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

Form 10-Q

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

For the quarterly period ended March 31, 2016

OR

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

Commission File Number 0-19311

BIOGEN INC.
(Exact name of registrant as specified in its charter)

Delaware	**33-0112644**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

225 Binney Street, 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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files): Yes x No o

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

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o	Smaller reporting company o
(Do not check if a smaller reporting company)	

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

The number of shares of the issuer's Common Stock, $0.0005 par value, outstanding as of April 15, 2016, was 219,051,491 shares.

BIOGEN INC.
FORM 10-Q — Quarterly Report
For the Quarterly Period Ended March 31, 2016

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are being made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995 (the Act) with the intention of obtaining the benefits of the “Safe Harbor” provisions of the Act. These forward-looking statements may be accompanied by such words as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “potential,” “project,” “target,” “will” and other words and terms of similar meaning. Reference is made in particular to forward-looking statements regarding:

- the anticipated amount, timing and accounting of revenues, contingent payments, milestone, royalty and other payments under licensing, collaboration or acquisition agreements, tax positions and contingencies, collectability of receivables, pre-approval inventory, cost of sales, research and development costs, compensation and other selling, general and administrative expenses, amortization of intangible assets, foreign currency exchange risk, estimated fair value of assets and liabilities, and impairment assessments;
- expectations, plans and prospects relating to sales, pricing, growth and launch of our marketed and pipeline products;
- the potential impact of increased product competition in the markets in which we compete;
- the costs and timing of potential clinical trials, filing and approvals, and the potential therapeutic scope of the development and commercialization of our and our collaborators’ pipeline products;
- the drivers for growing our business, including our plans and intent to commit resources relating to research and development programs;
- the anticipated benefits, cost savings, and charges related to our corporate restructuring initiatives;
- our manufacturing capacity, use of third-party contract manufacturing organizations and plans and timing relating to the expansion of our manufacturing capabilities, including investments and activities in new manufacturing facilities;
- the impact of the continued uncertainty of the credit and economic conditions in certain countries in Europe and our collection of accounts receivable in such countries;
- the potential impact of healthcare reform in the United States (U.S.) and measures being taken worldwide designed to reduce healthcare costs to constrain the overall level of government expenditures, including the impact of pricing actions and reduced reimbursement for our products;
- the timing, outcome and impact of administrative, regulatory, legal and other proceedings related to patents and other proprietary and intellectual property rights, tax audits, assessments and settlements, pricing matters, sales and promotional practices, product liability and other matters;
- lease commitments, purchase obligations and the timing and satisfaction of other contractual obligations;
- our ability to finance our operations and business initiatives and obtain funding for such activities; and
- the impact of new laws and accounting standards.

These forward-looking statements involve risks and uncertainties, including those that are described in the “*Risk Factors*” section of this report, and elsewhere in this report that could cause actual results to differ materially from those reflected in such statements. You should not place undue reliance on these statements. Forward-looking statements speak only as of the date of this report. Except as required by law, we do not undertake any obligation to publicly update any forward-looking statements, whether as a result of new information, future developments or otherwise.

NOTE REGARDING COMPANY AND PRODUCT REFERENCES

Throughout this report, “Biogen,” the “Company,” “we,” “us” and “our” refer to Biogen Inc. and its consolidated subsidiaries. References to “RITUXAN” refer to both RITUXAN (the trade name for rituximab in the U.S., Canada and Japan) and MabThera (the trade name for rituximab outside the U.S., Canada and Japan).

NOTE REGARDING TRADEMARKS

ALPROLIX®, AVONEX®, BENEPALI®, ELOCTATE®, FLIXABI®, PLEGRIDY®, RITUXAN®, TECFIDERA® and TYSABRI® are registered trademarks of Biogen. FUMADERM™ and ZINBRYTA™ are trademarks of Biogen. ENBREL®, REMICADE® and other trademarks referenced in this report are the property of their respective owners.

