BIOGEN IDEC INC.
Form DFAN14A
May 19, 2009

# SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the**

**Securities Exchange Act of 1934**

**(Amendment No. __ )**

Filed by the Registrant ¨ Filed by a Party other than the Registrant x

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

¨ Definitive Proxy Statement

x Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

**Biogen Idec Inc.**

**(Name of Registrant as Specified In Its Charter)**

**Carl C. Icahn**

**Alexander J. Denner**

**Richard C. Mulligan**

**Thomas F. Deuel**

**David Sidransky**

**Mayu Sris**

**Eric Ende**

**Jeffrey Meckler**

**Icahn Partners LP**

**Icahn Partners Master Fund LP**

**Icahn Partners Master Fund II LP**

**Icahn Partners Master Fund III LP**

**High River Limited Partnership**

**Barberry Corp.**

**Hopper Investments LLC**

**Icahn Offshore LP**

**Icahn Onshore LP**

**Icahn Capital LP**

**IPH GP LLC**

**Icahn Enterprises Holdings L.P.**

**Icahn Enterprises G.P. Inc.**

**Beckton Corp.**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rule 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

---

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

On May 19, 2009, the Participants (as defined below), distributed a presentation to stockholders of Biogen Idec Inc. The presentation is attached hereto as Exhibit I and is incorporated herein by reference. In addition, on May 19, 2009, the Participants distributed a memorandum to stockholders of Biogen Idec Inc. The memorandum is attached hereto as Exhibit II and is incorporated herein by reference.

ON MAY 15, 2009, THE PARTICIPANTS FILED A DEFINITIVE PROXY STATEMENT WITH THE SECURITIES AND EXCHANGE COMMISSION. SECURITY HOLDERS ARE ADVISED TO READ THE PROXY STATEMENT AND OTHER DOCUMENTS RELATED TO THE SOLICITATION OF PROXIES BY CARL C. ICAHN, ALEXANDER J. DENNER, RICHARD C. MULLIGAN, THOMAS F. DEUEL, DAVID SIDRANSKY, MAYU SRIS, ERIC ENDE, JEFFREY MECKLER, ICAHN PARTNERS LP, ICAHN PARTNERS MASTER FUND LP, ICAHN PARTNERS MASTER FUND II LP, ICAHN PARTNERS MASTER FUND III LP, HIGH RIVER LIMITED PARTNERSHIP, BARBERRY CORP. , HOPPER INVESTMENTS LLC, ICAHN OFFSHORE LP, ICAHN ONSHORE LP, ICAHN CAPITAL LP, IPH GP LLC, ICAHN ENTERPRISES HOLDINGS L.P. , ICAHN ENTERPRISES G.P. INC., BECKTON CORP. (COLLECTIVELY, THE PARTICIPANTS ) AND CERTAIN OF THEIR RESPECTIVE AFFILIATES FROM THE STOCKHOLDERS OF BIOGEN IDEC INC. FOR USE AT ITS ANNUAL MEETING, BECAUSE THEY CONTAIN IMPORTANT INFORMATION, INCLUDING INFORMATION RELATING TO THE PARTICIPANTS IN THE PROXY SOLICITATION. THE DEFINITIVE PROXY STATEMENT AND A FORM OF PROXY ARE AVAILABLE TO STOCKHOLDERS OF BIOGEN IDEC INC. FROM THE PARTICIPANTS AT NO CHARGE AND ARE ALSO AVAILABLE AT NO CHARGE AT THE SECURITIES AND EXCHANGE COMMISSION S WEBSITE AT HTTP://WWW.SEC.GOV OR BY CONTACTING D.F. KING & CO., INC. BY TELEPHONE TOLL FREE AT 1 (800) 769-4414.

Biogen Idec
Investor Presentation
May 2009
EXHIBIT I

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Special note regarding presentation

This presentation includes information based on data found in filings with the SEC, independent industry publications and other sources. Although we believe that the data is reliable, we do not guarantee the accuracy or completeness of this information and have not independently verified any such information. We have not sought, nor have we received, permission from any third-party to include their information in this presentation.

Many of the statements in this presentation reflect our subjective belief. Although we have reviewed and analyzed the information that has informed our opinions, we do not guarantee the accuracy of any such beliefs.

Sections of this presentation refer to the experience of our nominees for director at Biogen Idec Inc. during their tenure as directors of ImClone Systems Inc. We believe their experience at ImClone was a success and resulted in an increase in shareholder value that benefited all shareholders. However, their success at ImClone is not necessarily indicative of future results at Biogen Idec if our nominees were to be elected to the Biogen Idec Board of Directors.

All stockholders of Biogen Idec are advised to read the definitive proxy statement, the gold proxy card and other documents related to the solicitation of proxies by the Participants from the stockholders of the Company for use at the 2009 annual meeting of stockholders of the Company because they contain important information. The definitive proxy statement and form of proxy along with other relevant documents, are available at no charge on the SEC s website at http://www.sec.gov or by contacting D.F. King & Co., Inc. by telephone toll free at 1-800-769-4414 or by visiting their website at http://www.dfking.com/BIIB. In addition, the Participants will provide copies of the definitive proxy statement without charge upon request.

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Agenda

Situation Overview
-
Strategic failures
-
Operational failures
-
Business development failures
-
Research & development failures

Our Qualifications & Proposals
-
Biographies of our nominees
-
ImClone Systems case study
-
Proposals for Biogen Idec

4

We strongly believe Biogen Idec needs better management

Biogen Idec has a collection of **valuable assets**

- AVONEX for relapsing multiple sclerosis and TYSABRI for MS and Crohn s disease, $2.8B of 2008 sales
- RITUXAN for B-cell non-Hodgkin s lymphoma and rheumatoid arthritis, $1.1B of 2008 sales
- Promising pipeline (BG-12, Lixivaptan, ADENTRI, etc.) and biologics manufacturing facilities

Board and management have failed to achieve the full potential of Biogen Idec

- Biogen IDEC merger has not created much value
- Management has failed shareholders strategically and operationally
- Weak business development and research & development efforts inhibit company s prospects

Quality of board and management **especially crucial today**

- R&D organization needs to be reinvigorated; Strategic review of pipeline needs to be conducted
- Cost structure needs to be examined and partner relations need to be revitalized
- Product sales growth likely to slow
- Board needs to evaluate possibility of separating assets in order to enhance value
- Management not aligned with shareholder interests

Electing our directors could **maximize shareholder value**

-

Our slate will press hard for management accountability and will provide experienced oversight

- Our nominees experience with ImClone Systems useful to Biogen Idec

- Specifically, we recharged partner relations, optimized the cost structure and rebuilt the pipeline

Better management of Biogen Idec assets will enhance value for all shareholders

5
We believe leadership has failed on many dimensions
Strategic

Biogen
IDEC merger has
not created much value

Announced merger
synergies never
materialized

Management turnover
makes consistent strategy
and execution difficult
Operational

Avonex lost US market
leadership

Failed to manage Avonex
product lifecycle

AMEVIVE never lived up to
management s stated
projections

TYSABRI goals also overly
aggressive

Five year stock
performance has trailed
peer group
Business Development

Is Biogen Idec defending its
MS franchise?

Is it defending the oncology
franchise?

Management has signed
only a few licensing deals
over last five years
Research & Development

Research and development

productivity worst in peer group

Lack of R&D focus apparent when comparing employee base with peers

Pipeline has failed to show meaningful progress

Biogen Idec has launched no new drugs since 2004

Pipeline lacks strategic focus

PEGYlation is hardly a breakthrough

6
Biogen and IDEC supposedly merged to accelerate growth & create shareholder value
Source: Company documents
Key products
Pipeline
Therapeutic focus
2002 financials
Year founded
Employees
Biogen, Inc.

