	<u>Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u>
32.1++	<u>Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101++	The following materials from Biogen Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flow, (v) the Condensed Consolidated Statements of Equity and (vi) Notes to Condensed Consolidated Financial Statements.
104++	The cover page from this Quarterly Report on Form 10-Q for the quarter ended March 31, 2021, formatted in Inline XBRL.

† Certain confidential information contained in this exhibit has been omitted pursuant to Item 601(b)(10)(iv) of Regulation S-K.

+ Filed herewith

++ Furnished herewith

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 INC.

/s/ Michael R. McDonnell

Michael R. McDonnell
Chief Financial Officer
(principal financial officer)

April 22, 2021

CERTAIN INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [***], HAS BEEN OMITTED BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT BIOGEN INC. TREATS AS PRIVATE OR CONFIDENTIAL.

JOINT VENTURE AGREEMENT

THIS JOINT VENTURE AGREEMENT (this “**Agreement**”) is entered into as of the 6th day of December 2011 by and between:

- (1) **Samsung BioLogics Co., Ltd.**, a company organized and existing under the laws of Korea with its principal offices at 27th Floor, Samsung Electronics Building, 1320-10 Seocho 2-dong, Seocho-gu, Seoul 137-857, Korea (“**Samsung**”); and
- (2) **Biogen Idec Therapeutics Inc.**, a company organized and existing under the laws of Delaware, U.S.A. with its principal offices at 14 Cambridge Center, Cambridge, Massachusetts 02142, U.S.A. (“**Biogen**”).

Biogen and Samsung are hereinafter referred to collectively as the “**Parties**” and individually as a “**Party**”.

WITNESSETH:

WHEREAS, Samsung and Biogen have agreed to enter into a joint venture (the “**Joint Venture**”) for the purpose of development, manufacture, commercialization, distribution and sale of Biosimilar Pharmaceutical Products;

WHEREAS, in order to carry out the Joint Venture, the Parties intend to form a Korean stock corporation (the “**Company**”); and

WHEREAS, Samsung and Biogen desire to enter into this Agreement to memorialize their mutual agreements and understandings on the establishment, financing, operation and management of the Company and their respective rights and obligations relative thereto.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements hereinbelow contained, and intending to be legally bound hereby, the Parties agree as follows:

Article 1. Definitions

1.1 Definitions. The terms defined in this Article shall have the meanings ascribed to them herein whenever they are used in this Agreement, unless otherwise clearly indicated by the context.

“**Acquired TP Biosimilar**” shall have the meaning set forth in Section 15.2(a).

“**Additional Product**” shall mean any Biosimilar Pharmaceutical Product based on an Additional Reference Product, including a Combination Product containing any such Biosimilar Pharmaceutical Product.

“Additional Reference Product” shall mean any biopharmaceutical reference product (other than the Initial Reference Products, and Biogen Reserved Products) (i) agreed by the Parties in writing and determined by the General Meeting of Shareholders to be an Additional Reference Product at any time during the Biogen Consent Period or (ii) determined by the General Meeting of Shareholders to be an Additional Reference Product at any time after the expiration of the Biogen Consent Period.

“Affected CMO” shall have the meaning set forth in Section 6.5(f).

“Affiliate” shall mean, as of any point in time and for so long as such relationship continues to exist with respect to any Person, (i) any other Person that, directly or indirectly, Controls such Person or is Controlled by such Person or is under common Control with such Person and (ii) any director, officer or general partner of such Person or of any other Person falling under clause (i) above; provided, however, that neither Party nor any of the Parties’ respective Affiliates shall be deemed to be an Affiliate of the Company.

“Antitrust Approvals” shall mean the approval of the establishment of the Company by the Parties pursuant to the terms of this Agreement (i) by the Korean Fair Trade Commission (under the Monopoly Regulation and Fair Trade Act of Korea), and (ii) if required under applicable law, by the competition authorities of other relevant jurisdictions set forth in Schedule V; provided that each such approval shall be unconditional or subject to conditions reasonably acceptable to both Parties.

“Appointing Party” shall mean the non-breaching Party under Section 13.7, the Terminating Party under Section 17.5 or the Non-Responsible Party under Section 15.2(a), as the case may be.

“Arbitral Rules” shall have the meaning set forth in Section 18.2(a).

“Arbitration Tribunal” shall have the meaning set forth in Section 18.2(a).

“Articles of Incorporation” shall mean the Articles of Incorporation of the Company, as amended from time to time.

“Biogen CMO” shall have the meaning set forth in Section 6.5.

“Biogen Consent Period” shall mean the period consisting of (i) the Initial Funding Period and (ii) an additional period thereafter, if any, during which (x) the Shareholding of Samsung is equal to or greater than fifty-one percent (51%) and (y) the Shareholding of Biogen is greater than ten percent (10%).

“Biogen Option” shall have the meaning set forth in Section 4.1.

“Biogen Option Period” shall have the meaning set forth in Section 4.1.

“**Biogen Option Shares**” shall have the meaning set forth in Section 4.1.

“**Biogen Parent**” shall mean Biogen Idec Inc., a company organized and existing under the laws of Delaware, U.S.A. with its principal offices at 133 Boston Post Road, Weston, Massachusetts, U.S.A.

“**Biogen Parent Guarantee**” shall have the meaning set forth in Section 20.1(a).

“**Biogen Reserved Products**” shall mean those biopharmaceutical reference products listed on Schedule VI.

“**Biosimilar Pharmaceutical Product**” shall mean an antibody product, FC fragment or fusion protein composed of macromolecules, which contains the same principal molecular structural features (but not necessarily all of the same structural features) and is intended to be sufficiently similar to an approved biopharmaceutical reference product to permit the biosimilar applicant to rely for approval on certain existing scientific knowledge about the safety and effectiveness of such approved biopharmaceutical reference product.

“**Board**” shall mean the duly constituted board of directors of the Company.

“**Business Day**” shall mean a day on which banks are open for normal banking business in Seoul, Korea, Boston, Massachusetts and New York, New York (excluding Saturdays).

“**Buyout**” shall have the meaning set forth in Section 17.6.

“**Buyout Date**” shall have the meaning set forth in Section 17.6(a).

“**Buyout Notice**” shall have the meaning set forth in Section 17.6.

“**Buyout Price**” shall have the meaning set forth in Section 17.6(d).

“**Buyout Shares**” shall have the meaning set forth in Section 17.6.

“**Change of Control**” shall mean (a) in the case of Biogen, Biogen Idec Inc. ceasing to have direct or indirect Control over Biogen other than pursuant to one or more internal corporate restructurings or reorganizations which result in Biogen being Controlled directly or indirectly by an Affiliate of Biogen Idec Inc.; and (b) and in the case of Samsung, Samsung ceasing to be a company belonging to the Samsung Group (as defined under the Monopoly Regulation and Fair Trade Act of Korea).

“**Closing**” shall have the meaning set forth in Section 3.1.

“**Closing Date**” shall have the meaning set forth in Section 3.1.

“**CoC Acquisition**” shall have the meaning set forth in Section 15.2(a).

“Combination Product” shall mean any pharmaceutical product containing both (a) a Biosimilar Pharmaceutical Product based on a Reference Product and (b) one or more pharmaceutically active compounds or substances that do not constitute an Initial Product or an Additional Product.

“Commercialization Agreements” shall have the meaning set forth in Section 6.7.

“Commercially Reasonable Efforts” shall mean, with respect to the efforts to be exercised by a Party or the Company with respect to any objective, reasonable, diligent, good faith efforts to accomplish such objective as a similarly situated (with respect to size, stage of development and assets) biotechnology or pharmaceutical company or its principal shareholder, as the case may be (or, in the case of Biogen, a similarly situated biotechnology or pharmaceutical company with size, stage of development and assets comparable to Biogen Idec MA Inc. or its successor in interest), would use to accomplish a similar objective under similar circumstances exercising reasonable business judgment.

“Company” shall have the meaning set forth in the second WHEREAS clause.

“Conditions Precedent” shall have the meaning set forth in Section 3.1.

“Confidential Information” shall have the meaning set forth in Section 14.1.

“Control” shall mean the power and ability to direct the management and policies of the controlled enterprise, whether directly or indirectly through one or more intermediaries, through ownership of voting securities of the controlled enterprise or by contract or otherwise; and the terms “Controls,” “Controlled” and “Controlling” shall be construed accordingly.

“Directors” shall mean the duly elected members of the Board and **“Director”** shall mean a duly elected member of the Board.

“Disclosing Party” shall have the meaning set forth in Section 14.1.

“Exempted Program” shall have the meaning set forth in Section 15.2(a).

“Fair Market Value” shall mean, with respect to any Share(s), the fair market value of such Share(s) of the Company as determined by a reputable independent appraiser experienced in the valuation of enterprises in Korea that is appointed by the Appointing Party considering the Company as a going concern and assuming a sale and purchase transaction between a willing seller and a willing buyer; provided, however, that such appraiser shall be selected pursuant to the procedures set forth in Schedule IV hereto.

“General Meeting of Shareholders” shall mean a duly constituted general meeting of Shareholders of the Company.

“Government Approvals” of any action to be taken by a Party hereunder shall mean such approval, authorization or confirmation of, consent to, or acceptance of report on the action,

together with such licenses, permits or other permissions reasonably required for the action, all as the applicable statutes, decrees, rules, regulations and rulings of governmental authority may require to be obtained in connection with such action from any governmental authority or political subdivision thereof.

“**IBA Rules**” shall have the meaning set forth in Section 18.2(g).

“**ICC**” shall have the meaning set forth in Section 18.2(a).

“**IFRS**” shall mean the International Financial Reporting Standards issued by the International Accounting Standards Board.

“**Initial Capital**” shall have the meaning set forth in Section 2.5.

“**Initial Development Plans**” shall mean the initial development plans attached hereto as Exhibit C and as may be adjusted and amended pursuant to Section 6.5(a), which includes indicative criteria relating to the progression of the Initial Products around such areas as timelines, responsibilities and activities to be performed.

“**Initial Funding Period**” shall mean the period from the Closing Date until the earlier of (i) Biogen’s exercise of the Biogen Option and the purchase of the Biogen Option Shares pursuant thereto and (ii) the expiration of the Biogen Option Period.

“**Initial Product**” shall mean any Biosimilar Pharmaceutical Product based on an Initial Reference Product, including a Combination Product containing any such Biosimilar Pharmaceutical Product.

“**Initial Reference Product**” shall mean [***].

“**Intellectual Property**” shall mean (i) any intellectual property or related proprietary rights in any jurisdiction, whether owned or held for use under license, whether registered or unregistered, including such rights in (A) all inventions, invention disclosures and improvements thereto (whether patentable or unpatentable and whether or not reduced to practice), all issued patents and pending patent applications, any divisions, continuations, continuations-in-part, reissues, continuing patent applications, reexaminations and extensions thereof and any counterparts claiming priority therefrom, and all utility models, design patents, patents of importation/confirmation, certificates of invention, certificates of registration and similar rights, (B) all trademarks, service marks, certification marks, trade dresses, logos, trade names and corporate names, including all goodwill associated therewith, and all applications, registrations and renewals in connection therewith, (C) all works of authorship (whether or not copyrightable), all copyrights, all moral rights and all applications, registrations and renewals in connection therewith, (D) all trade secrets and confidential business information and any rights to limit the use or disclosure thereof by any Person (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings,

specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals), (E) all computer software, operating systems, data files, source and object codes, user interfaces, manuals, databases, technical specifications and documentation, and (F) all mask works, designs and Internet domain names, (ii) all copies and tangible embodiments of any of the foregoing (in whatever form or medium) and (iii) any goodwill associated with the foregoing.

“**IP License Agreement**” shall have the meaning set forth in Section 6.1.

“**Issue Notice**” shall have the meaning set forth in Section 5.3(a).

“**Joint Venture**” shall have the meaning set forth in the first WHEREAS clause.

“**Korea**” shall mean the Republic of Korea.

“**Korean Won**” and “**KRW**” shall mean the lawful currency of Korea.

“**Manufacturing Agreements**” shall have the meaning set forth in Section 6.5.

“**Non-Responsible Party**” shall have the meaning set forth in Section 15.2(a).

“**Non-Terminating Party**” shall have the meaning set forth in Section 17.5.

“**Non-Transferring Party**” shall have the meaning set forth in Section 13.3(a).

“**Person**” shall mean an individual, sole proprietorship, partnership, limited partnership, limited liability partnership, corporation, limited liability company, business trust, joint stock company, trust, incorporated association, joint venture or similar entity or organization, including a government or political subdivision or department or agency of a government.

“**President Arbitrator**” shall have the meaning set forth in Section 18.2(b).

“**Private Label Product**” shall mean an innovator molecule sold or manufactured by its marketer or manufacturer, which is packaged and sold under a different brand name for the purpose of distinguishing an offering of such innovator molecule from its branded counterpart.

“**Product**” shall mean any Initial Product and any Additional Product.

“**Receiving Party**” shall have the meaning set forth in Section 14.1.

“**Reference Product**” shall mean any Initial Reference Product and any Additional Reference Product.

“**Representative Director**” shall mean the duly elected representative director of the Company.

“**Responsible Party**” shall have the meaning set forth in Section 15.2(a).

“**Restricted Period**” shall have the meaning set forth in Section 13.1.

“**Samsung Assets**” shall have the meaning set forth in Section 6.1A.

“**Samsung CMO**” shall have the meaning set forth in Section 6.5.

“**Samsung Option**” shall have the meaning set forth in Section 4.2.

“**Samsung Option Period**” shall have the meaning set forth in Section 4.2.

“**Samsung Option Shares**” shall have the meaning set forth in Section 4.2.

“**Samsung Parent**” shall mean, as determined by Samsung and notified to Biogen prior to the Closing, any one of, or collectively all of, Samsung Electronics Co., Ltd., Samsung Everland, Inc. and Samsung C&T Corporation, each a Korean corporation.

“**Samsung Parent Guarantee**” shall have the meaning set forth in Section 20.1(b).

“**Senior Officer(s)**” shall have the meaning set forth in Section 8.3.

“**Service Agreement**” shall have the meaning set forth in Section 6.3.

“**Shares**” shall mean shares of voting common stock of the Company with a par value of Five Thousand Korean Won (KRW5,000) each; except where the context does not permit such construction, all references to the Shares of a Party shall be deemed to include Share Equivalents, if any, held by that Party (calculated for this purpose as if all Share Equivalents had been fully converted into, exchanged for or exercised for subscription of Shares).

“**Share Equivalents**” shall mean convertible bonds, warrants, options (other than the Biogen Option or the Samsung Option) or other similar instruments or securities which are convertible into or exchangeable for, or which carry a right to subscribe for, Shares.

“**Shareholder**” shall mean a registered owner of Shares.

“**Shareholding**” shall mean the ratio of the Shares held by a Party over the total issued and outstanding Shares of the Company or (as the context may require) the number of Shares held by a Party; except where the context does not permit such construction, all references to the Shareholding of a Party shall be deemed to include Share Equivalents, if any, held by that Party (calculated for this purpose as if all Share Equivalents had been fully converted into, exchanged for or exercised for subscription of Shares).

“**Statutory Auditor**” shall mean a duly elected statutory auditor of the Company.

“**Terminating Party**” shall have the meaning set forth in Section 17.5.

“Third Party” shall mean any Person other than Biogen, Samsung or their respective Affiliates.

“Third Party Biosimilar” shall have the meaning set forth in Section 15.2(a).

“Third Party Purchaser” shall have the meaning set forth in Section 5.3(a).

“Third Party Shares” shall have the meaning set forth in Section 5.3(a).

“Transfer Notice” shall have the meaning set forth in Section 13.3(a).

“Transferring Party” shall have the meaning set forth in Section 13.3(a).

“United States Dollar” or **“US\$”** shall mean the lawful currency of the United States of America.

1.2 Interpretation. Unless otherwise required by the context or unless otherwise specified herein, (a) the use of any gender herein shall be deemed to encompass references to either or both genders, and the use of the singular shall be deemed to include the plural (and vice versa), (b) the words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation,” (c) the word “will” shall be construed to have the same meaning and effect as the word “shall,” (d) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (e) any reference herein to any Person shall be construed to include the Person’s successors and assigns, (f) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (g) all references herein to Articles, Sections, Exhibits or Schedules shall be construed to refer to Articles, Sections, Exhibits or Schedules of this Agreement, and references to this Agreement include all Exhibits and Schedules hereto, (h) the word “notice” shall mean notice in writing (whether or not specifically stated) and shall include notices, consents, approvals and other written communications contemplated under this Agreement, (i) provisions that require that a Party, the Parties or any committee hereunder “agree,” “consent” or “approve” or the like shall require that such agreement, consent or approval be specific and in writing, whether by written agreement, letter, approved minutes or otherwise (but excluding e-mail and instant messaging), (j) references to any specific law, rule or regulation, or article, section or other division thereof, shall be deemed to include the then-current amendments thereto or any replacement or successor law, rule or regulation thereof, and (k) the term “or” shall be interpreted in the inclusive sense commonly associated with the term “and/or.”

Article 2. Organization and Capitalization of the Company

2.1 Incorporation. As soon as practicable following the Closing, Biogen and Samsung shall establish and register the Company as a stock corporation (“*chu-shik-hoe-sa*”) in accordance with the laws of Korea. The Parties shall both serve as promoters for the establishment of the Company and agree that the Company shall not be established or registered unless approved by both promoters; provided, however, that once the Closing occurs in accordance with Article 3, neither Party shall withhold or delay its approval of the establishment and registration of the Company.

2.2 Corporate Name. The name of the Company shall be determined by Samsung with the prior consent of Biogen (which consent shall not be unreasonably withheld or delayed) prior to the incorporation of the Company.

2.3 Business Objective. The business objectives and activities of the Company shall be limited to the development, manufacture, commercialization, distribution and sale of Biosimilar Pharmaceutical Products and any and all activities related or incidental thereto.

2.4 Articles of Incorporation. The Parties shall adopt initial Articles of Incorporation for the Company at the time of its incorporation in the form attached hereto as Exhibit A. In the event any conflict or discrepancy arises between the Articles of Incorporation and the terms of this Agreement (as amended from time to time), the Parties shall promptly take and cause to be taken all necessary actions to amend the Articles of Incorporation so that it will conform to and be consistent with the terms of this Agreement; provided that until such time as the Articles of Incorporation are so amended, the terms of this Agreement shall control between the Parties to the maximum extent permitted by applicable law.