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PART I FINANCIAL INFORMATION

BIOGEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(unaudited, in millions, except per share amounts)

	For the Three Months Ended March 31,	
	2016	2015
Revenues:		
Product, net	$ 2,309.4	$ 2,172.3
Revenues from anti-CD20 therapeutic programs	329.5	330.6
Other	87.9	52.0
Total revenues	2,726.8	2,555.0
Cost and expenses:		
Cost of sales, excluding amortization of acquired intangible assets	313.0	312.4
Research and development	437.3	460.5
Selling, general and administrative	497.3	560.4
Amortization of acquired intangible assets	88.8	95.9
Restructuring charges	9.7	—
(Gain) loss on fair value remeasurement of contingent consideration	2.3	7.8
Total cost and expenses	1,348.4	1,437.1
Income from operations	1,378.4	1,117.9
Other income (expense), net	(52.8)	(15.0)
Income before income tax expense and equity in loss of investee, net of tax	1,325.6	1,102.9
Income tax expense	356.4	281.9
Equity in loss of investee, net of tax	—	0.8
Net income	969.2	820.2
Net income (loss) attributable to noncontrolling interests, net of tax	(1.7)	(2.4)
Net income attributable to Biogen Inc.	$ 970.9	$ 822.5
Net income per share:		
Basic earnings per share attributable to Biogen Inc.	$ 4.44	$ 3.50
Diluted earnings per share attributable to Biogen Inc.	$ 4.43	$ 3.49
Weighted-average shares used in calculating:		
Basic earnings per share attributable to Biogen Inc.	218.9	235.0
Diluted earnings per share attributable to Biogen Inc.	219.3	235.6

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOGEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited, in millions)

	For the Three Months Ended March 31,	
	2016	2015
Net income attributable to Biogen Inc.	$ 970.9	$ 822.5
Other comprehensive income:		
Unrealized gains (losses) on securities available for sale, net of tax	2.5	1.3
Unrealized gains (losses) on cash flow hedges, net of tax	(47.6)	87.3
Unrealized gains (losses) on pension benefit obligation	0.2	1.3
Currency translation adjustment	9.6	(100.9)
Total other comprehensive income (loss), net of tax	(35.3)	(11.1)
Comprehensive income attributable to Biogen Inc.	935.6	811.5
Comprehensive income (loss) attributable to noncontrolling interests, net of tax	(1.7)	(2.3)
Comprehensive income	$ 933.9	$ 809.2

See accompanying notes to these unaudited condensed consolidated financial statements.

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

	As of March 31, 2016	As of December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,130.7	$ 1,308.0
Marketable securities	2,454.7	2,120.5
Accounts receivable, net	1,395.1	1,227.0
Due from anti-CD20 therapeutic programs, net	315.1	314.5
Inventory	964.6	893.4
Other current assets	941.1	836.9
Total current assets	7,201.3	6,700.3
Marketable securities	3,189.8	2,760.4
Property, plant and equipment, net	2,258.9	2,187.6
Intangible assets, net	4,012.2	4,085.1
Goodwill	2,917.9	2,663.8
Investments and other assets	1,094.6	1,107.6
Total assets	$ 20,674.7	$ 19,504.8
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of notes payable and other financing arrangements	$ 4.9	$ 4.8
Taxes payable	496.5	208.7
Accounts payable	271.3	267.4
Accrued expenses and other	2,003.9	2,096.8
Total current liabilities	2,776.6	2,577.7
Notes payable and other financing arrangements	6,535.6	6,521.5
Long-term deferred tax liability	117.8	124.9
Other long-term liabilities	916.6	905.8
Total liabilities	10,346.6	10,129.9
Commitments and contingencies		
Equity:		
Biogen Inc. shareholders’ equity		
Preferred stock, par value $0.001 per share	—	—
Common stock, par value $0.0005 per share	0.1	0.1
Additional paid-in capital	18.4	—
Accumulated other comprehensive loss	(259.3)	(224.0)
Retained earnings	13,179.3	12,208.4
Treasury stock, at cost	(2,611.7)	(2,611.7)
Total Biogen Inc. shareholders’ equity	10,326.8	9,372.8
Noncontrolling interests	1.3	2.1
Total equity	10,328.1	9,374.9
Total liabilities and equity	$ 20,674.7	$ 19,504.8

See accompanying notes to these unaudited condensed consolidated financial statements.