Avonex for relapsing MS

Amevive for chronic plaque psoriasis

Anti-inflammatory products in Amevive and Antegren (now Tysabri)

6 product candidates in human trials

Focus on neurology and dermatology

Growing expertise in oncology

Revenues of $1,148M

Net income of $242M

1978

2,700 people worldwide
IDEC Pharmaceuticals

Rituxan for non-Hodgkin s lymphoma

Zevalin for non-Hodgkin s lymphoma

Rituxan for new indications

4 product candidates in human trials

Focus on oncology and rheumatology

Growing expertise in autoimmune and inflammatory diseases

Revenues of $404M

Net income of $148M

1985

1,000 people worldwide
Headquarters

Cambridge, MA

San Diego, CA

Strategy
Operational
Bus. Dev.
R&D

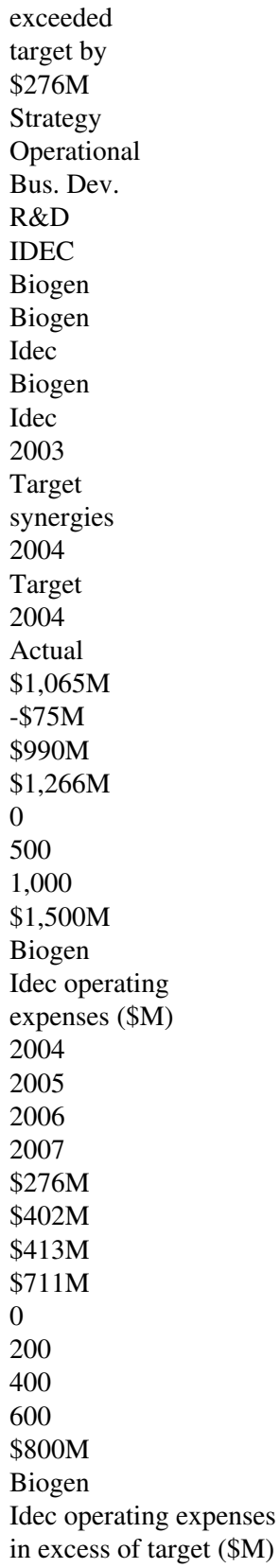
Bringing our companies together accelerates both companies' strategic plans and creates a biotechnology leader with the products, pipeline, infrastructure and financial resources to grow faster and **create sustainable shareholder** value beyond what either company could achieve separately.

James Mullen, Chairman and CEO of Biogen

7
However, merger has failed to create much value
Note: Current price from April 2009; Change in equity value is growth from Q4 2003 to April 2009
Source: Bloomberg; Company documents
Biogen -
IDEC
merger closed
Nov. 2003
Strategy
Operational
Bus. Dev.
R&D
Change in
equity value
Q4 2003
equity value
Genentech
Gilead Sciences
Celgene
Biogen
Idec
$101B

$43B
$18B
$15B
0
25
50
75
100
Current equity value ($M)

8
Announced merger synergies never materialized
Note: 2003
operating
expenses
based
on
first
nine
months
of
2003
annualized
(pre-merger);
$75M
target
synergies
based
on
$300M cumulative target for 2004-2007
Source: Company documents
Expenses


exceeded
target by
$276M
Strategy
Operational
Bus. Dev.
R&D
IDEC
Biogen
Biogen
Idec
Biogen
Idec
2003
Target
synergies
2004
Target
2004
Actual
$1,065M
-$75M
$990M
$1,266M
0
500
1,000
$1,500M
Biogen
Idec operating
expenses ($M)
2004
2005
2006
2007
$276M
$402M
$413M
$711M
0
200
400
600
$800M
Biogen
Idec operating expenses
in excess of target ($M)

9
Management turnover makes consistent strategy and execution difficult
Note: Bold & shading denotes turnover since 2003
Source: Company documents
Position / Department

Chairman

CEO

CFO

COO

Research & development
Officer in 2003

William Rastetter

James Mullen

Peter Kellogg

William Rohn

Nabil Hanna (Research)

Burt Adelman (Development)
Officer Today

Bruce Ross

James Mullen

Paul Clancy

Robert Hamm

Cecil Pickett
Lack of management continuity helps contribute to lack of consistent strategy
Strategy
Operational
Bus. Dev.
R&D

10
We believe leadership has failed on many dimensions
Strategic

Biogen
IDEC merger has
not created much value

Announced merger
synergies never
materialized

Management turnover
makes consistent strategy
and execution difficult

Operational

Avonex lost US market leadership

Failed to manage Avonex product lifecycle

AMEVIVE never lived up to management s stated projections

TYSABRI goals also overly aggressive

Five year stock performance has trailed peer group
Business Development

Is Biogen Idec defending its MS franchise?

Is it defending the oncology franchise?

Management has signed only a few licensing deals over last five years
Research & Development

Research and development productivity worst in peer group

Lack of R&D focus apparent when comparing employee base with peers

Pipeline has failed to show meaningful progress

Biogen Idec has launched no new drugs since 2004

Pipeline lacks strategic focus

PEGYlation is hardly a breakthrough

Strategy
Operational
Bus. Dev.
R&D

11
AVONEX lost US market leadership to COPAXONE,
others also grew market share
Note: Data for US; Market share based on number of prescriptions
Source: Deutsche Bank
AVONEX lost 14% market share and
ceded US market leadership to
COPAXONE
Strategy
Operational
Bus. Dev.
R&D
AVONEX
BETASERON
COPAXONE
REBIF
0
10
20
30
40

50%
MS Rx market share %
Apr-05
42%
14%
29%
15%
Mar-09
28%
15%
37%
20%
Change %
-14%
1%
8%
5%

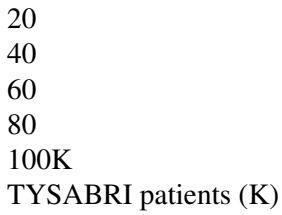
12
Biogen Idec has failed to manage Avonex product lifecycle
Source: FDA; Company documents
?
Strategy
Operational
Bus. Dev.
R&D
MedImmune
Genentech
Genentech
Roche
Amgen
Amgen
Biogen
Idec
2
4
6
10

11
12
0
5
10
15
20
Years until Second Generation launch
Second
Generation
First
Generation
Synagis
Respigam
TNKase
Activase
Nutropin
Depot
Nutropin
Mircera
NeoRecormon
Neulasta
Neupogen
Aranesp
Epogen/Procrit
PEG-IFNB
Avonex

13
AMEVIVE never lived up to management s stated
projections
Source: North Carolina Biotechnology Center, Feb. 2003; Company documents
After failing to achieve April 2003 projections,
management sold AMEVIVE for $60M in March 2006
Strategy
Operational
Bus. Dev.
R&D
2003
2006
$85M
$40M
$500M
$12M
0
100

200
300
400
$500M
AMEVIVE sales ($M)
April 2003
Projections
Actual

14
TYSABRI goals also overly aggressive
Source: Reuters, Feb. 2009; Company documents
In Sep. 2007, management expected 100K patients on TYSABRI by 2010 year-end; In Feb. 2009, management said it would be difficult to achieve the original 100K projection
Strategy
Operational
Bus. Dev.
R&D
Actual
Sep. 2007 Projections
2009
2010
37K
100K
0


20
40
60
80
100K
TYSABRI patients (K)

