NEUBERGER BERMAN CALIFORNIA INTERMEDIATE MUNICIPAL FUND INC
Form SC 13G
February 03, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549 SCHEDULE 13G
Under the Securities Exchange Act of 1934
Neuberger Berman California Intermediate Municipal Fund, Inc. (NBW)

(Name of Issuer) Auction Rate Preferred

(Title of Class of Securities) 64123c200

(CUSIP Number) December 31, 2013

(Date of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

XRule 13d-1&#40b&#41

___ Rule 13d-1&#40c&#41

___ Rule 13d-1&#40d&#41

CUSIP No.&#58 64123c200

1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only). Karpus Management, Inc., d/b/a Karpus Investment Management
I.D. #16-1290558

2. Check the Appropriate Box if a Member of a Group (See Instructions)
(a) &#127
(b) &#32&#32X

3. SEC Use Only

4. Citizenship or Place of Organization New York

Number of Shares Beneficially Owned by Each reporting Person With:

5. Sole Voting Power 101 **6. Shared Voting Power** N/A **7. Sole Dispositive Power** 101 **8. Shared Dispositive Power** N/A

9. Aggregate Amount Beneficially Owned by Each Reporting Person 101

10. Check if the Aggregate Amount in Row &#40 9 &#41 Excludes Certain Shares (See Instructions) N/A

11. Percent of Class Represented by Amount in Row &#40 9 &#41 8.56%

12. Type of Reporting Person (See Instructions) IA

Item 1.

(a) **The Name of the Issuer is&#58** Neuberger Berman California Intermediate Municipal Fund, Inc. (b) **The Address of the Issuer&#145s Principal Executive Office is&#58** Neuberger Berman Management, 605 Third Avenue, 2nd Floor, New York, NY 10158-0180 **Item 2.**

(a) **The name of the Person Filing is&#58** Karpus Management, Inc., d/b/a Karpus Investment Management &#40&#147KIM&#148&#41, George W. Karpus, President, Director and controlling stockholder. (b) **The address of KIM&#146s principal place of business and principal office is&#58** 183 Sully&#146s Trail, Pittsford, New York 14534. (c) **Citizenship&#58** Each of the Principals is a United States citizen. KIM is a New York corporation. (d) **Title of Class of Securities&#58** Common Stock (e) **CUSIP Number&#58** 64123c200 **Item 3.** If this statement is filed pursuant to &#167 &#167 240.13d &#150 1 &#40 b &#41 or 240.13d &#150 2 &#40 b &#41 or &#40 c &#41, check whether the person filing is a&#58

&#40a&#41 _____ Broker or dealer registered under section 15 of the Act &#40 15 U.S.C. 78o &#41. &#40b&#41 _____ Bank as defined in section 3 &#40a&#41 &#40 6 &#41 of the Act &#40 15 U.S.C. 78c &#41. &#40c&#41 _____ Insurance company as defined in section 3 &#40 a &#41 &#40 6 &#41 of the Act &#40 15 U.S.C. 78c &#41. &#40d&#41 _____ Investment company registered under section 8 of the Investment Company Act of 1940 &#40 15 U.S.C. 80 &#150 a &#41.

&#40e&#41 **X** **An investment adviser in accordance with &#167 240.13d&#150 1 &#40 b &#41 &#40 1 &#41 &#40 ii &#41 &#40 E**

&#40f&#41 _____ An employee benefit plan or endowment fund in accordance with &#167 240.13d&#150 1 &#40 b &#41 &#40 1 &#41 &#40 ii &#41 &#40 F &#41. &#40g&#41 _____ A parent holding company or control person in accordance with &#167 240.13d&#150 1 &#40 b &#41 &#40 1 &#41 &#40 ii &#41 &#40 G &#41. &#40h&#41 _____ A savings association as defined in Section 3 &#40 b &#41 of the Federal Deposit Insurance Act &#40 12 U.S. C. 1813 &#41. &#40i&#41 _____ A church plan that is excluded from the defininition of an investment company under section 3 &#40 c &#41 &#40 14 &#41 of the Investment Company Act of 1940 &#40 15 U.S. C. 80a &#150 3 &#41. &#40j&#41 _____ Group, in accordance with &#167 240.13 &#150 1 &#40 b &#41 &#40 1 &#41 &#40 ii &#41 &#40 J &#41. **Item 4.** &#40a&#41 **Amount beneficially owned&#58** 101 shares &#40b&#41 **Percent of class&#58** 8.56% &#40c&#41 **Number of shares as to which the person has&#58**

&#40i&#41 **Sole power to vote or to direct the vote&#58** 101 shares &#40ii&#41 **Shared power to vote or to direct the vote&#58** N/A &#40iii&#41 **Sole power to dispose or to direct the disposition of&#58** 101 shares &#40iv&#41 **Shared power to dispose or to direct the disposition of&#58** N/A **Item 5. Ownership of Five Percent of Less of a Class.** If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following&#58 &#143. **Item 6. Ownership of More than Five Percent on Behalf of Another Person.** Accounts managed by KIM (the "Accounts") have the right to receive all dividends from, and any proceeds from the sale of the shares. None of the Accounts has an interest in shares constituting more than 5% of the shares outstanding. **Item 7. Identification and Classification of the Subsidiary Which Acquired the Security being Reported on by the Parent Holding Company.** Not applicable. **Item 8. Identification and Classification of Members of the Group.** Not applicable. **Item 9. Notice of Dissolution of Group.** Not applicable. **Item 10. Certification.** By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete, and correct.

Karpus Management, Inc.

By: /s/
Name: Daniel Lippincott
Title: Senior Tax-Sensitive Manager
Date: Febuary 14, 2014

!-- colindex=03 type=lead --> **For the Years Ended December 31, (In millions) 2010 2009 2008**

Milestone payments made to Cardiokine
$ $ 20.0 $
Total expense incurred by collaboration
$ 51.1 $ 66.5 $ 50.5
Biogen Idec s share of expense incurred by the collaboration reflected within our consolidated statements of income
$ 46.0 $ 79.8 $ 45.5
Collaboration expense attributed to noncontrolling interests, net of tax
$ 5.1 $ 6.7 $ 5.0

In addition to the $25.0 million termination payment we made in November 2010, we have made upfront and milestone payments to Cardiokine totaling approximately $70.0 million since the inception of this collaboration. Additionally, excluding termination, upfront and milestone payments, we have incurred development expense totaling approximately $173.9 million under this collaboration agreement.

Unconsolidated Variable Interest Entities

We have relationships with other variable interest entities which we do not consolidate as we lack the power to direct the activities that significantly impact the economic success of these entities. These relationships include investments in certain biotechnology companies and research collaboration agreements. For additional information related to our significant collaboration arrangements with unconsolidated variable interest entities, please read Note 19, *Collaborations* to these consolidated financial statements.

