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

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2008

OR

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

Commission File Number 0-19311

BIOGEN IDEC INC.

(Exact name of registrant as specified in its charter)

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

14 Cambridge Center, Cambridge, MA 02142
(617) 679-2000

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

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

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

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

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

The number of shares of the registrant's Common Stock, $0.0005 par value, outstanding as of October 16, 2008, was 291,752,825 shares.

BIOGEN IDEC INC.

FORM 10-Q — Quarterly Report
For the Quarterly Period Ended September 30, 2008

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PART I FINANCIAL INFORMATION

BIOGEN IDEC INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	In thousands, except per share amounts (Unaudited)			
Revenues:				
Product	$ 758,260	$ 529,581	$ 2,107,816	$ 1,532,594
Unconsolidated joint business	298,979	234,637	825,024	672,391
Other revenues	35,725	25,013	95,754	73,332
Total revenues	1,092,964	789,231	3,028,594	2,278,317
Costs and expenses:				
Cost of sales, excluding amortization of acquired intangible assets	107,493	81,613	300,828	247,626
Research and development	268,800	286,274	779,291	695,872
Selling, general and administrative	232,824	190,644	694,342	582,373
Collaboration profit (loss) sharing	43,533	5,842	98,368	170
Amortization of acquired intangible assets	94,464	65,689	242,114	186,570
In-process research and development	—	29,959	25,000	48,364
Total costs and expenses	747,114	660,021	2,139,943	1,760,975
Income from operations	345,850	129,210	888,651	517,342
Other income (expense), net	(24,725)	44,904	(29,818)	98,192
Income before income tax expense	321,125	174,114	858,833	615,534
Income tax expense	114,337	54,733	282,320	178,512
Net income	$ 206,788	$ 119,381	$ 576,513	$ 437,022
Basic earnings per share	$ 0.71	$ 0.41	$ 1.97	$ 1.35
Diluted earnings per share	$ 0.70	$ 0.41	$ 1.95	$ 1.34
Weighted-average shares used in calculating:				
Basic earnings per share	291,408	288,958	292,613	323,006
Diluted earnings per share	293,921	293,396	295,515	326,743

See accompanying notes to the consolidated financial statements.

BIOGEN IDEC INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	September 30, 2008	December 31, 2007
	(In thousands, except per share amounts) (Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,010,701	$ 659,662
Marketable securities	217,127	319,408
Cash collateral received for loaned securities	178,129	208,209
Accounts receivable, net	484,636	392,646
Due from unconsolidated joint business	196,542	166,686
Loaned securities	158,971	204,433
Inventory	249,858	233,987
Other current assets	143,116	183,376
Total current assets	2,639,080	2,368,407
Marketable securities	717,182	932,271
Property, plant and equipment, net	1,579,938	1,497,383
Intangible assets, net	2,250,766	2,492,354
Goodwill	1,137,547	1,137,372
Investments and other assets	210,695	201,028
Total assets	$ 8,535,208	$ 8,628,815
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Collateral payable on loaned securities	$ 178,129	$ 208,209
Accounts payable	123,512	90,672
Taxes payable	176,753	11,274
Accrued expenses and other	497,263	367,885
Current portion of notes payable	10,215	1,511,135
Total current liabilities	985,872	2,189,175
Notes payable	1,042,427	51,843
Long-term deferred tax liability	440,164	521,525
Other long-term liabilities	298,267	331,977
Total liabilities	2,766,730	3,094,520
Commitments and contingencies (Notes 11 and 13)		
Shareholders' equity:		
Preferred stock, par value $0.001 per share	—	—
Common stock, par value $0.0005 per share	149	147
Additional paid-in capital	6,029,111	5,807,071
Accumulated other comprehensive income	33,431	79,246
Retained Earnings (Accumulated deficit)	75,361	(352,169)
Treasury stock, at cost	(369,574)	—
Total shareholders' equity	5,768,478	5,534,295
Total liabilities and shareholders' equity	$ 8,535,208	$ 8,628,815

See accompanying notes to the consolidated financial statements.

BIOGEN IDEC INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,	
	2008	2007
	(In thousands) (Unaudited)	
Cash flows from operating activities:		
Net income	$ 576,513	$ 437,022
Adjustments to reconcile net income to net cash flows from operating activities Depreciation and amortization of fixed & intangible assets	340,042	278,030
In-process research & development	25,000	98,364
Minority interest in subsidiaries	5,167	(25,045)
Share-based compensation	104,339	91,209
Non-cash interest expense	(11,288)	84
Deferred income taxes	(57,591)	(40,366)
Realized loss (gain) on sale of marketable securities and strategic investments	3,774	(17,667)
Write-down of inventory to net realizable value	22,472	19,579
Impairment of investments and other assets	31,502	6,166
Excess tax benefit from stock options	(27,424)	(31,400)
Changes in assets and liabilities, net:		
Accounts receivable	(95,337)	(57,723)
Due from unconsolidated joint business	(29,856)	7,436
Inventory	(34,376)	(70,866)
Other assets	24,898	(71,257)
Accrued expenses and other current liabilities	155,437	42,311
Other liabilities and taxes payable	121,928	8,896
Net cash flows provided by operating activities	1,155,200	674,773
Cash flows from investing activities:		
Purchases of marketable securities	(1,801,056)	(2,201,518)
Proceeds from sales and maturities of marketable debt securities	2,135,065	2,702,841
Collateral received under securities lending	30,080	—
Acquisitions, net of cash acquired	(25,000)	(92,289)
Purchases of property, plant and equipment	(221,961)	(175,750)
Proceeds from sale of property, plant, and equipment	16	16,812
Purchases of other investments	(17,260)	(19,522)
Proceeds from the sale of a strategic equity investment	—	99,489
Net cash flows provided by investing activities	99,884	330,063
Cash flows from financing activities:		
Purchase of treasury stock	(559,767)	(2,991,183)
Proceeds from issuance of stock for share based compensation arrangements	167,032	247,436
Change in cash overdrafts	18,052	(10,215)
Excess tax benefit from stock options	27,424	31,400
Proceeds from borrowings, net of discounts and expenses	986,980	1,512,296
Repayments of borrowings	(1,512,474)	(12,042)
Obligations under securities lending	(30,080)	—
Repayment of long-term debt	—	(6,563)
Net cash flow (used in) provided by financing activities	(902,833)	(1,228,871)
Net increase (decrease) in cash and cash equivalents	352,251	(224,035)
Effect of exchange rate changes on cash and cash equivalents	(1,212)	(16)
Cash and cash equivalents, beginning of the period	659,662	661,377
Cash and cash equivalents, end of the period	$ 1,010,701	$ 437,326

See accompanying notes to the consolidated financial statements.

BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Business Overview

Overview

Biogen Idec Inc. is a global biotechnology company that creates new standards of care in therapeutic areas of high unmet medical needs. We currently have four marketed products: AVONEX®, RITUXAN®, TYSABRI® and FUMADERM®.

Basis of Presentation

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments, consisting of only normal recurring accruals, necessary for a fair statement of our financial position, results of operations, and cash flows. The information included in this quarterly report on Form 10-Q should be read in conjunction with our consolidated financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2007. Our accounting policies are described in the Notes to the Consolidated Financial Statements in our 2007 Annual Report on Form 10-K and updated, as necessary, in this Form 10-Q. The year-end consolidated balance sheet data presented for comparative purposes was derived from audited financial statements, but does not include all disclosures required by accounting principles generally accepted in the U.S. The results of operations for the three and nine months ended September 30, 2008 are not necessarily indicative of the operating results for the full year or for any other subsequent interim period.

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts and results could differ from those estimates.

In 2008, we reclassified amounts within the shareholders' equity section, resulting in an approximately $78 million correction to Additional Paid-in Capital and Accumulated Deficit, in connection with the reporting of the re-issuance of treasury stock at a loss.

Principles of Consolidation

The consolidated financial statements reflect our financial statements, those of our wholly-owned subsidiaries and of our joint ventures in Italy and Switzerland. In accordance with FASB Interpretation No. 46, *Consolidation of Variable Interest Entities*, or FIN 46(R), we consolidate variable interest entities in which we are the primary beneficiary. For such consolidated entities in which we own less than a 100% interest, we record minority interest in our statement of income and our balance sheet for the ownership interest of the minority owner. All material intercompany balances and transactions have been eliminated in consolidation.

2. Inventory

Inventories are stated at the lower of cost or market with cost determined under the first-in, first-out, or FIFO, method. Included in inventory are raw materials used in the production of pre-clinical and clinical products, which are charged to research and development expense when consumed.

The components of inventory are as follows (in millions):

	September 30, 2008	December 31, 2007
Raw materials	$ 34.2	$ 46.4
Work in process	168.8	155.4
Finished goods	46.9	32.2
Total inventory	$ 249.9	$ 234.0

During the three months ended September 30, 2008 and 2007, we wrote down $12.6 million and $4.7 million, respectively, in unmarketable inventory, which was charged to cost of sales. During the nine months ended September 30, 2008 and 2007, we wrote down $22.5 million and $19.6 million, respectively, in unmarketable inventory, which was charged to cost of sales.

During 2007, we had TYSABRI product on hand that had been written down in 2005 due to the uncertainties surrounding the TYSABRI suspension, but which was subsequently used to fill orders in 2007. As a result, in 2007, we recognized lower than normal cost of sales and, therefore, higher margins on our sales of TYSABRI. For the three and nine months ended September 30, 2007, cost of sales was approximately $4.2 million and $10.0 million lower, respectively, due to the sale of TYSABRI inventory that had been written down. All TYSABRI inventory that had been previously written down was shipped prior to December 31, 2007.

3. Revenue Recognition

Product Revenues

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

Revenues from product sales are recognized when the criteria described above have all been met, which is typically upon delivery. However, sales of TYSABRI in the U.S. are recognized on the "sell-through" model, that is, upon shipment of the product by our collaboration partner, Elan, to the customer.

Discounts and Allowances

Revenues are recorded net of applicable allowances for discounts, contractual adjustments and returns.

We establish reserves for these allowances and discounts, which include trade term discounts and wholesaler incentives, contractual adjustments, which include Medicaid rebates, Veteran's Administration rebates, managed care rebates and other applicable allowances and product returns, which include returns made by wholesalers. Such reserves are classified as reductions of accounts receivable if the amount is payable to a customer and has the effect of reducing the amount they are required to pay us or as a liability if the amount is payable to a party other than a customer.

BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

An analysis of the amount of, and change in, reserves is as follows (in millions):

	Discounts	Contractual Adjustments	Returns	Total
Beginning balance, January 1, 2008	$ 6.4	$ 33.1	$ 20.4	$ 59.9
Current provisions relating to sales in current period	46.5	113.9	14.4	174.8
Adjustments relating to sales in prior periods	—	(1.6)	—	(1.6)
Payments/returns relating to sales in current period	(38.2)	(64.7)	—	(102.9)
Payments/returns relating to sales in prior periods	(6.5)	(33.1)	(11.7)	(51.3)
Ending balance, September 30, 2008	$ 8.2	$ 47.6	$ 23.1	$ 78.9

The total reserves above were included in the consolidated balance sheets as follows (in millions):

	September 30, 2008	December 31, 2007
Reduction of accounts receivable	$ 34.7	$ 28.5
Accrued expenses and other	44.2	31.4
Total reserves	$ 78.9	$ 59.9

Reserves for discounts, contractual adjustments and returns reduced gross product revenues as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Discounts	$ 16.2	$ 10.8	$ 46.5	$ 31.3
Contractual adjustments	40.1	24.7	112.3	71.6
Returns	5.9	4.0	14.4	17.6
Total allowances	$ 62.2	$ 39.5	$ 173.2	$ 120.5
Gross product revenues	$ 820.5	$ 575.9	$ 2,281.0	$ 1,663.3
Percent of gross product revenues	7.6%	6.9%	7.6%	7.2%

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

BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

4. Intangible Assets and Goodwill

As of September 30, 2008 and December 31, 2007, intangible assets and goodwill, net of accumulated amortization, impairment charges and adjustments, are as follows (in millions):

		As of September 30, 2008			As of December 31, 2007		
	Estimated Life	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Out-licensed patents	12 years	$ 578.0	$ (238.0)	$ 340.0	$ 578.0	$ (199.1)	$ 378.9
Core/developed technology	15-20 years	3,003.7	(1,163.5)	1,840.2	3,003.0	(965.2)	2,037.8
Trademarks & tradenames	Indefinite	64.0	—	64.0	64.0	—	64.0
In-licensed patents	14 years	3.0	(0.9)	2.1	3.0	(0.7)	2.3
Assembled workforce	4 years	2.1	(1.1)	1.0	2.1	(0.7)	1.4
Distribution rights	2 years	12.1	(8.6)	3.5	11.8	(3.8)	8.0
Total intangible assets		$ 3,662.9	$ (1,412.1)	$ 2,250.8	$ 3,661.9	$ (1,169.5)	$ 2,492.4
Goodwill	Indefinite	$ 1,137.5	$ —	$ 1,137.5	$ 1,137.4	$ —	$ 1,137.4

Amortization expense was $94.5 million and $65.7 million in the three months ended September 30, 2008 and 2007, respectively. Amortization expense was $242.1 million and $186.6 million in the nine months ended September 30, 2008 and 2007, respectively. In the first quarter of 2008, we recorded $25.0 million of in-process research and development (IPR&D) charges related to an HSP-90 related milestone payment made to the former shareholders of Conforma Therapeutics, Inc., or Conforma, pursuant to our acquisition of Conforma in 2006.

5. Fair Value Measurements

Effective January 1, 2008, we implemented Statement of Financial Accounting Standard No. 157, *Fair Value Measurement*, or SFAS 157, for our financial assets and liabilities that are re-measured and reported at fair value at each reporting period, and non-financial assets and liabilities that are re-measured and reported at fair value at least annually. In accordance with the provisions of FSP No. FAS 157-2, *Effective Date of FASB Statement No. 157*, we have elected to defer implementation of SFAS 157 as it relates to our non-financial assets and non-financial liabilities that are recognized and disclosed at fair value in the financial statements on a nonrecurring basis until January 1, 2009. We are evaluating the impact, if any, this Standard will have on our non-financial assets and liabilities.

The adoption of SFAS 157 for financial assets and liabilities that are re-measured and reported at fair value at least annually did not have an impact on our financial results.

BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables present information about our assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2008, and indicates the fair value hierarchy of the valuation techniques we utilized to determine such fair value. In general, fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability, and includes situations where there is little, if any, market activity for the asset or liability (in millions):

Description	Balance at September 30, 2008	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 908.7	$ —	$ 908.7	$ —
Marketable debt securities	1,093.3	—	1,093.3	—
Strategic investments	6.3	6.3	—	—
Venture capital investments	28.4	—	—	28.4
Derivative contracts	8.3	—	8.3	—
Plan assets for deferred compensation	14.1	—	14.1	—
Total	$ 2,059.1	$ 6.3	$ 2,024.4	$ 28.4
Liabilities:				
Derivative contracts	1.9	—	1.9	—
Total	$ 1.9	$ —	$ 1.9	$ —

The fair values of our cash equivalents, marketable debt securities, plan assets and derivative instruments are determined through market, observable and corroborated sources. Our strategic investments are investments in publicly traded equity securities where fair value is readily determinable.

The following table is a roll forward of the fair value of our venture capital investments, where fair value is determined by Level 3 inputs (in millions):

Description	Three Months Ended September 30, 2008 Fair Value	Nine Months Ended September 30, 2008 Fair Value
Beginning Balance	$ 24.6	$ 28.1
Total net unrealized gains (losses) included in earnings	2.2	(2.6)
Purchases, issuances, and settlements	1.6	2.9
Ending Balance	$ 28.4	$ 28.4

The carrying value of the venture capital investments reflect changes in the fair value of the underlying funds' net assets, which is calculated by employing various market, income and cost approaches to determine fair value at each measurement date. Gains and losses (realized and unrealized) included in earnings for the period are reported in other income (expense), net.

6. Financial Instruments

Marketable Securities, including Strategic Investments

The following is a summary of marketable securities and investments (in millions):

September 30, 2008:	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Amortized Cost
Available-for-sale				
Corporate debt securities				
Current	$ 98.8	$ 0.1	$ —	$ 98.7
Non-current	234.3	1.5	(0.1)	232.9
U.S. Government securities				
Current	118.0	0.3	—	117.7
Non-current	218.1	3.0	—	215.1
Other interest bearing securities				
Current	55.6	—	—	55.6
Non-current	368.5	2.8	(0.4)	366.1
Total available-for-sale securities	$ 1,093.3	$ 7.7	$ (0.5)	$ 1,086.1
Other Investments				
Strategic investments, non-current	$ 6.3	$ 0.1	$ (0.4)	$ 6.6

December 31, 2007:	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Amortized Cost
Available-for-sale				
Corporate debt securities				
Current	$ 178.3	$ 0.2	$ (0.3)	$ 178.4
Non-current	309.7	3.5	(0.1)	306.3
U.S. Government securities				
Current	192.5	0.2	(0.1)	192.4
Non-current	232.5	4.7	—	227.8
Other interest bearing securities				
Current	6.1	—	—	6.1
Non-current	537.0	5.2	(0.5)	532.3
Total available-for-sale securities	$ 1,456.1	$ 13.8	$ (1.0)	1,443.3
Other Investments				
Strategic investments, non-current	$ 16.8	$ 2.9	$ (0.1)	$ 14.0

The table above includes securities we loan from our portfolio to other institutions, as described below.