2.5 Capitalization of the Company. The Company shall be initially capitalized with paid-in capital of KRW330,000,000,000 (the “**Initial Capital**”), of which amount KRW280,500,000,000 shall be contributed by Samsung and KRW49,500,000,000 shall be contributed by Biogen. The first installment of such capital contributions of the Parties shall be made at the Closing as set forth below.

<u>Date of Contribution</u>	<u>Samsung</u>	<u>Biogen</u>
Closing Date	KRW139,995,000,000	KRW24,705,000,000

Following the Closing, the Parties shall contribute the remaining portion of the Initial Capital in proportion to their respective Shareholdings in such installments and at such times as the Board determines; provided that the Company shall give the Parties at least thirty (30) days’ prior written notice of each such additional capital contribution. All contributions of the Initial Capital by Samsung and Biogen shall be made in cash.

2.6 Issuance of Shares by the Company. In return for the capital contributions made by the Parties pursuant to Section 2.5 above (the aggregate amount of which shall be KRW330,000,000,000), the Company shall issue Shares to the Parties at the issue price of Fifty Thousand Korean Won (KRW50,000) per Share, and upon completion of all such

capital contributions described in Section 2.5 to the Company, Samsung and Biogen shall respectively own the following Shares:

<u>Party</u>	<u>Number of Shares</u>	<u>Ownership Percentage</u>
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Samsung	5,610,000 Shares	85%
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Biogen	990,000 Shares	15%
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Article 3. Closing of Subscription of Shares

3.1 Closing Date. Subject to the fulfillment of the conditions precedent specified in Sections 3.2 and 3.3 (the “**Conditions Precedent**”), the subscription of Shares by the Parties as contemplated herein shall be consummated at a closing (the “**Closing**”) to be held at 10:00 a.m., Korea time, on February 28, 2012 at the Seocho offices of Samsung located at 27th Floor, Samsung Electronics Building, 1320-10 Seocho 2-dong, Seocho-gu, Seoul 137-857, Korea; provided, however, that if all of the Conditions Precedent have not been satisfied (or waived by the Party entitled to waive the relevant Condition Precedent) as of that date, the Closing shall take place on: (i) the third (3rd) Business Day following the satisfaction or waiver (by the Party entitled to waive the relevant Condition Precedent) of all of the Conditions Precedent to the Closing and the prompt notification thereof by the Party satisfying or waiving the Conditions Precedent to the other Party; or (ii) at such other time as the Parties may agree in writing (such date and time being herein referred to as the “**Closing Date**”).

3.2 Conditions Precedent to Biogen’s Obligation to Subscribe for Shares at Closing. The obligation of Biogen to complete the Closing hereunder shall be subject to the fulfillment prior to or at the Closing of each of the following conditions, any one or more of which may be waived by Biogen at its sole discretion:

- a. Samsung shall have performed and complied with, in all material respects, all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the time of Closing;
- b. All of the representations and warranties made by Samsung in this Agreement shall be true and correct in all material respects at and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date;
- c. No order, injunction, decision or ruling shall have been made or issued by any court, arbitration tribunal or other governmental authority that disallows, challenges, enjoins, prohibits or imposes any damages, penalties or restrictions on, or otherwise makes illegal the consummation of, the transactions contemplated by this Agreement;
- d. No suit, action or other legal proceeding shall be pending or threatened against Samsung before any court, arbitration tribunal or other governmental authority, which seeks to disallow, challenge, enjoin, prohibit or impose any damages, penalties or

restrictions on, or otherwise make illegal the consummation of, the transactions contemplated by this Agreement, and no investigation that could reasonably be expected to result in any such suit, action or proceeding shall be pending or threatened against Samsung;

- e. The Antitrust Approvals shall have been duly obtained;
- f. All other Government Approvals and all authorizations, consents, approvals and waivers from any Person other than governmental authorities required to be obtained by Samsung in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby shall have been duly obtained;
- g. The Parties shall have finalized and agreed on the forms of (i) the Service Agreement to be entered into between the Company and Biogen and/or its Affiliates pursuant to Section 6.3 and (ii) the Manufacturing Agreements to be entered into between the Company and the Samsung CMO and between the Company and the Biogen CMO pursuant to Section 6.5;
- h. Samsung shall have taken all corporate action necessary to approve the consummation of the transactions contemplated by this Agreement; and
- i. Samsung shall, on behalf of Samsung Parent, have delivered to Biogen an executed copy of the Samsung Parent Guarantee described in Section 20.1(b).

3.3 Conditions Precedent to Samsung's Obligation to Subscribe for Shares at Closing. The obligation of Samsung to complete the Closing hereunder shall be subject to the fulfillment prior to or at the Closing of each of the following conditions, any one or more of which may be waived by Samsung at its sole discretion:

- a. Biogen shall have performed and complied with, in all material respects, all covenants, agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the time of Closing;
- b. All of the representations and warranties made by Biogen in this Agreement shall be true and correct in all material respects at and as of the Closing Date as though such representations and warranties were made at and as of the Closing Date;
- c. No order, injunction, decision or ruling shall have been made or issued by any court, arbitration tribunal or other governmental authority that disallows, challenges, enjoins, prohibits or imposes any damages, penalties or restrictions on, or otherwise makes illegal the consummation of, the transactions contemplated by this Agreement;
- d. No suit, action or other legal proceeding shall be pending or threatened against Biogen before any court, arbitration tribunal or other governmental authority, which seeks to

disallow, challenge, enjoin, prohibit or impose any damages, penalties or restrictions on, or otherwise make illegal the consummation of, the transactions contemplated by this Agreement, and no investigation that could reasonably be expected to result in any such suit, action or proceeding shall be pending or threatened against Biogen;

- e. The Antitrust Approvals shall have been duly obtained;
- f. All other Government Approvals and all authorizations, consents, approvals and waivers from any Person other than governmental authorities required to be obtained by Biogen in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated hereby shall have been duly obtained;
- g. The Parties shall have finalized and agreed on the forms of (i) the Service Agreement to be entered into between the Company and Biogen and/or its Affiliates pursuant to Section 6.3 and (ii) the Manufacturing Agreements to be entered into between the Company and the Samsung CMO and between the Company and the Biogen CMO pursuant to Section 6.5;
- h. Biogen shall have taken all corporate actions necessary to approve the consummation of the transactions contemplated by this Agreement and Biogen shall have taken all corporate actions necessary to approve the consummation of the transactions contemplated by the IP License Agreement; and
- i. Biogen shall, on behalf of the Biogen Parent, have delivered to Samsung an executed copy of the Biogen Parent Guarantee described in Section 20.1(a).

3.4 Closing Deliveries of Biogen. At the Closing, Biogen shall pay the subscription price for the Shares to be subscribed for by it at the Closing pursuant to Sections 2.5 and 2.6 by means of a wire transfer in immediately available funds to a share subscription account established for the Company. In addition, at the Closing, Biogen shall deliver, or have delivered, to Samsung the following:

- a. A certificate of a duly authorized officer of Biogen, which shall be dated as of the Closing Date, certifying (i) that the representations and warranties of Biogen contained in this Agreement are true and correct in all material respects at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of such date and (ii) that all other Conditions Precedent set forth in Section 3.3 have been fulfilled;
- b. An instrument evidencing that Biogen has duly taken all corporate actions necessary to approve the consummation of the transactions contemplated by this Agreement;

- c. An instrument evidencing that Biogen has duly taken all corporate actions necessary to approve the consummation of the transactions contemplated by the IP License Agreement;
- d. An executed copy of the Biogen Parent Guarantee and an instrument evidencing that Biogen Parent has duly taken all corporate actions necessary to approve the execution, delivery and performance of the Biogen Parent Guarantee; and
- e. Such other certificates, instruments and documents as may be reasonably requested by Samsung as evidence of the fulfillment of the Conditions Precedent set forth in Section 3.3.

3.5 Closing Deliveries of Samsung. At the Closing, Samsung shall pay the subscription price for the Shares to be subscribed for by it pursuant to Sections 2.5 and 2.6 by means of a wire transfer in immediately available funds to a share subscription account established for the Company. In addition, at the Closing, Samsung shall deliver, or have delivered, to Biogen the following:

- a. A certificate of a duly authorized officer of Samsung, which shall be dated as of the Closing Date, certifying (i) that the representations and warranties of Samsung contained in this Agreement are true and correct in all material respects at and as of the Closing Date with the same effect as though such representations and warranties were made at and as of such date and (ii) that all other Conditions Precedent set forth in Section 3.2 have been fulfilled;
- b. An instrument evidencing that Samsung has duly taken all corporate actions necessary to approve the consummation of the transactions contemplated by this Agreement;
- c. An executed copy of the Samsung Parent Guarantee and an instrument evidencing that Samsung Parent has duly taken all corporate actions necessary to approve the execution, delivery and performance of the Samsung Parent Guarantee;
- d. An English version of a valuation report issued by an independent Third Party appraisal institution in respect of the Samsung Assets; and
- e. Such other certificates, instruments and documents as may be reasonably requested by Biogen as evidence of the fulfillment of any of the Conditions Precedent set forth in Section 3.2.

Article 4. Biogen Option and Samsung Option

4.1 Biogen Option. Biogen shall have an option (the “**Biogen Option**”) to increase its Shareholding in the Company to be equal to (but not less than) (i) fifty percent (50%) of the combined Shareholding (including Share Equivalents) of Samsung (and its Affiliates) and Biogen (and its Affiliates) at the time of exercise of such option (ii) less one (1) Share (if such

combined Shareholding consists of an even number of Shares) or one-half (1/2) of a Share (if such combined Shareholding consists of an odd number of Shares) by purchasing such number of Shares (and not Share Equivalents) held by Samsung and/or its Affiliates as to achieve such Shareholding (the “**Biogen Option Shares**”), as a result of which, immediately following the exercise of the Biogen Option, Biogen will hold one (1) less Share or two (2) less Shares, as applicable, than the number of Shares (including Share Equivalents) held by Samsung and its Affiliates. Biogen may exercise the Biogen Option by giving written notice thereof to Samsung at any time from the date of incorporation of the Company until the earlier of (i) ninety (90) days following the end of the first fiscal year in which the Company has a net profit (under the IFRS) and (ii) ninety (90) days following the end of the fiscal quarter in which the sixth (6th) anniversary of the date of incorporation of the Company occurs (as may be extended pursuant to the following proviso, the “**Biogen Option Period**”); provided that if no commercial sale of the Products (as defined in the IP License Agreement) occurs in the United States and in the European Union prior to the sixth (6th) anniversary of the date of incorporation of the Company, the Biogen Option Period shall be extended for an additional one-year period (*i.e.*, until ninety (90) days following the end of the fiscal quarter in which the seventh (7th) anniversary of the date of incorporation of the Company occurs). If any Affiliate(s) of Samsung holds any Shares at the time of exercise of the Biogen Option, Samsung shall have the right to decide how the Biogen Option Shares to be sold to Biogen are to be allocated between Samsung and such Affiliate(s). The purchase price to be paid by Biogen to Samsung and/or its Affiliate(s) for the Biogen Option Shares shall be determined as follows:

Purchase Price for the Biogen Option Shares = [(SC + BC) x 0.5] – BC

where:

(1) “SC” is (i) the total amount of capital Samsung (including its Affiliates) has contributed to the Company since incorporation, minus (ii) any returns or distributions of previously contributed capital (including any cash dividends paid, but not including any of the purchase prices paid for the Samsung Assets) by the Company to Samsung (including its Affiliates), plus (iii) an amount of interest calculated using an internal rate of return of fourteen percent (14%) per annum, compounded annually, on such capital contributed by Samsung (including its Affiliates) to the Company from the respective dates of contribution of such capital to the Company until the date of payment of the purchase price for the Biogen Option Shares by Biogen to Samsung and/or the selling Affiliates of Samsung, except for any capital returned or distributed as referred to in clause (ii) above, for which such interest shall be calculated from the date(s) of contribution of such capital to the Company (which date(s) of contribution shall be determined on a “last-in-first-out” basis) until the date of such return or distribution; provided, however, that if, as of the date of exercise of the Biogen Option, the Company has not made material use of the Intellectual Property sold by Samsung to the Company as part of the Samsung Assets in the Company’s business, the amount of the first installment of Samsung’s capital contribution to the Company shall be reduced by an amount equal to the purchase price (as set forth in Schedule I)

paid by the Company to Samsung for such Intellectual Property for the purpose of determining the purchase price for the Biogen Option Shares; and

(2) “BC” is (i) the total amount of capital Biogen (including its Affiliates) has contributed to the Company since incorporation, minus (ii) any returns or distributions of previously contributed capital (including any cash dividends paid) by the Company to Biogen (including its Affiliates), plus (iii) an amount of interest calculated using an internal rate of return of fourteen percent (14%) per annum, compounded annually, on such capital contributed by Biogen (including its Affiliates) to the Company from the respective dates of contribution of such capital to the Company until the date of payment of the purchase price for the Biogen Option Shares by Biogen to Samsung and/or the selling Affiliates of Samsung, except for any capital returned or distributed as referred to in clause (ii) above, for which such interest shall be calculated from the date(s) of contribution of such capital to the Company (which date(s) of contribution shall be determined on a “last-in-first-out” basis) until the date of such return or distribution.

For the avoidance of doubt, the Biogen Option may be exercised (i) only once during the Biogen Option Period and (ii) only in respect of all (and not less than all) of the Biogen Option Shares.

Following the execution of this Agreement, the Parties shall explore and negotiate in good faith to agree on an alternative transaction to the Biogen Option, which will achieve in a more tax-efficient way substantially the same economic results (including the respective amounts of investment by the Parties in the Company and the resulting ownership structure of the Company) than would be attained by way of the exercise of the Biogen Option by Biogen as contemplated above, provided, however, that in no event shall either Party be obligated to implement an alternative transaction to replace the Biogen Option transaction as contemplated above.

4.2 Samsung Option. In the event Biogen does not exercise the Biogen Option during the Biogen Option Period for any reason, Samsung shall have the option (the “**Samsung Option**”) to buy out all (but not less than all) of the Shares held by Biogen and its Affiliates (the “**Samsung Option Shares**”) for a purchase price equal to (i) the total amount of capital Biogen (including its Affiliates) has contributed to the Company since incorporation, minus (ii) any returns or distributions of previously contributed capital (including any cash dividends paid) by the Company to Biogen (including its Affiliates), plus (iii) an amount of interest calculated using an internal rate of return of fourteen percent (14%) per annum, compounded annually, on such capital contributed by Biogen (including its Affiliates) to the Company from the respective dates of contribution of such capital to the Company until the date of payment of the purchase price for the Samsung Option Shares by Samsung to Biogen and/or the selling Affiliate(s) of Biogen, except for any capital returned or distributed as referred to in clause (ii) above, for which such interest shall be calculated from the date(s) of contribution of such capital to the Company (which date(s) of contribution shall be determined on a “last-in-first-out” basis) until the date of such return or distribution. Samsung may exercise the

Samsung Option by giving written notice thereof to Biogen at any time within sixty (60) days following the expiration of the Biogen Option Period (the “**Samsung Option Period**”). For the avoidance of doubt, the Samsung Option may be exercised only once during such sixty (60) day period and (ii) only in respect of all (and not less than all) of the Samsung Option Shares.

4.3 Closing of Sale and Purchase of Option Shares. Upon the exercise of the Biogen Option, the Parties shall complete the sale and purchase of the Biogen Option Shares on the date specified in the written notice of exercise of the Biogen Option, which date shall be no earlier than fifteen (15) days and no later than thirty (30) days after the date of exercise of the Biogen Option. Upon the exercise of the Samsung Option, the Parties shall complete the sale and purchase of the Samsung Option Shares on the date specified in the written notice of exercise of the Samsung Option, which date shall be no earlier than fifteen (15) days and no later than thirty (30) days after the date of exercise of the Samsung Option.

4.4 Representations and Warranties; Provision of Information.

- a. The sale of the Biogen Option Shares shall be made without any representations or warranties on the part of Samsung other than: (i) that Samsung is the lawful owner of the Biogen Option Shares and has the full right and power to transfer such Shares to Biogen, free and clear of any pledge, mortgage, charge, lien, security interest, option, third-party right, interest or claim or other encumbrances of a nature similar to any of the foregoing, (ii) the due authorization of the transfer of the Biogen Option Shares pursuant to this Agreement, (iii) the enforceability of the transfer of the Biogen Option Shares pursuant to this Agreement, (iv) in connection with the transfer of the Biogen Option Shares, the absence of conflicts with or violation or breach of Samsung’s organizational documents, any law, rule, regulation, judgment, order or decree applicable to Samsung or any agreement or instrument by which Samsung is bound; and (v) that to the actual knowledge of CEO, CFO and CTO of Samsung, no event has occurred with respect to the Company that has, or would reasonably be expected to have, a material adverse effect on the business of the Company taken as a whole, except as (A) reported to the Board, (B) disclosed or reflected in the financial statements or other information or materials provided or made available to Biogen or its nominated Director or designated observer to the Board, whether pursuant to Section 7.5 or Article 11 of this Agreement or otherwise, (C) disclosed or made available to Biogen in connection with the provision of information and materials under Section 4.4(b) below, or (D) as demonstrated by written evidence, otherwise known to Biogen or its nominated Director or designated observer to the Board from any sources or by any means. The sale of the Samsung Option Shares shall be made without any representations or warranties on the part of Biogen other than (i) that Biogen is the lawful owner of the Samsung Option Shares and has the full right and power to transfer such Shares to Samsung, free and clear of any pledge, mortgage, charge, lien, security interest, option, third-party right, interest or claim or other encumbrances of a nature similar to any of the foregoing, (ii) the due authorization of the transfer of the Samsung Option Shares pursuant to this Agreement, (iii) the

enforceability of the transfer of the Samsung Option Shares pursuant to this Agreement, and (iv) in connection with the transfer of the Samsung Option Shares, the absence of conflicts with or violation or breach of Biogen's organizational documents, any law, rule, regulation, judgment, order or decree applicable to Biogen or any agreement or instrument by which Biogen is bound.