BIOGEN INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited, in millions)

	For the Three Months Ended March 31,	
	2016	2015
Cash flows from operating activities:		
Net income	$ 969.2	$ 820.2
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	149.7	147.9
Share-based compensation	45.3	52.1
Deferred income taxes	8.9	16.7
Other	(20.2)	(32.9)
Changes in operating assets and liabilities, net:		
Accounts receivable	(160.0)	(128.3)
Inventory	(88.6)	(21.5)
Accrued expenses and other current liabilities	(180.8)	(205.5)
Current taxes payable	225.1	154.0
Other changes in operating assets and liabilities, net	14.8	(69.7)
Net cash flows provided by operating activities	963.4	733.0
Cash flows from investing activities:		
Proceeds from sales and maturities of marketable securities	1,181.1	373.6
Purchases of marketable securities	(1,914.4)	(323.0)
Acquisitions of business, net of cash acquired	—	(198.8)
Purchases of property, plant and equipment	(126.9)	(97.8)
Contingent consideration related to Fumapharm AG acquisition	(300.0)	(250.0)
Other	(43.0)	(6.7)
Net cash flows used in investing activities	(1,203.2)	(502.8)
Cash flows from financing activities:		
Proceeds from issuance of stock for share-based compensation arrangements	14.5	25.6
Excess tax benefit from stock options	8.3	66.4
Other	24.6	(11.3)
Net cash flows provided by financing activities	47.4	80.8
Net increase in cash and cash equivalents	(192.4)	311.0
Effect of exchange rate changes on cash and cash equivalents	15.1	(37.8)
Cash and cash equivalents, beginning of the period	1,308.0	1,204.9
Cash and cash equivalents, end of the period	$ 1,130.7	$ 1,478.1

See accompanying notes to these unaudited condensed consolidated financial statements.

1. Summary of Significant Accounting Policies

Business Overview

Biogen is a global biopharmaceutical company focused on discovering, developing, manufacturing and delivering therapies to patients for the treatment of neurodegenerative diseases, hematologic conditions and autoimmune disorders.

Our marketed products include TECFIDERA, AVONEX, PLEGRIDY, TYSABRI and FAMPYRA for multiple sclerosis (MS), ELOCTATE for hemophilia A and ALPROLIX for hemophilia B and FUMADERM for the treatment of severe plaque psoriasis. We also have a collaboration agreement with Genentech, Inc. (Genentech), a wholly-owned member of the Roche Group, which entitles us to certain business and financial rights with respect to RITUXAN for the treatment of non-Hodgkin's lymphoma, chronic lymphocytic leukemia (CLL) and other conditions, GAZYVA indicated for the treatment of CLL and follicular lymphoma, and other potential anti-CD20 therapies.

In addition to our innovative drug development efforts, we aim to leverage our manufacturing capabilities and scientific expertise through Samsung Bioepis, our joint venture with Samsung BioLogics Co. Ltd. (Samsung Biologics) that develops, manufactures and markets biosimilars as well as through other strategic contract manufacturing partners. Under our commercial agreement with Samsung Bioepis, we market and sell BENEPALI, an etanercept biosimilar referencing ENBREL in the European Union (E.U.).

Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of normal recurring accruals, necessary for a fair presentation of our financial statements for interim periods in accordance with accounting principles generally accepted in the United States (U.S. GAAP). The information included in this quarterly report on Form 10-Q should be read in conjunction with our consolidated financial statements and the accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2015 (2015 Form 10-K). Our accounting policies are described in the "*Notes to Consolidated Financial Statements*" in our 2015 Form 10-K and updated, as necessary, in this Form 10-Q. The year-end condensed consolidated balance sheet data presented for comparative purposes was derived from our audited financial statements, but does not include all disclosures required by U.S. GAAP. The results of operations for the three months ended March 31, 2016, are not necessarily indicative of the operating results for the full year or for any other subsequent interim period.

