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December 31, 2008:

	Value	Gains	Losses	Cost
Available-for-sale				
Corporate debt securities				
Current	$ 84.8	$ 0.4	$	$ 84.4
Non-current	200.3	2.6		197.7
U.S. Government securities				
Current	582.8	1.5		581.3
Non-current	422.2	8.7		413.5
Other interest bearing securities				
Current	57.3			57.3
Non-current	293.0	3.3	(0.3)	290.0
Total available-for-sale securities	$ 1,640.4	$ 16.5	$ (0.3)	$ 1,624.2
Other Investments				
Strategic investments, non-current	$ 4.6	$ 0.5	$ (0.1)	$ 4.2

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

In the table above, at December 31, 2008, U.S. Government securities includes $139.1 million of FDIC guaranteed senior notes issued by financial institutions under the Temporary Liquidity Guarantee Program (TLGP). Certain commercial paper and short-term debt securities with original maturities of less than 90 days are included in cash and cash equivalents on the accompanying balance sheet and are not included in the table above. The commercial paper, including accrued interest, has a fair and carrying value of $42.7 million and $368.2 million and short-term debt securities has a fair and carrying value of $458.2 million and $195.1 million at December 31, 2008 and December 31, 2007, respectively.

The tables above include our loaned securities. In the years ended December 31, 2008 and 2007, we recognized $41.7 million and $7.5 million, respectively, in charges for the impairment of available-for-sale securities primarily related to mortgage and asset backed securities that were determined to be other-than-temporary following a decline in value primarily related to adverse market conditions, including less active trading markets, and a change in our investment strategy regarding these assets which no longer provided us with the ability and intent to hold the securities to maturity or until we recovered the cost of our investment. No such charges were recognized in 2006.

Unrealized losses relate to various debt securities, including U.S. Government issues, corporate bonds and asset-backed securities. The unrealized losses on these securities were primarily caused by a rise in interest rates and/or an increase in credit spreads subsequent to purchase. We believe that these unrealized losses are temporary, and we have the intent and ability to hold these securities to recovery, which may be at maturity.

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

	Year Ended December 31,		
	2008	2007	2006
Proceeds from maturities and sales	$ 2,941.1	$ 3,154.3	$ 1,787.1
Realized gains	$ 15.9	$ 4.5	$ 1.9
Realized losses	$ 17.0	$ 4.9	$ 4.7

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

	December 31, 2008	
	Estimated Fair Value	Amortized Cost
Due in one year or less	$ 714.9	$ 713.0
Due after one year through five years	733.7	722.0
Due after five years	191.8	189.2
Total	$ 1,640.4	$ 1,624.2

Mortgage and other asset backed securities totaled $306.8 million and include $66.5 million of non-agency mortgage backed securities at December 31, 2008. The average maturity of our marketable securities at December 31, 2008 and 2007 was 13 months and 15 months, respectively.

Strategic Investments

In 2007, we sold our share in one strategic investment for $99.5 million, which resulted in a $17.2 million gain. In 2008 and 2006, we did not sell any portion of strategic investments. Strategic investments are included in investments and other assets on the accompanying balance sheet.

In 2008, 2007, and 2006, we recognized $8.6 million, $16.0 million, and $30.5 million in charges, respectively, for the impairment of publicly-held strategic investments for declines in value that were determined to be other-than-temporary.

We hold other investments in equity securities of certain privately held biotechnology companies or biotechnology oriented venture capital funds. The cost basis of these securities at December 31, 2008 and 2007 is $64.7 million and $52.9 million, respectively. These securities are included in investments and other assets on the accompanying consolidated balance sheet.

In 2008, 2007, and 2006, we recorded $2.3 million, $2.4 million, and $3.9 million, respectively, in charges for the impairment for certain investments in privately held companies or funds that were determined to be other than temporary.

Forward Contracts and Interest Rate Swaps

We use foreign currency forward contracts to hedge specific forecasted transactions denominated in foreign currencies. All foreign currency forward contracts in effect at December 31, 2008 had durations of 1 to 12 months. These contracts have been designated as cash flow hedges and accordingly, to the extent effective, any unrealized gains or losses on these foreign currency forward contracts are reported in accumulated other comprehensive income

(loss). Realized gains and losses for the effective portion are recognized with the completion of the underlying hedge transaction. To the extent ineffective, hedge transaction gains and losses are reported in other income (expense).

The notional settlement amount of the foreign currency forward contracts outstanding at December 31, 2008 was approximately $523.5 million. The fair value of these contracts was a net unrealized loss of $44.1 million and was included in accumulated other comprehensive income within the shareholder s equity at December 31, 2008. We consider the impact of our and our counterparties credit risk on the fair value of the contracts as well as the ability of each party to execute its obligations under the contract. As of December 31, 2008, credit risk did not materially change the fair value of our foreign currency forward contracts. The notional settlement amount of the foreign currency forward contracts outstanding at December 31, 2007 was approximately $409.2 million. The fair value of these contracts was a loss of $6.4 million and was included in other current liabilities at December 31, 2007.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For our foreign currency forward contracts in 2008, there was $0.2 million recognized in earnings as a loss due to hedge ineffectiveness. We recognized an $8.5 million negative impact on product revenue for the settlement of certain effective cash flow hedge instruments in 2008. These settlements were recorded in the same period as the related forecasted transactions affecting earnings.

For our foreign currency forward contracts in 2007, there was $2.6 million recognized in earnings as a loss due to hedge ineffectiveness. We recognized $13.1 million of losses in product revenue for the settlement of certain effective cash flow hedge instruments in 2007. These settlements were recorded in the same period as the related forecasted transactions affecting earnings.

In 2006, there was $0.6 million recognized in earnings as a loss due to hedge ineffectiveness and $0.9 million recognized in earnings as a loss as a result of the discontinuance of cash flow hedge accounting because it was no longer probable that the hedge forecasted transaction would occur. We recognized $11.2 million of losses in product revenue for the settlement of certain effective cash flow hedge instruments through December 31, 2006. These settlements were recorded in the same period as the related forecasted transactions affecting earnings.

As described in Note 8, Indebtedness, we entered into interest rate swaps during 2008 for an aggregate notional amount of $550.0 million, which were due to expire in March 2018. These interest rate swaps had been designated as fair value hedges and were being used to manage our exposure to changes in interest rates. The interest rate swaps had the effect of changing our fixed interest rate to variable interest rate on $550.0 million of our Senior Notes balance outstanding. During 2008, we recognized a net loss of $8.9 million in earnings due to hedge ineffectiveness. In December 2008, the interest rate swaps were settled. Under the settlement we received $53.9 million. The proceeds from this settlement upon termination are included within the operating section of the statement of cash flows. Upon termination of the swaps, the carrying amount of the 6.875% Senior Notes due in 2018 increased $62.8 million as it was accounted for as a fair value hedge. This will be recognized as a reduction of interest expense and amortized using the effective interest rate method over the remaining life of the Senior Notes.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. Earnings per Share

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

	Year Ended December 31,		
	2008	2007	2006
Numerator:			
Income before cumulative effect of accounting change	$ 783.2	$ 638.2	$ 213.7
Cumulative effect of accounting change, net of income tax			3.8
Net income	783.2	638.2	217.5
Adjustment for net income allocable to preferred stock	(1.3)	(1.0)	(0.3)
Net income used in calculating basic earnings per share	781.9	637.2	217.2
Adjustment for interest, net of interest capitalized and tax			
Net income used in calculating diluted earnings per share	$ 781.9	$ 637.2	$ 217.2
Denominator:			
Weighted average number of common shares outstanding	292.3	315.8	338.6
Effect of dilutive securities:			
Stock options and ESPP	1.3	2.6	2.0
Restricted stock awards	0.1	0.5	0.8
Time-vested restricted stock units	1.3	1.1	0.4
Performance-based restricted stock units			0.3
Convertible promissory notes due 2019		0.2	3.1
Convertible promissory notes due 2032			0.1
Dilutive potential common shares	2.7	4.4	6.7
Shares used in calculating diluted earnings per share	295.0	320.2	345.3

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

	Year Ended December 31,		
	2008	2007	2006
Numerator:			
Net income allocable to preferred stock	$ 1.3	$ 1.0	$ 0.3

Adjustment for interest, net of tax			
Total	$ 1.3	$ 1.0	$ 0.3
Denominator:			
Stock options	6.9	8.2	16.5
Time-vested restricted stock units	1.5	0.1	0.1
Convertible preferred stock	0.5	0.5	0.5
Total	8.9	8.8	17.1

As a result of the tender offer described in Note 21, Tender Offer, earnings per share for the year ended December 31, 2007 reflects on a weighted average basis the repurchase of 56,424,155 shares as of June 27, 2007,

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the date the obligation was incurred, in accordance with FASB Statement No. 150, *Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity*, or SFAS 150.

6. Share-based Payments

Share-based compensation expense

In the years ended December 31, 2008 and 2007, we recorded share-based compensation expense of $146.2 million, and $123.1 million, respectively, associated with SFAS 123(R). In the year ended December 31, 2006, we recorded share-based compensation expense of $126.8 million associated with SFAS 123(R), which is net of a cumulative effect pre-tax adjustment of $5.6 million, or $3.8 million after-tax. The cumulative effect results from the application of an estimated forfeiture rate for current and prior period unvested restricted stock awards.

For 2008, 2007, and 2006, share based compensation expense reduced our results of operations as follows (in millions except for earnings per share):

			Year Ended December 31, 2006		
	Year Ended December 31, 2008 Effect on Net Income	Year Ended December 31, 2007 Effect on Net Income	Impact Before Cumulative Effect of Accounting Change	Cumulative Effect of Accounting Change	Effect on Net Income
Income before income taxes	$ 146.2	$ 123.1	$ 132.4	$ (5.6)	$ 126.8
Tax effect	45.4	37.5	42.3	(1.8)	40.5
Net income	$ 100.8	$ 85.6	$ 90.1	$ (3.8)	$ 86.3
Basic earnings per share	$ 0.34	$ 0.27	$ 0.27	$ (0.01)	$ 0.26
Diluted earnings per share	$ 0.34	$ 0.27	$ 0.26	$ (0.01)	$ 0.25

Share-based compensation expense and cost for 2008, 2007, and 2006 is as follows (in millions):

	Year Ended December 31, 2008			Year Ended December 31, 2007			Year Ended December 31, 2006		
	Stock Options & ESPP	Restricted Stock & Restricted Stock Units	Total	Stock Options & ESPP	Restricted Stock & Restricted Stock Units	Total	Stock Options & ESPP	Restricted Stock & Restricted Stock Units	Total

Research and development	$ 8.2	$ 51.7	$ 59.9	$ 13.0	$ 38.7	$ 51.7	$ 19.5	$ 33.4	$ 52.9
Selling, general and administrative	18.3	75.5	93.8	22.9	53.2	76.1	29.3	53.5	82.8
Total	$ 26.5	$ 127.2	$ 153.7	$ 35.9	$ 91.9	$ 127.8	$ 48.8	$ 86.9	$ 135.7
Pre-tax cumulative effect of catch-up									(5.6)
			$ 153.7			$ 127.8			$ 130.1
Capitalized share-based payment costs			(7.5)			(4.7)			(3.3)
Share-based compensation expense			$ 146.2			$ 123.1			$ 126.8

For 2008, 2007, and 2006, we capitalized total costs of $7.5 million, $4.7 million, and $3.3 million, respectively, associated with share-based compensation costs to inventory and fixed assets.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In accordance with SFAS 123(R), windfall tax benefits from vesting of stock awards, exercises of stock options and ESPP participation of $28.0 million, $69.7 million, and $31.7 million were recorded as cash inflows from financing activities in our consolidated statement of cash flows for 2008, 2007, and 2006, respectively. This amount has been calculated in accordance with the alternative transition method described in FSP FAS 123(R) 3, which we adopted effective the fourth quarter of 2006.

The total amount of tax benefit realized during 2008, 2007, and 2006, was $69.9 million, $103.6 million, and $42.8 million, respectively. Cash received from the exercise of stock options in 2008, 2007, and 2006 was approximately $158.3 million, $471.0 million, and $131.8 million, respectively.

At December 31, 2008, unrecognized compensation costs relating to unvested share-based compensation was approximately $200.0 million.

Share-based Compensation Plans

We have three share-based compensation plans pursuant to which awards are currently being made: (i) the Biogen Idec Inc. 2006 Non-Employee Directors Equity Plan, or the 2006 Directors Plan; (ii) the Biogen Idec Inc. 2008 Omnibus Equity Plan, or the 2008 Omnibus Plan; and (iii) the Biogen Idec Inc. 1995 Employee Stock Purchase Plan, or ESPP. We have six share-based compensation plans pursuant to which outstanding awards have been made, but from which no further awards can or will be made: (i) the Idec Pharmaceuticals Corporation 1993 Non-Employee Directors Stock Option Plan, or the 1993 Directors Plan; (ii) the Idec Pharmaceuticals Corporation 1988 Stock Option Plan; (iii) the Biogen, Inc. 1985 Non-Qualified Stock Option Plan; (iv) the Biogen, Inc. 1987 Scientific Board Stock Option Plan: (v) the Biogen Idec Inc. 2003 Omnibus Equity Plan, or the 2003 Omnibus Plan: and (vi) the Biogen Idec Inc. 2005 Omnibus Equity Plan, or the 2005 Omnibus Plan. We have not made any awards from the 2005 Omnibus Plan since our stockholders approved the 2008 Omnibus Plan and do not intend to make any awards from the 2005 Omnibus Plan in the future.

Directors Plan: In May 2006, our stockholders approved the 2006 Directors Plan for share-based awards to our directors. Awards granted from the 2006 Directors Plan may include options, shares of restricted stock, restricted stock units, stock appreciation rights and other awards in such amounts and with such terms and conditions as may be determined by a committee of our Board of Directors, subject to the provisions of the plan. We have reserved a total of 850,000 shares of common stock for issuance under the 2006 Directors Plan. The 2006 Directors Plan provides that awards other than stock options and stock appreciation rights will be counted against the total number of shares reserved under the plan in a 1.5-to-1 ratio.