- b. In connection with the exercise of the Biogen Option, within thirty (30) days of Biogen's request (which request may be made up to three (3) times, and not more, during the Biogen Option Period), Samsung shall exercise (and shall cause each of its Affiliates to exercise) any and all of its voting rights and other authority and control available to it in relation to the Company (including by causing the Directors designated by Samsung) to cause the Company to provide Biogen and its representatives with such information and materials available to the Company concerning the business, assets, liabilities, financial condition, contracts, officers, employees and other operational matters of the Company as Biogen may reasonably request for the purpose of determining whether or not to exercise the Biogen Option; provided (i) that such information and materials shall be provided during normal business hours of the Company and in a manner that is not unduly disruptive to the normal operations of the Company or its business; and (ii) that the Company shall not be obligated to provide Biogen or its representatives with any information or material the provision of which is prohibited by applicable law or contractual obligation so long as the Company has used Commercially Reasonable Efforts to secure exemption from such prohibition. In no event shall the provision of such information and materials by the Company obligate Biogen to exercise the Biogen Option.

4.5 Government and Other Approvals. Each Party shall be responsible for obtaining all Government Approvals and other authorizations, consents, approvals and waivers from any Third Party required to be obtained by such Party in connection with the sale and purchase of the Biogen Option Shares or the Samsung Option Shares.

4.6 Shares Transferred to Affiliates. If, at the time of exercise of the Biogen Option, Samsung has transferred all or part of its Shares to any of its Affiliates pursuant to Section 13.2 and thus owns less than the number of Shares required to be sold to Biogen pursuant to the exercise of the Biogen Option, Samsung shall ensure that such Affiliate(s), together with or instead of Samsung, sells such number of Shares to Biogen in accordance with the terms of this Article 4. If, at the time of exercise of the Samsung Option, Biogen has transferred all or part of its Shares to any of its Affiliates pursuant to Section 13.2, Biogen shall ensure that such Affiliate(s) sells all of such transferred Shares (together with any Shares then held by Biogen) to Samsung in accordance with the terms of this Article 4. Nothing in this Section 4.6 shall be construed to relieve the Parties of, or otherwise affect, any of their respective obligations under Sections 4.3, 4.4 and 4.5.

4.7 Taxes. The Korean securities transaction tax and any similar taxes (other than the deemed acquisition tax) applicable to the transfer of Shares pursuant to this Article 4 shall be payable by the transferor of such Shares.

Article 5. Additional Funding; Acquisition and Ownership of Shares

5.1 Additional Funding during the Initial Funding Period. During the Initial Funding Period, other than the Initial Capital to be contributed by the Parties pursuant to Section 2.5, Samsung shall provide, or arrange to be provided, all additional funding required by the Company as determined by the Board (whether in the form of capital contributions, shareholder loans or guarantees or otherwise). Such additional funding provided by Samsung to the Company in the form of capital contributions shall be in amounts (and not more than such amounts) as is reasonably required to carry out the objectives of the Company as set forth in the Initial Development Plans and/or as determined by the Board in good faith from time to time. During the Initial Funding Period, (i) all such additional funding in the form of capital contributions shall be made at the same issue price per Share that is specified in Section 2.6, unless a different issue price per Share is required pursuant to the Monopoly Regulation and Fair Trade Act of Korea or other applicable laws (including tax laws) and (ii) all such additional funding in the form of debt financing shall be made on arm's length terms.

5.2 Preemptive Subscription Rights. During the Initial Funding Period, each Shareholder shall have the preemptive right (subject to the Parties' obligations to make capital contributions pursuant to Section 2.5) to subscribe for and purchase a pro rata portion (equal to such Shareholder's then current Shareholding) of any additional Shares or Share Equivalents newly issued by the Company at a price determined by the Board and paid by the other purchasers of such Shares or Share Equivalents. Thereafter, except as otherwise provided in the Articles of Incorporation, each Shareholder shall have the preemptive right to subscribe for and purchase up to its pro rata portion (equal to such Shareholder's then current Shareholding) of any additional Shares or Share Equivalents newly issued by the Company at a price determined by the Board and paid by the other purchasers of such Shares or Share Equivalents.

5.3 Biogen's Right of First Refusal.

- a. During the Biogen Consent Period, in the event the Company intends to issue to one or more Third Parties (the "**Third Party Purchaser**") any new Shares or Share Equivalents (the "**Third Party Shares**," which shall not include (i) any Shares for which Biogen is required to subscribe pursuant to Section 2.5 but fails to do so and which the Company intends to issue to one or more Third Party Purchasers and (ii) any Shares or Share Equivalents that the Company offers for sale to one or more Third Parties that are Shareholders in proportion to their respective ownership percentages in the Company), Samsung shall exercise (and shall cause each of its Affiliates to exercise) any and all of its voting rights and other authority and control available to it in relation to the Company (including by taking necessary actions to amend the Articles of Incorporation, if necessary, and causing the Directors designated by Samsung) to cause the Company to first offer to Biogen the opportunity to subscribe for and purchase such Third Party Shares by giving written notice (the "**Issue Notice**") of its intention to issue the Third Party Shares, setting forth the number of the Third

Party Shares intended to be issued, the identity of the Third Party Purchaser, the proposed issue price and other major terms and conditions of the issue of the Third Party Shares.

- b. Biogen shall then have the right to subscribe for and purchase all (but not less than all) of the Third Party Shares at the proposed issue price and upon the major terms and conditions specified in the Issue Notice by giving written notice to the Company and Samsung of its acceptance of such offer within thirty (30) days after its receipt of the Issue Notice from the Company.
- c. If Biogen exercises its right under Section 5.3(b), the closing of the subscription and issue of the Third Party Shares shall take place within thirty (30) days after Biogen gives notice of such exercise or such other date as may be mutually agreed upon by the Parties.
- d. If Biogen rejects the offer contained in the Issue Notice or fails to respond to the Company and Samsung within thirty (30) days after its receipt of the Issue Notice from the Company, the Company shall be free, during the period of sixty (60) days following the earlier of its receipt of such rejection from Biogen and the expiration of such thirty (30) day period, to issue all (but not less than all) of the Third Party Shares so offered to Biogen to the Third Party Purchaser specified in the Issue Notice at an issue price equal to or higher than, and upon terms and conditions no more favorable to the Third Party Purchaser than, the proposed issue price and other terms and conditions set forth in the Issue Notice. In the event the Company fails to issue such Third Party Shares to the Third Party Purchaser within the above sixty (60) day period, any subsequent issue of all or any part of the Third Party Shares shall again be subject to the provisions of this Section 5.3.

5.4 Exercise of Voting Rights. Each Party agrees to take all actions necessary to ensure that the Company shall be managed, and the rights and obligations of the Parties shall be implemented and enforced, in accordance with the terms of this Agreement, including voting all Shares held by it and causing the Directors nominated by it to vote to give effect to the terms of this Agreement; provided, however, that the Parties shall not be restricted from voting their respective Shares as they see fit so long as such exercise of voting rights does not conflict with the terms of this Agreement.

5.5 Additional Shares Acquired by the Parties. The provisions of this Agreement shall apply to any other or additional Shares issued to, purchased or acquired by either Party, whether such other or additional Shares are received, subscribed for, purchased or acquired by reason of any stock dividend, stock split or consolidation, capital increase, corporate merger or split, reorganization or other transactions or events.

5.6 Shares and Share Equivalents Held by Affiliates. Any Shares or Share Equivalents held by any Affiliate(s) of a Party shall be deemed owned and held by such Party for all purposes of this Agreement (including for the purpose of determining such Party's

Shareholding), and such Party shall procure that all such Shares will be voted to give effect to and in accordance with the terms of this Agreement and that no such Shares or Share Equivalents will be sold, transferred, disposed of or subject to any pledge, mortgage or other encumbrances except in accordance with the terms of this Agreement, in each case as if they were directly owned and held by such Party.

5.7 Regaining Rights and Obligations. For the avoidance of doubt, it is understood and agreed that, except as otherwise provided in Section 17.4, a Party that has lost its rights and/or obligations under this Agreement by reducing its Shareholding shall regain such rights and/or obligations when its Shareholding increases at a later time while this Agreement remains in effect.

Article 6. Undertakings and Agreements of the Parties

6.1 License of Biogen Intellectual Property. Immediately upon the incorporation of the Company, Biogen shall, and the Parties shall cause the Company to, enter into a license agreement substantially in the form attached hereto as Exhibit B (as amended from time to time by the Parties pursuant to its terms, the “IP License Agreement”).

6.1A Sale and Purchase of Samsung Assets. Immediately upon the incorporation of the Company, Samsung shall cause Samsung Electronics Co., Ltd. to sell to the Company, and the Parties shall cause the Company to purchase from Samsung Electronics Co., Ltd., pursuant to a separate sale and purchase agreement containing terms consistent with this Section 6.1A, the buildings under construction, laboratory equipment, tools and devices, non-clinical programs, cell-lines, assays, regulatory files and other documents, and Intellectual Property that are owned by Samsung and used in or related to its biosimilar pharmaceutical business, as specifically listed in Schedule I (the “**Samsung Assets**”), for the respective purchase prices therefor set forth in Schedule I. In connection with such sale of the Samsung Assets to the Company, Samsung shall take all necessary actions to ensure that Samsung Electronics Co., Ltd. represents to the Company that the Samsung Assets include all Intellectual Property that is (i) owned or licensed from a Third Party by Samsung Electronics Co., Ltd. and (ii) necessary or useful in Samsung Electronics Co., Ltd.’s biopharmaceutical business relating to the Initial Reference Products. Each Party shall exercise (and shall cause each of its Affiliates to exercise) any and all of its voting rights and other authority or control available to it in relation to the Company, including by causing the Directors designated by such Party, to ensure that the Company enters into such sale and purchase agreement with Samsung Electronics Co., Ltd. and purchases the Samsung Assets pursuant thereto.

6.2 Work Conducted by Biogen During the Interim Period. Unless otherwise expressly agreed upon by the Parties in writing, the Parties agree that the internal (based on an FTE rate agreed upon by the Parties) and out-of-pocket costs of any work conducted by employees of Biogen and its Affiliates for the period from the date of this Agreement and until the Closing Date in accordance with the Initial Development Plans or manufacturing work plans agreed upon by the Parties shall be reimbursed by the Company (only if the Company is incorporated pursuant to this Agreement and the Biogen Technology (as defined in the IP License

Agreement) is licensed to the Company pursuant to the IP License Agreement) in full by the later of (i) thirty (30) days following the Company's receipt of an invoice from Biogen therefor and (ii) thirty (30) days following the Company's incorporation. Each Party shall exercise (and shall cause each of its Affiliates to exercise) any and all of its voting rights and other authority or control available to it in relation to the Company, including by causing the Directors designated by such Party, to ensure that the Company pays the amounts described in this Section 6.2.

6.3 Service Agreements. Upon request from the Company following the Closing, Biogen shall enter into one or more service agreements (the "Service Agreement") with the Company for the use of additional experienced employees of Biogen and/or its Affiliates by the Company in connection with the research, development and commercialization of the Products, upon the terms set forth in Exhibit D and such other terms and conditions as are reasonably agreed between Biogen and the Company.

6.4 Provision of Employees by Samsung. Samsung shall assign or otherwise provide, or arrange to be assigned or otherwise provided, to the Company all employees necessary from time to time following the incorporation of the Company for the business and operation of the Company. Schedule VII sets forth an itemized list of the number and job descriptions of the employees to be initially hired by the Company, which list may, subject to the prior consent of Biogen (which consent shall not be unreasonably withheld or delayed), be updated by Samsung prior to the incorporation of the Company.

6.5 Manufacturing of Products. [***]

6.6 Development of Products. The Company shall be responsible for all aspects of research and development for each Product from cell-line development to making regulatory filings and obtaining regulatory approvals and for all costs associated with such research and development, including pre-clinical and clinical manufacturing. The Parties shall cause the Company to use Commercially Reasonable Efforts to pursue the research and development of the Initial Products in accordance with the Initial Development Plans and adhere to the indicative criteria set forth therein when making decisions on the progression or termination of each Initial Product.

6.7 Commercialization. The Company shall have the right to commercialize, distribute and sell the Products worldwide. The Company may (i) commercialize, distribute and sell the Products by utilizing its own sales team and/or (ii) enter into commercialization, distribution and sales agency agreements with Biogen, Samsung and/or other Persons to carry out commercialization, distribution and sales activities relating to the Products on its behalf (the "Commercialization Agreements"). If the Company decides to use an external service provider to commercialize, distribute and sell a Product in a particular country or region, the Parties shall cause the Company to first negotiate in good faith with each of Samsung and Biogen to enter into a Commercialization Agreement for such Product covering such country or region. Notwithstanding the foregoing sentence, the Company shall in no event be

obligated to enter into any Commercialization Agreement with either Party and shall have the ultimate right to decide the Person(s) to carry out commercialization, distribution and sales activities relating to each Product on its behalf in each country and region.

6.8 Services to the Company.

- a. In addition to the services to be provided by Samsung, Biogen and their respective Affiliates pursuant to Sections 6.2, 6.3, 6.5 and 6.7 above, the Company may engage the Parties, any of their respective Affiliates and/or Third Party contractors to provide certain key services for the Company, as determined by the Board from time to time.
- b. All services provided to the Company by Samsung, Biogen and their respective Affiliates, including manufacturing services provided by the Samsung CMO and the Biogen CMO under the Manufacturing Agreements and commercialization services provided by Samsung, Biogen and their respective Affiliates under the Commercialization Agreements, shall be provided on a cost-plus basis where the mark-up shall be based on market terms and rates and meet applicable legal, tax and regulatory requirements concerning transfer pricing; provided that each Party shall use Commercially Reasonable Efforts to provide the most competitive pricing for all services provided to the Company by such Party or any of its Affiliates.
- c. All services provided to the Company by Third Parties (other than Samsung, Biogen and their respective Affiliates) shall be provided pursuant to agreements negotiated on an arm's length basis.

6.9 Services to the Parties. Each Party may engage the Company, any of its respective Affiliates and/or Third Party contractors to provide certain key services for it or its Affiliates from time to time. The Company shall use Commercially Reasonable Efforts to provide the most competitive pricing for all services provided to a Party or its Affiliates by the Company or any of its Affiliates, provided that such pricing shall be at a reasonable fair market value for the services rendered. All services provided to a Party or its Affiliates by the Company or its Affiliates shall be provided pursuant to agreements negotiated on an arm's length basis.

6.10 Regulatory Matters. The Company shall have the right and responsibility to carry out all regulatory matters relating to the Products. The Company may, as determined by the Board, contract with third parties to support (i) interactions with regulatory authorities with respect to the development and commercialization of the Products, including assuming responsibility for face-to-face and telephonic meetings with regulatory authorities, addressing and deciding product labeling issues and/or maintaining regulatory approvals, and (ii) preparation of regulatory filings (including biologic license applications) to be made to regulatory authorities and notification and reporting of adverse events in relation thereto.

6.11 Product Liability. Except as otherwise provided in the IP License Agreement, as between the Company, on the one hand, and the Parties and their respective Affiliates, on the

other, the Company shall be solely responsible for all product and other liability relating to the Products.

Article 7. Board of Directors of the Company

7.1 Authority and Responsibility. Except as otherwise required by mandatory provisions of applicable law or this Agreement, ultimate responsibility for the management, direction and control of the Company shall be vested in the Board; provided that the matters listed in Schedule II hereto shall require approval of the General Meeting of Shareholders of the Company. The Board may delegate authority for the day-to-day management of the Company to the Representative Director in accordance with resolutions duly adopted by the Board and consistent with this Agreement and the Articles of Incorporation.

7.2 Composition of the Board.

- a. The Board shall consist of no less than three (3) but no more than six (6) Directors, with one (1) Director nominated by Biogen and all the other Directors nominated by Samsung; provided, however, (i) that upon Biogen (together with its Affiliates) becoming a Shareholder holding the same number of Shares held by Samsung and its Affiliates less one (1) or two (2) Shares (as applicable) by way of exercising the Biogen Option pursuant to Section 4.1, the Board shall consist of, as determined by the General Meeting of Shareholders, either (A) four (4) Directors, two (2) of whom shall be nominated by Samsung and two (2) of whom shall be nominated by Biogen, or (B) six (6) Directors, three (3) of whom shall be nominated by Samsung and three (3) of whom shall be nominated by Biogen; and (ii) that upon the occurrence of any subsequent change in the Shareholding of either Party after the purchase by Biogen of the Biogen Option Shares, or if the Biogen Option is not exercised within the Biogen Option Period, after the expiration of the Biogen Option Period, each Party shall have the right to nominate the number of Directors that is obtained by multiplying the total number of Directors of the Company by the ratio of its respective Shareholding over the combined Shareholdings of the Parties, provided that any resulting decimal shall be rounded to the nearest whole number.
- b. At least one (1) Director nominated by each Party shall be an officer of such Party or any of its Affiliates who is not otherwise related to the Company. Each Party entitled to nominate one or more Directors shall consult in good faith with the other Party prior to making such nomination, although the final decision to appoint such Director(s) shall ultimately reside with such Party.
- c. Each Party shall have the right to replace any of its nominated Directors at any time for any reason, whether the term of his office has expired or not, without the consent of the other Party; provided, however, that the Party who so replaces its nominated Director shall indemnify the Company for any claims, damages or expenses made or claimed by the replaced Director by reason of such replacement. If a Party gives written notice of such replacement to the other Party, the Parties shall take and cause

to be taken all necessary actions (including causing their respective nominated Directors to hold a meeting of the Board and adopt necessary resolutions) to convene a General Meeting of Shareholders as soon as practicable to elect a replacement Director nominated by the Party who desires to replace its nominated Director.

- d. If the number of Directors that a Party is entitled to nominate is reduced hereunder, such Party shall determine which Director or Directors nominated by it are to be removed and cause such Director or Directors to resign or to be removed forthwith, and shall indemnify and hold the Company harmless against any claims, damages or expenses made or incurred by reason of such resignation or removal. Furthermore, such Party shall exercise its voting rights in favor of the election of the person(s) nominated by the other Party as new Director or Directors, if such other Party is entitled to fill the vacant office(s) of the resigning or removed Director or Directors hereunder.
- e. Each Party shall exercise (and shall cause each of its Affiliates to exercise) its voting rights so that the nominees of the other Party shall be elected as Directors in accordance with this Section 7.2 during the term of this Agreement. In addition, in connection with a General Meeting of Shareholders at which the election of any Directors nominated by either Samsung or Biogen is proposed, Biogen or Samsung, as the case may be, shall exercise (and shall cause each of its Affiliates to exercise) any and all voting rights it may have through proxies or powers of attorney in favor of the election of such Directors; provided, however, that the Parties shall have no obligation to solicit proxies.

