

2006 HIGHLIGHTS

FEBRUARY 2006

FDA approves RITUXAN – the first targeted B-cell therapy for treatment of moderate-to-severe Rheumatoid Arthritis (RA).

FDA approves RITUXAN for first-line treatment of diffuse large B-cell lymphoma.

MAY 2006

Biogen Idec expands oncology pipeline with acquisition of Conforma Therapeutics.

JUNE 2006

TYSABRI reintroduced in the U.S. for relapsing forms of Multiple Sclerosis (MS) and approved in EU for relapsing remitting forms of MS.

SEPTEMBER 2006

Cecil B. Pickett joins Biogen Idec as President, Research & Development.

FDA approves two new indications for RITUXAN in patients with non-Hodgkin's lymphoma.

NOVEMBER 2006

Biogen Idec extends commercial capabilities in Asia with the introduction of AVONEX to Japanese MS community.

SAFE HARBOR This Annual Report contains forward-looking statements regarding expected future financial results, the size and growth of the markets for our products, and plans for our product development programs. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from that which we expect. Important factors that could cause our actual results to differ include our continued dependence on our two principal products, the uncertainty of success in commercializing other products including the launch of TYSABRI, the occurrence of adverse safety events with our products, the failure to execute our growth strategy successfully or to compete effectively in our markets, our dependence on collaborations over which we may not always have full control, possible adverse impact of government regulation and changes in the availability of reimbursement for our products, problems with our manufacturing processes and our reliance on third parties, fluctuations in our operating results, our ability to protect our intellectual property rights and the cost of doing so, the risks of doing business internationally and the other risks and uncertainties that are described in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K filed in February, 2007. These forward-looking statements speak only as of the date of this Annual Report, and we do not undertake any obligation to publicly update any forward-looking statements, whether as a result of new information, future events, or otherwise. All of the Company's SEC filings are available at the SEC's website, www.sec.gov, or upon request from the Company's Investor Relations Department (617.679.2812).

Dear Fellow Shareholders,

During 2006, we continued to pursue our mission of developing innovative treatment options for patients with high unmet medical needs, and we achieved a great deal:

- Our two leading therapies – AVONEX® (interferon beta-1a) and RITUXAN® (rituximab) – generated very strong financial results and maintained their rankings among the top 10 biotechnology products sold worldwide.
- The re-launch of TYSABRI® (natalizumab) in multiple sclerosis (MS) proceeded well, positioning that product to contribute increasingly to our revenue growth, and we successfully launched RITUXAN in rheumatoid arthritis (RA), another indication where there is high unmet medical need.
- We made significant investments to advance our product pipeline, and established momentum in our efforts to expand within and beyond our core therapeutic areas of neurology, oncology and immunology.
- Finally, we put in place a new strategic framework, called “2015 Vision,” that will enable Biogen Idec to continue to transform scientific discoveries into advances in human healthcare, and generate value for our shareholders over the next decade.

FINANCIAL OVERVIEW

In 2006, revenues grew to more than \$2.68 billion – an increase of approximately 11% over the prior year. As was the case in 2005, this revenue growth resulted primarily from the performance of AVONEX and RITUXAN. Revenues for AVONEX, the number one prescribed therapy for MS, were \$1.71 billion, up 11% from 2005. Unconsolidated joint business revenues related to RITUXAN, the world’s leading therapy for certain types of B-cell non-Hodgkin’s lymphoma (NHL)

and marketed for the first time in 2006 for RA, grew by 14% to \$811 million. We market RITUXAN in the United States in collaboration with Genentech, Inc.

We also recognized revenues of \$36 million related to TYSABRI, a therapy for the treatment of relapsing forms of MS, on which we collaborate with Elan Corporation. TYSABRI was re-launched in the U.S. and launched in Europe in the third quarter. By February 2007, nearly 10,000 patients worldwide had been prescribed with the product. Launches of TYSABRI in additional countries are continuing in 2007, creating further momentum. With more than 400,000 patients being treated today for MS, and many thousands who have abandoned treatment for various reasons, there is increasing interest by physicians and patients who are impressed by TYSABRI’s convenient dosing regimen and efficacy, including its 67% reduction in relapses, sustained over two years, as demonstrated in U.S. clinical trials. As such, we expect to see an acceleration of TYSABRI’s sales over time.

Biogen Idec maintained financial discipline throughout 2006. We completed several restructuring initiatives designed to give the company even greater flexibility to invest in external growth opportunities to augment our product pipeline. These initiatives included divesting our psoriasis product AMEVIVE® (alefacept) and selling several other assets.

In 2006, our business generated operating cash flow of more than \$841 million and, at the end of the year, we had \$2.3 billion in cash and marketable securities. During the year, we repurchased 7.5 million shares at a total cost of \$320 million, and were authorized by the board of directors to repurchase up to an additional 20 million shares of our common stock.

“2015 VISION” STRATEGY LAUNCHED

Even as we achieved strong operational, commercial and financial performance in 2006, we took a hard look during the year at the present operating environment and, more importantly, trends in the global biotechnology and pharmaceutical industries that are expected to unfold over time.