In the three months ended September 30, 2008 and 2007, we recognized $14.1 million and $0.7 million in impairment charges primarily related to mortgage and asset backed securities classified as available-for-sale securities. In the nine months ended September 30, 2008 and 2007, we recognized $19.3 million and $6.2 million in impairment charges primarily related to mortgage and asset backed securities classified as available-for-sale securities.

Unrealized losses relate to various debt securities, including U.S. Government issues, corporate bonds and asset-backed securities and strategic investments. We believe that these unrealized losses are temporary. We have the intent and ability to hold these securities to recovery, which may be at maturity.

The proceeds from maturities and sales of marketable securities, which were primarily reinvested, and resulting realized gains and losses were as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Proceeds from maturities and sales	$ 743.2	$ 293.0	$ 2,135.1	$ 2,702.8
Realized gains	$ 0.9	$ 1.2	$ 11.6	$ 3.2
Realized losses	$ 10.6	$ 0.4	$ 15.4	$ 4.2

The realized losses for the three and nine months ended September 30, 2008 primarily relate to losses on the sale of corporate debt securities.

The amortized cost and estimated fair value of securities available-for-sale at September 30, 2008 by contractual maturity are as follows (in millions):

	Estimated Fair Value	Amortized Cost
Due in one year or less	$ 266.4	$ 265.9
Due after one year through five years	458.4	454.0
Mortgage and other asset backed securities	368.5	366.2
Total	$ 1,093.3	$ 1,086.1

The average maturity of our marketable securities as of September 30, 2008 and December 31, 2007, was 13 months and 15 months, respectively.

Certain commercial paper and short-term debt securities with original maturities of less than 90 days are included in cash and cash equivalents on the accompanying balance sheet and are not included in the table above. The commercial paper, including accrued interest, has a fair and carrying value of $268.6 million and $368.2 million and short-term debt securities has a fair and carrying value of $640.1 million and $195.1 million at September 30, 2008 and December 31, 2007, respectively.

Strategic Investments

We hold investments in equity securities of certain publicly traded companies. In the three and nine months ended September 30, 2008, we recognized $2.5 million and $6.1 million, respectively, in charges for the impairment of strategic investments that were deemed to be other-than-temporary. In the nine months ended September 30, 2007, we recognized no charges for the impairment of strategic investments that were deemed to be other-than-temporary.

Non-Marketable Securities

We hold investments in equity securities of certain privately held biotechnology companies and biotechnology oriented venture capital investments. The carrying value of these investments as of September 30, 2008 and December 31, 2007, was $67.9 million and $52.4 million, respectively. These investments are included in investments and other assets on the accompanying consolidated balance sheets.

In the three months ended September 30, 2008, we recorded $2.2 million in unrealized gains due to increases in the fair value of the investments and $0.3 million in charges for the impairment of investments

that were determined to be other-than-temporary. In the nine months ended September 30, 2008, we recorded $2.6 million in unrealized losses due to declines in the fair value of the investments and $1.3 million in charges for the impairment of investments that were determined to be other-than-temporary. In the three and nine months ended September 30, 2007, we recorded $0.5 million and $0.9 million in impairment losses.

Securities Lending

We loan certain securities from our portfolio to other institutions. Such securities are classified as loaned securities on the accompanying consolidated balance sheet. Collateral for the loaned securities, consisting of cash or other assets, is maintained at a rate of approximately 102% of the market value of each loaned security. We held cash as collateral in the amount of $178.1 million and $208.2 million as of September 30, 2008 and December 31, 2007, respectively. The cash collateral is recorded as cash collateral received for loaned securities on the consolidated balance sheet. We have a current obligation to return the collateral, which is reflected as collateral payable on loaned securities on the accompanying consolidated balance sheet. Income received from lending securities is recorded in other income (expense), net.

Forward Contracts and Interest Rate Swaps

We have foreign currency forward contracts to hedge specific forecasted transactions denominated in foreign currencies. All foreign currency forward contracts in effect at September 30, 2008 have durations of one to nine months. These contracts have been designated as cash flow hedges and accordingly, to the extent effective, any unrealized gains or losses on these foreign currency forward contracts are reported in accumulated other comprehensive income. Realized gains and losses for the effective portion are recognized with the completion of the underlying hedge transaction. To the extent ineffective, hedge transaction gains and losses are reported in other income (expense), net.

The notional settlement amount of the foreign currency forward contracts outstanding at September 30, 2008 was approximately $132.8 million. These contracts had an aggregate fair value of $5.7 million, representing an unrealized gain, and were included in other current assets at September 30, 2008. The notional settlement amount of the foreign currency forward contracts outstanding at December 31, 2007 was approximately $409.2 million. These contracts had an aggregate fair value of $6.4 million, representing an unrealized loss, and were included in other current liabilities at December 31, 2007.

For our foreign currency forward contracts, in the three and nine months ended September 30, 2008, there was $1.3 million and $2.4 million, respectively, recognized in earnings as a loss due to hedge ineffectiveness. In the three and nine months ended September 30, 2007, there was $2.0 million and $2.6 million recognized in earnings as a loss due to hedge ineffectiveness. We recognized $2.3 million and $20.0 million of losses in product revenue for the settlement of certain effective cash flow hedge instruments for the three and nine months ended September 30, 2008 as compared to $3.8 million and $4.9 million in product revenue for the three and nine months ended September 30, 2007. These settlements were recorded in the same period the related forecasted transactions affected earnings.

In connection with the issuance of our Senior Notes in March 2008, as described in Note 7, Indebtedness, we entered into interest rate swaps at the issuance of the Senior Notes and during the second quarter of 2008 with a total aggregate notional amount of $550.0 million, which expire in March 2018. These interest rate swaps have been designated as fair value hedges and are being used to manage our exposure to changes in interest rates. These swaps have the effect of changing $550.0 million of our fixed rate debt to variable rate debt, as we receive a fixed rate and pay a floating rate. In the three and nine months ended September 30, 2008, we recognized a net gain of $1.3 million and a net loss of $3.6 million, respectively, in earnings due to hedge ineffectiveness. The fair value of these swaps at September 30, 2008, which incorporates counter party credit risk, is included in other assets and other liabilities was $2.6 million and $1.9 million, respectively, net of accrued interest.

7. Indebtedness

Notes payable consists of the following (in millions):

	September 30, 2008	December 31, 2007
Current portion:		
Term loan facility	$ —	$ 1,500.0
20-year subordinated convertible promissory notes, due 2019 at 5.5%	—	0.2
Note payable to Fumedica	10.2	10.3
Other	—	0.6
	$ 10.2	$ 1,511.1
Non-current portion:		
6.000% Senior Notes due 2013	$ 449.5	$ —
6.875% Senior Notes due 2018	550.1	—
Note payable to Fumedica	25.9	34.3
Credit line from Dompé	16.9	17.5
	$ 1,042.4	$ 51.8

On March 4, 2008, we issued $450.0 million aggregate principal amount of 6.0% Senior Notes due March 1, 2013 and $550.0 million aggregate principal amount of 6.875% Senior Notes due March 1, 2018 at 99.886% and 99.184% of par, respectively. The discount will be amortized as additional interest expense over the period from issuance through maturity. These notes are senior unsecured obligations. Interest on the notes is payable March 1 and September 1 of each year. The notes may be redeemed at our option at any time at 100% of the principal amount plus accrued interest and a specified make-whole amount. The notes contain a change of control provision that may require us to purchase the notes under certain circumstances. There is also an interest rate adjustment feature that requires us to increase the interest rate on the notes if the rating on the notes declines below investment grade. Offering costs of approximately $8.0 million have been recorded as debt issuance costs on our consolidated balance sheet and will be amortized as additional interest expense using the effective interest rate method over the period from issuance through maturity. Additionally, in connection with this issuance, we entered into interest rate swaps, as further described in Note 6, Financial Instruments. The carrying value of the 6.875% Senior Notes due in 2018 has increased by approximately $4.4 million related to the interest rate swap.

We used the proceeds of this borrowing, along with cash and the proceeds from the liquidation of marketable securities, to repay the $1,500.0 million term loan facility we had entered into in July 2007 in connection with the funding of our June 2007 common stock tender offer.

In June 2007, we entered into a five-year $400.0 million Senior Unsecured Revolving Credit Facility, which we may use for future working capital and general corporate purposes. The bankruptcy of Lehman Brothers Holdings Inc. has eliminated their $40 million portion of the credit facility, thereby reducing the availability of the credit facility to $360 million. This credit facility bears interest at a rate of LIBOR plus 45 basis points. The terms of this revolving credit facility include various covenants, including financial covenants that require us to not exceed a maximum leverage ratio and under certain circumstances, an interest coverage ratio. As of September 30, 2008, we were in compliance with these covenants and there were no borrowings under this credit facility.

BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

8. Comprehensive Income

The activity in comprehensive income, net of income taxes, was as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Net income	$ 206.8	$ 119.4	$ 576.5	$ 437.0
Translation adjustments	(101.8)	25.8	(47.2)	36.9
Unfunded status of pension and post retirement benefit plan	(0.2)	—	—	—
Net unrealized gains (losses) on available-for-sale marketable securities, net of tax of $(0.7) million, $2.6 million, $2.6 million and $2.0 million, respectively	1.3	(4.7)	(6.3)	(3.2)
Net unrealized gains (losses) on foreign currency forward contracts, net of tax of $7.6 million, $3.0 million, $4.5 million, and $4.3 million, respectively	13.0	(5.1)	7.7	(7.4)
Total comprehensive income	$ 119.1	$ 135.4	$ 530.7	$ 463.3

9. Earnings per Share

Basic and diluted earnings per share are calculated as follows (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Numerator:				
Net income	$ 206.8	$ 119.4	$ 576.5	$ 437.0
Adjustment for net income allocable to preferred shares	(0.4)	(0.2)	(1.0)	(0.6)
Net income used in calculating basic and diluted earnings per share	$ 206.4	$ 119.2	$ 575.5	$ 436.4
Denominator:				
Weighted average number of common shares outstanding	291.4	289.0	292.6	323.0
Effect of dilutive securities:				
Stock options and ESPP	1.1	2.7	1.6	2.1
Restricted stock units	1.4	1.3	1.2	0.8
Performance-based restricted stock units	—	—	—	0.1
Restricted stock awards	—	0.4	0.1	0.5
Convertible promissory notes	—	—	—	0.2
Dilutive potential common shares	2.5	4.4	2.9	3.7
Shares used in calculating diluted earnings per share	293.9	293.4	295.5	326.7

BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Numerator:				
Net income allocable to preferred shares	$ 0.4	$ 0.2	$ 1.0	$ 0.6
Denominator:				
Stock options	6.7	7.6	6.4	10.5
Time-vested restricted stock units	1.8	0.1	1.4	0.1
Convertible preferred stock	0.5	0.5	0.5	0.5
Total	9.0	8.2	8.3	11.1

10. Share-Based Payments

In the three and nine months ended September 30, 2008 and 2007, share-based compensation expense reduced our results of operations as follows (in millions, except for earnings per share):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
	Effect on Net Income		Effect on Net Income	
Income before income taxes	$ 36.7	$ 31.8	$ 104.3	$ 91.2
Tax effect	(11.4)	(9.9)	(32.2)	(27.8)
Net income	$ 25.3	$ 21.9	$ 72.1	$ 63.4
Basic earnings per share	$ 0.09	$ 0.08	$ 0.25	$ 0.20
Diluted earnings per share	$ 0.09	$ 0.07	$ 0.24	$ 0.19

Share-based compensation expense and cost in the three and nine months ended September 30, 2008 and 2007 is as follows (in millions):

	Three Months Ended September 30, 2008			Three Months Ended September 30, 2007		
	Stock Options & ESPP	Restricted Stock and Restricted Stock Units	Total	Stock Options & ESPP	Restricted Stock and Restricted Stock Units	Total
Research and development	$ 2.4	$ 11.6	$ 14.0	$ 3.5	$ 9.7	$ 13.2
Selling, general and administrative	5.5	19.0	24.5	6.0	13.7	19.7
Total	$ 7.9	$ 30.6	$ 38.5	$ 9.5	$ 23.4	$ 32.9
Capitalized share-based compensation costs			(1.8)			(1.1)
Share-based compensation expense			$ 36.7			$ 31.8

BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Nine Months Ended September 30, 2008			Nine Months Ended September 30, 2007		
	Stock Options & ESPP	Restricted Stock and Restricted Stock Units	Total	Stock Options & ESPP	Restricted Stock and Restricted Stock Units	Total
Research and development	$ 6.2	$ 39.6	$ 45.8	$ 9.5	$ 27.3	$ 36.8
Selling, general and administrative	12.7	51.3	64.0	17.5	40.1	57.6
Total	$ 18.9	$ 90.9	$ 109.8	$ 27.0	$ 67.4	$ 94.4
Capitalized share-based compensation costs			(5.5)			(3.2)
Share-based compensation expense			$ 104.3			$ 91.2

Stock Options

In February of 2008 and 2007, we made our annual awards of stock options. Approximately one million stock options were awarded as part of the annual award in each of February 2008 and 2007 at exercise prices of $60.56 per share and $49.31 per share, respectively.

The fair values of the stock option grants awarded in the nine months ended September 30, 2008 and 2007 were estimated as of the date of grant using a Black-Scholes option valuation model that used the following weighted-average assumptions:

	Nine Months Ended September 30,	
	2008	2007
Expected dividend yield	0.0%	0.0%
Expected stock price volatility	34.4%	33.6%
Risk-free interest rate	2.47%	4.50%
Expected option life in years	5.10	4.87
Per share grant-date fair value	$ 21.12	$ 18.36

Time-Vested Restricted Stock Units

In February of 2008 and 2007, we made our annual awards of time-vested restricted stock units, or RSUs. Approximately 2.3 million RSUs were awarded as part of the annual grant in each of February 2008 and 2007 at grant date fair values of $60.56 per share and $49.31 per share, respectively.

Performance-Based Restricted Stock Units

In June 2006, we committed to grant 120,000 performance-based RSUs to an executive. The first tranche of 30,000 RSUs was granted in January 2007 and the remaining 90,000 were granted in June 2007. These tranches are subject to performance conditions established at the time of grant. In February 2008, 27,000 of the first tranche of RSUs vested and was converted into shares of common stock, while the remaining 3,000 RSUs of the tranche expired unvested. The total grant of 120,000 RSUs is being recognized as compensation expense, adjusted as necessary, over the requisite service period of four years as if it were multiple awards, in accordance with FASB Interpretation No. 28, *Accounting for Stock Appreciation Rights and Other Variable Stock Options or Award Plans*, or FIN 28.

Employee Stock Purchase Plan

In the three months ended September 30, 2008 and 2007, 0.1 million and 0.1 million shares, respectively, were issued under the employee stock purchase plan, or ESPP. In the nine months ended September 30, 2008

and 2007, 0.4 million and 0.4 million shares, respectively, were issued under the ESPP. In the three months ended September 30, 2008 and 2007, we recorded approximately $3.0 million and $2.4 million, respectively, of stock compensation charges related to the ESPP. In the nine months ended September 30, 2008 and 2007, we recorded approximately $4.6 million and $3.6 million, respectively, of stock compensation charges related to the ESPP.

11. Income Taxes

Tax Rate

Our effective tax rate was 35.6% on pre-tax income for the three months ended September 30, 2008, compared to 31.4% for the comparable period in 2007. Our effective tax rate was 32.9% on pre-tax income for the nine months ended September 30, 2008, compared to 29.0% for the comparable period in 2007. The effective tax rate in 2008 was unfavorably impacted by a higher proportion of income subject to US taxes and enactment of an amendment to Massachusetts tax laws which will increase payments on timing items which become taxable after January 1, 2009.