Omnibus Plans: In June 2008, our stockholders approved the 2008 Omnibus Equity Plan for share-based awards to our employees. Awards granted from the 2008 Omnibus Plan may include options, shares of restricted stock, restricted stock units, performance shares, shares of phantom stock, stock bonuses, stock appreciation rights and other awards in such amounts and with such terms and conditions as may be determined by a committee of our Board of Directors, subject to the provisions of the plan. Shares of common stock available for issuance under the 2008 Omnibus Equity Plan consist of 15.0 million shares reserved for this purpose, plus shares of common stock that remained available for issuance under the 2005 Omnibus Plan on the date that our stockholders approved the 2008 Omnibus Equity Plan, plus shares that are subject to awards under the 2005 Omnibus Plan which remain unissued upon the cancellation, surrender, exchange or termination of such awards. The 2008 Omnibus Equity Plan provides

that awards other than stock options and stock appreciation rights will be counted against the total number of shares available under the plan in a 1.5-to-1 ratio.

Stock Options

All stock option grants to employees are for a ten-year term and generally vest one-fourth per year over four years on the anniversary of the date of grant, provided the employee remains continuously employed with us. Stock option grants to directors are for ten-year terms and generally vest as follows: (i) grants made on the date of a

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

director s initial election to our Board of Directors vest one-third per year over three years on the anniversary of the date of grant, and (ii) grants made for service on our Board of Directors vest on the first anniversary of the date of grant, provided in each case that the director continues to serve on our Board of Directors through the vesting date. Options granted under all plans are exercisable at a price per share not less than the fair market value of the underlying common stock on the date of grant. The estimated fair value of options, including the effect of estimated forfeitures, is recognized over the options vesting periods. The fair value of the stock option grants awarded in 2008, 2007, and 2006 was estimated as of the date of grant using a Black-Scholes option valuation model that uses the following weighted-average assumptions:

	Year Ended December 31,		
	2008	**2007**	**2006**
Expected dividend yield	0.0%	0.0%	0.0%
Expected stock price volatility	34.4%	33.6%	34.8%
Risk-free interest rate	2.4%	4.4%	4.4%
Expected option life in years	5.10	4.87	4.87
Per share grant-date fair value	$ 20.85	$ 18.78	$ 16.90

Expected volatility is based upon implied volatility for our exchange-traded options and other factors, including historical volatility. After assessing all available information on either historical volatility, implied volatility, or both, we have concluded that a combination of both historical and implied volatility provides the best estimate of expected volatility. The expected term of options granted is derived using assumed exercise rates based on historical exercise patterns and represents the period of time that options granted are expected to be outstanding. The risk-free interest rate used is determined by the market yield curve based upon risk-free interest rates established by the Federal Reserve, or non-coupon bonds that have maturities equal to the expected term. The dividend yield of zero is based upon the fact that we have not historically granted cash dividends, and do not expect to issue dividends in the foreseeable future. Stock options granted prior to January 1, 2006 were valued based on the grant date fair value of those awards, using the Black-Scholes option pricing model, as previously calculated for pro-forma disclosures under SFAS 123. For 2008, 2007 and 2006, we recorded $20.1 million, $30.7 million and $43.6 million, respectively, of stock compensation cost related to stock options.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of stock option activity is presented in the following table (shares are in thousands):

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2005	31,306	$ 45.71
Granted	1,928	$ 45.18
Exercised	(4,725)	$ 27.90
Cancelled	(3,403)	$ 53.55
Outstanding at December 31, 2006	25,106	$ 47.96
Granted	1,470	$ 51.23
Exercised	(10,524)	$ 44.84
Cancelled	(1,152)	$ 53.97
Outstanding at December 31, 2007	14,900	$ 50.03
Granted	1,475	$ 60.23
Exercised	(3,769)	$ 41.99
Cancelled	(506)	$ 55.70
Outstanding at December 31, 2008	12,100	$ 53.53

The total intrinsic values of options exercised in 2008, 2007, and 2006, were $85.1 million, $226.7 million, and $92.5 million, respectively. The aggregate intrinsic values of options outstanding at December 31, 2008 and 2007, were $71.4 million and $102.7 million, respectively. The weighted average remaining contractual terms for options outstanding at December 31, 2008 was 5.2 years.

Of the options outstanding, 9.2 million were exercisable at December 31, 2008. The exercisable options had a weighted-average exercise price of $53.48. The aggregate intrinsic value of options exercisable as of December 31, 2008 and 2007 was $53.7 million and $78.5 million, respectively. The weighted average remaining contractual term for options exercisable at December 31, 2008 was 4.2 years.

Time-Vested Restricted Stock Units

Time-vested restricted stock units, or RSUs, awarded to employees generally vest no sooner than one-third per year over three years on the anniversary of the date of grant, or upon the third anniversary of the date of the grant, provided the employee remains continuously employed with us except as otherwise provided in the plan. Shares of our common

stock will be delivered to the employee upon vesting, subject to payment of applicable withholding taxes. Time-vested RSUs awarded to directors for service on our Board of Directors vest on the first anniversary of the date of grant, provided in each case that the director continues to serve on our Board of Directors through the vesting date. Shares of our common stock will be delivered to the director upon vesting. The fair value of all time-vested RSUs is based on the market value of our stock on the date of grant. Compensation expense, including the effect of forfeitures, is recognized over the applicable service period. For 2008, 2007, and 2006, we recorded $125.6 million, $75.2 million, and $31.3 million, respectively, of stock compensation cost related to time-vested RSUs.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of time-vested RSU activity is presented in the following table (shares are in thousands):

	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2005		$
Granted	2,731	$ 44.47
Vested	(5)	$ 44.24
Forfeited	(218)	$ 44.36
Unvested at December 31, 2006	2,508	$ 44.48
Granted	3,387	$ 51.19
Vested	(845)	$ 44.58
Forfeited	(458)	$ 47.38
Unvested at December 31, 2007	4,592	$ 49.12
Granted	3,129	$ 58.42
Vested	(1,645)	$ 47.93
Forfeited	(499)	$ 53.95
Unvested at December 31, 2008	5,577	$ 54.26

The weighted average remaining contractual term for the time-vested RSUs was 1 year at December 31, 2008.

Performance-Based Restricted Stock Units

In the first quarter of 2007, our Board of Directors awarded 30,000 RSUs to our President, Research and Development, under the 2005 Omnibus Plan, subject to certain performance criteria and the employee s continued employment through December 31, 2007. In February 2008, 27,000 of these RSUs vested and converted into shares of our common stock based on the determination by our Board of Directors that approximately 90% of these RSUs had been earned. A total of 17,227 shares were issued, reflecting the fact that certain shares were withheld for income tax purposes. Additionally, during the second quarter of 2007, our Board of Directors awarded 90,000 RSUs to our President, Research and Development, under the 2005 Omnibus Plan, subject to certain performance criteria. We apply graded vesting when accounting for these RSU s and the fair value will be based on the market price on the date of vesting. These RSUs will vest annually in equal increments of 30,000 shares over three years and convert into shares of our common stock, subject to attainment of certain performance goals and the employee s continued employment through the three performance periods, which end December 31, 2008, December 31, 2009, and

September 30, 2010, respectively.

In the first quarter of 2006, our Board of Directors awarded 100,000 RSUs to our CEO, under the 2005 Omnibus Plan, subject to certain 2006 financial performance criteria. In February 2007, our Board of Directors determined that the performance criteria had been attained and that 100,000 RSUs would convert into shares of our common stock. A total of 58,250 shares were issued, reflecting the fact that certain shares were withheld for income tax purposes.

During the third quarter of 2005, we granted 1.2 million performance-based RSUs, to be settled in shares of our common stock, to a group of approximately 200 senior employees excluding our CEO. The grants were made under the 2005 Omnibus Plan as part of an initiative to retain certain key personnel. On September 14, 2006, 70% of the RSUs for all employees still in active employment, or 758,262 shares, vested as the required performance goals had been determined to have been achieved. A total of 510,859 shares were issued, reflecting the fact that certain shares were withheld for income tax purposes.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On March 14, 2007, the remaining 30% of the RSUs granted during the third quarter of 2005 were scheduled to vest and convert into shares if the performance goals were attained and the employee was still in active employment. On March 14, 2007, 258,387 shares vested based on the determination by our Board of Directors that approximately 83% of these RSUs had been earned. A total of 172,054 shares were issued, reflecting the fact that certain shares were withheld for income tax purposes.

For 2008, 2007, and 2006, we recorded compensation charges of approximately $1.1 million, $5.0 million, and $33.6 million, respectively, related to performance-based restricted stock units. Compensation cost is adjusted quarterly for subsequent changes in the outcome of performance-related conditions until the vesting date.

A summary of performance-based RSU activity is presented in the following table (shares are in thousands):

	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2005	1,154	$ 40.67
Granted	100	$ 44.59
Vested	(758)	$ 40.67
Forfeited	(85)	$ 40.67
Unvested at December 31, 2006	411	$ 41.62
Granted	120	$ 51.55
Vested	(357)	$ 41.76
Forfeited	(54)	$ 40.67
Unvested at December 31, 2007	120	$ 51.55
Granted		$
Vested	(27)	$ 49.33
Forfeited	(3)	$ 49.33
Unvested at December 31, 2008	90	$ 52.29

The weighted average remaining contractual term for the performance-based RSUs was 1.8 years at December 31, 2008.

Restricted Stock Awards

In 2005, we awarded restricted common stock to our employees under the 2005 Omnibus Plan and the 2003 Omnibus Plan at no cost to the employees. The restricted stock awards, or RSAs, granted under the 2003 Omnibus Plan vested in full on the third anniversary of the date of grant for employees that remained continuously employed with us through the vesting dates. The RSAs granted under the 2005 Omnibus Plan vested at a rate of approximately one-third per year over three years on the anniversary of the date of grant for employees that remained continuously employed with us through the vesting dates.

For 2008 and 2007, we recorded $0.5 million and $11.7 million, respectively, of stock compensation cost related to restricted stock awards. The fair value of all time-vested RSAs is based on the market value of our stock on the date of grant. Compensation expense, including the effect of forfeitures, is recognized over the applicable service period. For 2006, we recorded $21.9 million of stock compensation cost related to restricted stock awards, prior to a first quarter pre-tax cumulative effect catch up credit of $5.6 million or $3.8 million after-tax, resulting from the application of an estimated forfeiture rate for prior period unvested restricted stock awards.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

A summary of restricted stock award activity is presented in the following table (shares are in thousands):

	Shares	Weighted Average Grant Date Fair Value
Unvested at December 31, 2005	1,440	$ 53.87
Granted		$
Vested	(13)	$ 42.99
Forfeited	(180)	$ 56.25
Unvested at December 31, 2006	1,247	$ 53.64
Granted		$
Vested	(713)	$ 44.10
Forfeited	(79)	$ 59.64
Unvested at December 31, 2007	455	$ 67.54
Granted		$
Vested	(454)	$ 67.54
Forfeited	(1)	$ 67.57
Unvested at December 31, 2008		$

ESPP

Under the terms of the ESPP, employees can elect to have up to ten percent of their annual compensation (subject to certain dollar limits) withheld to purchase shares of our common stock. The purchase price of the common stock is equal to 85% of the lower of the fair market value of the common stock on the enrollment or purchase date under a look-back provision. In June 2005, our stockholders approved the amendment and restatement of the ESPP, including an increase in the number of shares available for issuance under the ESPP from 4.2 million to 6.2 million shares. At December 31, 2008, a total of 4.4 million shares of our common stock were available for issuance. During 2008, 2007, and 2006, 0.5 million, 0.5 million, and 0.5 million shares, respectively, were issued under the ESPP. We utilize the Black-Scholes model to calculate the fair value of these discounted purchases. The fair value of the look-back provision plus the 15% discount amount is recognized as compensation expense over the purchase period. We apply a graded vesting approach because the plan provides for multiple purchase periods and is, in substance, a series of linked awards. In 2008, 2007, and 2006, we recorded stock compensation cost of approximately $6.5 million, $5.2 million, and $5.2 million, respectively.

Cash received under the ESPP in 2008, 2007, and 2006 was approximately $21.3 million, $18.2 million, and $15.2 million, respectively.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. Accumulated Other Comprehensive Income (Loss)

The accumulated balances in comprehensive income (loss) were as follows (in millions):

	Year Ended December 31,		
	2008	2007	2006
Translation adjustments	$ 16.9	$ 71.0	$ 21.2
Unrealized holding gains (losses) on investments, net of tax of $(6.2) million, $(5.1) million, and $(1.1) million, respectively	10.5	10.5	1.4
Unfunded status of pension and postretirement benefit plans, net of tax of $0.1 million, $0.1 million, and $0.4 million, respectively	1.6	1.7	(0.7)
Unrealized losses on derivative instruments, net of tax of $3.9 million, $2.4 million, and $0.1 million, respectively	(40.2)	(4.0)	
Total comprehensive income (loss)	$ (11.2)	$ 79.2	$ 21.9

See Note 13, Employee Benefit Plans, for discussion of unfunded status of pension and postretirement benefit plans.

8. Indebtedness

Notes payable consists of the following (in millions):

	December 31,	
	2008	2007
Current portion:		
Term loan facility	$	$ 1,500.0
Note payable to Fumedica	10.9	10.3
Credit line from Dompé	16.8	
Other		0.8
	$ 27.7	$ 1,511.1
Non-current portion:		
6.0% Senior Notes due 2013	$ 449.6	$
6.875% Senior Notes due 2018	608.2	
Note payable to Fumedica	27.6	34.3
Credit line from Dompé		17.5
	$ 1,085.4	$ 51.8

On March 4, 2008, we issued $450.0 million aggregate principal amount of 6.0% Senior Notes due March 1, 2013 and $550.0 million aggregate principal amount of 6.875% Senior Notes due March 1, 2018 at 99.886% and 99.184% of par, respectively.