As of December 31, 2010 the total carrying value of our investments in biotechnology companies that we have determined to be variable interest entities is $22.9 million. Our maximum exposure to loss related to these variable interest entities is limited to the carrying value of our investments.

We have entered into research collaborations with certain variable interest entities where we are required to share or fund certain development activities. These development activities are included in research and development expense within our consolidated statements of income, as they are incurred. Depending on the collaborative arrangement, we may record funding receivables or payable balances with our partners, based on the nature of the cost-sharing mechanism and activity within the collaboration. As of December 31, 2010, we have no significant receivables or payables related to cost sharing arrangements with unconsolidated variable interest entities.

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

19. Collaborations

In connection with our business strategy, we have entered into various collaboration agreements which provide us with rights to develop, produce and market products using certain know-how, technology and patent rights

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maintained by our collaborative partners. Terms of the various collaboration agreements may require us to make milestone payments upon the achievement of certain product research and development objectives and pay royalties on future sales, if any, of commercial products resulting from the collaboration.

Genentech (Roche Group)

We collaborate with Genentech, Inc., a wholly-owned member of the Roche Group, on the development and commercialization of RITUXAN and other anti-CD20 products. Our collaboration rights are limited to the U.S. and our rights to products licensed by Genentech are dependent upon Genentech s underlying license rights.

Our collaboration agreement does not have a fixed term and will continue in effect until we mutually agree to terminate the collaboration, except that if we undergo a change in control, as defined in the collaboration agreement, Genentech has the right to present an offer to buy the rights to RITUXAN and we must either accept Genentech s offer or purchase Genentech s rights on the same terms as its offer. Genentech will also be deemed concurrently to have purchased our rights to the other anti-CD20 products now in development in exchange for a royalty. Our collaboration with Genentech was created through a contractual arrangement and not through a joint venture or other legal entity.

In October 2010, we amended our collaboration agreement with Genentech with regard to the development of ocrelizumab and agreed to terms for the development of GA101, as summarized below. This amendment did not have an impact on our share of the co-promotion operating profits of RITUXAN in 2010.

Ocrelizumab

Genentech is now solely responsible for the further development and commercialization of ocrelizumab and funding future costs. Genentech cannot develop ocrelizumab in CLL, NHL or RA without our consent. We will receive tiered royalties between 13.5% and 24% on U.S. sales of ocrelizumab. Commercialization of ocrelizumab will not impact the percentage of the co-promotion profits we receive for RITUXAN.

GA101

We will pay 35% of the development and commercialization expenses of GA101 and will receive between 35% and 39% of the profits of GA101 based upon the achievement of certain sales milestones. Before the October 2010 amendment and restatement of our collaboration agreement, we had paid 30% of the GA101 development expenses. During the fourth quarter of 2010, we paid approximately $10.0 million to compensate Genentech for our increased share of such previously incurred expenses. Commercialization of GA101 will impact our percentage of the co-promotion profits for RITUXAN, as summarized in the table below.

RITUXAN

While Genentech is responsible for the worldwide manufacturing of RITUXAN, development and commercialization rights and responsibilities under this collaboration are divided as follows:

U.S.

We share with Genentech co-exclusive rights to develop, commercialize and market RITUXAN in the U.S. For 2010, 2009 and 2008, we contributed to the marketing and continued development of RITUXAN by maintaining a limited sales force dedicated to RITUXAN and performing limited development activity. However, during the fourth quarter of 2010, we agreed with Genentech to eliminate our current RITUXAN oncology and rheumatology sales force, with Genentech assuming sole responsibility for the U.S. sales and marketing of RITUXAN. For 2010, 2009 and 2008, we were reimbursed $58.3 million, $65.6 million and $59.7 million, respectively, for sales and marketing activities performed in support of RITUXAN.

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Canada

We and Genentech have assigned our rights under our collaboration agreement with respect to Canada to Roche.

Outside the U.S. and Canada

We have granted Genentech exclusive rights to develop, commercialize and market RITUXAN outside the U.S. and Canada. Under the terms of separate sublicense agreements between Genentech and Roche, development and commercialization of RITUXAN outside the U.S. and Canada is the responsibility of Roche and its sublicensees. We do not have any direct contractual arrangements with Roche or it sublicensees.

Under the terms of the collaboration agreement, we will be paid royalties between 10% and 12% on sales of RITUXAN outside the U.S. and Canada, with the royalty period lasting 11 years from the first commercial sale of RITUXAN on a country-by-country basis. The royalty period for sales of RITUXAN has expired in the majority of European countries. For substantially all of the remaining royalty-bearing sales of RITUXAN in the rest of world, the royalty period will expire through 2012.

Co-promotion Profit-sharing Formula

Our current pretax co-promotion profit-sharing formula for RITUXAN, which resets annually, provides for a 30% share of co-promotion profits on the first $50.0 million of co-promotion operating profit with our share increasing to 40% if co-promotion operating profits exceed $50.0 million. Under the amended agreement, our share of the co-promotion profits for RITUXAN will change, as summarized in the table below, upon the following events:

First New Product FDA Approval: the FDA s first approval of an anti-CD20 product other than ocrelizumab and GA101 that is acquired or developed by Genentech and is subject to the collaboration agreement (New Product).

First Non-CLL GA101 FDA Approval: the FDA s first approval of GA101 in an indication other than CLL.

GA101 CLL Sales Trigger: the first day of the quarter after U.S. gross sales of GA101 in any consecutive 12 month period reach $500.0 million.

Our share of the co-promotion operating profits for RITUXAN is calculated as follows:

		Before First New Product FDA Approval	
Co-promotion Operating Profits	**After First New Product FDA Approval**	**First Non-CLL GA101 FDA Approval Occurs First**	**GA101 CLL Sales Trigger Occurs First**
I. First $50.0 million	30%	30%	30%

II. Above $50.0 million			35%
A. Until First GA101 Threshold Date	38%	39%	
B. After First GA101 Threshold Date			
1(a). Until First Threshold Date	37.5%		
1(b). After First Threshold Date and until Second Threshold Date	35%		
1(c). After Second Threshold Date	30%		
2. Until Second GA101 Threshold Date		37.5%	
C. After Second GA101 Threshold Date		35%	

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First GA101 Threshold Date means the earlier of (1) the date of the First Non-CLL GA101 FDA Approval if U.S. gross sales of GA101 for the preceding consecutive 12 month period were at least $150.0 million or (2) the first day of the calendar quarter after the date of the First Non-CLL GA101 FDA Approval that U.S. gross sales of GA101 within any consecutive 12 month period have reached $150.0 million.