A reconciliation of the U.S. federal statutory tax rate to the effective tax rate for the three and nine months ended September 30, 2008 and 2007, respectively, is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Statutory Rate	35.0%	35.0%	35.0%	35.0%
State Taxes	4.4	4.1	3.0	2.5
Foreign Taxes	(7.4)	(7.7)	(9.0)	(7.7)
Credits and net operating loss utilization	1.1	(2.3)	0.1	(2.5)
Other	(1.3)	(0.6)	(0.8)	(2.6)
Fair Value Adjustment	3.8	3.0	3.6	3.1
IPR&D	—	(0.1)	1.0	1.2
	35.6%	31.4%	32.9%	29.0%

Contingency

On September 12, 2006, we received a Notice of Assessment from the Massachusetts Department of Revenue for $38.9 million, including penalties and interest, with respect to the 2001, 2002 and 2003 tax years. We believe that we have meritorious defenses to the proposed adjustment and are vigorously opposing the assessment. We believe that the assessment does not impact the level of liabilities for income tax contingencies. However, there is a possibility that we may not prevail in all of our assertions. If this is resolved unfavorably in the future, it could have a material impact on our future effective tax rate and our results of operations in the period the resolution occurs.

We file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2001. During the second quarter of 2007, the Internal Revenue Service, or IRS, completed its examination of our consolidated federal income tax returns for the fiscal years 2003 and 2004 and issued an assessment. We subsequently paid amounts related to items agreed to with the IRS and are appealing several items.

12. Other Income (Expense), Net

Total other income (expense), net, consists of the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Interest income	$ 16.8	$ 18.8	$ 55.0	$ 80.1
Minority interest	(1.0)	29.0	(5.2)	25.0
Interest expense	(8.1)	(19.6)	(37.6)	(21.9)
Other, net	(32.4)	16.7	(42.0)	15.0
Total other income (expense), net	$ (24.7)	$ 44.9	$ (29.8)	$ 98.2

In the three months ended September 30, 2008, the principal components of other, net, included losses on foreign currency of $1.8 million and impairments of and net realized losses on the sales of marketable securities of $23.8 million, as further described in Note 6 “Financial Instruments”. In the three months ended September 30, 2007, the principal components of other, net included gain on sale of land of $7.1 million and net realized gains on sales of strategic investments of $11.0 million, offset by net realized losses on sales of marketable securities of $0.7 million.

In the nine months ended September 30, 2008, the principal components of other, net, included net impairments on strategic investments of $10.7 million, losses on foreign currency of $2.8 million and hedge ineffectiveness of $2.5 million, impairments of and net realized losses on the sale of marketable securities of $23.1 million, as further described in Note 6 “Financial Instruments”. In the nine months ended September 30, 2007, the principal components of other, net, included net realized losses on sales of marketable securities of $7.1 million, offset by net realized gains on our strategic investments of $19.0 million and gain on sale of land of $7.1 million.

13. Litigation

We, along with William H. Rastetter, our former Executive Chairman, James C. Mullen, our Chief Executive Officer, Peter N. Kellogg, our former Chief Financial Officer, William R. Rohn, our former Chief Operating Officer, Burt A. Adelman, our former Executive Vice President, Portfolio Strategy, and Thomas J. Bucknum, our former General Counsel are defendants in a consolidated purported class action lawsuit, captioned Brown v Biogen Idec., et al (“Brown”), first filed in the U.S. District Court for the District of Massachusetts on March 2, 2005. The action is purportedly brought on behalf of all purchasers of our publicly-traded securities between February 18, 2004 and February 25, 2005. The complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The plaintiffs allege that the defendants made materially false and misleading statements regarding potentially serious side effects of TYSABRI in order to gain accelerated approval from the FDA for the product’s distribution and sale. The plaintiffs allege that these statements harmed the purported class by artificially inflating our stock price during the purported class period and that our insiders benefited personally from the inflated price by selling our stock. The plaintiffs seek unspecified damages, as well as interest, costs and attorneys’ fees. On September 14, 2007, the District Court entered an Order allowing the Motions to Dismiss of all defendants. That decision was affirmed on August 7, 2008 by the United Stated Court of Appeals for the First Circuit. We do not anticipate further action in this matter.

On October 4, 2004, Genentech, Inc. received a subpoena from the U.S. Department of Justice requesting documents related to the promotion of RITUXAN. We market RITUXAN in the U.S. in collaboration with Genentech. Genentech has disclosed that it is cooperating with the associated investigation, and that it has been advised the investigation is both civil and criminal in nature. We are cooperating with the

U.S. Department of Justice in its investigation of Genentech. The potential outcome of this matter and its impact on us cannot be determined at this time.

Along with several other major pharmaceutical and biotechnology companies, Biogen, Inc. (now Biogen Idec MA, Inc., one of our wholly-owned subsidiaries) or, in certain cases, Biogen Idec Inc., was named as a defendant in lawsuits filed by the City of New York and numerous Counties of the State of New York. All of the cases — except for cases filed by the County of Erie, County of Oswego and County of Schenectady (the "Three County Actions") — are the subject of a Consolidated Complaint ("Consolidated Complaint"), first filed on June 15, 2005 in the U.S. District Court for the District of Massachusetts in Multi-District Litigation No. 1456 ("the MDL proceedings"). All of the complaints in these cases allege that the defendants (i) fraudulently reported the Average Wholesale Price for certain drugs for which Medicaid provides reimbursement ("Covered Drugs"); (ii) marketed and promoted the sale of Covered Drugs to providers based on the providers' ability to collect inflated payments from the government and Medicaid beneficiaries that exceeded payments possible for competing drugs; (iii) provided financing incentives to providers to over-prescribe Covered Drugs or to prescribe Covered Drugs in place of competing drugs; and (iv) overcharged Medicaid for illegally inflated Covered Drugs reimbursements. Among other things, the complaints allege violations of New York state law and advance common law claims for unfair trade practices, fraud, and unjust enrichment. In addition, the amended Consolidated Complaint alleges that the defendants failed to accurately report the "best price" on the Covered Drugs to the Secretary of Health and Human Services pursuant to rebate agreements, and excluded from their reporting certain discounts and other rebates that would have reduced the "best price." With respect to the MDL proceedings, the defendants were successful in having some of the plaintiffs' claims dismissed, and the parties, including Biogen Idec, have agreed to participate in mediation with respect to the outstanding claims, which began on July 1, 2008.

We have not formed an opinion that an unfavorable outcome is either "probable" or "remote" in any of these cases, and do not express an opinion at this time as to their likely outcome or as to the magnitude or range of any potential loss. We believe that we have good and valid defenses to each of these complaints and are vigorously defending against them.

Along with several other major pharmaceutical and biotechnology companies, we were also named as a defendant in a lawsuit filed by the Attorney General of Arizona in the Superior Court of the State of Arizona and transferred to the MDL proceedings. The complaint, as amended on March 13, 2007, is brought on behalf of Arizona consumers and other payors for drugs, and alleges that the defendants violated the state consumer fraud statute by fraudulently reporting the Average Wholesale Price for certain drugs covered by various private and public insurance mechanisms and by marketing these drugs to providers based on the providers' ability to collect inflated payments from third-party payors. Biogen Idec and other defendants have filed a motion to dismiss the complaint, which is pending. On December 26, 2007, Biogen Idec and other defendants agreed to participate in mediation. Mediation is underway. We have not formed an opinion that an unfavorable outcome is either "probable" or "remote," and do not express an opinion at this time as to the likely outcome of the matter or as to the magnitude or range of any potential loss. We believe that we have good and valid defenses to the complaint and intend vigorously to defend the case.

On January 6, 2006, we were served with a lawsuit, captioned United States of America ex rel. Paul P. McDermott v. Genentech, Inc. and Biogen Idec, Inc., filed in the U.S. District Court of the District of Maine. The lawsuit was filed under seal on July 29, 2005 by a former employee of our co-defendant Genentech pursuant to the False Claims Act, 31 U.S.C. section 3729 et. seq. On December 20, 2005, the U.S. government elected not to intervene, and the complaint was subsequently unsealed and served. The plaintiff alleges, among other things, that we illegally marketed off-label uses of RITUXAN for treating rheumatoid arthritis, provided illegal kickbacks to physicians to promote off-label uses, and conspired with Genentech to defraud the government. The plaintiff seeks entry of judgment on behalf of the United States of America against the defendants, an award to the plaintiff as relator, and all costs, expenses, attorneys' fees, interest and other

appropriate relief. On July 24, 2007, the District Court granted Biogen Idec's motion to dismiss. Certain of the plaintiff's claims against Genentech are still pending. The District Court subsequently denied the plaintiff's motion to allow an interlocutory appeal of the granting of Biogen Idec's motion to dismiss. We have not formed an opinion that an unfavorable outcome is either "probable" or "remote," and do not express an opinion at this time as to the likely outcome of the matter or as to the magnitude or range of any potential loss. We believe that we have good and valid defenses to the complaint and intend vigorously to defend the case.

On June 17, 2006, Biogen Idec filed a Demand for Arbitration against Genentech, Inc. with the American Arbitration Association ("AAA"), which Demand was amended on December 5, 2006 and on January 29, 2008. In the Demand, Biogen Idec alleged that Genentech breached the parties' Amended and Restated Collaboration Agreement dated June 19, 2003 (the "Collaboration Agreement"), by failing to honor Biogen Idec's contractual right to participate in strategic decisions affecting the parties' joint development and commercialization of certain pharmaceutical products, including humanized anti-CD20 antibodies. Genentech filed an Answering Statement in response to Biogen Idec's Demand in which Genentech denied that it had breached the Collaboration Agreement and alleged that Biogen Idec had breached the Collaboration Agreement. In its Answering Statement, Genentech also asserted for the first time that the November 2003 transaction in which Idec Pharmaceuticals acquired Biogen and became Biogen Idec was a change of control under the Collaboration Agreement, a position with which we disagree strongly. It is our position that the Biogen Idec merger did not constitute a change of control under the Collaboration Agreement and that, even if it did, Genentech's rights under the change of control provision, which must be asserted within ninety (90) days of the change of control event, have long since expired. We intend to vigorously assert that position if Genentech persists in making this claim. The hearing commenced on September 15, 2008 and is scheduled to conclude in December, 2008. We anticipate a decision during the first half of 2009. We have not formed an opinion that an unfavorable outcome is either "probable" or "remote," and do not express an opinion at this time as to the likely outcome of the matter or as to the magnitude or range of any potential loss. We believe that we have good and valid defenses to Genentech's allegations in the arbitration and intend vigorously to defend against these allegations.

On August 10, 2004, Classen Immunotherapies, Inc. filed suit against us, GlaxoSmithKline, Chiron Corporation, Merck & Co., Inc., and Kaiser-Permanente, Inc. in the U.S. District Court for the District of Maryland contending that we induced infringement of U.S. Patent Nos, 6,420,139, 6,638,739, 5,728,383, and 5,723,283, all of which are directed to various methods of immunization or determination of immunization schedules. All counts asserted against us by Classen were dismissed by the District Court. Classen filed an appeal, which has been fully briefed and argued, but not yet decided by the Court of Appeals. We have not formed an opinion that an unfavorable outcome is either "probable" or "remote," and do not express an opinion at this time as to the likely outcome of the matter or as to the magnitude or range of any potential loss. We believe that we have good and valid defenses and intend vigorously to defend the case.

On September 12, 2006, the Massachusetts Department of Revenue ("DOR") issued a notice of assessment against Biogen Idec MA, Inc. for $38.9 million of corporate excise tax for 2002, which includes associated interest and penalties. On December 6, 2006, we filed an abatement application with the DOR, seeking abatements for 2001-2003. The abatement application was denied on July 24, 2007. On July 25, 2007, we filed a petition with the Massachusetts Appellate Tax Board, seeking abatements of corporate excise tax for 2001-2003 and adjustments in certain credits and credit carryforwards for 2001-2003. Issues before the Board include the computation of Biogen Idec MA's sales factor for 2001-2003, computation of Biogen Idec MA's research credits for those same years, and the availability of deductions for certain expenses and partnership flow-through items. We intend to contest this matter vigorously. We believe that the assessment does not impact the level of liabilities for income tax contingencies.

In January 2008, the European Commission ("EC") began an industry-wide antitrust inquiry into competitive conditions within the pharmaceutical sector. As part of the inquiry, the EC issued detailed questionnaires to approximately 100 companies, including Biogen Idec. The first questionnaire, which we received in April 2008, has been followed by further interaction with the EC and we continue to cooperate with the EC in its inquiry.

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

14. Segment Information

We operate in one business segment, which is the business of discovery, development, manufacturing and commercialization of innovative therapies for human health care. Our chief operating decision maker manages our operations as a single operating segment.

15. New Accounting Pronouncements

On December 12, 2007, EITF 07-01, *Accounting for Collaborative Arrangements Related to the Development and Commercialization of Intellectual Property*, or EITF 07-01, was issued. EITF 07-01 prescribes the accounting for collaborations. It requires certain transactions between collaborators to be recorded in the income statement on either a gross or net basis when certain characteristics exist in the collaboration relationship. EITF 07-01 is effective for all of our collaborations existing after January 1, 2009. We are evaluating the impact, if any, this Standard will have on our financial statements.

On December 4, 2007, Statement of Financial Accounting Standard No. 141(R), *Business Combinations*, or SFAS 141(R), was issued. This Standard will require us to measure all assets acquired and liabilities assumed, including contingent considerations and all contractual contingencies, at fair value as of the acquisition date when we acquire another business. In addition, we will capitalize IPR&D when we acquire another business and either amortize it over the life of the product or write it off if the project is abandoned or impaired. SFAS 141(R) is effective for transactions occurring on or after January 1, 2009. We are evaluating the impact, if any, this Standard will have on our financial statements.

On December 4, 2007, Statement of Financial Accounting Standard No. 160, *Noncontrolling Interests in Consolidated Financial Statements, an Amendment of ARB No. 51*, or SFAS 160, was issued. This Standard changes the accounting for and reporting of noncontrolling interests (formerly known as minority interests) in consolidated financial statements. This Standard is effective January 1, 2009. When implemented, prior periods will be recast for the changes required by SFAS 160. We do not expect the adoption of this standard to have a material impact on our financial statements or our results of operations.

On March 19, 2008, Statement of Financial Accounting Standard No. 161, *Disclosures About Derivative Instruments and Hedging Activities*, or SFAS 161, was issued. This Standard enhances the disclosure requirements for derivative instruments and hedging activities. This Standard is effective January 1, 2009. Since SFAS No. 161 requires only additional disclosures concerning derivatives and hedging activities, adoption of SFAS No. 161 will not affect our financial condition, results of operations or cash flows.

On May 5, 2008, Statement of Financial Accounting Standard No. 162, *The Hierarchy of Generally Accepted Accounting Principles*, or SFAS 162, was issued. This Standard identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements that are presented in conformity with generally accepted accounting principles in the U.S. We do not expect the adoption of this standard to have a material impact on our financial statements or our results of operations.

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

Forward-Looking Information

In addition to historical information, this report contains forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those reflected in such forward-looking statements. These forward-looking statements do not relate strictly to historical or current facts and they may be accompanied by such words as "anticipate," "believe," "estimate," "expect," "forecast," "intend," "plan," "project," "target," "may," "will" and other words and terms of similar meaning. Reference is made in particular to forward-looking statements regarding the anticipated level of future product sales, royalty revenues, expenses, contractual obligations, regulatory approvals, our long-term growth, the development and marketing of additional products, the impact of competitive products, the incidence or anticipated outcome of pending or anticipated litigation, patent-related proceedings, tax assessments and other legal proceedings, our effective tax rate for future periods, our ability to finance our operations and meet our manufacturing needs, the completion of our manufacturing facility in Hillerod, Denmark, liquidity, and our plans to spend additional capital on external business development and research opportunities. Risk factors which could cause actual results to differ from our expectations and which could negatively impact our financial condition and results of operations are discussed in the section entitled "Risk Factors" in Part II of this report and elsewhere in this report. Forward-looking statements, like all statements in this report, speak only as of the date of this report (unless another date is indicated). Unless required by law, we do not undertake any obligation to publicly update any forward-looking statements.

The following discussion should be read in conjunction with our consolidated financial statements and related notes beginning on page 3 of this quarterly report on Form 10-Q.

Overview

Biogen Idec Inc. ("We", "Biogen Idec" or "the Company") is a global biotechnology company that creates new standards of care in therapeutic areas with high unmet medical needs.

We currently have four marketed products:

- AVONEX® (interferon beta-1a);
- RITUXAN® (rituximab);
- TYSABRI® (natalizumab); and,
- FUMADERM® (dimethylfumarate and monoethylfumarate salts).

Through December 2007, we recorded product revenues from sales of ZEVALIN® (ibritumomab tiuxetan). In December 2007, we sold the U.S. marketing, sales, and manufacturing and development rights of ZEVALIN to Cell Therapeutics, Inc., or CTI. As part of the overall agreement, we entered into a supply agreement with CTI to manufacture and supply ZEVALIN product through 2014 and a related services and security agreement under which CTI has agreed to reimburse us for expenses incurred in an ongoing randomized clinical trial for ZEVALIN with respect to aggressive non-Hodgkin's lymphoma, or NHL. Our supply of ZEVALIN to CTI and our sales of ZEVALIN to Bayer Schering Pharma AG, or Schering AG, for distribution in the EU will be recognized as product revenue. We will continue to receive royalty revenues from Schering AG on their sales of ZEVALIN in the EU.