15
Five year stock performance has trailed peer group
Note: BTK represents AMEX Biotechnology Index
Source: Bloomberg; Company documents
Biogen Idec has underperformed peers
Strategy
Operational
Bus. Dev.
R&D
Genentech
Gilead
Sciences
Celgene
Biogen
Idec
BTK
Apr-04
Apr-05

Apr-06
Apr-07
Apr-08
Apr-09
0
100
200
300
400
500
Stock performance
Change %
61%
205%
177%
-24%
10%

16
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Strategy
Operational
Bus. Dev.
R&D

17
Business development vital to future prospects
Companies must defend and strengthen franchises within core therapeutic areas
It seems Biogen Idec **has done very little** to defend or strengthen its oncology and MS franchises
-
Competitors active in both therapeutic areas
Lack of business development limits future growth prospects
Strategy
Operational
Bus. Dev.
R&D

18
Is Biogen Idec defending its MS franchise?
Source: InVivo Deals database
Biogen Idec has **not**
participated in any of the approximately
dozen multiple sclerosis business development opportunities
over the last year
Competitor MS deals in 2008 included:
Acquirer
Merck Serono
Novartis
Merck Serono
Teva
Eli Lilly
Counterparty
Apitope Technology
Peptimmune
Bionomics AGM
Antisense Therapeutics
BioMS Medical
Strategy
Operational
Bus. Dev.
R&D

19
Is it defending the oncology franchise?
Source: InVivo Deals database
Biogen Idec has executed **only one**
of the approximately 150
cancer business development opportunities over the last year
Competitor oncology deals in 2008 included:
Acquirer
Bristol Myers
Roche
Pfizer
Merck
Sanofi Aventis
Counterparty
Exelixis
ThromboGenics
Aureon Laboratories
Celera
Dyax Corp.
Strategy
Operational
Bus. Dev.
R&D

20
Management has completed only five product in-licensing deals in five years
Source: Company documents
Date

August 2005

October 2006

July 2007

October 2008

September 2006

Partner

Protein Design Labs

UCB

CardioKine

Genentech

mondoBiotech
Product

fontolizumab

daclizumab

volociximab

CDP323

lixivaptan

GA101

aviptadil
Consideration

$40M upfront

$100M investment in
Protein Design Labs
stock

$30M upfront

$50M upfront

$31M upfront

$13M upfront
Only five product licensing deals
over last five years
Strategy
Operational
Bus. Dev.
R&D

21
We believe leadership has failed on many dimensions
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breakthrough
Strategy
Operational
Bus. Dev.
R&D

22
Biogen Idec research and development productivity
worst in peer group
Note: 5 and 10 year charts represent cumulative gross profits and R&D spending
Source: Company documents
Strategy
Operational
Bus. Dev.
R&D
Gilead
Sciences
Genen-
tech
Amgen
Genzyme
Biogen
Idec
5.9X
4.1X
4.0X
3.6X
3.2X

3.0
4.0
5.0
6.0X
5 year gross
profit / 5 year R&D
Gilead
Sciences
Genen-
tech
Amgen
Genzyme
Biogen
Idec
5.0X
3.9X
3.9X
3.5X
3.1X
3.0
4.0
5.0
6.0X
10 year gross
profit / 10 year R&D

23
Lack of R&D focus apparent when comparing employee base with peers
Note: Employees as of December 2008; Genentech estimate based on estimated retention costs
Source: Company documents; Industry estimates
Strategy
Operational
Bus. Dev.
R&D
Other

employees
R&D
employees
Celgene
Genentech
Amgen
Gilead
Sciences
Biogen
Idec
2,441
11,186
16,900
3,441
4,700
0
20
40
60
80
100%
Employees
R&D %
of total
55%
51%
46%
40%
16%

24
Failure to advance pipeline
Note: Bold & shading denotes
no apparent progress since 2006
Source: Company documents
Compound
BG-12
Galiximab
Lumiliximab
Ocrelizumab
Lixivaptan
ADENTRI
BIIB014
Daclizumab

CDP323
Ocrelizumab
Volociximab
HSP90
GA101
Aviptadil
Therapeutic Area

Relapsing MS

Relapsed NHL

Relapsed CLL

RA

Hypnoatremia

CHF

Parkinson s

MS

MS

MS

NSCLC

Oncology

NHL

PAH
2006

Phase 3

Phase 3

Phase 2/3

Phase 2

Phase 2

Phase 2

Phase 2

Phase 2

Phase 1

Phase 2

Phase 2

Phase 1

Phase 1

Phase 2
Today

Phase 3

Phase 3

Phase 2/3

Phase 3

Phase 3

Phase 3

Phase 2

Phase 2

Phase 2

Phase 2

Phase 2

Phase 2

Phase 2

Phase 2
Pipeline has made little progress
Strategy
Operational
Bus. Dev.
R&D

25
Biogen Idec is the only major biotech company with no new drugs since 2004
Source: FDA
Strategy
Operational
Bus. Dev.
R&D
Genzyme
Amgen
Gilead
Genentech
Celgene
Biogen
Idec
3
2
2
1
1
0

0
1
2
3
Drug
launches since 2004
Drugs
Mozobil
Renvela
Myozyme
Vectibix
Nplate
Letairis
Atripla
Lucentis
Revlimid

26
During that same period, 23 new oncology drugs
have been launched
Source: CenterWatch
Strategy
Operational
Bus. Dev.
R&D
2004
2005
2006
2007
2008
2009 YTD
6
2
4
6
4
1

0
1
2
3
4
5
6
Oncology drug launches
Drug
Alimta
Avastin
Clolar
Erbitux
Sensipar
Tarceva
Arranon
Nexavar
Gardasil
Sprycel
Sutent
Vectibix
Evista
Hycamtin
Ixempra
Tasigna
Torisel
Tykerb
Degarelix
Mozobil
Sancuso
Treanda
Afinitor

27
Pipeline seems to lack strategic focus
Source: Company documents
Autoimmune /
Inflammation
Cardiovascular
Hemophilia
Antiviral
Neurosciences
Oncology
Biogen Idec
Genentech
Gilead Sciences
Celgene
Strategy