Second GA101 Threshold Date means the first day of the calendar quarter after U.S. gross sales of GA101 within any consecutive 12 month period have reached $500.0 million.

First Threshold Date means the earlier of (1) the GA101 CLL Sales Trigger, (2) the Second GA101 Threshold Date and (3) the later of (a) the first date that U.S. gross sales of New Products in any calendar year reach $150.0 million and (b) January 1 of the calendar year following the calendar year in which the First New Product FDA Approval occurs if gross sales of New Products reached $150.0 million within the same calendar year in which the First New Product FDA Approval occurred.

Second Threshold Date means the later of (1) the first date that U.S. gross sales of New Products in any calendar year reach $350.0 million and (2) January 1 of the calendar year following the calendar year in which the First Threshold Date occurs.

Our collaboration agreement also provides that we will be paid low single digit royalties on sales outside the U.S. and Canada of new anti-CD20 products developed or licensed by Genentech or controlled by us. These royalties will be payable for a period of 11 years from the first commercial sale of such products on a country-by-country basis.

Unconsolidated Joint Business Revenues

Revenues from unconsolidated joint business consists of (1) our share of pretax co-promotion profits in the U.S. (2) reimbursement of our selling and development expenses in the U.S.; and (3) revenue on sales of RITUXAN in the rest of world, which consist of our share of pretax co-promotion profits in Canada and royalty revenue on sales of RITUXAN outside the U.S. and Canada by Roche, and its sublicensees. 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. We record our share of the pretax co-promotion profits in Canada and royalty revenues on sales of RITUXAN outside the U.S. on a cash basis. Additionally, our share of the pretax co-promotion profits in the U.S. includes estimates supplied by Genentech. Actual results may ultimately differ from our estimates.

Revenues from unconsolidated joint business consist of the following:

	For the Years Ended December 31,		
(In millions)	**2010**	**2009**	**2008**
Biogen Idec s share of co-promotion profits in the U.S.	$ 848.0	$ 773.6	$ 733.5
Reimbursement of selling and development expenses in the U.S.	58.3	65.6	59.7

Revenue on sales of RITUXAN outside the U.S.	170.9	255.7	335.0
Total unconsolidated joint business revenues	$ 1,077.2	$ 1,094.9	$ 1,128.2

In 2010, 2009 and 2008, the 40% co-promotion profit-sharing threshold was met during the first quarter.

Currently, we record our share of the expenses incurred by the collaboration for the development of anti-CD20 products in research and development expense in our consolidated statements of income. We incurred $50.6 million, $62.5 million and $43.6 million in development expense for the years ended December 31, 2010, 2009, and 2008, respectively. After an anti-CD20 product is approved, we will record our share of the development expenses related to

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that product as a reduction of our share of pretax co-promotion profits in revenues from unconsolidated joint business. As a result of the October 2010 amendment of our collaboration agreement with Genentech, we are no longer responsible for any development costs for ocrelizumab.

Elan

We collaborate with Elan on the development, manufacture and commercialization of TYSABRI. Under the terms of our collaboration agreement, we manufacture TYSABRI and collaborate with Elan on the product s marketing, commercial distribution and ongoing development activities. The agreement is designed to effect an equal sharing of profits and losses generated by the activities of our collaboration. Under the agreement, however, once sales of TYSABRI exceeded specific thresholds, Elan was required to make milestone payments to us in order to continue sharing equally in the collaboration s results. As of December 31, 2010, Elan has made milestone payments to us of $75.0 million in the third quarter of 2008 and $50.0 million in the first quarter of 2009. These amounts were recorded as deferred revenue upon receipt and are recognized as revenue in our consolidated statements of income based on the ratio of units shipped in the current period over the total units expected to be shipped over the remaining term of the collaboration. No additional milestone payments are required under the agreement to maintain the current profit sharing split. The term of our collaboration agreement extends until November 2019. Each of Biogen Idec and Elan has the option to buy the other party s rights to TYSABRI upon expiration of the term or if the other party undergoes a change of control (as defined in the collaboration agreement). In addition, each of Biogen Idec and Elan can terminate the agreement for convenience or material breach by the other party, in which case, among other things, certain licenses, regulatory approvals and other rights related to the manufacture, sale and development of TYSABRI are required to be transferred to the party that is not terminating for convenience or is not in material breach of the agreement.

In the U.S., we sell TYSABRI to Elan who sells the product to third party distributors. Our sales price to Elan in the U.S. is set prior to the beginning of each quarterly period to effect an approximate equal sharing of the gross margin between Elan and us. We recognize revenue for sales in the U.S. of TYSABRI upon Elan s shipment of the product to the third party distributors, at which time all revenue recognition criteria have been met. As of December 31, 2010 and 2009, we had deferred revenue of $20.8 million and $23.6 million, respectively, for shipments to Elan that remained in Elan s ending inventory pending shipment of the product to the third party distributors. We incur manufacturing and distribution costs, research and development expenses, commercial expenses, and general and administrative expenses related to TYSABRI. We record these expenses to their respective line items within our consolidated statements of income when they are incurred. Research and development and sales and marketing expenses are shared equally with Elan and the reimbursement of these expenses is recorded as reductions of the respective expense categories. During the years ended December 31, 2010, 2009 and 2008, we recorded $49.8 million, $25.3 million and $23.6 million, respectively, as reductions of research and development expense for reimbursements from Elan. In addition, for the years ended December 31, 2010, 2009 and 2008, we recorded $68.5 million, $62.5 million and $33.7 million, respectively, as reductions of selling, general and administrative expense for reimbursements from Elan.

In the rest of world, we are responsible for distributing TYSABRI to customers and are primarily responsible for all operating activities. Generally, we recognize revenue for sales of TYSABRI in the rest of world at the time of product delivery to our customers. Payments are made to Elan for their share of the rest of world net operating profits to effect an equal sharing of collaboration operating profit. These payments also include the reimbursement for our portion of third-party royalties that Elan pays on behalf of the collaboration relating to rest of world sales. As rest of world sales of TYSABRI increase, our collaboration profit sharing expense is expected to increase. These amounts are reflected in

the collaboration profit sharing line in our consolidated statements of income. For the years ended December 31, 2010, 2009 and 2008, $258.1 million, $215.9 million and $136.0 million, respectively, was reflected in the collaboration profit sharing line for our collaboration with Elan.

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Acorda

On June 30, 2009, we entered into a collaboration and license agreement with Acorda Therapeutics, Inc. (Acorda) to develop and commercialize products containing fampridine in markets outside the U.S. The transaction represents a sublicensing of an existing license agreement between Acorda and Elan. The parties have also entered into a related supply agreement. The $110.0 million upfront payment made on July 1, 2009 to Acorda was recorded as research and development expense during the second quarter 2009 as the product candidate had not received regulatory approval. Fampridine was approved in the U.S. on January 22, 2010 under the trade name AMPYRA (dalfampridine) Extended Release Tablets, 10mg. AMPYRA is indicated to improve walking in patients with MS. This was demonstrated by an increase in walking speed. Acorda is developing and marketing AMPYRA in the U.S.