In June and July 2007, in connection with the tender offer described in Note 21, Tender Offer, we entered into a $1,500.0 million term loan facility and borrowed the full $1,500.0 million available under this facility. In March 2008, we used the proceeds from the Senior Notes, along with cash and the proceeds from the liquidation of marketable securities, to repay the $1,500.0 million term loan facility.

In June 2007, we also entered into a five year $400.0 million Senior Unsecured Revolving Credit Facility, which we may use for working capital and general corporate purposes. The bankruptcy of Lehman Brothers

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Holdings Inc. has eliminated their $40.0 million commitment, thereby reducing the availability of the credit facility to $360.0 million.

The following is a summary description of our principal indebtedness as of December 31, 2008.

Senior Notes

On March 4, 2008, we issued $450.0 million aggregate principal amount of 6.0% Senior Notes due March 1, 2013 and $550.0 million aggregate principal amount of 6.875% Senior Notes due March 1, 2018 at 99.886% and 99.184% of par, respectively. The discount will be amortized as additional interest expense over the period from issuance through maturity. These notes are senior unsecured obligations. Interest on the notes is payable March 1 and September 1 of each year. The notes may be redeemed at our option at any time at 100% of the principal amount plus accrued interest and a specified make-whole amount. The notes contain a change of control provision that may require us to purchase the notes under certain circumstances. There is also an interest rate adjustment feature that requires us to pay interest at an increased interest rate on the notes if the credit rating on the notes declines below investment grade. Offering costs of approximately $8.0 million have been recorded as debt issuance costs on our consolidated balance sheet and will be amortized as additional interest expense using the effective interest rate method over the period from issuance through maturity. Additionally, we entered into interest rate swaps where we received a fixed rate and paid a variable rate, as further described in Note 4, Financial Instruments that have been subsequently terminated. Upon termination of the swaps, the carrying amount of the 6.875% Senior Notes due in 2018 increased by $62.8 million as it was accounted for as a fair value hedge. This will be recognized as a reduction of interest expense and amortized using the effective interest rate method over the remaining life of the Senior Notes.

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

Revolving credit facility

In June 2007, we entered into a five-year $400.0 million Senior Unsecured Revolving Credit Facility, which we may use for future working capital and general corporate purposes. The bankruptcy of Lehman Brothers Holdings Inc. has eliminated their $40.0 million commitment, thereby reducing the availability of the credit facility to $360.0 million. This credit facility bears interest at a rate of LIBOR plus 45 basis points. The terms of this revolving credit facility include various covenants, including financial covenants that require us to not exceed a maximum leverage ratio and under certain circumstances, an interest coverage ratio. As of December 31, 2008, we were in compliance with these covenants and there were no borrowings under this credit facility.

Biogen-Dompe

As of December 31, 2008, Biogen-Dompe SRL, a consolidated joint venture, has a loan balance of 12.0 million Euros ($16.7 million). This balance represents a line of credit from us and Dompé Farmaceutici SpA of 24 million Euros, half of which has been eliminated as it is an intercompany loan for purposes of presenting our consolidated financial

position. Borrowings are to be made equally between the partners, and any repayments are to be paid in a similar manner. The interest rate of the line of credit is at a rate of 3 month Euro LIBOR plus 25 basis points, and was 5.535% at December 31, 2008. The interest rate is reset quarterly and payable quarterly in arrears. Any borrowings on the line of credit are due, in full, June 1, 2009.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Notes Payable to Fumedica

As of December 31, 2008, the notes payable to Fumedica have a present value of 41.2 million Swiss Francs ($38.6 million). The notes, which were entered into in connection with the settlement of various agreements associated with Fumedica, are non-interest bearing, have been discounted for financial statement presentation purposes and are being accreted at a rate of 5.75% and are payable in series of payments over the period from 2008 to 2018. See Note 2, Acquisitions and Dispositions.

Debt Maturity

As of December 31, 2008, our total debt matures as follows (in millions):

2009	$ 27.9
2010	$ 11.2
2011	$ 3.0
2012	$ 3.0
2013	$ 453.0
2014 and thereafter	$ 565.0

The fair value of the debt is disclosed in Note 3 Fair Value Measurements .

9. Intangible Assets and Goodwill

Intangible assets and goodwill, net of accumulated amortization, impairment charges and adjustments, are as follows (in millions):

		December 31, 2008			December 31, 2007		
	Estimated Life	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Out-licensed patents	12 years	$ 578.0	$ (250.3)	$ 327.7	$ 578.0	$ (199.1)	$ 378.9
Core/developed technology	15-20 years	3,005.3	(1,241.0)	1,764.3	3,003.0	(965.2)	2,037.8
Trademarks & tradenames	Indefinite	64.0		64.0	64.0		64.0
In-licensed patents	14 years	3.0	(0.9)	2.1	3.0	(0.7)	2.3
Assembled workforce	4 years	2.1	(1.2)	0.9	2.1	(0.7)	1.4
Distribution rights	2 years	12.7	(10.6)	2.1	11.8	(3.8)	8.0
Total		$ 3,665.1	$ (1,504.0)	$ 2,161.1	$ 3,661.9	$ (1,169.5)	$ 2,492.4
Goodwill	Indefinite	$ 1,138.6	$	$ 1,138.6	$ 1,137.4	$	$ 1,137.4

Intangibles, other than Goodwill

Intangibles, other than Goodwill, were unchanged at December 31, 2008 as compared to December 31, 2007 exclusive of the impact of foreign exchange and expected amortization.

In 2007, assembled workforce increased by $0.7 million as a result of the acquisition of Syntonix.

In 2006, core/developed technology increased by $26.4 million as a result of the acquisition of Fumapharm. The assembled workforce intangible asset increased $1.4 million as a result of the acquisition of Conforma and we obtained $11.1 million of distribution rights in connection with the buy out of an agreement with Fumedica. See Note 2, Acquisitions and Dispositions, for further discussion of these transactions.

Amortization expense was $332.7 million, $257.5 million, and $267.0 million for 2008, 2007, and 2006, respectively.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Amortization on intangible assets is expected to be in the range of approximately $235 million to $352 million for each of the next five years.

Goodwill

Goodwill was unchanged at December 31, 2008 as compared to December 31, 2007 exclusive of the impact of foreign exchange. Goodwill decreased $17.4 million in 2007 as compared to the balance at December 31, 2006, primarily as a result of certain tax adjustments. Approximately $9.1 million of the adjustments relate to the adoption of FIN 48. (See Note 15, Income Taxes, for discussion on income tax).

10. Property, Plant and Equipment

Property, plant and equipment consists of the following (in millions):

	December 31,	
	2008	**2007**
Land	$ 108.8	$ 104.8
Buildings	676.1	610.1
Leasehold improvements	80.1	75.6
Furniture and fixtures	48.1	46.1
Machinery and equipment	798.5	692.9
Construction in progress	420.2	388.2
Total cost	2,131.8	1,917.7
Less accumulated depreciation	(537.0)	(420.3)
	$ 1,594.8	$ 1,497.4

Depreciation expense was $129.1 million, $122.6 million, and $108.4 million for 2008, 2007, and 2006, respectively.

During 2008 and 2007, we capitalized to construction in progress approximately $23.2 million and $10.1 million, respectively, of interest costs primarily related to the development of our large-scale biologic manufacturing facility in Hillerød, Denmark.

At December 31, 2008, $388.4 million of the construction in progress balance was related to construction of Hillerød, Denmark. The first phase is complete and involved the partial construction of a bulk manufacturing component, a labeling and packaging component and installation of major equipment. The label and packaging component and lab facility was placed into service in the first quarter of 2007. The second phase of the project involves the completion of the large-scale manufacturing component and construction of a warehouse, and is expected to be ready for commercial production in 2010.

See Note 25, Facility Impairments and Loss (Gain) on Disposition, of details of impairment charges taken.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. Other current assets

Other current assets consist of the following (in millions):

	December 31, 2008	2007
Deferred tax assets	$ 70.8	$ 96.4
Receivable from collaborations	1.7	12.0
Prepaid expenses	46.4	33.6
Interest receivable	11.8	12.8
Other	8.7	28.6
	$ 139.4	$ 183.4

12. Accrued expenses and other

Accrued expenses and other consists of the following (in millions):

	December 31, 2008	2007
Employee compensation and benefits	$ 156.0	$ 86.0
Royalties and licensing fees	40.6	57.6
Collaboration expenses	29.6	5.9
Clinical development expenses	41.5	19.4
Revenue-related rebates	37.7	34.1
CIP Accrual	18.6	32.6
Other	210.9	132.3
	$ 534.9	$ 367.9

13. Employee Benefit Plans

401(k) Employee Savings Plan

We maintain a 401(k) Savings Plan, or 401(k) Plan, which is available to substantially all U.S. regular employees over the age of 21. Participants may make voluntary contributions. We make matching contributions according to the 401(k) Plan s matching formula. Beginning in January 2008, all past and current matching contributions will vest immediately. Previously, the matching contributions vested over four years of service by the employee. Participant

contributions vest immediately. The 401(k) Plan also holds certain transition contributions on behalf of participants who previously participated in the Biogen, Inc. Retirement Plan. Employer contributions for 2008, 2007, and 2006 totaled $20.6 million, $17.8 million, and $12.0 million, respectively.

Deferred Compensation Plan

We maintain a non-qualified deferred compensation plan, known as the Supplemental Savings Plan, or SSP, that allows a select group of U.S. management employees to defer a portion of their compensation. The SSP also provides certain credits to highly compensated U.S. employees, which are paid by the company. These credits are known as Restoration Match. The deferred compensation amounts are accrued when earned. Such deferred compensation is distributable in cash in accordance with the rules of the SSP. Deferred compensation amounts under such plan at December 31, 2008 and 2007, totaled approximately $48.5 million and $50.3 million, respectively, and are included in other long-term liabilities in the accompanying consolidated balance sheets.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The SSP also holds certain transition contributions on behalf of participants who previously participated in the Biogen Inc. Retirement Plan. Beginning in 2008, the Restoration Match vests immediately. Previously, the Restoration Match and transition contributions vested over four and seven years of service, respectively, by the employee. Participant contributions vest immediately. Distributions to participants can be either in one lump sum payment or annual installments as elected by the participants.

Retiree Medical Plan

In 2003, we began to provide medical plan benefits to retirees under the age of 65. The plan terms were modified in 2007 and, accordingly, we recognized no (benefit) cost and no liability remained at December 31, 2008. Net periodic (benefit) cost for 2007, 2006, was $(6.7) million, and $1.4 million, respectively. In 2007, we recognized a benefit, which was primarily related to a modification of the plan in 2007. In 2006, the majority of the expense was related to service cost.

Pension Plan

We currently maintain two retiree benefit plans: a Supplemental Employee Retirement Plan and a defined benefit plan for certain employees in Germany.

The obligations under the plans totaled $5.4 million and $5.0 million at December 31, 2008 and 2007, respectively.

Net periodic pension cost for 2008, 2007, and 2006 was $1.1 million, $1.3 million, and $1.2 million, respectively. The majority of the net period pension costs related to service cost.

14. Other Income (Expense), Net

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

	December 31,		
	2008	**2007**	**2006**
Interest income	$ 72.1	$ 103.6	$ 101.2
Interest expense	(52.0)	(40.5)	(0.9)
Impairments of investments	(60.3)	(24.4)	(34.4)
Gain (Loss) on sales of investments, net	(1.1)	16.7	(2.8)
Minority interest	(6.9)	58.4	(6.8)
Foreign exchange gains (losses), net	(9.8)	3.0	4.9
Settlement of litigation and claims		0.1	(4.6)
Gain on sale of property		7.1	
Other, net	(6.7)	6.8	(4.5)
Total other income (expense), net	$ (64.7)	$ 130.8	$ 52.1

Interest Income

For 2008 compared to 2007, interest income decreased $31.5 million, or 30.4%, primarily due to a reduction in cash and cash equivalents due to the funding of our tender offer in July 2007, a net payment of $525.5 million for our term loan facility and other debt, and lower investment yields. For 2007 compared to 2006, interest income increased $2.4 million, or 2.4%, primarily due to higher yields offset by a reduction in cash and cash equivalents due to the funding of our tender offer in July 2007.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Interest Expense

For 2008 compared to 2007, interest expense increased $11.5 million, or 28%, primarily due to an increased debt balance in 2008 as compared to 2007 due to the issuance of debt in July 2007 as well as $8.9 million due to the impact of hedge ineffectiveness as discussed in Note 4, Financial Investments. For 2007 compared to 2006, interest expense increased $39.6 million, primarily due to the increased debt levels relating to our tender offer funded in July 2007 (see Note 21, Tender Offer). As discussed in Note 4, Financial Investments, in 2008 we terminated certain interest rate swaps. Upon termination of the swaps, the carrying amount of the 6.875% Senior Notes due in 2018 increased $62.8 million, which will be recognized as a reduction of interest expense and amortized using the effective interest rate method over the remaining life of the Senior Notes.

Impairment on Investments

In 2008, the impairment on investments was due to an other than temporary decline in the fair value of marketable securities of $41.7 million related primarily to non agency mortgage and asset backed securities and corporate securities classified as available for sale as well as other than temporary declines in the fair values of our strategic investments of $18.6 million. In 2007 and 2006, the impairment of investments is primarily due to the other than temporary decline in value in our strategic investments portfolio.

Minority Interest

For 2008 compared to 2007, minority interest decreased $65.3 million, primarily due to the recording in 2007 of $64.3 million in minority interest pursuant to the initial consolidation of Cardiokine Biopharma LLC or Cardiokine in August 2007 and Neurimmune in November 2007. For 2007 compared to 2006, minority interest increased $65.2 million, also primarily due to the initial consolidation of Cardiokine and Neurimmune in 2007. The minority interest related to Cardiokine and Neurimmune recorded in 2007 offset an equal charge to IPR&D, which resulted in no net impact to our results of operations for these IPR&D and minority interest charges. Excluding the impact of these consolidations, minority interest expense was $6.9 million, $5.9 million and $6.8 million for the years ended December 31, 2008, 2007 and 2006, respectively.