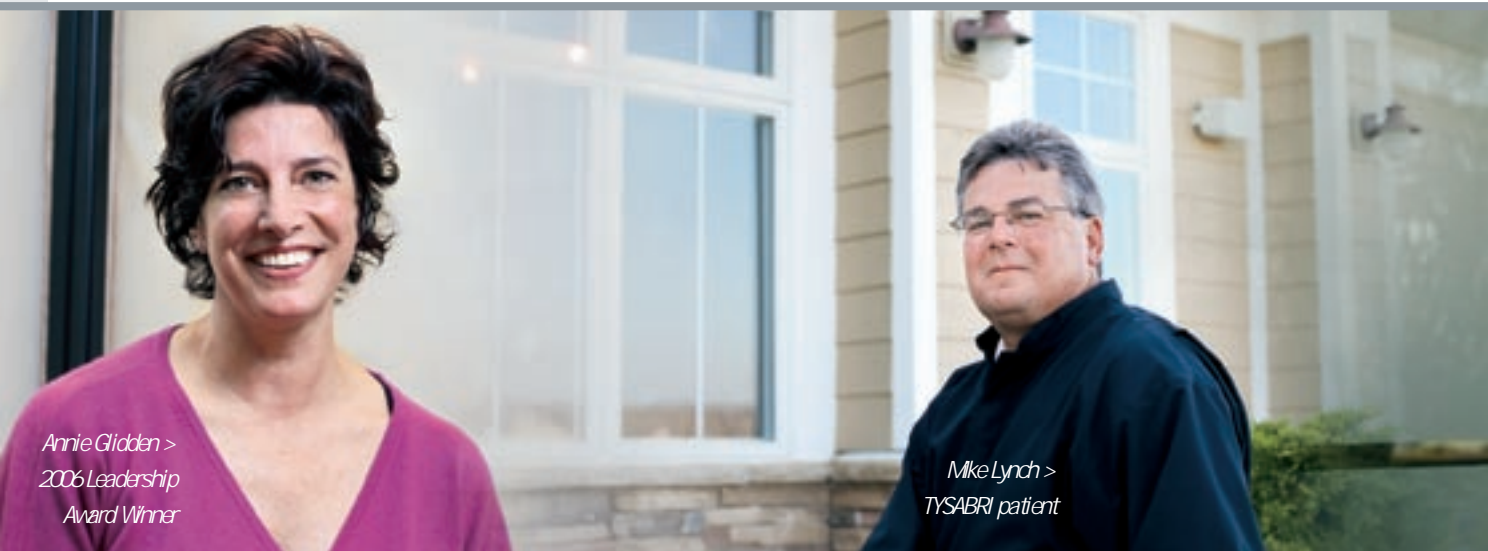
These trends include the slowing growth of the global biotechnology and pharmaceutical industries within North America, Europe and Japan due to changing regulatory and managed care markets. By contrast, rapidly developing economies, such as those in India and China, are increasing in importance. We expect to see significant continued change across the Research & Development (R&D) and commercial landscape in our industry over the next 10 years and beyond.

To enable Biogen Idec to capture the opportunities and navigate the challenges of the next decade, we have adopted a well-defined operational strategy, which we call our “2015 Vision.” We intend to:

- Grow our core therapeutic areas.
- Advance Biogen Idec into new therapeutic areas.
- Expand our global footprint.
- Further develop our people and culture.
- Bring valuable products to our patients, who are at the center of all that we do.

In 2006, we made considerable progress in each of these areas.

Most notably, in the area of expanding our core therapeutic areas, we advanced three drug programs into late-stage clinical trials. The first, BG-12, is an oral fumarate being studied for the treatment of MS and psoriasis, which we developed jointly with Fumapharm AG. In May, we announced with Fumapharm positive results from a Phase II study designed to evaluate the efficacy and safety of BG-12 in patients with relapsing-remitting MS. We have since advanced BG-12 into Phase III clinical trials. This further enhances our broad pipeline within MS, where we already have the world’s leading franchise with AVONEX,



Annie Glidden >
2006 Leadership
Award Winner

Mike Lynch >
TYSABRI patient

We create value for our patients, who are at the center of all that we do.

the most prescribed MS therapy, and TYSABRI, which offers patients a new level of efficacy.

For the treatment of cancer, we advanced two drug programs in 2006: Galiximab, an anti-CD80 monoclonal antibody for non-Hodgkin's lymphoma, and Lumiliximab, an anti-CD23 antibody for chronic lymphocytic leukemia.

We are also seeking to grow our current core therapeutic areas via 'lifecycle management' – that is, by expanding the labels of our existing therapies. RITUXAN, a therapy with an efficacy and safety profile demonstrated in certain types of B-cell non-Hodgkin's lymphoma, is a good example of this initiative. We are not solely pursuing new therapies, which demand large capital commitments and typically take 10-15 years to bring to market. Rather, with RITUXAN, we are targeting other indications with high unmet medical needs. This includes RA, for which RITUXAN was just launched, MS and, potentially, lupus.

