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

Form 10-Q

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

For the quarterly period ended September 30, 2012

OR

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

Commission File Number 0-19311

BIOGEN IDEC INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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:

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

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

The number of shares of the issuer's Common Stock, $0.0005 par value, outstanding as of October 19, 2012, was 236,596,922 shares.

BIOGEN IDEC INC.
FORM 10-Q — Quarterly Report
For the Quarterly Period Ended September 30, 2012

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

- the anticipated amount, timing and accounting of product revenues, joint business revenues, deferred revenues, milestone and other payments under licensing, collaboration or acquisition agreements, tax positions and contingencies, doubtful accounts, cost of sales, research and development costs and other expenses, amortization of intangible assets, and foreign currency forward contracts;
- the anticipated launch of BG-12;
- our plans to develop further risk stratification protocols for TYSABRI and the impact of such protocols;
- anticipated clinical trial readout of, regulatory filings for, and commercial launch of our long-lasting blood clotting factor candidates;
- additional planned regulatory filings for and launches of FAMPYRA and the outcome of pricing negotiations for FAMPYRA;
- the timing, outcome and impact of proceedings related to: patents and other intellectual property rights; tax audits, assessments and settlements; product liability and other legal proceedings;
- loss to be incurred in connection with Genentech's ongoing arbitration with Hoechst;
- the deferral of TYSABRI revenue in Italy;
- the costs and timing of the development and commercialization of our pipeline products;
- the timing and impact of measures worldwide designed to reduce healthcare costs;
- the impact of the deterioration of the credit and economic conditions in certain countries in Europe and our collection of accounts receivable in such countries;
- fair value estimates in connection with our acquisitions of Stromedix and other entities;
- our ability to finance our operations and business initiatives and obtain funding for such activities;
- the impact of accounting standards;
- repayment of outstanding debt;
- the timing and expected financial impact of vacating our facility in Weston, Massachusetts and relocating our corporate headquarters; and
- the drivers for growing our business, including our plans to pursue business development and research opportunities, and competitive conditions.

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

NOTE REGARDING COMPANY AND PRODUCT REFERENCES

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

NOTE REGARDING TRADEMARKS

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

PART I FINANCIAL INFORMATION

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Product	$ 1,039,110	$ 975,757	$ 3,091,398	$ 2,839,562
Unconsolidated joint business	287,792	266,471	856,975	739,054
Other	58,652	67,706	150,147	143,308
Total revenues	1,385,554	1,309,934	4,098,520	3,721,924
Cost and expenses:				
Cost of sales, excluding amortization of acquired intangible assets	139,358	123,527	411,666	327,143
Research and development	304,217	301,391	989,738	880,668
Selling, general and administrative	299,631	261,398	901,488	772,217
Collaboration profit sharing	75,545	81,475	239,951	244,319
Amortization of acquired intangible assets	53,013	49,347	151,256	157,699
Fair value adjustment of contingent consideration	9,456	2,500	23,573	5,900
Restructuring charge	803	1,803	2,225	18,390
Total cost and expenses	882,023	821,441	2,719,897	2,406,336
Gain on sale of rights	31,719	—	31,719	—
Income from operations	535,250	488,493	1,410,342	1,315,588
Other income (expense), net	(4,548)	(7,727)	13,546	(9,504)
Income before income tax expense and equity in loss of investee, net of tax	530,702	480,766	1,423,888	1,306,084
Income tax expense	131,044	127,104	334,213	339,608
Equity in loss of investee, net of tax	1,258	—	1,769	—
Net income	398,400	353,662	1,087,906	966,476
Net income attributable to noncontrolling interests, net of tax	—	1,836	—	32,286
Net income attributable to Biogen Idec Inc.	$ 398,400	$ 351,826	$ 1,087,906	$ 934,190
Net income per share:				
Basic earnings per share attributable to Biogen Idec Inc.	$ 1.68	$ 1.45	$ 4.56	$ 3.85
Diluted earnings per share attributable to Biogen Idec Inc.	$ 1.67	$ 1.43	$ 4.53	$ 3.81
Weighted-average shares used in calculating:				
Basic earnings per share attributable to Biogen Idec Inc.	236,474	242,883	238,331	242,266
Diluted earnings per share attributable to Biogen Idec Inc.	238,125	245,366	240,137	245,140

See accompanying notes to these unaudited condensed consolidated financial statements.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Net income	$ 398,400	$ 353,662	$ 1,087,906	$ 966,476
Other comprehensive income:				
Unrealized gains (losses) on securities available for sale, net of tax of $883 and $794 for the three months ended September 30, 2012 and 2011, respectively; and $1,958 and $7,101 for the nine months ended September 30, 2012 and 2011, respectively	1,503	(1,353)	3,331	(12,092)
Unrealized gains (losses) on foreign currency forward contracts, net of tax of $3,140 and $3,848 for the three months ended September 30, 2012 and 2011, respectively; and $3,118 and $2,634 for the nine months ended September 30, 2012 and 2011, respectively	(27,354)	32,921	(27,457)	21,870
Unrealized gains (losses) on pension benefit obligation	198	(11)	590	5
Currency translation adjustment	25,093	(50,505)	(980)	24,279
Total other comprehensive income, net of tax	(560)	(18,948)	(24,516)	34,062
Comprehensive income	397,840	334,714	1,063,390	1,000,538
Comprehensive income attributable to noncontrolling interests, net of tax	—	1,030	65	37,167
Comprehensive income attributable to Biogen Idec Inc.	$ 397,840	$ 333,684	$ 1,063,325	$ 963,371

See accompanying notes to these unaudited condensed consolidated financial statements.

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

	As of September 30, 2012	As of December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 451,723	$ 514,542
Marketable securities	1,154,071	1,176,115
Accounts receivable, net	661,519	584,603
Due from unconsolidated joint business	268,965	228,724
Inventory	392,936	326,843
Other current assets	126,174	144,600
Total current assets	3,055,388	2,975,427
Marketable securities	1,741,534	1,416,737
Property, plant and equipment, net	1,676,583	1,571,387
Intangible assets, net	1,681,232	1,608,191
Goodwill	1,204,740	1,146,314
Investments and other assets	271,144	331,548
Total assets	$ 9,630,621	$ 9,049,604
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of notes payable and line of credit	$ 453,209	$ 3,292
Taxes payable	44,252	45,939
Accounts payable	157,424	186,448
Accrued expenses and other	866,208	677,210
Total current liabilities	1,521,093	912,889
Notes payable, line of credit and other financing arrangements	658,442	1,060,808
Long-term deferred tax liability	249,577	248,644
Other long-term liabilities	539,569	400,276
Total liabilities	2,968,681	2,622,617
Commitments and contingencies		
Equity:		
Biogen Idec Inc. shareholders' equity		
Preferred stock, par value $0.001 per share	—	—
Common stock, par value $0.0005 per share	127	128
Additional paid-in capital	3,819,063	4,185,048
Accumulated other comprehensive income (loss)	(51,115)	(26,535)
Retained earnings	4,194,551	3,106,761
Treasury stock, at cost	(1,303,074)	(839,903)
Total Biogen Idec Inc. shareholders' equity	6,659,552	6,425,499
Noncontrolling interests	2,388	1,488
Total equity	6,661,940	6,426,987
Total liabilities and equity	$ 9,630,621	$ 9,049,604

See accompanying notes to these unaudited condensed consolidated financial statements.

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

	For the Nine Months Ended September 30,	
	2012	**2011**
Cash flows from operating activities:		
Net income	$ 1,087,906	$ 966,476
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	268,772	270,212
Share-based compensation	88,378	86,625
Deferred income taxes	(86,858)	115,698
Other	6,043	(15,493)
Changes in operating assets and liabilities, net:		
Accounts receivable	18,486	(17,334)
Inventory	(82,423)	(35,767)
Accrued expenses and other current liabilities	104,075	(56,737)
Other changes in operating assets and liabilities, net	(32,389)	(59,913)
Net cash flows provided by operating activities	1,371,990	1,253,767
Cash flows from investing activities:		
Proceeds from sales and maturities of marketable securities	1,913,381	1,476,052
Purchases of marketable securities	(2,192,343)	(2,590,971)
Acquisitions of business, net of cash acquired	(72,401)	—
Purchases of property, plant and equipment	(185,511)	(137,578)
Other	(38,014)	(8,265)
Net cash flows used in investing activities	(574,888)	(1,260,762)
Cash flows from financing activities:		
Purchase of treasury stock	(963,171)	(386,575)
Proceeds from issuance of stock for share-based compensation arrangements	58,278	299,466
Other	42,939	(89,944)
Net cash flows used in financing activities	(861,954)	(177,053)
Net decrease in cash and cash equivalents	(64,852)	(184,048)
Effect of exchange rate changes on cash and cash equivalents	2,033	(410)
Cash and cash equivalents, beginning of the period	514,542	759,598
Cash and cash equivalents, end of the period	$ 451,723	$ 575,140

See accompanying notes to these unaudited condensed consolidated financial statements.

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

1. Business

Overview

Biogen Idec is a global biotechnology company focused on discovering, developing, manufacturing and marketing therapies for the treatment of multiple sclerosis and other autoimmune disorders, neurodegenerative diseases and hemophilia. We also collaborate on the development and commercialization of RITUXAN and anti-CD20 product candidates for the treatment of non-Hodgkin's lymphoma and other conditions.

Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of our financial statements for interim periods in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The information included in this quarterly report on Form 10-Q should be read in conjunction with our consolidated financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2011 (2011 Form 10-K). Our accounting policies are described in the "*Notes to Consolidated Financial Statements*" in our 2011 Form 10-K and updated, as necessary, in this Form 10-Q. The year-end condensed consolidated balance sheet data presented for comparative purposes was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP. The results of operations for the three and nine months ended September 30, 2012 are not necessarily indicative of the operating results for the full year or for any other subsequent interim period. Certain prior-year amounts may be reclassified to conform to the current year's presentation.

Consolidation

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

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

Equity Method of Accounting

In circumstances where we have the ability to exercise significant influence over the operating and financial policies of a company in which we have an investment, we utilize the equity method of accounting for recording investment activity. In assessing whether we exercise significant influence, we consider the nature and magnitude of our investment, the voting and protective rights we hold, any participation in the governance of the other company, and other relevant factors such as the presence of a collaboration or other business relationship. Under the equity method of accounting, we will record within our results of operations our share of income or loss of the other company.

Use of Estimates

The preparation of our condensed consolidated financial statements requires us to make estimates, judgments, and assumptions that may affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates and judgments and methodologies, including those related to revenue recognition and related allowances, our collaborative relationships, clinical trial expenses, the consolidation of variable interest entities, the collectability of our accounts receivable, the valuation of contingent consideration, the valuation of acquired intangible assets including in-process research and development, inventory, impairment and amortization of long-lived assets including intangible assets and acquired in-process research and development (IPR&D),

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

2. Acquisitions

Stromedix, Inc.

On March 8, 2012, we completed our acquisition of all the outstanding stock of Stromedix, Inc., a privately held company located in Cambridge, Massachusetts. Stromedix was a business involved in the discovery of antibodies designed to treat fibrosis disorders. Stromedix' lead candidate, STX-100, was in Phase 2a of development in patients with idiopathic pulmonary fibrosis (IPF). The purchase price included a $75.0 million cash payment and up to a maximum of $487.5 million in contingent consideration in the form of development and approval milestones, of which $275.0 million relates directly to the development and approval of STX-100 for the treatment of IPF. The acquisition was funded from our existing cash on hand and has been accounted for as the acquisition of a business. In addition to acquiring the outstanding stock of the entity and obtaining the rights to STX-100, we obtained the services of key employees and the rights to a second antibody and an antibody conjugate, which are both in preclinical development.

Upon acquisition, we recorded a liability of $122.2 million representing the fair value of the contingent consideration. This amount was estimated through a valuation model that incorporates industry based probability adjusted assumptions relating to the achievement of these milestones and the likelihood of us making payments. This fair value measurement is based upon significant inputs not observable in the market and therefore represents a Level 3 measurement. Subsequent changes in the fair value of this obligation will be recognized as adjustments to contingent consideration and reflected within our condensed consolidated statements of income. For additional information related to our fair value of this obligation, please read Note 8, *Fair Value Measurements* to these condensed consolidated financial statements.

The purchase price consists of the following:

(In millions)		
Cash portion of consideration	$	75.0
Fair value of pre-existing equity ownership		10.2
Contingent consideration		122.2
Total purchase price	$	207.4

The following table summarizes the estimated fair values of the separately identifiable assets acquired and liabilities assumed as of March 8, 2012:

(In millions)		
In-process research and development	$	219.2
Goodwill		51.6
Deferred tax assets		14.4
Deferred tax liability		(77.9)
Other, net		0.1
Total purchase price	$	207.4

Our estimate of the fair value of the specifically identifiable assets acquired and liabilities assumed as of the date of acquisition is subject to completing our analysis of certain tax matters, such as filing Stromedix' final tax return and determining the extent to which we will be able utilize Stromedix' net operating losses. The final determination of these amounts will be completed as soon as possible as additional information becomes available but no later than one year from the acquisition date. Although the final determination may result in differences from our estimates, we do not expect those differences to be material to our financial condition or results of operations.

We estimated the fair value of the IPR&D programs acquired through a probability adjusted cash flow analysis utilizing a discount rate of 20%. Substantially all of the fair value is attributed to the primary indication of the lead candidate, STX-100, which is expected to be completed no earlier than fiscal 2020 at a remaining cost as of the acquisition date of approximately

$290.0 million. The fair value associated with STX-100 for the treatment of IPF was $202.6 million. These fair value measurements were based on significant inputs not observable in the market and thus represent Level 3 fair value measurements.

The goodwill recognized is largely related to establishing a deferred tax liability for the IPR&D intangible assets which have no tax basis and, therefore, are not tax deductible.

Pro forma results of operations would not be materially different as a result of the acquisition of Stromedix and therefore are not presented. After the acquisition date, our results of operations include the results of Stromedix.

Prior to the acquisition of Stromedix, we had an equity interest equal to approximately 5% of the company's total capital stock (on an "as converted" basis) pursuant to a license agreement we entered into with Stromedix in 2007 for the development of the STX-100 product candidate. Based on the fair market value of this equity interest derived from the purchase price, we recognized a gain of approximately $9.0 million in the first quarter of 2012, which was recorded as a component of other income (expense), net within our condensed consolidated statement of income.

3. Gain on Sale of Rights

During the third quarter of 2012, we sold our royalty and other rights related to sales of BENLYSTA (belimumab) to a DRI Capital managed fund (DRI). We were entitled to these rights pursuant to a license agreement with Human Genome Sciences, Inc. and GlaxoSmithKline plc (collectively the "Licensees"). Under the terms of the BENLYSTA sale agreement, we will receive payments from DRI equal to a multiple of royalties payable by the Licensees for the period covering October 2011 to September 2014. DRI will retain all the royalty payments from sales of BENLYSTA, with certain exceptions, including a one-time contingency payment that could be paid to us if the cumulative royalties exceed an agreed amount.

Under the terms of this sale, DRI will have no recourse to us for the Licensees' performance with respect to sales of BENLYSTA, even in the event of Licensees' insolvency, nonperformance or inability to comply with terms of the license agreement. We do not have any continuing involvement with DRI or the Licensees with respect to sales of BENLYSTA, and have concluded that the sale of the rights represents the culmination of an earnings process.

The initial payments received during the third quarter of 2012, which covered the royalty period from October 1, 2011 to June 30, 2012, totaled $31.7 million, which was recorded as a gain on sale of rights within our condensed consolidated statements of income. The remaining payments, which are contingent upon BENLYSTA sales over the period ending September 2014, will be recognized as the payments become due.

4. Accounts Receivable

Our accounts receivable primarily arise from product sales in the U.S. and Europe and mainly represent amounts due from our wholesale distributors, public hospitals and other government entities. Concentrations of credit risk with respect to our accounts receivable, which are typically unsecured, are limited due to the wide variety of customers and markets using our products, as well as their dispersion across many different geographic areas. The majority of our accounts receivable have standard payment terms which generally require payment within 30 to 90 days. We monitor the financial performance and credit worthiness of our large customers so that we can properly assess and respond to changes in their credit profile. We operate in certain countries where weakness in economic conditions has resulted in extended collection periods. We continue to monitor these economic conditions and assess the impacts of such changes in the relevant financial markets on our business, especially in light of sovereign credit developments. We provide reserves against trade receivables for estimated losses that may result from a customer's inability to pay. Amounts determined to be uncollectible are charged or written-off against the reserve. To date, our historical write-offs of accounts receivable have not been significant.

The credit and economic conditions within Italy, Spain, Portugal and Greece, among other members of the European Union, remain uncertain. Deteriorating credit and economic conditions have generally led to an increase in the average length of time that it takes to collect our accounts receivable in some of these countries has increased and may further increase. In some regions in these countries where our collections have slowed and a significant portion of these receivables are routinely being collected over periods in excess of one year, we have discounted our receivables and reduced related revenues based on the period of time that we estimate those amounts will be paid, to the extent such period exceeds one year, using the country's market-based borrowing rate for such period. The related receivables are classified at the time of sale as long-term assets. We accrete interest income on these receivables, which is recognized as a component of other income (expense), net within our condensed consolidated statements of income.

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

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

	As of September 30, 2012		
(In millions)	**Current Balance Included within Accounts Receivable, net**	**Non-Current Balance Included within Investments and Other Assets**	**Total**
Spain	$ 73.5	$ —	$ 73.5
Italy	$ 94.6	$ 13.8	$ 108.4
Portugal	$ 19.6	$ 7.2	$ 26.8
Greece	$ 2.4	$ —	$ 2.4

	As of December 31, 2011		
(In millions)	**Current Balance Included within Accounts Receivable, net**	**Non-Current Balance Included within Investments and Other Assets**	**Total**
Spain	$ 68.5	$ 65.5	$ 134.0
Italy	$ 19.4	$ 48.7	$ 68.1
Portugal	$ 20.6	$ 12.3	$ 32.9
Greece	$ 4.0	$ —	$ 4.0

Approximately $3.9 million and $56.0 million of the aggregated balances for these countries were overdue more than one year as of September 30, 2012 and December 31, 2011, respectively.

During the third quarter of 2012, as part of a new program to resolve outstanding amounts long overdue, the Portuguese government paid us approximately $21.2 million, contributing to a decrease in our accounts receivable in Portugal. Similarly, in June 2012, the Spanish government paid us approximately $112.0 million, contributing to a significant decrease in our accounts receivables in Spain.

The increase in accounts receivable related to sales in Italy is driven, in part, by the credit assignment agreement we completed in the third quarter of 2011. As of December 31, 2011, our accounts receivable balances in Italy totaled $68.1 million, all of which resulted from sales of product subsequent to June 30, 2011. As discussed in Note 2, *Acquisitions* to our consolidated financial statements included within our 2011 Form 10-K, in connection with our purchase of the noncontrolling interest in our joint venture investments in Biogen Dompé SRL, which occurred during the third quarter of 2011, we entered into a credit assignment agreement with Dompé Farmaceutici SpA. Under the terms of this agreement, Dompé Farmaceutici SpA purchased all of Biogen Dompé SRL's outstanding receivables as of June 30, 2011. We retained no interests in these receivables and accounted for this transaction as a sale.

In the fourth quarter of 2011, Biogen Idec SRL received a notice from the Italian National Medicines Agency (AIFA) stating that sales of TYSABRI for the period from February 2009 through February 2011 exceeded by EUR30.7 million a reimbursement limit established pursuant to a Price Determination Resolution (Price Resolution) granted by AIFA in February 2007. In December 2011, we filed an appeal against AIFA in administrative court seeking a ruling that the reimbursement limit does not apply and that the position of AIFA is unenforceable. Since being notified that AIFA believes a reimbursement limit is in effect, we have deferred $46.6 million and $13.8 million of revenue in Italy during the first nine months of 2012 and fourth quarter of 2011, respectively. We expect to continue to defer a portion of our revenues on future sales of TYSABRI in Italy until this matter is resolved. For additional information, please read Note 20, *Litigation* to these condensed consolidated financial statements.

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

5. Reserves for Discounts and Allowances

An analysis of the amount of, and change in, reserves is summarized as follows:

(In millions)	Discounts	Contractual Adjustments	Returns	Total
Balance, as of December 31, 2011	$ 12.6	$ 119.3	$ 23.7	$ 155.6
Current provisions relating to sales in current year	84.4	353.4	17.3	455.1
Adjustments relating to prior years	(0.2)	(5.3)	(0.3)	(5.8)
Payments/returns relating to sales in current year	(70.8)	(217.4)	(3.3)	(291.5)
Payments/returns relating to sales in prior years	(11.0)	(83.2)	(10.0)	(104.2)
Balance, as of September 30, 2012	$ 15.0	$ 166.8	$ 27.4	$ 209.2

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

(In millions)	As of September 30, 2012	As of December 31, 2011
Reduction of accounts receivable	$ 49.0	$ 40.6
Component of accrued expenses and other	160.2	115.0
Total reserves	$ 209.2	$ 155.6

6. Inventory

The components of inventory are summarized as follows:

(In millions)	As of September 30, 2012	As of December 31, 2011
Raw materials	$ 101.9	$ 83.8
Work in process	183.6	169.4
Finished goods	107.4	73.6
Total inventory	$ 392.9	$ 326.8

As of September 30, 2012, the carrying value of our inventory includes $13.8 million associated with various programs which have been capitalized in advance of regulatory approval.

7. Intangible Assets and Goodwill

In connection with our acquisition of Stromedix in March 2012, we acquired IPR&D programs with an estimated fair value of $219.2 million and recorded $51.6 million of goodwill, which represents the excess of the purchase price over the fair value of the net assets acquired. For a more detailed description of this transaction, please read Note 2, *Acquisitions* to these condensed consolidated financial statements.