Gain on Sale of Property

In 2007, we sold approximately 28 acres of land in Oceanside, California for $16.5 million. We recorded a pre-tax gain of approximately $7.1 million on the sale in other income (expense) as this land was not utilized in our operations.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15. Income Taxes

Income tax expense

Income before income tax provision and the income tax expense consist of the following (in millions):

	Year Ended December 31,		
	2008	2007	2006
Income before income tax provision (benefit):			
Domestic	$ 838.3	$ 693.9	$ 525.2
Foreign	310.6	216.7	(33.0)
	$ 1,148.9	$ 910.6	$ 492.2
Income tax expense (benefit):			
Current			
Federal	$ 431.2	$ 305.9	$ 355.0
State	24.3	25.8	15.8
Foreign	49.8	22.3	13.9
	$ 505.3	$ 354.0	$ 384.7
Deferred			
Federal	$ (119.2)	$ (76.7)	$ (105.3)
State	(20.0)	(4.4)	(0.7)
Foreign	(0.3)	(0.5)	(0.3)
	$ (139.5)	$ (81.6)	$ (106.3)
Total income tax expense	$ 365.8	$ 272.4	$ 278.4

Deferred tax assets and liabilities

Significant components of our deferred tax assets and liabilities are as follows:

	December 31,	
	2008	2007
Tax credits	$ 11.0	$ 5.5
Inventory and other reserves	90.4	32.2

Capitalized costs	36.6	84.9
Intangibles, net	89.6	77.2
Net operating loss	33.1	29.6
Share-based compensation	59.9	70.5
Other	57.9	40.5
Deferred tax assets	$ 378.5	$ 340.4
Fair value adjustment	$ (552.7)	$ (632.7)
Interest expense on notes payable		(0.3)
Unrealized gain on investments and cumulative translation adjustment	(2.3)	(2.7)
Depreciation, amortization and other	(108.7)	(129.8)
Deferred tax liabilities	$ (663.7)	$ (765.5)

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Tax Rate

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

	Year Ended December 31,		
	2008	**2007**	**2006**
Statutory rate	35.0%	35.0%	35.0%
State taxes	1.6	3.0	3.0
Taxes on foreign earnings	(5.8)	(7.6)	(16.3)
Credits and net operating loss utilization	(2.9)	(3.1)	(0.6)
Fair value adjustment	3.7	3.5	6.2
IPR&D	0.8	0.7	27.9
Non-deductible items	(0.8)	(0.6)	0.8
Other	0.2	(1.0)	0.6
Effective tax rate	31.8%	29.9%	56.6%

At December 31, 2008, we had net operating losses and general business credit carryforwards for federal income tax purposes of approximately $64.7 million and $3.2 million, respectively, which begin to expire in 2020. Additionally, for state income tax purposes, we had net operating loss carryforwards of approximately $197.1 million, which begin to expire in 2009. For state income tax purposes, we also had research and investment credit carryforwards of approximately $12.0 million, of which approximately $9.7 million begin to expire in 2009, with the remainder having no prescribed expiration date.

In assessing the realizability of our deferred tax assets, we have considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. In making this determination, under the applicable financial reporting standards, we are allowed to consider the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies. Our estimates of future taxable income take into consideration, among other items, our estimates of future income tax deductions related to the exercise of stock options. Based upon the level of historical taxable income and income tax liability and projections for future taxable income over the periods in which the deferred tax assets are utilizable, we believe it is more likely than not that we will realize the benefits of our entire deferred tax assets. In the event that actual results differ from our estimates or we adjust our estimates in future periods, we may need to establish a valuation allowance, which could materially impact our financial position and results of operations.

As of December 31, 2008, undistributed foreign earnings of non-U.S. subsidiaries included in consolidated retained earnings aggregated approximately $2,071.3 million. We intend to reinvest these earnings indefinitely in operations outside the U.S. It is not practicable to estimate the amount of additional tax that might be payable if such earnings were remitted to the U.S.

IRS Settlement

During 2007, the IRS completed its examination of Biogen Idec Inc. s consolidated federal income tax returns for the fiscal years 2003 and 2004 and issued an assessment. We subsequently paid amounts related to issues agreed to with the IRS and are appealing several issues. As a result of this examination activity, we reassessed our liability for income tax contingencies to reflect the IRS findings and recorded a $14.7 million reduction in our liabilities for income tax contingencies during the second quarter of 2007.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

During 2005, the Internal Revenue Service, or IRS, completed its examination of legacy Biogen, Inc. s, now Biogen Idec MA, Inc. s, consolidated federal income tax returns for the fiscal years 2001 and 2002 and issued an assessment. We subsequently paid the majority of the amounts assessed and are appealing one issue.

Contingency

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

Adoption of FASB Interpretation No. 48

Effective January 1, 2007, we adopted the provisions of FIN 48. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise s financial statements in accordance with SFAS 109. FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of each tax position taken or expected to be taken in a tax return. As a result of the adoption of FIN 48, we recognized a reduction in the liability for unrecognized tax benefits of $14.2 million, which was recorded as a $1.8 million reduction to the January 1, 2007 balance of our accumulated deficit, a $9.1 million reduction in goodwill and a $3.3 million increase in our deferred tax liability.

A reconciliation of the beginning and ending amount of our unrecognized tax benefits is as follows (in millions):

	2008	2007
Balance at January 1	$ 221.1	$ 196.8
Additions based on tax positions related to the current period	21.8	29.7
Additions for tax positions of prior periods	20.4	83.5
Reductions for tax positions of prior periods	(13.7)	(70.2)
Settlements		(18.7)
Balance at December 31	$ 249.6	$ 221.1

Included in the balance of unrecognized tax benefits at December 31, 2008, December 31, 2007, and January 1, 2007, are $155.1 million, $110.5 million, and $98.2 million (net of the federal benefit on state issues), respectively, of unrecognized tax benefits that, if recognized, would affect the effective income tax rate in any future periods. 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.

We recognize potential interest and penalties accrued related to unrecognized tax benefits in income tax expense. During 2008 and 2007, we recognized approximately $16.1 million and $14.5 million in interest expense, respectively. Additionally, during 2007, we reduced our interest accrual by $3.3 million due to the completion of an IRS examination as described above. We have accrued approximately $47.7 million and $31.6 million for the payment of interest at December 31, 2008 and December 31, 2007, respectively.

We file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, we are no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2001.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16. Research Collaborations

In connection with our research and development efforts, we have entered into various collaboration arrangements which provide us with rights to develop, produce and market products using certain know-how, technology and patent rights maintained by the parties. Terms of the various license agreements may require us to make milestone payments upon the achievement of certain product development objectives and pay royalties on future sales, if any, of commercial products resulting from the collaboration.

Neurimmune

In November 2007, we entered into a collaboration agreement with Neurimmune SubOne AG, or Neurimmune, for the worldwide development and commercialization of human antibodies for the treatment of Alzheimer s disease, or AD. The collaboration agreement is effective for 12 years from the first commercial sale of product using such compound. Neurimmune will conduct research to identify potential therapeutic antibodies and we will be responsible for the development and commercialization of all products. Under the terms of the agreement, we paid a $2.0 million upfront payment and may pay up to $367.5 million in milestone payments, as well as a royalty on net sales of any resulting commercial products. In 2008, we paid $10.5 million in milestone payments. We also will reimburse Neurimmune for certain research and development costs incurred. We have determined that we are the primary beneficiary under FIN 46(R), because we are required to absorb the variability (increases or decreases) in development cost under the collaboration agreement. As a result, we have consolidated the results of Neurimmune and recorded an IPR&D charge of $34.3 million. The amount allocated to IPR&D relates to the development of the Beta-Amyloid antibody. At the effective date of the agreement, this compound had not reached technological feasibility and had no alternative future use. We have allocated the $34.3 million to the minority interest, as charge represents the fair value of the Beta-Amyloid antibody retained by the minority interest holders. As a result, we have recorded a credit in minority interest, which is recorded in other income (expense). The assets and liabilities of Neurimmune are not significant as it is a research and development organization. Through December 31, 2008, we have spent an additional $6.5 million to develop the Beta-Amyloid antibody. We expect to incur approximately an additional $291.7 million to develop the Beta-Amyloid antibody for all indications under development. The estimated revenues from the Beta-Amyloid antibody are expected to be recognized beginning in 2018. A discount rate of 15% was used to value this project, which we believe to be commensurate with the stage of development of the Beta-Amyloid antibody and the uncertainties in the economic estimates described above.

Cardiokine

In August 2007, our collaboration agreement with Cardiokine became effective. The agreement is for the joint development of lixivaptan, an oral compound for the potential treatment of hyponatremia in patients with congestive heart failure. The collaboration agreement is effective for 10 years from the first commercial sale of a product using such compound. We will be responsible for the global commercialization of lixivaptan and Cardiokine has an option for limited co-promotion in the U.S.

Under the terms of the agreement, we paid a $50.0 million upfront payment and will pay up to $170.0 million in milestone payments for successful development and global commercialization of lixivaptan, as well as royalties on commercial sales. The $50.0 million is reflected as research and development expense in the accompanying consolidated statement of income. We have determined that we are the primary beneficiary under FIN 46(R), because

we are required to absorb the variability (increases or decreases) in development costs under the collaboration agreement. As a result, we have consolidated the results of Cardiokine and recorded an IPR&D charge of approximately $30.0 million. The amount allocated to IPR&D relates to the development of lixivaptan. At the effective date of the agreement, this compound had not reached technological feasibility and had no alternative future use. We have allocated the approximately $30.0 million to the minority interest, as the charge represents the fair value of the lixivaptan compound retained by the minority interest holders. As a result, we recorded a credit in

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

minority interest, which is recorded in other income (expense). The assets and liabilities of Cardiokine are not significant as it is a research and development organization. Through December 31, 2008, we have spent an additional $61.0 million to develop lixivaptan since the agreement became effective. We expect to incur approximately an additional $367.0 million to develop lixivaptan for all indications under development. The estimated revenues from lixivaptan are expected to be recognized beginning in 2012. A discount rate of 11% was used to value this project, which we believe to be commensurate with the stage of development of lixivaptan and the uncertainties in the economic estimates described above.

mondo

On September 14, 2006, we entered into an exclusive collaboration and license agreement with mondoBIOTECH, AG, a private Swiss biotechnology company In June 2007, we entered into a collaboration with a subsidiary of MondoBiotech AG, mondoGen, or mondo, to develop, manufacture and commercialize Aviptadil, a clinical compound for the treatment of pulmonary arterial hypertension, or PAH. In accordance with the agreement, we will be responsible for the global manufacturing, clinical development, regulatory approval and commercialization of Aviptadil. We finalized the development plan for Aviptadil and had mondo initiate additional clinical work in 2007.

Under the terms of the agreement, we paid mondo a $7.5 million upfront payment and will pay up to $30.0 million in milestones payments for successful development and commercialization of Aviptadil in PAH in the U.S. and Europe, as well as royalty payments on commercial sales. The $7.5 million upfront amount was recorded as research and development expense in 2006. We have determined that we are the primary beneficiary under FIN 46(R), because we are required to absorb the variability (increases or decreases) in development costs under the collaboration agreement. As a result, we have consolidated the results of mondo. The assets and liabilities of mondo are not significant as it is a research and development organization. Through December 31, 2008, we have spent an additional $29.9 million on the development of Aviptadil and could incur an additional $134.1 million to develop Aviptadil. We have determined that we are the primary beneficiary under FIN 46(R) and as a result, we consolidate the results of mondo.

Additionally, we have indicated our intention to make a minority equity investment of $5.0 million in mondo in the event that it undertakes an initial public offering.

Alnylam

In September 2006, we entered into a collaboration agreement with Alnylam Pharmaceuticals, Inc., or Alnylam, related to discovery and development of RNAi therapeutics for the potential treatment of PML.

Under the terms of the collaboration, we and Alnylam will initially conduct investigative research into the potential of using RNAi technology to develop up to three therapeutics to treat PML. Of the therapeutics presented, we will select one development candidate and one back up candidate and will be responsible for the development and commercialization of the selected candidate. We would also have the option to develop and commercialize the backup candidate at our discretion. We will fund all research and development activities.

We paid Alnylam an upfront payment of $5.0 million and agreed to additional payments of up to $51.3 million in milestone payments, plus royalties in the event of successful development and utilization of any product resulting from the collaboration. The $5.0 million upfront payment was recorded as research and development expense in 2006.

UCB

In September 2006, we entered into a global collaboration with UCB, S.A., or UCB, to jointly develop and commercialize CDP323 for the treatment of relapsing-remitting MS and other potential indications. CDP323 is an orally active small molecule alpha-4 integrin inhibitor in Phase 2 clinical trials.

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Under terms of the agreement, we paid UCB an upfront payment of $30.0 million and agreed to make development milestone payments to UCB for the first indication of up to $93.0 million, with total milestone payments of up to $71.3 million payable for any additional indications. We will also pay UCB up to $75.0 million in commercialization milestones and will contribute significantly to clinical costs for Phase 2 and Phase 3 studies. All commercialization costs and profits will be shared equally. The $30.0 million upfront payment was recorded as research and development expense in 2006.

Facet Biotech (Formerly PDL BioPharma, Inc.)

In August 2005, we entered in a collaborative agreement with PDL BioPharma, Inc., or PDL, for the joint development, manufacture and commercialization of three Phase 2 antibody products. In 2008, PDL spun off the research and development component of its business into a newly created public entity called Facet Biotech. Our collaboration agreement now resides with Facet Biotech (Facet). Under this agreement, we and Facet will share in the development and commercialization of Daclizumab in MS and indications other than transplant and respiratory diseases, and the development and commercialization of M200, or volociximab, and HuZAF, or fontolizumab, in all indications. Fontolizumab was discontinued during 2006. Both companies will share equally the costs of all development activities and all operating profits from each collaboration product within the U.S. and Europe. We paid Facet a non-refundable upfront licensing fee of $40.0 million for these product candidates, which we concluded had no alternative future uses and was therefore included in research and development expenses in 2005. We also accrued $10.0 million in research and development expense in 2005 for future payments that were determined to be unavoidable. The terms of the collaborative agreement require us to make certain development and commercialization milestone payments upon the achievement of certain program objectives totaling up to $660.0 million over the life of the agreement, of which $560.0 million relates to development, and $100.0 million relates to the commercialization of collaboration products.