Executive Overview

Results for the first nine months of 2008 included total revenue of $3,028.6 million, net income of $576.5 million and diluted net income per share of $1.95. These results reflect continued growth in TYSABRI revenue, an increase in RITUXAN revenues from an unconsolidated joint business arrangement as well as the impact of price increases on our AVONEX product. The effect of the increase in revenue was partially offset by an increase in research and development expense due to clinical trials and other projects, and an increase in selling, general and administrative expense related to increased personnel to support the ongoing AVONEX

sales and TYSABRI growth and realized losses and impairments of $24.7 million in our marketable securities portfolio primarily related to mortgage and asset backed securities. In July 2008, we disclosed two confirmed cases of progressive multifocal leukoencephalopathy (PML), a known side effect, in patients taking TYSABRI. These patients were the first two confirmed cases of PML reported to us since the reintroduction of TYSABRI in the U.S. and approval in the EU in July 2006. We continue to monitor the growth of TYSABRI in light of these results.

Results of Operations

Revenues (in millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2008		2007		2008		2007	
Product sales								
U.S.	$ 380.5	34.9%	$ 297.4	37.7%	$ 1,084.8	35.8%	$ 883.8	38.8%
Rest of world	377.7	34.6%	232.2	29.4%	1,023.0	33.8%	648.8	28.5%
Total product sales	758.2	69.5%	529.6	67.1%	2,107.8	69.6%	1,532.6	67.3%
Unconsolidated joint business	298.9	27.3%	234.6	29.7%	825.0	27.2%	672.4	29.5%
Royalties	35.2	3.2%	23.5	3.0%	87.3	2.9%	69.2	3.0%
Corporate partner	0.6	—%	1.5	0.2%	8.5	0.3%	4.1	0.2%
Total revenues	$ 1,092.9	100.0%	$ 789.2	100.0%	$ 3,028.6	100.0%	$ 2,278.3	100.0%

Product Revenues (in millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2008		2007		2008		2007	
AVONEX	$ 573.5	75.6%	$ 454.9	85.9%	$ 1,636.8	77.7%	$ 1,365.4	89.1%
TYSABRI	171.1	22.6%	62.9	11.9%	433.0	20.5%	140.2	9.1%
FUMADERM	11.1	1.5%	7.4	1.4%	32.8	1.6%	12.5	0.8%
ZEVALIN	2.5	0.3%	4.4	0.8%	5.0	0.2%	14.2	0.9%
AMEVIVE	—	—%	—	—%	0.2	—%	0.3	0.1%
Total product revenues	$ 758.2	100.0%	$ 529.6	100.0%	$ 2,107.8	100.0%	$ 1,532.6	100.0%

Cost of Sales, excluding Amortization of Intangibles (in millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2008		2007		2008		2007	
Cost of product revenues	$ 106.3	98.8%	$ 80.6	98.8%	$ 297.2	98.8%	$ 244.6	98.8%
Cost of royalty revenues	1.2	1.2%	1.0	1.2%	3.6	1.2%	3.0	1.2%
Cost of sales, excluding amortization of intangibles	$ 107.5	100.0%	$ 81.6	100.0%	$ 300.8	100.0%	$ 247.6	100.0%

During the three months ended September 30, 2008 and 2007, we wrote-down $12.6 million and $4.7 million, respectively, in unmarketable inventory, which was charged to cost of sales. During the nine months ended September 30, 2008 and 2007, we wrote-down $22.5 million and $19.6 million, respectively, in unmarketable inventory, which was charged to cost of sales.

AVONEX

Revenues from AVONEX in the three and nine months ended September 30, 2008 and 2007 were as follows (in millions):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2008		2007		2008		2007	
AVONEX								
U.S.	$ 321.9	56.1%	$ 266.4	58.6%	$ 935.9	57.2%	$ 806.1	59.0%
Rest of World	251.6	43.9%	188.5	41.4%	700.9	42.8%	559.3	41.0%
Total AVONEX revenues	$ 573.5	100.0%	$ 454.9	100.0%	$ 1,636.8	100.0%	$ 1,365.4	100.0%

In the three months ended September 30, 2008, compared to the three months ended September 30, 2007, U.S. sales of AVONEX increased $55.5 million, or 20.8%, due to price increases, partially offset by decreased product demand. In the nine months ended September 30, 2008, compared to the nine months ended September 30, 2007, U.S. sales of AVONEX increased $129.8 million, or 16.1%, due to price increases, partially offset by a decreased product demand.

In the three months ended September 30, 2008, compared to the three months ended September 30, 2007, Rest of World sales of AVONEX increased $63.1 million, or 33.5% primarily due to increased unit shipments and the impact of exchange rates. In the nine months ended September 30, 2008, compared to the nine months ended September 30, 2007, Rest of World sales of AVONEX increased $141.6 million, or 25.3%, due to increased unit shipments and the impact of exchange rates.

We are facing increasing competition in the multiple sclerosis, or MS, marketplace in both the U.S. and Rest of World from existing and new MS treatments, including TYSABRI, which may have a negative impact on sales of AVONEX. We expect future sales of AVONEX to be dependent, to a large extent, on our ability to compete successfully with the products of our competitors.

TYSABRI

Revenues from TYSABRI for the three and nine months ended September 30, 2008 and 2007 were as follows (in millions):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2008		2007		2008		2007	
TYSABRI								
U.S.	$ 56.2	32.8%	$ 28.1	44.7%	$ 144.0	33.3%	$ 67.4	48.1%
Rest of World	114.9	67.2%	34.8	55.3%	289.0	66.7%	72.8	51.9%
Total TYSABRI revenues	$ 171.1	100.0%	$ 62.9	100.0%	$ 433.0	100.0%	$ 140.2	100.0%

In the three months ended September 30, 2008, compared to the three months ended September 30, 2007, sales of TYSABRI increased $108.2 million, or 172.0%, and in the nine months ended September 30, 2008, compared to the nine months ended September 30, 2007, sales of TYSABRI increased $292.8 million, or 208.8%. These increases are primarily due to an increase in patients using TYSABRI in both the U.S. and Rest of World. Net sales of TYSABRI from our collaboration partner, Elan, to third-party customers in the U.S. for the three months ended September 30, 2008 and 2007 were $121.5 million and $58.5 million, respectively. Net sales of TYSABRI to third-party customers in the U.S. for the nine months ended September 30, 2008 and 2007 were $307.0 million and $141.1 million, respectively. We recognize revenue for sales of TYSABRI in the U.S. upon Elan's shipment of the product to third party customers. We recognize revenue for sales of TYSABRI outside the U.S. at the time of product delivery to our customers. In July 2008, we disclosed two confirmed cases of PML, a known side effect, in patients taking TYSABRI. These patients were the first two confirmed cases of PML reported to us since the reintroduction of TYSABRI in the U.S. and approval in the EU in July 2006. We continue to monitor the growth of TYSABRI in light of these results. During the three months ended September 30, 2008, pursuant to our collaboration agreement with Elan, Elan paid us a $75 million milestone payment in order to maintain the current profit sharing split. We will

recognize this $75 million as product revenue in our consolidated statement of income over the term of our agreement with Elan on a units of revenue method, whereby the revenue recognized is based on the ratio of units shipped in the current period over the total units expected to be shipped over the collaboration. We have recognized $0.6 million of this milestone as revenue in the three months ended September 30, 2008. Based on the expected TYSABRI sales levels for the fourth quarter of 2008, we anticipate that Elan will have the option to pay us a second milestone payment of $50M in the first quarter of 2009 in order to maintain the current profit sharing split.

FUMADERM

In connection with our June 2006 acquisition of Fumapharm, we began recognizing revenue on sales of FUMADERM to our distributor, Fumedica, in July 2006. In December 2006, we acquired the right to distribute FUMADERM in Germany from Fumedica effective May 1, 2007. In connection with the acquisition of the FUMADERM distribution rights in Germany, we committed to the repurchase of any inventory Fumedica did not sell by May 1, 2007. As a result of this provision, we deferred the recognition of revenue on shipments made to Fumedica through April 30, 2007. We resumed recognizing revenue on sales of FUMADERM into the German market in May 2007. Accordingly, we recognized no revenue of FUMADERM through April 30, 2007. For the three months ended September 30, 2008 and 2007, we recognized $11.1 million and $7.4 million, respectively, of sales of FUMADERM. For the nine months ended September 30, 2008 and 2007, we recognized $32.8 million and $12.5 million, respectively, of sales of FUMADERM.

ZEVALIN

In the three months ended September 30, 2008, compared to the three months ended September 30, 2007, sales of ZEVALIN decreased from $4.4 million to $2.5 million, due to the sale of the rights to market, sell, manufacture and develop ZEVALIN in the U.S. to CTI during the fourth quarter of 2007.

In the nine months ended September 30, 2008, compared to the nine months ended September 30, 2007, sales of ZEVALIN decreased from $14.2 million to $5.0 million, primarily due to the sale of the rights to market, sell, manufacture and develop ZEVALIN in the U.S. to CTI during the fourth quarter of 2007.

Unconsolidated Joint Business Revenue

Revenues from unconsolidated joint business, which consist of our share of pre-tax copromotion profits pursuant to our collaboration agreement with Genentech, Inc., or Genentech, and reimbursement by Genentech of our RITUXAN related expenses as well as royalty revenue, consist of the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Copromotion profits	$ 192.2	$ 156.3	$ 527.9	$ 446.3
Reimbursement of selling and development expenses	16.7	15.3	45.4	44.4
Royalty revenue on sales of RITUXAN outside the U.S.	90.0	63.0	251.7	181.7
	$ 298.9	$ 234.6	$ 825.0	$ 672.4

Copromotion profits consist of the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Product revenues, net	$ 655.4	$ 572.4	$ 1,910.8	$ 1,689.2
Costs and expenses	182.3	181.6	586.1	560.9
Copromotion profits	$ 473.1	$ 390.8	$ 1,324.7	$ 1,128.3
Biogen Idec's share of copromotion profits	$ 192.2	$ 156.3	$ 527.9	$ 446.3

For the three months ended September 30, 2008, compared to the three months ended September 30, 2007, our share of copromotion profits increased $35.9 million, or 23.0%, due principally to higher sales of RITUXAN. For the nine months ended September 30, 2008, compared to the nine months ended September 30, 2007, our share of copromotion profits increased $81.6 million, or 18.3%, due principally to higher sales of RITUXAN. Effective October 1, 2008, the end user price of RITUXAN increased 2.75%.

Our royalty revenue on sales of RITUXAN outside the U.S. is based on net sales by F. Hoffman-LaRoche Ltd., or Roche, and Zenyaku Kogyo Co. Ltd., or Zenyaku, to third-party customers and is recorded on a cash basis. For the three months ended September 30, 2008, compared to the three months ended September 30, 2007, royalty revenue on sales of RITUXAN outside the U.S. increased $27.0 million, or 42.9%, due primarily to increased sales outside the U.S., reflecting greater market penetration, as well as the impact of foreign exchange. For the nine months ended September 30, 2008, compared to the nine months ended September 30, 2007, royalty revenue on sales of RITUXAN outside the U.S. increased $70.0 million, or 38.5%, due primarily to increased sales outside the U.S., reflecting greater market penetration, as well as the impact of foreign exchange.

Under our collaboration agreement with Genentech, our current pretax copromotion profit-sharing formula, which resets annually, is as follows:

Copromotion Operating Profits	Biogen Idec's Share of Copromotion Profits
First $50 million	30%
Greater than $50 million	40%

In 2008 and 2007, the 40% threshold was met during the first quarter. For each calendar year or portion thereof following the approval date of the first new anti-CD20 product, the pretax copromotion profit-sharing formula for RITUXAN and other anti-CD20 products sold by us and Genentech will change to the following:

Copromotion Operating Profits	New Anti-CD20 U.S. Gross Product Sales	Biogen Idec's Share of Copromotion Profits
First $50 million(1)	N/A	30%
Greater than $50 million	Until such sales exceed $150 million in any calendar year(2)	38%
	Or	
	After such sales exceed $150 million in any calendar year until such sales exceed $350 million in any calendar year(3)	35%
	Or	
	After such sales exceed $350 million in any calendar year(4)	30%

(1) not applicable in the calendar year the first new anti-CD20 product is approved if $50 million in copromotion operating profits has already been achieved in such calendar year through sales of RITUXAN.

(2) if we are recording our share of RITUXAN copromotion profits at 40%, upon the approval date of the first new anti-CD20 product, our share of copromotion profits for RITUXAN and the new anti-CD20 product will be immediately reduced to 38% following the approval date of the first new anti-CD20 product until the $150 million new product sales level is achieved.

(3) if $150 million in new product sales is achieved in the same calendar year the first new anti-CD20 product receives approval, then the 35% copromotion profit-sharing rate will not be effective until January 1 of the following calendar year. Once the $150 million new product sales level is achieved then our share of copromotion profits for the balance of the year and all subsequent years (after the first $50 million in

copromotion operating profits in such years) will be 35% until the $350 million new product sales level is achieved.

(4) if $350 million in new product sales is achieved in the same calendar year that $150 million in new product sales is achieved, then the 30% copromotion profit-sharing rate will not be effective until January 1 of the following calendar year (or January 1 of the second following calendar year if the first new anti-CD20 product receives approval and, in the same calendar year, the $150 million and $350 million new product sales levels are achieved). Once the $350 million new product sales level is achieved then our share of copromotion profits for the balance of the year and all subsequent years will be 30%.

Currently, we record our share of expenses incurred for the development of new anti-CD20 products in research and development expense until such time as a new product is approved, at which time we will record our share of pretax copromotion profits related to the new product in revenues from unconsolidated joint business.

Under our collaboration agreement with Genentech, we will receive a lower royalty percentage of revenue from Genentech on sales by Roche and Zenyaku of new anti-CD20 products, as compared to the royalty percentage of revenue on sales of RITUXAN. The royalty period with respect to all products is 11 years from the first commercial sale of such product on a country-by-country basis. For the majority of European countries, the first commercial sale of RITUXAN occurred in the second half of 1998. Therefore, we expect a significant decrease in royalty revenues on sales of RITUXAN outside the US beginning in the latter half of 2009.

Other Revenues

Other revenues for the three and nine months ended September 30, 2008 and 2007 were as follows (in millions):

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2008		2007		2008		2007	
Royalties	$ 35.1	98.3%	$ 23.5	94.0%	$ 87.3	91.1%	$ 69.2	94.4%
Corporate partner	0.6	1.7%	1.5	6.0%	8.5	8.9%	4.1	5.6%
Other revenues	$ 35.7	100.0%	$ 25.0	100.0%	$ 95.8	100.0%	$ 73.3	100.0%

In the three months ended September 30, 2008, compared to the three months ended September 30, 2007, royalties increased $11.6 million, or 49.4%. Increased royalties of $14.8 million were primarily related to increased sales of products licensed by The Medicines Company and GlaxoSmithKline, as well as an increased royalty rate on products licensed by Schering-Plough Corporation. These increases were partially offset by a $3.2 million decrease, which was primarily due to the expiration of a license agreement with Plant Genetics, as well as decreased sales on products licensed by Merck and Co., Inc.

In the nine months ended September 30, 2008, compared to the nine months ended September 30, 2007, royalties increased $18.1 million, or 26.2%. Increased royalties of $26.2 million were primarily related to increased sales of products licensed by The Medicines Company and GlaxoSmithKline, as well as an increased royalty rate on products licensed by Schering-Plough Corporation. These increases were partially offset by a $8.1 million decrease, which was primarily due to the expiration of a license agreement with Shionogi and Co., Ltd., as well as decreased sales on products licensed by Merck and Co., Inc.

Royalty revenues may fluctuate as a result of sales levels of products sold by our licensees from quarter to quarter due to the timing and extent of major events such as new indication approvals, government-sponsored programs, or loss of patent protection.

Corporate partner revenues consist of contract revenues and license fees.

Research and Development Expenses

Research and development expenses totaled $268.8 million and $286.3 million in the three months ended September 30, 2008 and 2007, respectively, a decrease of $17.5 million, or 6.1%. The decrease is primarily due to lower Lixivaptan expenses of $46.5 million because of a $50.0 million upfront collaboration payment made to Cardiokine in Q3 2007. This decrease was offset by $29.0 million increase driven primarily by the BG-12, Anti-CD23 and Adentri programs.

Research and development expenses totaled $779.3 million and $695.9 million in the nine months ended September 30, 2008 and 2007, respectively, an increase of $83.4 million, or 12.0%. The net increase is primarily due to $22.4 million increase for BG-12, $17.7 million increase for Anti CD23, $14.9 million increase for our BART collaboration with Neurimmune and a $11.5 million increase for Adentri. The balance of the net increase related to other R&D programs including Rituxan, HSP90, Avonex, Baminercept and BIIB014. These increases were offset by a decrease in expense for Lixivaptan, Tysabri and Zevalin projects.