Separately, given the importance of TYSABRI's method of action, we are investigating its potential benefit to Crohn's

disease patients. In the U.S., a supplemental biologics license application (sBLA) for TYSABRI in Crohn's has been filed with the Food and Drug Administration.

On a final note, regarding growth of our core therapeutic areas, Cecil B. Pickett, Ph.D., joined Biogen Idec in 2006 as its President, Research & Development. In his role of leader of our global R&D organization, Cecil is helping us to continue to attract top talent, advance our research pipeline, as well as develop even more R&D partnerships. He previously was President, Schering-Plough Research Institute, where he rebuilt Schering-Plough's pipeline of large and small molecule candidates into the Schering-Plough clinical development pipeline.

ACTIVE BUSINESS DEVELOPMENT PROGRAM

In addition to investigating our core products for their potential in other indications, we intensified our business development efforts in 2006. By creating significant operating cost savings through a restructuring we implemented primarily in 2005, we enabled the company to allocate approximately \$200 million a year of R&D



Michelle Keech >
2006 Leadership
Award Winner

Bob Arduini >
Molecular Discovery

Michael Schnack >
2006 Leadership
Award Winner



"In order to mitigate the significant costs and risks associated with drug development, we will continue to actively seek opportunities outside of Biogen Idec via partnering, licensing or acquisitions."

investment for business development and external research opportunities. In 2006, we applied approximately half of this targeted allocation, and completed six transactions between May 2006 and January 2007:

- In May, we completed the acquisition of Conforma Therapeutics Corporation, a privately held biopharmaceutical company focused on the design and development of novel drugs for the treatment of cancer. We rapidly integrated Conforma's assets into our San Diego facility. We are now looking to leverage its technology platform, which is focused on the discovery and development of drugs that inhibit heat shock protein 90 (HSP90) molecules. These molecules are involved in protecting and supporting the growth of cancer cells across a range of tumor types, and also play a role in tumor resistance to a number of leading cancer therapies. Conforma has advanced CNF2024, a totally synthetic, orally bioavailable HSP90 inhibitor which we are committed to advancing.
- In June, we completed the acquisition of Fumapharm AG, the Swiss company with whom we had partnered in

the development of BG-12, the oral compound now in Phase III for MS, and which also markets FUMADERM® (dimethylfumarate and monoethylfumarate salts), a commercial product available in Germany for the treatment of psoriasis.

- We took another step to augment our already broad portfolio of innovative products and potential therapies in development for people living with MS. In October, we initiated with the Belgian company, UCB, a joint collaboration to develop and commercialize CDP323, an orally active small molecule alpha 4 integrin inhibitor. Initial development of the compound will be focused on the treatment of relapsing-remitting MS, and we are considering other autoimmune disease indications. Phase II clinical trials of this compound in MS are expected to start in 2007.
- We announced in September 2006 a collaboration with Alnylam Pharmaceuticals to discover and develop RNAi therapeutics for the potential treatment of progressive multifocal leukoencephalopathy (PML), a rare and potentially fatal demyelinating disease of the central nervous system.



Brad Buchanan >
Project Engineering



Natasha Williams >
RITUXAN RA patient

Stephanie Jurgensen >
Alison Tibbetts
2006 Leadership
Award Winners



Growing our existing core
therapeutic areas.

- In September 2006, we in-licensed Aviptadil for pulmonary arterial hypertension (PAH) from private Swiss biotech company mondoBIOTECH AG. Aviptadil is a synthetically produced human peptide with Orphan Drug status for PAH in the U.S. and Europe. PAH is a debilitating and life-threatening disorder characterized by increased pressure in the pulmonary arteries, and the unmet medical need of patients continues to be high.
- In January 2007 we acquired Syntonix, a biopharmaceutical company focused on discovering and developing long-acting therapeutic products to improve treatment regimens for chronic diseases. Syntonix, which has multiple pre-clinical programs in hemophilia, uses proprietary technologies to harness the human body's natural pathways for protecting antibodies against premature destruction and for transporting antibodies across cell barriers such as those in the lungs. Its lead product, FIX:Fc, a proprietary long-acting Factor IX product for the treatment of hemophilia B, has the potential to reduce the frequency of intravenous injections required for disease management. We expect to

file an investigational new drug application with the Food and Drug Administration for FIX:Fc in 2007.

- Finally, building on a collaborative relationship that began in 2005, we continued to advance programs with PDL BioPharma that encompass the joint development and joint commercialization of two Phase II antibodies. This partnership is intended to expand our oncology presence in solid tumors, while strengthening our position as a leader in MS research and development. One of the antibodies, Daclizumab, blocks the IL-2 receptor and is a proven immunomodulatory. With PDL, we are completing a combination trial in MS of Daclizumab with beta interferon, and we anticipate results from that study will be available midyear in 2007. We also are planning to start a monotherapy study in relapsing-remitting MS.