In addition to the collaborative agreement, we purchased approximately $100.0 million of common stock, or 3.5% of its common stock, from Facet. We recorded an impairment charge of $18.3 million during 2006 to reflect an other than temporary impairment in the value of the stock we own. In 2007, we sold our entire investment in Facet for $99.5 million, resulting in a gain of $17.2 million.

Sunesis

In December 2002, we entered into a collaboration agreement with Sunesis Pharmaceuticals, Inc., or Sunesis, related to the discovery and development of oral therapeutics for the treatment of inflammatory and autoimmune diseases. In August 2004, we entered into a collaborative agreement with Sunesis to discover and develop small molecule cancer therapeutics targeting primarily kinases. Under the agreement, we acquired exclusive licenses to develop and commercialize certain compounds resulting from the collaboration. Upon signing the agreement, we paid Sunesis a non-refundable upfront license fee of $7.0 million, which was recorded in research and development expenses in 2004. During 2005, we recorded $1.0 million to research and development expense for milestones achieved through the collaboration with Sunesis, of which $0.5 million was paid to Sunesis in 2005. We have committed to paying Sunesis additional amounts upon the completion of certain future research milestones and first and second indication development milestones. If all the milestones were to be achieved based on our plan of research, we would be required to pay up to an additional $302.0 million to Sunesis, excluding royalties.

Under the terms of the agreements, we purchased approximately 4.2 million shares of preferred stock of Sunesis for $20.0 million and, in September 2005, we purchased $5.0 million of common stock of Sunesis as part of their initial public offering, or IPO. At the time of the IPO, our preferred stock was converted into shares of Sunesis common stock and, based on the IPO valuation, we wrote-down the value of our investment in Sunesis by $4.6 million as we had determined that the impairment was other than temporary. Following the IPO, we owned approximately 2.9 million shares, or 9.9% of the common stock. We recorded impairment charges of $4.9 million, $7.4 million and $7.2 million during 2008, 2007, and 2006, respectively, to reflect an other than temporary

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impairments in the value of the stock we own. We now hold a total of 2.9 million shares of Sunesis, representing 8% of total shares outstanding. Our investment in Sunesis is included in investments and other assets and has a fair value of $0.9 million at December 31, 2008.

Vernalis

In June 2004, we entered into a collaborative research and development agreement with Vernalis plc, or Vernalis, aimed at advancing research into Vernalis adenosine A2A receptor antagonist program, which targets Parkinson s disease and other central nervous system disorders. Under the agreement, we received exclusive worldwide rights to develop and commercialize Vernalis lead compound, BIIB014, formerly V2006. We paid Vernalis an initial license fee of $10.0 million in July 2004, which was recorded in research and development expenses in 2004. Terms of the collaborative agreement may require us to make milestone payments upon the achievement of certain program objectives and pay royalties on future sales, if any, of commercial products resulting from the collaboration. In June 2004, we made an investment of $5.5 million through subscription for approximately 6.2 million new Vernalis common shares, representing 4.19% of Vernalis post-financing issued share capital, and committed to purchase an additional $4.0 million in the event of future Vernalis financing. In March 2005, we purchased approximately 1.4 million additional shares under a qualified offering for $1.8 million, which fully satisfies our investment obligation to Vernalis. We paid development milestones of $3.0 million in 2006. If all the milestones were to be achieved, we would be required to pay up to an additional $85.0 million, excluding royalties, over the remaining life of the agreement. We account for our investment in Vernalis using the cost method of accounting, subject to periodic review of impairment. In 2008 and 2007, we recorded an impairment charge of $0.5 million and $6.3 million, respectively, representing an other than temporary impairment in the stock we own. We now hold a total of approximately 7.6 million shares of Vernalis, representing 2% of total shares outstanding. Our investment in Vernalis is included in investments and other assets and has a fair value of $0.3 million at December 31, 2008.

MPM

In May 2006, we became a limited partner in MPM Bioventures IV- Strategic Fund, LP, a limited partnership that invests in entities that are engaged in the research, development, manufacture, marketing and/or sale of novel biological products or technologies. Due to our percentage of ownership, we account for our investment in this fund under the equity method of accounting. We have committed to contribute up to $10.0 million to the LP and made an initial contribution of $1.1 million to the LP. Through December 31, 2008, we have contributed $3.7 million into the LP, which is included in investments and other assets in our consolidated balance sheets.

In February 2006, we became a limited partner in MPM Bioventures IV-QP, LP, a limited partnership that invests in entities that are engaged in the research, development, manufacture, marketing and/or sale of novel biological products or technologies. Due to our percentage of ownership, we account for our investment in this fund under the cost method of accounting. We have committed to contribute up to $10.0 million to the LP and made an initial contribution of $1.0 million to the LP. Through December 31, 2008, we have contributed $5.2 million into the LP, which is included in investments and other assets in our consolidated balance sheets.

In May 2004, we entered into a limited partnership agreement as a limited partner with MPM Bioventures III GP, LP, to create MPM Bioventures Strategic Fund, LP, or the Strategic Fund. The purpose of the Strategic Fund is to make, manage, and supervise investments in biotechnology companies with novel products or technologies that fit

strategically with Biogen Idec. Due to our percentage of ownership, we account for our investment in this fund under the equity method of accounting. The Strategic Fund takes only minority positions in the equity of its investments, and does not seek to engage in day-to-day management of the entities. In February 2006, we adjusted our commitment to the Strategic Fund to approximately $32.0 million over a three-year period. Through December 31, 2008, we contributed $25.4 million to the Strategic Fund.

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In April 2004, we became a limited partner in MPM Bioventures III-QP, LP, a limited partnership that invests in entities that are engaged in the research, development, manufacture, marketing and/or sale of novel biological products or technologies. Due to our percentage of ownership, we account for our investment in this fund under the cost method of accounting. We have committed to contribute $4.0 million to the LP. Through December 31, 2008, we have contributed $3.9 million into the LP, which is included in investments and other assets in our consolidated balance sheets.

Vetter

In August 2003, Biogen, Inc. entered into a collaboration agreement with Vetter Pharma-Fertigung GmbH & Co. KG, or Vetter, for the fill-finish of our products, including liquid AVONEX and TYSABRI. As of December 31, 2007, we have made milestone payments to Vetter of 35.0 million euros in return for its reserving certain manufacturing capacity for us at its fill-finish facility. Under the terms of the agreement, these payments will reduce payments due on our future purchases of inventory from Vetter over a seven-year period, which commenced in 2007. During 2008 and 2007, we consumed approximately $6.5 million and $5.6 million, respectively, of this asset. Accordingly, as of December 31, 2008, we have recorded $8.4 million and $21.9 million of these payments in other current assets and in investments and other assets, respectively, in our consolidated balance sheets. The related portion of the asset will be reclassified to inventory when purchases from Vetter are made.

Schering

In June 1999, we entered into a collaboration and license agreement with Schering AG, aimed at the development and commercialization of ZEVALIN. Under the terms of the agreement, we may receive milestone and research and development support payments totaling up to $47.5 million, subject to the attainment of product development objectives. Schering AG received exclusive marketing and distribution rights to ZEVALIN outside the U.S., and we will continue to receive royalties on product sales by Schering AG. Under the terms of a separate supply agreement, we are obligated to meet Schering AG s clinical and commercial requirements for ZEVALIN. Schering AG may terminate these agreements for any reason. Under the above agreement, amounts earned by us and recognized as revenue for contract research and development approximate the research and development expenses incurred under the related agreement. Although in December 2007, we sold our rights to market, sell, manufacture and develop ZEVALIN in the U.S., we still participate in this agreement and we are reimbursed by CTI for our costs incurred in fulfilling our obligation.

Targeted

We had previous agreements that have expired with Targeted Genetics Corporation, or Targeted, for gene therapy and research. We have no ongoing commitments with respect to Targeted. In connection with the expired agreements, however, we acquired shares of Targeted. In 2005, we recognized $9.2 million for impairments of our Targeted investment that was determined to be other-than-temporary. In 2006, we received one million shares of Targeted and $0.5 million in cash in exchange for forgiveness of $5.7 million of debt owed by Targeted to us. We recorded a gain of $3.4 million upon receipt of the shares and the cash payment. As a result of the transactions, as of December 31, 2006, we owned 19.9% of the outstanding shares of Targeted. We account for our investment in Targeted using the cost method. During 2008, we recorded an impairment charge of $2.9 million related to Targeted and at December 31, 2008, we held 2.2 million shares, representing 11% of the outstanding shares, with a fair market value of $0.5 million.

This amount is included in investments and other assets on our consolidated balance sheet.

17. Unconsolidated Joint Business Arrangement

We have a collaboration with Genentech Inc., or Genentech, that was created and operates by agreement rather than through a joint venture or other legal entity. Our rights under the terms of our amended and restated

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collaboration agreement with Genentech include co-exclusive rights to develop, commercialize and market RITUXAN in the United States and Canada with Genentech. Genentech has the exclusive right to develop, commercialize and market RITUXAN in the rest of the world. We have assigned our rights to develop, commercialize and market RITUXAN in Canada to F. Hoffman-La Roche Ltd., or Roche. Genentech shares a portion of the pretax U.S. co-promotion profits with us and Roche shares a portion of the pretax Canadian co-promotion profits of RITUXAN with us.

In the U.S., we contribute resources to selling and the continued development of RITUXAN. Genentech is responsible for worldwide manufacturing of RITUXAN. Genentech also is responsible for the primary support functions for the commercialization of RITUXAN in the U.S. including selling and marketing, customer service, order entry, distribution, shipping and billing. Genentech also incurs the majority of continuing development costs for RITUXAN. Under the arrangement, we have a limited sales force as well as limited development activity.

Under the terms of separate sublicense agreements between Genentech and Roche, Roche is responsible for commercialization of RITUXAN outside the U.S., except in Japan where RITUXAN is co-promoted by Zenyaku and Chugai. There is no direct contractual arrangement between us, Roche, Zenyaku or Chugai.

Revenues from unconsolidated joint business consists of (1) our share of pretax co-promotion profits in the U.S. and Canada and (2) royalty revenue from sales of RITUXAN outside the U.S. and Canada by Roche, Zenyaku and Chugai. Pre-tax co-promotion profits are calculated and paid to us by Genentech in the U.S. and by Roche in Canada. Pre-tax co-promotion profits consist of U.S. and Canadian sales of RITUXAN to third-party customers net of discounts and allowances less the cost to manufacture RITUXAN, third-party royalty expenses, distribution, selling, and marketing expenses, and joint development expenses incurred by Genentech, Roche and us.

Under the amended and restated collaboration agreement, our current pretax co-promotion profit-sharing formula, which resets annually, is as follows:

Co-promotion Operating Profits	Biogen Idec s Share of Co-promotion Profits
First $50 million	30%
Greater than $50 million	40%

In 2008, 2007 and 2006, the 40% threshold was met during the first quarter. For each calendar year or portion thereof following the approval date of the first New Anti-CD20 Product, the pretax co-promotion profit-sharing formula for RITUXAN and New Anti-CD20 Products sold by us and Genentech will change to the following:

Co-promotion Operating Profits	First New Anti-CD20 Product U.S. Gross Product Sales	Biogen Idec s Share of Co-promotion Profits
First $50 million(1)	N/A	30%

Greater than $50 million	Until such sales exceed $150 million in any calendar year(2)	38%
	Or	
	After such sales exceed $150 million in any calendar year and until such sales exceed $350 million in any calendar year(3)	35%
	Or	
	After such sales exceed $350 million in any calendar year(4)	30%

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(1) not applicable in the calendar year the first New Anti-CD20 Product is approved if $50 million in co-promotion operating profits has already been achieved in such calendar year through sales of RITUXAN.

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

(3) if $150 million in first New Anti-CD20 Product sales is achieved in the same calendar year the first New Anti-CD20 Product receives approval, then the 35% co-promotion profit-sharing rate will not be effective until January 1 of the following calendar year. Once the $150 million in first New Anti-CD20 Product sales level is achieved then our share of co-promotion profits for the balance of the year and all subsequent years (after the first $50 million in co-promotion operating profits in such years) will be 35% until the $350 million in first New Anti-CD20 Product sales level is achieved.

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

Currently, we record our share of expenses incurred for the development of New Anti-CD20 Products in research and development expense until such time as a New Anti-CD20 Product is approved, at which time we will record our share of pretax co-promotion profits related to the New Anti-CD20 Product in revenues from unconsolidated joint business. We record our royalty and co-promotion profits revenue on sales of RITUXAN outside the U.S. on a cash basis. Under the amended and restated collaboration agreement, we will receive lower royalty revenue from Genentech on sales by Roche and Zenyaku of New Anti-CD20 Products, as compared to royalty revenue received on sales of RITUXAN. The royalty period with respect to all products is 11 years from the first commercial sale of such product on a country-by-country basis.

The amended and restated collaboration agreement provides that, upon the occurrence of a Biogen Idec change-in-control as described in the agreement, within 90 days of that change-in-control, Genentech may present an offer to us to purchase our rights to RITUXAN. We must then accept Genentech s offer or purchase Genentech s rights to RITUXAN for an amount proportioned (using the profit sharing ratio between us) to Genentech s offer. If Genentech presents such an offer in such a situation, then Genentech will be deemed concurrently to have exercised a right, in exchange for a royalty on net sales in the U.S. of any New Anti-CD20 Products or Third Party Anti-CD20 Products developed under the agreement, to purchase our interest in each such product. As discussed in Note 19, Litigation, Genentech asserted for the first time in 2006 that the November 2003 transaction in which Idec acquired Biogen and became Biogen Idec was a change of control under the Collaboration Agreement. We strongly disagree that the Merger was a change of control, but if it was, our position is that Genentech s rights under the change-in-control provision in the Collaboration Agreement have long since expired.