We operate as one operating segment, which is discovering, developing, manufacturing and delivering therapies to patients for the treatment of neurodegenerative diseases, hematologic conditions and autoimmune disorders.

Consolidation

Our condensed consolidated financial statements reflect our financial statements, those of our wholly-owned subsidiaries and those of certain variable interest entities where we are the primary beneficiary. For consolidated entities where we own or are exposed to less than 100% of the economics, we record net income (loss) attributable to noncontrolling interests in our condensed consolidated statements of income equal to the percentage of the economic or ownership interest retained in such entities by the respective noncontrolling parties. Intercompany balances and transactions are eliminated in consolidation.

In determining whether we are the primary beneficiary of an entity, we apply a qualitative approach that determines whether we have both (1) the power to direct the economically significant activities of the entity and (2) the obligation to absorb losses of, or the right to receive benefits from, the entity that could potentially be significant to that entity. These considerations impact the way we account for our existing collaborative relationships and other arrangements. We continuously assess whether we are the primary beneficiary of a variable interest entity as changes to existing relationships or future transactions may result in us consolidating or deconsolidating one or more of our collaborators or partners.

Use of Estimates

The preparation of our condensed consolidated financial statements requires us to make estimates, judgments, and assumptions that may affect the reported amounts of assets, liabilities, equity, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis we evaluate our estimates, judgments and methodologies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets, liabilities and equity and the amount of revenues and expenses. Actual results may differ from these estimates under different assumptions or conditions.

New Accounting Pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (FASB) or other standard setting bodies that we adopt as of the specified effective date. Unless otherwise discussed, we do not believe that the impact of recently issued standards that are not yet effective will have a material impact on our financial position or results of operations upon adoption.

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes all existing revenue recognition requirements, including most industry-specific guidance. The new standard requires a company to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the company expects to receive for those goods or services. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which delayed the effective date of the new standard from January 1, 2017 to January 1, 2018. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. In March 2016, the FASB issued ASU No. 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations, which clarifies the implementation guidance on principal versus agent considerations. We are currently evaluating the method of adoption and the potential impact that Topic 606 may have on our financial position and results of operations.

During 2015, the FASB issued the following new standards, which we adopted on January 1, 2016:

- ASU No. 2015-05, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement.
- ASU No. 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory.
- ASU No. 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments.

The adoption of these standards did not have an impact on our financial position or results of operations. For additional information related to these standards, please read Note 1, *Summary of Significant Accounting Policies: New Accounting Pronouncements* to our consolidated financial statements included in our 2015 Form 10-K.

In January 2016, the FASB issued ASU No. 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. The new standard amends certain aspects of accounting and disclosure requirements of financial instruments, including the requirement that equity investments with readily determinable fair values be measured at fair value with changes in fair value recognized in our results of operations. The new standard does not apply to investments accounted for under the equity method of accounting or those that result in consolidation of the investee. Equity investments that do not have readily determinable fair values may be measured at fair value or at cost minus impairment adjusted for changes in observable prices. A financial liability that is measured at fair value in accordance with the fair value option is required to be presented separately in other comprehensive income for the portion of the total change in the fair value resulting from change in the instrument-specific credit risk. In addition, a valuation allowance should be evaluated on deferred tax assets related to available-for-sale debt securities in combination with other deferred tax assets. The new standard will be effective for us on January 1, 2018. The adoption of this standard is not expected to have a material impact on our financial position or results of operations.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The new standard requires that all lessees recognize the assets and liabilities that arise from leases on the balance sheet and disclose qualitative and quantitative information about its leasing arrangements. The new standard will be effective for us on January 1, 2019. The adoption of this standard is expected to have a material impact on our financial position. We are currently evaluating the potential impact that this standard may have on our results of operations.

In March 2016, the FASB issued ASU No. 2016-06, Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments. The new standard simplifies the embedded derivative analysis for debt instruments containing contingent call or put options by removing the requirement to assess whether a contingent event is related to interest rates or credit risks. The new standard will be effective for us on January 1, 2017. The adoption of this standard is not expected to have an impact on our financial position or results of operations.