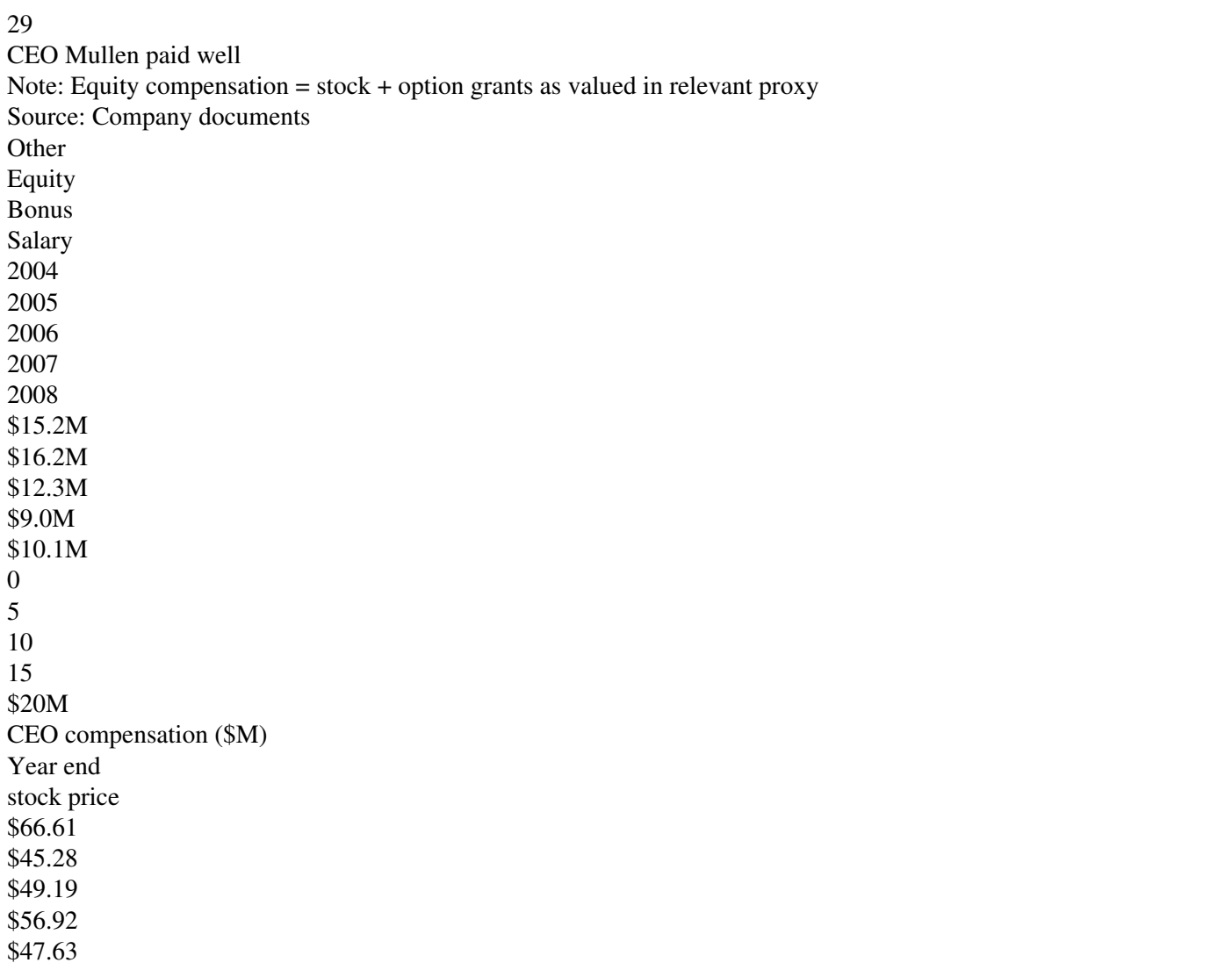
Operational
Bus. Dev.
R&D

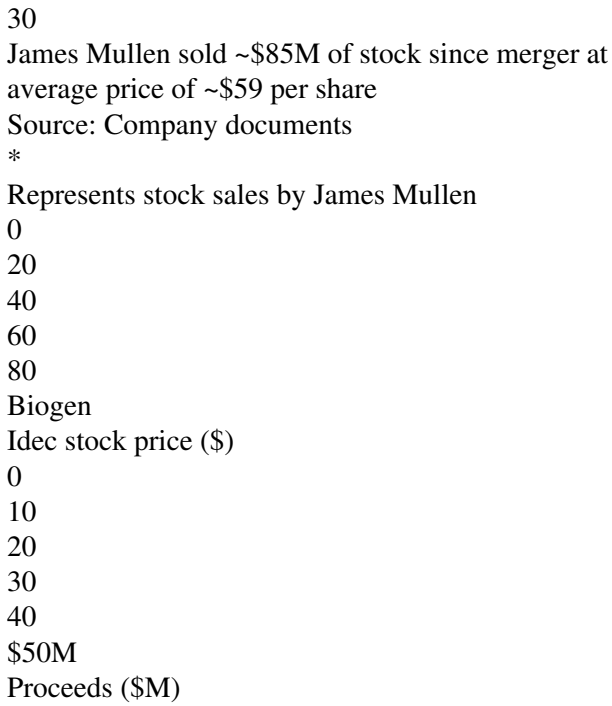
28
PEGylation is hardly a breakthrough
Note: Enzon launched Adagen in 1990
Source: FDA

PEGylation was a mature, established technology in the 1990 s; Adagen approved in 1990

19 years after launch of first PEGylated protein, Biogen Idec still has not launched PEG-IFNB
?
Strategy
Operational
Bus. Dev.
R&D

Enzon
Johnson
& Johnson
Schering
Plough
Roche
Amgen
Biogen
Idec
4
5
11
12
12
0
5
10
15
20
25
Years
since
launch
of
first
PEGylated
Protein
Drug
Oncaspar
Doxil
PegIntron
Pegasys
Neulasta
PEG-IFNB


29
CEO Mullen paid well
Note: Equity compensation = stock + option grants as valued in relevant proxy
Source: Company documents
Other
Equity
Bonus
Salary
2004
2005
2006
2007
2008
$15.2M
$16.2M
$12.3M
$9.0M
$10.1M
0
5
10
15
$20M
CEO compensation ($M)
Year end
stock price
$66.61
$45.28
$49.19
$56.92
$47.63


30
James Mullen sold ~$85M of stock since merger at
average price of ~$59 per share
Source: Company documents
*
Represents stock sales by James Mullen
0
20
40
60
80
Biogen
Idec stock price ($)
0
10
20
30
40
$50M
Proceeds ($M)

31
Are board and management aligned with you?
In our opinion, management ran a flawed auction process last year
-
Board severely limited due diligence opportunities
-
Refused to allow bidders access to Elan until bidders submitted a firm and binding offer
-
At least one bidder was denied its request to speak with Elan which may have caused that bidder to walk away from the process
-
Board minutes that Biogen provided to us under court order last year show what we consider to be a poorly designed process that lacked active Board oversight
Same management and Board that ran the 2007 sales process continue to run the company today. How would they treat a bidder in 2009? Is shareholder value a priority for this Board?

32
Who is most aligned with your interests?
Source: Company documents
Icahn Parties
Board & management
Class 3 directors
up for election
16,075,256
778,198
14,700
0
5,000,000
10,000,000
15,000,000
20,000,000
Biogen
Idec shares owned

33
Agenda

Situation Overview
-
Strategic failures
-
Operational failures
-
Business development failures
-
Research & development failures

Our Qualifications & Proposals
-
Biographies of our nominees
-
ImClone Systems case study
-
Proposals for Biogen Idec

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Our nominees helped deliver results at ImClone
Name

Alex Denner

Thomas Deuel

Richard Mulligan

David Sidransky
Education

M.S., M.Phil., Ph.D. from Yale University

S.B. from Massachusetts Institute of Technology

M.D. from Columbia University

A.B. from Princeton University

Ph.D. from Department of Biochemistry at Stanford University School of Medicine

B.S. from Massachusetts Institute of Technology

M.D. from Baylor College of Medicine

B.A. from Brandeis University
Relevant experience

Managing Director, Icahn Partners

Director, Adventrx Pharmaceuticals

Former Portfolio Manager, Viking Global Investors

Former Portfolio Manager, Morgan Stanley

Former Director and Chairman of Executive Committee, ImClone Systems

Professor of Molecular and Experimental Medicine and Cell Biology, Scripps Research Institute

Professor Emeritus, Harvard Medical School

Former Director, Division of Growth Regulation at Beth

Israel Hospital

Former Professor of Medicine and Biochemistry and Head of Oncology Services, Washington University School of Medicine