Intangible Assets

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

		As of September 30, 2012			As of December 31, 2011		
(In millions)	Estimated Life	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Out-licensed patents	13-23 years	$ 578.0	$ (413.6)	$ 164.4	$ 578.0	$ (391.3)	$ 186.7
Core developed technology	15-23 years	3,005.3	(1,924.1)	1,081.2	3,005.3	(1,801.1)	1,204.2
In-process research and development	Up to 15 years upon commercialization	330.1	—	330.1	110.9	—	110.9
Trademarks and tradenames	Indefinite	64.0	—	64.0	64.0	—	64.0
In-licensed rights and patents	6-16 years	52.4	(10.9)	41.5	47.2	(4.8)	42.4
Assembled workforce	4 years	2.1	(2.1)	—	2.1	(2.1)	—
Total intangible assets		$ 4,031.9	$ (2,350.7)	$ 1,681.2	$ 3,807.5	$ (2,199.3)	$ 1,608.2

For the three and nine months ended September 30, 2012, amortization of acquired intangible assets totaled $53.0 million and $151.3 million, respectively, as compared to $49.3 million and $157.7 million, respectively, in the prior year comparative periods. Amortization of acquired intangible assets is expected to be in the range of approximately $100.0 million to $200.0 million annually through 2017.

Core Developed Technology

Core developed technology primarily relates to our AVONEX product which was recorded in connection with the merger of Biogen, Inc. and IDEC Pharmaceuticals Corporation in 2003. Our most recent long range planning cycle was completed in the third quarter of 2012, which reflected a small decrease in the expected lifetime revenue of AVONEX resulting in an increase in amortization expense.

In-process Research and Development (IPR&D)

In-process research and development represents the fair value assigned to research and development assets that we acquire that have not been completed at the date of acquisition. In connection with our acquisition of Stromedix in March 2012, we acquired IPR&D programs with an estimated fair value of $219.2 million. For a more detailed description of this transaction, please read Note 2, *Acquisitions* to these condensed consolidated financial statements.

In-licensed Rights and Patents

We licensed rights for the diagnostic and therapeutic application of recombinant virus-like particles, known as VP1 proteins, to detect antibodies of the JC virus (JCV) in serum or blood. Under the terms of this license, we expect to make payments totaling approximately $57.0 million through 2016. These payments include upfront and milestone payments as well as the greater of an annual maintenance fee or usage-based royalty payment. As of September 30, 2012 and December 31, 2011, we have recognized an intangible asset totaling $24.5 million and $19.2 million, respectively, reflecting the total amount of upfront payments made and other time-based milestone payments. We will capitalize any additional payments due under this arrangement as an intangible asset when they become due. Amortization expense is recorded using an economic consumption model based on the number of JCV antibody assay tests performed each period compared to an estimate of the total tests we expect to perform multiplied by payments made to date and payments we expect to make through 2016.

Goodwill

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

(In millions)	As of September 30, 2012	As of December 31, 2011
Goodwill, beginning of period	$ 1,146.3	$ 1,146.3
Goodwill acquired during the period	51.6	—
Other	6.8	—
Goodwill, end of period	$ 1,204.7	$ 1,146.3

During the three months ended September 30, 2012, we corrected goodwill by $6.8 million to establish a deferred tax liability that existed at the time of the merger of Biogen, Inc and IDEC Pharmaceuticals Corporation in 2003. As of September 30, 2012, we had no accumulated impairment losses related to goodwill.

8. Fair Value Measurements

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

(In millions)	As of September 30, 2012	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 309.0	$ —	$ 309.0	$ —
Marketable debt securities:				
Corporate debt securities	914.7	—	914.7	—
Government securities	1,539.9	—	1,539.9	—
Mortgage and other asset backed securities	441.0	—	441.0	—
Marketable equity securities	1.2	1.2	—	—
Venture capital investments	25.2	—	—	25.2
Derivative contracts	6.9	—	6.9	—
Plan assets for deferred compensation	13.9	—	13.9	—
Total	$ 3,251.8	$ 1.2	$ 3,225.4	$ 25.2
Liabilities:				
Derivative contracts	$ 5.2	$ —	$ 5.2	$ —
Contingent consideration obligations	290.3	—	—	290.3
Total	$ 295.5	$ —	$ 5.2	$ 290.3

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(In millions)	As of December 31, 2011	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 399.8	$ —	$ 399.8	$ —
Marketable debt securities:				
Corporate debt securities	602.6	—	602.6	—
Government securities	1,716.5	—	1,716.5	—
Mortgage and other asset backed securities	273.8	—	273.8	—
Marketable equity securities	0.1	0.1	—	—
Venture capital investments	23.5	—	—	23.5
Derivative contracts	39.5	—	39.5	—
Plan assets for deferred compensation	11.6	—	11.6	—
Total	$ 3,067.4	$ 0.1	$ 3,043.8	$ 23.5
Liabilities:				
Derivative contracts	$ 0.5	$ —	$ 0.5	$ —
Contingent consideration obligations	151.0	—	—	151.0
Total	$ 151.5	$ —	$ 0.5	$ 151.0

The fair value of Level 2 instruments classified as cash equivalents and marketable debt securities were determined through financial models of third party pricing services. For a description of our validation procedures related to prices provided by third party pricing services, refer to Note 1, *Summary of Significant Accounting Policies: Fair Value Measurements*, to our consolidated financial statements included within our 2011 Form 10-K.

Marketable Equity Securities and Venture Capital Investments

Our marketable equity securities represent investments in publicly traded equity securities. Our venture capital investments include investments in certain venture capital funds, accounted for at fair value, which primarily invest in small privately-owned, venture-backed biotechnology companies. These venture capital investments represented approximately 0.3% of total assets as of September 30, 2012 and December 31, 2011, respectively.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	2012	2011	2012	2011
Fair value, beginning of period	$ 25.4	$ 20.6	$ 23.5	$ 20.8
Unrealized gains included in earnings	1.4	1.8	4.9	2.5
Unrealized losses included in earnings	(1.6)	(0.2)	(3.6)	(1.5)
Purchases	—	0.9	0.4	1.3
Fair value, end of period	$ 25.2	$ 23.1	$ 25.2	$ 23.1

Debt Instruments

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

	As of September 30, 2012		As of December 31, 2011	
(In millions)	Fair Value	Carrying Value	Fair Value	Carrying Value
Notes payable to Fumedica	$ 18.9	$ 17.2	$ 22.4	$ 19.7
6.0% Senior Notes due March 1, 2013	459.6	450.0	474.1	449.9
6.875% Senior Notes due March 1, 2018	666.4	587.9	663.9	592.3
Total	$ 1,144.9	$ 1,055.1	$ 1,160.4	$ 1,061.9

We utilized Level 2 inputs to determine the fair value of our notes payable to Fumedica and our Senior Notes. The fair value of our notes payable to Fumedica was estimated using market observable inputs, including current interest and foreign currency exchange rates. The fair value of our Senior Notes was determined through market, observable, and corroborated sources.

Contingent Consideration Obligations

The following table provides a roll forward of the fair values of our contingent consideration obligations, which are all Level 3 liabilities:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2012**	**2011**	**2012**	**2011**
Fair value, beginning of period	$ 280.9	$ 84.6	$ 151.0	$ 81.2
Additions	—	38.8	122.2	38.8
Changes in fair value	9.4	2.5	23.6	5.9
Payments	—	—	(6.5)	—
Fair value, end of period	$ 290.3	$ 125.9	$ 290.3	$ 125.9

As of September 30, 2012 and December 31, 2011, approximately $269.0 million and $140.3 million, respectively, of the fair value of our total contingent consideration obligations were reflected as components of other long-term liabilities within our condensed consolidated balance sheets with the remaining balances reflected as a component of accrued expenses and other.

In connection with our acquisition of Stromedix in March 2012, we recorded a liability of $122.2 million representing the fair value of the contingent consideration. This valuation was based on probability weighted net cash outflow projections of $487.5 million, discounted using a rate of 4.4%, which is a measure of the credit risk associated with settling the liability.

The consideration for our acquisitions often includes future payments that are contingent upon the occurrence of a particular event. For acquisitions completed after January 1, 2009, we record a contingent consideration obligation for such contingent payments at fair value on the acquisition date. We estimate the fair value of contingent consideration obligations through valuation models that incorporate probability adjusted assumptions related to the achievement of the milestones and thus likelihood of making related payments. We revalue these contingent consideration obligations each reporting period. Changes in the fair value of our contingent consideration obligations are recognized within our condensed consolidated statements of income. Changes in the fair value of the contingent consideration obligations can result from changes to one or multiple inputs, including adjustments to the discount rates and periods utilized, changes in the amount or timing of expected expenditures associated with product development, changes in the amount or timing of cash flows and reserves associated with products upon commercialization, changes in the assumed achievement or timing of any development milestones, changes in the probability of certain clinical events and changes in the assumed probability associated with regulatory approval.

Discount rates in our valuation models represent a measure of the credit risk associated with settling the liability. The value of our contingent obligations as of September 30, 2012 was based upon discount rates ranging from 2.5% to 3.7%. The period over which we discount our contingent obligations is based on the current development stage of the product candidates, our specific development plan for that product candidate adjusted for the probability of completing the development step, and when the contingent payments would be triggered. In determining the probability of success, we utilize data regarding similar milestone events from several sources, including industry studies and our own experience. These fair value measurements represent Level 3 measurements as they are based on significant inputs not observable in the market. Significant judgment is employed in determining the appropriateness of these assumptions as of the acquisition date and for each subsequent period. Accordingly, changes in assumptions could have a material impact on the amount of contingent consideration expense we record in any given period.

Acquired IPR&D

In connection with our acquisition of Stromedix, we allocated $219.2 million of the total purchase price to acquired IPR&D, which was capitalized as an intangible asset. The amount allocated to acquired IPR&D was based on significant inputs not observable in the market and thus represented a Level 3 fair value measurement. These assets are tested for impairment annually until commercialization, after which time the IPR&D is amortized over its estimated useful life. For a more detailed description of this transaction, please read Note 2, *Acquisitions* to these condensed consolidated financial statements.

There has been no impairment of our assets measured at fair value during the three and nine months ended September 30, 2012. In addition, there were no changes in valuation techniques or inputs utilized or transfers between fair value measurement levels during the three and nine months ended September 30, 2012. For additional information related to the valuation techniques and inputs utilized in valuation of our financial assets and liabilities, please read Note 1, *Summary of Significant Accounting Policies* to our consolidated financial statements included within our 2011 Form 10-K.

9. Financial Instruments

Marketable Securities

The following tables summarize our marketable debt and equity securities:

As of September 30, 2012 (In millions)	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Amortized Cost
Available-for-sale:				
Corporate debt securities				
Current	$ 302.8	$ 0.4	$ (0.1)	$ 302.5
Non-current	611.9	3.3	(0.2)	608.8
Government securities				
Current	845.6	0.4	—	845.2
Non-current	694.3	0.9	—	693.4
Mortgage and other asset backed securities				
Current	5.7	—	—	5.7
Non-current	435.3	1.6	(1.1)	434.8
Total marketable debt securities	$ 2,895.6	$ 6.6	$ (1.4)	$ 2,890.4
Marketable equity securities, non-current	$ 1.2	$ —	$ —	$ 1.2

As of December 31, 2011 (In millions)	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Amortized Cost
Available-for-sale:				
Corporate debt securities				
Current	$ 155.0	$ 0.2	$ (0.1)	$ 154.9
Non-current	447.6	1.2	(1.5)	447.9
Government securities				
Current	1,021.0	0.4	—	1,020.6
Non-current	695.5	0.9	(0.2)	694.8
Mortgage and other asset backed securities				
Current	0.1	—	—	0.1
Non-current	273.7	0.5	(1.3)	274.5
Total marketable debt securities	$ 2,592.9	$ 3.2	$ (3.1)	$ 2,592.8
Marketable equity securities, non-current	$ 0.1	$ —	$ (0.1)	$ 0.2

In the tables above, as of September 30, 2012 and December 31, 2011, government securities included $89.1 million and $214.0 million, respectively, of Federal Deposit Insurance Corporation (FDIC) guaranteed senior notes issued by financial institutions under the Temporary Liquidity Guarantee Programs, which will all mature prior to December 31, 2012.

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

(In millions)	As of September 30, 2012	As of December 31, 2011
Commercial paper	$ 16.3	$ —
Repurchase agreements	108.7	8.8
Short-term debt securities	184.0	391.0
Total	$ 309.0	$ 399.8

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

Summary of Contractual Maturities: Available-for-Sale Securities

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

	As of September 30, 2012		As of December 31, 2011	
(In millions)	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in one year or less	$ 1,154.0	$ 1,153.4	$ 1,176.1	$ 1,175.6
Due after one year through five years	1,529.8	1,525.5	1,251.6	1,251.4
Due after five years	211.8	211.5	165.2	165.8
Total available-for-sale securities	$ 2,895.6	$ 2,890.4	$ 2,592.9	$ 2,592.8

The average maturity of our marketable securities as of September 30, 2012 and December 31, 2011 was 13 months and 14 months, respectively.

Proceeds from Marketable Debt Securities

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	2012	2011	2012	2011
Proceeds from maturities and sales	$ 491.3	$ 306.2	$ 1,913.4	$ 1,476.1
Realized gains	$ 0.4	$ 0.3	$ 1.7	$ 3.4
Realized losses	$ (0.8)	$ (0.4)	$ (2.7)	$ (1.7)

Proceeds were generally reinvested. Realized losses for the three and nine months ended September 30, 2012 and 2011 primarily relate to sales of agency mortgage-backed securities.

Strategic Investments

As of September 30, 2012 and December 31, 2011, our strategic investment portfolio was comprised of investments totaling $60.7 million and $62.8 million, respectively, which are included in investments and other assets in our accompanying condensed consolidated balance sheets. Our strategic investment portfolio includes investments in marketable equity securities of certain biotechnology companies and our investments in venture capital funds accounted for at fair value which totaled $26.4 million and $23.6 million as of September 30, 2012 and December 31, 2011, respectively. Our strategic investment portfolio also includes other equity investments in privately-held companies and additional investments in venture capital funds accounted for under the cost method. The carrying value of these investments totaled $34.3 million and $39.2 million, as of September 30, 2012 and December 31, 2011, respectively.

During the three and nine months ended September 30, 2012, we realized net losses, impairments and changes to fair value recorded through income of $1.8 million and net gains of $11.7 million, respectively, on our strategic investment

portfolio as compared to net gains, impairments and changes to fair value of $1.1 million and $8.7 million, respectively, in the prior year comparative periods. The gains recognized during the nine months ended September 30, 2012, include a gain of $9.0 million recognized upon our acquisition of Stromedix as we previously held an equity interest. For a more detailed description of this transaction, please read Note 2, *Acquisitions* to these condensed consolidated financial statements. The gains recognized during the nine months ended September 30, 2011 include a gain of $13.8 million on the sale of one of our marketable equity investments.

Impairments

For the three and nine months ended September 30, 2012, we recognized $3.5 million and $4.8 million, respectively, as impairment charges of our publicly-held strategic investments, investments in venture capital funds accounted for under the cost method and investments in privately-held companies.

For the three and nine months ended September 30, 2011, we recognized $0.8 million and $7.6 million, respectively, as impairment charges of our investments in privately-held companies and our investments in venture capital funds accounted for under the cost method. No impairments were recognized in relation to our publicly-held strategic investments.

10. Derivative Instruments

Foreign Currency Forward Contracts

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

Foreign currency forward contracts in effect as of September 30, 2012 and December 31, 2011 had durations of 1 to 15 months. These contracts have been designated as cash flow hedges and accordingly, to the extent effective, any unrealized gains or losses on these foreign currency forward contracts are reported in accumulated other comprehensive income (loss). Realized gains and losses for the effective portion of such contracts are recognized in revenue when the sale of product in the currency being hedged is recognized. To the extent ineffective, hedge transaction gains and losses are reported in other income (expense), net.

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

	Notional Amount	
Foreign Currency: (in millions)	**As of September 30, 2012**	**As of December 31, 2011**
Euro	$ 593.6	$ 496.4
Canadian dollar	6.3	22.9
Swedish krona	3.2	13.0
Total foreign currency forward contracts	$ 603.1	$ 532.3

The portion of the fair value of these foreign currency forward contracts that was included in accumulated other comprehensive income (loss) within total equity reflected gains of $5.9 million and $36.5 million as of September 30, 2012 and December 31, 2011, respectively. We expect all contracts to be settled over the next 15 months and any amounts in accumulated other comprehensive income (loss) to be reported as an adjustment to revenue. We consider the impact of our and our counterparties' credit risk on the fair value of the contracts as well as the ability of each party to execute its contractual obligations. As of September 30, 2012 and December 31, 2011, respectively, credit risk did not materially change the fair value of our foreign currency forward contracts.

In relation to our foreign currency forward contracts, due to hedge ineffectiveness we recognized in other income (expense) net gains of $0.8 million and $4.0 million for the three and nine months ended September 30, 2012, respectively, as compared to net losses of $2.8 million and $3.2 million, respectively, in the prior year comparative periods.

In addition, we recognized in product revenue net gains of $12.0 million and $31.0 million for the settlement of certain effective cash flow hedge instruments for the three and nine months ended September 30, 2012, respectively, as compared to

net losses of $10.8 million and $37.6 million, respectively, in the prior year comparative periods. These settlements were recorded in the same period as the related forecasted revenues.

Summary of Derivatives Designated as Hedging Instruments

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

(In millions)	Balance Sheet Location	Fair Value As of September 30, 2012
Foreign Currency Contracts:		
Asset derivatives	Other current assets	$ 6.4
Liability derivatives	Accrued expenses and other	$ (0.5)

(In millions)	Balance Sheet Location	Fair Value As of December 31, 2011
Foreign Currency Contracts:		
Asset derivatives	Other current assets	$ 32.6
Liability derivatives	Accrued expenses and other	$ —

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

(In millions)	Amount Recognized in Accumulated Other Comprehensive Income (Loss) on Derivative Gain/(Loss) *(Effective Portion)*	Income Statement Location *(Effective Portion)*	Amount Reclassified from Accumulated Other Comprehensive Income (Loss) into Income Gain/(Loss) *(Effective Portion)*	Income Statement Location *(Ineffective Portion)*	Amount of Gain/(Loss) Recorded *(Ineffective Portion)*
For the Three Months Ended					
September 30, 2012				Other income	
Foreign currency contracts	$ 5.9	Revenue	$ 12.0	(expense)	$ 0.8
September 30, 2011				Other income	
Foreign currency contracts	$ 13.5	Revenue	$ (10.8)	(expense)	$ (2.8)
For the Nine Months Ended					
September 30, 2012				Other income	
Foreign currency contracts	$ 5.9	Revenue	$ 31.0	(expense)	$ 4.0
September 30, 2011				Other income	
Foreign currency contracts	$ 13.5	Revenue	$ (37.6)	(expense)	$ (3.2)

Other Derivatives

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

The aggregate notional amount of these other outstanding foreign currency contracts was $297.3 million as of September 30, 2012. The fair value of these contracts was a net liability of $4.3 million. A net loss of $5.7 million and a net gain of $5.6 million related to these contracts were recognized as a component of other income (expense), net, for the three and nine months ended September 30, 2012, respectively, as compared to net gains of $6.1 million and $1.8 million in the prior year comparative periods.

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11. Property, Plant and Equipment

Property, plant and equipment are recorded at historical cost, net of accumulated depreciation. Components of property, plant and equipment, net are summarized as follows:

(In millions)	As of September 30, 2012	As of December 31, 2011
Land	$ 54.0	$ 51.9
Buildings	839.7	597.9
Leasehold improvements	105.8	102.7
Machinery and equipment	824.3	570.1
Computer software and hardware	465.9	439.7
Furniture and fixtures	43.1	37.6
Construction in progress	242.1	553.6
Total cost	2,574.9	2,353.5
Less: accumulated depreciation	(898.3)	(782.1)
Total property, plant and equipment, net	$ 1,676.6	$ 1,571.4

For the three and nine months ended September 30, 2012, we capitalized interest costs related to construction in progress totaling approximately $6.6 million and $23.4 million, respectively, as compared to $8.4 million and $24.3 million, respectively, in the prior year comparative periods. Capitalized interest costs are primarily related to the development of our large-scale biologics manufacturing facility in Hillerød, Denmark.

Hillerød, Denmark Facility

As of September 1, 2012, our large-scale biologics manufacturing facility in Hillerød, Denmark was ready for its intended use as we began the process of manufacturing products for use in clinical trials. As a result, we transferred $454.4 million from construction in progress to various fixed asset accounts, all within the category of property, plant and equipment. We ceased capitalizing a majority of the interest expense and began recording depreciation on the various assets during the third quarter of 2012. The average estimated useful life for the facility and its assets is 20 years. The facility is currently not licensed to produce commercial product, a process we expect to be completed in the next twelve months.

Cambridge Leases

In July 2011, we executed leases for two office buildings to be built in Cambridge, Massachusetts with a planned occupancy during the second half of 2013. Construction of these facilities began in late 2011. These buildings will serve as the future location of our corporate headquarters and commercial operations as well as provide additional general and administrative and research and development office space. In accordance with accounting guidance applicable to entities involved with the construction of an asset that will be leased when the construction is completed, we are considered the owner, for accounting purposes, of these properties during the construction period. Accordingly, we record an asset along with a corresponding financing obligation on our condensed consolidated balance sheet for the amount of total project costs incurred related to the construction in progress for these buildings. Upon completion of the buildings, we will assess and determine if the assets and corresponding liabilities should be derecognized. As of September 30, 2012 and December 31, 2011, cost incurred by the developer in relation to the construction of these buildings totaled approximately $56.6 million and $2.2 million, respectively.

As a result of our decision to relocate our corporate headquarters and centralize our campus in Cambridge, Massachusetts, we expect to vacate our Weston, Massachusetts facility in the second half of 2013 upon completion of the new buildings. Based upon our most recent estimates, we expect to incur a charge of approximately $35.0 million upon vacating the Weston facility. This amount represents our remaining Weston lease obligation, net of sublease income expected to be received.