In March 2016, the FASB issued ASU No. 2016-07, Investments - Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting. The new standard eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an adjustment must be made to the investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held. The new standard will be effective for us on January 1, 2017. The adoption of this standard is not expected to have a material impact on our financial position or results of operations.

In March 2016, the FASB issued ASU No. 2016-09, Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. The new standard involves several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities and classification on the statement of cash flows. The new standard will be effective for us on January 1, 2017. We are currently evaluating the potential impact that this standard may have on our financial position, results of operations and statement of cash flows.

2. Restructuring

On October 21, 2015, we announced a corporate restructuring, which included the termination of certain pipeline programs and an 11% reduction in workforce. We anticipate making cash payments totaling approximately $120 million under this program, which includes approximately $15.9 million related to previously accrued 2015 incentive compensation, resulting in net expected restructuring charges totaling approximately $105 million. These amounts have been substantially incurred and will be substantially paid by the end of 2016.

For the three months ended March 31, 2016, we recognized restructuring charges totaling $9.7 million, of which $1.4 million was related to our workforce reduction and $8.3 million was related to the pipeline program terminations. We previously recognized $93.4 million of restructuring charges in our consolidated statements of income during the fourth quarter of 2015. Our restructuring reserve is included in accrued expenses and other in our condensed consolidated balance sheets.

The following table summarizes the charges and spending related to our restructuring efforts during the first quarter of 2016:

(In millions)	Workforce Reduction	Pipeline Programs	Total
Restructuring reserve as of December 31, 2015	$ 33.7	$ 3.6	$ 37.3
Expense	4.9	5.4	10.3
Payments	(25.1)	(4.6)	(29.7)
Adjustments to previous estimates, net	(3.5)	2.9	(0.6)
Restructuring reserve as of March 31, 2016	$ 10.0	$ 7.3	$ 17.3

3. Reserves for Discounts and Allowances

An analysis of the change in reserves for discounts and allowances is summarized as follows:

(In millions)	Discounts	Contractual Adjustments	Returns	Total
Balance, as of December 31, 2015	$ 56.1	$ 548.7	$ 57.9	$ 662.7
Current provisions relating to sales in current year	127.9	480.1	8.7	616.7
Adjustments relating to prior years	(2.6)	1.1	0.1	(1.4)
Payments/credits relating to sales in current year	(74.3)	(187.9)	(0.3)	(262.5)
Payments/credits relating to sales in prior years	(48.0)	(229.7)	(5.5)	(283.2)
Balance, as of March 31, 2016	$ 59.1	$ 612.3	$ 60.9	$ 732.3

The total reserves above, included in our condensed consolidated balance sheets, are summarized as follows:

(In millions)	As of March 31, 2016	As of December 31, 2015
Reduction of accounts receivable	$ 156.9	$ 144.6
Component of accrued expenses and other	575.4	518.1
Total reserves	$ 732.3	$ 662.7

4. Inventory

The components of inventory are summarized as follows:

(In millions)	As of March 31, 2016	As of December 31, 2015
Raw materials	$ 249.5	$ 213.0
Work in process	607.9	577.6
Finished goods	144.1	143.0
Total inventory	$ 1,001.5	$ 933.6
Balance Sheet Classification:		
Inventory	$ 964.6	$ 893.4
Investments and other assets	36.9	40.2
Total inventory	$ 1,001.5	$ 933.6

Inventory included in investments and other assets in our condensed consolidated balance sheets primarily consisted of work in process.

As of March 31, 2016, our inventory included $23.5 million associated with our ZINBRYTA program and $33.8 million associated with the FLIXABI program, which have been capitalized in advance of regulatory approval. As of December 31, 2015, our inventory included $24.7 million associated with our ZINBRYTA program, $24.2 million associated with the FLIXABI program and $18.4 million associated with the BENEPALI program, which had been capitalized in advance of regulatory approval. In January 2016, the European Commission (EC) approved the marketing authorization application (MAA) for BENEPALI for marketing in the E.U.

