

TOP 10 BIOPHARMA

08 Biogen Idec
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HEADCOUNT	4,200
YEAR ESTABLISHED	2003
BIOPHARMA REVENUES	\$3,063 +19%
ROYALTY REVENUES	\$102 +19%
TOTAL REVENUES	\$3,172 +18%
NET INCOME	\$638 +193%
R&D BUDGET	\$925 +29%

DRUGS APPROVED/LAUNCHED

<i>Drug</i>	<i>Indication</i>
rituxan	non-Hodgkin's b-cell lymphoma, anti-tnf refractory rheumatoid arthritis
avonex	multiple sclerosis – relapsing forms, monosymptomatic
tysabri	MS – monotherapy for relapsing forms, Crohn's disease
fumaderm	psoriasis (Germany)

DRUGS IN PHASE IIB AND BEYOND

<i>Drug</i>	<i>Indication</i>
rituxan	chronic lymphocytic leukemia, MS – primary progressive, rheumatoid arthritis, lupus
anti-cd80 mAb	non-Hodgkin's B-cell lymphoma
dimethyl fumarate humanized anti-cd20 mAb	MS – relapsing forms rheumatoid arthritis
lixivaptan	acute heart failure with hyponatremia

EARLY RESEARCH PROJECTS

<i>Drug</i>	<i>Indication</i>
anti-cripto mAb	solid tumors
tysabri	multiple myeloma
neublastin	neuropathic pain
lingo	MS
anti-cd40L	lupus
anti-tweak	rheumatoid arthritis
long acting rfactor IX	hemophilia B
long acting rfactor VIII	hemophilia A

TOP SELLING DRUGS

<i>Drug</i>	<i>Indication</i>	<i>\$</i>	<i>(+/- %)</i>
Avonex	MS	\$1,868	9%
Rituxan	NHL	\$926	14%
Tysabri	MS	\$230	539%

Account for 99% of total pharma sales, same as in 2006.

IT'S BEEN A HELTER-SKELTER YEAR for Biogen Idec. The company celebrated its 30th anniversary (well, Biogen's 30th; Idec is a little younger) in May 2008, but only reached that event after failing to consummate a buyout it never really wanted to pursue.

In October 2007, the board announced it was open to selling the company off. Given the prices smaller biopharmas have fetched — \$15.5 billion for MedImmune? — it made sense to explore the market. Two months later, the company decided it would stay independent. This announcement incurred the wrath of shareholder Carl Icahn, who was pushing for a buy-out all along. Mr. Icahn has gone on to accuse Biogen's board of misrepresenting and undermining the sales process. The board shot back with some pretty pointed comments about Mr. Icahn's lack of ideas for improving shareholder value, as the two parties battled over a slate of directors.

Outside of the boardroom fights, how did Biogen Idec perform last year? Not bad! Tysabri began its belated climb up the MS market, Avonex continued to lead the company (despite falling to 9% growth in 2007), and co-promotion revenues and royalties from Rituxan almost reached \$1.0 billion.

A month before the sell-out process began, Biogen launched a series of 2010 goals; evidently, the company's "2015 Vision" became a little blurry. The new targets include

- reaching a 15% compound annual growth rate for revenues,

- sustaining sales of Avonex,
- expanding Rituxan into autoimmune indications,
- getting 100,000 patients on Tysabri,
- getting international business to account for 40% of revenues, and
- launching four new products or major indications and getting six more products into late-stage trials.

The existing product goals have been hit and miss. Avonex sales were up 19% in 1Q08, but Biogen and partner Genentech announced in April 2008 that Rituxan missed end-points in clinical trials against Lupus and MS. Still, the company (with partner Elan) did manage to get Tysabri approved for second line treatment for Crohn's disease and finished 1Q08 with 26,000 patients using the drug.

Anticipating large growth in Tysabri's market, Biogen is finishing up a \$300 million large-scale manufacturing facility in Denmark, slated to come online in 2009. Biogen Idec and Elan recently published data showing no new cases of PML, the complication that resulted in Tysabri's suspension from the market in 2004. Biogen's share of Tysabri sales in 1Q08 hit \$115 million, up 283%.

In June 2008, Biogen Idec's shareholders voted down Mr. Icahn's proposed slate of directors, so the company may have gained some traction to pursue those 2010 goals. ■