7.3 No Cumulative Voting. The Company shall not adopt a cumulative voting system with respect to the election of Directors. The Articles of Incorporation of the Company shall so provide to ensure that the Parties' rights to nominate Directors pursuant to this Article 7 shall be secured.

7.4 Term of Directors. The term of office of a Director shall be three (3) years; provided, however, that if such term expires before the close of the ordinary General Meeting of Shareholders concerning the last fiscal year that ended during the three-year term, it shall be extended until the close of such General Meeting of Shareholders.

7.5 Meetings of the Board.

- a. Meetings of the Board shall be held at least once every fiscal quarter at the head office of the Company unless otherwise determined by the Board as to frequency and/or location. Meetings of the Board may also be convened by the Representative Director at his discretion or at the request of any Director by written notice to the Representative Director.
- b. In convening a meeting of the Board, a written notice (in English and in Korean) stating the agenda, date, time and place of the meeting shall be sent by the

Representative Director to all of the Directors and the Statutory Auditors at least seven (7) days prior to the date of such meeting. Such notice may be given by e-mail or facsimile. Each notice of a meeting of the Board shall be accompanied by a copy of all reports and materials that are necessary or appropriate for prior review and consideration by the Directors of the matters on the agenda. The notice period set forth herein may be shortened or omitted with the written consent of all of the Directors and the Statutory Auditors.

- c. The Representative Director shall preside over each meeting of the Board as chairman. In the event the Representative Director is unable or unwilling to perform such duty with respect to a meeting of the Board, another Director appointed by the Board shall act as chairman of such meeting.
- d. Each meeting of the Board shall be conducted in English. The Company shall provide a Korean-English interpreter and such other support as is necessary to ensure that all participants are able to fully understand and participate in the meeting. Directors may participate in and vote at a meeting of the Board via video conferencing equipment whereby all participants in the meeting can simultaneously see and hear each other or, to the extent permissible under applicable law, via telephone conferencing equipment whereby all participants in the meeting can simultaneously hear each other.
- e. For so long as Biogen has the right to nominate at least one (1) Director under this Agreement, Biogen shall have the right to designate one of its officers or employees to attend all meetings of the Board as a non-Director observer with no voting right and to be given such prior notice of meetings of the Board (together with materials prepared for the Directors for such meetings) as are given to the Directors. As soon as practicable following the designation of each such observer by Biogen, Biogen shall cause the observer to execute and deliver to the Company a confidentiality agreement, in form and substance reasonably satisfactory to the Company, with respect to all information, data and materials relating to the Company or any of its Affiliates that are provided or made available to such observer in his capacity as an observer to the Board.
- f. Minutes of each meeting of the Board shall be prepared both in English and in Korean; provided that in the event of any conflict or discrepancy between the English and Korean versions of such minutes, the English version shall control.
- g. A quorum for a meeting of the Board shall be the presence of a majority of the Directors then in office. All actions and resolutions taken at a meeting of the Board shall be adopted by an affirmative vote of a majority of the Directors present at the meeting. The chairman of the meeting shall have no casting or tie-breaking vote.

7.6 Report to the Board. The following information shall be reported to the Board once each fiscal quarter:

- a. The unaudited financial statements of the Company (prepared in accordance with accounting principles and practices generally accepted in Korea (including the IFRS)) consisting of a balance sheet as of the end of the preceding fiscal quarter and the related statements of income (including earnings per share), shareholders' equity and cash flows for the fiscal quarter then ended, certified by the chief financial officer of the Company; and
- b. A written report comparing actual results for such fiscal quarter to the annual budget and business plan and containing comments on any other significant operational or other developments which may have material impact on the business of the Company.

Article 8. Officers; Management of the Company

8.6 Representative Director. The Company shall have one (1) Representative Director, who shall be elected by a resolution of the Board. The Representative Director shall serve as president and chief executive officer of the Company and shall represent the Company, observe and enforce the matters resolved by the Board and the General Meeting of Shareholders and the provisions of this Agreement and be responsible for the general management of the Company. The term of office of the Representative Director shall be three (3) years; provided, however, that if such term expires before the close of the ordinary General Meeting of Shareholders concerning the last fiscal year that ended during the three-year term, it shall be extended until the close of such General Meeting of Shareholders. The Representative Director shall be nominated and elected as follows:

- a. For so long as Samsung has a Shareholding of at least fifty percent (50%) or the largest Shareholding (including where Samsung is one of the largest Shareholders having the same Shareholding), Samsung shall have the right to nominate one of the Directors nominated by it for election at a meeting of the Board as Representative Director, and Biogen shall procure for its nominated Directors to exercise voting rights so that such nominee of Samsung shall be elected as Representative Director.
- b. In the event that Biogen becomes entitled to nominate a majority of the total number of Directors under this Agreement, Biogen shall have the right to nominate one of the Directors nominated by it for election at a meeting of the Board as Representative Director, and Samsung shall procure for its nominated Directors to exercise voting rights so that such nominee of Biogen shall be elected as Representative Director.
- c. In all other cases (other than the cases falling under Section 8.1(a) or 8.1(b) above), the Representative Director shall be elected in accordance with the Articles of Incorporation and applicable law, with no nomination right exercised by either Party.
- d. The Party entitled to nominate the Representative Director shall consult in good faith with the other Party prior to making such nomination.

e. The provisions of Section 7.2(c) and (d) shall apply to the Representative Director, *mutatis mutandis*; provided that for so long as Biogen has the right to nominate the same number of Directors as Samsung under this Agreement following the exercise by Biogen of the Biogen Option, in the event Samsung decides to replace the Representative Director nominated by it whether his term of office has expired or not, Samsung shall obtain prior written consent from Biogen for any replacement Representative Director to be nominated by Samsung for election at a meeting of the Board, which consent shall not be unreasonably withheld, delayed or conditioned.

8.2 Statutory Auditors. The Company shall have at least one (1) Statutory Auditor. For so long as a Party's Shareholding is no less than thirty percent (30%), it shall have the right to nominate one (1) Statutory Auditor for election at the General Meeting of Shareholders and the other Party shall exercise its voting rights so that the nominee of such Party shall be elected as Statutory Auditor. Initially, the Company shall have one (1) Statutory Auditor who shall be nominated by Samsung. Each Party entitled to nominate a Statutory Auditor shall consult in good faith with the other Party prior to making such nomination. The provisions of Section 7.2(c), (d) and (e) shall apply to the Statutory Auditors, *mutatis mutandis*.

8.3 Other Officers. The Company shall also have a chief financial officer, a chief technology officer (which officers are referred to herein collectively as the "Senior Officers" and individually as a "Senior Officer") and such other officers as may be necessary for the operation of the Company. The Senior Officers shall be appointed and removed by the Board and other officers shall be appointed and removed by the Representative Director.

8.4 Powers and Duties. Subject to the terms of this Agreement and the powers reserved to the Board and to the General Meeting of Shareholders by the Articles of Incorporation and applicable law, the powers and duties of the Representative Director and the Senior Officers shall be determined from time to time by the Board, and the powers and duties of all other officers of the Company (other than the Statutory Auditors) shall be determined from time to time by the Representative Director. The Statutory Auditors shall have the powers and duties prescribed by the Korean Commercial Code.

8.5 Compensation. The maximum aggregate amount of remuneration, bonuses and severance allowances payable to the Directors (including the Representative Director) and the maximum aggregate amount of remuneration, bonuses and severance allowances payable to the Statutory Auditors shall be determined by a resolution of the General Meeting of Shareholders. The power and authority to determine the remuneration and bonuses payable to the Representative Director, each Director and Statutory Auditor shall be delegated by the General Meeting of Shareholders to the Board, and such remuneration and bonuses shall be determined by a resolution of the Board with due consideration given to Samsung Group compensation guidelines. Severance allowances payable to the Directors (including the Representative Director), Statutory Auditors and Senior Officers shall be determined in accordance with the officer severance pay regulations of the Company adopted by the General Meeting of Shareholders. Notwithstanding the foregoing, a Director or Statutory Auditor

performing no executive or officer functions shall receive no compensation from the Company.

8.6 Indemnification of Directors and Officers. To the maximum extent permitted by applicable law, the Company shall indemnify the Representative Director and each Director, Statutory Auditor and other officer against all claims, judgments, liabilities (including liabilities to the Company), damages, expenses and costs (including attorneys' fees and disbursements) for which he has been held liable or which he has incurred in connection with or arising out of the performance of his duties in his official capacity as Representative Director or as a Director, Statutory Auditor or other officer, if such Representative Director, Director, Statutory Auditor or other officer acted in good faith and for a purpose and in a manner that he reasonably believed to be in the best interests of the Company. With respect to all claims, judgments, liabilities (including liabilities to the Company), damages, expenses and costs (including attorneys' fees and disbursements) for which a Representative Director, Director, Statutory Auditor or other officer has been held liable or which he has incurred in connection with or arising out of the performance of his duties in his official capacity as Representative Director or as a Director, Statutory Auditor or other officer but which are not indemnifiable by the Company pursuant to this Section 8.6 and are insurable at commercially reasonable cost, the Company shall obtain and maintain a directors' and officers' liability insurance policy with commercially reasonable coverage.

Article 9. General Meeting of Shareholders

9.6 Authority and Responsibility. The General Meeting of Shareholders shall decide and resolve the matters listed in Schedule II hereto and other matters reserved to the general meeting of shareholders by the Korean Commercial Code and other applicable laws.

9.2 General Meetings of Shareholders.

- a. An ordinary General Meeting of Shareholders shall be held within three (3) months after the close of each fiscal year of the Company. An extraordinary General Meeting of Shareholders may be held at any time pursuant to the resolution of the Board. The Representative Director shall convene each General Meeting of Shareholders in accordance with the resolutions of the Board.
- b. In convening a General Meeting of Shareholders, a written notice (in English and in Korean) stating the agenda, date, time and place of the meeting shall be sent by the Representative Director to all of the Shareholders at least fourteen (14) days prior to the date of such meeting. Each notice of a General Meeting of Shareholders shall be accompanied by a copy of all reports and materials that are necessary or appropriate for prior review and consideration by the Shareholders of the matters on the agenda. The notice period set forth herein may be shortened or omitted with the written consent of all of the Shareholders.

- c. The Representative Director shall preside over each General Meeting of Shareholders as chairman. In the event the Representative Director is unable or unwilling to perform such duty with respect to a General Meeting of Shareholders, another Director or an officer appointed by the Shareholders attending such meeting (by an affirmative vote of a majority of the Shares represented in person or by proxy at such meeting) shall act as chairman of such meeting.
- d. General Meetings of Shareholders shall be conducted in English. The Company shall provide a Korean-English interpreter and such other support as is necessary to ensure that all participants are able to fully understand and participate in the meetings.
- e. Minutes of each General Meeting of Shareholders shall be prepared both in English and in Korean; provided that in the event of any conflict or discrepancy between the English and Korean versions of such minutes, the English version shall control.

9.3 Quorum and Voting Requirements. Except to the extent otherwise required by mandatory provisions of applicable law (such as the matters requiring a special resolution of the general meeting of shareholders under the Korean Commercial Code) or the Articles of Incorporation, any resolution or action at a General Meeting of Shareholders shall require an affirmative vote (whether in person or by proxy) of fifty-two percent (52%) of the total issued and outstanding Shares.

9.4 Prior Consent Requirement. During the Biogen Consent Period, the matters listed in Schedule III hereto shall require the prior consent of Biogen in writing. During the Biogen Consent Period, the Parties shall take necessary actions to ensure that no resolutions are adopted by the General Meeting of Shareholders (or by the Board) with respect to any such matters without the prior written consent of Biogen.

Article 10. Intellectual Property

10.1 Ownership and License of Intellectual Property.

- a. As between the Parties and subject to the terms of the IP License Agreement, each Party shall own any Intellectual Property owned or controlled by such Party as of the Closing Date.
- b. Subject to the terms of the IP License Agreement, (i) any and all inventions and other Intellectual Property that are conceived, discovered, developed or reduced to practice by the Company as a result of or in connection with the research, development, manufacturing, commercialization, distribution or sale of the Products shall vest in and be owned by the Company, and (ii) the Company shall bear all costs of registering, maintaining, protecting and enforcing such Intellectual Property owned by the Company.

- c. Without prejudice to Section 6.5(f) and subject to the terms of the IP License Agreement, the Company may license any of its Intellectual Property to Samsung and/or Biogen upon terms and conditions approved by the Board.

10.2 Ownership of Clinical Data and Trademarks. Subject to the terms of the IP License Agreement, the Company shall own all clinical data and trademarks related to the Products.

10.3 Ownership of Regulatory Filings and Approvals. The Company shall own all regulatory filings and regulatory approvals related to the Products.

10.4 Conflict with Terms of the IP License Agreement. For the avoidance of doubt, in the event of any inconsistency between the terms of this Article 10 and the terms of the IP License Agreement, the terms of the IP License Agreement shall control.

Article 11. Information Rights

11.1 Financial Information. As long as a Party is a Shareholder, the Parties shall cause the Company to furnish such Party with the information and materials set forth in paragraphs (a) through (c) below (in the case of Biogen, together with an English version or translation thereof):

- a. Within thirty (30) days after the end of each fiscal year, draft audited financial statements (including footnotes thereto) consisting of at least a balance sheet as of the end of such fiscal year and the related statements of income (including earnings per share) for the fiscal year then ended, prepared in accordance with accounting principles and practices generally accepted in Korea (including the IFRS) audited by a firm of independent public accountants of recognized standing which is not the accounting firm that serves as the external auditors to either Party;
- b. Within sixty (60) days after the end of each fiscal year, (i) annual management reports and (ii) audited financial statements (including footnotes thereto) consisting of a balance sheet as of the end of such fiscal year and the related statements of income (including earnings per share), shareholders' equity and cash flows for the fiscal year then ended, prepared in accordance with accounting principles and practices generally accepted in Korea (including the IFRS) audited by a firm of independent public accountants of recognized standing which is not the accounting firm that serves as the external auditors to either Party; and
- c. Within thirty (30) days after the end of each fiscal quarter, unaudited financial statements (including footnotes thereto) consisting of a balance sheet as of the end of such fiscal quarter and the related statements of income (including earnings per share), shareholders' equity and cash flows for the fiscal quarter then ended, certified by the chief financial officer of the Company.

11.2 Other Information. As long as a Party is entitled to nominate at least one (1) Director under this Agreement, the Parties shall cause the Company to furnish such Party with such

information and/or materials as may be reasonably requested by such Party to make an informed judgment with respect to the agenda of a meeting of the Board or a General Meeting of Shareholders, as soon as such information and/or materials are available (in the case of Biogen, together with an English version or translation thereof).

11.3 Cooperation. As long as a Party has a Shareholding of five percent (5%) or more, the Parties shall cause the Company to make its financial management personnel available to such Party so that such Party can consult with, and receive information from, such personnel as necessary to comply with any regulatory or governmental requirements, including Securities and Exchange Commission reporting requirements. Furthermore, the Parties agree to, from time to time, amend this Article 11 at either Party's request to allow a Party to receive information of a certain type (and/or at such a time) necessary for such Party to comply with any regulatory or governmental requirements, including Securities and Exchange Commission reporting requirements.

Article 12. Financial Policies

12.1 Fiscal year. The Parties shall cause the fiscal year of the Company to commence on January 1st and end on December 31 of each year; provided, however, that the first fiscal year shall commence on the date of incorporation and end on December 31st of that year.

12.2 Business Plan. The Parties agree that the initial business plan and each subsequent business plan for the Company shall cover the next fiscal year in detail and the next three (3) fiscal years at a high level and that the business plan shall be prepared by the Company's management and submitted to the Board for approval by November 15th of each year.

12.3 Dividend Policy. The Parties shall cause the Company to pay such dividends out of its distributable net earnings as are consistent with its operating and investment plans as approved by the Board. The payment and level of any dividend shall be determined by the Board and approved by the General Meeting of Shareholders. In determining the amount of dividends to be distributed for each fiscal year, the Board shall take into account the debt-to-equity ratio of the Company and the financial operating needs of the Company.

Article 13. Restrictions on Transfer of Shares

13.1 Prohibition of Transfer of or Creation of Encumbrance over Shares. Unless otherwise agreed by the Parties in writing, during the period from the Closing Date until (and including) the later of (i) the sixth (6th) anniversary of the date of incorporation of the Company and (ii) the date on which the Samsung Option Period expires (the "Restricted Period"), neither Party shall sell, transfer, pledge, mortgage or encumber, or agree to sell, transfer, pledge, mortgage or encumber, or otherwise dispose of any Shares or any interest in the Shares owned by such Party, except in accordance with Article 4 or Section 13.2. Any sale, transfer, pledge, mortgage, encumbrance or disposition made or created in breach of this Section 13.1 shall be null and void *ab initio*.

13.2 Transfer to Affiliates. Notwithstanding Section 13.1:

- a. Biogen may at any time transfer any or all of its Shares to any of its Affiliates; and
- b. Samsung may at any time transfer any or all of its Shares to any of its Affiliates;

provided that the transferring Party shall notify the other Party of its intention to do so by not less than thirty (30) days prior written notice; provided further that such transfer to an Affiliate shall be subject to the following conditions: (i) if the Affiliate to which the transferring Party has transferred any of its Shares pursuant to this Section 13.2 ceases to be an Affiliate of the transferring Party at any time after such transfer, the transferring Party shall procure that all such Shares are transferred back to the transferring Party or to another Affiliate of the transferring Party prior to the date of such cessation; (ii) the transferring Party shall remain jointly and severally liable together with such Affiliate transferee under this Agreement as if the transferring Party had not transferred any of its Shares to such Affiliate transferee; and (iii) such Affiliate shall not be a Person conducting or engaged in, or intending to conduct or engage in, any business that directly or indirectly relates to the development, commercialization, distribution and/or sale of any Biosimilar Pharmaceutical Product(s) based upon an Initial Reference Product or an Additional Reference Product.