5. Intangible Assets and Goodwill

Intangible Assets

Intangible assets, net of accumulated amortization, impairment charges and adjustments, are summarized as follows:

		As of March 31, 2016			As of December 31, 2015		
(In millions)	Estimated Life	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Out-licensed patents	13-23 years	$ 543.3	$ (510.5)	$ 32.8	$ 543.3	$ (506.0)	$ 37.3
Developed technology	15-23 years	3,005.3	(2,578.1)	427.2	3,005.3	(2,552.9)	452.4
In-process research and development	Indefinite until commercialization	718.5	—	718.5	730.5	—	730.5
Trademarks and tradenames	Indefinite	64.0	—	64.0	64.0	—	64.0
Acquired and in-licensed rights and patents	6-18 years	3,331.1	(561.4)	2,769.7	3,303.2	(502.3)	2,800.9
Total intangible assets		$ 7,662.2	$ (3,650.0)	$ 4,012.2	$ 7,646.3	$ (3,561.2)	$ 4,085.1

For the three months ended March 31, 2016, amortization of acquired intangible assets totaled $88.8 million, as compared to $95.9 million in the prior year comparative period. In-process research and development amounts are adjusted for foreign exchange rate fluctuations.

Developed Technology

Developed technology primarily relates to our AVONEX product, which was recorded in connection with the merger of Biogen, Inc. and IDEC Pharmaceuticals Corporation in 2003. The net book value of this asset as of March 31, 2016 was $418.9 million.

Acquired and In-licensed Rights and Patents

Acquired and in-licensed rights and patents primarily relate to our acquisition of all remaining rights to TYSABRI from Elan Corporation plc (Elan). The net book value of this asset as of March 31, 2016 was $2,689.2 million.

The increase in acquired and in-licensed rights and patents during the three months ended March 31, 2016, was primarily related to the $25.0 million milestone payment due to Samsung Bioepis, which became payable upon the approval of BENEPALI in the E.U. in January 2016. For additional information on our relationship with Samsung Bioepis, please read Note 17, *Collaborative and Other Relationships* to these condensed consolidated financial statements.

Estimated Future Amortization of Intangible Assets

Our amortization expense is based on the economic consumption of intangible assets. Our most significant intangible assets are related to our AVONEX and TYSABRI products. Annually, during our long-range planning cycle, we perform an analysis of anticipated lifetime revenues of AVONEX and TYSABRI. This analysis is also updated whenever events or changes in circumstances would significantly affect the anticipated lifetime revenues of either product.

Our most recent long range planning cycle was completed in the third quarter of 2015. Based upon this analysis, the estimated future amortization of acquired intangible assets is expected to be as follows:

(In millions)	As of March 31, 2016
2016 (remaining nine months)	$ 265.3
2017	321.0
2018	293.6
2019	277.6
2020	271.6
2021	259.3
Total	$ 1,688.4

Goodwill

The following table provides a roll forward of the changes in our goodwill balance:

(In millions)	As of March 31, 2016
Goodwill, beginning of year	$ 2,663.8
Increase to goodwill	257.8
Other	(3.7)
Goodwill, end of year	$ 2,917.9

The increase in goodwill during the three months ended March 31, 2016 was related to $300.0 million in contingent milestones achieved (exclusive of $42.2 million in tax benefits) and payable to the former shareholders of Fumapharm AG or holders of their rights. Other includes changes in foreign exchange rates. For additional information related to future contingent payments to the former shareholders of Fumapharm AG or holders of their rights, please read Note 19, *Commitments and Contingencies* to these condensed consolidated financial statements.

As of March 31, 2016, we had no accumulated impairment losses related to goodwill.