Former Director, ImClone Systems

Mallinckrodt Professor of Genetics, Harvard Medical School

Director of Harvard Gene Therapy Initiative

Former Professor of Molecular Biology, Massachusetts Institute of Technology

Founder, Somatix Therapy Corporation

Member of Scientific Advisory Board, Cell Genesys

Former Director and Member of Executive Committee, ImClone Systems

Director of Head and Neck Cancer Research Division, Johns Hopkins University School of Medicine

Chairman, Champions Biotechnology

Former Member of Scientific Advisory Board for MedImmune, Telik, Roche and Amgen

Former Director, ImClone Systems

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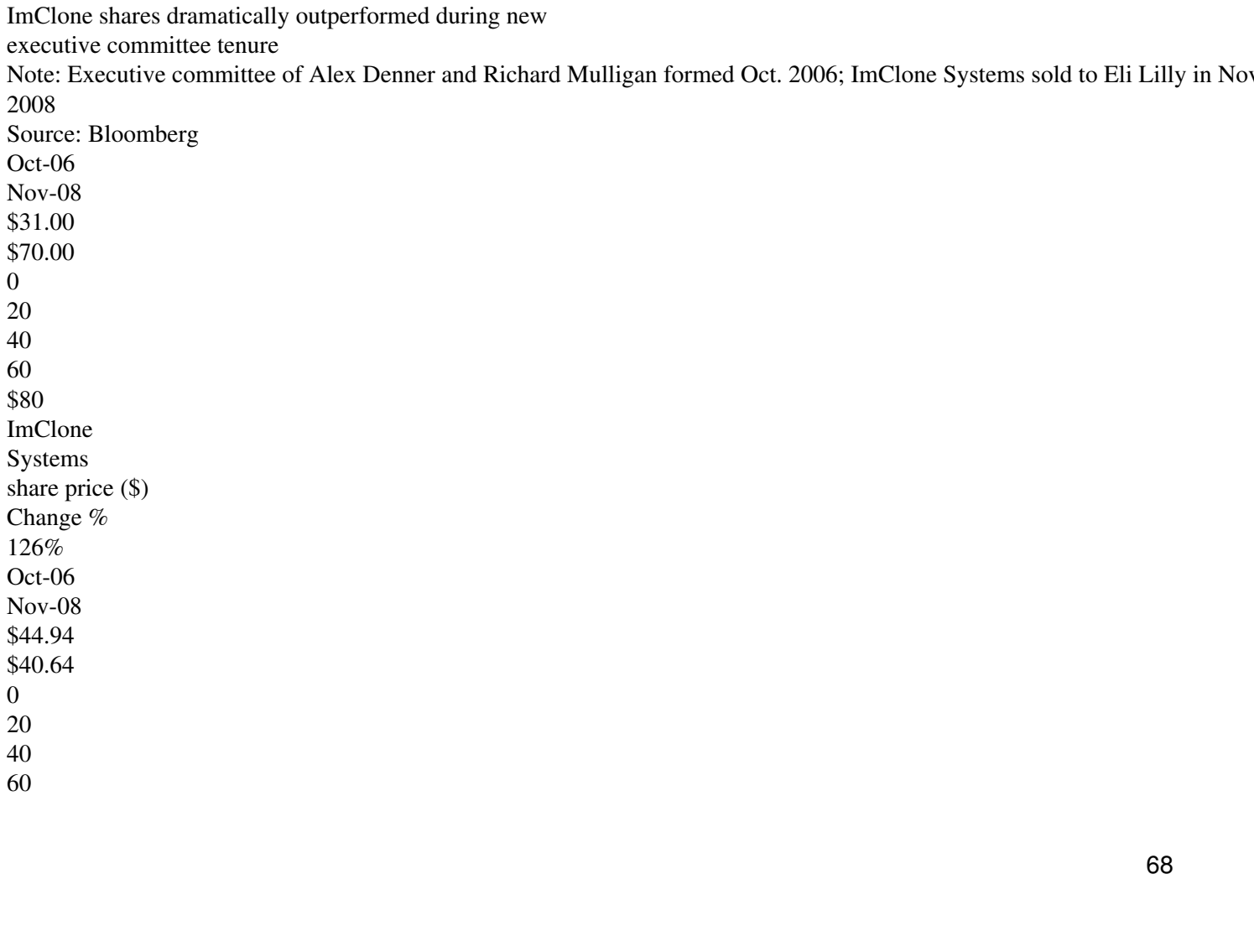
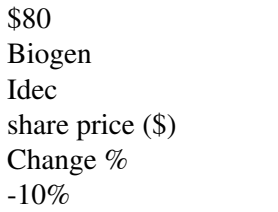
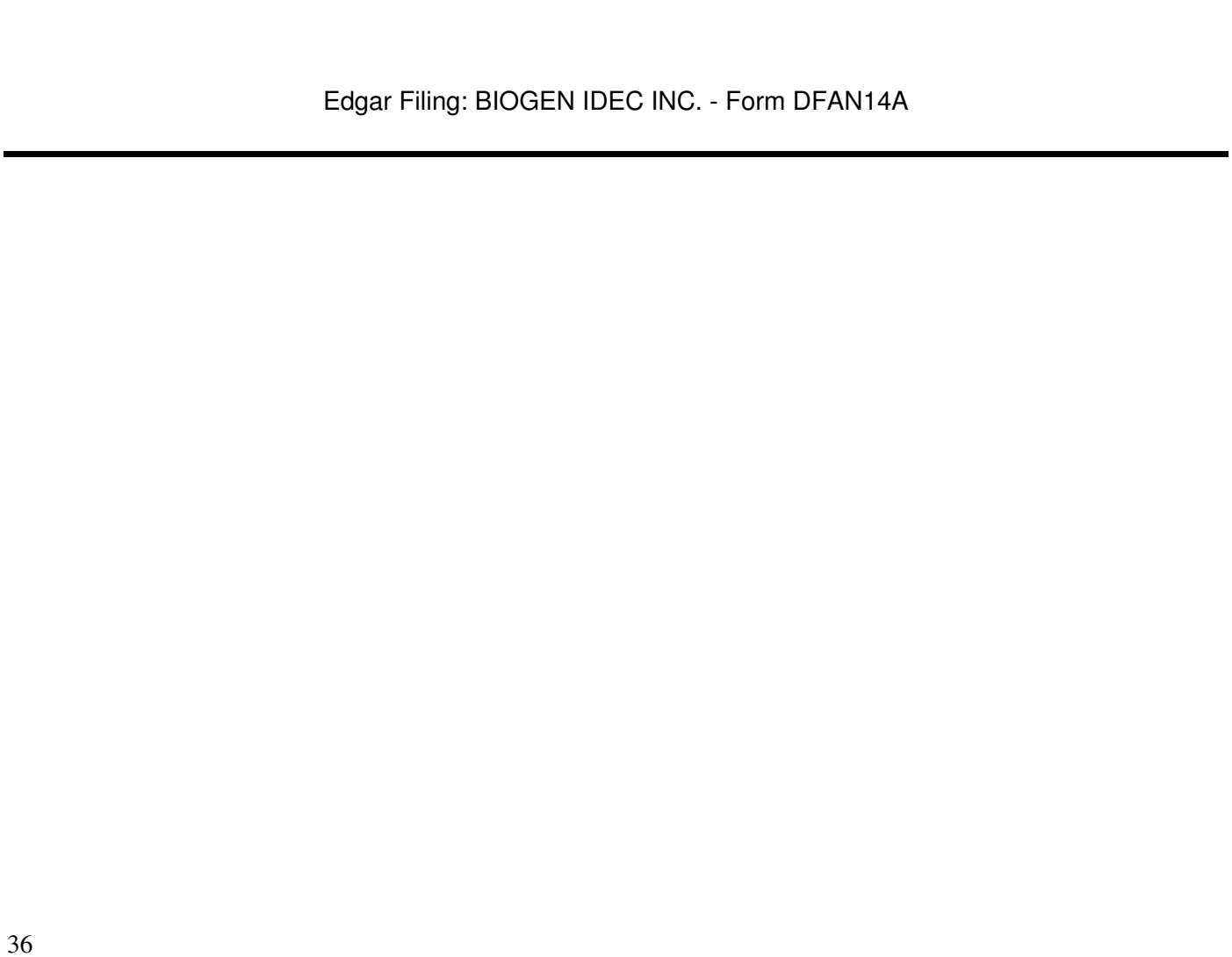