12. Indebtedness

Revolving Credit Facility

In June 2012 our $360.0 million senior unsecured revolving credit facility expired and was not renewed. No borrowings were made under this credit facility.

13. Equity

Total equity as of September 30, 2012 increased $235.0 million compared to December 31, 2011. This increase was primarily driven by net income attributable to Biogen Idec Inc. of $1,087.9 million and the increase in additional paid-in capital resulting from our share based compensation arrangements totaling $134.0 million offset by repurchases of our common stock totaling $963.2 million.

Share Repurchases

In February 2011, our Board of Directors authorized the repurchase of up to 20.0 million shares of common stock. This authorization does not have an expiration date. During the nine months ended September 30, 2012, approximately 7.7 million shares were repurchased at a cost of $963.2 million. Of those shares, 0.4 million were repurchased and retired during the three months ended September 30, 2012 at a cost of $53.2 million.

Approximately 6.3 million shares of our common stock remain available for repurchase under the 2011 authorization.

We repurchased approximately 5.0 million shares at a cost of approximately $386.6 million under the 2011 authorization during the nine months ended September 30, 2011.

Noncontrolling Interests

The following table reconciles equity attributable to noncontrolling interests:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2012**	**2011**	**2012**	**2011**
Noncontrolling interests, beginning of period	$ 2.4	$ 79.1	$ 1.5	$ 52.9
Net income (loss) attributable to noncontrolling interests, net of tax	—	1.9	—	32.3
Currency translation adjustment	—	(0.8)	0.1	4.9
Deconsolidation of noncontrolling interest	—	—	(0.5)	—
Distributions to noncontrolling interests	—	(14.1)	1.3	(24.0)
Acquisition of noncontrolling interests	—	(61.7)	—	(61.7)
Noncontrolling interests, end of period	$ 2.4	$ 4.4	$ 2.4	$ 4.4

14. Earnings per Share

Basic and diluted earnings per share are calculated as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2012**	**2011**	**2012**	**2011**
Numerator:				
Net income attributable to Biogen Idec Inc.	$ 398.4	$ 351.8	$ 1,087.9	$ 934.2
Adjustment for net income allocable to preferred stock	—	—	—	(0.6)
Net income used in calculating basic and diluted earnings per share	$ 398.4	$ 351.8	$ 1,087.9	$ 933.6
Denominator:				
Weighted average number of common shares outstanding	236.5	242.9	238.3	242.3
Effect of dilutive securities:				
Stock options and employee stock purchase plan	0.4	0.7	0.5	1.1
Time-vested restricted stock units	0.9	1.6	1.0	1.5
Market stock units	0.3	0.2	0.3	0.2
Dilutive potential common shares	1.6	2.5	1.8	2.8
Shares used in calculating diluted earnings per share	238.1	245.4	240.1	245.1

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

15. Share-based Payments

Share-based Compensation Expense

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2012**	**2011**	**2012**	**2011**
Research and development	$ 18.0	$ 14.2	$ 55.8	$ 46.4
Selling, general and administrative	27.7	22.4	81.5	65.2
Restructuring charges	—	—	—	(0.6)
Subtotal	45.7	36.6	137.3	111.0
Capitalized share-based compensation costs	(1.5)	(1.3)	(4.0)	(3.3)
Share-based compensation expense included in total cost and expenses	44.2	35.3	133.3	107.7
Income tax effect	(13.0)	(10.0)	(40.1)	(33.0)
Share-based compensation expense included in net income attributable to Biogen Idec Inc.	$ 31.2	$ 25.3	$ 93.2	$ 74.7

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2012**	**2011**	**2012**	**2011**
Stock options	$ 0.7	$ 1.8	$ 1.6	$ 4.5
Market stock units	5.6	3.5	17.2	11.2
Time-vested restricted stock units	21.4	22.0	69.5	68.2
Performance-vested restricted stock units settled in shares	—	0.2	0.1	0.9
Cash settled performance shares	16.4	6.2	45.1	21.7
Employee stock purchase plan	1.6	2.9	3.8	4.5
Subtotal	45.7	36.6	137.3	111.0
Capitalized share-based compensation costs	(1.5)	(1.3)	(4.0)	(3.3)
Share-based compensation expense included in total cost and expenses	$ 44.2	$ 35.3	$ 133.3	$ 107.7

Grants Under Share-based Compensation Plans

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

	For the Nine Months Ended September 30,	
	2012	**2011**
Market stock units(a)	312,000	393,000
Cash settled performance shares(b)	327,000	490,000
Time-vested restricted stock units(c)	902,000	1,352,000
Performance-vested restricted stock units(d)	—	1,000

(a) Market stock units (MSUs) granted during the nine months ended September 30, 2012 include approximately 39,000 and 41,000 MSUs issued in 2012 based upon the attainment of performance criteria set for 2011 and 2010, respectively, in relation to shares granted in those years. The remainder of MSUs granted during the nine months ended September 30, 2012 include awards granted in conjunction with our annual awards made in February 2012 and MSUs granted in conjunction with the hiring of employees. These grants reflect the target number of shares eligible to be earned at the time of grant.

MSUs granted during the nine months ended September 30, 2011, include approximately 26,000 MSUs issued in 2011 based upon the attainment of performance criteria set for 2010 in relation to shares granted in 2010. The remainder of MSUs granted during the nine months ended September 30, 2011 include awards granted in conjunction with our annual awards made in February 2011 and MSUs granted in conjunction with the hiring of employees. These grants reflect the target number of shares eligible to be earned at the time of grant.

(b) Cash settled performance shares (CSPSs) granted during the nine months ended September 30, 2012 include approximately 68,000 CSPSs issued in 2012 based upon the attainment of performance criteria set for 2011 in relation to shares granted in 2011. The remainder of CSPSs granted during the nine months ended September 30, 2012 include awards granted in conjunction with our annual awards made in February 2012 and CSPSs granted in conjunction with the hiring of employees. These grants reflect the target number of shares eligible to be earned at the time of grant.

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

(c) Time-vested restricted stock units (RSUs) granted during the nine months ended September 30, 2012 primarily represent RSUs granted in conjunction with our annual awards made in February 2012 and awards made in conjunction with the hiring of new employees.

RSUs granted during the nine months ended September 30, 2012 also include approximately 24,000 RSUs granted to our Board of Directors.

RSUs granted during the nine months ended September 30, 2011 primarily represent RSUs granted in conjunction with our annual awards made in February 2011 and awards made in conjunction with the hiring of new employees. RSUs granted during the nine months ended September 30, 2011 also include approximately 35,000 RSUs granted to our Board of Directors.

(d) Performance-vested restricted stock units (PVRSUs) granted during the nine months ended September 30, 2011 represent shares earned for performance criteria set for 2010 in relation to shares granted in 2010. No PVRSUs were granted during the nine months ended September 30, 2012.

No stock options were granted during the nine months ended September 30, 2012 and 2011. In addition, for the nine months ended September 30, 2012, approximately 225,000 shares were issued under our employee stock purchase plan (ESPP) compared to approximately 382,000 shares issued in the prior year comparative period.

16. Income Taxes

For the three and nine months ended September 30, 2012, our effective tax rate was 24.7% and 23.5%, respectively, compared to 26.4% and 26.0%, respectively, in the prior year comparative period.

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2012	2011	2012	2011
Statutory rate	35.0 %	35.0 %	35.0 %	35.0 %
State taxes	0.8	1.3	0.8	1.4
Taxes on foreign earnings	(7.1)	(3.8)	(7.6)	(5.4)
Credits and net operating loss utilization	(3.4)	(5.1)	(3.7)	(3.8)
Purchased intangible assets	1.3	1.1	1.2	1.3
Permanent items	(2.1)	(1.2)	(2.7)	(1.2)
Contingent consideration	0.7	—	0.5	—
Other	(0.5)	(0.9)	—	(1.3)
Effective tax rate	24.7 %	26.4 %	23.5 %	26.0 %

For the three and nine months ended September 30, 2012, the reduction in our income tax rate compared to the same periods in 2011 was primarily a result of a benefit from higher orphan drug credits as a result of the Factor VIII, STX-100 and dexpramipexole and other orphan credit eligible clinical trials, the cessation of certain intercompany royalties owed by a foreign wholly owned subsidiary of ours to a U.S. wholly owned subsidiary on the international sales of one of our products and higher deductions related to our manufacturing operations.

Accounting for Uncertainty in Income Taxes

We and our subsidiaries are routinely examined by various taxing authorities. We file income tax returns in the U.S. federal jurisdiction, various U.S. states, and foreign jurisdictions. With few exceptions including the proposed disallowance we discuss below, we are no longer subject to U.S. federal tax examination for years before 2010 or state, local, or non-U.S. income tax examinations for years before 2004. During the three and nine months ended September 30, 2012, we adjusted our unrecognized tax benefits to reflect new information arising during our on-going federal and state audit examinations including the filing of amended federal income tax returns to claim certain deductions. These amended returns had the effect of increasing our unrecognized tax benefit by approximately $37.0 million.

In October 2011, in conjunction with our examination, the IRS proposed a disallowance of approximately $130 million in deductions for tax years 2007, 2008 and 2009 related to payments for services provided by our wholly owned Danish subsidiary located in Hillerød, Denmark. We believe that these items represent valid deductible business expenses and will vigorously defend our position.

We do not anticipate any significant changes in our positions in the next twelve months other than expected settlements, which have been classified as current liabilities within the accompanying balance sheet.

Contingencies

On June 8, 2010, we received Notices of Assessment from the Massachusetts Department of Revenue (DOR) against Biogen Idec MA Inc. (BIMA), one of our wholly-owned subsidiaries, for $103.5 million of corporate excise tax, including associated interest and penalties, related to our 2004, 2005 and 2006 tax filings. We filed an abatement application with the DOR, which was denied, and we filed a petition appealing the denial with the Massachusetts Appellate Tax Board (Massachusetts ATB) on February 3, 2011, and a hearing has been scheduled for April 2013. For all periods under dispute, we believe that positions taken in our tax filings are valid and we are contesting the assessments vigorously.

The audits of our tax filings for 2007 and 2008 are not completed. As these filings were prepared in a manner consistent with prior filings, we may receive an assessment for those years as well. Due to tax law changes effective January 1, 2009, the computation and deductions at issue in previous tax filings are not part of our subsequent tax filings in Massachusetts.

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

17. Other Consolidated Financial Statement Detail

Other Income (Expense), Net

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
(In millions)	**2012**	**2011**	**2012**	**2011**
Interest income	$ 5.9	$ 5.3	$ 22.6	$ 13.3
Interest expense	(8.7)	(7.9)	(23.1)	(25.5)
Impairments of investments	(3.5)	(0.8)	(4.8)	(7.6)
Gain (loss) on investments, net	1.3	(0.1)	15.6	15.4
Foreign exchange gains (losses), net	0.1	(4.8)	0.2	(5.8)
Other, net	0.4	0.6	3.1	0.7
Total other income (expense), net	$ (4.5)	$ (7.7)	$ 13.5	$ (9.5)

Accrued Expenses and Other

Accrued expenses and other consists of the following:

(In millions)	**As of September 30, 2012**	**As of December 31, 2011**
Employee compensation and benefits	$ 198.7	$ 176.3
Revenue-related rebates	160.2	115.0
Deferred revenue	140.6	69.6
Collaboration expenses	46.6	44.2
Clinical development expenses	52.9	40.8
Royalties and licensing fees	45.3	47.4
Current portion of contingent consideration obligations	21.3	10.8
Other	200.6	173.1
Total accrued expenses and other	$ 866.2	$ 677.2

18. Investments in Variable Interest Entities

Consolidated Variable Interest Entities

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

Knopp

In 2010, we purchased 30.0% of the Class B common shares of Knopp Neurosciences, Inc. (Knopp), a subsidiary of Knopp Holdings, LLC, and entered into a license agreement with Knopp for the development, manufacture and commercialization of dexpramipexole, an orally administered small molecule in clinical development for the treatment of amyotrophic lateral sclerosis (ALS). We are responsible for all development activities and, if successful, we will also be responsible for the manufacture and global commercialization of dexpramipexole. Based on our current development plans, we may pay Knopp up to an additional $255.0 million in remaining development and sales-based milestone payments, as well as royalties on future commercial sales. We determined that we are the primary beneficiary of Knopp because we have the power through the license agreement to direct the activities that most significantly impact Knopp's economic performance and are required to fund 100% of the research and development costs incurred in support of the collaboration agreement. As such, we consolidate the results of Knopp.

We are responsible for the development of dexpramipexole and reimburse certain Knopp expenses directly attributable to the license agreement. Amounts incurred by Knopp that we reimburse are reflected as research and development expenses in our condensed consolidated statements of income. Future development and sales-based milestone payments also will be reflected within our condensed consolidated statements of income as a charge to noncontrolling interests, net of tax, when such milestones are achieved.

For the three and nine months ended September 30, 2012, the collaboration incurred development expense totaling $15.7 million and $58.9 million, respectively, which is reflected as research and development expense within our condensed consolidated statements of income, compared to $21.8 million and $36.5 million, respectively, in the prior year comparative periods. During the first quarter of 2011, we dosed the first patient in a registrational study for dexpramipexole. The achievement of this milestone resulted in a $10.0 million milestone due to Knopp, which was reflected as a charge to noncontrolling interests.

The assets and liabilities of Knopp are not significant to our financial position or results of operations. We have provided no financing to Knopp other than contractually required amounts disclosed above.

Neurimmune SubOne AG

In 2007, we entered into a collaboration agreement with Neurimmune SubOne AG (Neurimmune), a subsidiary of Neurimmune AG, for the development and commercialization of antibodies for the treatment of Alzheimer's disease. Neurimmune conducts research to identify potential therapeutic antibodies and we are responsible for the development, manufacturing and commercialization of all products. Based upon our current development plans, we may pay Neurimmune up to $345.0 million in remaining milestone payments, as well as royalties on sales of any resulting commercial products. We determined that we are the primary beneficiary of Neurimmune because we have the power through the collaboration agreement to direct the activities that most significantly impact the entity's economic performance and are required to fund 100% of the research and development costs incurred in support of the collaboration agreement. As such, we consolidate the results of Neurimmune.

Research and development expenses incurred by Neurimmune in support of the collaboration that we reimburse are reflected in research and development expense in our condensed consolidated statements of income. Future milestone payments will be reflected within our condensed consolidated statements of income as a charge to the noncontrolling interest, net of tax, when such milestones are achieved.

For the three and nine months ended September 30, 2012, the collaboration incurred development expense totaling $3.4 million and $8.5 million, respectively, which is reflected as research and development expense within our condensed consolidated statements of income, compared to $1.5 million and $6.3 million, respectively, in the prior year comparative periods. In April 2011, we submitted an Investigational New Drug (IND) application for BIIB37 (human anti-Amyloid B mAb), a beta-amyloid removal therapy. The achievement of this milestone resulted in a $15.0 million milestone due to Neurimmune, which was reflected as a charge to noncontrolling interests in the second quarter of 2011.

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

Unconsolidated Variable Interest Entities

We have relationships with other variable interest entities which we do not consolidate as we lack the power to direct the activities that significantly impact the economic success of these entities. These relationships include investments in certain biotechnology companies and research collaboration agreements. For additional information related to our significant collaboration arrangements with unconsolidated variable interest entities, please read Note 20, *Collaborations* to our consolidated financial statements included within our 2011 Form 10-K.

As of September 30, 2012 and December 31, 2011, the total carrying value of our investments in biotechnology companies that we have determined to be variable interest entities, but do not consolidate as we do not have the power to direct their activities, totaled $9.3 million and $14.6 million, respectively. Our maximum exposure to loss related to these variable interest entities is limited to the carrying value of our investments.

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

For additional information related to our investments in variable interest entities, please read Note 19, *Investments in Variable Interest Entities* to our consolidated financial statements included within our 2011 Form 10-K.

19. Collaborative and Other Relationships

Samsung Biosimilar Agreement

In February 2012, we finalized an agreement with Samsung BioLogics Co. Ltd. (Samsung Biologics) that established an entity, Samsung Bioepis, to develop, manufacture and market biosimilar pharmaceuticals. Under the terms of the agreement, Samsung Biologics will contribute 280.5 billion South Korean won (approximately $250.0 million) for an 85 percent stake in Samsung Bioepis and we will contribute approximately 49.5 billion South Korean won (approximately $45.0 million) for the remaining 15 percent ownership interest. Our investment will be limited to this contribution as we have no obligation to provide any additional funding; however, we maintain an option to purchase additional stock in Samsung Bioepis in order to increase our ownership percentage up to 49.9 percent. The exercise of this option is within our control.

Samsung Biologics has the power to direct the activities of Samsung Bioepis which will most significantly and directly impact its economic performance. We account for this investment under the equity method of accounting as we maintain the ability to exercise significant influence over Samsung Bioepis through a presence on the entity's Board of Directors and our contractual relationship. Under the equity method, we record our original investment at cost and subsequently adjust the carrying value of our investments for our share of equity in the entity's income or losses according to our percentage of ownership. If losses accumulate, we will record our share of losses until our investment has been fully depleted. Once our investment has been fully depleted, we will recognize additional losses only if we provide or are required to provide additional funding. As of September 30, 2012, our cash contributions to Samsung Bioepis totaled 36.0 billion South Korean won (approximately $32.1 million). As of September 30, 2012, the carrying value of our investment in Samsung Bioepis totaled 32.6 billion South Korean won (approximately $29.5 million), which is classified as a component of investments and other assets within our condensed consolidated balance sheets. We are obligated to fund an additional 13.5 billion South Korean won (approximately $12.2 million) of which 7.1 billion South Korean won (approximately $6.4 million) is due within the next year. We recognize our share of the results of operations related to our investment in Samsung Bioepis one quarter in arrears when the results of the entity become available, which will be reflected as equity in earnings (loss) of investee, net of tax within our condensed consolidated statements of income. During the three and nine months ended September 30, 2012, we recognized a loss on our investment of $1.3 million and $1.8 million, respectively.

Simultaneous with formation of Samsung Bioepis, we entered into a license agreement and technical development and manufacturing services agreements with Samsung Bioepis. Under the terms of the license agreement, we granted Samsung Bioepis an exclusive license to use, develop, manufacture, and commercialize products created by Samsung Bioepis using Biogen Idec product-specific technology. In exchange, we will receive royalties on all products developed and commercialized by Samsung Bioepis. Under the terms of the technical development agreement, we will provide Samsung Bioepis technical development services and technology transfer services, which include, but are not limited to, cell culture development, purification process development, formulation development, and analytical development. For the three and nine months ended September 30, 2012, we recognized $4.3 million and $9.9 million, respectively, in revenues in relation to these services, which

is reflected as a component of other revenues within our condensed consolidated statement of income. Under the terms of our manufacturing agreement we will manufacture certain clinical drug substance, clinical drug product, commercial drug substance and commercial drug product pursuant to contractual terms. No amounts have been earned to date by us under the manufacturing agreement.

Isis Pharmaceuticals, Inc. (Myotonic Dystrophy-1 and Spinal Muscular Atrophy)

In June and January 2012, we entered into separate exclusive, worldwide option and collaboration agreements with Isis Pharmaceuticals, Inc. (Isis) under which both companies will develop and commercialize Isis' product candidates for the treatment of myotonic dystrophy type 1 (DM1) and the treatment of spinal muscular atrophy (SMA), respectively.

Under the terms of the June agreement for the DM1 candidate, we provided Isis with an upfront payment of $12.0 million and will make potential additional payments, prior to licensing, of up to $59.0 million based on the development of the selected product candidate. Isis will be responsible for global development of any product candidate through the completion of a Phase 2 trial and we will provide advice on the clinical trial design and regulatory strategy. We also have an option to license the product candidate until completion of the Phase 2 trial. If we exercise our option, we will pay Isis up to a $70.0 million license fee and assume global development, regulatory and commercialization responsibilities. Isis could receive up to another $130.0 million in milestone payments upon the achievement of certain regulatory milestones as well as royalties on future sales if we successfully develop the product candidate after option exercise.

Under the terms of the January agreement for the antisense investigation drug, ISIS-SMNRx, we paid Isis $29.0 million as an upfront payment and agreed to pay up to $45.0 million in milestones related to the clinical development of ISIS-SMNRx of which $18.0 million will become payable upon initiation of the first Phase 2/3 study of ISIS-SMNRx. Isis will be responsible for global development of ISIS-SMNRx through the completion of Phase 2/3 trials and we will provide advice on the clinical trial design and regulatory strategy. We also have an option to license ISIS-SMNRx until completion of the first successful Phase 2/3 trial. If we exercise our option, we will pay Isis a $75.0 million license fee and assume global development, regulatory and commercialization responsibilities. Isis could receive up to another $150.0 million in milestone payments upon the achievement of certain regulatory milestones as well as royalties on future sales of ISIS-SMNRx if we successfully develop ISIS-SMNRx after option exercise.

Under these agreements we recognized $0.3 million and $41.3 million as research and development expenses within our condensed consolidated statement of income for the three and nine months ended September 30, 2012, respectively.

For additional information related to our other significant collaboration arrangements, please read Note 20, *Collaborations* to our consolidated financial statements included within our 2011 Form 10-K.

20. Litigation

Massachusetts Department of Revenue

On June 8, 2010, we received Notices of Assessment from the Massachusetts DOR against BIMA for $103.5 million of corporate excise tax, including associated interest and penalties, related to our 2004, 2005 and 2006 tax filings. We filed an abatement application with the DOR, which was denied, and we filed a petition appealing the denial with the Massachusetts ATB on February 3, 2011, and a hearing has been scheduled for April 2013. For all periods under dispute, we believe that positions taken in our tax filings are valid and we are contesting the assessments vigorously.