6. Fair Value Measurements

The tables below present information about our assets and liabilities that are regularly measured and carried at fair value and indicate the level within the fair value hierarchy of the valuation techniques we utilized to determine such fair value:

As of March 31, 2016 (In millions)	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 820.6	$ —	$ 820.6	$ —
Marketable debt securities:				
Corporate debt securities	1,855.1	—	1,855.1	—
Government securities	3,279.9	—	3,279.9	—
Mortgage and other asset backed securities	509.5	—	509.5	—
Marketable equity securities	32.8	32.8	—	—
Derivative contracts	30.6	—	30.6	—
Plan assets for deferred compensation	40.4	—	40.4	—
Total	$ 6,568.9	$ 32.8	$ 6,536.1	$ —
Liabilities:				
Derivative contracts	$ 46.6	$ —	$ 46.6	$ —
Contingent consideration obligations	508.3	—	—	508.3
Total	$ 554.9	$ —	$ 46.6	$ 508.3

As of December 31, 2015 (In millions)	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Cash equivalents	$ 909.5	$ —	$ 909.5	$ —
Marketable debt securities:				
Corporate debt securities	1,510.9	—	1,510.9	—
Government securities	2,875.9	—	2,875.9	—
Mortgage and other asset backed securities	494.1	—	494.1	—
Marketable equity securities	37.5	37.5	—	—
Derivative contracts	27.2	—	27.2	—
Plan assets for deferred compensation	40.1	—	40.1	—
Total	$ 5,895.2	$ 37.5	$ 5,857.7	$ —
Liabilities:				
Derivative contracts	$ 14.7	$ —	$ 14.7	$ —
Contingent consideration obligations	506.0	—	—	506.0
Total	$ 520.7	$ —	$ 14.7	$ 506.0

There have been no material impairments of our assets measured and carried at fair value during the three months ended March 31, 2016. In addition, there were no changes in valuation techniques or inputs utilized or transfers between fair value measurement levels during the three months ended March 31, 2016. The fair values of

Level 2 instruments classified as cash equivalents and marketable debt securities were determined through third party pricing services. For a description of our validation procedures related to prices provided by third party pricing services, refer to Note 1, *Summary of Significant Accounting Policies: Fair Value Measurements*, to our consolidated financial statements included in our 2015 Form 10-K.

Debt Instruments

The fair and carrying values of our debt instruments, which are Level 2 liabilities, are summarized as follows:

	As of March 31, 2016		As of December 31, 2015	
(In millions)	**Fair Value**	**Carrying Value**	**Fair Value**	**Carrying Value**
Notes payable to Fumedica	$ 9.7	$ 9.4	$ 9.4	$ 9.0
6.875% Senior Notes due March 1, 2018	603.7	563.6	602.6	565.3
2.900% Senior Notes due September 15, 2020	1,543.4	1,500.7	1,497.5	1,485.5
3.625% Senior Notes due September 15, 2022	1,058.7	992.5	1,014.2	992.2
4.050% Senior Notes due September 15, 2025	1,880.8	1,733.7	1,764.6	1,733.4
5.200% Senior Notes due September 15, 2045	1,957.1	1,721.2	1,757.6	1,721.1
Total	$ 7,053.4	$ 6,521.1	$ 6,645.9	$ 6,506.5

The fair value of our notes payable to Fumedica was estimated using market observable inputs, including current interest and foreign currency exchange rates. The fair values of each of our series of Senior Notes were determined through market, observable, and corroborated sources. For additional information related to our debt instruments, please read Note 11, *Indebtedness* to our consolidated financial statements included in our 2015 Form 10-K.

Contingent Consideration Obligations

The following table provides a roll forward of the fair values of our contingent consideration obligations which includes Level 3 measurements:

	For the Three Months Ended March 31,	
(In millions)	**2016**	**2015**
Fair value, beginning of period	$ 506.0	$ 215.5
Additions	—	238.5
Changes in fair value	2.3	7.8
Payments	—	—
Fair value, end of period	$ 508.3	$ 461.8

As of March 31, 2016 and December 31, 2015, approximately $303.2 million and $301.3 million, respectively, of our contingent consideration obligations valued using Level 3 measurements were reflected as components of other long-term liabilities in our condensed consolidated balance sheets with the remaining balances reflected as a component of accrued expenses and other.