Under the terms of the agreement, we will commercialize FAMPYRA and any aminopyridine products developed in our territory and will also have responsibility for regulatory activities and future clinical development of FAMPYRA in those markets. We may incur additional milestone payments of up to $400.0 million based upon the successful achievement of regulatory and commercial sales milestones. We will also make tiered royalty payments to Acorda on sales outside of the U.S.

Elan will continue to manufacture commercial supply of FAMPYRA based upon its existing supply agreement with Acorda. Under the existing agreements with Elan, Acorda will pay Elan 7% of the upfront and milestone payments that Acorda receives from us.

In January 2011, the EMA s Committee for Medicinal Products for Human Use (CHMP) issued a negative opinion recommending against approval of FAMPYRA to improve walking ability in adult patients with multiple sclerosis in the European Union. We intend to appeal this opinion and request a re-examination of the decision by the CHMP. We also received a Notice of Deficiency from Health Canada for our application to sell FAMPYRA in Canada.

A summary of activity related to this collaboration is as follows:

	For the Years Ended December 31,		
(In millions)	**2010**	**2009**	**2008**
Upfront and milestones payments made to Acorda	$	$ 110.0	$
Total expense incurred by Biogen Idec excluding upfront and milestone payments	$ 22.8	$ 4.7	$
Total expense reflected within our consolidated statements of income	$ 22.8	$ 114.7	$

A summary of activity related to this collaboration since inception, along with an estimate of additional future development expense expected to be incurred by us, is as follows:

(In millions)	**As of December 31, 2010**
Total upfront and milestone payments made to Acorda	$ 110.0
	$ 27.5

Total development expense incurred by Biogen Idec, excluding upfront and milestone payments	
Estimate of additional amounts to be incurred by us in development of FAMPYRA	$ 89.0

Swedish Orphan Biovitrum

We have a collaboration agreement with Swedish Orphan Biovitrum (Biovitrum) to jointly develop and commercialize long-lasting recombinant Factor VIII and Factor IX for the treatment of hemophilia. In February 2010, we restructured our collaboration agreement with Biovitrum and assumed full development responsibilities and costs, as well as manufacturing rights for the Factor VIII and Factor IX programs in exchange for increased marketing rights for rest of world territories which was previously shared between the two companies. These

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territories are in addition to our existing commercial rights in North America. Biovitrum will retain commercial rights in Europe, Russia, Turkey and the Middle East.

Amounts incurred by us in the development of long-lasting recombinant Factor VIII and Factor IX are reflected as research and development expense in our consolidated statements of income, reduced by amounts due from Biovitrum. A summary of collective activity related to these programs is as follows:

	For the Years Ended December 31,		
(In millions)	**2010**	**2009**	**2008**
Total expense incurred by collaboration	$ 78.9	$ 44.9	$ 33.7
Total expense reflected within our consolidated statements of income	$ 78.5	$ 22.5	$ 18.8

A summary of activity related to this collaboration since inception, along with an estimate of additional future development expense expected to be incurred by us, is as follows:

(In millions)	**As of December 31, 2010**
Total upfront and milestone payments received from Biovitrum	$ 5.0
Total development expense incurred by Biogen Idec excluding upfront and milestone payments	$ 133.1
Estimate of additional amounts to be incurred by us in development of Factors VIII and IX	$ 314.3

Abbott Biotherapeutics Corp (formerly Facet Biotech)

We have a collaboration agreement with Abbott Biotherapeutics Corp (Abbott) aimed at advancing the development and commercialization of daclizumab in MS. Under the agreement, development and commercialization costs and profits are shared equally. We may incur up to an additional $180.0 million of payments upon achievement of development and commercial milestones.

In January 2010, we agreed with our collaborator, Abbott, to assume the manufacture of daclizumab and began the process of transferring from Abbott the manufacturing technology necessary for us to manufacture daclizumab.

A summary of activity related to this collaboration is as follows:

	For the Years Ended December 31,		
(In millions)	**2010**	**2009**	**2008**
Total expense incurred by collaboration	$ 74.8	$ 40.8	$ 65.7
Biogen Idec s share of expense reflected within our consolidated statements of income	$ 37.4	$ 20.4	$ 32.8

A summary of activity related to this collaboration since inception, along with an estimate of additional future development expense expected to be incurred by us, is as follows:

(In millions)	**As of December 31, 2010**
Total upfront and milestone payments made to Abbott	$ 80.0
Total development expense incurred by Biogen Idec excluding upfront and milestone payments	$ 159.9
Estimate of additional amounts to be incurred by us in development of current indications of daclizumab	$ 456.0

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UCB

In June 2009, UCB, S.A. (UCB) and we announced the discontinuation of a Phase 2 clinical trial of MS patients for this collaboration s only product candidate due to the absence of clinically relevant efficacy. Since the inception of our collaboration agreement with UCB, we have incurred a total of $102.6 million in research and development expenses for this product candidate.

A summary of activity related to this collaboration is as follows:

	For the Years Ended December 31,		
(In millions)	**2010**	**2009**	**2008**
Total expense incurred by collaboration	$ 2.2	$ 31.8	$ 33.6
Biogen Idec s share of expense reflected within our consolidated statements of income	$ 1.6	$ 21.0	$ 21.9

A summary of activity related to this collaboration since inception, along with an estimate of additional future development expense expected to be incurred by us, is as follows:

(In millions)	**As of December 31, 2010**
Total upfront and milestone payments made to UCB	$ 30.0
Total development expense incurred by Biogen Idec excluding upfront and milestone payments	$ 72.6
Estimate of additional amounts to be incurred by us in development of the compound in this indication	$

Vernalis

We have a collaboration agreement with Vernalis plc (Vernalis) aimed at advancing the development and commercialization of an adenosine A2a receptor antagonist for treatment of Parkinson s disease. Under the agreement, we received exclusive worldwide rights to develop and commercialize the compound. We are responsible for funding all development costs and may incur up to an additional $85.0 million of milestone payments upon achievement of certain objectives, as well as royalties on commercial sales.