In order to mitigate the significant costs and risks associated with drug development, we will continue to actively seek opportunities outside of Biogen Idec via partnering, licensing or acquisitions. Our track record in 2006 strengthens our position as a valued partner and collaborator.



*Bob Kenyon >
Business Development*

“To enable Biogen Idec to **capture** the opportunities and **navigate** the challenges of the next decade, we have **adopted** a well-defined operational strategy, which we call our ‘**2015 Vision**.’ ”

*Cecil Pickett >
President, Research
& Development*



ADVANCEMENT OF BIOGEN IDEC INTO NEW THERAPEUTIC AREAS

Within the framework of the 2015 Vision, we are seriously exploring opportunities to enter new therapeutic areas. We are evaluating them according to such criteria as:

- Opportunities for specialty products or channels;
- Ability to leverage with future products;
- Actionable plans to buy or build capability quickly; and
- Potential to create significant value for our shareholders.

There are, for instance, possible target areas for us within the acute care market, where there may be opportunities in cardiovascular products, anti-infectives, neurological disorders and anti-fungals, among others.

As a first step in this direction, we in-licensed Aviptadil from mondoBIOTECH for pulmonary arterial hypertension in September 2006. This transaction allows us to launch a new cardiovascular/cardiopulmonary specialty therapeutic area.

As described above, we also acquired Syntonix, which has multiple pre-clinical programs in hemophilia, at the beginning of 2007.

EXPANSION OF BIOGEN IDEC'S GLOBAL FOOTPRINT

We see an opportunity to grow Biogen Idec's global footprint – the third component of our 2015 Vision – and extend beyond our existing capabilities, which include our 3,700 employees worldwide (more than 600 of whom are in International business), and our direct commercial presence in 25 key markets and network of distribution partners in more than 70 markets.

We are confident about the global opportunities before us because we have been successful in growing AVONEX into the market leader worldwide over the past several years, building on the number one ranking we have held in the U.S. for 10 years. In 2006, AVONEX continued to gain market share internationally in our direct market, and it is growing slightly faster than the total MS market.

"We are confident about the **global opportunities** before us because we have been successful in growing **AVONEX** into the market leader worldwide over the past several years, building on the **number one ranking** we have held in the U.S. for 10 years."



Erika Cavithron &
Leslie Muscanell
2006 Leadership
Award Winners



< Renée Shapiro
Molecular Discovery

AVONEX was approved for use in Japan in 2006, and we launched the product in the fourth quarter with our own sales force. This milestone represented the culmination of many years of work and marked our first venture into direct sales in an Asian market.

Beyond Japan, we intend to pursue an expansion of AVONEX into other international markets, following a rough timeline of 2007 in the Czech Republic, Slovenia, Slovakia and Brazil, and 2010 in Mexico and Argentina. India and China plans are being developed for approximately 2007-2010.

CONCLUSION

We were pleased with our performance in 2006, as we generated strong financial results, re-launched TYSABRI, advanced our product pipeline and established good momentum in our efforts to expand within and beyond our core therapeutic areas of neurology, oncology and immunology.

Looking back on 2006, we are now three years into the merger between Biogen and Idec. We are delivering on

the goals we set out at the time, most notably achieving a three-year non-GAAP earnings per share compound annual growth rate of 23%, against our originally targeted goal of 20% annual growth from 2003 to 2007. You will find additional details on our financial performance and our earnings per share growth rate in the Financial Performance section of this report.

Even more importantly, in 2006 we took a significant step forward by setting in motion our “2015 Vision” strategy to position Biogen Idec to continue to transform scientific discoveries into advances in human healthcare, and generate value for our shareholders over the next decade.

We look forward to reporting to you on our achievements along the way, and thank you for your support.



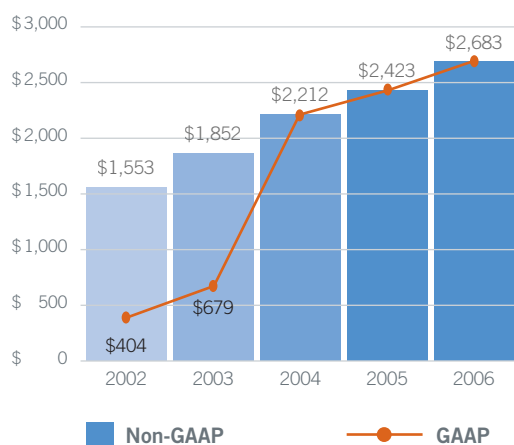
JAMES C. MULLEN
PRESIDENT AND CHIEF EXECUTIVE OFFICER



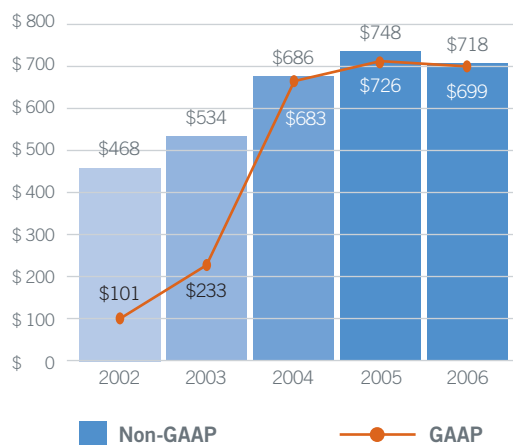
Haroon Hashmi >
2015 Vision
Award Winner

James C. Mullen >
President and Chief
Executive Officer

“For the treatment of cancer, we advanced two drug programs in 2006: Galiximab, an anti-CD80 monoclonal antibody for non-Hodgkin’s lymphoma, and Lumiliximab, an anti-CD23 antibody for chronic lymphocytic leukemia.”

