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FORM 10-Q

BIOGEN INC. - BIIB

Filed: November 09, 2006 (period: September 30, 2006)

Quarterly report with a continuing view of a company's financial position

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2006

OR

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

Commission File Number 0-19311

BIOGEN IDEC INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

33-0112644

(I.R.S. Employer
Identification No.)

14 Cambridge Center, Cambridge, MA 02142

(617) 679-2000

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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

The number of shares of the registrant's Common Stock, \$0.0005 par value, outstanding as of November 3, 2006, was 337,126,790 shares.

BIOGEN IDEC INC.
FORM 10-Q — Quarterly Report
For the Quarterly Period Ended September 30, 2006
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PART I
BIOGEN IDEC INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
Revenues:				
Product	\$ 475,096	\$ 391,366	\$1,317,696	\$ 1,187,773
Unconsolidated joint business	203,820	181,597	593,296	526,984
Royalty	21,867	23,117	60,714	71,600
Corporate partner	2,709	131	3,002	3,290
Total revenues	<u>703,492</u>	<u>596,211</u>	<u>1,974,708</u>	<u>1,789,647</u>
Costs and expenses:				
Cost of product revenues, excluding amortization of acquired intangible assets	65,742	88,358	209,195	257,083
Cost of royalty revenues	1,050	1,203	3,085	3,179
Research and development	211,033	227,039	518,910	579,357
Selling, general and administrative	168,153	161,410	492,833	475,637
Amortization of acquired intangible assets	60,011	75,990	206,978	228,746
Acquired in-process research and development	—	—	330,520	—
Facility impairments and loss (gain) on sale	175	21,046	(923)	102,904
Gain on settlement of license agreement	—	—	(34,192)	—
Total costs and expenses	<u>506,164</u>	<u>575,046</u>	<u>1,726,406</u>	<u>1,646,906</u>
Income from operations	197,328	21,165	248,302	142,741
Other income (expense), net	22,319	11,192	62,790	8,318
Income before income tax expense and cumulative effect of accounting change	219,647	32,357	311,092	151,059
Income tax expense	63,048	5,172	205,916	45,910
Income before cumulative effect of accounting change	156,599	27,185	105,176	105,149
Cumulative effect of accounting change, net of income tax	—	—	3,779	—
Net income	<u>\$ 156,599</u>	<u>\$ 27,185</u>	<u>\$ 108,955</u>	<u>\$ 105,149</u>
Basic earnings per share:				
Income before cumulative effect of accounting change	\$ 0.46	\$ 0.08	\$ 0.31	\$ 0.31
Cumulative effect of accounting change, net of income tax	—	—	0.01	—
Basic earnings per share	<u>\$ 0.46</u>	<u>\$ 0.08</u>	<u>\$ 0.32</u>	<u>\$ 0.31</u>
Diluted earnings per share:				
Income before cumulative effect of accounting change	\$ 0.45	\$ 0.08	\$ 0.30	\$ 0.31
Cumulative effect of accounting change, net of income tax	—	—	0.01	—
Diluted earnings per share	<u>\$ 0.45</u>	<u>\$ 0.08</u>	<u>\$ 0.31</u>	<u>\$ 0.31</u>
Shares used in calculating:				
Basic earnings per share	338,021	336,536	339,527	334,819
Diluted earnings per share	<u>344,754</u>	<u>340,859</u>	<u>345,999</u>	<u>346,581</u>

See accompanying notes to the consolidated financial statements.

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

	September 30, 2006	December 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 414,594	\$ 568,168
Marketable securities	246,425	282,585
Accounts receivable, net	282,519	265,742
Due from unconsolidated joint business	157,319	141,059
Deferred tax assets	44,966	41,242
Inventory	155,119	182,815
Other current assets	74,614	78,054
Assets held for sale	9,601	58,416
Total current assets	<u>1,385,157</u>	<u>1,618,081</u>
Marketable securities	1,372,772	1,204,378
Property and equipment, net	1,246,116	1,174,396
Intangible assets, net	2,795,620	2,975,601
Goodwill	1,153,980	1,130,430
Investments and other assets	232,913	264,061
	<u>\$8,186,558</u>	<u>\$ 8,366,947</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 62,822	\$ 99,780
Deferred revenue	6,730	16,928
Taxes payable	139,728	200,193
Accrued expenses and other	285,730	266,135
Total current liabilities	<u>495,010</u>	<u>583,036</u>
Notes payable	45,074	43,444
Long-term deferred tax liability	653,433	762,282
Other long-term liabilities	98,167	72,309
Commitments and contingencies (Notes 7, 10 and 12)		
Shareholders' equity:		
Convertible preferred stock, par value \$0.001 per share	—	—
Common stock, par value \$0.0005 per share	173	173
Additional paid-in capital	8,260,886	8,206,911
Accumulated other comprehensive loss	(17,876)	(13,910)
Deferred stock-based compensation	—	(42,894)
Accumulated deficit	(954,991)	(1,021,644)
	<u>7,288,192</u>	<u>7,128,636</u>
Less treasury stock, at cost	393,318	222,760
Total shareholders' equity	<u>6,894,874</u>	<u>6,905,876</u>
	<u>\$8,186,558</u>	<u>\$ 8,366,947</u>

See accompanying notes to the consolidated financial statements.

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