We anticipate that Research and development expenses in 2008 will continue to be higher than in 2007.

In-Process Research and Development, or IPR&D

In the nine months ended September 30, 2008, we recorded an IPR&D charge of $25.0 million related to a HSP90-related milestone payment made to the former shareholders of Conforma, pursuant to our acquisition of Conforma in 2006. Through September 30, 2008, research and development expenditures related to in-process research and development projects acquired in prior years are $36.3 million, $54.5 million and $135.9 million related to Syntonix Pharmaceuticals, Inc., or Syntonix, Conforma and Fumapharm, respectively. In the nine months ended September 30, 2007 we recorded an IPR&D charge of $18.4 million, related to the acquisition of Syntonix and approximately $30 million related to our collaboration with Cardiokine Biopharma LLC.

Selling, General and Administrative Expenses

Selling, general and administrative expenses totaled $232.8 million and $190.6 million in the three months ended September 30, 2008 and 2007, respectively, an increase of $42.2 million, or 22.1%. The increase reflects, principally, a $19.8 million increase in international sales and marketing activities, primarily for AVONEX and TYSABRI, a $10.5 million increase in salaries and benefits related to general and administrative personnel and increases in fees and services, including fees related to our proxy contest.

Selling, general and administrative expenses totaled $694.3 million and $582.4 million in the nine months ended September 30, 2008 and 2007, respectively, an increase of $111.9 million, or 19.2%. The increase reflects, principally, a $54.6 million increase in international sales and marketing activities, primarily for AVONEX and TYSABRI, an $34.7 million increase in salaries and benefits related to general and administrative personnel and increases in fees and services, including fees related to our proxy contest.

We anticipate that total selling, general, and administrative expenses in 2008 will continue to be higher than 2007 due to sales and marketing and other general and administrative expenses to support global expansion of AVONEX sales and TYSABRI sales growth.

Collaboration profit (loss) sharing

Payments to or from Elan for their share of collaboration net operating profits or losses, including reimbursement for our portion of third-party royalties Elan pays on behalf of the collaboration, relating to sales outside of the U.S. to effect an equal sharing of operating profit are reflected in the collaboration profit (loss) sharing line in our consolidated statement of income. For the three months ended September 30, 2008 and 2007, the collaboration profit (loss) sharing was $43.5 million and 5.8 million, respectively. For the nine months ended September 30, 2008 and 2007, the collaboration profit (loss) sharing was $98.4 million and 0.2 million, respectively. The year-over-year increase in the collaboration profit sharing for the three and nine months ended September 30, 2008 was due to the growth in TYSABRI sales outside the U.S. and the resulting growth in the third-party royalties Elan paid on behalf of the collaboration, which were $16.8 million and

$5.2 million for the three months ended September 30, 2008 and 2007, respectively, and $42.0 million and $10.5 million for the nine months ended September 30, 2008 and 2007, respectively. In the prior year, operating costs were greater than profit on sales of TYSABRI outside the U.S.

Amortization of Intangible Assets

Amortization of intangible assets totaled $94.5 million for the three months ended September 30, 2008, compared to $65.7 million in the comparable period in 2007, an increase of $28.8 million, or 43.8%. Amortization of intangible assets totaled $242.1 million for the nine months ended September 30, 2008, compared to $186.6 million in the comparable period in 2007, an increase of $55.5 million, or 29.7%. These changes are primarily due to the changes in the estimate of the future revenue of AVONEX, which serves as the basis for the calculation of economic consumption for core technology that occurred as part of our annual reassessment of amortization expense in the third quarters of 2008 and 2007. The change in the estimate of the future revenue of AVONEX is attributable to the expected impact of competitor products, including our own internal pipeline product candidates.

Income Tax Provision

Tax Rate

Our effective tax rate was 35.6% on pre-tax income for the three months ended September 30, 2008, compared to 31.4% for the comparable period in 2007. Our effective tax rate was 32.9% on pre-tax income for the nine months ended September 30, 2008, compared to 29.0% for the comparable period in 2007. The effective tax rate in the three and nine months ended September 30, 2008 was unfavorably impacted by a higher proportion of income subject to US taxes and enactment of an amendment to Massachusetts tax laws which will increase payments on timing items which become taxable after January 1, 2009. We expect our effective tax rate for the full-year ending December 31, 2008 to be in a range of 31% to 33%, which includes an approximate 1% reduction due to the extension of the federal R&D tax credit enacted into law on October 3, 2008. Additionally, we intend to reorganize our current legal structure and move certain organizational functions prior to 2009. This restructuring will impact our amounts subject to taxation in Denmark and Switzerland. We anticipate these changes in the Massachusetts tax laws and our international structure will have a modest unfavorable impact on our effective tax rate for 2009 and beyond. Future changes in federal, state and international tax laws will likely impact our tax rate. Refer to Note 11, Income Taxes, for a detailed income tax rate reconciliation for the three and nine months ended September 30, 2008 and 2007.

Liquidity and Capital Resources

Financial Condition

Our financial condition is summarized as follows (in millions):

	September 30, 2008	December 31, 2007
Cash and cash equivalents	$ 1,010.7	$ 659.7
Marketable securities — current and non-current	1,093.2	1,456.1
Total cash, cash equivalents and marketable securities	$ 2,103.9	$ 2,115.8
Working capital	$ 1,653.2	$ 179.2
Outstanding borrowings — current and non-current	$ 1,052.6	$ 1,563.0

Our cash and marketable securities at September 30, 2008, are consistent with the balances at December 31, 2007. However, there were several significant cash flow activities including the net repayment of approximately $500 million of indebtedness, as well as $559.8 million used to fund share repurchases and the net impairment of $19.3 million of marketable securities, offset by cash generated from operations of $1.16 billion. In addition, during the nine months ended September 30, 2008, we paid approximately $41.5 million in milestone and other payments pursuant to our research and development programs, including $25.0 million of contingent purchase price in

connection with our Conforma acquisition and $8.0 million related to the development of the Beta-Amyloid antibody under our arrangement with Neurimmune Therapeutics AG.

Until required for use in the business, we invest our cash reserves in bank deposits, certificates of deposit, commercial paper, corporate notes, foreign and U.S. government instruments and other interest bearing marketable debt instruments in accordance with our investment policy. The value of these securities may be adversely affected by the instability of the global financial markets which could adversely impact our financial position and our overall liquidity.

As of September 30, 2008, we have certain financial assets and liabilities recorded at fair value. In accordance with Statement of Financial Accounting Standards No. 157, *Fair Value Measurement*, or SFAS 157, we have classified our financial assets and liabilities as Level 1, 2 or 3 within the fair value hierarchy. Fair values determined by Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access. Fair values determined by Level 2 inputs utilize data points that are observable such as quoted prices, interest rates and yield curves. Fair values determined by Level 3 inputs are unobservable data points for the asset or liability.

As noted in Note 5, Fair Value Measurements, a majority of our financial assets and liabilities have been classified as Level 2. These assets and liabilities have been initially valued at the transaction price and subsequently valued utilizing third party pricing services. The pricing services use many inputs to determine value, including reportable trades, benchmark yields, credit spreads, broker/dealer quotes, bids, offers, current spot rates, and other industry and economic events. We validate the prices provided by our third party pricing services by understanding the models used, obtaining market values from other pricing sources and challenging pricing data in certain instances.

Excluding cash equivalents, the largest portion of our marketable debt securities is comprised of investments that may be sensitive to changes in economic factors such as interest rates or credit spreads. These risks are further described in Part II, Item 1A, “Risk Factors” of this Form 10-Q.

The only assets where we used Level 3 inputs to determine the fair value are our venture capital investments, which represent approximately 0.3% of the total assets at September 30, 2008. The underlying assets in these funds are initially measured at transaction prices and subsequently valued using the pricing of recent financing and/or by reviewing the underlying economic fundamentals and liquidation value of the companies.

We have financed our operating and capital expenditures through cash flows from our operations. We financed our common stock tender offer in July 2007 through the use of debt and existing cash. We expect to finance our current and planned operating requirements principally through cash from operations, as well as existing cash resources. We believe that these funds will be sufficient to meet our operating requirements for the foreseeable future. However, we may, from time to time, seek additional funding through a combination of new collaborative agreements, strategic alliances and additional equity and debt financings or from other sources.

See Part II, Item 1A, “Risk Factors” of this Form 10-Q for risk factors that could adversely affect our cash position and ability to fund future operations.

Operating activities

Cash provided by operating activities is primarily driven by our net income. On an ongoing basis, we expect cash provided from operating activities will continue to be our primary source of funds to finance operating needs and capital expenditures. Cash provided by operations was $1,155.2 million and $674.8 million in the nine months ended September 30, 2008 and 2007, respectively. The increase is due to higher earnings, offset by lower non-cash charges and a higher investment in working capital.

Investing activities

Cash provided by investing activities was $99.9 million and $330.1 million in the nine months ended September 30, 2008 and 2007, respectively. This decrease was primarily due to a reduction in net proceeds from our sales and purchases of marketable securities. Purchases of property, plant and equipment totaled $221.9 million in the nine months ended September 30, 2008, as compared to $175.8 million in the nine months ended September 30, 2007. Payments pursuant to acquisitions and licenses were $25.0 million in the nine months ended September 30, 2008, which related to our 2006 acquisition of Conforma, and $92.3 million in the nine months ended September 30, 2007, which related to our acquisition of Syntonix and agreement with Cardiokine Biopharma LLC.

Financing activities

Cash used in financing activities in the nine months ended September 30, 2008 was $902.8 million compared to cash provided of $1,228.9 million in the nine months ended September 30, 2007. The increase in use of cash was due, principally, to the repayment of our term loan facility of $1.5 billion, and the purchase of our common stock of $559.8 million, offset in part by the issuance of long-term debt, net, of $987.0 million, and proceeds of $167.0 million relating to the exercise of stock options and purchases of our stock under our employee stock purchase plan.

Borrowings

On March 4, 2008, we issued $450.0 million aggregate principal amount of 6.0% Senior Notes due March 1, 2013 and $550.0 million aggregate principal amount of 6.875% Senior Notes due March 1, 2018 for proceeds of $987.0 million, net of issuance costs. Additionally, in connection with the note issuance, we entered into interest rate swaps which are further described in Note 6, Financial Instruments.

We used the proceeds of this offering, along with cash and the proceeds from the liquidation of marketable securities, to repay the $1.5 billion term loan facility we had entered into in July 2007 in connection with the funding of our June 2007 tender offer.

In June 2007, we also entered into a five-year $400.0 million Senior Unsecured Revolving Credit Facility, which we may use for working capital and general corporate purposes. The bankruptcy of Lehman Brothers Holdings Inc. in September 2008 has eliminated their $40 million portion of the credit facility, thereby reducing the availability of the credit facility to $360 million. As of September 30, 2008, there were no borrowings outstanding under this credit facility.

Working capital

At September 30, 2008, our working capital, which we define as current assets less current liabilities, was $1,653.2 million, as compared to $179.2 million at December 31, 2007, an increase of $1,474 million. This primarily reflects use of cash and cash equivalents and the issuance of long-term debt to repay our short-term loan facility of $1.5 billion.

Commitments

As of September 30, 2008, we have completed the first phase of construction of our large-scale biologic manufacturing facility in Hillerod, Denmark, which included partial completion of a bulk manufacturing component, a labeling and packaging component, and installation of major equipment. We are proceeding with the second phase of the project, including the completion of the large scale bulk manufacturing component and construction of a warehouse. As of September 30, 2008, we had contractual commitments of approximately $240.4 million for the second phase, of which approximately $227 million had been paid. This second phase of the project is expected to be in commercial production in 2010.

The timing of the completion and anticipated licensing of the bulk manufacturing facility is in part dependent upon market acceptance of TYSABRI. See “Risk Factors — Our near-term success depends on the market acceptance and successful sales growth of TYSABRI.” Now that TYSABRI has been approved for the

treatment of relapsing forms of MS in the U.S. and other countries, we are in the process of evaluating our requirements for TYSABRI inventory and additional manufacturing capacity in light of the approved label and our judgment of the potential market acceptance of TYSABRI in MS, and the probability of obtaining marketing approval of TYSABRI in additional indications in the U.S., EU and other jurisdictions.

Share Repurchase Program

In the nine months ended September 30, 2008, we repurchased approximately 9.0 million shares of our common stock for $559.8 million under the share repurchase program that our Board of Directors authorized in October 2006.

Contractual Obligations and Off-Balance Sheet Arrangements

We have funding commitments as of September 30, 2008 of up to approximately $26.6 million as part of our investment in biotechnology-oriented venture capital investments. In addition, we have committed to make potential future milestone payments to third-parties as part of our various collaborations including licensing and development programs. Payments under these agreements generally become due and payable only upon achievement of certain developmental, regulatory or commercial milestones. Because the achievement of these milestones had not occurred as of September 30, 2008, such contingencies have not been recorded in our financial statements.

We do not have any significant relationships with entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. 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 entities falling within the scope of FIN 46(R) if we are the primary beneficiary.

The following summarizes our contractual obligations (excluding funding and contingent milestone payments as described above and construction commitments disclosed above under “Commitments”) as of September 30, 2008, including debt issued in March 2008, and the effects such obligations are expected to have on our liquidity and cash flows in future periods (in millions):

	Payments Due by Period				
	Total	Remainder of 2008	2009-2010	2011-2012	After 2012
Non-cancellable operating leases	$ 104.5	$ 6.8	$ 47.0	$ 32.2	$ 18.5
Notes payable(1)	1,469.1	15.0	154.1	121.6	1,178.4
Other long-term obligations	8.3	2.4	5.9	—	—
Total contractual cash obligations	$ 1,581.9	$ 24.2	$ 207.0	$ 153.8	$ 1,196.9

(1) Includes estimated interest payable

This table also excludes any liabilities pertaining to uncertain tax positions, as we cannot make a reliable estimate of the period of cash settlement with the respective taxing authorities. In connection with the adoption of FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109*, or FIN 48, we reclassified approximately $113 million in reserves for uncertain tax positions from current taxes payable to long-term liabilities. At September 30, 2008, we have approximately $129 million of long-term liabilities associated with uncertain tax positions.

Legal Matters

Refer to Note 13, Litigation, for a discussion of legal matters as of September 30, 2008.

New Accounting Standards

Refer to Note 15, New Accounting Pronouncements, for a discussion of new accounting standards.

Critical Accounting Estimates

The discussion and analysis of our financial condition and results of operations is based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its critical estimates and judgments, including, among others, those related to revenue recognition, investments, purchase accounting, goodwill impairment, fair value, fair value hierarchies, income taxes, and stock-based compensation. Those critical estimates and assumptions are based on our historical experience, our observance of trends in the industry, and various other factors that are believed to be reasonable under the circumstances and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Refer to "Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the year ended December 31, 2007 for a discussion of the Company's critical accounting estimates.

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

Our market risks, and the ways we manage them, are summarized in Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2007. In response to the instability in the global financial markets, we have regularly reviewed our marketable securities holdings and reduced investments deemed to have increased risk. Apart from such adjustments to our investment portfolio, there have been no material changes in the first nine months of 2008 to our market risks or to our management of such risks.

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

Disclosure Controls and Procedures

We have carried out an evaluation, under the supervision and 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, or the Securities Exchange Act) as of September 30, 2008. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of September 30, 2008, our disclosure controls and procedures are effective in providing reasonable assurance that (a) the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (b) such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control over Financial Reporting

We have not made any changes in our internal control over financial reporting during the three months ended September 30, 2008 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***

Refer to Note 13, Litigation, in "Notes to Consolidated Financial Statements" in Part I of this quarterly report on Form 10-Q, which is incorporated into this item by reference.

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

We are substantially dependent on revenues from our two principal products

Our current and future revenues depend substantially upon continued sales of our two principal products, AVONEX and RITUXAN, which represented approximately 81% of our total revenues for the first nine months of 2008. Any significant negative developments relating to these two products, such as safety or efficacy issues, the introduction or greater acceptance of competing products (including greater than anticipated substitution of TYSABRI for AVONEX) or adverse regulatory or legislative developments, would have a material adverse effect on our results of operations. Although we have developed and continue to develop additional products for commercial introduction, we expect to be substantially dependent on sales from these two products for many years. A decline in sales from either of these two products would adversely affect our business.

Our near-term success depends on the market acceptance and successful sales growth of TYSABRI

A substantial portion of our growth in the near-term is dependent on anticipated sales of TYSABRI. TYSABRI is expected to diversify our product offerings and revenues, and to drive additional revenue growth over the next several years. If we are not successful in growing sales of TYSABRI, that would result in a significant reduction in diversification and expected revenues, and adversely affect our business.