FINANCIAL PERFORMANCE
TOTAL REVENUES (\$ in millions)


	2002	2003	2004	2005	2006
GAAP	404	679	2,212	2,423	2,683
Adjustments	1,149	1,173	—	—	—
Non-GAAP	1,553	1,852	2,212	2,423	2,683

TOTAL R&D EXPENSE (\$ in millions)


	2002	2003	2004	2005	2006
GAAP	101	233	686	748	718
Adjustments	367	301	(3)	(22)	(20)
Non-GAAP	468	534	683	726	699

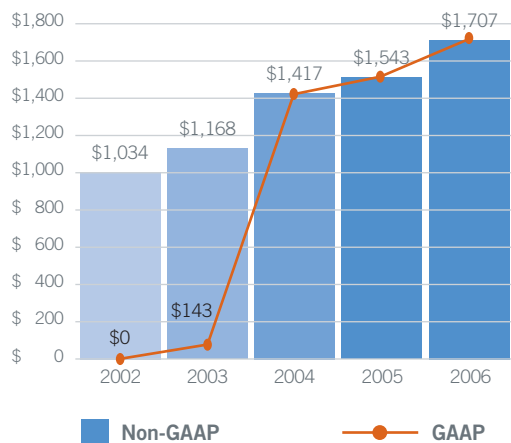
Note: Numbers may not foot due to rounding. See the GAAP to non-GAAP reconciliation table at the end of the Financial Performance section for specific adjustments and additional details.

REVENUE GROWTH We delivered 11% revenue growth in 2006 with nearly \$2.7 billion in total revenues. Our two blockbuster products, AVONEX and RITUXAN, remain the primary drivers of revenue growth. AVONEX revenues were \$1.7 billion in 2006 and grew 11% worldwide, including an impressive 13% growth year-over-year outside the U.S. Despite a highly competitive MS market, AVONEX remains the most prescribed MS therapy worldwide. We co-promote RITUXAN with Genentech in the U.S. and RITUXAN is marketed through Roche outside the U.S. Our unconsolidated joint business revenues from RITUXAN (which includes our share of the pretax copromotion profits from U.S. sales, royalties on sales outside of the U.S., and reimbursement of our selling and development expenses) were \$811 million in 2006, an increase of 14% over 2005.

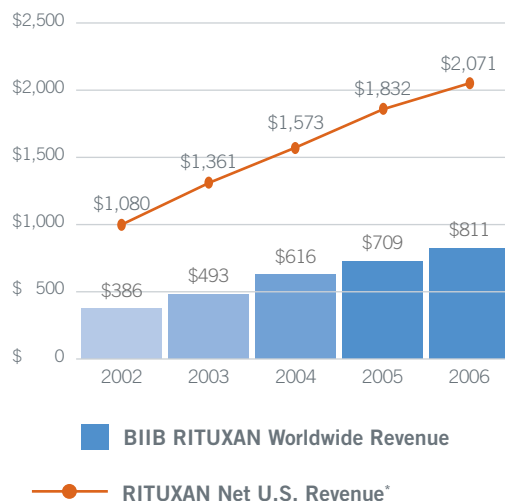
TYSABRI LAUNCH Following voluntary withdrawal of TYSABRI in February 2005, we and our partner Elan Corporation plc, or Elan, worked extensively with the FDA and European regulatory authorities to define an updated risk/benefit profile for TYSABRI. This effort, combined with the two-year data from our Phase III trials, led to regulatory approvals in the U.S. and Europe in June 2006. In collaboration with Elan, in the second half of 2006 we re-introduced TYSABRI for relapsing forms of multiple sclerosis in the U.S. and launched the drug for the first time in Europe. TYSABRI is marketed under risk management plans as agreed with local regulatory authorities intended to educate physicians and patients about the risks involved and to ensure appropriate use of the product.

Worldwide TYSABRI end user sales for 2006 were \$38 million. Under the terms of our collaboration agreement with Elan, designed to effect an equal sharing of profits and losses generated by the activities of the collaboration, we are solely responsible for the manufacture of TYSABRI and we collaborate with Elan on the product's marketing, commercial distribution and on-going development activities. Under this agreement, we recognized \$36 million in TYSABRI revenues in 2006, which included \$14 million of previously deferred revenue related to the initial launch in the U.S. As of early February 2007, there were nearly 10,000 patients who had been prescribed TYSABRI worldwide.