A summary of activity related to this collaboration is as follows:

	For the Years Ended December 31,

(In millions)	2010	2009	2008
Total expense incurred by collaboration and reflected within our consolidated statements of income	$ 16.2	$ 14.8	$ 16.9

A summary of activity related to this collaboration since inception, along with an estimate of additional future development expense expected to be incurred by us, is as follows:

(In millions)	As of December 31, 2010
Total upfront and milestone payments made to Vernalis	$ 13.0
Total development expense incurred by Biogen Idec Inc., excluding upfront and milestone payments	$ 85.9
Estimate of additional amounts to be incurred by us in development of the compound in this indication	$ 323.5

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As of December 31, 2010 and 2009, our investment in Vernalis had a fair value of approximately $0.2 million and $0.5 million, respectively.

20. Litigation

In 2006, the Massachusetts Department of Revenue (DOR) issued a Notice of Assessment against BIMA for $38.9 million of corporate excise tax for 2002, which includes associated interest and penalties. The assessment asserts that the portion of sales attributable to Massachusetts (sales factor), the computation of BIMA s research and development credits and certain deductions claimed by BIMA were not appropriate, resulting in unpaid taxes for 2002. On December 6, 2006, we filed an abatement application with the DOR seeking abatements for 2001, 2002 and 2003. The abatement application was denied on July 24, 2007. On July 25, 2007, we filed a petition with the Massachusetts Appellate Tax Board (the Massachusetts ATB) seeking, among other items, abatements of corporate excise tax for 2001, 2002 and 2003 and adjustments in certain credits and credit carry forwards for 2001, 2002 and 2003. Issues before the Board include the computation of BIMA s sales factor for 2001, 2002 and 2003, computation of BIMA s research credits for those same years, and the availability of deductions for certain expenses and partnership flow-through items. We anticipate that the hearing on our petition will take place in the second quarter of 2011.

On June 8, 2010, we received Notices of Assessment from the DOR against BIMA for $103.5 million of corporate excise tax, including associated interest and penalties, related to our 2004, 2005 and 2006 tax filings. The asserted basis for these assessments is consistent with that for 2002. On August 5, 2010, we filed an abatement application with the DOR seeking abatements for 2004, 2005, and 2006, which the DOR denied on December 15, 2010. We intend to appeal the denial to the Massachusetts ATB. For all periods under dispute, we believe that positions taken in our tax filings are valid and believe that we have meritorious defenses in these disputes. We intend to contest these matters vigorously.

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 license agreement (the Hoescht License) between Hoechst s predecessor and Genentech granting Genentech certain rights with respect to U.S. Patents 5,849,522 (522 patent) and 6,218,140 (140 patent) and related patents outside the U.S. Although we are not a party to the arbitration, any damages awarded to Hoechst based on U.S. net sales of RITUXAN may be a cost charged to our collaboration with Genentech. The license was entered as of January 1, 1991 and was terminated by Genentech on October 27, 2008. We understand that Hoechst seeks payment of royalties on sales of Genentech products, including RITUXAN, damages for breach of contract, and other relief. We estimate, based solely on our understanding of Hoechst s claims and not on any evaluation of the merits of the claims, that royalties and interest, if awarded in connection with U.S. net sales of RITUXAN, could total $100 million based on the 0.5% royalty rate set forth in the agreement and historical RITUXAN net sales.

On October 27, 2008, Sanofi-Aventis Deutschland GmbH (Sanofi), successor to Hoescht, filed suit against Genentech and Biogen Idec in federal court in Texas (E.D. Tex.) (Texas Action) claiming that RITUXAN and certain other Genentech products infringe the 522 patent and the 140 patent. The patents are due to expire in December 2015. Sanofi seeks preliminary and permanent injunctions, compensatory and exemplary damages, and other relief. The same day Genentech and Biogen Idec filed a complaint against Sanofi in federal court in California (N.D. Cal.) (California Action) 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. The Texas Action was ordered

transferred to the federal court in the Northern District of California and consolidated with the California Action and we refer to the two actions together as the Consolidated Actions. We have not formed an opinion that an unfavorable outcome in the Consolidated Actions is either probable or remote. We believe that we have good and valid defenses and are vigorously defending against the allegations. In the event that we and Genentech are found liable we estimate that the range of any potential loss could extend to a royalty of up to 0.5% of net sales of RITUXAN, based on, among other things, the royalty rate set forth in the terminated Hoescht License

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

and an analysis of royalty rates charged for comparable technologies. We believe that Sanofi would seek a substantially higher royalty rate, and we will continue to vigorously oppose its claims and position. One of the issues to be resolved in the California Action is whether any award of reasonable royalty damages would begin running from October 27, 2008, when Genentech terminated the Hoescht License, or from October 27, 2002, six years before Sanofi filed the Texas Action, the statutory limitations period for damages in patent cases. In the event that Genentech is ordered in the arbitration described above to pay royalties on RITUXAN sales under the Hoescht License up to the date of the termination of the Hoescht License (October 27, 2008), we do not anticipate that either we or Genentech would be subject to any damages award in the California Action for any period before October 27, 2008. Any damages awarded to Sanofi based on U.S. net sales of RITUXAN may be a cost charged to our collaboration with Genentech.

On September 15, 2009, we were issued U.S. patent No. 7,588,755 (755 Patent), which claims the use of beta interferon for immunomodulation or treating a viral condition, viral disease, cancers or tumors. This patent, which expires in September 2026, covers, among other things, the treatment of MS with our product AVONEX. On May 27, 2010, Bayer Healthcare Pharmaceuticals Inc. (Bayer) filed a lawsuit against us in federal court in the District of New Jersey seeking a declaratory judgment of patent invalidity and noninfringement and seeking monetary relief in the form of attorneys fees, costs and expenses. On May 28, 2010, BIMA filed a lawsuit in federal court in the District of New Jersey alleging infringement of the 755 Patent by EMD Serono, Inc. (manufacturer, marketer and seller of REBIF), Pfizer, Inc. (co-marketer of REBIF), Bayer (manufacturer, marketer and seller of BETASERON and manufacturer of EXTAVIA), and Novartis Pharmaceuticals Corp. (marketer and seller of EXTAVIA) and seeking monetary damages, including lost profits and royalties. The court has consolidated the two lawsuits. On August 16, 2010, BIMA amended its complaint to add Ares Trading S.A. (Ares), an affiliate of EMD Serono, as a defendant, and to seek a declaratory judgment that a purported nonsuit and option agreement between Ares and BIMA dated October 12, 2000, that purports to provide that Ares will have an option to obtain a license to the 755 Patent, is not a valid and enforceable agreement or, alternatively, has been revoked and/or terminated by the actions of Ares or its affiliates. Ares has answered the amended complaint and has moved to compel arbitration of the claims against it, which we have opposed, and Ares motion is pending. Bayer, Pfizer, Novartis and EMD Serono have all filed counterclaims seeking declaratory judgments of patent invalidity and noninfringement, and seeking monetary relief in the form of costs and attorneys fees, and EMD Serono has filed a counterclaim seeking a declaratory judgment that the 755 Patent is unenforceable based on alleged inequitable conduct.