13.3 [***]

13.4 Creation of Encumbrances on Shares. Following the expiration of the Restricted Period, in the event a Party desires to pledge, mortgage or otherwise encumber any of the Shares that it owns, such Party shall, prior to the creation of such pledge, mortgage or encumbrance, procure for the relevant security interest holder to provide a written undertaking to the other Party, in form and substance reasonably satisfactory to such other Party, that the provisions of Sections 13.3 and 13.5 shall apply to any foreclosure of the relevant security interest as if the security interest holder were the Party that has provided such security interest.

13.5 [***]

13.6 [Intentionally left blank]

13.7 [***]

13.8 [***].

Article 14. Confidentiality of Information

14.1 Confidentiality. Each Party (the “Receiving Party”) agrees to keep in strict confidence (i) the terms and conditions of this Agreement, (ii) all background technology, trade secrets and other information and materials (including all tangible and intangible embodiments thereof) that the other Party (the “Disclosing Party”) provides, communicates or otherwise

makes available to the Receiving Party and/or the Company and (iii) any non-public information obtained from the Disclosing Party or the Company in connection with or pursuant to this Agreement or the transactions contemplated hereby (collectively, “Confidential Information”) and to protect the Confidential Information with the same degree of care normally used to protect its own confidential information of a similar nature. The Receiving Party shall not disclose or allow disclosure of any Confidential Information to any third party and shall not use any Confidential Information in any manner, except, in each case, for the purposes of implementing and enforcing this Agreement, without the prior written consent of the Disclosing Party.

14.2 Exceptions. The restrictions set forth in Section 14.1 shall not apply to any Confidential Information:

- a. which is or becomes generally available to the public through no fault on the part of the Receiving Party;
- b. which is lawfully in the possession of the Receiving Party prior to the disclosure of such information by or on behalf of the Disclosing Party or the Company, as reasonably evidenced by appropriate documentation;
- c. which lawfully becomes available to the Receiving Party from a source other than the Disclosing Party and the Company without any duty as to confidentiality or non-use;
- d. which is independently developed or otherwise created by the Receiving Party without the use of any Confidential Information of the Disclosing Party, as reasonably evidenced by appropriate documentation; or
- e. which is required to be disclosed or provided to any court, government or regulatory body of competent jurisdiction (including any relevant securities exchange) (i) pursuant to any law, rule, regulation, judgment, decree or order or (ii) as necessary to make regulatory filings and communications related to any Products; provided, however, that (x) any such information discloseable pursuant to this Section 14.2(e) shall be disclosed only to the extent required by applicable law, rule, regulation, judgment, decree or order; (y) except with respect to required disclosure to tax authorities, the Party seeking to disclose or provide such information shall give the other Party prompt written notice of such requirement and fully cooperate with the other Party so that the other Party and/or the Company (as the case may be) may obtain reasonable assurances that confidential treatment will be accorded to such information; and (z) without limiting the generality of the foregoing, the Parties shall use Commercially Reasonable Efforts to ensure that the list of the Initial Products is redacted from any copy of this Agreement required to be filed with any government or regulatory body.

14.3 Measures to Keep Confidentiality. Each Party agrees that, prior to giving access to any Confidential Information to any of its Affiliates or any of its or such Affiliates’ respective

directors, officers, employees, advisors, consultants and agents pursuant to the exception provided in the second sentence of Section 14.1, it shall require each such Person to agree to be bound by all obligations of confidentiality and non-use under this Article 14, and shall take all reasonable steps and measures to ensure that each such Person will comply with and perform such obligations, in each case to the same extent as if they were direct parties to this Agreement.

14.4 Publicity. The Parties agree to coordinate all publicity with respect to their relationships and plans as Shareholders of the Company. The Parties shall consult with each other before issuing any press release or making any other public announcement with respect to this Agreement, the IP License Agreement, the transactions contemplated hereby or thereby or the business, operations or activities of the Company and, except as required by any court, government or regulatory body of competent jurisdiction (including any relevant securities exchange) or by any law, rule, regulation, judgment, decree or order, neither Party shall make any press release or other public announcement with respect to this Agreement, the IP License Agreement, the transactions contemplated hereby or thereby or the business, operations or activities of the Company without the prior written consent of the other Party, which consent shall not be unreasonably withheld, delayed or conditioned.

14.5 Survival of Obligations. The obligations undertaken by the Parties under this Article 14 (other than Section 14.4) shall survive the termination of this Agreement for any reason and shall remain in effect and be binding on the Parties for a period of ten (10) years after the termination of this Agreement; provided that to the extent any Confidential Information constitutes a trade secret, as defined in the U.S. Uniform Trade Secrets Act or the Korean Unfair Competition Prevention and Trade Secrets Protection Act, where applicable, then the Receiving Party shall keep such trade secret confidential until such time as the Confidential Information no longer qualifies as a trade secret under the applicable law.

Article 15. Non-Competition

15.1 Additional Products.

- a. For the period of [***] years after the date of this Agreement, which may be extended by mutual agreement between the Parties, neither Party shall, directly or indirectly (including through any of its Affiliates), develop, manufacture, commercialize, distribute or sell any Biosimilar Pharmaceutical Product (other than Biosimilar Pharmaceutical Products that reference any Biogen Reserved Products) anywhere in the world without first offering such Biosimilar Pharmaceutical Product to the Company for consideration as an Additional Product; provided, however, that neither Party shall be required to offer to the Company, and nothing in this Agreement shall prohibit a Party or any of its Affiliates from developing, manufacturing, commercializing, distributing or selling, any Private Label Product version of an innovator product being marketed by such Party or its Affiliates.

- b. In the event the Company accepts the above offer within thirty (30) days after receipt thereof, the Parties shall negotiate in good faith to determine the terms and conditions governing the development, manufacturing, commercialization, distribution and sale of such Biosimilar Pharmaceutical Product using the terms and conditions set forth in this Agreement for the Initial Products as the basis for such negotiation. Upon the Parties reaching agreement on the terms and conditions governing the development, manufacturing, commercialization, distribution and sale of such Biosimilar Pharmaceutical Product, such Biosimilar Pharmaceutical Product shall be added to the business of the Company as an Additional Product under this Agreement.
- c. In the event the Company fails to accept the above offer within thirty (30) days after receipt thereof or the Parties fail to reach agreement on the terms and conditions governing the development, manufacturing, commercialization, distribution and sale of such Biosimilar Pharmaceutical Product within ninety (90) days after the acceptance of such offer by the Company, the Party offering such Biosimilar Pharmaceutical Product to the Company shall have the right to develop, manufacture, commercialize, distribute and/or sell such Biosimilar Pharmaceutical Product outside of the Joint Venture, without any further obligations or compensation to the non-offering Party or the Company.

15.2 Non-Competition.

- a. During the term of this Agreement, without the prior written consent of the other Party, neither Party shall, directly or indirectly (including through any of its Affiliates), develop, manufacture, commercialize, distribute and/or sell any alternative Biosimilar Pharmaceutical Product(s) that references any of the Reference Products anywhere in the world, except through the Company; provided, however, that the provisions of this Section 15.2(a) shall not apply to (x) in the case of an acquisition (by way of a merger or consolidation or purchase of shares or assets) of a Party (or a Controlling Affiliate thereof) by a Third Party pursuant to a Change of Control (which term, in respect of Biogen, shall, for the purpose of this Section 15.2(a), also include any transaction that results in such Third Party and/or any Affiliate thereof Controlling Biogen Idec Inc. or, in the case of one or more corporate restructurings or reorganizations referred to in the definition of "Change of Control," the Person that has become the ultimate parent company of Biogen upon the consummation of such corporate restructurings or reorganizations), any Biosimilar Pharmaceutical Product(s) that references any of the Reference Products which Biosimilar Pharmaceutical Product(s) was Controlled (as defined in the IP License Agreement) by such Third Party or any of its Affiliates immediately prior to such acquisition (a "Third Party Biosimilar") so long as no Biogen Technology, Joint Technology or Licensee Technology (as those terms are defined in the IP License Agreement) is used during the term of this Agreement in connection with the development, manufacture, commercialization, distribution and/or sale of such Third Party Biosimilar (an "Exempted Program"), or (y) in the case of an acquisition (by way of a merger, consolidation or purchase of shares or assets) by a Party or any of its Affiliates of a

Third Party that directly or indirectly Controls (as defined in the IP License Agreement) any Biosimilar Pharmaceutical Product(s) that references any of the Reference Products outside of an Exempted Program (an “Acquired TP Biosimilar”), such Acquired TP Biosimilar so long as it is either divested or discontinued entirely within one (1) year after such acquisition.

In the event a Party (or a Controlling Affiliate thereof) is acquired pursuant to a Change of Control and the acquiring Third Party or any of its Affiliates Controls (as defined in the IP License Agreement) a Third Party Biosimilar (as set forth in clause (x) of the foregoing paragraph) (such acquisition being hereinafter referred to as the “CoC Acquisition”), such acquired Party (the “Responsible Party”) shall give written notice thereof to the other Party (the “Non-Responsible Party”), as soon as practicable following the earlier of the announcement or consummation of the CoC Acquisition and the Non-Responsible Party shall have the option (which option may be exercised by written notice to the Responsible Party within six (6) months after its receipt of the foregoing notice) to have the Fair Market Value of the Shares held by the Responsible Party and its Affiliates determined as soon as practicable. If the Non-Responsible Party elects to have such Fair Market Value determined, the Responsible Party shall render such cooperation as may be necessary for the appraiser appointed by the Non-Responsible Party to determine the Fair Market Value and shall bear all costs and expenses associated with the determination of such Fair Market Value. Once such Fair Market Value has been determined and notified to the Non-Responsible Party and the Responsible Party in writing, the Non-Responsible Party shall have the option (which option may be exercised by written notice to the Responsible Party within ninety (90) days after receipt by the Parties of written notice of such Fair Market Value) to purchase or have a Person designated by it purchase all (but not less than all) of the Shares of the Responsible Party and its Affiliates at the Fair Market Value so determined (or if the CoC Acquisition occurs within one (1) year after the date of incorporation of the Company, at 75% of the Fair Market Value so determined). The provisions of Section 17.6 shall apply to the sale and purchase of the Shares held by the Responsible Party and its Affiliates under this Section 15.2(a), *mutatis mutandis*, as if the Responsible Party were the Non-Terminating Party and the Non-Responsible Party were the Terminating Party.

In the event the CoC Acquisition occurs, in addition to (and without prejudice to) the foregoing option to purchase the Shares held by the Responsible Party and its Affiliates, the Non-Responsible Party shall (notwithstanding Sections 6.3 and 6.5 of this Agreement) have the right (but not the obligation), at any time within six (6) months after the consummation of the CoC Acquisition, to cause the Company to terminate any or all of the Manufacturing Agreements and/or Service Agreement between the Company and the Responsible Party (and/or one or more of its Affiliates). If the Non-Responsible Party exercises the foregoing right, the Parties shall take all necessary actions to cause such Manufacturing Agreement(s) and/or Service Agreement to be terminated as soon as practicable thereafter. Upon termination of such Manufacturing Agreement(s), the Responsible Party shall, upon demand from the

Non-Responsible Party, reimburse the Company for any incremental technology transfer costs or expenses incurred by the Company in connection with the substitution of CMO(s) resulting from such termination.

If a Party fails to divest or discontinue any Acquired TP Biosimilar entirely within one (1) year after acquisition (as required under clause (y) in the first paragraph of this Section 15.2(a)), such failure shall be deemed to constitute a material breach of such Party under this Agreement as set forth in Section 17.2(b) or 17.3(b), as the case may be.

For the avoidance of doubt, nothing in this Agreement shall in any way restrict (i) Samsung in its ability to engage in the CMO business, even if such CMO business relates to or involves the manufacturing of Biosimilar Pharmaceutical Products that reference any of the Reference Products, or (ii) Biogen Idec MA Inc. (or its designated Affiliate) in its ability to engage in the CMO business, even if such CMO business relates to or involves the manufacturing of Biosimilar Pharmaceutical Products that reference any of the Reference Products. For the purpose of the preceding sentence, the “CMO business” described in clause (i) and clause (ii) of this Section 15.2(a) (x) shall include process development services which are related or incidental to the contract manufacturing of any Biosimilar Pharmaceutical Product that references a Reference Product and for which fees are charged on a time and material basis without any license fee or royalty element and (y) shall not include any other cell line or process development activities related to any Biosimilar Pharmaceutical Product that references a Reference Product.

- b. During the term of this Agreement, neither Party shall, directly or indirectly (including through any of its Affiliates), exercise its voting rights or other authority or power available to it in relation to the Company, including by causing the Director(s) designated by such Party, to allow the Company to develop, manufacture, commercialize, distribute and/or sell a Biogen Reserved Product or any Biosimilar Pharmaceutical Product(s) that references a Biogen Reserved Product anywhere in the world.
- c. Notwithstanding anything in this Agreement to the contrary, Sections 15.1 and 15.2 shall terminate and have no further force and effect in the event that either Party and its Affiliates are no longer Shareholders of the Company.

Article 16. Representations and Warranties of the Parties

Each Party represents and warrants to the other Party as of the date of this Agreement and as of the Closing Date (as though such representations and warranties were made at and as of the Closing Date) as follows:

16.1 Corporate Existence and Authority. It is a company duly organized and validly existing under the laws of its jurisdiction of incorporation. It has all requisite corporate or

other applicable power and authority to enter into and perform its obligations under this Agreement.

16.2 Governmental Approvals. Other than (i) the Antitrust Approvals, (ii) a foreign investment report required to be filed by Biogen with a foreign exchange bank in Korea (pursuant to the Korean Foreign Investment Promotion Act), (iii) a derivative transaction report required to be filed by Samsung or Biogen with the Bank of Korea in respect of the Biogen Option, the Samsung Option, the Non-Responsible Party's option set forth in Section 15.2(a) and the Terminating Party's option set forth in Section 17.5 (pursuant to the Korean Foreign Exchange Transaction Act) and (iv) a guarantee report required to be filed by Samsung Parent with the Bank of Korea in respect of the Samsung Parent Guarantee to be provided under this Agreement (pursuant to the Korean Foreign Exchange Transaction Act), all consents, permits, licenses, approvals and authorizations of, and registrations, declarations and other filings with, any governmental agency, official or authority required in connection with the execution, delivery and performance of this Agreement by such Party (to the extent such consents, permits, licenses, approvals, authorizations, registrations, declarations and filings are required to be obtained or made prior to the Closing under applicable law) have been duly obtained or made and are in full force and effect.

16.3 Due Authorization and Execution. Its execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action on its part. This Agreement has been duly and validly executed and delivered by it and, assuming due and valid authorization, execution and delivery of this Agreement by the other Party, constitutes legally binding obligations enforceable against it in accordance with the terms of this Agreement, except as the enforceability hereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and equitable principles of general application.

16.4 No Violation. Its execution, delivery and performance of this Agreement do not and will not violate, breach or conflict with (i) its organizational documents, (ii) any law, rule, regulation, judgment, order or decree applicable to it or (iii) any agreement or instrument by which it is bound or to which any of its assets or properties are subject.

16.5 No Litigation. There is no suit, action or other legal proceeding pending or, to the best of its knowledge, threatened against it, which could reasonably be expected to have a material adverse effect on its ability to enter into and perform its obligations under this Agreement.

Article 17. Term and Termination

17.1 Term of Agreement. The term of this Agreement shall begin upon the execution hereof by the Parties and shall continue for an indefinite period thereafter until (i) the Company is dissolved and liquidated or (ii) this Agreement is sooner terminated by the mutual agreement of the Parties or pursuant to the provisions of this Article 17.

17.2 Termination by Biogen. Biogen may terminate this Agreement upon written notice to Samsung if and only if:

- a. The Closing does not occur by March 31, 2012; provided, however, that Biogen may terminate this Agreement pursuant to this Section 17.2(a) only if the Closing has not occurred by such date for a reason other than Biogen's failure to fulfill any of its obligations under this Agreement, which failure has been the cause of or has resulted in the failure of the Closing to occur on or before such date;
- b. Samsung commits a material breach of any of its representations, warranties, covenants or obligations under this Agreement and fails to cure such breach within thirty (30) days after receipt of written notice from Biogen specifying the particulars of such breach and requiring such breach to be remedied; or
- c. Samsung, any of its creditors or any other eligible party files or commences a proceeding for the liquidation, bankruptcy, receivership, reorganization, rehabilitation, composition or dissolution of Samsung (and, in the case of any such proceeding brought against Samsung, such proceeding has not been stayed or dismissed within ninety (90) days after the filing thereof), or Samsung is unable to pay or has suspended payment of its debts generally as they become due (except debts being contested in good faith), or the creditors of Samsung have taken over its management, or the relevant financial institutions have suspended the clearing house privileges of Samsung.

17.3 Termination by Samsung. Samsung may terminate this Agreement upon notice to Biogen if and only if:

- a. The Closing does not occur by March 31, 2012; provided, however, that Samsung may terminate this Agreement pursuant to this Section 17.3(a) only if the Closing has not occurred by such date for a reason other than Samsung's failure to fulfill any of its obligations under this Agreement, which failure has been the cause of or has resulted in the failure of the Closing to occur on or before such date;
- b. Biogen commits a material breach of any of its representations, warranties, covenants or obligations under this Agreement and fails to cure such breach within thirty (30) days after receipt of written notice from Samsung specifying the particulars of such breach and requiring such breach to be remedied; or
- c. Biogen, any of its creditors or any other eligible party files or commences a proceeding for the liquidation, bankruptcy, receivership, reorganization, rehabilitation, composition or dissolution of Biogen (and, in the case of any such proceeding brought against Biogen, such proceeding has not been stayed or dismissed within ninety (90) days after the filing thereof), or Biogen is unable to pay or has suspended payment of its debts generally as they become due (except debts being contested in good faith), or

the creditors of Biogen have taken over its management, or the relevant financial institutions have suspended the clearing house privileges of Biogen.

17.4 Termination upon Transfer of All Shares. If either Party (together with its Affiliates) has sold, transferred or otherwise disposed of all of its Shares and no longer owns any Shares, this Agreement shall be automatically terminated and shall be of no further force or effect thereafter.

17.5 [***]

17.6 [***]

17.7 Other Remedies. Nothing in this Article 17 shall prevent a Party from enforcing any rights or remedies that may be available to it under the other provisions of this Agreement or under applicable law. The termination of this Agreement for any reason shall be without prejudice to (i) any such rights or remedies and (ii) any rights or obligations that have accrued or arisen prior to the effective date of such termination.