AVONEX® WORLDWIDE REVENUES (\$ in millions)



RITUXAN® REVENUES (\$ in millions)



* Genentech recognizes all U.S. sales of RITUXAN and we record our share of the pretax copromotion profits on a quarterly basis.

FINANCIAL STRENGTH As of December 31, 2006, we held \$2.3 billion in cash and marketable securities, which provides financial flexibility to react to strategic opportunities. During 2006, we had positive cash flows from operating activities of \$841 million on a Generally Accepted Accounting Principles (GAAP) basis, which after capital expenditures of \$198 million resulted in a net ‘free cash flow’ of \$643 million (free cash flow defined as GAAP operating cash flow minus capital expenditures). We anticipate that we will continue to have positive operating cash flow and free cash flow going forward.

We use our financial strength to expand our R&D pipeline through external growth. Since the start of 2006, we:

- Acquired Conforma Therapeutics Corporation (HSP90 inhibitors for oncology) in May 2006;
- Acquired Fumapharm AG (FUMADERM for psoriasis and BG-12 for MS and psoriasis) in May 2006, and settled certain related agreements with Fumedica (distribution rights to FUMADERM in Germany) in December 2006;
- In-licensed a program from mondoBIOTECH AG (Aviptadil for pulmonary arterial hypertension) in September 2006;
- Formed a collaboration with Alynlym Pharmaceuticals, Inc. (RNAi technology for progressive multifocal leukoencephalopathy) in September 2006;
- Formed a collaboration with UCB S.A. (oral VLA-4 inhibitor CDP323 for MS) in October 2006;
- Acquired Syntonix Pharmaceuticals Inc. (recombinant Factor IX and Factor VIII for hemophilia) in January 2007.

Our 2004 share repurchase program concluded with the repurchase of 7.5 million shares in 2006 at a total cost of \$320 million at an average price of \$43. The board of directors approved a new 20 million share repurchase program in October 2006. Repurchased stock provides the Company with treasury shares for general corporate purposes, such as stock to be issued under employee equity and stock purchase plans. The share buyback, which will be primarily funded through operating cash flow, is expected to be accretive to EPS and is not expected to restrict our strategic flexibility.

NON-GAAP FINANCIAL INFORMATION GAAP financial presentations include significant purchase accounting charges in 2003 and subsequent periods. Accordingly, we provide a 'non-GAAP' perspective that removes these merger-related accounting impacts and other charges. Our non-GAAP financial measures are defined as reported, or GAAP, excluding (1) purchase accounting and merger-related adjustments, (2) stock option expense and the cumulative effect of an accounting change relating to the initial adoption of SFAS No. 123R and (3) other items. Our management uses these non-GAAP financial measures to establish financial goals and to gain an understanding of the comparative financial performance of the Company from year to year and quarter to quarter. Accordingly, we believe investors' understanding of the Company's financial performance is enhanced as a result of our disclosing these non-GAAP financial measures. Non-GAAP financial measures should not be viewed in isolation or as a substitute for reported, or GAAP, financial measures.

EARNINGS PERFORMANCE Our non-GAAP earnings grew 43% in 2006 at both the net income and earnings per share (EPS) lines: non-GAAP net income in 2006 grew to \$777 million versus \$542 million in 2005 and our non-GAAP EPS in 2006 grew to \$2.25 versus \$1.57 in 2005¹. We delivered this substantial growth while significantly reinvesting in R&D. Our clinical pipeline programs progressed well, and our non-GAAP Research and Development spending in 2006 was \$699 million, or 26% of total revenues². As we grew our commercial sales organizations to support the launches of RITUXAN for rheumatoid arthritis and TYSABRI for MS³, non-GAAP selling, general and administrative costs in 2006 grew to \$654 million. Reconciliation of the differences between the GAAP and non-GAAP EPS, and GAAP and non-GAAP net income can be found in the table at the end of the Financial Performance section.

CREATING SHAREHOLDER VALUE We are a global leader in the discovery, development, manufacturing, and commercialization of innovative therapies. We are committed to the creation of new standards of care in therapeutic areas with high unmet medical needs, and patients in more than 90 countries benefit from our products addressing diseases such as lymphoma, multiple sclerosis, and rheumatoid arthritis. Our commitment to these goals is always matched with our core focus on building shareholder value, and our long-term share price performance has generally outpaced broad market indices.

Since the end of 1996, shares in Biogen Idec⁴ have delivered strong shareholder value as they appreciated 29% on a compounded annual basis, well ahead of the S&P 500 performance of 7%⁵. An investment of \$100 in Biogen Idec at year-end 1996 would have been worth approximately \$1,242 at the end of 2006, whereas a similar investment in the S&P 500 would have yielded \$192. On a three year basis from year-end 2003 through year-end 2006, roughly the time frame since our merger, the S&P 500 has yielded a compounded annual return of 8% while Biogen Idec's compounded annual return during this three-year period has been 10%.