Concurrent with the original collaboration agreement, we also entered into an expression technology license agreement with Genentech (for a proprietary gene expression technology developed by us) and a preferred stock purchase agreement providing for certain equity investments in us by Genentech (see Note 20, Shareholders Equity).

Under the terms of separate agreements with Genentech, commercialization of RITUXAN outside the U.S. is the responsibility of Roche, except in Japan where RITUXAN is co-promoted by Zenyaku and Chugai. We receive royalties from Genentech on sales by Roche, Zenyaku and Chugai of RITUXAN outside the U.S., and Canada. Revenue on sales of RITUXAN in Canada are received directly from Roche. Under our amended and restated collaborative agreement with Genentech, we will receive lower royalty revenue from Genentech on sales by Roche

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and Zenyaku of New Anti-CD20 Products and only for the first 11 years from the date of first commercial sale of such New Anti-CD20 Products.

Total revenues from unconsolidated joint business consist of the following (in millions):

	Year Ended December 31,		
	2008	2007	2006
Co-promotion profits in the U.S.	$ 733.5	$ 616.8	$ 555.8
Reimbursement of selling and development expenses in the U.S.	59.7	58.5	61.1
Revenue on sales of RITUXAN outside the U.S.	335.0	250.8	194.0
	$ 1,128.2	$ 926.1	$ 810.9

Revenue on sales of RITUXAN outside the U.S. consists of our share of co-promotion profits in Canada and royalty revenue on sales of RITUXAN outside the U.S. and Canada. The royalty period with respect to all products is 11 years from the first commercial sale of such product on a country by country basis. RITUXAN was launched in 1998 in most European countries and in 2001 in Japan. Therefore, we expect a significant decrease in royalty revenues on sales of RITUXAN outside the US beginning in the latter half of 2009. Specifically, the royalty period with respect to sales in France, Spain, Germany and the United Kingdom will expire in 2009. As a result, royalty revenue is expected to be in the range of $250.0 million to $290.0 million in 2009. The royalty period with respect to sales in Italy will expire in 2010. The royalty period with respect to sales in other countries will expire through 2012.

In 2008, under the terms of our collaboration agreement, we paid Genentech $31.5 million to participate in a license agreement with Roche for the development of a Third Party Anti-CD20 Product. This was recorded as research and development cost in our consolidated statement of operations as the product had no alternative future use. In addition, in 2008 we received $12.4 million from Genentech pursuant to Roche choosing to participate in a study of RITUXAN in primary-progressive multiple sclerosis. This was recorded as revenue from unconsolidated joint business in our consolidated statement of operations.

18. Commitments and Contingencies

Leases

In November 2008, we entered into an agreement with a real estate developer for the construction and leasing of a 356,000 square foot office building in Weston, MA. The construction of the building is to commence in 2009, and the completion of the building is slated for 2010. The lease term is from 2010 through 2025, and we have options to extend the term of the lease through 2035. We will account for this lease as an operating lease.

We rent laboratory and office space and certain equipment under noncancellable operating leases. The rental expense under these leases, which terminate at various dates through 2015, amounted to $36.0 million in 2008, $33.1 million in 2007, and $26.2 million in 2006. The lease agreements contain various clauses for renewal at our option and, in

certain cases, escalation clauses typically linked to rates of inflation.

At December 31, 2008, minimum rental commitments under noncancellable leases for each of the next five years and total thereafter were as follows (in millions)

	2009	2010	2011	2012	2013	Thereafter	Total
Minimum lease payments	$ 36.4	$ 36.2	$ 33.2	$ 26.9	$ 27.1	$ 246.6	$ 406.4
Income from subleases	5.0	2.2					7.2
Net minimum lease payments	$ 31.4	$ 34.0	$ 33.2	$ 26.9	$ 27.1	$ 246.6	$ 399.2

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Construction Commitments

As of December 31, 2008, we have completed the first phase of construction of our large-scale biologic manufacturing facility in Hillerød, Denmark, which included partial completion of a bulk manufacturing component, a labeling and packaging component, and installation of major equipment. We are proceeding with the second phase of the project, including the completion of the large scale bulk manufacturing component and construction of a warehouse. As of December 31, 2008, we had contractual commitments of approximately $14.5 million for the second phase. This second phase of the project is expected to be ready for commercial production in 2010.

19. Litigation

Along with several other major pharmaceutical and biotechnology companies, Biogen, Inc. (now Biogen Idec MA, Inc., one of our wholly-owned subsidiaries) or, in some cases, Biogen Idec Inc., was named as a defendant in lawsuits filed by the City of New York and numerous Counties of the State of New York. All of the cases except for cases filed by the County of Erie, County of Oswego and County of Schenectady (the Three County Actions) are the subject of a Consolidated Complaint (Consolidated Complaint), first filed on June 15, 2005 in the U.S. District Court for the District of Massachusetts in Multi-District Litigation No. 1456 (the MDL proceedings). The complaints allege that the defendants (i) fraudulently reported the Average Wholesale Price for certain drugs for which Medicaid provides reimbursement (Covered Drugs); (ii) marketed and promoted the sale of Covered Drugs to providers based on the providers ability to collect inflated payments from the government and Medicaid beneficiaries that exceeded payments possible for competing drugs; (iii) provided financing incentives to providers to over-prescribe Covered Drugs or to prescribe Covered Drugs in place of competing drugs; and (iv) overcharged Medicaid for illegally inflated Covered Drugs reimbursements. Among other things, the complaints allege violations of New York state law and advance common law claims for unfair trade practices, fraud, and unjust enrichment. In addition, the amended Consolidated Complaint alleges that the defendants failed to accurately report the best price on the Covered Drugs to the Secretary of Health and Human Services pursuant to rebate agreements, and excluded from their reporting certain discounts and other rebates that would have reduced the best price. With respect to the MDL proceedings, some of the plaintiffs claims were dismissed, and the parties, including Biogen Idec, began a mediation of the outstanding claims on July 1, 2008. We have not formed an opinion that an unfavorable outcome is either probable or remote in any of these cases, and do not express an opinion at this time as to their likely outcome or as to the magnitude or range of any potential loss. We believe that we have good and valid defenses to each of these complaints and are vigorously defending against them.

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

On June 17, 2006, Biogen Idec filed a Demand for Arbitration against Genentech, Inc. with the American Arbitration Association (AAA), which Demand was amended on December 5, 2006 and on January 29, 2008. In the Demand, Biogen Idec alleged that Genentech breached the parties Amended and Restated Collaboration Agreement dated June 19, 2003 (the Collaboration Agreement), by failing to honor Biogen Idec s contractual

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

right to participate in strategic decisions affecting the parties joint development and commercialization of certain pharmaceutical products, including humanized anti-CD20 antibodies. Genentech filed an Answering Statement in response to Biogen Idec s Demand in which Genentech denied that it had breached the Collaboration Agreement and alleged that Biogen Idec had breached the Collaboration Agreement. In its Answering Statement, filed in 2006, Genentech also asserted for the first time that the November 2003 transaction in which Idec Pharmaceuticals acquired Biogen and became Biogen Idec was a change of control under the Collaboration Agreement, a position with which we disagree strongly. It is our position that the Biogen Idec merger did not constitute a change of control under the Collaboration Agreement and that, even if it did, Genentech s rights under the change of control provision, which must be asserted within ninety (90) days of the change of control event, have long since expired. We intend to vigorously assert that position if Genentech persists in making this claim. The hearing has concluded and we anticipate a decision in mid-2009. We have not formed an opinion that an unfavorable outcome is either probable or remote, and do not express an opinion at this time as to the likely outcome of the matter or as to the magnitude or range of any potential loss. We believe that we have good and valid defenses to Genentech s allegations in the arbitration and intend vigorously to defend against these allegations.

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

On October 4, 2004, Genentech, Inc. received a subpoena from the U.S. Department of Justice requesting documents related to the promotion of RITUXAN. We market RITUXAN in the U.S. in collaboration with Genentech. Genentech has disclosed that it is cooperating with the associated investigation, and that it has been advised the investigation is both civil and criminal in nature. We are cooperating with the U.S. Department of Justice in its investigation of Genentech. The potential outcome of this matter and its impact on us cannot be determined at this time.

On August 10, 2004, Classen Immunotherapies, Inc. filed suit against us, GlaxoSmithKline, Chiron Corporation, Merck & Co., Inc., and Kaiser-Permanente, Inc. in the U.S. District Court for the District of Maryland contending that we induced infringement of U.S. Patent Nos, 6,420,139, 6,638,739, 5,728,383, and 5,723,283, all of which are directed to various methods of immunization or determination of immunization schedules. All counts asserted against us by Classen were dismissed by the District Court, and the judgment in our favor was affirmed by the U.S. Court of Appeals for the Federal Circuit on December 19, 2008. The plaintiff has filed a petition for rehearing en banc, which is pending. We have not formed an opinion that an unfavorable outcome is either probable or remote, and do not express an opinion at this time as to the likely outcome of the matter or as to the magnitude or range of any potential loss. We believe that we have good and valid defenses to the plaintiff s allegations and intend to continue to vigorously defend against these allegations.

In January 2008, the European Commission (EC) began an industry-wide antitrust inquiry into competitive conditions within the pharmaceutical sector. As part of the inquiry, the EC requested information from approximately 100 companies, including Biogen Idec. The EC published a preliminary report in November 2008 and has announced that it expects to publish a final report in the spring of 2009. The potential outcome of this matter and its impact on us cannot be determined at this time.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

On October 27, 2008, Sanofi-Aventis Deutschland GmbH (Sanofi) filed suit against Genentech and Biogen Idec in federal court in Texas (E.D. Tex.) claiming that Rituxan and certain other Genentech products infringe U.S. Patents 5,849,522 (the 522 patent) and 6,218,140 (the 140 patent). Sanofi seeks preliminary and permanent injunctions, compensatory and exemplary damages, and other relief. On October 27, 2008, Genentech and Biogen Idec filed a complaint against Sanofi, Sanofi-Aventis U.S. LLC, and Sanofi-Aventis U.S. Inc. in federal court in California (N.D. Cal.) seeking a declaratory judgment that Rituxan and other Genentech products do not infringe the 522 patent or the 140 patent, and a declaratory judgment that those patents are invalid. In addition, on October 24, 2008, Hoechst GmbH filed with the ICC International Court of Arbitration (Paris) a request for arbitration against Genentech, relating to a terminated agreement between Hoechst s predecessor and Genentech that pertained to the above-referenced patents and related patents outside the U.S. Hoechst is seeking payment of royalties on sales of Genentech products, damages for breach of contract, and other relief. We have not formed an opinion that an unfavorable outcome is either probable or remote, and do not express an opinion at this time as to the likely outcome of the matters or as to the magnitude or range of any potential loss. We believe that we have good and valid defenses and intend vigorously to defend against the allegations against us.

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

20. Shareholders Equity

Preferred Stock

Preferred stock was comprised of the following (in thousands):

	December 31, 2008			December 31, 2007		
	Authorized	Issued	Outstanding	Authorized	Issued	Outstanding
Series A Preferred Stock	1,750	8	8	1,750	8	8
Series X Junior Participating Preferred Stock	1,000			1,000		
Undesignated	5,250			5,250		
	8,000	8	8	8,000	8	8

We have 8,000,000 shares of Preferred Stock authorized, of which 1,750,000 shares have been designated as Series A Preferred Stock and 1,000,000 shares have been designated as Series X Junior Participating Preferred Stock. The balance may be issued without a vote or action of stockholders from time to time in classes or series with the designations, powers, preferences, and the relative, participating, optional or other special rights of the shares of each such class or series and any qualifications, limitations or restrictions thereon as set forth in the stock certificate. Any such Preferred Stock may rank prior to common stock as to dividend rights, liquidation preference or both, and may

have full or limited voting rights and may be convertible into shares of common stock. As of December 31, 2008 and 2007, there were 8,221 shares of Series A Preferred Stock issued and outstanding. These shares carry a liquidation preference of $67 and are convertible into 60 shares of common stock per share of Preferred Stock. No other shares of Preferred Stock are issued and outstanding as of December 31, 2008 and 2007.

Stockholder Rights Plan

In January 2009, our Board of Directors voted to terminate our stockholders rights plan effective as of January 30, 2009. The plan was scheduled to expire on July 26, 2011 and was originally adopted by the Board of Directors in 1997. Under the rights plan, each share of our common stock had one right attached to it that entitled

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

the holder to purchase our Series X Junior Participating Preferred Stock under the circumstances specified in the rights plan. As a result of our Board of Director s action, no rights are outstanding or exercisable.

Stock Repurchase Programs

In October 2004, our Board of Directors authorized the repurchase of up to 20.0 million shares of our common stock. The repurchased stock will provide us with treasury shares for general corporate purposes, such as common stock to be issued under our employee equity and stock purchase plans. This repurchase program expired October 4, 2006. During 2006, we repurchased 7.5 million shares at a cost of $320.3 million. During 2005, we repurchased 7.5 million shares at a cost of $324.3 million.

In October 2006, our Board of Directors authorized the repurchase of up to an additional 20.0 million shares of our common stock. The repurchased stock will provide us with treasury shares for general corporate purposes, such as common stock to be issued under our employee equity and stock purchase plans. This repurchase program does not have an expiration date. We repurchased approximately 12.8 million shares of our common stock for $738.9 million under the share repurchase program as of December 31, 2008. Subsequent to December 31, 2008, we repurchased an additional 1.2 million shares for a cost of $57.6 million and have approximately 6.0 million shares remaining available for repurchase under this program.