17.8 Survival of Provisions. The provisions of Article 14, Article 17, Article 18, Article 19 and Article 20 shall survive the termination of this Agreement for any reason.

Article 18. Governing Law and Dispute Resolution

18.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of Korea without giving effect to the conflict of laws rules thereof.

18.2 Dispute Resolution.

- a. Any dispute or controversy which may arise out of or in connection to this Agreement shall be submitted to the International Chamber of Commerce (the "ICC") for resolution by arbitration before three arbitrators (such arbitrators, collectively, the "Arbitral Tribunal") under the Arbitration Rules of the ICC in effect as of the date of commencement of the arbitration proceeding (the "Arbitration Rules"), as modified by this Section 18.2. Except as expressly limited by Section 18.2(g), the arbitrators shall have the authority to grant any equitable and legal remedies that would be available in any judicial proceeding instituted to resolve a disputed matter under the substantive laws of Korea.
- b. The number of arbitrators shall be three (3), who shall be selected as follows: each of Biogen, on the one hand, and Samsung on the other hand, shall nominate one (1) arbitrator, in the Request for Arbitration and in the Answer (as the case may be), and those Party-nominated arbitrators shall unanimously nominate the third arbitrator (who will act as president of the Arbitral Tribunal, referred to in this Section 18.2 as the "President Arbitrator") within ten (10) Business Days of the appointment of the last Party-nominated arbitrator. If the Party-nominated arbitrators are unable to agree upon

the nomination of the President Arbitrator within ten (10) Business Days of the nomination of the last Party-nominated arbitrator, such President Arbitrator shall be appointed by the ICC within ten (10) Business Days thereafter.

- c. The place of arbitration shall be London, United Kingdom at a suitable venue to be agreed by the Parties and arbitrators within twenty (20) Business Days of the nomination or appointment of the President Arbitrator. The proceedings shall be conducted in the English language.
- d. The decision and award of the Arbitral Tribunal shall be made by majority decision and shall be final, nonappealable and binding on the Parties hereto and their successors and assigns. The arbitral award shall be accompanied by a reasoned opinion.
- e. The arbitral award may include both pre-and post-award interest, at a rate to be determined by the Arbitral Tribunal.
- f. The Arbitral Tribunal shall be empowered to award damages only to the extent of actual damages suffered, and only to the extent consistent with this Agreement.
- g. The Arbitral Tribunal's final award shall be rendered within the six (6)-month period specified in Article 24(1) of the Arbitration Rules, and any extension thereof pursuant to Article 24(2) of the Arbitration Rules shall not exceed an additional three (3) months. Notwithstanding any provision of the Arbitration Rules: (i) each Party shall be permitted to serve up to ten (10) interrogatories, to take up to five (5) depositions of the other Party, and to obtain production of documents pursuant to Article 3 of the International Bar Association Rules on the Taking of Evidence in International Arbitration as current on the date of this Agreement (the "IBA Rules"), and to exchange exhibits and information as provided for in the Arbitration Rules, all of the foregoing on dates and locations to be mutually agreed upon (or, failing such agreement, as the President Arbitrator shall select after hearing from the Parties); (ii) any documents not in English that are produced by a Party shall be accompanied by a translation into English, which translation shall not be binding upon the other Party or the arbitrators; (iii) each Party covenants and agrees that it shall produce documents, information, and deposition and hearing witnesses, as required by this Section 18.2 and as otherwise required by the Arbitration Rules; and (iv) without limiting Article 3.9 or 3.10 of the IBA Rules, subpoenas to non-Parties, for production of documents and/or for testimony, shall be issued at the request of a Party, up to ten (10) subpoenas per Party. The Parties will make their respective employees available for depositions and hearing testimony as reasonably requested by the other Party. Judgment on the arbitral award may be entered in any court having jurisdiction thereof.
- h. Except as required by applicable law or as necessary for recognition and enforcement of the arbitral decision and award, neither a Party nor an arbitrator may disclose the existence, content or results of any arbitration hereunder without the prior written

consent of the Parties. Any documents submitted to the arbitrators shall be kept confidential and shall not be disclosed, except that any such documents may be disclosed (i) as reasonably necessary in connection with any action to enforce or collect the award or (ii) to the extent discoverable or admissible in any action arising out of or in connection with this Agreement.

- i. Notwithstanding this Section 18.2, each Party may apply to any court having competent jurisdiction (a) to enforce the arbitration provisions of this Agreement, or (b) to seek provisional injunctive relief so as to maintain the status quo (including, but not limited to, maintaining the confidentiality of any arbitration proceedings and non-public information) until the final arbitration award is rendered and is finally judicially confirmed if challenged judicially, or the dispute is otherwise resolved.

Article 19. Notice

19.1 Notices. Any communication (including any notice, consent, approval, request, demand or response) required or permitted to be given under this Agreement (i) shall be in writing and in the English language, (ii) shall be given by registered airmail, hand delivery, prepaid express air courier or facsimile transmission (with a confirmation of transmission) to the addresses written below and (iii) shall be effective upon deemed receipt in accordance with Section 19.3 below:

If to Samsung:

Samsung BioLogics Co., Ltd.
27th Floor, Samsung Electronics Building
1320-10 Seocho 2-dong, Seocho-gu
Seoul 137-857, Korea
Attention: [***]
Facsimile: [***]

If to Biogen:

Biogen Idec Therapeutics Inc.
14 Cambridge Center
Cambridge, Massachusetts 02142
U.S.A.
Attention: [***]
Facsimile: [***]

19.2 Change of Address for Notice. Each Party may amend its address and facsimile number set forth above by giving written notice to the other Party in accordance with the provisions of this Article 19.

19.3 Effective Date of Notice. Any communication under this Article 19 shall be deemed to have been received by the addressee: (i) if by registered airmail, hand delivery or prepaid express air courier, on the date of delivery; or (ii) if by facsimile transmission, on the date of transmission as indicated on the confirmation of transmission or on the next Business Day if the date of transmission is not a Business Day; provided, however, that if a facsimile transmission is made after 5:00 p.m. in the country of the recipient according to the confirmation of transmission, it shall be deemed to have been received on the immediately following Business Day.

Article 20. Miscellaneous Provisions

20.1 Parent Guarantee.

- a. Biogen Parent shall guarantee and remain liable for any and all payment obligations of Biogen under or arising out of this Agreement and the IP License Agreement pursuant to the terms of a corporate guarantee in form and substance reasonably acceptable to Samsung (the “Biogen Parent Guarantee”). At or prior to Closing, Biogen shall cause Biogen Parent to duly execute and deliver to Samsung the Biogen Parent Guarantee.
- b. Samsung Parent shall guarantee and remain liable (if Samsung determines that Samsung Parent shall be collectively Samsung Electronics Co., Ltd., Samsung Everland, Inc. and Samsung C&T Corporation, (i) on a several (and not joint) basis and (ii) in proportion to their shareholdings in Samsung relative to one another as of the Closing Date) for any and all payment obligations of Samsung under or arising out of this Agreement pursuant to the terms of a corporate guarantee in form and substance reasonably acceptable to Biogen (the “**Samsung Parent Guarantee**”). At or prior to Closing, Samsung shall cause Samsung Parent to duly execute and deliver to Biogen the Samsung Parent Guarantee.

20.2 Assignability; Change of Control. This Agreement and each and every covenant, term and condition hereof shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Except as provided in Sections 13.2, 13.3 and 13.5, neither this Agreement nor any rights or obligations hereunder may be assigned, delegated or transferred, directly or indirectly, by a Party to any Third Party without the prior written consent of the other Party; provided, however, that each Party shall have the right to assign this Agreement and all of its rights and obligations hereunder to one (but not more than one) of its Affiliates prior to the Closing; provided further (a) that the assigning Party shall give advance notice of such assignment to other Party in writing; and (b) the assigning Party shall remain liable to the other Party, on a joint and several basis with the assignee, for full performance of its obligations and covenants under this Agreement. A Change of Control of either Party shall require the prior written consent of the other Party, which consent shall not be unreasonably withheld or delayed.

20.3 Company Tagline. The Company may, with the prior written consent of Biogen (which consent shall not be unreasonably withheld or delayed), use a tagline “a Samsung-

Biogen Idec joint venture” or words of similar import in conjunction with the Company’s official name in the Company’s corporate communications (excluding labeling, packaging and other materials that are made part of a regulatory submission or are otherwise subject to regulatory approval, for which use of any such tagline is prohibited).

20.4 Entire Agreement. This Agreement embodies the entire agreement of the Parties with respect to the subject matter hereof and supersedes and cancels any and all prior understandings or agreements, oral or written, in relation hereto, which may exist between the Parties. No oral explanation or oral information provided by either Party shall alter the meaning or interpretation of this Agreement.

20.5 Taxes. Except as set forth in Section 4.7, each Party shall be solely responsible for the payment of any taxes assessed by any governmental authority on such Party in connection with or arising out of this Agreement or the transactions contemplated hereby. For the avoidance of doubt, Biogen acknowledges that Samsung is obligated to, and will, withhold from the purchase price payable to Biogen for the Samsung Option Shares or any other Shares sold by Biogen or any of its Affiliates to Samsung any taxes levied or payable in Korea under the applicable tax treaty (if any) and Korean laws, rules and regulations. Samsung shall reasonably assist and cooperate with Biogen in its efforts to obtain the relevant tax credit in its jurisdiction, including providing Biogen with the receipts of such tax payments by Samsung and other information and documents reasonably requested by Biogen.

20.6 Costs and Expenses. Any costs or expenses (including fees and disbursements of legal counsel and other professional advisors) incurred in connection with this Agreement or the transactions contemplated hereby shall be borne by the Party who incurs such costs or expenses.

20.7 Amendment. No amendment or change hereof or addition hereto shall be effective or binding on the Parties unless reduced to writing and executed by the duly authorized representative of each Party.

20.8 Unenforceable Terms. If any of the provisions of this Agreement is held invalid or unenforceable under the applicable law of any jurisdiction, the remaining provisions of this Agreement shall not be affected thereby, and such invalidity or unenforceability shall not invalidate or render unenforceable that provision in any other jurisdiction. In such event, the Parties agree that the provisions of this Agreement shall be modified and reformed so as to give effect to the original intent of the Parties as closely as possible with respect to the provision that has been held invalid or unenforceable.

20.9 Non-Waiver. The failure or delay of a Party to require performance by the other Party of any provision of, or any obligation under, this Agreement shall not constitute a waiver thereof, nor shall such failure or delay affect that Party’s right to require performance of such or any other provision or obligation at a later time.

20.10 Further Assurances. Each Party shall, at the request and cost of the other Party, execute or procure the execution of such documents and do or procure the doing of such other acts and things as such other Party may reasonably request for the purpose of giving effect to the terms of this Agreement or giving such other Party the full benefit of the provisions of this Agreement.

20.11 Default Interest. Any sum payable by either Party to the other Party hereunder that is not paid when due shall bear default interest at the rate of ten percent (10%) per annum from the due date until the date on which payment of such sum is made in full.

20.12 Disclaimer of Agency. This Agreement shall not be deemed to constitute either Party the agent of the other Party.

20.13 Language. This Agreement is executed in the English language, which version shall prevail over any translation thereof.

20.14 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument, it being understood that the Parties need not sign the same counterpart. Facsimile or portable document format (e.g., .pdf) execution and delivery of this Agreement by either Party constitutes a legal, valid and binding execution and delivery of this Agreement by such Party.

20.15 Headings. Headings of Articles and Sections in this Agreement have been inserted for convenience of reference only and are not to be used in construing or interpreting this Agreement.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their duly authorized representatives as of the date first written above.

Samsung BioLogics Co., Ltd.

By: _____ /s/ Tae Han Kim

Name: Tae Han Kim

Title: Representative Director

Biogen Idec Therapeutics Inc.

By: _____ /s/ George Scangos

Name: George Scangos

Title: Chief Executive Officer

EXHIBIT A

Form of the Articles of Incorporation

ARTICLES OF INCORPORATION
OF
[*] CO., LTD.

**ARTICLES OF INCORPORATION
OF
[*] CO., LTD.**

**CHAPTER I.
GENERAL PROVISIONS**

Article 1. Corporate Name

The name of this company (“Company”) shall be called “[*] CHUSHIK HOESA”, which shall be written in English as “[*] CO., LTD.”

Article 2. Objectives

The business objectives of the Company shall be as follows:

- (a) To develop, manufacture, commercialize, distribute and sell biosimilar pharmaceutical products; and
- (b) To engage in any and all acts, things, businesses and activities that are related, incidental or conducive, directly or indirectly, to the attainment of the foregoing objective.

Article 3. Head Office and Branch Offices

The Company shall have its head office in [*], Republic of Korea. The Company may establish its branch offices at such places as may be required in accordance with a resolution of the Board of Directors.

Article 4. Public Notices

Public notices of the Company shall be given on the Company’s website ([http://www.\[*\]](http://www.[*])); provided, however, that if a public notice cannot be given on such website due to a telecommunication problem or for any other unavoidable reason, it shall be published in the “Joongang Daily Newspaper,” a daily newspaper of general circulation published in the Special City of Seoul.

Article 5. Existence

The existence of the Company shall be perpetual.

**CHAPTER II.
CAPITAL AND SHARES**

Article 6. Authorized Shares

The total number of shares that the Company is authorized to issue shall be 13,000,000.

Article 7. Issued Shares

The total number of shares to be issued at the time of incorporation of the Company shall be 3,294,000.

Article 8. Class and Par Value of Shares

All shares issued by the Company shall be common shares in non-bearer form and shall have a par value of Five Thousand Won (KRW5,000) per share.

Article 9. Share Certificates

Share certificates of the Company shall be numbered, shall set forth the number of shares represented thereby and the holder's name, and shall be entered in the Register of Shareholders of the Company when they are issued. Share certificates shall be issued in such denominations as prescribed by the Board of Directors.

Article 10. Pre-emptive Rights

1. The shareholders shall have pre-emptive rights to subscribe for shares newly issued by the Company.
2. Notwithstanding the provisions of Paragraph 1, the Company may allocate and issue new shares to certain existing shareholders or persons other than the existing shareholders by a resolution of the general meeting of shareholders in accordance with Chapter III, in any of the following cases:
 - a. Where the Company issues new shares preferentially to the members of its employee stock ownership association;
 - b. Where the Company issues new shares to achieve its management purposes, such as introducing new technology, improving its financial structure, forming a strategic alliance, etc.;
 - c. Where the Company issues new shares to a foreign investor to induce foreign investment or to a foreign investor who is in strategic alliance with the Company; and
 - d. Where the Company issues new shares through a public offering or engages an underwriter to underwrite new shares for the purpose of listing the shares of the Company on the Stock Market or KOSDAQ Market of the Korea Exchange.
3. If the Company issues new shares in any of the circumstances specified in Paragraph 2 above, the class, number and issue price of the shares to be newly issued shall be determined by resolutions of the general meeting of shareholders.

4. If any shareholder waives or fails to exercise its pre-emptive subscription right or if fractional shares result from the allocation of new shares, the shares that have not been allocated and/or subscribed shall be disposed of in accordance with a resolution of the Board of Directors.

Article 11. Date of Commencement of Dividend Accrual for New Shares

If the Company issues new shares by way of a capital increase for or without consideration or a stock dividend, such new shares shall, for the purpose of payment of dividends, be deemed to have been issued as of the end of the fiscal year immediately preceding the fiscal year in which they are issued.

Article 12. Transfer of Shares

A transfer of shares of the Company shall be effected by delivery of the relevant share certificate(s). A transfer of shares shall not be effective against the Company until the name and address of the new owner have been properly entered in the Register of Shareholders of the Company.

Article 13. Alteration of Entries

Any shareholder desiring an alteration of any entries in the Register of Shareholders shall submit to the Company an application therefor in the form prescribed by the Company, together with the relevant share certificate(s).

Article 14. Re-issuance of Share Certificates

Any shareholder desiring re-issuance of a new share certificate in lieu of a share certificate previously held by it shall submit to the Company an application therefor in the form prescribed by the Company, together with any of the following documents:

- a. An original or certified copy of a judgment of nullification in case of a certificate which has been lost or damaged beyond recognition;
- b. The relevant share certificate in case of damage to the certificate, except when the certificate has been damaged beyond recognition; or
- c. The share certificate involved in case of a split or consolidation of shares.

Article 15. Registration of Shareholders

All shareholders, pledgees, trustees, legal representatives or their attorneys shall register, in the form prescribed by the Company, their names, titles, addresses and seal impressions (including signatures in case of foreign nationals who normally use signatures instead of seals), and any changes thereto.

Article 16. Suspension of Entry into Register of Shareholders

The Company shall suspend entry into the Register of Shareholders of any change of shareholders from the day following the last day of each fiscal year until the date of completion of the ordinary general meeting of shareholders pertaining to such fiscal year, and may suspend, when deemed necessary, the entry of any changes in the matters registered in the Register of Shareholders for a specified period of time upon giving public notice thereof at least two (2) weeks in advance.

CHAPTER III.
GENERAL MEETINGS OF SHAREHOLDERS

Article 17. Authority and Responsibility.

The following matters shall require resolution of the general meeting of shareholders:

- a. Amendment of the Articles of Incorporation;
- b. Issuance of any shares or other equity or equity-linked securities of the Company to a third party investor without giving the existing shareholders preemptive subscription rights in proportion to their respective shareholdings, other than for stock options or grants to employees;
- c. Any material reorganization or change (including cessation) to the nature or scope of the business of the Company, but excluding any such change resulting from the use or development of its existing assets;
- d. Any merger, joint venture involving a transfer or license of intellectual property by the Company, profit and/or loss sharing partnership, spin-off or any other kind of corporate reorganization involving the Company;
- e. Acquisition of assets or investment in another entity or person (including joint ventures) in excess of US\$60,000,000 or its equivalent in any single transaction or series of related transactions;
- f. Sale, assignment, exchange, transfer or other disposition of assets of the Company with a book value or market value exceeding US\$30,000,000 or its equivalent in any single transaction or series of related transactions;
- g. Sale, assignment, transfer or other disposition of all or substantially all of the intellectual property and other assets for any biosimilar pharmaceutical product of the Company;
- h. Taking or instituting any proceeding for voluntary winding-up, dissolution or liquidation of the Company or any entity or person controlled by the Company;
- i. Borrowing any money in excess of US\$120,000,000 or its equivalent (except borrowings in the ordinary course of business to finance working capital requirements or matters specified in the business plan); making any loan or

granting credit in excess of US\$60,000,000 or its equivalent (other than in the ordinary course of business); or granting or creating any mortgage, pledge, charge or other security interests over any assets of the Company with a book value exceeding US\$160,000,000 or its equivalent;

- j. Redemption, retirement or repurchase of any shares or other equity or equity-linked securities of the Company;
- k. Altering the fiscal year or material accounting policies or practices of the Company or changing the external auditors of the Company;
- l. Addition of any biosimilar pharmaceutical product (other than any biosimilar pharmaceutical products based on the products marketed under the following names: [***]) to the business of the Company; and
- m. Any other matters reserved to the general meeting of shareholders by the Commercial Code or other applicable laws.