Achievement of anticipated sales growth of TYSABRI will depend upon its acceptance by the medical community and patients, which cannot be certain given the significant restrictions on use and the significant safety warnings in the label. In July 2008, we disclosed two confirmed cases of progressive multifocal leukoencephalopathy (PML), a known side effect, in patients taking TYSABRI. These patients were the first two confirmed cases of PML reported to us since the reintroduction of TYSABRI in the U.S. and approval in the EU in July 2006. The occurrence of PML or the occurrence of other side effects could harm acceptance and limit TYSABRI sales. Any significant lack or diminution of acceptance of TYSABRI by the medical community or patients would materially and adversely affect our growth and our plans for the future.

As a relatively new entrant to a maturing multiple sclerosis (MS) market, TYSABRI sales may be more sensitive to additional new competing products. A number of such products are expected to be approved for use in MS in the coming years. If these products have a similar or more attractive overall profile in terms of efficacy, convenience and safety, future sales of TYSABRI could be limited.

Our long-term success depends upon the successful development and commercialization of other products from our research and development activities

Our long-term viability and growth will depend upon the successful development and commercialization of other products from our research and development activities. Product development and commercialization are very expensive and involve a high degree of risk. Only a small number of research and development programs result in the commercialization of a product. Success in early stage clinical trials or preclinical work does not ensure that later stage or larger scale clinical trials will be successful. Even if later stage clinical trials are successful, the risk remains that unexpected concerns may arise from additional data or analysis or that obstacles may arise or issues may be identified in connection with review of clinical data with regulatory authorities or that regulatory authorities may disagree with our view of the data or require additional data or information or additional studies.

Conducting clinical trials is a complex, time-consuming and expensive process. Our ability to complete our clinical trials in a timely fashion depends in large part on a number of key factors including protocol

design, regulatory and institutional review board approval, the rate of patient enrollment in clinical trials, and compliance with extensive current good clinical practice requirements. We have recently opened clinical sites and are enrolling patients in a number of new countries where our experience is more limited, and we are in many cases using the services of third-party contract clinical trial providers. If we fail to adequately manage the design, execution and regulatory aspects of our large, complex and diverse clinical trials, our studies and ultimately our regulatory approvals may be delayed or we may fail to gain approval for our product candidates altogether.

Adverse safety events can negatively affect our assets, product sales, operations, products in development and stock price

Even after we receive marketing approval for a product, adverse event reports may have a negative impact on our commercialization efforts. Our voluntary withdrawal of TYSABRI from the market in February 2005 following reports of cases of PML resulted in a significant reduction in expected revenues as well as significant expense and management time required to address the legal and regulatory issues arising from the withdrawal, including revised labeling and enhanced risk management programs. Later discovery of safety issues with our products that were not known at the time of their approval by the FDA could cause product liability events, additional regulatory scrutiny and requirements for additional labeling, withdrawal of products from the market and the imposition of fines or criminal penalties. Any of these actions could result in, among other things, material write-offs of inventory and impairments of intangible assets, goodwill and fixed assets. In addition, the reporting of adverse safety events involving our products and public rumors about such events could cause our stock price to decline or experience periods of volatility.

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

The biotechnology and pharmaceutical industry is intensely competitive. We compete in the marketing and sale of our products, the development of new products and processes, the acquisition of rights to new products with commercial potential and the hiring and retention of personnel. We compete with biotechnology and pharmaceutical companies that have a greater number of products on the market, greater financial and other resources and other technological or competitive advantages. We cannot be certain that one or more of our competitors will not receive patent protection that dominates, blocks or adversely affects our product development or business, will not benefit from significantly greater sales and marketing capabilities, or will not develop products that are accepted more widely than ours. The introduction of alternatives to our products that offer advantages in efficacy, safety or ease of use could negatively affect our revenues and reduce the value of our product development efforts. In addition, potential governmental action in the future could provide a means for competition from developers of follow-on biologics, which could compete on price and differentiation with products that we now or could in the future market.

In addition to competing directly with products that are marketed by substantial pharmaceutical competitors, AVONEX, RITUXAN and TYSABRI also face competition from off-label uses of drugs approved for other indications. Some of our current competitors are also working to develop alternative formulations for delivery of their products, which may in the future compete with ours.

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

In addition to the expansion of our pipeline through spending on internal development projects, we plan to grow through external growth opportunities, which include the acquisition, partnering and in-licensing of products, technologies and companies or the entry into strategic alliances and collaborations. If we are unable to complete or manage these external growth opportunities successfully, we will not be able to grow our business in the way that we currently expect. The availability of high quality opportunities is limited and we are not certain that we will be able to identify suitable candidates or complete transactions on terms that are acceptable to us. In order to pursue such opportunities, we may require significant additional financing, which may not be available to us on favorable terms, if at all. The availability of such financing is limited by the recent tightening of the global credit markets and the reduction of our revolving credit facility from

$400 million to $360 million as a result of the bankruptcy of Lehman Brothers Holdings Inc. In addition, even if we are able to successfully identify and complete acquisitions, we may not be able to integrate them or take full advantage of them and therefore may not realize the benefits that we expect. If we are unsuccessful in our external growth program, we may not be able to grow our business significantly and we may incur asset impairment charges as a result of acquisitions that are not successful.

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

Sales of our products are dependent, in large part, on the availability and extent of reimbursement from government health administration authorities, private health insurers and other organizations. U.S. and foreign government regulations mandating price controls and limitations on patient access to our products impact our business and our future results could be adversely affected by changes in such regulations.

In the U.S., at both the federal and state levels, the government regularly proposes legislation to reform healthcare and its cost, any of which may impact our ability to successfully commercialize our products. In the last few years, there have been a number of legislative changes that have affected the reimbursement for our products, including, but not limited to, the Medicare Prescription Drug Improvement and Modernization Act of 2003 and most recently, the Deficit Reduction Act of 2005. The Deficit Reduction Act made significant changes to the Medicaid prescription drug provisions of the Social Security Act, including changes that impose the monthly reporting of price information and that may have an impact on the Medicaid rebates we pay. In addition, states may more aggressively seek Medicaid rebates as a result of legislation enacted in 2006, which rebate activity could adversely affect our results of operations.

Pricing pressures in the U.S. may increase as a result of the Medicare Prescription Drug Improvement and Modernization Act of 2003. Managed care organizations as well as Medicaid and other government health administration authorities continue to seek price discounts. Government efforts to reduce Medicaid expenses may continue to increase the use of managed care organizations. This may result in managed care organizations influencing prescription decisions for a larger segment of the population and a corresponding constraint on prices and reimbursement for our products. In addition, some states have implemented and other states are considering price controls or patient-access constraints under the Medicaid program and some states are considering price-control regimes that would apply to broader segments of their populations that are not Medicaid eligible. Other matters also could be the subject of U.S. federal or state legislative or regulatory action that could adversely affect our business, including the importation of prescription drugs that are marketed outside the U.S. and sold at lower prices as a result of drug price limitations imposed by the governments of various foreign countries.

We encounter similar regulatory and legislative issues in most other countries. In the EU 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. This international patchwork of price regulations may lead to inconsistent prices. Within the EU and other countries, some third party trade in our products occurs from markets with lower prices thereby undermining our sales in some markets with higher prices. Additionally, certain countries reference the prices in other countries where our products are marketed. Thus, inability to secure adequate prices in a particular country may also impair our ability to obtain acceptable prices in existing and potential new markets. This may create the opportunity for the third party cross border trade previously mentioned or our decision not to sell the product thus affecting our geographic expansion plans.

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

We depend on collaborators for both product and royalty revenue and the clinical development of future collaboration products, which are outside of our full control

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

- we are not fully in control of the royalty or profit sharing revenues we receive from collaborators, and we cannot be certain of the timing or potential impact of factors including patent expirations, pricing or health care reforms, other legal and regulatory developments, failure of our partners to comply with applicable laws and regulatory requirements, the introduction of competitive products, and new indication approvals which may affect the sales of collaboration products;
- where we co-promote and co-market products with our collaboration partners, any failure on their part to comply with applicable laws in the sale and marketing of our products could have an adverse effect on our revenues as well as involve us in possible legal proceedings; and
- collaborations often require the parties to cooperate, and failure to do so effectively could have an impact on product sales by our collaborators and partners, as well as an impact on the clinical development of shared products or programs under joint control.

In addition, the successful development and commercialization of new anti-CD20 product candidates in our collaboration with Genentech (which also includes RITUXAN) will decrease our participation in the operating profits from the collaboration (including as to RITUXAN).

Our business is subject to extensive governmental regulation and oversight and changes in laws could adversely affect our revenues and profitability

Our business is in a highly regulated industry. As a result, governmental actions may adversely affect our business, operations or financial condition, including:

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

The enactment in the U.S. of the Medicare Prescription Drug Improvement and Modernization Act of 2003, possible legislation which could ease the entry of competing follow-on biologics in the marketplace, and importation of lower-cost competing drugs from other jurisdictions are examples of changes and possible changes in laws that could adversely affect our business. In addition, the Food and Drug Administration Amendments Act of 2007 included new authorization for the FDA to require post-market safety monitoring, along with a clinical trials registry, and expanded authority for FDA to impose civil monetary penalties on companies that fail to meet certain commitments.

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

Our activities, including the sale and marketing of our products, are subject to extensive government regulation and oversight both in the U.S. and in foreign jurisdictions. Pharmaceutical and biotechnology companies have been the target of lawsuits and investigations alleging violations of government regulation, including claims asserting submission of incorrect pricing information, impermissible off-label promotion of pharmaceutical products, causing false claims to be submitted for government reimbursement as well as antitrust violations, or other violations related to environmental matters. 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. In addition to penalties for violation of laws and regulations, we could be required to repay amounts we received from government payors, or pay additional rebates and interest if we are found to have miscalculated the pricing information we have submitted to the government.

Whether or not we have complied with the law, an investigation into alleged unlawful conduct could increase our expenses, damage our reputation, divert management time and attention and adversely affect our business.

The federal Medicare/Medicaid anti-kickback law prohibits payments intended to induce any entity either to purchase, order, or arrange for or recommend the purchase of healthcare products or services paid for under federal health care programs. There are similar laws in a number of states. These laws constrain the sales, marketing and other promotional activities of manufacturers of drugs and biologics, such as us, by limiting the kinds of financial arrangements, including sales programs, with hospitals, physicians, and other potential purchasers of drugs and biologics. Other federal and state laws generally prohibit individuals or entities from knowingly presenting, or causing to be presented, claims for payment from federal health care programs, including Medicare, Medicaid, or other third party payors that are false or fraudulent, or are for items or services that were not provided as claimed. Anti-kickback and false claims laws prescribe civil and criminal penalties for noncompliance that can be substantial, including the possibility of exclusion from federal healthcare programs (including Medicare and Medicaid).

Problems with manufacturing or with inventory planning could result in our inability to deliver products, inventory shortages or surpluses, product recalls and increased costs

We manufacture and expect to continue to manufacture our own commercial requirements of bulk AVONEX and TYSABRI. Our products are difficult to manufacture and problems in our manufacturing processes can occur. Our inability to successfully manufacture bulk product and to obtain and maintain regulatory approvals of our manufacturing facilities would harm our ability to produce timely sufficient quantities of commercial supplies of AVONEX and TYSABRI to meet demand. Problems with manufacturing processes could result in product defects or manufacturing failures that could require us to delay shipment of products or recall or withdraw products previously shipped, which could result in inventory write-offs and impair our ability to expand into new markets or supply products in existing markets. In the past, we have had to write down and incur other charges and expenses for products that failed to meet specifications. Similar charges may occur in the future. In addition, lower than expected demand for our products, including suspension of sales, or a change in product mix may result in less than optimal utilization of our manufacturing facilities and lower inventory turnover, which could result in abnormal manufacturing variance charges, facility impairment charges and charges for excess and obsolete inventory.

We rely solely on our manufacturing facility in Research Triangle Park, North Carolina, or RTP, for the production of TYSABRI. We have applied to the FDA and the European Medicines Agency, or the EMEA, for approval of a production process, known as a second generation high-titer process, which has higher yields of TYSABRI than the process we currently use. If we do not obtain approval for that process, to meet anticipated demand for TYSABRI we would need to increase our capital spending to add capacity at our RTP manufacturing facility and at the Hillerod, Denmark facility we are completing. Such an increase in capital spending would affect our business, cash position and results of operations.

If we cannot produce sufficient commercial requirements of bulk product to meet demand, we would need to rely on third party contract manufacturers, of which there are only a limited number capable of manufacturing

bulk products of the type we require. We cannot be certain that we could reach agreement on reasonable terms, if at all, with those manufacturers. Even if we were to reach agreement, the transition of the manufacturing process to a third party to enable commercial supplies could take a significant amount of time. Our ability to supply products in sufficient capacity to meet demand is also dependent upon third party contractors to fill-finish, package and store such products. Any prolonged interruption in the operations of our existing manufacturing facilities could result in cancellations of shipments or loss of product in the process of being manufactured. Because our manufacturing processes are highly complex and are subject to a lengthy FDA approval process, alternative qualified production capacity may not be available on a timely basis or at all.

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

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

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

Due to the unique nature of the production of our products, there are several single source providers of raw materials. We make every effort to qualify new vendors and to develop contingency plans so that production is not impacted by short-term issues associated with single source providers. Nonetheless, our business could be materially impacted by long term or chronic issues associated with single source providers.

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

We and our third party providers are generally required to maintain compliance with current Good Manufacturing Practice, or cGMP, and are subject to inspections by the FDA or comparable agencies in other jurisdictions to confirm such compliance. Any changes of suppliers or modifications of methods of manufacturing require amending our application to the FDA and acceptance of the change by the FDA prior to release of product to the marketplace. Our inability, or the inability of our third party service providers, to demonstrate ongoing cGMP compliance could require us to withdraw or recall product and interrupt commercial supply of our products. Any delay, interruption or other issues that arise in the manufacture, fill-finish, packaging, or storage of our products as a result of a failure of our facilities or the facilities or operations of third parties to pass any regulatory agency inspection could significantly impair our ability to develop and commercialize our products. This non-compliance could increase our costs, cause us to lose revenue or market share and damage our reputation.

The current credit and financial market conditions may exacerbate certain risks affecting our business.

Sales of our products are dependent, in large part, on reimbursement from government health administration authorities, private health insurers, distribution partners and other organizations. As a result of the current credit and financial market conditions, these organizations may be unable to satisfy their reimbursement obligations or may delay payment. In addition, federal and state health authorities may reduce Medicare and

Medicaid reimbursements, and private insurers may increase their scrutiny of claims. A reduction in the availability or extent of reimbursement could negatively affect our product sales and revenue.

In addition, we rely on third parties for several important aspects of our business. For example, we source portions of our product manufacturing to a concentrated group of third-party contractors, we depend upon collaborators for both product and royalty revenue and the clinical development of future collaboration products, we use third-party contract research organizations for many of our clinical trials, and we rely upon several single source providers of raw materials for our products. Due to the recent tightening of global credit and the disruption in the financial markets, there may be a disruption or delay in the performance of our third-party contractors, suppliers or collaborators. If such third parties are unable to satisfy their commitments to us, our business would be adversely affected.

Our investments in marketable securities are significant and are subject to market, interest and credit risk that may reduce their value

We maintain a significant portfolio of investments in marketable securities. Our earnings may be adversely affected by changes in the value of this portfolio. In particular, the value of our investments may be adversely affected by increases in interest rates, downgrades in the corporate bonds included in the portfolio, instability in the global financial markets that reduces the liquidity of securities included in the portfolio, declines in the value of collateral underlying the mortgage- and asset-backed securities included in the portfolio, and by other factors which may result in other than temporary declines in value of the investments. 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. We attempt to mitigate these risks with the assistance of our investment advisors by investing in high quality securities and continuously monitoring the overall risk profile of our portfolio.

We have made a significant investment in constructing a manufacturing facility the success of which depends upon the completion and licensing of the facility and continued demand for our products

We are building a large-scale biologic manufacturing facility in Hillerod, Denmark, in which we have invested approximately $611.0 million. We anticipate that the facility will be ready for commercial production in 2010. If we fail to manage the project, or other unforeseen events occur, we may incur additional costs to complete the project. Depending on the timing of the completion and licensing of the facility, and our other estimates and assumptions regarding future product sales, the carrying value of all or part of the manufacturing facility or other assets may not be fully recoverable and could result in the recognition of an impairment in the carrying value at the time that such effects are identified. The recognition of impairment in the carrying value, if any, could have a material and adverse affect on our results of operations. For example, if the anticipated demand for TYSABRI does not materialize, the carrying values of our Hillerod, Denmark facility could be impaired, which would negatively impact our results of operations.