Reclassification

In the year ended December 31, 2008, we reclassified amounts within the statement of shareholder s equity, resulting in an approximately $78.6 million correction in Additional Paid-in Capital and Retained Earnings (Accumulated Deficit) balances in connection with the re-issuance of treasury stock at a loss. In the year ended December 31, 2007 we reclassified amounts within the statements of stockholders equity, resulting in an approximately $48.0 million correction in the treasury stock and common stock balances.

21. Tender Offer

On June 27, 2007, pursuant to the terms of a tender offer, we accepted for payment 56,424,155 shares of our common stock at a price of $53.00 per share for a purchase price of $2,990.5 million. As the obligation of $2,990.5 million was incurred on June 27, 2007 and funded on July 2, 2007, pursuant to Statement of Financial Accounting Standards No. 150, *Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity*, or SFAS 150, we recorded the present value of the obligation of $2,988.2 million on June 27, 2007, and the $2.3 million difference between the present value of the obligation and funded amount was recognized as interest expense. We funded the tender offer through existing cash and cash equivalents of $1,490.5 million and $1,500.0 million borrowed under our short-term loan facility as described in Note 8, Indebtedness. We retired all of these shares in July 2007. In connection with this retirement, in accordance with our policy, we recorded an approximately $2,991 million reduction in treasury stock and additional paid-in-capital.

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22. Segment Information

We operate in one business segment, which is the business of development, manufacturing and commercialization of novel therapeutics for human healthcare and, therefore, our chief operating decision-maker manages the operations of our Company as a single operating segment. Enterprise-wide disclosures about product revenues, other revenues and long-lived assets by geographic area and information relating to major customers are presented below. Revenues are primarily attributed to individual countries based on location of the customer or licensee.

Revenue by product is as follows (in millions):

	Year Ended December 31,								
	2008			2007			2006		
	US	Rest of World	Total	US	Rest of World	Total	US	Rest of World	Total
AVONEX	$ 1,276.5	$ 926.1	$ 2,202.6	$ 1,085.0	$ 782.8	$ 1,867.8	$ 1,022.2	$ 684.5	$ 1,706.7
AMEVIVE		0.3	0.3	0.3	0.4	0.7	5.0	6.5	11.5
ZEVALIN		4.8	4.8	13.9	3.0	16.9	16.4	1.4	17.8
FUMADERM		43.4	43.4		21.5	21.5		9.5	9.5
TYSABRI	196.4	392.2	588.6	104.4	125.5	229.9	25.9	9.9	35.8
Total product revenues	$ 1,472.9	$ 1,366.8	$ 2,839.7	$ 1,203.6	$ 933.2	$ 2,136.8	$ 1,069.5	$ 711.8	$ 1,781.3

Our geographic information is as follows (in millions):

December 31, 2008	US	Europe	Germany	Asia	Other	Total
Product revenues from external customers	$ 1,472.9	$ 822.6	$ 354.5	$ 36.5	$ 153.2	$ 2,839.7
Revenues from unconsolidated joint business	$ 793.2	$ 272.3	$	$ 21.7	$ 41.0	$ 1,128.2
Other revenues from external customers	$ 96.5	$ 32.8	$ 0.3	$	$	$ 129.6
Long-lived assets	$ 1,111.2	$ 658.8	$ 2.5	$ 4.2	$ 1.2	$ 1,777.9

In 2008, we recorded revenue from two wholesale distributors accounting for a total of 16.2% and 13.1% of product revenue, respectively.

December 31, 2007	US	Europe	Germany	Asia	Other	Total
Product revenues from external customers	$ 1,203.6	$ 565.9	$ 231.1	$ 4.2	$ 132.0	$ 2,136.8
Revenues from unconsolidated joint business	$ 675.3	$ 200.2	$	$ 18.1	$ 32.5	$ 926.1
Other revenues from external customers	$ 78.1	$ 27.0	$ 0.4	$ 3.2	$	$ 108.7
Long-lived assets	$ 1,145.7	$ 494.9	$ 2.6	$ 3.5	$ 2.0	$ 1,648.7

In 2007, we recorded revenue from two wholesale distributors accounting for a total of 19.4% and 15.2% of total product revenue, respectively.

December 31, 2006	US	Europe	Germany	Asia	Other	Total
Product revenues from external customers	$ 1,069.5	$ 455.2	$ 135.8	$ 0.4	$ 120.4	$ 1,781.3
Revenues from unconsolidated joint business	$ 616.8	$ 150.2	$	$ 16.7	$ 27.2	$ 810.9
Other revenues from external customers	$ 61.4	$ 18.8	$ 0.1	$ 10.5	$	$ 90.8

In 2006, we recorded revenue from one specialty distributor and three wholesale distributors accounting for a total of 15%, 18%, 14%, and 12% of total product revenue, respectively.

Approximately 28%, 29%, and 30% of our total revenues in 2008, 2007, and 2006, respectively, are derived from our joint business arrangement with Genentech (see Note 17, Unconsolidated Joint Business Arrangement). Included in long lived assets in Europe at December 31, 2008 and 2007 is approximately $611.5 million and $480.5 million, respectively, related to our operations in Denmark.

In 2008, we discovered that amounts previously disclosed in our 2007 financial statements for long-lived assets in the US, Europe, Asia and Other of $1,021.3 million, $1,516.6 million, $3.1 million, and $89.7 million, respectively, inappropriately included long-term marketable securities, as well as misclassifications in geographic categories, principally between the US and Europe.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23. Severance and Other Restructuring Costs

During 2008, we incurred $5.0 million in restructuring costs, primarily related to the reorganization of our legal structure and the consolidation of certain organizational functions, which are included in research and development and selling, general and administrative expense. During 2007, we incurred $1.8 million in restructuring costs, primarily related to the Syntonix acquisition and the ZEVALIN divestiture, which are included in selling, general and administrative expense. During 2006, we incurred restructuring costs associated with acquisitions and planned dispositions. Specifically, we incurred $1.2 million in severance costs associated with the acquisition of Conforma, and $1.7 million related in headcount reductions related to the planned disposition of our ZEVALIN product line. At December 31, 2008, there are no material remaining restructuring accruals on our consolidated balance sheets.

24. Guarantees

At December 31, 2008, we have no liabilities recorded for guarantees, as defined by No. 45, *Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, an interpretation of FASB Statements No. 5, 57, and 107 and Rescission of FASB Interpretation No. 34,* or FIN 45, as the value of our guarantees are not material.

We enter into indemnification provisions under our agreements with other companies in the ordinary course of business, typically with business partners, contractors, clinical sites and customers. Under these provisions, we generally indemnify and hold harmless the indemnified party for losses suffered or incurred by the indemnified party as a result of our activities. These indemnification provisions generally survive termination of the underlying agreement. The maximum potential amount of future payments we could be required to make under these indemnification provisions is unlimited. However, to date we have not incurred material costs to defend lawsuits or settle claims related to these indemnification provisions. As a result, the estimated fair value of these agreements is minimal. Accordingly, we have no liabilities recorded for these agreements as of December 31, 2008.

In connection with the relocation from leased facilities to our research campus in San Diego, California, we entered into a lease assignment, in January 2005, with Tanox West, Inc., or Tanox, for a manufacturing facility in San Diego for which we had outstanding lease obligations through September 2008. This lease has expired and as of December 31, 2008, we have no obligations under this lease.

25. Facility Impairments and Loss (Gain) on Dispositions

In 2008, as part of the lease agreement described in Note 18, Commitments and Contingencies, we sold the development rights on a parcel of land in Cambridge, MA for $11.4 million in a non monetary transaction and we recorded a pre-tax gain of approximately $9.2 million on the sale. In December 2006, we completed the sale of a research building at our Cambridge, Massachusetts facility. Proceeds from the sale were approximately $39.5 million. We recorded a pre-tax gain of $15.6 million on the sale. We continue to occupy a minor portion of the building under a leasing arrangement. In April 2006, we sold the worldwide rights and other assets of AMEVIVE for $59.8 million, including $43.7 million of inventory on hand, to Astellas Pharma US, Inc. As of December 31, 2005, our AMEVIVE assets held for sale included $8.0 million, net, related to intangible assets, and $5.4 million of property, plant and equipment, net, and were reported separately in current assets on the consolidated balance sheet. The pre-tax gain on

this sale of approximately $2.8 million was deferred and is being recognized over the period of a related long-term supply contract. In February 2006, we sold our clinical manufacturing facility in Oceanside, California, known as NICO. The assets associated with the facility were included in assets held for sale on our consolidated balance sheet as of December 31, 2005. Total consideration was $29.0 million. In 2005, we recorded impairment charges totaling $28.0 million to reduce the carrying value of NICO to its net realizable value. No additional loss resulted from completion of the sale.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Quarterly Financial Data (Unaudited)

	First Quarter(e)	Second Quarter	Third Quarter	Fourth Quarter	Total Year
	(In millions, except per share amounts)				
2008					
Total revenues	$ 942.2	$ 993.4	$ 1,093.0	$ 1,068.9	$ 4,097.5
Product revenue	665.1	684.5	758.3	731.8	2,839.7
Unconsolidated joint business revenue	247.2	278.8	299.0	303.2	1,128.2
Other revenue	29.9	30.1	35.7	33.9	129.6
Total expenses and taxes	779.5	781.4	861.5	827.7	3,249.7
Other income, net	0.4	(5.5)	(24.7)	(34.9)	(64.7)
Net income	163.1	206.6	206.8	206.7	783.2
Basic earnings per share	0.55	0.71	0.71	0.71	2.67
Diluted earnings per share	0.54	0.70	0.70	0.70	2.65

	First Quarter(a)	Second Quarter	Third Quarter (b),(c)	Fourth Quarter(d)	Total Year
	(In millions, except per share amounts)				
2007					
Total revenues	$ 715.9	$ 773.2	$ 789.2	$ 893.3	$ 3,171.6
Product revenue	484.4	518.6	529.6	604.2	2,136.8
Unconsolidated joint business revenue	207.2	230.6	234.6	253.7	926.1
Other revenue	24.3	24.0	25.0	35.4	108.7
Total expenses and taxes	606.1	618.6	714.7	724.8	2,664.2
Other income, net	21.7	31.5	44.9	32.7	130.8
Net income	131.5	186.1	119.4	201.2	638.2
Basic earnings per share	0.39	0.55	0.41	0.68	2.02
Diluted earnings per share	0.38	0.54	0.41	0.67	1.99

(a) The first quarter of 2007 includes a charge of $18.4 million for in-process research and development related to the acquisition of Syntonix.

(b) The third quarter of 2007 includes a charge of approximately $30 million for in-process research and development related to our collaboration with Cardiokine Biopharma LLC. This amount was offset by minority interest income of approximately $30 million, representing the value of the underlying technology retained by the parent company of Cardiokine Biopharma LLC.

(c) In July 2007, we purchased 56,424,155 shares of our common stock pursuant to a tender offer. We funded the transaction in July 2007 through existing cash and cash equivalents of $1,490.5 million and by obtaining a short term loan for $1,500.0 million.

(d) The fourth quarter of 2007 includes a charge of $34.3 million for in-process research and development related to our collaboration with Neurimmune. This amount was offset by minority interest income of $34.3 million, representing the value of the underlying technology retained by the parent company of Neurimmune.

(e) The first quarter of 2008 includes a charge of $25.0 million for in process research and development related to a milestone payment made to the former stockholders of Conforma pursuant to our acquisition of Conforma in 2006.

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27. New Accounting Pronouncements

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

On December 12, 2007, EITF 07-01, *Accounting for Collaborative Arrangements Related to the Development and Commercialization of Intellectual Property*, or EITF 07-01, was issued. EITF- 07-01 prescribes the accounting for collaborations. It requires certain transactions between collaborators to be recorded in the income statement on either a gross or net basis within expenses when certain characteristics exist in the collaboration relationship. EITF 07-01 is effective for all of our collaborations existing after January 1, 2009. The adoption of this standard will not have a material impact on our financial statements or results of operations.

On December 4, 2007, Statement of Financial Standard No. 141(R), *Business Combinations*, or SFAS 141(R), was issued. This Standard will require an acquiring company to measure all assets acquired and liabilities assumed, including contingent considerations and all contractual contingencies, at fair value as of the acquisition date. In addition, an acquiring company is required to capitalize IPR&D and either amortize it over the life of the product, or write it off if the project is abandoned or impaired. The Standard is effective for transactions occurring on or after January 1, 2009. We have not determined the effect that the adoption of SFAS 141(R) will have on our consolidated financial statements, but the effect will generally be limited to future acquisitions in 2009, except for certain tax treatment of previous acquisitions. SFAS 141(R) amended FASB Statement No. 109, Accounting for Income Taxes (SFAS 109), and FIN 48. Previously, SFAS 109 and FIN 48, respectively, generally required post-acquisitions adjustments to business combination related deferred tax asset valuation allowances and liabilities related to uncertain tax positions to be recorded as an increase or decrease to goodwill. SFAS 141(R) does not permit this accounting and generally will require any such changes to be recorded in current period income tax expense. Thus, after SFAS 141(R) is adopted, all changes to valuation allowances and liabilities related to uncertain tax positions established in acquisition accounting (whether the combination was accounted for under SFAS 141 or SFAS 141(R)) must be recognized in current period income tax expense.

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

On March 19, 2008, Statement of Financial Accounting Standard No. 161, Disclosures About Derivative Instruments and Hedging Activities, or SFAS 161, was issued. This Standard enhances the disclosure requirements for derivative instruments and hedging activities. This Standard is effective January 1, 2009. Since SFAS No. 161 requires only

additional disclosures concerning derivatives and hedging activities, adoption of SFAS No. 161 will not affect our financial condition, results of operations or cash flows.

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

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To Board of Directors and Shareholders of Biogen Idec Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders equity and cash flows present fairly, in all material respects, the financial position of Biogen Idec Inc. and its subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note 15 to the consolidated financial statements, the Company changed the manner in which it accounts for income tax contingencies in 2007.