Article 18. Time of Meeting

An ordinary general meeting of shareholders of the Company shall be convened within three (3) months after the close of each fiscal year by resolution of the Board of Directors. An extraordinary general meeting of shareholders of the Company may be convened at any time by resolution of the Board of Directors.

Article 19. Place of Meeting

Each general meeting of shareholders shall be held at the head office of the Company in the Republic of Korea or such other place as may be determined by the Board of Directors.

Article 20. Notice of Meeting

Written notice (both in English and in Korean) of each general meeting of shareholders of the Company stating the date, time and place of the meeting and the purposes for which the meeting is convened shall be dispatched via registered regular mail to the shareholders who are residents of the Republic of Korea and via registered airmail to all other shareholders at least fourteen (14) days prior to the date set for such meeting. Each such notice shall be accompanied by a copy of all reports and materials that are necessary or appropriate for prior review and consideration by the shareholders of the matters on the agenda for the meeting. The shareholders may act only with respect to the matters set forth in such written notice at a general meeting of shareholders. A general meeting of shareholders may be held without complying with the foregoing procedures (i) with the written consent of all of the shareholders or (ii) if all of the shareholders attend the meeting.

Article 21. Person to Convene and Preside at Meeting

Except as otherwise provided by law, each general meeting of shareholders of the Company shall be convened by the Representative Director in accordance with a resolution of the Board of Directors. The Representative Director shall preside over all general meetings of shareholders as chairman. If for any reason the Representative Director is unable or unwilling to perform his/her duty with respect to a general meeting of shareholders, another director or officer designated by the shareholders attending such meeting (by an affirmative vote of a majority of the shares represented at such meeting in person or by proxy) shall preside over such meeting as chairman.

Article 22. Right to Vote

With respect to all matters submitted to the general meeting of shareholder for resolution, each shareholder shall have one (1) vote for each share registered in the name of such shareholder.

Article 23. Voting by Proxy

A shareholder may exercise its voting rights at any general meeting of shareholders in person or by proxy. A proxy is not required to be a shareholder of the Company. A proxy shall present a document establishing his power of representation to the general meeting of shareholders.

Article 24. Adoption of Resolutions

Except as otherwise required by the mandatory provisions of the Commercial Code or other applicable laws, all resolutions at a general meeting of shareholders shall be adopted by an affirmative vote (whether in person or by proxy) of at least fifty-two percent (52%) of the total issued and outstanding voting shares of the Company.

Article 25. Conduct of Meeting and Minutes

Each general meeting of shareholders shall be conducted in English. The Company shall provide a Korean-English interpreter and such other support as is necessary to ensure that all participants are able to fully understand and participate in the meeting. Minutes shall be taken of the proceedings and actions taken at each general meeting of shareholders. Such minutes shall be prepared both in English and in Korean; provided that in the event of any conflict or discrepancy between the English and Korean versions, the English version shall control. The chairman and directors who were present at the meeting shall sign such minutes or affix their seals thereon. The minutes shall be kept in the Company's records.

CHAPTER IV.
DIRECTORS, STATUTORY AUDITORS AND OFFICERS

Article 26. Number and Election of Directors and Statutory Auditors

1. The Company shall have at least three (3) but no more than six (6) directors and at least one (1) statutory auditor, all of whom shall be elected at a general meeting of shareholders.

2. When two (2) or more directors are elected at a general meeting of shareholders, the cumulative voting system provided in Article 382-2 of the Commercial Code shall not be used.

Article 27. Term of Office

The term of office of each director shall be three (3) years; provided, however, that if such term expires before the close of the ordinary general meeting of shareholders held for the settlement of accounts of the last fiscal year that ended during the three-year term, it shall be extended until the close of such general meeting of shareholders. The term of office of each statutory auditor shall expire at the close of the ordinary general meeting of shareholders held for the settlement of accounts of the last fiscal year ended within three (3) years after such statutory auditor's assumption of office.

Article 28. Vacancy

1. In case of any vacancy in the office of director, a substitute director shall be elected at a general meeting of shareholders that shall be convened for that purpose. The term of office of a director so elected shall be for the remainder of the term of the directors serving in office at the time of such election.

2. In case of any vacancy in the office of statutory auditor, a substitute statutory auditor shall be elected at a general meeting of shareholders that shall be convened for that purpose.

Article 29. Representative Director and Other Officers

1. The Board of Directors shall elect one (1) Representative Director, who shall also hold the title of President and Chief Executive Officer, from among the directors of the Company.

2. Unless otherwise decided by the Board of Directors, the term of office of the Representative Director shall be three (3) years; provided, however, that if such term expires before the close of the ordinary general meeting of shareholders held for the settlement of accounts of the last fiscal year that ended during the three-year term, it shall be extended until the close of such general meeting of shareholders.

3. The Representative Director shall have the authority and duty to represent the Company, enforce matters resolved by the Board of Directors and the general meeting of shareholders and carry out the day-to-day operations of the Company, and such other authorities and duties as may be determined from time to time by the Board of Directors.

4. The Board of Directors may appoint and remove a chief financial officer and a chief technology officer as senior officers of the Company. The Representative Director may appoint and remove such other officers as he/she deems necessary for the operation of the Company. The powers and duties of such senior officers shall be determined from time to time by the Board of Directors and the powers and duties of such other officers shall be determined from time to time by the Representative Director.

Article 30. Powers and Duties of Statutory Auditor

1. Each statutory auditor shall inspect the directors' performance of their duties and shall examine the accounting and financial records of the Company. Each statutory auditor may at any time demand a report concerning the business of the Company from the directors and may investigate the affairs of the Company and the state of its property.

2. Each statutory auditor shall examine agenda and documents which the directors submit to a general meeting of shareholders and shall state his/her opinion before such meeting as to whether there are any matters extremely unjust or conducted in contravention of any law or decree or these Articles of Incorporation.

Article 31. Audit Records

Each statutory auditor shall prepare audit records with respect to any audit conducted by him/her. Such audit records shall reflect the proceedings and results of the audit and the statutory auditor who conducted the audit shall sign or affix his/her seal thereon. Such audit records shall be kept as part of the Company's records.

Article 32. Indemnification of Directors and Officers

To the maximum extent permitted by Article 400 of the Commercial Code and other applicable laws, the Company shall indemnify the Representative Director and each director, statutory auditor and other officer (including former Representative Directors, directors, statutory auditors and other officers who are no longer associated with the Company) against all claims, judgments, liabilities (including liabilities to the Company), damages, expenses and costs (including reasonable attorneys' fees and disbursements) for which he/she has been held liable or which he/she has incurred in connection with or arising out of the performance of his/her duties in his/her official capacity as Representative Director or as a director, statutory auditor or other officer of the Company, if such Representative Director, director, statutory auditor or other officer acted in good faith and for a purpose and in a manner that he/she reasonably believed to be in the best interests of the Company. With respect to all claims, judgments, liabilities (including liabilities to the Company), damages, expenses and costs (including attorneys' fees and disbursements) for which a Representative Director, director, statutory auditor or other officer has been held liable or which he/she has incurred in connection with or arising out of the performance of his/her duties in his/her official capacity as Representative Director or as a director, statutory auditor or other officer but which are not indemnifiable by the Company pursuant to this Article 32 and are insurable at commercially reasonable cost, the Company shall obtain and maintain a directors' and officers' liability insurance policy with commercially reasonable coverage.

Article 33. Severance Allowances of Directors, Statutory Auditors and Other Officers

The maximum aggregate amount of remuneration, bonuses and severance allowances payable to the directors and those payable to the statutory auditors shall be respectively determined by a resolution of the general meeting of shareholders. The power and authority to determine the remuneration and bonuses payable to the Representative Director, each director and statutory auditor may be delegated by the general meeting of shareholders to the Board of Directors. The severance allowances payable to the directors, statutory auditors and other officers shall be determined in accordance with the officer severance pay regulations adopted by a resolution of the general meeting of shareholders. Notwithstanding the foregoing, a director or statutory auditor performing no executive or officer functions shall receive no compensation from the Company.

CHAPTER V.
MEETINGS OF THE BOARD OF DIRECTORS

Article 34. Authority of the Board of Directors

1. The Board of Directors of the Company shall consist of all directors.

2. Except as otherwise required by mandatory provisions of law or these Articles of Incorporation, the Board of Directors shall determine all important policies of the Company and direct the Company's overall management and operations. The Board of Directors shall also be responsible for the development and implementation of strategic direction, annual budget and business plan (including the evaluation and adjustment thereof) and the monitoring and evaluation of overall performance of the Company.

3. The Board of Directors may establish such committees within the Board of Directors as the Board of Directors deems necessary. The authorities, operations and other details of each such committee shall be determined by resolution of the Board of Directors.

4. The Board of Directors may delegate, to the extent permitted under applicable law, the day-to-day management of the Company and any other rights, powers or authorities for the management of the Company to the Representative Director and/or any other officers of the Company.

Article 35. Convention

Meetings of the Board of Directors shall be held at least once every fiscal quarter unless otherwise determined by the Board of Directors. Meetings of the Board of Directors may also be convened from time to time by the Representative Director at his/her discretion or at the request of any director by written notice to the Representative Director.

Article 36. Notice of Meeting

Notice (both in English and in Korean) of each meeting of the Board of Directors stating the date, time and place of the meeting and the purpose for which the meeting is

convened shall be dispatched by the Representative Director via post, facsimile or e-mail to all of the directors and statutory auditors at least seven (7) days prior to the date set for such meeting. Each such notice shall be accompanied by a copy of all reports and materials that are necessary or appropriate for prior review and consideration by the directors of the matters on the agenda for the meeting. Meetings of the Board of Directors may be held without conforming to the foregoing procedures with the written consent of all of the directors and statutory auditors.

Article 37. Place of Meeting

All meetings of the Board of Directors shall be held at the head office of the Company or such other place as may be determined by the Board of Directors.

Article 38. Chairman of Meeting

The Representative Director shall preside over all meetings of the Board of Director as chairman. If for any reason the Representative Director is unable or unwilling to perform his/her duty with respect to a meeting of the Board of Directors, another director designated by the Board of Directors shall preside over such meeting as chairman.

Article 39. Quorum and Voting Requirements

1. A quorum at each meeting of the Board of Directors shall be attained by the presence of a majority of the directors in office.

2. All resolutions at a meeting of the Board of Directors shall be adopted by an affirmative vote of a majority of the directors present at the meeting where a quorum is present.

3. No director, including the chairman of the meeting, shall have any tie-breaking vote at a meeting of the Board of Directors.

Article 40. Attendance of Statutory Auditor

Each statutory auditor may attend and express his/her opinion at any meeting of the Board of Directors, and where any director has acted or is likely to act in contravention of any law or decree or these Articles of Incorporation, shall report it to the Board of Directors.

Article 41. Conduct of Meeting and Minutes

1. Each meeting of the Board of Directors shall be conducted in English. The Company shall provide a Korean-English interpreter and such other support as is necessary to ensure that all participants are able to fully understand and participate in the meeting.

2. Directors may participate and vote at a meeting of the Board of Directors via video conferencing equipment whereby all participants in the meeting can simultaneously see and hear each other or, to the extent permitted under applicable law, via telephone

conferencing equipment whereby all participants in the meeting can simultaneously hear each other.

3. Minutes shall be taken of the proceedings and actions taken at each meeting of the Board of Directors. Such minutes shall be prepared both in English and in Korean; provided that in the event of any conflict or discrepancy between the English and Korean versions, the English version shall control. The directors and statutory auditors who were present at the meeting shall sign such minutes or affix their seals thereon. The minutes shall be kept in the Company's records.

CHAPTER VI. ACCOUNTING

Article 42. Fiscal Year

The fiscal year of the Company shall begin on the first day of January of each year and end on the last day of December of the same year.

Article 43. Accounting System

The accounting books of the Company shall be kept in accordance with the applicable laws and regulations of the Republic of Korea and with accounting principles and practices generally accepted in the Republic of Korea (including, if applicable, the International Financial Reporting Standards).

Article 44. Financial Statements

1. The directors shall prepare an annual business report and the following financial statements, together with supporting specifications, for each fiscal year for the settlement of accounts of the Company, and shall obtain approval thereof from the Board of Directors and submit the same to the statutory auditor(s) at least six (6) weeks before the date set for the ordinary general meeting of shareholders:

- a. A balance sheet;
- b. A profit and loss statement; and
- c. A statement of appropriation of earned surplus or a statement of disposition of net loss.

2. Such financial statements and business report, together with the related audit report, shall be kept at the head office for five (5) years, and copies of the same shall be kept at each branch office for three (3) years, from one (1) week before the date set for the ordinary general meeting of shareholders.

3. The financial statements shall be submitted to the general meeting of shareholders for approval and the business report shall be submitted to the meeting only for reporting purposes.

Article 45. Public Notice

After the above financial statements have been approved by the general meeting of shareholders, the Representative Director shall give public notice of the balance sheet so approved without delay.

Article 46. Disposition of Retained Earnings

The Company's retained earnings shall be appropriated in the following order of priority:

- a. Replenishment of any capital deficit carried over from the previous fiscal year;
- b. Establishment of a profit reserve required by law;
- c. Establishment of other reserves required by law;
- d. Payment of dividends to the shareholders; and
- e. Retained earnings to be carried forward to the next fiscal year.

Article 47. Payment of Dividends

1. Regular dividends may be declared in cash or in shares. The payment and level of any dividends shall be determined by the Board of Directors and approved by resolution at the ordinary general meeting of shareholders held for each fiscal year. Such dividends shall be paid to the shareholders of record in the Register of Shareholders of the Company as of the last day of the relevant fiscal year.

2. Interim dividends may also be paid in cash once a fiscal year to the shareholders of record in the Register of Shareholders as of a date fixed during a fiscal year, pursuant to a resolution of the Board of Directors specifying such record date.

CHAPTER VII.
ADDENDA

Article 48. By-laws

The Company may adopt by-laws and other regulations as may be required for the administration of the affairs of the Company and may revise or repeal the same, in each case by resolution of the Board of Directors.

Article 49. Application of the Commercial Code

Matters not specifically provided for herein shall be determined in accordance with resolutions adopted by the general meeting of shareholders or the Board of Directors and relevant provisions of the Commercial Code.

Article 50. First Fiscal Year

The first fiscal year of the Company shall commence on the date of establishment of the Company and end on December 31 of the year of establishment.

Article 51. Promoter Information

The names and addresses of the promoters of the Company are as set forth below.

IN WITNESS WHEREOF, these Articles of Incorporation have been executed this [*] day of [*] 2012.

[*] CO., LTD.

Name of Promoter

Address of Promoter

Samsung BioLogics Co., Ltd.

[address]

Biogen Idec Therapeutics Inc.

[address]

EXHIBIT B

[*]**

EXHIBIT C

EXHIBIT D

[***]

EXHIBIT E

SCHEDULE I

[*]**

SCHEDULE II

Matters Requiring Resolution of the General Meeting of Shareholders

The following matters shall require resolution of the General Meeting of Shareholders (which resolutions shall be adopted in accordance with the voting requirements of the Articles of Incorporation and applicable laws):

- (a) Amendment of the Articles of Incorporation;
- (b) Issuance of any Shares, Share Equivalents or other equity or equity-linked securities of the Company to a new third party investor without giving the existing Shareholders preemptive subscription rights in proportion to their respective Shareholdings, other than for stock options or grants to employees;
- (c) Any material reorganization or change (including cessation) to the nature or scope of the business of the Company, but excluding any such change resulting from the use or development of its existing assets;
- (d) Any merger, joint venture involving a transfer or license of Intellectual Property by the Company, profit and/or loss sharing partnership, spin-off or any other kind of corporate reorganization involving the Company;
- (e) Acquisition of assets or equity investment in another Person (including joint ventures) in excess of US\$60,000,000 or its equivalent in any single transaction or series of related transactions;
- (f) Sale, assignment, exchange, transfer or other disposition of any assets of the Company with a book value or market value exceeding US\$30,000,000 or its equivalent in any single transaction or series of related transactions;
- (g) Sale, assignment, transfer or other disposition of all or substantially all of the Intellectual Property and other assets for any Product;
- (h) Taking or instituting any proceeding for voluntary winding-up, dissolution or liquidation of the Company or any Person Controlled by the Company;
- (i) Borrowing any money in excess of US\$120,000,000 or its equivalent (except borrowings in the ordinary course of business to finance working capital requirements or matters specified in the initial or annual business plan); making any loan or granting credit in excess of US\$60,000,000 or its equivalent (other than in the ordinary course of business); or granting or creating any mortgage, pledge, charge or other security interests over any assets of the Company with a book value exceeding US\$160,000,000 or its equivalent;

- (j) Redemption, retirement or repurchase of any Shares, Share Equivalents or other equity or equity-linked securities of the Company;
- (k) Altering the fiscal year or material accounting policies or practices of the Company or changing the external auditors of the Company;
- (l) Addition of any Additional Product to the business of the Company; and
- (m) Any other matters reserved to the general meeting of shareholders by the Korean Commercial Code or other applicable laws.