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

On January 26, 2011, Novartis Vaccines and Diagnostics, Inc. (Novartis V&D) filed suit against us in federal district court in Delaware, alleging that TYSABRI infringes U.S. Patent No. 5,688,688 (Vector for Expression of a Polypeptide in a Mammalian Cell), which was granted in November 1997 and expires in November 2014. Novartis V&D seeks a declaration of infringement, a finding of willful infringement, compensatory damages, treble damages, interest, costs and attorneys fees. 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 or the magnitude or range of any potential loss. We believe that we have good and valid defenses to the complaint and will vigorously defend against it.

We are also involved in product liability claims and other legal proceedings generally incidental to our normal business activities. While the outcome of any of these proceedings cannot be accurately predicted, we do not

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

believe the ultimate resolution of any of these existing matters would have a material adverse effect on our business or financial conditions.

21. Commitments and Contingencies

Leases

We rent laboratory and office space and certain equipment under non-cancelable operating leases. These lease agreements contain various clauses for renewal at our option and, in certain cases, escalation clauses typically linked to rates of inflation. In addition to rent, the leases may require us to pay additional amounts for taxes, insurance, maintenance and other operating expenses. Amounts reflected within the table below details future minimum rental commitments under non-cancelable operating leases as of December 31 for each of the years presented. Rental expense under these leases, which terminate at various dates through 2025, amounted to $44.8 million in 2010, $36.4 million in 2009 and $36.0 million in 2008.

As of December 31, 2010, minimum rental commitments under non-cancelable leases, net of income from subleases, for each of the next five years and total thereafter were as follows:

(In millions)	2011	2012	2013	2014	2015	Thereafter	Total
Minimum lease payments	$ 40.9	$ 31.1	$ 32.6	$ 31.1	$ 26.5	$ 205.6	$ 367.8
Less: income from subleases	(0.4)	(0.4)	(0.5)	(0.4)			(1.7)
Net minimum lease payments	$ 40.5	$ 30.7	$ 32.1	$ 30.7	$ 26.5	$ 205.6	$ 366.1

Financing Arrangement

As described in Note 10 *Property, Plant & Equipment* to these consolidated financial statements, on October 1, 2010, we sold the San Diego facility and agreed to lease back the facility for a period of 15 months. We have accounted for these transactions as a financing arrangement and recorded an obligation of $127.0 million on that date. As of December 31, 2010, our remaining obligation was $125.9 million, which is reflected as a component of current portion of notes payable, line of credit and other financing arrangements within our consolidated balance sheet.

In January 2011, we entered into an agreement to terminate our 15 month lease of the San Diego facility. Under the terms of this agreement, we will continue to make monthly rental payments through August 31, 2011 and will have no continuing involvement or remaining obligation after that date. Once the lease arrangement has concluded we will account for the San Diego facility as a sale of property. We are scheduled to incur debt service payments and interest totaling approximately $6.9 million over the term of the revised leaseback period.

Other Funding Commitments

As of December 31, 2010, we have funding commitments of up to approximately $19.0 million as part of our investment in biotechnology oriented venture capital funds.

As of December 31, 2010, we have several ongoing clinical studies in various clinical trial stages. Our most significant clinical trial expenditures are to clinical research organizations (CROs). The contracts with CROs are generally cancellable, with notice, at our option. We have recorded accrued expenses of $16.1 million on our consolidated balance sheet for expenditures incurred by CROs as of December 31, 2010. We have approximately $326.9 million in cancellable future commitments based on existing CRO contracts as of December 31, 2010.

Contingent Milestone Payments

Based on our development plans as of December 31, 2010, we have committed to make potential future milestone payments to third parties of up to approximately $1,334.3 million as part of our various collaborations, including licensing and development programs. Payments under these agreements generally become due and

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

payable only upon achievement of certain development, regulatory or commercial milestones. Because the achievement of these milestones had not occurred as of December 31, 2010, such contingencies have not been recorded in our financial statements.

22. Guarantees

As of December 31, 2010 and 2009, we did not have significant liabilities recorded for guarantees.

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, 2010 and 2009.

23. Employee Benefit Plans

401(k) Savings Plan

We maintain a 401(k) Savings Plan which is available to substantially all regular employees in the U.S. over the age of 21. Participants may make voluntary contributions. We make matching contributions according to the 401(k) Savings 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) Savings Plan also holds certain transition contributions on behalf of participants who previously participated in the Biogen, Inc. Retirement Plan. The expense related to our 401(k) Savings Plan primarily consists of our matching contributions.

Expense related to our 401(k) Savings Plan totaled $26.3 million, $27.9 million and $22.8 million for the years ended December 31, 2010, 2009 and 2008, respectively.

Deferred Compensation Plan

We maintain a non-qualified deferred compensation plan, known as the Supplemental Savings Plan (SSP), which allows a select group of management employees in the U.S. 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 the 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 as of December 31, 2010 and 2009 totaled approximately $62.2 million and $63.6 million, respectively, and are included in other long-term liabilities within the accompanying consolidated balance sheets. 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.

Pension Plan

We currently maintain retiree benefit plans which include, a defined benefit plan for employees in our German affiliate and other insignificant defined benefit plans in certain other countries in which we have an operating presence.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The obligations under the German plan totaled $8.2 million and $5.7 million as of December 31, 2010 and 2009, respectively. Net periodic pension cost relate to the German plan totaled $1.1 million, $1.1 million and $1.0 million for the years ended December 31, 2010, 2009 and 2008, respectively.

24. Segment Information

We operate as one business segment, which is the business of discovering, developing, manufacturing and marketing products for the treatment of serious diseases with a focus on neurological disorders 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 summarized as follows:

	For the Years Ended December 31,								
	2010			2009			2008		
(In millions)	United States	Rest of World	Total	United States	Rest of World	Total	United States	Rest of World	Total
AVONEX	$ 1,491.6	$ 1,026.8	$ 2,518.4	$ 1,406.2	$ 916.7	$ 2,322.9	$ 1,276.5	$ 926.1	$ 2,202.6
TYSABRI	252.8	647.4	900.2	231.8	544.2	776.0	196.4	392.2	588.6
Other		51.5	51.5		54.0	54.0		48.5	48.5
Total product revenues	$ 1,744.4	$ 1,725.7	$ 3,470.1	$ 1,638.0	$ 1,514.9	$ 3,152.9	$ 1,472.9	$ 1,366.8	$ 2,839.7

Geographic Information

The following tables contain certain financial information by geographic area:

December 31, 2010 (In millions)	U.S.	Europe	Germany	Asia	Other	Total
Product revenues from external customers	$ 1,744.4	$ 1,090.7	$ 362.4	$ 69.0	$ 203.6	$ 3,470.1
Revenues from unconsolidated joint business	$ 906.3	$ 95.3	$	$ 26.0	$ 49.6	$ 1,077.2
Other revenues from external customers	$ 136.0	$ 32.6	$ 0.5	$	$	$ 169.1
Long-lived assets	$ 1,100.3	$ 717.4	$ 1.5	$ 5.4	$ 1.6	$ 1,826.2

December 31, 2009 (In millions)	U.S.	Europe	Germany	Asia	Other	Total
Product revenues from external customers	$ 1,638.0	$ 913.7	$ 374.8	$ 47.9	$ 178.5	$ 3,152.9
Revenues from unconsolidated joint business	$ 839.2	$ 190.2	$	$ 24.1	$ 41.4	$ 1,094.9
Other revenues from external customers	$ 102.8	$ 26.2	$ 0.5	$	$	$ 129.5
Long-lived assets	$ 1,092.7	$ 705.6	$ 1.4	$ 3.6	$ 2.1	$ 1,805.4

December 31, 2008 (In millions)	U.S.	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

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Revenues from Unconsolidated Joint Business

Approximately 23%, 25% and 28% of our total revenues in 2010, 2009 and 2008, respectively, are derived from our joint business arrangement with Genentech. For a more detailed discussion of our collaboration with Genentech, please read Note 19, *Collaborations* to these consolidated financial statements.

Significant Customers

We recorded revenue from two wholesale distributors accounting for 18% and 11% of gross product revenue in 2010, 18% and 12% of gross product revenues in 2009, and 16% and 13% of gross product revenues in 2008.

Other

As of December 31, 2010, 2009 and 2008, approximately $644.7 million, $665.8 million and $611.5 million, respectively, of our long-lived assets were related to our manufacturing facilities in Denmark.

25. Quarterly Financial Data (Unaudited)

(In millions, except per share amounts)	First Quarter(a)	Second Quarter	Third Quarter(b)	Fourth Quarter (c)(d)	Total Year
2010					
Product revenues	$ 824.2	$ 859.2	$ 876.9	$ 909.8	$ 3,470.1
Unconsolidated joint business revenues	$ 254.9	$ 306.4	$ 258.0	$ 258.0	$ 1,077.3
Other revenues	$ 29.7	$ 47.1	$ 41.0	$ 51.4	$ 169.1
Total revenues	$ 1,108.9	$ 1,212.7	$ 1,175.8	$ 1,219.0	$ 4,716.4
Gross Profit	$ 1,011.8	$ 1,105.7	$ 1,079.9	$ 1,118.8	$ 4,316.2
Total cost and expenses and income tax expense	$ 880.5	$ 919.1	$ 1,056.7	$ 942.6	$ 3,798.9
Other income (expense), net	$ (8.4)	$ 1.0	$ (6.9)	$ (4.7)	$ (19.0)
Net income	$ 220.0	$ 294.6	$ 112.2	$ 271.8	$ 898.6
Net income attributable to noncontrolling interest, net of tax	$ 2.6	$ 1.2	$ (141.9)	$ 31.5	$ (106.7)
Net income (loss) attributable to Biogen Idec Inc.	$ 217.4	$ 293.4	$ 254.1	$ 240.3	$ 1,005.3
Basic earnings per share attributable to Biogen Idec Inc	$ 0.80	$ 1.13	$ 1.06	$ 1.00	$ 3.98
Diluted earnings per share attributable to Biogen Idec Inc	$ 0.80	$ 1.12	$ 1.05	$ 0.99	$ 3.94

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(In millions, except per share amounts)	First Quarter(e)	Second Quarter(f)	Third Quarter	Fourth Quarter(g)	Total Year
2009					
Product revenues	$ 733.4	$ 791.0	$ 801.7	$ 826.8	$ 3,152.9
Unconsolidated joint business revenues	$ 278.8	$ 275.6	$ 283.9	$ 256.6	$ 1,094.9
Other revenues	$ 24.3	$ 26.7	$ 34.9	$ 43.6	$ 129.5
Total revenues	$ 1,036.5	$ 1,093.3	$ 1,120.5	$ 1,127.0	$ 4,377.3
Gross Profit	$ 938.3	$ 1,002.6	$ 1,027.0	$ 1,027.3	$ 3,995.2
Total cost and expenses and income tax expense	$ 796.8	$ 963.1	$ 850.3	$ 827.4	$ 3,437.5
Other income (expense), net	$ 6.8	$ 14.7	$ 9.4	$ 6.4	$ 37.3
Net income	$ 246.6	$ 144.9	$ 279.6	$ 306.0	$ 977.1
Net income attributable to noncontrolling interest, net of tax	$ 2.6	$ 2.0	$ 1.9	$ 0.4	$ 6.9
Net income attributable to Biogen Idec Inc.	$ 244.0	$ 142.8	$ 277.7	$ 305.6	$ 970.1
Basic earnings per share attributable to Biogen Idec Inc	$ 0.85	$ 0.49	$ 0.96	$ 1.07	$ 3.37
Diluted earnings per share attributable to Biogen Idec Inc	$ 0.84	$ 0.49	$ 0.95	$ 1.06	$ 3.35

Full year amounts may not sum due to rounding.

(a) Included within total cost and expenses and income tax expense for the first quarter of 2010 is a charge to acquired IPR&D of $40.0 million related to the achievement of a milestone by Biogen Idec Hemophilia, Inc. (formerly Syntonix Pharmaceuticals, Inc.).

(b) Included within total cost and expenses and income tax expense for the third quarter of 2010 is a charge to acquired IPR&D of $205.0 million incurred in connection with the license agreement entered into with Knopp Neurosciences Inc. (Knopp), which we consolidated as we determined that we are the primary beneficiary of the entity. The $205.0 million charge was partially offset by an attribution of $145.0 million to the noncontrolling interest.

(c) Net income attributable to noncontrolling interest in the fourth quarter of 2010 includes a charge of $25.0 million related to the payment made in 2010 to Cardiokine Biopharma, LLC pursuant to the termination of our lixivaptan collaboration.

(d) Included in total cost and expenses and income tax expense for the fourth quarter of 2010 are charges totaling $75.2 million related to our restructuring plan announced November 3, 2010.

(e) Changes in tax law in certain state jurisdictions in which we operate during the first quarter of 2009 resulted in a $30.2 million reduction to our first quarter 2009 income tax expense.

(f) Included within total cost and expenses and income tax expense for the second quarter of 2009 is the $110.0 million upfront payment made to Acorda Therapeutics, Inc. pursuant to our June 30, 2009 collaboration and license agreement to develop and commercialize products containing fampridine in markets outside the U.S.