ImClone shares dramatically outperformed during new
executive committee tenure
Note: Executive committee of Alex Denner and Richard Mulligan formed Oct. 2006; ImClone Systems sold to Eli Lilly in Nov
2008
Source: Bloomberg
Oct-06
Nov-08
$31.00
$70.00
0
20
40
60
$80
ImClone
Systems
share price ($)
Change %
126%
Oct-06
Nov-08
$44.94
$40.64
0
20
40
60


$80
Biogen
Idec
share price ($)
Change %
-10%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Long term focus to build ImClone shareholder value
Note: Graph represents month-end stock and index prices
Source: Bloomberg
Alex Denner
becomes
chairman of
executive
committee
ImClone
receives and
rejects takeover
bid
ImClone
acquired by Eli
Lilly for $70 per
share
July 31, 2008
ImClone receives
$60 offer from
Bristol-Myers
Squibb
Bristol-Myers
Squibb & ImClone
expand ERBITUX

development
Jun-06
Sep-06
Dec-06
Mar-07
Jun-07
Sep-07
Dec-07
Mar-08
Jun-08
Sep-08
0
20
40
60
$80
ImClone
stock price ($)
0
500
1,000
1,500
2,000
S&P 500 Index

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New executive committee enhanced value at ImClone

New executive committee, including Alex Denner and Richard Mulligan, formed in October 2006

Embarked on a comprehensive review of the company s operations which led to the following courses of action:

- Recharged partner relations
- Optimized cost structure
- Rebuilt product pipeline
- Changed culture
- Settled litigation

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Recharged ImClone
partner relations and optimized
cost structure
Note: CRO s = Contract Research Organizations

Recharged partner relations
-
Partnership with Bristol-Myers Squibb had deteriorated due to prior management neglect
-
Initiated dialogue and led negotiations, ultimately leading to new agreement with Bristol-Myers Squibb that expanded Erbitux s development with no change to ImClone economics
-
From 2005 to 2007, ERBITUX sales grew by 41% annually and ImClone royalty revenue grew by 37% annually

Optimized cost structure
-
ImClone cost structure had not been appropriate for company needs
-
Executive committee reallocated costs, shifting SG&A spending by expanding sales force for tactical reasons while reducing overhead costs
-
Margin expansion and capex reduction led to substantial free cash flow growth
-
Increased spending on R&D and salesforce was funded through savings on corporate costs (re-negotiating with CROs, transportation costs, smarter purchasing, etc.)

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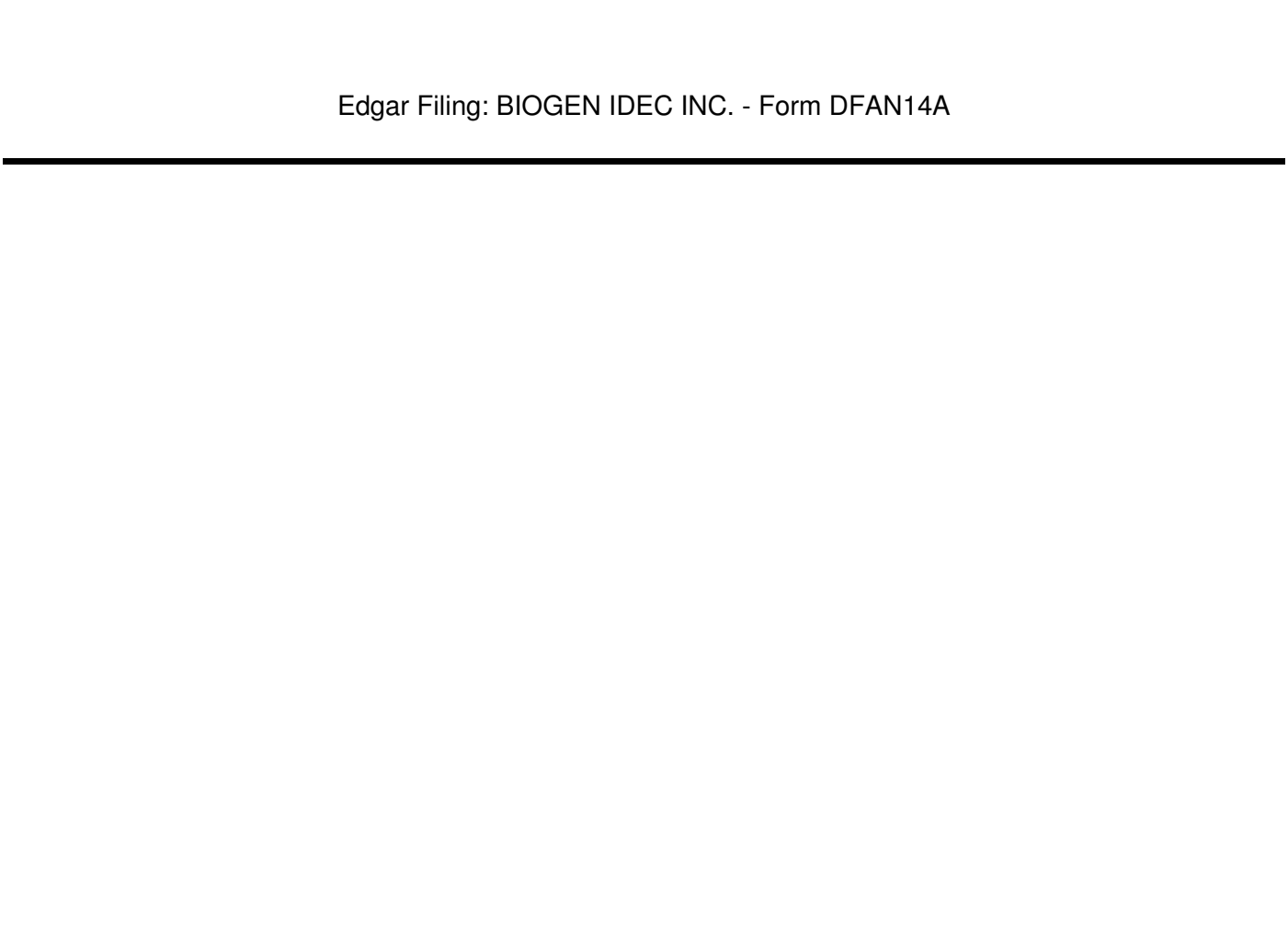
Rebuilt pipeline, changed culture and settled litigation

Rebuilt product pipeline
-
Industry had poor perception of ImClone pipeline and research and development efforts
-
Executive committee conducted top-down review of pipeline
Significantly increased investments in particularly promising candidates such as
1121B, A12, 11F8 and others
Cancelled programs where the return on investment was poor
-
Pipeline cited as major strategic rationale for whole company acquisition

Changed culture
-
ImClone morale poor due to lack of strategic direction from prior management
-
Took steps to institute a new culture
Emphasis on cash flow
Investment in R&D
Gave responsibility to scientists and clinicians