If we are unable to attract and retain qualified personnel and key relationships, the growth of our business could be harmed

Our success will depend, to a great extent, upon our ability to attract and retain qualified scientific, manufacturing, sales and marketing and executive personnel and our ability to develop and maintain relationships with qualified clinical researchers and key distributors. Competition for these people and relationships is intense and we compete with numerous pharmaceutical and biotechnology companies as well as with universities and non-profit research organizations. Any inability we experience to continue to attract and retain qualified personnel or develop and maintain key relationships could have an adverse effect on our ability to accomplish our research, development and external growth objectives.

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

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

- economic problems that disrupt foreign healthcare payment systems;

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

Our operations and marketing practices are also subject to regulation and scrutiny by the governments of the other countries in which we operate. In addition, the Foreign Corrupt Practices Act, or FCPA, prohibits U.S. companies and their representatives from offering, promising, authorizing or making payments to foreign officials for the purpose of obtaining or retaining business abroad. In many countries, the healthcare professionals we regularly interact with meet the definition of a foreign official for purposes of the FCPA. Additionally, we are subject to other U.S. laws in our international operations. Failure to comply with domestic or foreign laws could result in various adverse consequences, including possible delay in approval or refusal to approve a product, recalls, seizures, withdrawal of an approved product from the market, and the imposition of civil or criminal sanctions.

A portion of our business is conducted in currencies other than our reporting currency, the U.S. dollar. We recognize foreign currency gains or losses arising from our operations in the period in which we incur those gains or losses. As a result, currency fluctuations among the U.S. dollar and the currencies in which we do business will affect our operating results, often in unpredictable ways.

Our business could be negatively affected as a result of the actions of activist shareholders

During the first half of 2008, we defended against a proxy contest waged by Icahn Partners and certain of its affiliates that nominated three individuals for election to our Board of Directors at our 2008 Annual Meeting of Stockholders. Although we were successful in having our Board's nominees elected as directors, the proxy contest was disruptive to our operations and caused us to incur substantial costs. If Icahn Partners or any other activist shareholders wage a subsequent proxy context, our business could be adversely affected because:

- Responding to proxy contests and other actions by activist shareholders can be costly and time-consuming, disrupting our operations and diverting the attention of management and our employees;
- Perceived uncertainties as to our future direction may result in the loss of potential acquisitions, collaborations or in-licensing opportunities, and may make it more difficult to attract and retain qualified personnel and business partners; and
- If individuals are elected to our board of directors with a specific agenda, it may adversely affect our ability to effectively and timely implement our strategic plan and create additional value for our stockholders.

These actions could cause our stock price to experience periods of volatility.

Our operating results are subject to significant fluctuations

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

- acquired in-process research and development at the time we make an acquisition;

- impairments that we are required to take with respect to investments;
- impairments that we are required to take with respect to fixed assets, including those that are recorded in connection with the sale of fixed assets;
- inventory write-downs for failed quality specifications, charges for excess or obsolete inventory and charges for inventory write downs relating to product suspensions; and
- the cost of restructurings.

Our quarterly revenues are also subject to foreign exchange rate fluctuations due to the global nature of our operations. Although we have foreign currency forward contracts to hedge specific forecasted transactions denominated in foreign currencies, our efforts to reduce currency exchange losses may not be successful. As a result, changes in currency exchange rates may have an adverse impact on our future operating results and financial condition. Additionally, our net income may fluctuate due to the impact of charges we may be required to take with respect to foreign currency hedge transactions. In particular, we may incur higher charges from hedge ineffectiveness than we expect or from the termination of a hedge relationship.

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

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

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

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

A substantial number of patents have already been issued to other biotechnology and biopharmaceutical companies. Competitors may have filed applications for, or have been issued patents and may obtain additional patents and proprietary rights that may relate to products or processes competitive with or similar to our products and processes. Moreover, the patent laws of the U.S. and foreign countries are distinct and decisions as to patenting, validity of patents and infringement of patents may be resolved differently in different countries. In general, we obtain licenses to third party patents that we deem necessary or desirable for the manufacture, use and sale of our products. We are currently unable to assess the extent to which we may wish or be required to acquire rights under such patents and the availability and cost of acquiring such rights, or whether a license to such patents will be available on acceptable terms or at all. There may be patents in the U.S. or in foreign countries or patents issued in the future that are unavailable to license on acceptable terms. Our inability to obtain such licenses may hinder our ability to manufacture and market our products.

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

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

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

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

The administration of drugs in humans, whether in clinical studies or commercially, carries the inherent risk of product liability claims whether or not the drugs are actually the cause of an injury. Our products or product candidates may cause, or may appear to have caused, injury or dangerous drug interactions, and we may not learn about or understand those effects until the product or product candidate has been administered to patients for a prolonged period of time. For example, lawsuits have been filed by patients who have had serious adverse events while using TYSABRI, and we may face lawsuits with other product liability and related claims by patients treated with TYSABRI or other products.

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

Our effective tax rate may fluctuate and we may incur liabilities to tax authorities in excess of amounts that have been accrued

As a global biotechnology company, we are subject to taxation in numerous countries, states and other jurisdictions. As a result, our effective tax rate is derived from a combination of applicable tax rates in the various countries, states and other jurisdictions in which we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each of the countries, states and other jurisdictions in which we operate. Our effective tax rate, however, may be lower or higher than those experienced in the past due to numerous factors, including a change in the mix of our business from country to country, the cessation or termination of agreements we have with various taxing authorities, recently enacted and future changes in tax laws in jurisdictions in which we operate, unfavorable results of audits of our tax filings, and changes in accounting for income taxes. Any of these factors could cause us to experience an effective tax rate

significantly different from previous periods or our current expectations and we may incur significant liabilities to tax authorities in excess of amounts that have been accrued in our financial statements, which could have an adverse effect on our business and results of operations.

We have recently incurred substantial indebtedness that could adversely affect our business and limit our ability to plan for or respond to changes in our business

We have recently incurred a substantial amount of indebtedness and we may also incur additional debt in the future. This indebtedness could have significant consequences to our business, for example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- 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 efforts 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 may have less debt.

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

Our business and the business of several of our strategic partners, including Genentech and Elan, involve the controlled use of hazardous materials, chemicals, biologics and radioactive compounds. Biologics manufacturing is extremely susceptible to product loss due to contamination, material equipment failure, or vendor or operator error. Although we believe that our safety procedures for handling and disposing of such materials comply with state and federal standards, there will always be the risk of accidental contamination or injury. In addition, microbial or viral contamination may cause the closure of a manufacturing facility for an extended period of time. By law, radioactive materials may only be disposed of at state-approved facilities. We currently store radioactive materials from our California laboratory on-site because the approval of a disposal site in California for all California-based companies has been delayed indefinitely. If and when a disposal site is approved, we may incur substantial costs related to the disposal of these materials. If we were to become liable for an accident, or if we were to suffer an extended facility shutdown, we could incur significant costs, damages and penalties that could harm our business. Biologics manufacturing also requires permits from government agencies for water supply and wastewater discharge. If we do not obtain appropriate permits, or permits for sufficient quantities of water and wastewater, we could incur significant costs and limits on our manufacturing volumes that could harm our business.

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

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

- we are subject to Section 203 of the Delaware General Corporation Law, which provides that we may not enter into a business combination with an interested stockholder for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in the manner prescribed in Section 203;
- our stockholder rights plan is designed to cause substantial dilution to a person who attempts to acquire us on terms not approved by our board of directors;
- our board of directors has the authority to issue, without a vote or action of stockholders, up to 8,000,000 shares of preferred stock and to fix the price, rights, preferences and privileges of those shares, each of which could be superior to the rights of holders of common stock;

- our collaboration agreement with Elan provides Elan with the option to buy the rights to TYSABRI in the event that we undergo a change of control, which may limit our attractiveness to potential acquirers;
- our amended and restated collaboration agreement with Genentech provides that, in the event we undergo a change of control, within 90 days Genentech may present an offer to us to purchase our rights to RITUXAN. In an arbitration proceeding brought by Biogen Idec relating to the collaboration agreement, Genentech alleged that the November 2003 transaction in which Idec Pharmaceuticals acquired Biogen and became Biogen Idec constituted such a change of control, an assertion with which we strongly disagree. It is our position that the Biogen Idec merger did not constitute a change of control under our agreement with Genentech and that, even if it did, Genentech's rights under the change of control provision have long since expired. We continue to vigorously assert this position. If the arbitrators decide this issue in favor of Genentech, or if a change of control were to occur in the future and Genentech were to present an offer for the RITUXAN rights, we must either accept Genentech's offer or purchase Genentech's rights to RITUXAN on the same terms as its offer. If Genentech presents such an offer, then they will be deemed concurrently to have exercised a right, in exchange for a share in the operating profits or net sales in the U.S. of any other anti-CD 20 products developed under the agreement, to purchase our interest in each such product.
- our directors are elected to staggered terms, which prevents the entire board from being replaced in any single year; and
- advance notice is required for nomination of candidates for election as a director and for proposals to be brought before an annual meeting of stockholders.

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

On October 13, 2006 the Board of Directors authorized the repurchase of up to 20.0 million shares of our common stock. The repurchased stock will provide us with authorized shares for general corporate purposes, such as common stock to be issued under our employee equity and stock purchase plans. This repurchase program does not have an expiration date. We publicly announced the repurchase program in our press release dated October 31, 2006, which was furnished to the SEC as Exhibit 99.1 of our Current Report on Form 8-K filed on October 31, 2006. We did not repurchase any shares pursuant to this program during the three months ended September 30, 2008.

Item 6. ***Exhibits***

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

SIGNATURES

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

BIOGEN IDEC INC.

/s/ Paul J. Clancy
Paul J. Clancy
Executive Vice President and Chief
Financial Officer

October 21, 2008

EXHIBIT INDEX

Exhibit Number*	Description of Exhibit
3.1+	Second Amended and Restated Bylaws
10.1+	Annual Retainer Summary for Board of Directors
10.2	Form of restricted stock unit award agreement under the Biogen Idec Inc. 2008 Omnibus Equity Plan. Filed as Exhibit 10.1 to Biogen Idec's Current Report on Form 8-K filed on August 1, 2008.
10.3	Form of nonqualified stock option award agreement under the Biogen Idec Inc. 2008 Omnibus Equity Plan. Filed as Exhibit 10.2 to Biogen Idec's Current Report on Form 8-K filed on August 1, 2008.
31.1+	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1++	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Unless otherwise indicated, exhibits were previously filed with the Securities and Exchange Commission under Commission File Number 0-19311 and are incorporated herein by reference.

\+ Filed herewith

++ Furnished herewith

Exhibit 3.1

SECOND AMENDED AND RESTATED

BYLAWS

OF

BIOGEN IDEC INC.

(Adopted as of October 13, 2008)

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SECOND AMENDED AND RESTATED

BYLAWS

OF

BIOGEN IDEC INC.

(Adopted as of October 13, 2008)

ARTICLE 1

Offices

1.1 Registered Office

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

1.2 Other Offices

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

ARTICLE 2

Meeting of Stockholders

2.1 Place of Meeting

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

2.2 Annual Meeting

Annual meetings of stockholders shall be held each year at such place, date and time as shall be designated from time to time by the Board and stated in the notice of the meeting. At each such annual meeting, the stockholders shall elect by a plurality vote the number of directors equal to the number of directors of the class whose term expires at such meeting (or, if fewer, the number of directors properly nominated and qualified for election) to hold office until the third succeeding annual meeting of stockholders after their election and until their successors are duly elected and qualified or until their earlier resignation, removal from office, death or incapacity.

The stockholders shall also transact such other business as may properly be brought before the meeting.

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

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

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

Notwithstanding anything in these bylaws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 2.2, and no nominations shall be considered at an annual or special meeting of stockholders except in accordance with the procedures set forth in Section 3.1 below; *provided*, *however*, that the foregoing notice requirements of this Section 2.2 shall be deemed satisfied by a stockholder with respect to business other than a nomination if the stockholder has notified the corporation of his, her or its intention to present a proposal at an annual meeting in compliance with applicable rules and regulations promulgated under the 1934 Act and such stockholder's proposal has been included in a proxy statement that has been prepared by the corporation to solicit proxies for such annual meeting.

Except as otherwise provided by law, the Chairman of the Board (or such other person presiding at the meeting in accordance with these bylaws) shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 2.2 (including whether the stockholder or beneficial owner, if any, on whose behalf the proposal is made solicited (or is part of a group

which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's proposal in compliance with such stockholder's representation as required by clause (viii) above of this Section 2.2), and if he or she should so determine, he or she shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section 2.2, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual or special meeting of stockholders of the corporation to present proposed business, such proposed business shall not be transacted, notwithstanding that proxies in respect of such proposed business may have been received by the corporation. For purposes of this Section 2.2, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

Notwithstanding the foregoing provisions of this Section 2.2 or Section 3.1, a stockholder shall also comply with all applicable requirements of the 1934 Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.2 or Section 3.1; provided however, that any references in these bylaws to the 1934 Act or the rules promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Section 2.2 or Section 3.1 (including clause (c) of the third paragraph hereof, clause (c) of the third paragraph of Section 3.1 and the sixth paragraph of Section 3.1), and compliance with clause (c) of the third paragraph of this Section 2.2, clause (c) of the third paragraph of Section 3.1 or the sixth paragraph of Section 3.1 shall be the exclusive means for a stockholder to make nominations or submit other business (other than, as provided in the fourth paragraph of this Section 2.2, matters brought properly under and in compliance with Rule 14a-8 of the 1934 Act, as may be amended from time to time). Nothing in this Section 2.2 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the corporation's proxy statement pursuant to applicable rules and regulations promulgated under the 1934 Act.

2.3 Special Meetings

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

2.4 Notice of Meetings

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

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

2.5 List of Stockholders

The officer in charge of the stock ledger of the corporation or the transfer agent shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least ten (10) days prior to the meeting, (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the corporation. If the meeting is to be held at a place, then the list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to gain access to such list shall be provided with the notice of the meeting.

2.6 Organization and Conduct of Business

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

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

2.7 Quorum

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

2.8 Adjournments

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

2.9 Voting Rights

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

2.10 Majority Vote

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

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

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

(b) For purposes of determining the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board to fix a record date. The Board shall, within ten (10) days after the date on which such written notice is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board within ten (10) days after receipt of such written notice, when no prior action by the Board is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business or an officer or agent of the corporation having custody of the book in which proceedings of meetings of stockholders are recorded, to the attention of the Secretary. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board and prior action by the Board is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

2.12 Proxies

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

2.13 Inspectors of Election

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

2.14 Inspectors of Written Consent

In the event of the delivery, in the manner prescribed by law or in these bylaws, to the corporation of the requisite written consent or consents to take corporate action or any related revocations thereof, the corporation may designate one or more persons for the purpose of promptly performing a ministerial review of the validity of such consents and revocations. The corporation may designate one or more persons to act as alternate inspectors to replace any inspector who fails to act. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. For the purpose of permitting the inspectors to perform such review, no action by written consent without a meeting shall be effective until such date as the independent inspectors certify to the corporation that the consents delivered to the corporation in accordance with applicable law and these bylaws represent at least the minimum number of votes that would be necessary to take the corporate action. Nothing contained in this Section 2.14 shall affect the right of the Board or any stockholder to contest the validity of any consent or revocation thereof, whether before or after such certification by the independent inspectors, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

ARTICLE 3

Directors

3.1 Number, Election, Tenure and Qualifications

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

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

Subject to the rights of holders of any class or series of preferred stock, nominations of persons for election to the Board by or at the direction of the Board may be made (a) pursuant to the corporation's notice of meeting (or any supplement thereto), (b) by or at the direction of the Board or any committee thereof, or (c) by any stockholder of the corporation who was a stockholder of record at the time the notice provided for in this Section 3.1 is delivered to the Secretary of the corporation, who is entitled to vote for the election of directors at the applicable meeting and who complies with the notice procedures set forth in this Section 3.1. Such nominations, other than those made by or at the direction of the Board, shall be made pursuant to timely notice in writing to the Secretary of the corporation. To be timely, a stockholder's notice

shall be delivered by a nationally recognized courier service or mailed by first class United States mail, postage or delivery charges prepaid, and received at the principal executive offices of the corporation addressed to the attention of the Secretary of the corporation not less than ninety (90) days nor more than one hundred twenty (120) days in advance of the date the corporation's proxy statement was released to the stockholders in connection with the previous year's annual meeting of stockholders; *provided*, *however*, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date contemplated at the time of the previous year's proxy statement, notice by the stockholder must be received by the Secretary of the corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such annual meeting and not later than the close of business on the later of (x) the ninetieth (90th) day prior to such annual meeting and (y) the tenth (10th) day following the day on which public announcement of the date of such meeting is first made. In no event shall the public announcement of an adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Such stockholder's notice to the Secretary shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (i) the name, age, business address and residence address of the person, (ii) the principal occupation or employment of the person, (iii) the class, series and number of shares of capital stock of the corporation that are owned beneficially and of record by the person, (iv) a statement as to the person's citizenship, (v) the completed and signed representation and agreement described below, (vi) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to Section 14 of the 1934 Act, and (vii) such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected, and (b) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made, (i) the name and record address of the stockholder and of such beneficial owner, if any, (ii) the class, series and number of shares of capital stock of the corporation that are owned beneficially and of record by the stockholder and such beneficial owner and a representation that the stockholder will notify the corporation in writing of the class and number of such shares owned beneficially and of record as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (iii) any Derivative Instrument directly or indirectly owned beneficially by such stockholder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the corporation and a representation that the stockholder will notify the corporation in writing of any such Derivative Instrument in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (iv) a description of any agreement, arrangement or understanding with respect to the nomination between or among such stockholder and such beneficial owner, any of their respective affiliates or associates, and any others acting in concert with any of the foregoing and a representation that the stockholder will notify the corporation in writing of any such agreements, arrangements or understandings in effect as of the record date for the meeting promptly following the later of the record date or the date notice of the record date is first publicly disclosed, (v) a representation that the stockholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such nomination, and (vi) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a

group which intends (a) to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the corporation's outstanding capital stock required to elect the nominee and/or (b) otherwise to solicit proxies from stockholders in support of such nomination. The corporation may require any proposed nominee to furnish such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as director of the corporation.