Hoechst — Genentech Arbitration

On October 24, 2008, Hoechst GmbH (Hoechst), affiliate of Sanofi-Aventis Deutschland GmbH (Sanofi), filed with the ICC International Court of Arbitration (Paris) a request for arbitration against Genentech, claiming a breach of a license agreement (the Hoechst License) between one of Hoechst's predecessors and Genentech that was entered as of January 1, 1991 and terminated by Genentech effective October 27, 2008. The Hoechst License granted Genentech certain rights with respect to later-issued U.S. Patents 5,849,522 ('522 patent) and 6,218,140 ('140 patent) and other potential patents outside the U.S. The Hoechst License provided for potential royalty payments of 0.5% on net sales of certain products defined by the agreement. In that proceeding, Genentech maintains that no royalties are due because it does not infringe any of the relevant patents. Although we are not a party to the arbitration, we expect that any damages that may be awarded to Hoechst (should Hoechst attempt to enforce an arbitral award) may be a cost charged to our collaboration with Genentech.

On September 5, 2012, the arbitrator ruled that Genentech is liable to Hoechst for royalties with respect to RITUXAN under the Hoechst License, and he has scheduled a hearing on damages for November 2012. Hoechst has since claimed that it is due damages and interest of approximately EUR181.0 million, plus attorneys' fees and costs to be determined after the hearing. In the second quarter of 2011, we reduced our share of RITUXAN revenues from unconsolidated joint business by approximately $50.0 million to reflect our share of the approximately $125.0 million compensatory damages and interest that Genentech estimated might be awarded to Hoechst. The actual amount of our share of any damages may vary from this estimate depending on the nature or amount of any damages awarded to Hoechst, or if any final decision awarding damages is successfully challenged by Genentech.

Sanofi ’522 and ’140 Patent Litigation

On October 27, 2008, Sanofi filed suit against Genentech and Biogen Idec in federal court in Texas (E.D. Tex.) (Texas Action) claiming that RITUXAN and certain other Genentech products infringe the ’522 patent and the ’140 patent, and on the same day Genentech and Biogen Idec filed a complaint against Sanofi in federal court in California (N.D. Cal.) (California Action) seeking declaratory judgments that RITUXAN and the other Genentech products do not infringe the ‘522 patent or the ’140 patent and that those patents are invalid and unenforceable. The Texas Action was ordered transferred to the federal court in the Northern District of California and consolidated with the California Action.

On April 21, 2011, the district court entered a separate and final judgment that the manufacture and sale of RITUXAN do not infringe the ’522 patent or the ’140 patent. The district court stayed further proceedings relating to Biogen Idec’s and Genentech’s claims seeking a declaration that the asserted patent claims are invalid and unenforceable. On March 22, 2012, the U.S. Court of Appeals for the Federal Circuit affirmed the judgment of non-infringement. No trial date has yet been set on the stayed claims. On May 1, 2012, Genentech filed a motion to enjoin Sanofi and those acting in concert with it, including Hoechst, from continuing the arbitration described above, but the motion was denied on May 25, 2012. On June 6, 2012, Genentech appealed the denial to the U.S. Court of Appeals for the Federal Circuit and the appeal is pending.

’755 Patent Litigation

On September 15, 2009, we were issued U.S. Patent No. 7,588,755 (’755 Patent), which claims the use of interferon beta for immunomodulation or treating a viral condition, viral disease, cancers or tumors. This patent, which expires in September 2026, covers, among other things, the treatment of MS with our product AVONEX. On May 27, 2010, Bayer Healthcare Pharmaceuticals Inc. (Bayer) filed a lawsuit against us in the U.S. District Court for the District of New Jersey seeking a declaratory judgment of patent invalidity and non-infringement and seeking monetary relief in the form of attorneys’ fees, costs and expenses. On May 28, 2010, BIMA filed a lawsuit in the U.S. District Court for the District of New Jersey alleging infringement of the ’755 Patent by EMD Serono, Inc. (manufacturer, marketer and seller of REBIF), Pfizer, Inc. (co-marketer of REBIF), Bayer (manufacturer, marketer and seller of BETASERON and manufacturer of EXTAVIA), and Novartis Pharmaceuticals Corp. (marketer and seller of EXTAVIA) and seeking monetary damages, including lost profits and royalties. The court has consolidated the two lawsuits, and we refer to the two actions as the “Consolidated ’755 Patent Actions”.

Bayer, Pfizer, Novartis and EMD Serono have all filed counterclaims in the Consolidated ‘755 Patent Actions seeking declaratory judgments of patent invalidity and noninfringement, and seeking monetary relief in the form of costs and attorneys’ fees, and EMD Serono and Bayer have each filed a counterclaim seeking a declaratory judgment that the ‘755 Patent is unenforceable based on alleged inequitable conduct. Bayer has also amended its complaint to seek such a declaration. No trial date has yet been ordered, but we expect that the trial of the Consolidated ‘755 Patent Actions will take place in 2014.

GSK ’612 Patent Litigation

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

On November 15, 2011, the district court entered a separate and final judgment in favor of GSK on Biogen Idec’s and Genentech’s claims, and in favor of GSK on GSK’s counterclaim for non-infringement, and stayed all further proceedings

pending the outcome on appeal. Biogen Idec and Genentech filed a notice of appeal in the United States Court of Appeals for the Federal Circuit on December 5, 2011 and the appeal is pending.

Novartis V&D '688 Patent Litigation

On January 26, 2011, Novartis Vaccines and Diagnostics, Inc. (Novartis V&D) filed suit against us in federal district court in Delaware, alleging that TYSABRI infringes U.S. Patent No. 5,688,688 "Vector for Expression of a Polypeptide in a Mammalian Cell" ('688 Patent), which was granted in November 1997 and expires in November 2014. Novartis V&D seeks a declaration of infringement, a finding of willful infringement, compensatory damages, treble damages, interest, costs and attorneys' fees. On July 18, 2012, the court granted Novartis V&D leave to add Novartis Pharma AG, the alleged exclusive licensee of the '688 Patent, as co-plaintiff. We have not formed an opinion that an unfavorable outcome is either "probable" or "remote", and are unable to estimate the magnitude or range of any potential loss. We believe that we have good and valid defenses to the complaint and will vigorously defend against it. A trial has been set for January 2014.

Italian National Medicines Agency

In the fourth quarter of 2011, Biogen Idec SRL received a notice from the Italian National Medicines Agency (Agenzia Italiana del Farmaco or AIFA) stating that sales of TYSABRI for the period from February 2009 through February 2011 exceeded by EUR30.7 million a reimbursement limit established pursuant to a Price Determination Resolution (Price Resolution) granted by AIFA in February 2007. The Price Resolution set the initial price for the sale of TYSABRI in Italy and limited the amount of government reimbursement "for the first 24 months " of TYSABRI sales. As the basis for the claim, the AIFA notice referred to a 2001 Decree that provides for an automatic 24-month renewal of the terms of all Price Resolutions that are not renegotiated prior to the expiration of their term.

On November 17, 2011, Biogen Idec SRL responded to AIFA that the reimbursement limit in the Price Resolution by its terms relates only to the first 24 months of TYSABRI sales, which began in February 2007. On December 23, 2011, we filed an appeal in the Regional Administrative Tribunal of Lazio (Il Tribunale Amministrativo Regionale per il Lazio) in Rome against AIFA, seeking a ruling that our interpretation of the Price Resolution is valid and that the position of AIFA is unenforceable. We have not formed an opinion that an unfavorable outcome is either "probable" or "remote". We believe that we have good and valid grounds for our appeal and will vigorously pursue it.

Average Manufacturer Price Litigation

On September 6, 2011, we and several other pharmaceutical companies were served with a complaint originally filed under seal on October 28, 2008 in the United States District Court for the Eastern District of Pennsylvania by Ronald Streck (the relator) on behalf of himself and the United States, and the states of New Jersey, California, Rhode Island, Michigan, Montana, Wisconsin, Massachusetts, Tennessee, Oklahoma, Texas, Indiana, New Hampshire, North Carolina, Florida, Georgia, New Mexico, Illinois, New York, Virginia, Delaware, Hawaii, Louisiana, Connecticut, and Nevada, (collectively States), and the District of Columbia, alleging violations of the False Claims Act, 31 U.S.C. § 3729 et seq. and state and District of Columbia statutory counterparts. The United States and the States have declined to intervene, and the District of Columbia has not intervened. The complaint was subsequently unsealed and served, and then amended. The amended complaint alleges that Biogen Idec and other defendants underreport Average Manufacturer Price (AMP) information to the Centers for Medicare and Medicaid Services, thereby causing Biogen Idec and other defendants to underpay rebates under the Medicaid Drug Rebate Program. The relator alleges that the underreporting has occurred because Biogen Idec and other defendants improperly consider various payments that they make to drug wholesalers to be discounts under applicable federal law. We and the other defendants filed a motion to dismiss the complaint, which was granted in part and denied in part on July 3, 2012. As to AMP submissions before January 1, 2007, the court dismissed all state and federal claims against us. As to AMP submissions after January 1, 2007, the court denied our motion to dismiss federal law claims. Plaintiff's remaining state-law claims were dismissed in whole as to claims under New Mexico law and in part as to claims under the laws of Delaware, New Hampshire, Texas, Connecticut, Georgia, Indiana, Montana, New York, Oklahoma, and Rhode Island. No trial date has been set. We have not formed an opinion that an unfavorable outcome under the remaining claims is either "probable" or "remote," and are unable at this stage of the litigation to form an opinion as to the magnitude or range of any potential loss. We believe that we have good and valid defenses and intend vigorously to defend against the allegations.

Government Review of Sales and Promotional Practices

We have learned that state and federal governmental authorities are investigating our sales and promotional practices. We are cooperating with the government.

Qui Tam Litigation

In August, 2012, we learned that a relator, on behalf of the United States and certain states, filed a suit under seal on February 17, 2011 against us, Elan Corporation, plc, and Elan Pharmaceuticals, Inc. in the United States District Court for the Western District of Virginia. We have neither seen nor been served with the complaint, but understand that it was filed under the Federal False Claims Act.

Canada Lease Dispute

On April 18, 2008, First Real Properties Limited filed suit against Biogen Idec Canada Inc. (BI Canada) in the Superior Court of Justice in London, Ontario alleging breach of an offer for lease of property signed by BI Canada in 2007 and an unsigned proposed lease for the same property. The plaintiff's complaint seeks $7.0 million in damages, but the plaintiff submitted an expert report estimating the plaintiff's damages to be approximately $2.5 million after mitigation. The plaintiff also seeks costs of approximately $0.4 million and interest. The trial has been rescheduled for January 2013. We have not formed an opinion that an unfavorable outcome is either "probable" or "remote."

Product Liability and Other Legal Proceedings

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

21. Segment Information

We operate as one business segment, which is the business of discovering, developing, manufacturing and marketing therapies for the treatment of multiple sclerosis and other autoimmune disorders, neurodegenerative diseases and hemophilia and therefore, our chief operating decision-maker manages the operations of our Company as a single operating segment.

22. New Accounting Pronouncements

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

In July 2012, the FASB issued ASU No. 2012-02, *Intangibles – Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment* (ASU 2012-02). This newly issued accounting standard allows an entity the option to first assess qualitative factors to determine whether it is necessary to perform a quantitative impairment test for indefinite-lived intangibles other than goodwill. Under that option, an entity would no longer be required to calculate the fair value of an indefinite-lived intangible asset unless the entity determines, based on that qualitative assessment, that it is more likely than not that the fair value of the indefinite-lived intangible asset is less than its carrying amount. This ASU is effective for annual and interim indefinite-lived intangible asset impairment tests performed for fiscal years beginning after September 15, 2012. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on our financial or results of operations.

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

The following discussion should be read in conjunction with our condensed consolidated financial statements and accompanying notes beginning on page 5 of this quarterly report on Form 10-Q and our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2011 (2011 Form 10-K). Certain totals may not sum due to rounding.

Executive Summary

Introduction

Biogen Idec is a global biotechnology company focused on discovering, developing, manufacturing and marketing therapies for the treatment of multiple sclerosis and other autoimmune disorders, neurodegenerative diseases and hemophilia. We also collaborate on the development and commercialization of RITUXAN and anti-CD20 product candidates for the treatment of non-Hodgkin's lymphoma and other conditions.

In the near term, our current and future revenues are dependent upon continued sales of our three principal products, AVONEX, TYSABRI, and RITUXAN as well as the potential approval of BG-12. In the longer term, our revenue growth will be dependent upon the successful clinical development, regulatory approval and launch of new commercial products, our ability to obtain and maintain patents and other rights related to our marketed products and assets originating from our research and development efforts, and successful execution of external business development opportunities. As part of our on-going research and development efforts, we have devoted significant resources to conducting clinical studies to advance the development of new pharmaceutical products and to explore the utility of our existing products in treating disorders beyond those currently approved in their labels.

Financial Highlights

The following table is a summary of financial results achieved:

	For the Three Months Ended September 30,		
(In millions, except per share amounts and percentages)	**2012**	**2011**	**Change %**
Total revenues	$ 1,385.5	$ 1,309.9	5.8%
Income from operations	$ 535.3	$ 488.5	9.6%
Net income attributable to Biogen Idec Inc.	$ 398.4	$ 351.8	13.2%
Diluted earnings per share attributable to Biogen Idec Inc.	$ 1.67	$ 1.43	16.7%

As described below under *"Results of Operations,"* our operating results for the three months ended September 30, 2012 reflect the following:

- Worldwide AVONEX revenues totaled $736.2 million in the third quarter of 2012, representing an increase of 8.0% over the same period in 2011.
- Our share of TYSABRI revenues totaled $274.8 million in the third quarter of 2012, representing a decrease of 0.9% over the same period in 2011.
- Our share of RITUXAN revenues totaled $287.8 million in the third quarter of 2012, representing an increase of 8.0% over the same period in 2011.
- Total cost and expenses increased 7.4% in the third quarter of 2012, compared to the same period in 2011. This increase was primarily the result of a 12.8% increase in cost of sales, a 0.9% increase in research and development expense, and a 14.6% increase in selling, general and administrative costs over the same period in 2011. These increases reflect an increase in manufacturing costs driven by higher sales, spending associated with the development of our early stage product candidates and preparing for the potential launch of BG-12 in 2013.
- Income from operations includes $31.7 million of gain on sale of rights. For additional information related to this transaction, please read Note 3, *Gain on Sale of Rights* to our condensed consolidated financial statements included within this report.

We generated $1,372.0 million of net cash flows from operations for the three months ended September 30, 2012, which were primarily driven by earnings. Cash, cash equivalents and marketable securities totaled approximately $3,347.3 million as of September 30, 2012.

Business Environment

We conduct our business within the biotechnology and pharmaceutical industries, which are highly competitive. Many of our competitors are working to develop or have commercialized products similar to those we market or are developing, including oral and other alternative formulations that may compete with AVONEX, TYSABRI or other products we are developing. In addition, the commercialization of certain of our own pipeline product candidates, such as BG-12, may negatively impact future sales of AVONEX, TYSABRI or both. We may also face increased competitive pressures from the emergence of biosimilars. In the U.S., AVONEX, TYSABRI, and RITUXAN are licensed under the Public Health Service Act (PHSA) as biological products. In March 2010, U.S. healthcare reform legislation amended the PHSA to authorize the U.S. Food and Drug Administration (FDA) to approve biological products, known as biosimilars, that are similar to or interchangeable with previously approved biological products based upon potentially abbreviated data packages.

Global economic conditions continue to present challenges for our industry. Governments in many international markets where we operate have announced or implemented austerity measures to constrain the overall level of government expenditures. These measures, which include efforts aimed at reforming health care coverage and reducing health care costs, particularly in certain countries in Europe, continue to exert pressure on product pricing, have delayed reimbursement for our products, and have negatively impacted our revenues and results of operations. For additional information about certain risks that could negatively impact our financial position or future results of operations, please read the *"Risk Factors"* section of this report.

The Affordable Care Act

On June 28, 2012, the United States Supreme Court upheld the constitutionality of the Affordable Care Act's mandate to purchase health insurance but rejected specific funding provisions that incentivized states to expand their current Medicaid programs. As a result of this ruling, we currently expect implementation of most of the major provisions of the Act to continue. Changes to the Act, or other federal legislature regarding health care access, financing, or delivery and other actions taken by individual states concerning the possible expansion of Medicaid could impact our financial position or results of operations.

Key Pipeline and Product Development

Long-Lasting Recombinant Factor IX

In September 2012, we announced positive top-line results from the global, Phase 3 "B-LONG" study of our long-lasting hemophilia B product candidate, which is known as rFIXFc (recombinant Factor IX-Fc fusion protein). Hemophilia B is a rare inherited disorder which inhibits blood coagulation. We plan to submit marketing applications for rFIXFc by the first quarter of 2013.

BG-12

The FDA has accepted our New Drug Application (NDA) for marketing approval of BG-12 in the United States and granted us a standard review timeline. On October 18, 2012, we announced that the FDA extended the initial PDUFA date for its review of our NDA by three months, which is a standard extension period. The extended PDUFA target date is in late March 2013. The FDA has indicated that the extension of the PDUFA date is needed to allow additional time for review of the application. The agency has not asked for additional studies.

The European Medicines Agency (EMA) has validated our Marketing Authorisation Application (MAA) for review of BG-12 in the European Union and we have submitted additional regulatory applications for BG-12 in Australia, Canada and Switzerland.

AVONEX PEN and Dose Titration

On February 28, 2012, the FDA approved two separate dosing innovations designed to improve the treatment experience for patients receiving once-a-week AVONEX for relapsing forms of MS: AVONEX PEN and a new dose titration regimen. AVONEX PEN, the first intramuscular autoinjector approved for MS, incorporates a smaller needle and easier administration to help reduce patients' anxiety about AVONEX self-injection. Our new dose titration regimen gradually escalates the dose of AVONEX at treatment initiation and reduces the incidence and severity of flu-like symptoms that can occur at the beginning of therapy with any interferon. AVONEX PEN was approved in the E.U. and Canada in the first half of 2011.

Other

We expect to have clinical trial data readouts for our late-stage long-lasting Factor VIII program for hemophilia A in the fourth quarter of 2012, dexpramipexole program for amyotrophic lateral sclerosis (ALS) by late 2012 or early 2013, and PEGylated interferon program for relapsing multiple sclerosis in early 2013.

Results of Operations

Revenues

Revenues are summarized as follows:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
(In millions, except percentages)	2012		2011		2012		2011	
Product revenues								
United States	$ 560.2	40.4%	$ 495.9	37.9%	$ 1,605.6	39.2%	$ 1,447.0	38.9%
Rest of world	478.9	34.6%	479.9	36.6%	1,485.8	36.3%	1,392.6	37.4%
Total product revenues	1,039.1	75.0%	975.8	74.5%	3,091.4	75.4%	2,839.6	76.3%
Unconsolidated joint business	287.8	20.8%	266.5	20.3%	857.0	20.9%	739.1	19.9%
Other	58.6	4.2%	67.7	5.2%	150.1	3.7%	143.3	3.9%
Total revenues	$ 1,385.5	100.0%	$ 1,309.9	100.0%	$ 4,098.5	100.0%	$ 3,721.9	100.0%

Product Revenues

Product revenues are summarized as follows:

	For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
(In millions, except percentages)	2012		2011		2012		2011	
AVONEX	$ 736.2	70.8%	$ 681.7	69.9%	$ 2,159.9	69.9%	$ 1,983.4	69.8%
TYSABRI	274.8	26.4%	277.3	28.4%	840.7	27.2%	810.1	28.5%
Other	28.1	2.7%	16.8	1.7%	90.8	2.9%	46.1	1.6%
Total product revenues	$ 1,039.1	100.0%	$ 975.8	100.0%	$ 3,091.4	100.0%	$ 2,839.6	100.0%

AVONEX

Revenues from AVONEX are summarized as follows:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
(In millions, except percentages)	2012	2011	Change %	2012	2011	Change %
United States	$ 462.0	$ 410.7	12.5%	$ 1,326.8	$ 1,207.4	9.9%
Rest of world	274.2	271.0	1.2%	833.1	776.0	7.4%
Total AVONEX revenues	$ 736.2	$ 681.7	8.0%	$ 2,159.9	$ 1,983.4	8.9%

For the three months ended September 30, 2012, compared to the same period in 2011, the increase in U.S. AVONEX revenues was due to price increases and a 1% increase in U.S. AVONEX unit sales volume.

For the nine months ended September 30, 2012, compared to the same period in 2011, the increase in U.S. AVONEX revenues was due to price increases offset by a 3% decrease in U.S. AVONEX unit sales volume.

For the three and nine months ended September 30, 2012, compared to the same periods in 2011, the increase in rest of world AVONEX revenues was due to increased demand primarily in Europe driven by customer penetration attributable to the AVONEX PEN launch and gains recognized in relation to the settlement of certain cash flow hedge instruments under our foreign currency hedging program. These increases were partially offset by the negative impact of foreign currency exchange

rates and pricing reductions resulting from austerity measures enacted in some countries. Rest of world AVONEX unit volume primarily in Europe increased 8% and 9%, respectively, for the three and nine months ended September 30, 2012, over the prior year comparative periods. Gains recognized in relation to the settlement of certain cash flow hedge instruments under our foreign currency hedging program totaled $8.6 million and $22.5 million, respectively, for the three and nine months ended September 30, 2012, compared to losses recognized of $8.7 million and $30.9 million, respectively, in the prior year comparative periods.

We expect AVONEX to continue facing increased competition in the MS marketplace in both the U.S. and rest of world. We and a number of other companies are working to develop or have commercialized additional treatments for MS, including oral and other alternative formulations that may compete with AVONEX. In addition, the continued growth of TYSABRI and the commercialization of certain of our own pipeline product candidates, such as BG-12, may negatively impact future sales of AVONEX. Increased competition also may lead to reduced unit sales of AVONEX, as well as increasing price pressure.

TYSABRI

We collaborate with Elan Pharma International, Ltd (Elan) an affiliate of Elan Corporation, plc, on the development and commercialization of TYSABRI. For additional information related to this collaboration, please read Note 20, *Collaborations* to our consolidated financial statements included within our 2011 Form 10-K.