Settled litigation
-
Settled litigation including Yeda, Abbott and Repligen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From 2005 to 2007, ImClone royalty revenue grew by
37% annually
Note: 2005 most recent full year prior to formation of new executive committee; 2007 most recent full year available; Collab. reimb. represents collaborative agreement reimbursements; Manuf. represents manufacturing revenues
Source: UBS, January 2008; UBS, April 2008; Company documents
EU
USA
2005
2007
$678M
$1,348M
0
500
1,000
$1,500M
WW ERBITUX sales ($M)
05-07
CAGR
29%
57%
41%
Collab.
reimb.
Manuf.
License

fees &
milestones
Royalties
2005
2007
$383M
$591M
0
200
400
$600M
ImClone
revenue ($M)
05-07
CAGR
37%
3%
39%
5%
24%

41
Tighter cost controls contributed to higher free cash
flow
Note: 2005 most recent full year prior to formation of new executive committee; 2007 most recent full year available; EBIT
excludes
one-time
charges;
FCF
represents
free
cash
flow;
Capex
represents
capital
expenditures;
FCF
=
EBITDA
-
Capex
Source: Company documents
EBIT
COGS
Royalties
SG&A
Research &
development

2005
2007
100%
100%
0
20
40
60
80
100%
ImClone
% of revenue
EBIT
margin %
23%
27%
2005
FCF
EBITDA
growth
Capex
reduction
2007
FCF
$16M
$93M
$74M
$183M
0
50
100
150
$200M
ImClone
FCF ($M)

42
Increased R&D investment to improve pipeline and
future competitive position
Note: 2005 most recent full year prior to formation of new executive committee; 2007 most recent full year available
Source: Company documents
2005
2007
$145M
$194M
0
50
100
150
$200M
ImClone
R&D spend ($M)
R&D %
of sales
38%
33%
05-07
CAGR
16%
Other
Pancreatic
Non-small

cell lung
Head
& neck
Colorectal
2005
2007
34
44
0
10
20
30
40
50
ImClone
product
candidates

43
Increased R&D investment improved pipeline
Phase 1
Phase 2
Phase 3
1121b:
2005 status
2008 status
A12:
2005 status
2008 status
11F8:
2005 status
2008 status
18F1:
Pre-clinical
2008 status

UCB:
2005 status
Exited

44
We believe ImClone and Biogen Idec situations analogous
Partner relations
Cost structure
Product pipeline
Strategic direction
Litigation
ImClone Systems

Relationships with Bristol Myers Squibb were strained

Renegotiated agreement with BMS, leading to increased support and sales

Cost structure was not appropriate for company needs

Reallocated costs, led to margin expansion and free cash flow growth

Pipeline poorly regarded by industry

Conducted review and increased investments in certain candidates

Pipeline key rationale for acquisition

Strategic direction lacking and morale poor as a result

Installed new leadership and established clear strategic priorities

Settled litigation including Yeda, Abbott, and Repligen
Biogen Idec

Relationships with Genentech, Roche and Elan could be improved

Excluding Rituxan, operating margins below peers

Pipeline has not advanced significantly over last five years

Poor product lifecycle management

Strategic direction unclear as focus diffused over too many therapeutic areas

Adverse Genentech arbitration settlement is valuation overhang
Electing our directors with directly relevant experience could help Biogen Idec

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We have several proposals

- Board should study potential splitting of Biogen Idec into neurology-focused and cancer-focused companies
- Examine cost structure
- Prioritize, improve focus, and re-invigorate R&D efforts
- Improve partner relationships

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Board should evaluate whether separating assets will enhance value

NF Co. had $2,926M of 2008 sales

NF Co. assets include the following:
- Key products include AVONEX and TYSABRI
- Related pipeline such as BG-12, Lixivaptan, ADENTRI and other neurology and cardiovascular product candidates
- Biologics manufacturing plants in North Carolina, Massachusetts and Denmark
- Majority of existing research &

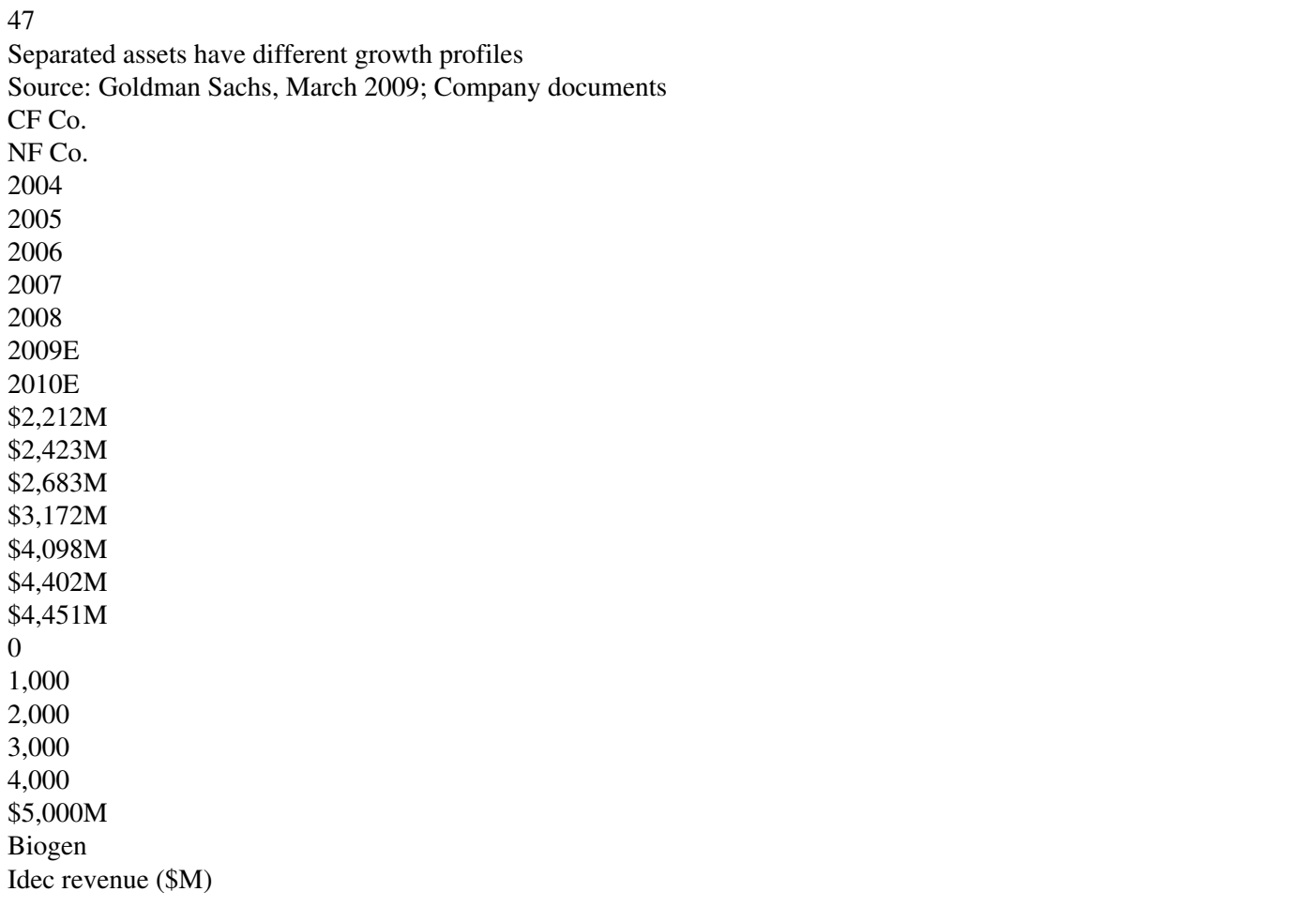
development infrastructure and sales force
-
Collaboration with Elan on TYSABRI