A company s internal control over financial reporting is a process designed 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. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts
February 6, 2009

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EXHIBIT INDEX

Exhibit No.	Description^
3.1	Amended and Restated Certificate of Incorporation. Filed as Exhibit 3.1 to our Annual Report on Form 10-K for the year ended December 31, 2003.
3.2	Certificate of Amendment to the Amended and Restated Certificate of Incorporation dated May 21, 2001. Filed as Exhibit 3.2 to our Annual Report on Form 10-K for the year ended December 31, 2003.
3.3	Certificate Increasing the Number of Authorized Shares of Series X Junior Participating Preferred Stock dated July 26, 2001. Filed as Exhibit 3.3 to our Annual Report on Form 10-K for the year ended December 31, 2003.
3.4	Certificate of Amendment to the Amended and Restated Certificate of Incorporation dated November 12, 2003. Filed as Exhibit 3.4 to our Annual Report on Form 10-K for the year ended December 31, 2003.
3.5	Second Amended and Restated Bylaws. Filed as Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008.
4.1	Reference is made to Exhibit 3.1 for a description of the rights, preferences and privileges of our Series A Preferred Stock and Series X Junior Participating Preferred Stock
4.2	Amended and Restated Rights Agreement between Biogen Idec and Mellon Investor Services LLC dated as of July 26, 2001. Filed as Exhibit 4.1 to an amendment to our Registration Statement on Form 8-A filed on July 27, 2001.
4.3	Amendment No. 1 to Amended and Restated Rights Agreement between Biogen Idec and Mellon Investor Services LLC dated as of June 20, 2003. Filed as Exhibit 4.1 to our Current Report on Form 8-K filed on June 23, 2003.
4.4+	Amendment No. 2 to Amended and Restated Rights Agreement between Biogen Idec and Mellon Investor Services LLC dated as of January 22, 2009.
10.1	Credit Agreement among Biogen Idec, Bank of America, N.A. as administrative agent, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Goldman Sachs Credit Partners L.P. as co-syndication agents, and the other lenders party thereto dated June 29, 2007. Filed as Exhibit 99.2 to our Current Report on Form 8-K filed on July 2, 2007.
10.2	Indenture between Biogen Idec and The Bank of New York Trust Company, N.A. dated as of February 26, 2008. Filed as Exhibit 4.1 to our Registration Statement on Form S-3 (File No. 333-149379).
10.3	First Supplemental Indenture between Biogen Idec and The Bank of New York Trust Company, N.A. dated as of March 4, 2008. Filed as Exhibit 4.1 to our Current Report on Form 8-K filed on March 4, 2008.
10.4	Expression Technology Agreement between Biogen Idec and Genentech. Inc. dated March 16, 1995. Filed as an exhibit to Biogen Idec s Quarterly Report on Form 10-Q for the quarter ended March 31, 1995.
10.5	Letter Agreement between Biogen Idec and Genentech, Inc. dated May 21, 1996. Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on June 6, 1996.
10.6	Amended and Restated Collaboration Agreement between Biogen Idec and Genentech, Inc. dated June 19, 2003. Filed as Exhibit 99.1 to our Current Report on Form 8-K filed on July 31, 2003.
10.7	Purchase and Sale Agreement and Joint Escrow Instructions between Biogen Idec and Genentech, Inc. dated as of June 16, 2005. Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2005.
10.8	ANTEGREN (now TYSABRI) Development and Marketing Collaboration Agreement between Biogen Idec and Elan Pharma International Limited dated August 15, 2000. Filed as Exhibit 10.48 to

Biogen, Inc. s Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 0-12042) and incorporated herein by reference.

10.9 License Agreement between Biogen Idec and Coulter Immunology (now Corixa Corporation) dated May 16, 1991. Filed as an exhibit to our Registration Statement on Form S-1 (File No. 33-40756).

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Exhibit No.	Description^
10.10	Collaboration & License Agreement between Biogen Idec and Schering Aktiengesellschaft dated June 9, 1999. Filed as Exhibit 10.10 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999.
10.11	Cambridge Center Lease between Mortimer Zuckerman, Edward H. Linde and David Barrett, as Trustees of Fourteen Cambridge Center Trust, and B. Leasing, Inc. dated October 4, 1982. Filed as an exhibit to Biogen, Inc. s Registration Statement on Form S-1 (File No. 2-81689) and incorporated herein by reference.
10.12	First Amendment to Lease dated January 19, 1989, amending Cambridge Center Lease dated October 4, 1982. Filed as an exhibit to Biogen, Inc. s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 0-12042) and incorporated herein by reference.
10.13	Second Amendment to Cambridge Center Lease dated March 8, 1990. Filed as an exhibit to Biogen, Inc. s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 0-12042) and incorporated herein by reference.
10.14	Third Amendment to Cambridge Center Lease dated September 25, 1991. Filed as an exhibit to Biogen, Inc. s Annual Report on Form 10-K for the year ended December 31, 1992 (File No. 0-12042) and incorporated herein by reference.
10.15	Fourth Amendment to Cambridge Center Lease dated October 6, 1993. Filed as an exhibit to Biogen, Inc. s Annual Report on Form 10-K for the year ended December 31, 1997 (File No. 0-12042) and incorporated herein by reference.
10.16	Fifth Amendment to Cambridge Center Lease dated October 9, 1997. Filed as an exhibit to Biogen, Inc. s Annual Report on Form 10-K for the year ended December 31, 1997 (File No. 0-12042) and incorporated herein by reference.
10.17	Lease agreement between Biogen Idec BV and TUG Vastgoed B.V. dated as of September 24, 2004. Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on September 29, 2004.
10.18*	Biogen Idec Inc. 2008 Omnibus Equity Plan. Filed as Appendix A to our Definitive Proxy Statement on Schedule 14A filed on May 8, 2008.
10.19*+	Amendment to Biogen Idec Inc. 2008 Omnibus Equity Plan dated October 13, 2008.
10.20*	Form of restricted stock unit award agreement under the Biogen Idec Inc. 2008 Omnibus Equity Plan. Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on August 1, 2008.
10.21*	Form of nonqualified stock option award agreement under the Biogen Idec Inc. 2008 Omnibus Equity Plan. Filed as Exhibit 10.2 to our Current Report on Form 8-K filed on August 1, 2008.
10.22*	Biogen Idec Inc. 2006 Non-Employee Directors Equity Plan. Filed as Appendix A to our Definitive Proxy Statement on Schedule 14A filed on April 14, 2006.
10.23*	Amendment to the Biogen Idec Inc. 2006 Non-Employee Directors Equity Plan dated October 11, 2006. Filed as Exhibit 10.45 to our Annual Report on Form 10-K for the year ended December 31, 2007.
10.24*	Amendment to Biogen Idec Inc. 2006 Non-Employee Directors Equity Plan dated April 18, 2008. Filed as Exhibit 10.8 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008.
10.25*+	Amendment to Biogen Idec Inc. 2006 Non-Employee Directors Equity Plan dated October 13, 2008.
10.26*	Biogen Idec Inc. 2005 Omnibus Equity Plan. Filed as Appendix A to our Definitive Proxy Statement on Schedule 14A filed on April 15, 2005.
10.27*	Amendment No. 1 to the Biogen Idec Inc. 2005 Omnibus Equity Plan dated April 4, 2006. Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007.
10.28*	Amendment No. 2 to the Biogen Idec Inc. 2005 Omnibus Equity Plan dated February 12, 2007. Filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2007.
10.29*	

	Amendment to the Biogen Idec Inc. 2005 Omnibus Equity Plan dated April 18, 2008. Filed as Exhibit 10.7 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008.
10.30*+	Amendment to Biogen Idec Inc. 2005 Omnibus Equity Plan dated October 13, 2008.
10.31*	Biogen Idec Inc. 2003 Omnibus Equity Plan. Filed as Exhibit 10.73 to our Current Report on Form 8-K filed on November 12, 2003.

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Exhibit No.	Description^
10.32*	Amendment to Biogen Idec Inc. 2003 Omnibus Equity Plan. Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2005.
10.33*	Amendment to Biogen Idec Inc. 2003 Omnibus Equity Plan dated April 18, 2008. Filed as Exhibit 10.6 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008.
10.34*+	Amendment to Biogen Idec Inc. 2003 Omnibus Equity Plan dated October 13, 2008.
10.35*	Biogen Idec Inc. 1995 Employee Stock Purchase Plan as amended and restated effective April 6, 2005. Filed as Appendix B to our Definitive Proxy Statement on Schedule 14A filed on April 15, 2005.
10.36*	IDEC Pharmaceuticals Corporation 1993 Non-Employee Directors Stock Option Plan, as amended and restated through February 19, 2003. Filed as Appendix B to our Definitive Proxy Statement on Schedule 14A filed on April 11, 2003.
10.37*	Amendment to IDEC Pharmaceuticals Corporation 1993 Non-Employee Directors Stock Option Plan dated April 18, 2008. Filed as Exhibit 10.5 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008.
10.38*	IDEC Pharmaceuticals Corporation 1988 Stock Option Plan, as amended and restated through February 19, 2003. Filed as Appendix A to our Definitive Proxy Statement on Schedule 14A filed on April 11, 2003.
10.39*	Amendment to the IDEC Pharmaceuticals Corporation 1988 Stock Option Plan dated April 16, 2004. Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2004.
10.40*	Amendment to IDEC Pharmaceuticals Corporation 1988 Stock Option Plan dated April 18, 2008. Filed as Exhibit 10.4 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008.
10.41*	Biogen, Inc. 1987 Scientific Board Stock Option Plan (as amended and restated through February 7, 2003). Filed as Exhibit 10.22 to Biogen, Inc. s Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 0-12042) and incorporated herein by reference.
10.42*	Amendment to Biogen, Inc. 1987 Scientific Board Stock Option Plan dated April 18, 2008. Filed as Exhibit 10.3 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008.
10.43*	Biogen, Inc. 1985 Non-Qualified Stock Option Plan, as amended and restated through April 11, 2003. Filed as Exhibit 10.22 to our Annual Report on Form 10-K for the year ended December 31, 2007.
10.44*	Amendment to Biogen, Inc. 1985 Non-Qualified Stock Option Plan dated April 18, 2008. Filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2008.
10.45*+	Amendment to Biogen, Inc. 1985 Non-Qualified Stock Option Plan dated October 13, 2008.
10.46*	Biogen Idec Inc. 2008 Performance-Based Management Incentive Plan. Filed as Appendix B to Biogen Idec s Definitive Proxy Statement on Schedule 14A filed on May 8, 2008.
10.47*	Biogen Idec Inc. 2003 Performance-Based Management Incentive Plan. Filed as Exhibit 10.74 to our Current Report on Form 8-K filed on November 12, 2003.
10.48*	Voluntary Executive Supplemental Savings Plan, as amended and restated effective January 1, 2004. Filed as Exhibit 10.13 to our Annual Report on Form 10-K for the year ended December 31, 2003.
10.49*	Supplemental Savings Plan, as amended and restated effective January 1, 2008. Filed as Exhibit 10.55 to our Annual Report on Form 10-K for the year ended December 31, 2007.
10.50*	Voluntary Board of Directors Savings Plan, as amended and restated effective January 1, 2008. Filed as Exhibit 10.56 to our Annual Report on Form 10-K for the year ended December 31, 2007.
10.51*+	Biogen Idec Inc. Executive Severance Policy U.S. Executive Vice President, as amended effective October 13, 2008.
10.52*+	Biogen Idec Inc. Executive Severance Policy International Executive Vice President, as amended effective October 13, 2008.

10.53*+	Biogen Idec Inc. Executive Severance Policy	U.S. Senior Vice President, as amended effective October 13, 2008.
10.54*+	Biogen Idec Inc. Executive Severance Policy	International Senior Vice President, as amended effective October 13, 2008.
10.55*	Annual Retainer Summary for Board of Directors. Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2008.	

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Exhibit No.	Description^
10.56*	Form of indemnification agreement for directors. Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on October 17, 2008.
10.57*	Employment Agreement between Biogen Idec and James C Mullen dated as of June 20, 2003. Filed as Exhibit 10.2 to our Registration Statement on Form S-4 (File No. 333-107098).
10.58*	First Amendment to Employment Agreement between Biogen Idec and James C. Mullen dated February 7, 2006. Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on February 10, 2006.
10.59*+	Second Amendment to Employment Agreement between Biogen Idec and James C. Mullen dated as of December 4, 2008.
10.60*	Letter regarding employment arrangement of Paul J. Clancy dated August 17, 2007. Filed as Exhibit 10.49 to our Annual Report on Form 10-K for the year ended December 31, 2007.
10.61*+	Employment Agreement between Biogen Idec Management Services GmbH and Hans Peter Hasler dated October 15, 2008.
10.62*	Letter regarding employment arrangement of Cecil B. Pickett dated June 21, 2006. Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2006.
10.63*+	First Amendment to Employment Agreement between Biogen Idec and Cecil B. Pickett dated October 28, 2008.
10.64*	Letter agreement regarding employment arrangement of Robert Hamm dated October 15, 2007. Filed as Exhibit 10.50 to our Annual Report on Form 10-K for the year ended December 31, 2007.
10.65*	Letter regarding employment arrangement of Craig E. Schneier dated October 8, 2001. Filed as Exhibit 10.53 to our Annual Report on Form 10-K for the year ended December 31, 2005.
10.66*+	First Amendment to Employment Agreement between Biogen Idec and Craig E. Schneier dated October 8, 2008.
21+	Subsidiaries
23.1+	Consent of PricewaterhouseCoopers LLP an Independent Registered Public Accounting Firm
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 of the Chief Executive Officer and the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

^ Reference to our filings mean filings made by Biogen Idec Inc. and filings made by IDEC Pharmaceuticals Corporation prior to the merger with Biogen, Inc. Unless otherwise indicated, exhibits were previously filed with the Securities and Exchange Commission under Commission File Number 0-19311 and are incorporated herein by reference.

* Management contract or compensatory plan or arrangement.

Confidential Treatment has been granted with respect to portions of this agreement.

\+ Filed herewith.

++ Furnished herewith.

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