Revenues from TYSABRI are summarized as follows:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
(In millions, except percentages)	**2012**	**2011**	**Change %**	**2012**	**2011**	**Change %**
United States	$ 98.2	$ 85.2	15.3 %	$ 278.8	$ 239.6	16.4 %
Rest of world	176.6	192.1	(8.1)%	561.9	570.5	(1.5)%
Total TYSABRI revenues	$ 274.8	$ 277.3	(0.9)%	$ 840.7	$ 810.1	3.8 %

For the three and nine months ended September 30, 2012, compared to the same periods in 2011, the increase in U.S. TYSABRI revenues was due to increased unit sales volume and price increases. U.S. TYSABRI unit sales volume increased approximately 10% for the three and nine months ended September 30, 2012, over the prior year comparative periods. Net sales of TYSABRI from our collaboration partner, Elan, to third-party customers in the U.S. for the three and nine months ended September 30, 2012 totaled $230.4 million and $642.9 million, respectively, compared to $197.2 million and $550.1 million, respectively, in the prior year comparative periods.

For the three and nine months ended September 30, 2012, compared to the same periods in 2011, the decrease in rest of world TYSABRI revenues reflects the deferral of a portion of our revenues recognized on sales of TYSABRI in Italy (as described below), the negative impact of foreign currency exchange rates, net of hedging gains and pricing reductions from austerity measures enacted in some countries, offset by an increase in demand. Increased demand resulted in an increase of approximately 8% and 14%, respectively, in rest of world TYSABRI unit sales volume for the three and nine months ended September 30, 2012. The change in rest of world TYSABRI revenues for the three and nine months ended September 30, 2012, compared to the same periods in 2011, also reflects gains recognized in relation to the settlement of certain cash flow hedge instruments under our foreign currency hedging program. Gains recognized in relation to the settlement of certain cash flow hedge instruments under our foreign currency hedging program totaled $3.4 million and $8.5 million, respectively, for the three and nine months ended September 30, 2012, compared to losses recognized of $2.1 million and $6.7 million, respectively, for the three and nine months ended September 30, 2011.

In the fourth quarter of 2011, Biogen Idec SRL received a notice from the Italian National Medicines Agency (AIFA) stating that sales of TYSABRI for the period from February 2009 through February 2011 exceeded by EUR30.7 million a reimbursement limit established pursuant to a Price Determination Resolution (Price Resolution) granted by AIFA in February 2007. In December 2011, we filed an appeal against AIFA in administrative court seeking a ruling that the reimbursement limit does not apply and that the position of AIFA is unenforceable. As a result of being notified that AIFA believes a reimbursement limit is in effect, we have deferred $46.6 million and $13.8 million of revenue of TYSABRI made in Italy during the first nine months of 2012 and fourth quarter of 2011, respectively. We expect to continue to defer a portion of our revenues on future sales of TYSABRI in Italy until this matter is resolved. For additional information, please read Note 20, *Litigation* to our condensed consolidated financial statements included within this report.

We expect TYSABRI to continue facing increased competition in the MS marketplace in both the U.S. and rest of world. We and a number of other companies are working to develop or have commercialized additional treatments for MS, including oral and other alternative formulations that may compete with TYSABRI. The commercialization of certain of our own pipeline product candidates, such as BG-12, also may negatively impact future sales of TYSABRI. Increased competition may also lead

to reduced unit sales of TYSABRI, as well as increasing price pressure. In addition, safety warnings included in the TYSABRI label, such as the risk of progressive multifocal leukoencephalopathy (PML), and any future safety-related label changes, may limit the growth of TYSABRI unit sales. We continue to research and develop protocols and therapies that may reduce risk and improve outcomes of PML in patients. Our efforts to stratify patients into lower or higher risk for developing PML, including through the JCV antibody assay, and other on-going or future clinical trials involving TYSABRI may have a negative impact on prescribing behavior, which may result in decreased product revenues from sales of TYSABRI.

Other Product Revenues

Other product revenues are summarized as follows:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
(In millions, except percentages)	**2012**	**2011**	**Change %**	**2012**	**2011**	**Change %**
FAMPYRA	$ 12.2	$ —	**	$ 46.9	$ —	**
FUMADERM	15.9	13.6	16.9 %	43.9	41.2	6.6 %
Other	—	3.2	(100.0)%	—	4.9	(100.0)%
Total other product revenues	$ 28.1	$ 16.8	67.3 %	$ 90.8	$ 46.1	97.0 %

We have a license from Acorda Therapeutics, Inc. (Acorda) to develop and commercialize FAMPYRA in all markets outside the U.S. In July 2011, the European Commission granted a conditional marketing authorization, renewable annually, for FAMPYRA in the E.U. This marketing authorization was renewed as of July 2012. To meet the conditions of this marketing authorization, we will provide additional data from on-going clinical studies regarding FAMPYRA's benefits and safety in the long term. FAMPYRA is the first treatment that addresses the unmet medical need of walking improvement in adult patients with MS who have walking disability. We have launched FAMPYRA in Australia, Canada and a number of European countries and expect to launch the product in additional countries throughout the remainder of 2012.

In 2011, the German government implemented new legislation to manage pricing related to new drug products introduced within the German market through a review of each product's comparative efficacy. We launched FAMPYRA in Germany in August 2011. During the second quarter of 2012, the government agency completed its comparative efficacy assessment of FAMPYRA indicating a range of pricing below our initial launch price, which was unregulated for the first 12 months after launch consistent with German law. We entered into pricing negotiations in the third quarter of 2012. As a result, during the quarter, we began recognizing revenue based on the lowest point of the initially indicated German pricing authority range.

For information about our relationship with Acorda, please read Note 20, *Collaborations* to our consolidated financial statements included within our 2011 Form 10-K.

Unconsolidated Joint Business Revenues

We collaborate with Genentech on the development and commercialization of RITUXAN. For information about our relationship with Genentech, including information regarding the pre-tax co-promotion profit sharing formula for RITUXAN and its impact on future unconsolidated joint business revenues, please read Note 20, *Collaborations* to our consolidated financial statements included within our 2011 Form 10-K.

Revenues from unconsolidated joint business are summarized as follows:

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
(In millions, except percentages)	**2012**	**2011**	**Change %**	**2012**	**2011**	**Change %**
Biogen Idec's share of co-promotion profits in the U.S.	$ 258.1	$ 234.0	10.3 %	$ 774.9	$ 645.5	20.0 %
Reimbursement of selling and development expenses in the U.S.	0.4	0.9	(55.6)%	1.0	5.4	(81.5)%
Revenue on sales of RITUXAN in the rest of world	29.3	31.6	(7.3)%	81.1	88.2	(8.0)%
Total unconsolidated joint business revenues	$ 287.8	$ 266.5	8.0 %	$ 857.0	$ 739.1	16.0 %

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

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

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
(In millions, except percentages)	**2012**	**2011**	**Change %**	**2012**	**2011**	**Change %**
Product revenues, net	$ 786.8	$ 732.6	7.4 %	$ 2,363.0	$ 2,203.3	7.2 %
Costs and expenses	141.5	147.6	(4.1)%	417.0	577.8	(27.8)%
Co-promotion profits in the U.S.	645.3	585.0	10.3 %	1,946.0	1,625.5	19.7 %
Biogen Idec's share of co-promotion profits in the U.S.	$ 258.1	$ 234.0	10.3 %	$ 774.9	$ 645.5	20.0 %

For the three and nine months ended September 30, 2012, compared to the same periods in 2011, the increase in U.S. RITUXAN product revenues was primarily due to increased commercial demand and price increases. The increase in demand was driven by numerous factors including an increase in the maintenance setting in non-Hodgkin's lymphoma, as well as continued uptake in rheumatoid arthritis and vasculitis indications. The decrease in collaboration costs and expenses for the three and nine months ended September 30, 2012, compared to the same periods in 2011, was primarily due to a decrease in sales and marketing expenses incurred by the collaboration and a decline in expenditures for the development of RITUXAN for use in other indications. For the nine months ended September 30, 2012 and 2011, we have increased our share of co-promotion profits in the U.S. by increasing net product revenues reported by the collaboration by approximately $10.2 million and $9.3 million, respectively, to reflect our interpretation of a proposed rule within the 2010 healthcare reform legislation related to changes in the exclusion of orphan drugs under Section 340B of the Public Health Services Act. The cumulative amount of these adjustments is $22.2 million since inception in 2011, which is reflected as an amount due from Genentech in our condensed consolidated balance sheets and may be subject to adjustment when a final rule on the provisions of 340B is issued.

For the nine months ended September 30, 2011, collaboration costs and expenses included a charge of $125.0 million recorded by the collaboration, representing an estimate of compensatory damages and interest that would be awarded to Hoechst GmbH (Hoechst), in relation to an intermediate decision by the arbitrator in Genentech's ongoing arbitration with Hoechst. As a result of this charge to the collaboration, our share of RITUXAN revenues from unconsolidated joint business was reduced by approximately $50.0 million in the second quarter of 2011, a portion of which was recorded as a reduction in revenue on sales of RITUXAN in the rest of the world. The actual amount of our share of any damages may vary from our estimate depending on the nature of amount of any damages awarded to Hoechst. For additional information related to this matter, please read Note 20, *Litigation* to our condensed consolidated financial statements included within this report.

Under our collaboration agreement, our current pre-tax co-promotion profit-sharing formula, which resets annually, provides for a 40% share of pre-tax co-promotion profits if co-promotion operating profits exceed $50.0 million.For the nine months ended September 30, 2012 and 2011, respectively, the 40% threshold was met during the first quarter of each year.

Revenue on Sales of RITUXAN in the Rest of the World

Revenue on sales of RITUXAN in the rest of world consists of our share of pre-tax co-promotion profits in Canada and royalty revenue on sales of RITUXAN outside the U.S. and Canada. For the three months ended September 30, 2012 compared to the same period in 2011, revenue on sales of RITUXAN in the rest of world decreased due to the expirations of royalties on a country-by-country basis. For the nine months ended September 30, 2012 compared to the same period in 2011, revenue on sales of RITUXAN in rest of world decreased due to the expiration of royalties on a country-by-country basis and a portion of the 2011 Hoechst charge, noted above, which was recorded as of June 30, 2011.

The royalty period for sales in the rest of world with respect to all products is 11 years from the first commercial sale of such product on a country-by-country basis. The royalty periods for substantially all of the remaining royalty-bearing sales of RITUXAN in the rest of world markets will expire during 2012. After 2012, we expect revenue on sales of RITUXAN in the rest of world will primarily be limited to our share of pre-tax co-promotion profits in Canada.

Other Revenues

Other revenues are summarized as follows:

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Royalty revenues	$ 46.6	$ 51.6	(9.7)%	$ 112.5	$ 105.8	6.3%
Corporate partner revenues	12.0	16.1	(25.5)%	37.6	37.5	0.3%
Total other revenues	$ 58.6	$ 67.7	(13.4)%	$ 150.1	$ 143.3	4.7%

Royalty Revenues

We receive royalties from net sales on products related to patents that we licensed. Our most significant source of royalty revenue is derived from net worldwide sales of ANGIOMAX, which is licensed to The Medicines Company (TMC). Royalty revenues from the net worldwide sales of ANGIOMAX are recognized in an amount equal to the level of net sales achieved during a calendar year multiplied by the royalty rate in effect for that tier under our agreement with TMC. The royalty rate increases based upon which tier of total net sales are earned in any calendar year. The increased royalty rate is applied retroactively to the first dollar of net sales achieved during the year. This formula has the effect of disproportionately increasing the amount of royalty revenue to be recognized during the quarter in which the higher royalty tier has been achieved. For the three months ended September 30, 2012, compared to the same period in 2011, the decrease in royalty revenues reflects the achievement of a higher royalty tier in the third quarter of 2011, which was again achieved in 2012 but during the second quarter, offset by additional royalties recognized on an increase in the net worldwide sales of ANGIOMAX. The increase in royalty revenues for the nine months ended September 30, 2012, compared to the same period in 2011, reflects an increase in the net worldwide sales of ANGIOMAX.

Corporate Partner Revenues

For the three months ended September 30, 2012, compared to the same period in 2011, the decrease in corporate partner revenues was primarily due to lower contract manufacturing revenues partially offset by an increase in biosimilar revenue related to our agreement with Samsung Bioepis. For the nine months ended September 30, 2012, compared to the same period in 2011, the increase in revenue from our contract manufacturing and biosimilar arrangements was offset by a one-time cash payment of approximately $11.0 million received in exchange for entering into an asset transfer agreement in March 2011 related to two research and development programs that were discontinued in connection with our November 2010 restructuring initiative.

Reserves for Discounts and Allowances

Revenues from product sales are recorded net of applicable allowances for trade term discounts, wholesaler incentives, Medicaid rebates, Veterans Administration (VA) and Public Health Service (PHS) discounts, managed care rebates, product returns, and other governmental rebates or applicable allowances including those associated with the implementation of pricing actions in certain international markets where we operate.

Reserves established for these discounts and allowances are classified as reductions of accounts receivable (if the amount is payable to our direct customer) or a liability (if the amount is payable to a party other than our customer). These reserves are based on estimates of the amounts earned or to be claimed on the related sales. Our estimates take into consideration our historical experience, current contractual and statutory requirements, specific known market events and trends, and forecasted customer buying patterns. Actual amounts may ultimately differ from our estimates. If actual results vary, we will need to adjust these estimates, which could have an effect on earnings in the period of adjustment. The estimates we make with respect to these allowances represent the most significant judgments with regard to revenue recognition.

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

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Discounts	$ 28.6	$ 24.5	16.7%	$ 84.2	$ 71.7	17.4%
Contractual adjustments	133.8	91.7	45.9%	348.1	258.0	34.9%
Returns	5.1	3.6	41.7%	17.0	10.3	65.0%
Total allowances	$ 167.5	$ 119.8	39.8%	$ 449.3	$ 340.0	32.1%
Gross product revenues	$ 1,206.7	$ 1,095.6	10.1%	$ 3,540.7	$ 3,179.6	11.4%
Percent of gross product revenues	13.9%	10.9%		12.7%	10.7%	

Discount reserves include trade term discounts and wholesaler incentives. For the three and nine months ended September 30, 2012 compared to the same periods in 2011, the increase in discounts was primarily driven by increases in trade term and volume discounts and wholesaler incentives as a result of price increases.

Contractual adjustment reserves relate to Medicaid and managed care rebates, VA, PHS discounts and other government rebates or applicable allowances. For the three and nine months ended September 30, 2012, compared to the same periods in 2011, the increase in contractual adjustments was due to higher reserves for managed care and Medicaid and VA programs principally associated with higher rebates resulting from price increases and increased unit sales volumes in the U.S., as well as an increase due to sales of FAMPYRA and governmental rebates and allowances in certain of the international markets in which we operate.

Product return reserves are established for returns made by wholesalers. In accordance with contractual terms, wholesalers are permitted to return product for reasons such as damaged or expired product. The majority of wholesaler returns are due to product expiration. Reserves for product returns are recorded in the period the related revenue is recognized, resulting in a reduction to product sales. For the three months ended September 30, 2012 compared to the same period in 2011, return reserves increased primarily due to price increases. For the nine months ended September 30, 2012 compared to the same period in 2011, return reserves increased primarily due to returns associated with a voluntary withdrawal of a limited amount of AVONEX product in the first quarter of 2012 that demonstrated a trend in oxidation that may have led to expiry earlier than stated on its label as well as price increases.

Cost and Expenses

A summary of total cost and expenses is as follows:

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Cost of sales, excluding amortization of acquired intangible assets	$ 139.4	$ 123.5	12.8 %	$ 411.7	$ 327.1	25.8 %
Research and development	304.2	301.4	0.9 %	989.7	880.7	12.4 %
Selling, general and administrative	299.6	261.4	14.6 %	901.5	772.2	16.7 %
Collaboration profit sharing	75.5	81.5	(7.3)%	240.0	244.3	(1.8)%
Amortization of acquired intangible assets	53.0	49.3	7.4 %	151.3	157.7	(4.1)%
Fair value adjustment of contingent consideration	9.5	2.5	**	23.6	5.9	**
Restructuring charge	0.8	1.8	(55.5)%	2.2	18.4	(87.9)%
Total cost and expenses	$ 882.0	$ 821.4	7.4 %	$ 2,719.9	$ 2,406.3	13.0 %

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

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Cost of sales	$ 139.4	$ 123.5	12.8%	$ 411.7	$ 327.1	25.8%

For the three and nine months ended September 30, 2012, compared to the same periods in 2011, the increase in cost of sales was driven primarily by higher unit sales volumes, an increase in manufacturing costs related to the AVONEX PEN and JCV antibody assay costs.

Amounts written down related to excess, obsolete, unmarketable, or other inventory totaled $9.4 million and $20.0 million, respectively, for the three and nine months ended September 30, 2012, as compared to $9.6 million and $16.9 million, respectively, in the prior year comparative periods.

Research and Development

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Marketed products	$ 35.8	$ 27.0	32.6 %	$ 98.5	$ 81.8	20.4%
Late stage programs	100.6	119.0	(15.5)%	346.0	317.3	9.0%
Early stage programs	22.8	17.6	29.5 %	65.2	53.7	21.4%
Research and discovery	24.7	23.9	3.3 %	73.3	71.3	2.8%
Other research and development costs	120.2	113.4	6.0 %	363.6	349.3	4.1%
Milestone and upfront payments	0.1	0.5	(80.0)%	43.1	7.3	**
Total research and development	$ 304.2	$ 301.4	0.9 %	$ 989.7	$ 880.7	12.4%

Research and discovery represents costs incurred to support our discovery research and translational science efforts. Early stage programs are programs in Phase 1 or Phase 2 development. Late stage programs are programs in Phase 3 development or in registration stage. Research and development expense incurred in support of our marketed products includes costs associated with product lifecycle management activities and, if applicable, costs associated with the development of new indications for existing products. General research and development costs consist of indirect costs incurred in support of overall research and development activities and non-specific programs, including activities that benefit multiple programs, such as management costs as well as depreciation and other facility-based expenses.

For the three months ended September 30, 2012, compared to the same period in 2011, the increase in research and development expense includes costs related to reorganizing a group in our research and development function, costs incurred in connection with our early stage programs and additional investments in our marketed products related to life-cycle management such as new applications. The decrease in the costs of our late stage program expense is primarily driven by the completion and readout of our Phase 3 study of Factor IX and our Phase 3 study of BG-12, and by our Factor VIII and dexpramipexole programs approaching completion with near term clinical trial data readouts.

For the nine months ended September 30, 2012, compared to the same period in 2011, the increase in research and development expense includes costs related to reorganizing a group in our research and development function, costs incurred in connection with our late and early stage programs, additional investments in our marked products, and an increase in upfront and milestone payments. The increase in spending associated with our late stage product candidates was driven by increased clinical trial activity associated with our Factor VIII, Factor IX, dexpramipexole, and daclizumab product candidates as well as costs incurred in support of commercial preparatory capabilities related to Factor VIII, Factor IX, and dexpramipexole. Research and development expense related to our early stage programs increased over the prior year comparative period primarily due to costs incurred in the advancement of our Anti-TWEAK program in lupus nephritis and the advancement of our BIIB037 program for Alzheimer’s disease as well as an increase in spending incurred in connection with our recent collaboration and license agreement with Portola Pharmaceuticals, Inc. for the development of the Syk inhibitor molecule and development of STX-100 for the treatment of IPF following our recent acquisition of Stromedix, Inc. In addition, research and development expense for the first nine months of 2012 includes the $29.0 million and $12.0 million upfront payments made to

Isis Pharmaceuticals, Inc. (Isis) in January and June 2012 upon entering into two separate agreements for the development of Isis' antisense investigational drug ISIS-SMNRx for the treatment of spinal muscular atrophy (SMA) and product candidates related to the treatment of mytonic dystrophy (DM1), respectively.

We expect future research and development spend will be driven by strong patient enrollment trends in several of our late-stage clinical trials, the most costly stage of testing. We also intend to continue committing significant resources to targeted research and development opportunities where there is a significant unmet need and where the drug candidate has the potential to be highly differentiated. Specifically, we intend to continue to invest in bringing forward our MS pipeline and in pursuing additional therapies for autoimmune disorders, neurodegenerative diseases and hemophilia as well as make investments to enhance our early-stage pipeline.

Selling, General and Administrative

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
(In millions, except percentages)	**2012**	**2011**	**Change %**	**2012**	**2011**	**Change %**
Selling, general and administrative	$ 299.6	$ 261.4	14.6%	$ 901.5	$ 772.2	16.7%

For the three and nine months ended September 30, 2012, compared to the same periods in 2011, the increase in selling, general and administrative expense was primarily driven by costs associated with developing commercial capabilities in preparation for the potential product launch of BG-12, an increase in costs associated with the development of our sales force and promotional spending in support of FAMPYRA, an increase in sales and marketing activities in support of AVONEX and TYSABRI, and an increase in grant and sponsorship activity. The successful commercialization of FAMPYRA and potential new products require significant pre-launch investments.

We remain focused on preparing for multiple potential product launches in the coming years. As discussed above, we continue to invest in the development of commercial capabilities in support of our BG-12 program with the expectation of a U.S. launch in the first half of 2013. We also have begun to make investments in the development of commercial capabilities for our hemophilia franchise and we continue to plan additional launches of FAMPYRA in various rest of world countries.