NF Co. will benefit from improved focus
on core neurology competency
Neurology-Focused Company

CF Co. had $1,172M of 2008 sales

CF Co. assets include the following:
-
Key products include RITUXAN and
FUMADERM
-
Related pipeline such as galiximab,
lumiliximab, ocrelizumab and other
oncology and autoimmune product
candidates
-
Collaboration with Genentech in the US,
Zenyaku and Chugai in Japan and Roche
in the rest of the world

CF Co. will benefit from improved focus
on core oncology competency
Cancer-Focused Company
Separating Biogen assets could enhance shareholder value
as management focus should improve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Separated assets have different growth profiles
Source: Goldman Sachs, March 2009; Company documents
CF Co.
NF Co.
2004
2005
2006
2007
2008
2009E
2010E
$2,212M
$2,423M
$2,683M
$3,172M
$4,098M
$4,402M
$4,451M
0
1,000
2,000
3,000
4,000
$5,000M
Biogen
Idec revenue ($M)

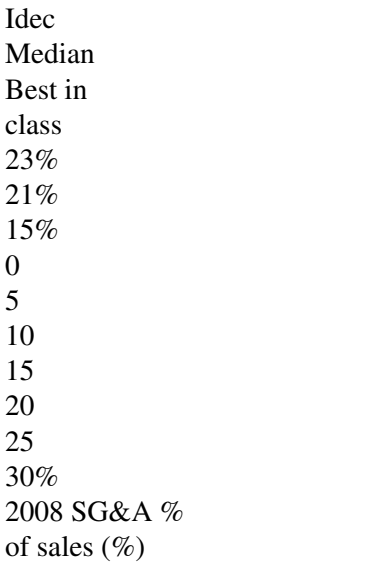
48
Separated assets viable as standalone companies
Amgen
Genentech
Gilead
Sciences
Genzyme
NF Co.
Celgene
CF Co.
$15.0B
$13.4B
$5.3B
$4.6B
$2.9B
$2.3B
$1.2B
0
5
10
$15B
2008 revenue ($B)
Equity
value ($B)
$51B
$101B
$43B
$16B
?
$18B
?

49
Overhead spending can be reduced
Note: Peer group includes Genentech, Amgen, Gilead Sciences and Celgene
Source: Company documents

In 2008, Biogen Idec spent 23% of sales on selling, general and administrative expenses
- Median biotech company = 21%
- Best in class company = 15%

Reducing overhead spending will improve cash flows
- Applying median SG&A % of sales generates $46M of cost savings
- Applying best in class SG&A % of sales generates $309M of cost savings

Overhead assumptions
Biogen


Idec
Median
Best in
class
23%
21%
15%
0
5
10
15
20
25
30%
2008 SG&A %
of sales (%)

50

We would push hard to reinvigorate R&D and improve productivity

- Identify most promising products
- Focus investment in key therapeutic areas
- Rationalize pipeline products not part of overall strategy

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Electing our directors could help maximize
shareholder value
Board and management have failed to achieve the full potential
of Biogen Idec
Quality of board and management especially crucial today
Electing our directors could help maximize shareholder value
Better management of Biogen Idec assets
will enhance value for all shareholders

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We have shown that management has failed shareholders strategically and operationally, resulting in a company not well positioned for future challenges!

EXHIBIT II

**ICAHN CAPITAL LP**

We believe Biogen Idec is a company with valuable assets that has failed to achieve its full potential. The company faces several challenges including an R&D organization that needs reinvigoration, a key product that has ceded market leadership and market share, and a cost structure that needs examination. Biogen Idec s ability to successfully address these and other challenges would improve from the fresh perspective of our experienced and qualified director nominees who helped create substantial value at ImClone Systems.

We believe leadership has failed on many fronts:

The Biogen IDEC merger created little equity value slide 7

Avonex has lost US multiple sclerosis market leadership slide 11

Biogen Idec has failed to manage the Avonex product lifecycle slide 12

TYSABRI is not achieving management s goals slide 14

Five year stock performance has trailed peer group slide 15

In the past five years, there have been few in-licensing deals slide 20

Research and development productivity worst in the peer group slide 22

Product pipeline has failed to show meaningful progress slide 24

Biogen Idec has launched no new drugs since 2004 slide 25

Our proposals include:

Board should study potential splitting of Biogen Idec into neurology-focused and cancer-focused companies

Examine cost structure and improve partner relationships

Prioritize, improve focus and reinvigorate R&D efforts

Our experienced director nominees successfully helped effect change at ImClone Systems which resulted in substantial value creation. We believe the ImClone and Biogen Idec situations are analogous and drawing upon our nominees ImClone experience will benefit all Biogen Idec stockholders. Specifically, at ImClone, the board (including all four of our director nominees) recharged partner relations, optimized the cost structure, rebuilt the product pipeline, settled litigation, and improved the culture.

In summary, we believe current Biogen Idec leadership has failed to achieve the company s full potential. The quality of board and management are especially crucial today. Electing our qualified and experienced directors could help maximize stockholder value.

ON MAY 15, 2009, THE PARTICIPANTS FILED A DEFINITIVE PROXY STATEMENT WITH THE SECURITIES AND EXCHANGE COMMISSION. SECURITY HOLDERS ARE ADVISED TO READ THE PROXY STATEMENT AND OTHER DOCUMENTS RELATED TO THE SOLICITATION OF PROXIES BY CARL C. ICAHN, ALEXANDER J. DENNER, RICHARD C. MULLIGAN, THOMAS F. DEUEL, DAVID SIDRANSKY, MAYU SRIS, ERIC ENDE, JEFFREY MECKLER, ICAHN PARTNERS LP, ICAHN PARTNERS MASTER FUND LP, ICAHN PARTNERS MASTER FUND II LP, ICAHN PARTNERS MASTER FUND III LP, HIGH RIVER LIMITED PARTNERSHIP, BARBERRY CORP. , HOPPER INVESTMENTS LLC, ICAHN OFFSHORE LP, ICAHN ONSHORE LP, ICAHN CAPITAL LP, IPH GP LLC, ICAHN ENTERPRISES HOLDINGS L.P. , ICAHN ENTERPRISES G.P. INC., BECKTON CORP. (COLLECTIVELY, THE PARTICIPANTS ) AND CERTAIN OF THEIR RESPECTIVE AFFILIATES FROM THE STOCKHOLDERS OF BIOGEN IDEC INC. FOR USE AT ITS ANNUAL MEETING, BECAUSE THEY CONTAIN IMPORTANT INFORMATION, INCLUDING INFORMATION RELATING TO THE PARTICIPANTS IN THE PROXY SOLICITATION. THE DEFINITIVE PROXY STATEMENT AND A FORM OF PROXY ARE AVAILABLE TO STOCKHOLDERS OF BIOGEN IDEC INC. FROM THE PARTICIPANTS AT NO CHARGE AND ARE ALSO AVAILABLE AT NO CHARGE AT THE SECURITIES AND EXCHANGE COMMISSION S WEBSITE AT HTTP://WWW.SEC.GOV OR BY CONTACTING D.F. KING & CO., INC. BY TELEPHONE TOLL FREE AT 1 (800) 769-4414.