(g) Resolution of federal, state and foreign tax audits, including the effective settlement of several uncertain tax positions during the fourth quarter of 2009 resulted in a $34.0 million reduction to our fourth quarter 2009 income tax expense.

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BIOGEN IDEC INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

26. Subsequent Events

We did not have any material recognizable subsequent events. However, we did have the following nonrecognizable subsequent events:

On January 26, 2011, Novartis Vaccines and Diagnostics, Inc. filed suit against us alleging that TYSABRI infringes U.S. Patent No. 5,688,688. For information about legal proceedings related to this matter please read Note 20, *Litigation* to these consolidated financial statements.

On January 31, 2011, we entered into an agreement to terminate our 15 month lease of the San Diego facility. Under the terms of this agreement, we will continue to make monthly rental payments through August 31, 2011 and will have no continuing involvement or remaining obligation after that date. For additional information related to our lease of the San Diego facility please read Note 10, *Property, Plant and Equipment* to these consolidated financial statements.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, equity and cash flows present fairly, in all material respects, the financial position of Biogen Idec Inc. and its subsidiaries at December 31, 2010 and 2009, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2010 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, 2010 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.

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 4, 2011

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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, as amended. Filed as Exhibit 3.1 to our Quarterly Report on Form 10-Q for the quarter ended September 30, 2010.
4.1	Reference is made to Exhibits 3.1 through 3.4 for a description of the rights, preferences and privileges of our Series A Preferred Stock and Series X Junior Participating Preferred Stock
4.2	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).
4.3	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.
10.1	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	Amendment No. 1 to Credit Agreement among Biogen Idec, Bank of America, N.A. as administrative agent, and the other lenders party thereto dated as of March 5, 2009. Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.
10.3	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.
10.4	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.
10.5 +	Second Amended and Restated Collaboration Agreement between Biogen Idec and Genentech, Inc. dated as of October 18, 2010.
10.6 +	Letter agreement regarding GA101 financial terms between Biogen Idec and Genentech, Inc. dated October 18, 2010.
10.7	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.
10.8*	Biogen Idec Inc. 2008 Omnibus Equity Plan. Filed as Appendix A to our Definitive Proxy Statement on Schedule 14A filed on May 8, 2008.

10.9*	Amendment to Biogen Idec Inc. 2008 Omnibus Equity Plan dated October 13, 2008. Filed as Exhibit 10.19 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.10*	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.
10.11*	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.

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Exhibit No.	Description
10.12*	Form of cash-settled performance shares award agreement under the Biogen Idec Inc. 2008 Omnibus Equity Plan. Filed as Exhibit 10.1 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.
10.13*	Form of market stock unit award agreement under the Biogen Idec Inc. 2008 Omnibus Equity Plan. Filed as Exhibit 10.2 to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2010.
10.14*	Biogen Idec Inc. 2006 Non-Employee Directors Equity Plan, as amended. Filed as Appendix A to our Definitive Proxy Statement on Schedule 14A filed on April 28, 2010.
10.15*	Biogen Idec Inc. 2005 Omnibus Equity Plan. Filed as Appendix A to our Definitive Proxy Statement on Schedule 14A filed on April 15, 2005.
10.16*	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.
10.17*	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.
10.18*	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.
10.19*	Amendment to Biogen Idec Inc. 2005 Omnibus Equity Plan dated October 13, 2008. Filed as Exhibit 10.30 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.20*	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.
10.21*	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.
10.22*	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.
10.23*	Amendment to Biogen Idec Inc. 2003 Omnibus Equity Plan dated October 13, 2008. Filed as Exhibit 10.34 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.24*	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.
10.25*	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.
10.26*	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.
10.27*	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.
10.28*	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.
10.29*	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.
10.30*	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.
10.31*	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.
10.32*	

	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.
10.33*	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.

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Exhibit No.	Description
10.34*	Amendment to Biogen, Inc. 1985 Non-Qualified Stock Option Plan dated October 13, 2008. Filed as Exhibit 10.45 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.35*	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.
10.36*	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.
10.37*	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.
10.38*	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.
10.39*	Biogen Idec Inc. Executive Severance Policy U.S. Executive Vice President, as amended effective October 13, 2008. Filed as Exhibit 10.51 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.40*	Biogen Idec Inc. Executive Severance Policy International Executive Vice President, as amended effective October 13, 2008. Filed as Exhibit 10.52 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.41*	Biogen Idec Inc. Executive Severance Policy U.S. Senior Vice President, as amended effective October 13, 2008. Filed as Exhibit 10.53 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.42*	Biogen Idec Inc. Executive Severance Policy International Senior Vice President, as amended effective October 13, 2008. Filed as Exhibit 10.54 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.43*+	Annual Retainer Summary for Board of Directors.
10.44*	Form of indemnification agreement for directors. Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on October 17, 2008.
10.45*	Employment Agreement between Biogen Idec and George A. Scangos dated as of June 28, 2010. Filed as Exhibit 10.1 to our Current Report on Form 8-K filed on July 1, 2010.
10.46*	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).
10.47*	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.
10.48*	Second Amendment to Employment Agreement between Biogen Idec and James C. Mullen dated as of December 4, 2008. Filed as Exhibit 10.59 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.49*	Transition Agreement between Biogen Idec and James C. Mullen dated as of January 4, 2010. Filed as Exhibit 10.50 to our Annual Report on Form 10-K for the year ended December 31, 2009.
10.50*	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.
10.51*	Letter regarding employment arrangement of Robert Hamm dated April 1, 2009. Filed as Exhibit 10.52 to our Annual Report on Form 10-K for the year ended December 31, 2009.
10.52*	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.
10.53*	First Amendment to Employment Agreement between Biogen Idec and Craig E. Schneier dated October 8, 2008. Filed as Exhibit 10.66 to our Annual Report on Form 10-K for the year ended December 31, 2008.
10.54*	

	Letter regarding employment arrangement of Susan Alexander dated December 13, 2005. Filed as Exhibit 10.58 to our Annual Report on Form 10-K for the year ended December 31, 2009.
10.55*+	Letter regarding employment arrangement of Francesco Granata dated January 6, 2010.
10.56	Agreement among Biogen Idec and certain entities affiliated with Carl C. Icahn dated March 20, 2010. Filed as Exhibit 99.1 to our Current Report on Form 8-K filed on March 22, 2010.

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Exhibit No.	Description
21+	Subsidiaries.
23+	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.
101++	The following materials from Biogen Idec Inc. s Annual Report on Form 10-K for the year ended December 31, 2010, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Income, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Cash Flows, (iv) the Consolidated Statement of Equity and (v) Notes to Consolidated Financial Statements.

ˆ References 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 or requested with respect to portions of this exhibit.

\+ Filed herewith.

++ Furnished herewith.