We are on track to achieve our longer-term financial goal of 20% non-GAAP EPS compounded annual growth rate (CAGR) for the period 2003 to 2007 laid out at the time of the Biogen and Idec merger. We have delivered a 23% non-GAAP EPS CAGR from 2003 to 2006⁶. Looking forward, we anticipate the recent launches of TYSABRI in multiple sclerosis and RITUXAN in rheumatoid arthritis, as well as our ongoing business development activity, to contribute significantly to our revenue and earnings performance.

¹ GAAP net income growth was 35% for 2006 over 2005 (\$217.5 million vs. \$160.7 million) and GAAP EPS growth was 34% (\$0.63 vs. \$0.47).

² For 2006 GAAP R&D expense was \$718.4 million and 27% of Total Revenues. Non-GAAP R&D expense of \$698.8 million excludes \$0.3 million in severance and restructuring and \$19.3 million in stock option expense.

³ For 2006 GAAP SG&A expense was \$685.1 million and 26% of Total Revenues. Non-GAAP SG&A expense of \$654.1 million excludes \$0.1 million in merger related and purchase accounting costs, \$2.0 million in severance and restructuring and \$28.9 million in stock option expense.

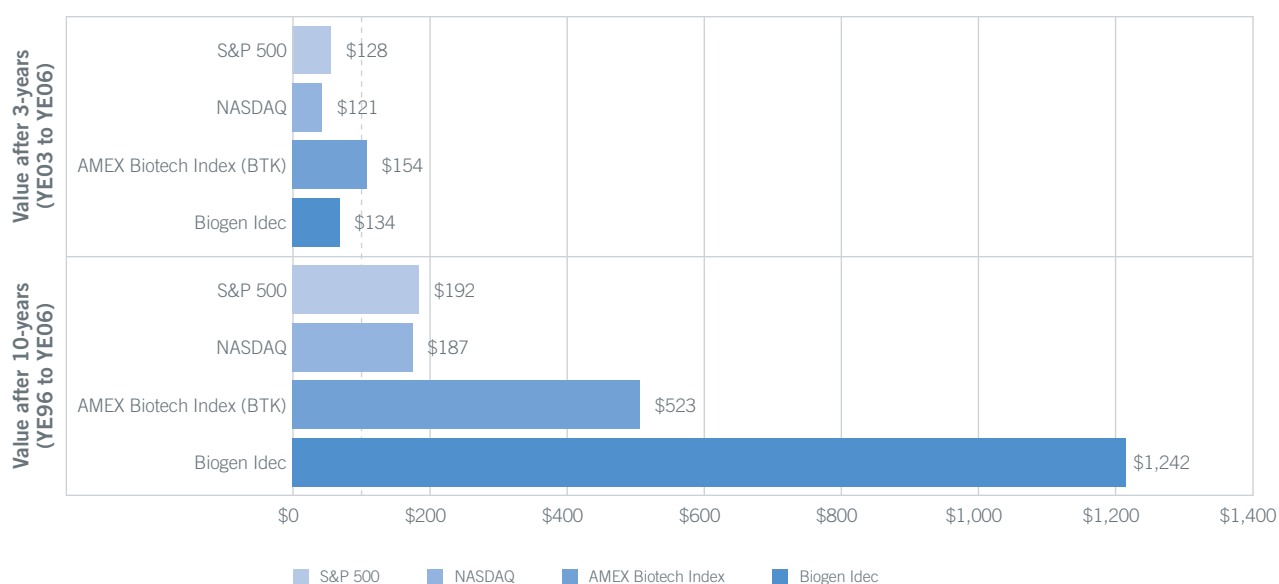
⁴ Defined as IDEC Pharmaceuticals Corporation until November 13th 2003, and the combined Biogen Idec since the merger completed on that date.

⁵ S&P 500 performance and yield calculations are based solely on index value, and does not take into account dividends.

⁶ GAAP EPS for 2003-2006 was (\$4.92), \$0.07, \$0.47, and \$0.63 respectively. A negative value in 2003 prevents the calculation of a comparable CAGR based on GAAP EPS. See GAAP to non-GAAP reconciliation table at the end of the Financial Performance section for additional details.

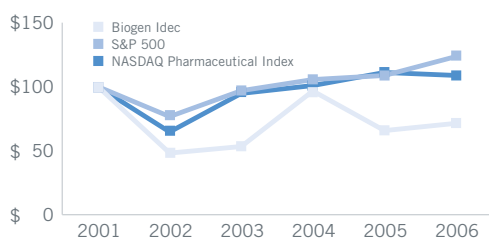
In summary, we are meeting our goal of providing innovative and important therapies for patients with unmet medical needs, such as those with multiple sclerosis, and at the same time we are creating shareholder value. We are proud of our scientific and financial history, and remain determined to deliver value to our investors and innovative products to our customers.