SCHEDULE III

Matters Requiring Prior Consent of Biogen

- a) Amendment of the Articles of Incorporation concerning the following matters: (i) the business objectives of the Company; (ii) class and par value of Shares (except that no consent of Biogen shall be required where Biogen's voting rights and economic interests under this Agreement are not adversely effected by the proposed amendment with respect to the class and/or par value of Shares); (iii) the preemptive subscription rights of the Shareholders; (iv) the list of matters requiring resolutions of the General Meeting of Shareholders; (v) the voting requirements for resolutions at the General Meeting of Shareholders; (vi) the number of Directors and Statutory Auditors; (vii) the term of Directors; (viii) the authority of the Board; (ix) the convention of meetings of the Board; (x) the voting and quorum requirements for meetings of the Board; (xi) the conduct of General Meetings of Shareholders and Board meetings; (xii) the indemnification of Directors, Statutory Auditors and officers; (xiii) the fiscal year of the Company; and (xiv) payment of dividends.
- b) Any material reorganization or change (including cessation) to the nature or scope of the business of the Company, but excluding any such change resulting from the use or development of its existing assets;
- c) Any merger, joint venture involving a transfer or license of Intellectual Property by the Company, profit and/or loss sharing partnership, spin-off or any other kind of corporate reorganization involving the Company;
- d) Acquisition of assets (for the avoidance of doubt, other than the purchase of the Samsung Assets pursuant to Section 6.1A hereof) or equity investment in another Person (including joint ventures) in excess of US\$60,000,000 or its equivalent in any single transaction or series of related transactions;
- e) Sale, assignment, transfer or other disposition of all or substantially all of the Intellectual Property and other assets for any Product;
- f) Taking or instituting any proceeding for voluntary winding-up, dissolution or liquidation of the Company or any Person Controlled by the Company;
- g) Borrowing any money in excess of US\$120,000,000 or its equivalent (except borrowings in the ordinary course of business to finance working capital requirements or matters specified in the initial or annual business plan); making any loan or granting credit in excess of US\$60,000,000 or its equivalent (other than in the ordinary course of business); or granting or creating any mortgage, pledge, charge or other security interests over any assets of the Company with a book value exceeding US\$160,000,000 or its equivalent;

- h) Redemption, retirement or repurchase of any Shares, Share Equivalents or other equity or equity-linked securities of the Company;
- i) Altering the fiscal year or material accounting policies or practices of the Company or changing the external auditors of the Company; and
- j) Addition of any Additional Product to the business of the Company.

SCHEDULE IV

Method for Selecting Appraiser

The method for selecting an appraiser shall be as set forth below:

- (a) Within twenty (20) days after the Appointing Party elects to have the Fair Market Value of the relevant Shares determined, the Appointing Party shall propose a list of no less than three (3) but no more than ten (10) candidates (each of which shall be an investment banking firm, securities company or accounting firm and which may not include the accounting firm that serves as external auditors to the Appointing Party) to the other Party in writing;
- (b) Within fifteen (15) days after receipt of the above list from the Appointing Party, the other Party shall (i) select three (3) candidates from such list, and (ii) notify the Appointing Party of its selection in writing; and
- (c) Within ten (10) days after the earlier of (x) the receipt of written notice of the three (3) candidates from the other Party and (y) the expiration of the fifteen (15) day period referred to in paragraph (b) above, the Appointing Party shall (i) select the appraiser to determine the Fair Market Value of the relevant Shares from the three (3) candidates notified by the other Party, or if the other Party fails to notify the Appointing Party of the three (3) candidates selected by it in accordance with paragraph (b) above, from the list initially proposed by the Appointing Party pursuant to paragraph (a) above, and (ii) notify the other Party of its selection in writing.

SCHEDULE V

Antitrust Approvals

U.S.A. and Brazil

SCHEDULE VI

[]**

SCHEDULE VII

[***]

February 28, 2012

Samsung BioLogics Co., Ltd.
27th Floor, Samsung Electronics Building
1320-10 Seocho 2-dong, Seocho-gu
Seoul 137-857
Republic of Korea

Re: Amendment of the Joint Venture Agreement

Dear Sirs:

Reference is made to the Joint Venture Agreement dated December 6, 2011 (the “**JVA**”) between Samsung BioLogics Co., Ltd. (“**Samsung**”) and Biogen Idec Therapeutics Inc. (“**Biogen**”).

Capitalized terms used but not otherwise defined in this letter agreement have the same meanings ascribed to them in the JVA.

Samsung and Biogen hereby agree to amend the JVA as follows:

1. Amendment of the Scope of the Biogen Parent Guarantee

Under Section 20.1(a) of the JVA, Biogen is required to cause Biogen Parent to duly execute and deliver to Samsung at or prior to Closing the Biogen Parent Guarantee, in form and substance reasonably acceptable to Samsung, whereby Biogen Parent shall guarantee and be liable for any and all payment obligations of Biogen under or arising out of the JVA and the IP License Agreement.

Samsung and Biogen hereby agree that under and pursuant to the Biogen Parent Guarantee, Biogen Parent shall guarantee and be liable for any and all payment obligations of Biogen under or arising out of the JVA and the IP License Agreement, except Biogen’s payment obligation under or arising out of its exercise of the Biogen Option pursuant to the JVA.

2. Waiver of the Samsung Parent Guarantee

Under Section 20.1(b) of the JVA, Samsung is required to cause Samsung Parent to duly execute and deliver to Biogen at or prior to Closing the Samsung Parent Guarantee, in form and substance reasonably acceptable to Biogen, whereby Samsung Parent shall guarantee and be liable for any and all payment obligations of Samsung under or arising out of the JVA.

Biogen hereby waives the Samsung Parent Guarantee, and Samsung and Biogen hereby agree to delete from the JVA (i) the definitions of “Samsung Parent” and “Samsung Parent Guarantee” in Section 1.1 of the JVA and (ii) Sections 3.2(i), 3.5(c) and 20.1(b) of the JVA and (iii) clause (iv) of Section 16.2 of the JVA; provided that each of Samsung Everland Inc., Samsung C&T Corporation and Samsung Electronics Co., Ltd. maintains the board resolution approving its

proportional investment in Samsung as set forth in the notarized English translation of the minutes of a meeting of the board of directors of each such company that has been provided to Biogen.

Except as specifically stated above, all other terms and conditions of the JVA shall remain in full force and effect. The provisions of Articles 18 and 19 of the JVA shall apply to this letter agreement, *mutatis mutandis*.

If the foregoing accurately reflects our mutual understanding, please indicate your acceptance thereof by signing the attached duplicate copy of this letter agreement and returning it to us.

Sincerely yours,

Biogen Idec Therapeutics Inc.

By: /s/ Richard Brudnick

Name: Richard Brudnick

Title: Vice President and Assistant Secretary

The foregoing is hereby accepted and agreed to by:

Samsung BioLogics Co., Ltd.

By: /s/ Tae Han Kim

Name: Tae Han Kim

Title: Representative Director

Date: February 28, 2012

**AMENDMENT NO. 2
TO
JOINT VENTURE AGREEMENT**

THIS AMENDMENT NO. 2 TO JOINT VENTURE AGREEMENT (this “**Amendment**”) is entered into as of the 29th day of September 2014 (the “**Amendment Effective Date**”) by and between:

- (1) **Samsung BioLogics Co., Ltd.**, a company organized and existing under the laws of Korea with its principal offices at 125 Cheomdan-daero, Yeonsu-gu, Incheon, Republic of Korea (“**Samsung**”); and
- (2) **Biogen Idec Therapeutics Inc.**, a company organized and existing under the laws of Delaware, U.S.A, with its principal offices at 14 Cambridge Center, Cambridge, Massachusetts 02142, U.S.A. (“**Biogen**”).

Samsung and Biogen are hereinafter referred to collectively as the “**Parties**” and individually as a “**Party**”.

W I T N E S E T H:

WHEREAS, Samsung and Biogen entered into a Joint Venture Agreement (the “**JVA**”) as of December 6, 2011, as amended by that certain letter agreement, dated February 28, 2012 (the JVA as so amended referred to herein as the “**Joint Venture Agreement**”), and pursuant to the Joint Venture Agreement, established Samsung Bioepis Co., Ltd., a Korean stock corporation (the “**Company**”), as a joint venture company to engage in the development, manufacture, commercialization, distribution and sale of Biosimilar Pharmaceutical Products; and

WHEREAS, Samsung and Biogen now desire to amend the Joint Venture Agreement upon the terms and conditions set forth herein, in order to expand the business objectives of the Company.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements herein below contained, and intending to be legally bound hereby, the Parties agree as follows:

Article 1. Definitions

1.1 Capitalized terms used but not otherwise defined in this Amendment shall have the meanings ascribed to them in the Joint Venture Agreement.

1.2 Section 1.2 of the Joint Venture Agreement is incorporated herein by reference as if fully set forth in this Amendment.

Article 2. Amendment of the Joint Venture Agreement

2.1 The definition of the term “Product” in Section 1.1 of the Joint Venture Agreement is hereby amended to read in its entirety as follows:

“**Product**” shall mean (i) any Initial Product, (ii) any Additional Product and (iii) any biopharmaceutical product that is not a Biosimilar Pharmaceutical Product, which, in the case of clause (ii) and clause (iii) of this definition, is either (a) agreed by the Parties in writing and determined by the General Meeting of Shareholders to be a Product at any time during the Biogen Consent Period or (b) determined by the General Meeting of Shareholders to be a Product at any time after the expiration of the Biogen Consent Period.”

2.2 Section 2.3 of the Joint Venture Agreement is hereby amended to read in its entirety as follows:

“2.3 Business Objective. The business objectives and activities of the Company shall be limited to the development, manufacture, commercialization, distribution and sale of biopharmaceutical products, including Biosimilar Pharmaceutical Products, and any and all activities related or incidental thereto.”

2.3 Schedule II (Matters Requiring Resolution of the General Meeting of Shareholders) to the Joint Venture Agreement is hereby amended by deleting paragraph (1) thereof and substituting the following therefor:

“(l) Addition to the business of the Company of (i) any Additional Product or (ii) any biopharmaceutical product that is not a Biosimilar Pharmaceutical Product; and”

2.4 Schedule III (Matters Requiring Prior Consent of Biogen) to the Joint Venture Agreement is hereby amended by deleting paragraph j) thereof and substituting the following therefor:

“(j) Addition to the business of the Company of (i) any Additional Product or (ii) any biopharmaceutical product that is not a Biosimilar Pharmaceutical Product.”

2.5 Except as expressly amended by this Amendment, the Joint Venture Agreement shall remain in full force and effect in accordance with its terms.

Article 3. Amendment of the Articles of Incorporation

As soon as practicable following the execution of this Amendment, the Parties shall promptly take and cause to be taken all necessary actions to adopt an amendment to the Articles of Incorporation in the form attached hereto as Exhibit A, which amendment amends Article 2 (Objectives) and Article 17 (Authority and Responsibility) of the Articles of Incorporation to be consistent with the terms of the Joint Venture Agreement as amended by this Amendment.

Article 4. Miscellaneous Provisions

4.1 Articles 18 and 19 and Sections 20.7, 20.8, 20.9, 20.13, 20.14 and 20.15 of the Joint Venture Agreement shall each apply to this Amendment, *mutatis mutandis*.

4.2 The Joint Venture Agreement, together with the Exhibits and Schedules thereto, as amended by this Amendment, embodies the entire agreement of the Parties with respect to the subject matter of the Joint Venture Agreement and supersedes and cancels any and all prior understandings or agreements, oral or written, in relation hereto, which may exist between the Parties. No oral explanation or oral information provided by either Party shall alter the meaning or interpretation of the Joint Venture Agreement as amended by this Amendment.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Parties have caused this Amendment to be executed and delivered by their duly authorized representatives as of the Amendment Effective Date.

Samsung BioLogics Co., Ltd.

By: /s/ Tae Han Kim
Name: Tae Han Kim
Title: Representative Director

Biogen Idec Therapeutics Inc.

By: /s/ George Scangos
Name: George Scangos
Title: Chief Executive Officer

Exhibit A
Amendment to Articles of Incorporation

Current Provisions	Proposed Amendments
<p>Article 2. <u>Objectives</u></p> <p>The business objectives of the Company shall be as follows:</p> <ul style="list-style-type: none"> (a) To develop, manufacture, commercialize, distribute and sell biosimilar pharmaceutical products; and (b) To engage in any and all acts, things, businesses and activities that are related, incidental or conducive, directly or indirectly, to the attainment of the foregoing objective. 	<p>Article 2. <u>Objectives</u></p> <p>The business objectives of the Company shall be as follows:</p> <ul style="list-style-type: none"> (a) To develop, manufacture, commercialize, distribute and sell pharmaceutical products, including biosimilar pharmaceutical products; and (b) To engage in any and all acts, things, businesses and activities that are related, incidental or conducive, directly or indirectly, to the attainment of the foregoing objective.
<p>Article 17. <u>Authority and Responsibility</u></p> <p>The following matters shall require resolution of the general meeting of shareholders:</p> <ul style="list-style-type: none"> (a) through (f): Omitted (g) Sale, assignment, transfer or other disposition of all or substantially all of the intellectual property and other assets for any biosimilar pharmaceutical product of the Company; (h) through (k): Omitted (1) Addition of any biosimilar pharmaceutical product (other than any biosimilar pharmaceutical products based on the products marketed under the following names: [***]) to the business of the Company; and (m) Omitted 	<p>Article 17. <u>Authority and Responsibility</u></p> <p>The following matters shall require resolution of the general meeting of shareholders:</p> <ul style="list-style-type: none"> (a) through (f): Same as current clauses (g) Sale, assignment, transfer or other disposition of all or substantially all of the intellectual property and other assets for any pharmaceutical product of the Company; (h) through (k): Same as current clauses (1) Addition to the business of the Company of (1) any biosimilar pharmaceutical product (other than any biosimilar pharmaceutical products based on the products marketed under the following names: [***]) or (2) any pharmaceutical product that is not a biosimilar pharmaceutical product; and (m) Same as current clause
	<p><u>Addendum:</u></p> <ol style="list-style-type: none"> 1. These amended Articles of Incorporation shall take effect as of October [*], 2014.

**AMENDMENT NO. 3
TO
JOINT VENTURE AGREEMENT**

THIS AMENDMENT NO. 3 TO JOINT VENTURE AGREEMENT (this “**Amendment No. 3**”) is executed as of the 20th day of February 2019 (the “**Execution Date**”) by and between:

- (1) **Samsung BioLogics Co., Ltd.**, a company organized and existing under the laws of Korea with its principal offices at 125 Cheomdan-daero, Yeonsu-gu, Incheon, Republic of Korea (“**Samsung**”); and
- (2) **Biogen Therapeutics Inc.** (formerly known as “Biogen Idec Therapeutics Inc.”), a company organized and existing under the laws of Delaware, U.S.A, with its principal offices at 225 Binney Street, Cambridge, Massachusetts 02142, U.S.A. (“**Biogen**”).

Samsung and Biogen are hereinafter referred to collectively as the “**Parties**” and individually as a “**Party.**”

W I T N E S E T H :

WHEREAS, Samsung and Biogen entered into a Joint Venture Agreement (the “**JVA**”) dated December 6, 2011, as amended on February 28, 2012 and on September 29, 2014 (the JVA as so amended, the “**Joint Venture Agreement**”);

WHEREAS, pursuant to the Joint Venture Agreement, Samsung and Biogen established Samsung Bioepis Co., Ltd., a Korean stock corporation (the “**Company**”), as a joint venture company to engage in the development, manufacture, commercialization, distribution and sale of Biosimilar Pharmaceutical Products (the business objectives of the Company were subsequently expanded to the development, manufacture, commercialization, distribution and sale of biopharmaceutical products, including Biosimilar Pharmaceutical Products); and

WHEREAS, Samsung and Biogen now desire to amend the Joint Venture Agreement upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and agreements herein below contained, and intending to be legally bound hereby, the Parties agree as follows:

Article 1. Effectiveness

1.1 [***]

Article 2. Definitions

2.1 Capitalized terms used but not otherwise defined in this Amendment No. 3 shall have the meanings ascribed to them in the Joint Venture Agreement.

2.2 Section 1.2 of the Joint Venture Agreement is incorporated herein by reference as if fully set forth in this Amendment No. 3.

Article 3. Amendment of the Joint Venture Agreement

3.1 Amendment of Section 1.1 of the Joint Venture Agreement. [***]

3.2 Amendment of Section 6.5 of the Joint Venture Agreement. [***]

3.3 Company Consent. [***]

3.4 No Other Changes. Except as expressly amended by this Amendment No. 3, the Joint Venture Agreement shall remain in full force and effect in accordance with its terms.

Article 4. Miscellaneous Provisions.

4.1 Articles 18 and 19 and Sections 20.7, 20.8, 20.9, 20.13, 20.14 and 20.15 of the Joint Venture Agreement shall each apply to this Amendment No. 3, *mutatis mutandis*.

4.2 The Joint Venture Agreement, together with the Exhibits and Schedules thereto, as amended by this Amendment No. 3, embodies the entire agreement of the Parties with respect to the subject matter of the Joint Venture Agreement and supersedes and cancels any and all prior understandings or agreements, oral or written, in relation hereto, which may exist between the Parties, including the Term Sheet entered into as of November 16, 2018, by and between the Parties. No oral explanation or oral information provided by either Party shall alter the meaning or interpretation of the Joint Venture Agreement as amended by this Amendment No. 3.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Parties have caused this Amendment No. 3 to be executed and delivered by their duly authorized representatives as of the Amendment No. 3 Effective Date.

Samsung BioLogics Co., Ltd.

By: /s/ Tae Han Kim

Name: Tae Han Kim

Title: Representative Director

Biogen Therapeutics Inc.

By: /s/ Paul F. McKenzie

Name: Paul F. McKenzie

Title: EVP, PO&T

Exhibit A

[*]**

Exhibit B

[*]**

Exhibit C

[*]**

Exhibit D

[*]**

Exhibit E

[*]**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michel Vounatsos, certify that:

1. I have reviewed this quarterly report of Biogen 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: April 22, 2021

/s/ Michel Vounatsos

Michel Vounatsos
Chief Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Michael R. McDonnell, certify that:

1. I have reviewed this quarterly report of Biogen 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: April 22, 2021

/s/ Michael R. McDonnell

Michael R. McDonnell
Chief Financial Officer

**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 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 March 31, 2021 (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.

Date: April 22, 2021

/s/ Michel Vounatsos

Michel Vounatsos
Chief Executive Officer
[principal executive officer]

Date: April 22, 2021

/s/ Michael R. McDonnell

Michael R. McDonnell
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.