Collaboration Profit Sharing

	For the Three Months Ended September 30,			For the Nine Months Ended September 30,		
(In millions, except percentages)	**2012**	**2011**	**Change %**	**2012**	**2011**	**Change %**
Collaboration profit sharing	$ 75.5	$ 81.5	(7.3)%	$ 240.0	$ 244.3	(1.8)%

Collaboration profit sharing includes the portion of rest of world net operating profits to be shared with Elan under the terms of our collaboration agreement for the development, manufacture and commercialization of TYSABRI. The amount shared also includes the reimbursement for our portion of third-party royalties paid by Elan on behalf of the collaboration relating to rest of world sales. For the three months ended September 30, 2012, compared to the same period in 2011, collaboration profit sharing expense was lower because a portion of our revenues recognized on sales of TYSABRI in Italy were deferred, as discussed above under the heading *Product Revenues - TYSABRI*, thus rest of world net operating profits were lower. For the nine months ended September 30, 2012, compared to the same period in 2011, collaboration profit sharing costs were slightly lower as the amount of revenue deferred in Italy was offset by unit volume revenue growth. For the three and nine months ended September 30, 2012, our collaboration profit sharing expense included $11.9 million and $39.7 million, respectively, related to the reimbursement of third-party royalty payments made by Elan as compared to $14.3 million and $42.5 million, respectively, in the prior year comparative periods. For additional information about this collaboration, please read Note 20, *Collaborations* to our consolidated financial statements included within our 2011 Form 10-K.

Amortization of Acquired Intangible Assets

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Amortization of acquired intangible assets	$ 53.0	$ 49.3	7.4%	$ 151.3	$ 157.7	(4.1)%

For the three and nine months ended September 30, 2012, compared to the same periods in 2011, the change in amortization of acquired intangible assets is primarily driven by the amount of amortization recorded in relation to our AVONEX core technology asset.

AVONEX Core Technology Asset

Our most significant intangible asset is the core technology related to our AVONEX product. Our amortization policy reflects our belief that the economic benefit of our core technology is consumed as revenue is generated from our AVONEX product. We refer to this amortization methodology as the economic consumption model, which involves calculating a ratio of actual current period sales to total anticipated sales for the life of the product and applying this ratio to the carrying amount of the intangible asset. An analysis of the anticipated lifetime revenues of AVONEX is performed annually during our long range planning cycle, and this analysis serves as the basis for the calculation of our economic consumption model. We believe this process has allowed us to reliably determine the best estimate of the pattern in which we will consume the economic benefits of our core technology intangible asset.

Our most recent long range planning cycle was completed in the third quarter of 2012, which reflected a small decrease in the expected lifetime revenue of AVONEX. Based upon this analysis, we expect amortization recorded in relation to our core intangible asset for the current and three subsequent quarters will be comparable to those amounts recorded during the prior four quarters.

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

Fair Value Adjustment of Contingent Consideration

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Fair value adjustment of contingent consideration	$ 9.5	$ 2.5	**	$ 23.6	$ 5.9	**

We revalue the contingent consideration obligations for transactions completed after January 1, 2009 each reporting period. Changes in the fair value of our contingent consideration obligations are recognized as a fair value adjustment of contingent consideration within our condensed consolidated statements of income. The increase in the fair value of this obligation is related to the higher number of transactions with contingent consideration arrangements as of September 30, 2012, compared to the same period in 2011. In addition, the increase in the fair value was primarily due to changes in the discount rate, a key component which is based on current interest rates, and the expected timing of payments.

Restructuring Charge

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Restructuring charge	$ 0.8	$ 1.8	(55.5)%	$ 2.2	$ 18.4	(87.9)%

As of September 30, 2012, substantially all related restructuring charges from our 2010 initiative have been incurred and paid. We no longer have a restructuring liability associated with these initiatives.

Gain on Sale of Rights

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Gain on sale of rights	$ 31.7	$ —	**	$ 31.7	$ —	**

During the third quarter of 2012, we sold our royalty and other rights related to sales of BENLYSTA to a DRI Capital managed fund (DRI). We were entitled to these rights pursuant to a license agreement with Human Genome Sciences, Inc. and GlaxoSmithKline plc. For additional information related to this transaction, please read Note 3, *Gain on Sale of Rights* to our condensed consolidated financial statements included within this report.

Other Income (Expense), Net

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Other income (expense), net	$ (4.5)	$ (7.7)	(41.1)%	$ 13.5	$ (9.5)	**

Interest Income

For the three and nine months ended September 30, 2012, compared to the same periods in 2011, interest income increased $0.6 million and $9.3 million, respectively. For the nine month comparative period, interest income increased primarily due to the second quarter of 2012 acceleration of interest imputed on originally discounted accounts receivables, which were collected in Spain in advance of original estimates.

Interest Expense

Interest expense remained relatively unchanged for the three and nine months ended September 30, 2012, compared to the same periods in 2011.

For the three and nine months ended September 30, 2012, we capitalized interest costs related to construction in progress totaling approximately $6.6 million and $23.4 million, respectively, which reduced our interest expense by the same amount. We capitalized $8.4 million and $24.3 million, respectively, in the prior year comparative periods. Capitalized interest costs are primarily related to the construction of our large-scale biologics manufacturing facility in Hillerød, Denmark. This facility was placed into service in the third quarter of 2012, at which time we ceased capitalizing a majority of the interest expense previously being capitalized and began recording depreciation on the various assets.

Impairment on Investments

For the three and nine months ended September 30, 2012, we recognized $3.5 million and $4.8 million, respectively, as impairment charges of our publicly-held strategic investments, investments in venture capital funds accounted for under the cost method and investments in privately-held companies.

For the three and nine months ended September 30, 2011, we recognized $0.8 million and $7.6 million, respectively, as impairment charges of our investments in privately-held companies and our investments in venture capital funds accounted for under the cost method. No impairments were recognized in relation to our publicly-held strategic investments.

Gain on Investments, net

For the three and nine months ended September 30, 2012, we realized net gains of $1.3 million and $15.6 million, respectively, as compared to a net loss $0.1 million and a net gain of $15.4 million, respectively, on strategic investments in the prior year comparative periods. Net gains realized during the nine months ended September 30, 2012 included a gain of $9.0 million recognized upon our acquisition of Stromedix in March 2012, which was based on the value derived from the purchase price of our equity interest held in Stromedix prior to the acquisition. Included within net gains realized during the nine months ended September 30, 2011 is a gain of $13.8 million on the sale of stock from our strategic investments portfolio that was deemed to be no longer strategic.

Income Tax Provision

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Effective tax rate on pre-tax income	24.7%	26.4%	(6.4)%	23.5%	26.0%	(9.6)%
Income tax expense	$ 131.0	$ 127.1	3.1 %	$ 334.2	$ 339.6	(1.6)%

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

For the three and nine months ended September 30, 2012, the reduction in our income tax rate compared to the same periods in 2011 was primarily a result of a benefit from higher orphan drug credits as a result of the Factor VIII, STX-100 and dexpramipexole and other orphan credit eligible clinical trials, the cessation of certain intercompany royalties owed by a foreign wholly owned subsidiary of ours to a U.S. wholly owned subsidiary on the international sales of one of our products and higher deductions related to our manufacturing operations.

For a detailed income tax rate reconciliation for the three and nine months ended September 30, 2012 and 2011, please read Note 16, *Income Taxes* to our condensed consolidated financial statements included within this report.

Equity in Loss of Investee, Net of Tax

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Equity in loss of investee, net of tax	$ 1.3	$ —	**	$ 1.8	$ —	**

In February 2012, we entered into an agreement with Samsung BioLogics Co. Ltd. that established an entity, Samsung Bioepis, to develop, manufacture and market biosimilar pharmaceuticals. We account for this investment under the equity method of accounting. Under the equity method, we record our original investment at cost and subsequently adjust the carrying value of our investments for our share of equity in the entity's income or losses according to our percentage of ownership. We recognize our share of the results of operations related to our investment in Samsung Bioepis one quarter in arrears.

Noncontrolling Interests

(In millions, except percentages)	For the Three Months Ended September 30, 2012	2011	Change %	For the Nine Months Ended September 30, 2012	2011	Change %
Net income attributable to noncontrolling interests, net of tax	$ —	$ 1.8	(100.0)%	$ —	$ 32.3	(100.0)%

For the three and nine months ended September 30, 2012, compared to the same periods in 2011, the change in net income attributable to noncontrolling interests, net of tax, reflects a reduction in earnings from our foreign joint venture investments due to our purchase of the noncontrolling interest in these ventures in September 2011 and, therefore, we no longer allocate 50% of the earnings of these affiliates to net income (loss) attributable to noncontrolling interests. Amounts recognized during the nine months ended September 30, 2011 also reflect the attribution of a $10.0 million milestone payment to Knopp upon dosing the first patient in a registrational study for dexpramipexole as well as the attribution of a $15.0 million milestone payment to Neurimmune upon our submission of an IND application for BIIB037 (human anti-Amyloid B mAb).

Market Risk

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

Foreign Currency Exchange Risk

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

Our net income may also fluctuate due to the impact of our foreign currency hedging program, which is designed to mitigate, over time, a portion of the impact resulting from volatility in exchange rate changes on revenues. We use foreign currency forward contracts to manage foreign currency risk with the majority of our forward contracts used to hedge certain forecasted revenue transactions denominated in foreign currencies in the next 15 months. For a more detailed disclosure of our hedges outstanding, please read Note 10, *Derivative Instruments* to our condensed consolidated financial statements included within this report. Our ability to mitigate the impact of exchange rate changes on revenues and net income diminishes as significant exchange rate fluctuations are sustained over extended periods of time. Other foreign currency gains or losses arising from our operations are recognized in the period in which we incur those gains or losses.

Pricing Pressure

Global economic conditions continue to present challenges for our industry. The global economic downturn and the deterioration of credit and economic conditions continue to impact our results of operations, particularly in countries where government-sponsored healthcare systems are the primary payers for healthcare. Global economic conditions may be further impacted by additional negative economic developments in countries such as Greece, Italy, Portugal and Spain, whose sovereign debt credit ratings have been downgraded. As a result, many countries worldwide, particularly those within the European Union, are reducing their public expenditures in an effort to achieve cost savings.

Governments in a number of international markets in which we operate, including Germany, France, Italy, the United Kingdom, Portugal and Spain have announced or implemented measures aimed at reducing healthcare costs to constrain the overall level of government expenditures. The implementation of measures varies by country and include, among other things, mandatory rebates and discounts, price reductions and suspensions on pricing increases on pharmaceuticals. Certain implemented measures negatively impacted our revenues in 2011 and have continued to do so during the three and nine months ended September 30, 2012. We expect to see continued efforts to achieve additional reductions in public expenditures and consequently expect that our revenues and results of operations will be further negatively impacted if these, similar or more extensive measures are, or continue to be, implemented in these and other countries in which we operate. Based upon our most recent estimates, we continue to expect that such measures will reduce our revenues in 2012 by approximately $40.0 to $60.0 million of which nearly $25.0 to $30.0 million has been realized as of September 30, 2012.

In addition, certain countries set prices by reference to the prices in other countries where our products are marketed. Thus, our inability to secure adequate prices in a particular country may impair our ability to obtain acceptable prices in existing and potential new markets and limit market growth. The continued implementation of pricing actions throughout Europe may also lead to higher levels of parallel trade.

Generally, in the United States there are fewer government-imposed constraints on the pricing of pharmaceuticals. However, given current trends in health care costs, we expect increased focus on overall health care expenditures in 2012 and beyond that may result in, among other things, constraints on pharmaceutical pricing, the permissibility of cross-border trade, and the use of comparative effectiveness research.

Credit Risk

We are subject to credit risk from our accounts receivable related to our product sales. The majority of our accounts receivable arise from product sales in the U.S. and Europe with concentrations of credit risk limited due to the wide variety of customers and markets using our products, as well as their dispersion across many different geographic areas. Our accounts receivable are primarily due from wholesale distributors, public hospitals and other government entities. We monitor the

financial performance and credit worthiness of our large customers so that we can properly assess and respond to changes in their credit profile. We operate in certain countries where weakness in economic conditions has resulted in extended collection periods. We continue to monitor these conditions, including the volatility associated with international economies and the relevant financial markets, and assess their possible impact on our business. Our historical write-offs of accounts receivable have not been significant.

Although our contractual payment terms have not changed, over the past year we have noted a lengthening in the time period required to collect accounts receivable balances in certain countries. In countries where we have experienced a pattern of extended payments and we expect to collect receivables greater than one year from the time of sale, we have discounted our receivables and reduced related revenues over the period of time that we estimate those amounts will be paid using the country's market-based borrowing rate for such period. The related receivables are classified at the time of sale as long-term assets.

Within the European Union, our accounts receivable in Italy and Portugal continue to be subject to significant payment delays due to government funding and reimbursement practices. Deteriorating credit and economic conditions have generally led to an increase in the average length of time that it takes to collect our accounts receivable in these countries. During the third quarter of 2012, as part of a new program to resolve outstanding amounts long overdue, the Portuguese government paid us approximately $21.2 million, contributing to a decrease in our accounts receivable in Portugal. Similarly, in June 2012, the Spanish government paid us approximately $112.0 million, contributing to a significant decrease in our accounts receivables in Spain. Our net accounts receivable balances from product sales in Greece, Italy, Portugal and Spain totaled $211.1 million and $239.0 million as of September 30, 2012 and December 31, 2011, respectively, of which $21.0 million and $126.5 million were classified as non-current and included within investments and other assets within our condensed consolidated balance sheets as of those dates. Approximately $3.9 million and $56.0 million of the aggregated balances for these four countries were overdue more than one year as of September 30, 2012 and December 31, 2011, respectively.

To date our balance sheet exposure to Greece has been limited as we maintain no investment holdings backed by the Greek government and our only receivables in this market are due from our distributor, which totaled approximately $2.4 million and $4.0 million as of September 30, 2012 and December 31, 2011, respectively. These receivables remain current and in compliance with their contractual due dates. However, due to the current uncertainty, we recognize sales in Greece on a cash collection basis.

We believe that our allowance for doubtful accounts was adequate as of September 30, 2012 and December 31, 2011, respectively; however, if significant changes occur in the availability of government funding or the reimbursement practices of these or other governments, we may not be able to collect on amounts due to us from customers in such countries and our results of operations could be adversely affected.

Financial Condition and Liquidity

Our financial condition is summarized as follows:

(In millions, except percentages)	As of September 30, 2012	As of December 31, 2011	Change %
Financial assets:			
Cash and cash equivalents	$ 451.7	$ 514.5	(12.2)%
Marketable securities — current	1,154.1	1,176.1	(1.9)%
Marketable securities — non-current	1,741.5	1,416.7	22.9 %
Total cash, cash equivalents and marketable securities	$ 3,347.3	$ 3,107.3	7.7 %
Borrowings:			
Current portion of notes payable and line of credit	$ 453.2	$ 3.3	**
Notes payable, line of credit and other financing arrangements	658.4	1,060.8	(37.9)%
Total borrowings	$ 1,111.7	$ 1,064.1	4.5 %
Working Capital:			
Current assets	$ 3,055.4	$ 2,975.4	2.7 %
Current liabilities	(1,521.1)	(912.9)	66.6 %
Total working capital	$ 1,534.3	$ 2,062.5	(25.6)%

For the nine months ended September 30, 2012, certain significant cash flows were as follows:

- $963.2 million used for share repurchases;
- $364.6 million in total payments for income taxes;
- $279.0 million used for net purchases of marketable securities;
- $185.5 million used for purchases of property, plant and equipment;
- $133.2 million in cash collections on accounts receivable balances in Spain and Portugal;
- $72.4 million of net cash paid for the acquisition of Stromedix, Inc.;
- $58.3 million in proceeds from the issuance of stock for share-based compensation arrangements;
- $41.0 million in upfront payments made to Isis, recognized as research and development expense, pursuant to our collaboration agreements dated January and June 2012;
- $32.1 million in contributions made to Samsung Bioepis; and
- $31.7 million in proceeds from the sale of our royalty and other rights to BENLYSTA.

For the nine months ended September 30, 2011, certain significant cash flows were as follows:

- $1,114.9 million used for net purchases of marketable securities;
- $386.6 million used for share repurchases;
- $299.5 million in proceeds from the issuance of stock for share-based compensation arrangements;
- $220.8 million in total payments for income taxes;
- $137.6 million used for purchases of property, plant and equipment;
- $91.7 million of payments made through September 30, 2011 for the purchase of the non-controlling interest in our joint venture investments in Biogen Dompé SRL and Biogen Dompé Switzerland GmbH;
- $91.0 million in proceeds received through September 30, 2011 from Dompé Farmaceutici SpA for the purchase of Biogen Dompé SRL's outstanding receivables;
- $40.2 million in proceeds received from the sale of strategic investments; and
- $25.0 million milestone payment made to Acorda Therapeutics, Inc. capitalized as an intangible asset.

We have historically financed our operating and capital expenditures primarily through positive cash flows earned through our operations. We expect to continue funding our current and planned operating requirements principally through our cash flows from operations, as well as our existing cash resources. We believe that existing funds, when combined with cash generated from operations and our access to additional financing resources, if needed, are sufficient to satisfy our operating, working capital, strategic alliance, milestone payment, capital expenditure and debt service requirements for the foreseeable future. In addition, we may choose to opportunistically return cash to shareholders and pursue other business initiatives, including acquisition and licensing activities. We may, from time to time, also seek additional funding through a combination of new collaborative agreements, strategic alliances and additional equity and debt financings or from other sources should we identify a significant new opportunity.

We consider the unrepatriated cumulative earnings of certain of our foreign subsidiaries to be invested indefinitely outside the U.S. Of the total cash, cash equivalents and marketable securities at September 30, 2012, approximately $1.2 billion was generated from operations in foreign jurisdictions and is intended for use in our foreign operations or in connection with business development transactions outside of the U.S. In managing our day-to-day liquidity in the U.S., we do not rely on the unrepatriated earnings as a source of funds and we have not provided for U.S. federal or state income taxes on these undistributed foreign earnings.

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

Share Repurchase Programs

In February 2011, our Board of Directors authorized the repurchase of up to 20.0 million shares of common stock. This authorization does not have an expiration date. During the nine months ended September 30, 2012, approximately 7.7 million shares were repurchased at a cost of $963.2 million. Of those shares, 0.4 million were repurchased and retired during the three months ended September 30, 2012 at a cost of $53.2 million.

Approximately 6.3 million shares of our common stock remain available for repurchase under the 2011 authorization.

We repurchased approximately 5.0 million shares at a cost of approximately $386.6 million under the 2011 authorization during the nine months ended September 30, 2011.

Cash, Cash Equivalents and Marketable Securities

Until required for another use in our business, we invest our cash reserves in bank deposits, certificates of deposit, commercial paper, corporate notes, U.S. and foreign government instruments and other interest bearing marketable debt instruments in accordance with our investment policy. We mitigate credit risk in our cash reserves and marketable securities by maintaining a well-diversified portfolio that limits the amount of exposure as to institution, maturity, and investment type. We also limit our exposure to European sovereign debt securities and maintain no holdings with respect to certain euro-zone states, such as Portugal, Italy, Greece, and Spain. The value of our investments, however, may be adversely affected by increases in interest rates, downgrades in the credit rating of the corporate bonds included in our portfolio, instability in the global financial markets that reduces the liquidity of securities included in our portfolio, and by other factors which may result in declines in the value of the investments. Each of these events may cause us to record charges to reduce the carrying value of our investment portfolio if the declines are other-than-temporary or sell investments for less than our acquisition cost which could adversely impact our financial position and our overall liquidity. For a summary of the fair value and valuation methods of our marketable securities please read Note 8, *Fair Value Measurements* to our condensed consolidated financial statements included within this report.

The increase in cash, cash equivalents and marketable securities from December 31, 2011 is primarily due to net cash flows provided by operating activities and proceeds from the issuance of stock for share-based compensation arrangements offset by share repurchases, costs associated with a business acquisition and new license agreements, tax payments and purchases of property, plant and equipment.

Borrowings

In June 2012 our $360.0 million senior unsecured revolving credit facility expired and was not renewed. No borrowings were made under this credit facility.

We have $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 that were originally priced at 99.886% and 99.184% of par, respectively. The discount is amortized as additional interest expense over the period from issuance through maturity. We intend to repay the 6.0% Senior Notes when they mature on March 1, 2013.

In connection with our 2006 distribution agreement with Fumedica, we issued notes totaling 61.4 million Swiss Francs which were payable to Fumedica in varying amounts from June 2008 through June 2018. Our remaining note payable to Fumedica had a present value of 16.1 million Swiss Francs ($17.2 million) and 18.6 million Swiss Franc ($19.7 million) as of September 30, 2012 and December 31, 2011, respectively.

For a summary of the fair and carrying values of our outstanding borrowings as of September 30, 2012 and December 31, 2011, please read Note 8, *Fair Value Measurements* to our condensed consolidated financial statements included within this report.

Working Capital

We define working capital as current assets less current liabilities. The decrease in working capital from December 31, 2011 reflects an overall net increase in total current assets of $80.0 million and a net increase in total current liabilities of $608.2 million. The increase in total current liabilities primarily resulted from the inclusion of our 6.0% Senior Notes, which

are due March 1, 2013, as a component of total current liabilities. The increase in total current assets was primarily driven by an increase in inventory and accounts receivables offset by a decrease in our total financial assets classified as current.

Cash Flows

The following table summarizes our cash flow activity:

	For the Nine Months Ended September 30,		
(In millions, except percentages)	**2012**	**2011**	**% Change**
Net cash flows provided by operating activities	$ 1,372.0	$ 1,253.8	9.4%
Net cash flows used in investing activities	$ (574.9)	$ (1,260.8)	54.4%
Net cash flows used in financing activities	$ (862.0)	$ (177.1)	**

Operating Activities

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

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

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

For the nine months ended September 30, 2012, compared to the same period in 2011, the increase in cash provided by operating activities was driven by an increase in net income, primarily resulting from increased product revenue, and higher accrued balances offset by changes in inventory balances.

Investing Activities

For the nine months ended September 30, 2012, compared to the same period in 2011, the increase in net cash flows provided by investing activities is primarily due to a decrease in the net purchases of marketable securities offset by the net cash paid for the acquisition of Stromedix. Net purchases of marketable securities totaled $279.0 million in the first nine months of 2012, compared to $1,114.9 million in the prior year comparative period.