To be eligible to be a nominee for election or reelection as a director of the corporation, a person must deliver (in accordance with the time periods prescribed for delivery of notice under this Section 3.1) to the Secretary of the corporation at the principal executive offices of the corporation a written representation and agreement (in the form provided by the Secretary upon written request) that such person (i) is not and will not become a party to (A) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the corporation, will act or vote on any issue or question (a "**Voting Commitment**") that has not been disclosed to the corporation or (B) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the corporation, with such person's fiduciary duties under applicable law, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (iii) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the corporation, and will comply with, applicable law and all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the corporation.

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

Nominations of persons for election to the Board may be made at a special meeting of stockholders at which directors are to be elected pursuant to the corporation's notice of meeting (1) by or at the direction of the Board or any committee thereof or (2) provided that the Board has determined that directors shall be elected at such meeting, by any stockholder of the corporation who is a stockholder of record at the time the notice provided for in this Section 3.1 is delivered to the Secretary of the corporation, who is entitled to vote at the meeting and upon such election and who complies with the notice procedures set forth in this Section 3.1. In the

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

No person shall be eligible for election as a director of the corporation unless nominated in accordance with the procedures set forth herein.

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

3.2 Enlargement and Vacancies

The number of members of the Board may be increased at any time as provided in Section 3.1 above. Sole power to fill vacancies and newly created directorships resulting from any increase in the authorized number of directors shall be vested in the Board, and each director so chosen shall hold office until the next annual election at which the term of the class to which they have been elected expires and until such director's successor is duly elected and qualified or until such director's earlier resignation, removal from office, death or incapacity. If there are no directors in office, then an election of directors may be held in the manner provided by statute. In the event of one or more vacancies in the Board, the remaining directors, except as otherwise provided by law or these bylaws, may exercise the powers of the full board until the vacancies are filled.

3.3 Resignation and Removal

Any director may resign at any time upon written notice to the corporation at its principal place of business or to the Chief Executive Officer or the Secretary. Such resignation shall be effective upon receipt of such notice unless the notice specifies such resignation to be effective at some other time or upon the happening of some other event. Any director or the entire Board may be removed, but only for cause, by the holders of a majority of the shares then entitled to vote at an election of directors, unless otherwise specified in the certificate of incorporation of the corporation.

3.4 Powers

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

3.5 Place of Meetings

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

3.6 Organizational Meetings

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

3.7 Regular Meetings

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

3.8 Special Meetings

Special meetings of the Board may be called by the Chairman of the Board, the Lead Director (if any), the Chief Executive Officer or the President, or by the Secretary on the written request of two or more directors, or by one director in the event that there is only one director in office. Notice of the time and place, if any, of special meetings shall be delivered personally or by telephone to each director, or sent by first-class mail or commercial delivery service, facsimile transmission, or by electronic mail or other electronic means, charges prepaid, to such director’s business or home address as they appear upon the records of the corporation. In case

such notice is mailed, at least two (2) days' notice shall be provided to each director prior to the time of holding of the meeting. In case such notice is delivered personally or by telephone or by commercial delivery service, facsimile transmission, or electronic mail or other electronic means, at least forty-eight (48) hours' notice shall be provided to each director prior to the time of the holding of the meeting. A notice or waiver of notice of a meeting of the Board need not specify the purposes of the meeting.

3.9 Quorum, Action at Meeting, Adjournments

At all meetings of the Board, a majority of directors then in office, but in no event less than one-third (1/3) of the entire Board, shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by law or by the certificate of incorporation of the corporation. For purposes of this Section 3.9, the term "**entire Board**" shall mean the number of directors last fixed by directors in accordance with these bylaws; *provided*, *however*, that if fewer than all the number of directors so fixed have been elected (by the stockholders or the Board), the "entire Board" shall mean the greatest number of directors so elected to hold office at any one time pursuant to such authorization. If a quorum shall not be present at any meeting of the Board, a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

3.10 Action Without Meeting

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

3.11 Telephone Meetings

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

3.12 Committees

The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not the member or members present constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the

place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the General Corporation Law of the State of Delaware (the "**DGCL**") to be submitted to stockholders for approval or (ii) adopting, amending or repealing any of these bylaws. Any such committee shall have such name as may be determined from time to time by resolution adopted by the Board. Each committee shall keep regular minutes of its meetings and make such reports to the Board as the Board may request. Except as the Board may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these bylaws for the conduct of its business by the Board.

3.13 Fees and Compensation of Directors

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

3.14 Rights of Inspection

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

3.15 Lead Director

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

ARTICLE 4

Officers

4.1 Officers Designated

The officers of the corporation shall be chosen by the Board and shall include a Chief Executive Officer, a Secretary and a Chief Financial Officer or Treasurer. The Board may elect from among its members a Chairman of the Board and a Vice Chairman of the Board. The Board may also choose a President, one or more Vice Presidents, one or more assistant

Secretaries or assistant Treasurers and such other officers as the Board deems appropriate from time to time. Any number of offices may be held by the same person, unless the certificate of incorporation of the corporation or these bylaws otherwise provide.

4.2 Appointment

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

4.3 Tenure

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

4.4 Chairman and Vice Chairman

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

4.5 The Chief Executive Officer

Subject to such supervisory powers, if any, as may be given by the Board to the Chairman of the Board, the Chief Executive Officer (who may also be designated by the title of "President" unless a separate President shall be appointed) shall preside at all meetings of the stockholders and the Board in the absence of the Chairman of the Board or if there be none, shall have general and active management of the business of the corporation and shall see that all orders and resolutions of the Board are carried into effect. He or she shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the corporation.

4.6 The President

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

4.7 The Vice President

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

4.8 The Secretary

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

4.9 The Assistant Secretary

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

4.10 The Chief Financial Officer

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

4.11 The Treasurer and Assistant Treasurers

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

4.12 Bond

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

ARTICLE 5

Notices

5.1 Delivery

Whenever, under the provisions of law, or of the certificate of incorporation of the corporation or these bylaws, written notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but: (a) such notice may be given by mail, addressed to such director or stockholder, at such person's address as it appears on the records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail or delivered to a nationally

recognized courier service; and (b) unless written notice by mail is required by law, such notice may also be given by commercial delivery service, facsimile transmission, electronic means or similar means addressed to such director or stockholder at such person's address as it appears on the records of the corporation, in which case such notice shall be deemed to be given when delivered into the control of the persons charged with effecting such transmission, the transmission charge to be paid by the corporation or the person sending such notice and not by the addressee. Oral notice or other in-hand delivery, in person or by telephone, shall be deemed given at the time it is actually given.

5.2 Waiver of Notice

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

ARTICLE 6

Indemnification and Insurance

6.1 Indemnification

(a) Each person who was or is made a party or is threatened to be made a party to or is involved in (as a witness or otherwise) any action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other proceeding, whether civil, criminal, administrative or investigative in nature (hereinafter a "**proceeding**"), by reason of the fact that he or she or a person of whom he or she is the legal representative (in the event of death or disability of such person) is or was a director or officer of the corporation (or any predecessor) or is or was serving at the request of the corporation (or any predecessor) as a director, officer, employee, fiduciary, representative, partner or agent of another corporation or of a partnership, joint venture, trust, employee benefit plan sponsored or maintained by the corporation, or other enterprise (or any predecessor of any of such entities), whether the basis of such proceeding is alleged action or inaction in an official capacity as a director, officer, employee, fiduciary, representative, partner or agent or in any other capacity while serving as a director, officer, employee, fiduciary, representative, partner or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith; *provided, however*, that except as provided in Section 6.1(c) below, the corporation

shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board. The right to indemnification conferred in this Section 6.1 shall be a contract right subject to the terms and conditions of this Article 6.

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

In the event the determination of entitlement to indemnification is to be made by Independent Counsel at the request of the claimant, the Independent Counsel shall be selected by the Board unless there shall have occurred within two years prior to the date of the commencement of the proceeding for which indemnification is claimed a "Change of Control" (as hereinafter defined), in which case Independent Counsel shall be selected by the claimant unless the claimant shall request that such selection be made by the Board. In either event, the claimant or the corporation, as the case may be, shall give written notice to the other advising it of the identity of the Independent Counsel so selected. The party so notified may, within ten (10) days after such written notice of selection shall have been given, deliver to the corporation or to the claimant, as the case may be, a written objection to such selection; *provided*, *however*, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 6.6, and the objection shall set forth with particularity the factual basis of such assertion. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within thirty (30) days after submission by the claimant of a written request for indemnification pursuant to Section 6.1(b), no Independent Counsel shall have been selected and not objected to, either the corporation or the claimant may petition the Court of Chancery of the State of Delaware for resolution of any objection which shall have been made by the corporation or the claimant to the other's selection of Independent Counsel or for the appointment as Independent Counsel of a person selected by the Court or by such other person as the Court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel hereunder. The corporation shall pay any and all fees and expenses of Independent Counsel reasonably incurred in

connection with acting pursuant to Section 6.1(b), and the corporation shall pay all reasonable fees and expenses incident to the procedures of Section 6.1(b), regardless of the manner in which such Independent Counsel was selected or appointed. Upon the due commencement of any judicial proceeding pursuant to Section 6.1(c), Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

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

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

(c) In the event that (i) a determination is made pursuant to Section 6.1(b) that the claimant is not entitled to indemnification, (ii) advancement of Expenses is not timely made pursuant to Section 6.2 or (iii) a claim for the indemnification under Section 6.1 is not paid in full by the corporation within twenty (20) business days after a determination has been made that the claimant is entitled to indemnification, the claimant may at any time thereafter bring suit against the corporation to determine his entitlement to such indemnification or advancement of Expenses and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. If a Change of Control shall have occurred, in any judicial proceeding commenced pursuant to this Section 6.1(c), the corporation shall have the burden of proving that the claimant is not entitled to indemnification. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standard of conduct that makes it permissible under the DGCL for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including the Board, Independent Counsel or stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the DGCL, nor the fact that the corporation (including the Board, Independent Counsel or stockholders) has determined that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its

equivalent, shall not, of itself, create a presumption that the claimant has not met the applicable standard of conduct.

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

(e) With respect to any proceeding for which indemnification is sought hereunder, so long as there shall not have occurred a Change in Control, the corporation, in its sole discretion, will be entitled to participate in such proceeding at its own expense and, except as provided below, to assume the defense of, and to settle, such proceeding. After notice from the corporation to the claimant of its election so to assume the defense thereof, the corporation will not be liable to the claimant under this Article 6 for any legal or other Expenses subsequently incurred by the claimant in connection with the defense thereof other than reasonable costs of investigation or as otherwise provided below. The claimant shall have the right to employ its counsel in such proceeding but the fees and Expenses of such counsel incurred after notice from the corporation of its assumption of the defense thereof shall be at the expense of the claimant unless (i) the employment of counsel by the claimant has been authorized by the corporation, (ii) the claimant shall have reasonably concluded that there may be a conflict of interest between the corporation and the claimant in the conduct of the defense of such proceeding or (iii) the corporation shall not in fact have employed counsel to assume the defense of such proceeding, in each of which cases the fees and Expenses of counsel shall be at the expense of the corporation. The corporation shall not be entitled to assume the defense of any proceeding brought by or on behalf of the corporation or as to which the claimant shall have made the conclusion provided for in clause (ii) of the immediately preceding sentence. The claimant shall not compromise or settle any claim or proceeding, release any claim, or make any admission of fact, law, liability or damages with respect to any losses for which indemnification is sought hereunder without the prior written consent of the corporation, which consent shall not be unreasonably withheld (subject to the terms and conditions of this Article 6, including any determination required by Section 6.1(b) or by applicable law). The corporation shall not be liable for any amount paid by the claimant in settlement of any proceeding or any claim therein, unless the corporation has consented to such settlement or unreasonably withholds consent to such settlement.

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

6.2 Advance Payment

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

6.3 Non-Exclusivity and Survival of Rights; Amendments

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

6.4 Insurance

The corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any expense, liability or loss asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the corporation would have the power to indemnify such person against such liability under the provisions of the DGCL.

6.5 Severability

If any word, clause, provision or provisions of this Article 6 shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (i) the validity, legality and enforceability of the remaining provisions of this Article 6 (including, without limitation, each portion of any section or paragraph of this Article 6 containing any such provision held to be invalid, illegal or

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

6.6 Definitions

For the purpose of this Article 6:

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

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

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

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

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

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

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

"**Independent Counsel**" shall mean a law firm, a member of a law firm, or an independent practitioner, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the corporation or the claimant in any matter material to any such party, or (ii) any other party to the proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not shall include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the corporation or the claimant in an action to determine the claimant's rights under this Article 6.

6.7 Notices

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

ARTICLE 7

Capital Stock

7.1 Certificates for Shares

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

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

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

7.2 Signatures on Certificates

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

7.3 Transfer of Stock

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

7.4 Registered Stockholders

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

7.5 Lost, Stolen or Destroyed Certificates

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

ARTICLE 8

General Provisions

8.1 Dividends

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

8.2 Dividend Reserve

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

8.3 Checks

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

8.4 Fiscal Year

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

8.5 Corporate Seal

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

8.6 Execution of Corporate Contracts and Instruments

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

8.7 Representation of Shares of Other Corporations

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

ARTICLE 9

Amendments

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

Exhibit 10.1

M E M O R A N D U M

To: Board of Directors
From: Bob Licht
Date: July 15, 2008
Subject: Director Fees and Expenses

The following is a summary of the retainers and meeting fees payable to directors effective July 1, 2008.

Retainers and Fees

Annual Retainers

$35,000	Board retainer
$20,000	additional annual retainer for chair of Finance and Audit Committee
$ 5,000	additional annual retainer for members of Finance and Audit Committee (other than Chair)
$15,000	additional annual retainer for chairs of Corporate Governance Committee, Compensation and Management Development Committee and Transaction Committee
$60,000	additional annual retainer for Chairman of the Board

Annual retainers will be paid in four equal quarterly installments.

Meeting Fees

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

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

Special Service Fee (extraordinary)

$1,000	each full day of service

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

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

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

Expenses

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

Expenses will be reimbursed when submitted. Expense reports, including receipts or other supporting documentation, should be sent to the Company's accounts payable department (attn. Drew Gollerkeri). If you would like to fax the expense report to expedite the approval process, please fax it to Bob Licht at 866-819-5288.

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

Questions

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

Bob Licht (retainers and fees, including special service fee)
Vice President, Chief Corporation Counsel
Biogen Idec Inc.
14 Cambridge Center
Cambridge, MA 02142
Tel. (617) 679-3662
E-mail: bob.licht@biogenidec.com

Drew Gollerkeri (expenses)
Associate Director, Accounts Payable
Biogen Idec Inc.
14 Cambridge Center
Cambridge, MA 02142
Tel. (617) 679-3818
E-mail: drew.gollerkeri@biogenidec.com

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James C. Mullen, certify that:

1. I have reviewed this quarterly report of Biogen Idec Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James C. Mullen
James C. Mullen
Chief Executive Officer and President

Date: October 21, 2008

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul J. Clancy, certify that:

1. I have reviewed this quarterly report of Biogen Idec Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Paul J. Clancy
Paul J. Clancy
Executive Vice President and Chief Financial Officer

Date: October 21, 2008

EXHIBIT 32.1

CERTIFICATION
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Biogen Idec Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 (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.

/s/ James C. Mullen
James C. Mullen
Chief Executive Officer and President
[principal executive officer]

Dated: October 21, 2008

/s/ Paul J. Clancy
Paul J. Clancy
Executive Vice President and Chief Financial Officer
[principal financial officer]

Dated: October 21, 2008

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.