\$100 INVESTED IN BIOGEN IDEC VS. AMEX BIOTECH INDEX, NASDAQ, AND S&P 500



	Value after 3 Years			Value after 10 Years		
	Year End 2003	Year End 2006	CAGR	Year End 1996	Year End 2006	CAGR
Biogen Idec	\$100	\$134	10%	\$100	\$1,242	29%
AMEX Biotech Index	\$100	\$154	15%	\$100	\$ 523	18%
NASDAQ	\$100	\$121	6%	\$100	\$ 187	6%
S&P 500	\$100	\$128	8%	\$100	\$ 192	7%

STOCK PERFORMANCE GRAPH The graph depicted below compares the annual cumulative total stockholder return (assuming reinvestment of dividends) from investing \$100 on December 31, 2001 in each of (i) our common stock, (ii) a peer group index consisting of the Nasdaq Pharmaceutical Index, and (iii) the S&P 500 Index. We have not paid dividends, and no dividends are included in the representation of our performance. The stock price performance on the graph below is not necessarily indicative of future price performance.



	2001	2002	2003	2004	2005	2006
Biogen Idec	100.00	48.12	53.24	96.63	65.69	71.36
S&P 500	100.00	76.63	96.85	105.56	108.73	123.54
NASDAQ Pharmaceutical Index	100.00	64.62	94.72	100.88	111.08	108.76

NET INCOME AND EPS RECONCILIATION The reconciliation between GAAP and non-GAAP net income and EPS for the years 2003 through 2006 can be found in the table below, and is taken from Annual Reports, 10-K filings and earnings press releases (FY 2002-2006).

Condensed Consolidated Statements Of Income – Operating Basis	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
GAAP diluted EPS (\$)	0.85	(4.92)	0.07	0.47	0.63
Adjustment to earnings per share (see below)	0.26	6.14	1.38	1.10	1.62
Effect of FAS128 and ETIF 03-06	–	–	(0.05)	–	–
Non-GAAP diluted EPS	1.11	1.22	1.40	1.57	2.25
GAAP Net Income (\$M)	148.0	(875.1)	25.1	160.7	217.5
Revenue – Pre-merger Biogen product, royalty and corporate partner revenue	1,148.4	1,173.1	–	–	–
COGS – Fair value step up of inventory acquired from Biogen and Fumapharm	–	231.6	295.5	34.2	7.8
COGS – Pre-merger Biogen cost of sales	(160.2)	(179.2)	–	–	–
COGS – Royalties related to Corixa	–	1.8	–	–	–
COGS – Amevive divestiture	–	–	–	36.4	–
COGS – Stock option expense	–	–	–	–	0.1
R&D – Pre-merger Biogen net R&D	(367.6)	(301.1)	–	–	–
R&D – Severance and restructuring	–	–	3.1	20.3	0.3
R&D – Sale of plant	–	–	–	1.9	–
R&D – Stock option expense	–	–	–	–	19.3
SG&A – Pre-merger Biogen SG&A	(318.2)	(346.7)	–	–	–
SG&A – Merger related and purchase accounting costs	–	–	–	–	0.1
SG&A – Severance and restructuring	–	13.2	9.3	19.3	2.0
SG&A – Stock option expense	–	–	–	–	28.9
Amortization of intangible assets primarily related to Biogen merger	–	33.2	347.7	302.3	267.0
Acquisition of in-process R&D related to Biogen and Idec merger and Conforma and Fumapharm acquisitions	–	823.0	–	–	330.5
Loss/(gain) on settlement of license agreements with Fumedica and Fumapharm	–	–	–	–	(6.1)
(Gain)/loss on sale of long lived assets	–	–	–	111.8	(16.5)
Pre-merger Biogen other income	33.3	32.9	–	–	–
Write down of investments	–	–	12.7	–	–
Charitable donations and legal settlements	–	30.7	–	–	–
Income taxes – Effect of reconciling items	(94.0)	(205.8)	(195.4)	(145.2)	(70.3)
Cumulative effect of accounting change from adoption of FAS123R, net of income tax	–	–	–	–	(3.8)
Non-GAAP Net Income	389.8	431.7	498.0	541.7	776.8

Notes: The non-GAAP financial measures presented in this table are utilized by Biogen Idec management to gain an understanding of the comparative financial performance of the Company. Our non-GAAP financial measures are defined as reported, or GAAP, values excluding (1) purchase accounting and merger-related adjustments, (2) stock option expense and the cumulative effect of an accounting change relating to the initial adoption of SFAS No. 123R and (3) other items. Our management uses these non-GAAP financial measures to establish financial goals and to gain an understanding of the comparative financial performance of the Company from year to year and quarter to quarter. Accordingly, we believe investors' understanding of the Company's financial performance is enhanced as a result of our disclosing these non-GAAP financial measures. Non-GAAP net income and diluted EPS should not be viewed in isolation or as a substitute for reported, or GAAP, net income and diluted EPS.

The GAAP figures reflect:

- 2004 and beyond – the combined Biogen Idec
- 2003 – a full year of IDEC Pharmaceuticals and 7 weeks of the former Biogen, Inc. (for the period 11/13/03 through 12/31/03)
- 2002 – only the former IDEC Pharmaceuticals

Numbers may not foot due to rounding.