Financing Activities

For the nine months ended September 30, 2012, compared to the same period in 2011, the increase in net cash flows used in financing activities is due primarily to an increase in the amounts of our common stock we repurchased as well as a decrease in proceeds from the issuance of stock for share-based compensation arrangements. During the nine months ended September 30, 2012, we repurchased 7.7 million shares of our common stock for approximately $963.2 million compared to 5.0 million shares of our common stock at a cost of approximately $386.6 million during the first nine months of 2011. In addition, we received $58.3 million in the first nine months of 2012, compared to $299.5 million in the first nine months of 2011, related to stock option exercises and stock issuances under our employee stock purchase plan.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

Our contractual obligations primarily consist of our obligations under non-cancellable operating leases, our notes payable and line of credit, and defined benefit and other purchase obligations, excluding amounts related to tax related obligations, certain funding commitments, contingent milestone payments, contingent consideration, our financing arrangement for the construction of two office buildings located in Cambridge, Massachusetts and other off-balance sheet arrangements as described below.

There have been no other significant changes in our contractual obligations since December 31, 2011.

Tax Related Obligations

We exclude liabilities pertaining to uncertain tax positions from our summary of contractual obligations as we cannot make a reliable estimate of the period of cash settlement with the respective taxing authorities. As of September 30, 2012, we have approximately $71.6 million of liabilities associated with uncertain tax positions.

Other Funding Commitments

As of September 30, 2012, our cash contributions to Samsung Bioepis totaled 36.0 billion South Korean won (approximately $32.1 million). We are obligated to fund an additional 13.5 billion South Korean won (approximately $12.2 million), of which 7.1 billion South Korean won (approximately $6.4 million) due within the next year. For additional information related to our relationship with Samsung Bioepis, please read Note 19, *Collaborative and Other Relationships* to our condensed consolidated financial statements included within this report.

As of September 30, 2012, we have funding commitments of up to approximately $12.7 million as part of our investment in biotechnology oriented venture capital funds.

As of September 30, 2012, we have several on-going clinical studies in various clinical trial stages. Our most significant clinical trial expenditures are to clinical research organizations (CROs). The contracts with CROs are generally cancellable, with notice, at our option. We have recorded accrued expenses of approximately $26.4 million on our condensed consolidated balance sheet for expenditures incurred by CROs as of September 30, 2012. We have approximately $406.6 million in cancellable future commitments based on existing CRO contracts as of September 30, 2012.

Contingent Milestone Payments

Based on our development plans as of September 30, 2012, we have committed to make potential future milestone payments to third parties of up to approximately $1.9 billion as part of our various collaborations, including licensing and development programs. Payments under these agreements generally become due and payable only upon achievement of certain development, regulatory or commercial milestones. Because the achievement of these milestones had not occurred as of September 30, 2012, such contingencies have not been recorded in our financial statements.

We anticipate that we may pay approximately $1.9 million of milestone payments during the remainder of 2012, provided various development, regulatory or commercial milestones are achieved. Amounts related to contingent milestone payments are not considered contractual obligations as they are contingent on the successful achievement of certain development, regulatory approval and commercial milestones. These milestones may not be achieved.

Contingent Consideration

On March 8, 2012, we completed our acquisition of Stromedix, a privately held company located in Cambridge, Massachusetts. The purchase price included contingent consideration in the form of development and approval milestones. We anticipate that we may pay approximately $469.4 million in milestone payments. For additional information related to this transaction, please read Note 2, *Acquisitions* to our condensed consolidated financial statements included within this report.

We also agreed to make additional payments based upon the achievement of certain milestone events in connection with our purchase of the noncontrolling interests in our joint venture investments in Biogen Dompé SRL and Biogen Dompé Switzerland GmbH and our acquisitions of Biogen Idec International Neuroscience GmbH and Biogen Idec Hemophilia Inc. For additional information related to contingent consideration obligations with respect to these transactions, please read Note 22, *Commitments and Contingencies* to our consolidated financial statements included within our 2011 Form 10-K.

In 2006, we acquired Fumapharm AG. As part of this acquisition we acquired FUMADERM and BG-12 (together, Fumapharm Products). We paid $220.0 million upon closing of the transaction and will pay an additional $15.0 million if a Fumapharm Product is approved for MS in the U.S. or E.U. We may also make the following additional milestone payments to the former shareholders of Fumapharm AG based on the attainment of certain sales levels of Fumapharm Products, less certain costs as defined in the acquisition agreement:

Prior 12 Month Sales	Cumulative Sales Level $500M	$1.0B	$2.0B	$3.0B	Each additional $1.0B up to $20.0B
	Payment Amount (In millions)				
< $500 million	$ —	$ —	$ —	$ —	$ —
$500 million - $1.0 billion	22.0	25.0	50.0	50.0	50.0
$1.0 billion - $1.5 billion	—	50.0	100.0	100.0	100.0
$1.5 billion - $2.0 billion	—	—	150.0	150.0	150.0
$2.0 billion - $2.5 billion	—	—	200.0	200.0	200.0
$2.5 billion - $3.0 billion	—	—	—	250.0	250.0
> $3.0 billion	—	—	—	—	300.0

These milestone payments are considered contingent consideration and will be accounted for as an increase to goodwill as incurred, in accordance with the accounting standard applicable to business combinations when we acquired Fumapharm. Milestone payments are due within 30 days following the end of the quarter in which the applicable sales level has been reached and are based upon the total sales of Fumapharm Products in the prior twelve month period.

Amounts related to these contingent obligations are not considered contractual obligations as they are contingent on the successful achievement of certain development, regulatory approval and commercial milestones. These milestones may not be achieved.

Financing Arrangement

In July 2011, we executed leases for two office buildings to be built in Cambridge, Massachusetts with a planned occupancy during the second half of 2013. Construction of these facilities began in late 2011. In accordance with accounting guidance applicable to entities involved with the construction of an asset that will be leased when the construction is completed, we are considered the owner, for accounting purposes, of these properties during the construction period. Accordingly, we will record an asset along with a corresponding financing obligation on our condensed consolidated balance sheet for the amount of total project costs incurred related to the construction in progress for these buildings through completion of the construction period. Upon completion of the buildings, we will assess and determine if the assets and corresponding liabilities should be derecognized. As of September 30, 2012 and December 31, 2011, cost incurred by the developer in relation to the construction of these buildings totaled approximately $56.6 million and $2.2 million, respectively.

Other Off-Balance Sheet Arrangements

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

New Accounting Standards

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

Critical Accounting Estimates

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

For a discussion of our critical accounting estimates, please read Part II, Item 7 "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" of our 2011 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our market risks, and the ways we manage them, are summarized in Part II, Item 7A, "*Quantitative and Qualitative Disclosures About Market Risk*" of our 2011 Form 10-K. There have been no material changes in the first nine months of 2012 to our market risks or to our management of such risks.

Item 4. Controls and Procedures

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Controls and Procedures

We have carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), as of September 30, 2012. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in ensuring that (a) the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (b) such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II — OTHER INFORMATION

Item 1. *Legal Proceedings*

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

Item 1A. *Risk Factors*

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

Our current and future revenues depend upon continued sales of our three principal products, AVONEX, TYSABRI and RITUXAN, which represented substantially all of our total revenues during the first three quarters of 2012. Although we have developed and continue to develop additional products for commercial introduction, we may be substantially dependent on sales from these three products for many years. Any negative developments relating to any of these products, such as safety or efficacy issues, the introduction or greater acceptance of competing products, including biosimilars, or adverse regulatory or legislative developments, may reduce our revenues and adversely affect our results of operations. We and our competitors are introducing additional multiple sclerosis products in an increasingly crowded market and if they have a similar or more attractive profile in terms of efficacy, convenience or safety, future sales of AVONEX, TYSABRI or both could be adversely affected.

TYSABRI's sales growth is important to our success.

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

TYSABRI's sales growth cannot be certain given the significant restrictions on use and the significant safety warnings in the label, including the risk of developing progressive multifocal leukoencephalopathy (PML), a serious brain infection. The risk of developing PML increases with prior immunosuppressant use, which may cause patients who have previously received immunosuppressants or their physicians to refrain from using or prescribing TYSABRI. The risk of developing PML also increases with longer treatment duration, which may cause prescribing physicians or patients to suspend treatment with TYSABRI. The risk of developing PML also increases with exposure to JC virus, which may be indicated by the presence of anti-JCV antibodies. Patients testing positive for anti-JCV antibodies or their physicians may refrain from using or prescribing TYSABRI. Increased incidences of PML could limit sales growth, prompt regulatory review, require significant changes to the label or result in market withdrawal. Additional regulatory restrictions on the use of TYSABRI or safety-related label changes, including enhanced risk management programs, whether as a result of additional cases of PML, changes to the criteria for confirming PML diagnosis or otherwise, may significantly reduce expected revenues and require significant expense and management time to address the associated legal and regulatory issues.

As we continue to research and develop protocols and therapies intended to reduce risk and improve outcomes of PML in patients, regulatory authorities may not agree with our perspective on such protocols and therapies. Our efforts at stratifying patients into groups with lower or higher risk for developing PML may not result in corresponding changes to the TYSABRI label. Furthermore, our risk stratification efforts may have an adverse impact on prescribing behavior and reduce sales of TYSABRI. The potential utility of the JC virus antibody assay as a risk stratification tool may be diminished as a result of both the assay's false negative rate as well as the possibility that a patient who initially tests negative for the JC virus antibody may acquire the JC virus after testing. An increase in the recommended frequency of retesting with the assay or the assay's sensitivity may exacerbate these risks or otherwise adversely impact prescribing behavior. In addition, new data may challenge the assumptions or estimates underlying our risk stratification tools, including estimates of the prevalence of JC virus in the general population.

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

Our long-term viability and growth will depend upon the successful development and commercialization of new products from our research and development activities, including products licensed from third parties. We have several late-stage clinical programs that will have near-term data readouts and one that is in registration. These programs will impact our prospects for additional revenue growth and will require significant pre-launch investments that may not be recovered if the applicable product candidate does not receive marketing approval.

Product development and commercialization are very expensive and involve a high degree of risk. Only a small number of research and development programs result in the commercialization of a product. Success in preclinical work or early stage

clinical trials does not ensure that later stage or larger scale clinical trials will be successful, and positive results in a registrational trial may not be replicated in any subsequent confirmatory trials. Clinical trials may indicate that our product candidates have harmful side effects or raise other safety concerns that may significantly reduce the likelihood of regulatory approval, result in significant restrictions on use and safety warnings in any approved label, adversely affect placement within the treatment paradigm, or otherwise significantly diminish the commercial potential of the product candidate. Even if later stage clinical trials are successful, product candidates may fail to receive marketing approval or may receive more restricted marketing approval than anticipated if regulatory authorities disagree with our view of the data or require additional studies.

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

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

We have filed regulatory submissions for BG-12, our investigational oral compound for the treatment of relapsing MS, based on positive results from two pivotal trials. In addition to the risks described above and throughout these “Risk Factors,” other factors that may prevent us from successfully commercializing BG-12 include:

- regulatory authorities may not approve or may delay the approval of our regulatory submissions for BG-12, may require additional information that delays approval, may impose monitoring or educational obligations in connection with approval, or may grant more restricted marketing approval than anticipated;
- unexpected safety risks or other concerns may arise from additional data or analysis;
- there is intense competition in the increasingly crowded MS market, including the possibility of future competition from generic versions of BG-12 or related prodrug derivatives;
- we rely on third parties to manufacture BG-12 and these third parties may not supply BG-12 in a timely and cost-effective manner or in compliance with applicable regulations; and
- our sales and marketing efforts may not result in product revenues that meet the investment community's high expectations for BG-12.

We anticipate filing regulatory submissions for our long-lasting blood clotting factor candidates for the treatment of hemophilia. In addition to the risks described above and throughout these “Risk Factors,” other factors that may prevent us from successfully commercializing these products include:

- regulatory authorities may not approve or may delay the approval of our regulatory submissions for our long-lasting clotting factor candidates, may require additional information that delays approval, may impose monitoring or educational obligations in connection with approval, or may grant more restricted marketing approval than anticipated;
- unexpected safety risks or other concerns may arise from additional data or analysis;
- the hemophilia treatment market is highly competitive, with current treatments marketed by companies that have substantially greater financial resources and marketing expertise;
- we do not have marketing experience within the hemophilia treatment market or well-established relationships with the associated medical and scientific community; and
- several companies are working to develop additional treatments for hemophilia and may introduce longer-lasting or more efficacious, safer, cheaper or more convenient treatments than our long-lasting blood clotting factor candidates.

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

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

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

Adverse safety events involving our marketed products may have a negative impact on our commercialization efforts. Discovery of safety issues with our products 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 material write-offs of inventory, material impairments of intangible assets, goodwill and fixed assets, material restructuring charges and other adverse impacts on our results of operations. Regulatory authorities have been moving towards more active and transparent pharmacovigilance and are making greater amounts of stand-alone safety information directly available to the public through periodic safety update reports, patient registries and other reporting requirements. The reporting of adverse safety events involving our products and public rumors about such events could cause our product sales or stock price to decline or experience periods of volatility.

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

Sales of our products are dependent, in large part, on the availability and extent of reimbursement from government health administration authorities, private health insurers and other organizations. Changes in government regulations or private third-party payors' reimbursement policies may reduce reimbursement for our products and adversely affect our future results. In addition, when a new medical product is approved, the availability of government and private reimbursement for that product is uncertain, as is the amount for which that product will be reimbursed. We cannot predict the availability or amount of reimbursement for our product candidates.

In the U.S., federal and state legislatures, health agencies and third-party payors continue to focus on containing the cost of health care. The 2010 Patient Protection and Affordable Care Act encourages the development of comparative effectiveness research and any adverse findings for our products from such research may reduce the extent of reimbursement for our products. In addition, the Budget Control Act of 2011 mandates, among other things, reductions in Medicare payment rates if a sufficient deficit reduction plan is not approved, and a reduction in funding for Medicare, Medicaid or similar government programs may adversely affect our future results. Economic pressure on state budgets may result in states increasingly seeking to achieve budget savings through mechanisms that limit coverage or payment for our drugs. In recent years, some states have considered legislation that would control the prices of drugs. State Medicaid programs are increasingly requesting manufacturers to pay supplemental rebates and requiring prior authorization by the state program for use of any drug for which supplemental rebates are not being paid. Managed care organizations continue to seek price discounts and, in some cases, to impose restrictions on the coverage of particular drugs. Government efforts to reduce Medicaid expenses may lead to increased use of managed care organizations by Medicaid programs. This may result in managed care organizations influencing prescription decisions for a larger segment of the population and a corresponding constraint on prices and reimbursement for our products.

In the European Union and some other international markets, the government provides health care at low cost to consumers and regulates pharmaceutical prices, patient eligibility or reimbursement levels to control costs for the government-sponsored health care system. Many countries are reducing their public expenditures and we expect to see strong efforts to reduce healthcare costs in our international markets, including patient access restrictions, suspensions on price increases, prospective and possibly retroactive price reductions and other recoupments and increased mandatory discounts or rebates, recoveries of past price increases, and greater importation of drugs from lower-cost countries to higher-cost countries. These cost control measures likely would reduce our revenues. In addition, certain countries set prices by reference to the prices in other countries where our products are marketed. Thus, our inability to secure adequate prices in a particular country may not only limit the marketing of our products within that country, but may also adversely affect our ability to obtain acceptable

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

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

Sales of our products are dependent on reimbursement from government health administration authorities, private health insurers, distribution partners and other organizations. These organizations may reduce the extent of reimbursements, increase their scrutiny of claims, delay payment or be unable to satisfy their reimbursement obligations due to deteriorating global economic conditions, uncertainty about the direction and relative strength of the U.S. economy and resolution of the U.S. budget deficit, the growing European financial crisis, volatility in the credit and financial markets, and other disruptions due to natural disasters, political instability or otherwise.

The European market represents a major part of our business - approximately 40% of our 2011 product revenues were derived from Europe and most of our marketing efforts outside the U.S. are focused on Europe. Thus, the deterioration of the credit and economic conditions in certain European countries may have a significant adverse impact on our results of operations. Our accounts receivable in certain European countries are subject to significant payment delays due to government funding and reimbursement practices. European governments have announced or implemented austerity measures to constrain the overall level of government expenditures, including reforming health care coverage and reducing health care costs. These measures continue to exert pressure on product pricing and may encourage higher levels of third party cross border trade.

These adverse market and economic conditions could reduce our product sales and revenues, result in additional allowances or significant bad debts, or cause us to recognize revenue in certain countries on a cash basis.

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

We have a number of collaborators and partners, and have both in-licensed and out-licensed several products and programs. These collaborations are subject to several risks:

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

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

Manufacturing issues could substantially increase our costs and limit supply of our products.

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

- The process of manufacturing biologics, such as AVONEX, TYSABRI and RITUXAN, is extremely susceptible to product loss due to contamination, oxidation, equipment failure or improper installation or operation of equipment, or vendor or operator error. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our products or manufacturing facilities, we may need to close our manufacturing facilities for an extended period of time to investigate and remediate the contaminant.

- We rely on third party suppliers and manufacturers for, among other things, RITUXAN manufacturing, clinical and commercial requirements for small molecule product candidates such as BG-12, our fill-finish operations, the majority of our final product storage, and a substantial portion of our packaging operations. In addition, due to the unique manner in which our products are manufactured, we rely on single source providers of several raw materials and manufacturing supplies. These third parties are independent entities subject to their own unique operational and financial risks that are outside of our control. These third parties may not perform their obligations in a timely and cost-effective manner or in compliance with applicable regulations, and they may be unable or unwilling to increase production capacity commensurate with demand for our existing or future products. Finding alternative providers could take a significant amount of time and involve significant expense due to the specialized nature of the services and the need to obtain regulatory approval of any significant changes to our suppliers or manufacturing methods. We cannot be certain that we could reach agreement with alternative providers or that the FDA or other regulatory authorities would approve our use of such alternatives.

- We rely on our manufacturing facility in Research Triangle Park, North Carolina for the production of TYSABRI. Our global bulk supply of TYSABRI depends on the uninterrupted and efficient operation of this facility, which could be adversely affected by equipment failures, labor shortages, natural disasters, power failures and numerous other factors. If we are unable to meet demand for TYSABRI for any reason, we would need to rely on a limited number of qualified third party contract manufacturers.

- We and our third party providers are generally required to maintain compliance with current Good Manufacturing Practice and other stringent requirements and are subject to inspections by the FDA and comparable agencies in other jurisdictions to confirm such compliance. Any delay, interruption or other issues that arise in the manufacture, fill-finish, packaging, or storage of our products as a result of a failure of our facilities or the facilities or operations of third parties to pass any regulatory agency inspection could significantly impair our ability to develop and commercialize our products. Significant noncompliance could also result in the imposition of monetary penalties or other civil or criminal sanctions and damage our reputation.

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

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

Our activities, and the activities of our collaborators and third party providers, are subject to extensive government regulation and oversight both in the U.S. and in foreign jurisdictions. The FDA and comparable agencies in other jurisdictions directly regulate many of our most critical business activities, including the conduct of preclinical and clinical studies, product manufacturing, advertising and promotion, product distribution, adverse event reporting and product risk management. Our interactions in the U.S. or abroad with physicians and other health care providers that prescribe or purchase our products are also subject to government regulation designed to prevent fraud and abuse in the sale and use of the products and place greater restrictions on the marketing practices of health care companies. Healthcare companies are facing heightened scrutiny of their relationships with healthcare providers from anti-corruption enforcement officials. In addition, pharmaceutical and biotechnology companies have been the target of lawsuits and investigations alleging violations of government regulation, including claims asserting submission of incorrect pricing information, impermissible off-label promotion of pharmaceutical products, payments intended to influence the referral of federal or state health care business, submission of false claims for government reimbursement, antitrust violations, or violations related to environmental matters. These risks may be heightened as we continue to expand our global operations and introduce additional products to the market.

Regulations governing the health care industry are subject to change, with possibly retroactive effect, including:

- new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations or decisions, related to health care availability, pricing or marketing practices, compliance with wage and hour laws and other employment practices, method of delivery, payment for health care products and services, tracking payments and other transfers of value made to physicians and teaching hospitals, and extensive anti-bribery and anti-corruption prohibitions;
- 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; and
- changes in FDA and foreign regulations that may require additional safety monitoring, labeling changes, restrictions on product distribution or use, or other measures after the introduction of our products to market, which could increase our costs of doing business, adversely affect the future permitted uses of approved products, or otherwise adversely affect the market for our products.

Examples of previously enacted and possible future changes in laws that could adversely affect our business include the enactment in the U.S. of health care reform, potential regulations easing the entry of competing biosimilars in the marketplace, new legislation or implementation of existing statutory provisions on importation of lower-cost competing drugs from other jurisdictions, and enhanced penalties for and investigations into non-compliance with U.S. fraud and abuse laws.

Violations of governmental regulation may be punishable by criminal and civil sanctions against us, including fines and civil monetary penalties and exclusion from participation in government programs, including Medicare and Medicaid, as well as against executives overseeing our business. In addition to penalties for violation of laws and regulations, we could be required to repay amounts we received from government payors, or pay additional rebates and interest if we are found to have miscalculated the pricing information we have submitted to the government. Whether or not we have complied with the law, an investigation into alleged unlawful conduct could increase our expenses, damage our reputation, divert management time and attention and adversely affect our business.

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

We have filed numerous patent applications in the U.S. and various other countries seeking protection of the processes, products and other inventions originating from our research and development. Patents have been issued on many of these applications. We have also obtained rights to various patents and patent applications under licenses with third parties, which provide for the payment of royalties by us. The ultimate degree of patent protection that will be afforded to drug and 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, court decisions or patent office regulations that place additional restrictions on patent claim scope or that facilitate patent challenges could also reduce our ability to protect our intellectual property rights. If we cannot prevent others from exploiting our inventions, we will not derive the benefit from them that we currently expect.

Our products may qualify for regulatory data protection, which provides to the holder of a marketing authorization, for a set period of time, the exclusive use of the proprietary pre-clinical and clinical data that it compiled at significant cost and submitted to the applicable regulatory authority to obtain approval of its product. Our products also may qualify for market protection from regulatory authorities, pursuant to which a regulatory authority may not permit, for a set period of time, the approval or commercialization of another product containing the same active ingredient(s) as our product. After the set period of time, third parties are then permitted to rely upon our data to obtain approval of their abbreviated applications to market generic drugs and biosimilars. Although the World Trade Organization's agreement on trade-related aspects of intellectual property rights (TRIPS) requires signatory countries to provide regulatory data protection to innovative pharmaceutical products, implementation and enforcement varies widely from country to country and we may not experience the extent or duration of data protection that we expect in each of the markets for our products.

Our drugs and biologics are susceptible to competition from generics and biosimilars in many markets. The legal and regulatory pathways leading to approval of generics and biosimilars vary widely from country to country and are in a state of rapid flux. Manufacturers of generics and biosimilars may choose to launch or attempt to launch their products before the expiration of patent or regulatory data or market protection and to concurrently challenge the patent and regulatory protections covering our products. In the U.S., a high proportion of all approved innovative drugs are met with generic challenge as early as four years following approval. Generic versions of drugs and biosimilars are likely to be sold at substantially lower prices

than branded products because the generic or biosimilar manufacturer would not have to recoup the research and development and marketing costs associated with the branded product. Accordingly, the introduction of generic or biosimilar versions of our marketed products likely would significantly reduce both the price that we receive for such marketed products and the volume of products that we sell, which may have an adverse impact on our results of operations.

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

Uncertainty over intellectual property in the biotechnology industry has been the source of litigation and other disputes, 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 our industry about the validity, scope and enforceability of many issued patents in the U.S. and elsewhere in the world, and, to date, the law and practice remains in substantial flux both in the agencies that grant patents and in the courts. 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, services or technologies.

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, arbitrations, administrative proceedings and other legal actions with private parties and governmental authorities concerning patents and other intellectual property rights may be protracted, expensive and distracting to management. Competitors may sue us as a way of delaying the introduction of our products. Any litigation, including any interference proceedings to determine priority of inventions, oppositions to patents in foreign countries or litigation against our partners, may be costly and time consuming and could harm our business. We expect that litigation may be necessary in some instances to determine the validity and scope of certain of our proprietary rights. Litigation may be necessary in other instances to determine the validity, scope or non-infringement of certain patent rights claimed by third parties to be pertinent to the manufacture, use or sale of our products. Ultimately, the outcome of such litigation could adversely affect the validity and scope of our patent or other proprietary rights, hinder our ability to manufacture and market our products, or result in the assessment of significant monetary damages against us that may exceed amounts, if any, accrued in our financial statements.

To the extent that valid present or future third party patent or other intellectual property rights cover our products, services or technologies, we or our strategic collaborators may seek licenses or other agreements from the holders of such rights in order to avoid or settle legal claims. Such licenses may not be available on acceptable terms, which may hinder our ability to manufacture and market our products and services. Payments under any licenses that we are able to obtain would reduce our profits derived from the covered products and services.

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

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

- the inability to obtain necessary foreign regulatory or pricing approvals of products in a timely manner;
- fluctuations in currency exchange rates;
- difficulties in staffing and managing international operations;
- the imposition of governmental controls;
- less favorable intellectual property or other applicable laws;
- increasingly complex standards for complying with foreign laws and regulations that may differ substantially from country to country and may conflict with corresponding U.S. laws and regulations;

- the emergence of far-reaching anti-bribery and anti-corruption legislation in the U.K., including passage of the U.K. Bribery Act 2010, and elsewhere and escalation of investigations and prosecutions pursuant to such laws;
- restrictions on direct investments by foreign entities and trade restrictions;
- greater political or economic instability; and
- changes in tax laws and tariffs.

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

If we do not successfully execute our internal and external growth initiatives, our future performance could be adversely affected.

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

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

We own or lease real estate primarily consisting of buildings that contain research laboratories, office space, and biologic manufacturing operations. For strategic or other operational reasons, we may decide to further consolidate or co-locate certain aspects of our business operations or dispose of one or more of our properties, some of which may be located in markets that are experiencing high vacancy rates and decreasing property values. If we determine that the fair value of any of our owned properties, including any properties we may classify as held for sale, is lower than their book value we may not realize the full investment in these properties and incur significant impairment charges. If we decide to fully or partially vacate a leased property, we may incur significant cost, including lease termination fees, rent expense in excess of sublease income and impairment of leasehold improvements. In addition, we may not fully utilize our manufacturing facilities, resulting in idle time at facilities or substantial excess manufacturing capacity, due to reduced expectations of product demand, improved yields on production and other factors. Any of these events may have an adverse impact on our results of operations.

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

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

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

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

which restrict or eliminate certain foreign tax credits or our ability to deduct expenses attributable to foreign earnings, or otherwise affect the treatment of our unrepatriated earnings.

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

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

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

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

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

Our operating results are subject to significant fluctuations.

Our quarterly revenues, expenses and net income (loss) have fluctuated in the past and are likely to fluctuate significantly in the future due to the timing of charges and expenses that we may take. We have recorded, or may be required to record, charges that include:

- the cost of restructurings;
- impairments with respect to investments, fixed assets, and in-process research and development and other long-lived assets;
- inventory write-downs for failed quality specifications, charges for excess or obsolete inventory and charges for inventory write downs relating to product suspensions;
- bad debt expenses and increased bad debt reserves;
- milestone payments under license and collaboration agreements; and
- payments in connection with acquisitions and other business development activity.

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

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

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

We maintain a significant portfolio of marketable securities. Changes in the value of this portfolio could adversely affect our earnings. In particular, the value of our investments may decline due to increases in interest rates, downgrades of the bonds and other securities included in our portfolio, instability in the global financial markets that reduces the liquidity of securities included in our portfolio, declines in the value of collateral underlying the mortgage and asset-backed securities included in our portfolio, and other factors. Each of these events may cause us to record charges to reduce the carrying value of our investment portfolio or sell investments for less than our acquisition cost. Although we attempt to mitigate these risks by investing in high quality securities and continuously monitoring our portfolio's overall risk profile, the value of our investments may nevertheless decline.

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

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

Provisions in our most significant collaboration agreements may discourage a third party from attempting to acquire us.

Provisions in our collaboration agreements with Elan and Genentech might discourage a takeover attempt that could be viewed as beneficial to shareholders who wish to receive a premium for their shares from a potential bidder. Our collaboration agreements with Elan and Genentech respectively allow Elan to purchase our rights to TYSABRI and Genentech to purchase our rights to RITUXAN and certain anti-CD20 products developed under the agreement if we undergo a change of control and certain other conditions are met, which may limit our attractiveness to potential acquirers.

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

Issuer Purchases of Equity Securities

The following table summarizes our common stock repurchase activity during the third quarter of 2012:

Period	Total Number of Shares Purchased (#)	Average Price Paid per Share ($)	Total Number of Shares Purchased as Part of Publicly Announced Programs (#)	Maximum Number of Shares That May Yet Be Purchased Under Our Programs (#)
July 2012	373,479	142.51	373,479	6,326,521
August 2012	—	—	—	6,326,521
September 2012	—	—	—	6,326,521
Total	373,479	142.51		

On February 11, 2011, we announced that our Board of Directors authorized the repurchase of up to 20.0 million shares of common stock. This authorization does not have an expiration date. As of September 30, 2012, approximately 13.7 million shares of our common stock at a cost of $1.461.1 million have been repurchased under this authorization. During the nine months ended September 30, 2012, approximately 7.7 million shares were repurchased at a cost of $963.2 million. Of those shares, 0.4 million were repurchased and retired during the three months ended September 30, 2012 at a cost of $53.2 million.

Approximately 6.3 million shares of our common stock remain available for repurchase under the 2011 authorization.

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 25, 2012

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
3.1+	Second Amended and Restated Bylaws, as amended.
31.1+	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2+	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1++	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101++	The following materials from Biogen Idec Inc.'s Quarterly Report on Form 10-Q for the quarter ended September 30, 2012, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.

\+ Filed herewith
++ Furnished herewith

Exhibit 3.1

SECOND AMENDED AND RESTATED

BYLAWS

OF

BIOGEN IDEC INC.

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(continued)

SECOND AMENDED AND RESTATED

BYLAWS

OF

BIOGEN IDEC INC.

(Adopted as of October 13, 2008; as amended through October 9, 2012)

ARTICLE 1

Offices

1.1 Registered Office

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

1.2 Other Offices

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

ARTICLE 2

Meeting of Stockholders

2.1 Place of Meeting

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

2.2 Annual Meeting

Annual meetings of stockholders shall be held each year at such place, date and time as shall be designated from time to time by the Board and stated in the notice of the meeting. At each such annual meeting, the stockholders shall elect directors to hold office until the next annual meeting of stockholders after their election and until their successors are duly elected and qualified or until their earlier resignation, removal from office, death or incapacity. Except in a contested election, the vote required for the election of a director by the stockholders shall be the affirmative vote of a majority of the votes cast in favor of or against a nominee. In a contested election, directors shall be elected by a plurality of the votes so cast. A contested election shall be one in which there are more nominees than positions on the Board to be filled at the meeting as of the fourteenth (14th) day prior to the date on which the corporation files its definitive proxy

statement with the Securities and Exchange Commission. Any subsequent amendment or supplement of the definitive proxy statement shall not affect the status of the election. The stockholders shall also transact such other business as may properly be brought before the meeting.

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

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

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

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

that proxies in respect of such proposed business may have been received by the corporation. For purposes of this Section 2.2, to be considered a qualified representative of the stockholder, a person must be a duly authorized officer, manager or partner of such stockholder or must be authorized by a writing executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the meeting of stockholders.

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

2.3 Special Meetings Called by Directors or Officers

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.

2.3A Special Meetings Called by Stockholders

(a) Special meetings of the stockholders (each a “Stockholder Requested Special Meeting”) shall be called by the Secretary upon the written request of a stockholder (or a group of stockholders formed for the purpose of making such request) who or which (i) has Net Long Beneficial Ownership (as defined below) of 25% or more of the outstanding common stock of the corporation (the “Requisite Percent”) as of the date of submission of the request and (ii) has or have had continuous Net Long Beneficial Ownership of at least the same amount of securities so owned by such stockholder or by each member of such group of stockholders for at least one year as of the date of such request, subject to section 2.3A(b) below. Compliance by the requesting stockholder or group of stockholders with the requirements of this section and related provisions of these bylaws shall be determined in good faith by the Board, which determination shall be conclusive and binding on the corporation and the stockholders.

“Net Long Beneficial Ownership” (and its correlative terms), when used to describe the nature of a stockholder's ownership of common stock of the corporation, shall mean those shares of common stock of the corporation as to which the stockholder in question possesses (a) the sole power to vote or direct the voting, (b) the sole economic incidents of ownership (including the sole right to profits and the sole risk of loss), and (c) the sole power to dispose of or direct the disposition. The number of shares calculated in accordance with clauses (a), (b) and (c) shall not include any shares (i) sold by such stockholder in any transaction that has not been settled or closed, (ii) borrowed by such stockholder for any purposes or purchased by such stockholder pursuant to an agreement to resell or (iii) subject to any option, warrant, derivative or other agreement or understanding, whether any such arrangement is to be settled with shares

of common stock of the corporation or with cash based on the notional amount of shares subject thereto, in any such case which has, or is intended to have, the purpose or effect of (A) reducing in any manner, to any extent or at any time in the future, such stockholder's rights to vote or direct the voting and full rights to dispose or direct the disposition of any of such shares or (B) offsetting to any degree gain or loss arising from the sole economic ownership of such shares by such stockholder.

(b) A request for a Stockholder Requested Special Meeting must be signed by the Requisite Percent of stockholders (or their duly authorized agents) and be delivered to the Secretary at the principal executive offices of the corporation by registered mail, return receipt requested. Such request shall (i) set forth a statement of the specific purpose or purposes of the meeting and the matters proposed to be acted on at such special meeting, (ii) bear the date of signature of each such stockholder (or duly authorized agent) signing the request, (iii) set forth (A) the name and address, as they appear in the corporation's stock ledger, of each stockholder signing such request (or on whose behalf the request is signed), (B) the class, if applicable, and the number of shares of common stock of the corporation as to which such stockholder has Net Long Beneficial Ownership, (C) include evidence of the fact and duration of such stockholder's beneficial ownership of such stock consistent with that which is required under Regulation 14A under the 1934 Act and (D) a certification that the stockholder satisfies the Net Long Beneficial Ownership requirement of these bylaws, (iv) set forth all information relating to each such stockholder that must be disclosed in solicitations of proxies for election of directors in an election contest (even if an election contest is not involved), or is otherwise required, in each case, pursuant to Regulation 14A under the 1934 Act, (v) contain the information required by Section 2.2 of these bylaws and (vi) include an acknowledgment by each stockholder and any duly authorized agent that any disposition of shares of common stock of the corporation as to which such stockholder has Net Long Beneficial Ownership as of the date of delivery of the special meeting request and prior to the record date for the proposed meeting requested by such stockholder shall constitute a revocation of such request with respect to such shares. In addition, the stockholder and any duly authorized agent shall promptly provide any other information reasonably requested by the corporation to allow it to satisfy its obligations under applicable law. Any requesting stockholder may revoke a request for a special meeting at any time by written revocation delivered to the Secretary at the principal executive offices of the corporation. If, following such revocation at any time before the date of the Stockholder Requested Special Meeting, the remaining requests are from stockholders holding in the aggregate less than the Requisite Percent, the Board, in its discretion, may cancel the Stockholder Requested Special Meeting.

(c) Notwithstanding the foregoing, the Secretary shall not be required to call a special meeting of stockholders if (i) the Board has called or calls an annual or special meeting of stockholders to be held not later than sixty (60) days after the date on which a valid request has been delivered to the Secretary (the “Delivery Date”); or (ii) the request (A) is received by the Secretary during the period commencing ninety (90) days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the date of the next annual meeting; (B) contains an identical or substantially similar item (a “Similar Item”) to an item that was presented at any meeting of stockholders held within one hundred and twenty (120) days prior to the Delivery Date (and, for purposes of this clause (B) the election of directors

shall be deemed a “Similar Item” with respect to all items of business involving the election or removal of directors); (C) relates to an item of business that is not a proper subject for action by the stockholders of the corporation under applicable law; (D) was made in a manner that involved a violation of Regulation 14A under the 1934 Act or other applicable law; or (E) does not comply with the provisions of this Section 2.3A.

(d) Any Stockholder Requested Special Meeting shall be held at such date, time and place within or without the state of Delaware as may be fixed by the Board; provided, however, that the date of any Stockholder Requested Special Meeting shall be not more than sixty (60) days after the record date for such meeting (the “Meeting Record Date”), which shall be fixed in accordance with Section 2.11 of these bylaws and if the Board fails to designate, within ten (10) days after the Delivery Date, the Meeting Record Date, then such Meeting Record Date shall be twenty (20) days after the Delivery Date; provided further that, if the Board fails to designate, within ten (10) days after the Delivery Date, a date and time for a Stockholder Requested Special Meeting, then such meeting shall be held at 9:00 a.m. local time on the 60th day after the Meeting Record Date (or, if that day shall not be a business day, then on the next preceding business day); and provided further that in the event that the Board fails to designate a place for a Stockholder Requested Special Meeting within ten (10) days after the Delivery Date, then such meeting shall be held at the corporation's principal executive offices. In fixing a date and time for any Stockholder Requested Special Meeting, the Board may consider such factors as it deems relevant within the good faith exercise of business judgment, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for meeting and any plan of the Board to call an annual meeting or a special meeting.

(e) Business transacted at any Stockholder Requested Special Meeting shall be limited to the purpose(s) stated in the request; provided, however, that nothing herein shall prohibit the corporation from submitting matters to a vote of the stockholders at any Stockholder Requested Special Meeting.

2.4 Notice of Meetings

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

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

2.5 List of Stockholders

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

2.6 Organization and Conduct of Business

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

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

2.7 Quorum

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

2.8 Adjournments

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

fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.9 Voting Rights

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

2.10 Majority Vote

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

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

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

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

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

2.12 Proxies

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

2.13 Inspectors of Election

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

2.14 Inspectors of Written Consent

In the event of the delivery, in the manner prescribed by law or in these bylaws, to the corporation of the requisite written consent or consents to take corporate action or any related revocations thereof, the corporation may designate one or more persons for the purpose of promptly performing a ministerial review of the validity of such consents and revocations. The corporation may designate one or more persons to act as alternate inspectors to replace any inspector who fails to act. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. For the purpose of permitting the inspectors to perform such review,

no action by written consent without a meeting shall be effective until such date as the independent inspectors certify to the corporation that the consents delivered to the corporation in accordance with applicable law and these bylaws represent at least the minimum number of votes that would be necessary to take the corporate action. Nothing contained in this Section 2.14 shall affect the right of the Board or any stockholder to contest the validity of any consent or revocation thereof, whether before or after such certification by the independent inspectors, or to take any other action (including, without limitation, the commencement, prosecution or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

ARTICLE 3

Directors

3.1 Number, Election, Tenure and Qualifications

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

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

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

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

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

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

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

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

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

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

3.2 Enlargement and Vacancies

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

3.3 Resignation and Removal

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

3.4 Powers

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

3.5 Place of Meetings

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

3.6 Organizational Meetings

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

3.7 Regular Meetings

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

3.8 Special Meetings

Special meetings of the Board may be called by the Chairman of the Board, the Lead Director (if any), the Chief Executive Officer or the President, or by the Secretary on the written request of two or more directors, or by one director in the event that there is only one director in office. Notice of the time and place, if any, of special meetings shall be delivered personally or by telephone to each director, or sent by first-class mail or commercial delivery service, facsimile transmission, or by electronic mail or other electronic means, charges prepaid, to such director's business or home address as they appear upon the records of the corporation. In case such notice is mailed, at least two (2) days' notice shall be provided to each director prior to the time of holding of the meeting. In case such notice is delivered personally or by telephone or by commercial delivery service, facsimile transmission, or electronic mail or other electronic means, at least twenty-four (24) hours' notice shall be provided to each director prior to the time of the holding of the meeting. A notice or waiver of notice of a meeting of the Board need not specify the purposes of the meeting.

3.9 Quorum, Action at Meeting, Adjournments

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

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

3.10 Action Without Meeting

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

3.11 Telephone Meetings

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

3.12 Committees

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

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

3.13 Fees and Compensation of Directors

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

3.14 Rights of Inspection

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

3.15 Lead Director

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

3.16 Conditional Resignation

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

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

ARTICLE 4

Officers

4.1 Officers Designated

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

4.2 Appointment

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

4.3 Tenure

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

4.4 Chairman and Vice Chairman

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

4.5 The Chief Executive Officer

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

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

4.6 The President

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

4.7 The Vice President

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

4.8 The Secretary

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

4.9 The Assistant Secretary

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

4.10 The Chief Financial Officer

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

4.11 The Treasurer and Assistant Treasurers

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

4.12 Bond

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

ARTICLE 5

Notices

5.1 Delivery

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

5.2 Waiver of Notice

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

ARTICLE 6

Indemnification and Insurance

6.1 Indemnification

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

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

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

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

in Section 6.6, and the objection shall set forth with particularity the factual basis of such assertion. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court has determined that such objection is without merit. If, within thirty (30) days after submission by the claimant of a written request for indemnification pursuant to Section 6.1(b), no Independent Counsel shall have been selected and not objected to, either the corporation or the claimant may petition the Court of Chancery of the State of Delaware for resolution of any objection which shall have been made by the corporation or the claimant to the other's selection of Independent Counsel or for the appointment as Independent Counsel of a person selected by the Court or by such other person as the Court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel hereunder. The corporation shall pay any and all fees and expenses of Independent Counsel reasonably incurred in connection with acting pursuant to Section 6.1(b), and the corporation shall pay all reasonable fees and expenses incident to the procedures of Section 6.1(b), regardless of the manner in which such Independent Counsel was selected or appointed. Upon the due commencement of any judicial proceeding pursuant to Section 6.1(c), Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

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

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

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

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

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

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

Article 6, including any determination required by Section 6.1(b) or by applicable law). The corporation shall not be liable for any amount paid by the claimant in settlement of any proceeding or any claim therein, unless the corporation has consented to such settlement or unreasonably withholds consent to such settlement.

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

6.2 Advance Payment

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

6.3 Non-Exclusivity and Survival of Rights; Amendments

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

6.4 Insurance

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

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

6.5 Severability

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

6.6 Definitions

For the purpose of this Article 6:

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

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

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

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

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

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

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

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

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

6.7 Notices

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

ARTICLE 7

Capital Stock

7.1 Certificates for Shares

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

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

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

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

7.2 Signatures on Certificates

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

7.3 Transfer of Stock

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

7.4 Registered Stockholders

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

7.5 Lost, Stolen or Destroyed Certificates

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

ARTICLE 8

General Provisions

8.1 Dividends

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

8.2 Dividend Reserve

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

8.3 Checks

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

8.4 Fiscal Year

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

8.5 Corporate Seal

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

8.6 Execution of Corporate Contracts and Instruments

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

or authority to bind the corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

8.7 Representation of Shares of Other Corporations

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

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 31.1

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

I, George A. Scangos, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: October 25, 2012

/s/ George A. Scangos

George A. Scangos

Chief Executive Officer

Exhibit 31.2

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

I, Paul J. Clancy, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: October 25, 2012

/s/ Paul J. Clancy

Paul J. Clancy
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

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

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

The Quarterly Report on Form 10-Q for the quarter ended September 30, 2012 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: October 25, 2012

/s/ George A. Scangos
George A. Scangos
Chief Executive Officer
[principal executive officer]

Dated: October 25, 2012

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.