7. Financial Instruments

The following table summarizes our financial assets with maturities of less than 90 days from the date of purchase included in cash and cash equivalents on the accompanying condensed consolidated balance sheet:

(In millions)	As of March 31, 2016	As of December 31, 2015
Commercial paper	$ 7.4	$ 21.9
Overnight reverse repurchase agreements	90.2	134.7
Money market funds	488.7	673.8
Short-term debt securities	234.3	79.1
Total	$ 820.6	$ 909.5

The carrying values of our commercial paper, including accrued interest, overnight reverse repurchase agreements, money market funds and our short-term debt securities approximate fair value due to their short-term maturities. Our overnight reverse repurchase agreements are collateralized with agency-guaranteed mortgage-backed securities and represent approximately 0.4% and 0.7% of total assets as of March 31, 2016 and December 31, 2015, respectively.

The following tables summarize our marketable debt and equity securities, classified as available-for-sale:

As of March 31, 2016 (In millions)	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Amortized Cost
Corporate debt securities				
Current	$ 629.4	$ 0.2	$ (0.3)	$ 629.5
Non-current	1,225.7	4.4	(1.1)	1,222.4
Government securities				
Current	1,823.2	0.4	(0.2)	1,823.0
Non-current	1,456.7	1.4	(0.7)	1,456.0
Mortgage and other asset backed securities				
Current	2.1	—	—	2.1
Non-current	507.4	0.5	(1.1)	508.0
Total marketable debt securities	$ 5,644.5	$ 6.9	$ (3.4)	$ 5,641.0
Marketable equity securities, non-current	$ 32.8	$ 2.1	$ (2.9)	$ 33.6

As of December 31, 2015 (In millions)	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Amortized Cost
Corporate debt securities				
Current	$ 394.3	$ —	$ (0.5)	$ 394.8
Non-current	1,116.6	0.1	(4.1)	1,120.6
Government securities				
Current	1,723.4	0.1	(1.1)	1,724.4
Non-current	1,152.5	—	(3.1)	1,155.6
Mortgage and other asset backed securities				
Current	2.8	—	—	2.8
Non-current	491.3	0.1	(1.8)	493.0
Total marketable debt securities	$ 4,880.9	$ 0.3	$ (10.6)	$ 4,891.2
Marketable equity securities, non-current				

$ 37.5	$ 9.2	$ —	$ 28.3

Summary of Contractual Maturities: Available-for-Sale Securities

The estimated fair value and amortized cost of our marketable debt securities available-for-sale by contractual maturity are summarized as follows:

	As of March 31, 2016		As of December 31, 2015	
(In millions)	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in one year or less	$ 2,454.7	$ 2,454.6	$ 2,120.5	$ 2,122.0
Due after one year through five years	3,026.9	3,023.1	2,575.9	2,583.9
Due after five years	162.9	163.3	184.5	185.3
Total available-for-sale securities	$ 5,644.5	$ 5,641.0	$ 4,880.9	$ 4,891.2

The average maturity of our marketable debt securities available-for-sale as of March 31, 2016 and December 31, 2015 was approximately 15 months and 16 months, respectively.

Proceeds from Marketable Debt Securities

The proceeds from maturities and sales of marketable debt securities and resulting realized gains and losses are summarized as follows:

	For the Three Months Ended March 31,	
(In millions)	2016	2015
Proceeds from maturities and sales	$ 1,181.1	$ 373.6
Realized gains	$ 0.4	$ 0.2
Realized losses	$ (0.4)	$ (0.3)

Strategic Investments

As of March 31, 2016 and December 31, 2015, our strategic investment portfolio was comprised of investments totaling $102.0 million and $96.0 million, respectively, which are included in investments and other assets in our condensed consolidated balance sheets. Our strategic investment portfolio includes investments in equity securities of certain biotechnology companies and investments in venture capital funds where the underlying investments are in equity securities of biotechnology companies.

8. Derivative Instruments

Foreign Currency Forward Contracts - Hedging Instruments

Due to the global nature of our operations, portions of our revenues and operating expenses are recorded in currencies other than the U.S. dollar. The value of revenues and operating expenses measured in U.S. dollars is therefore subject to changes in foreign currency exchange rates. In order to mitigate these changes we use foreign currency forward contracts to lock in exchange rates associated with a portion of our forecasted international revenues and operating expenses.

Foreign currency forward contracts in effect as of March 31, 2016 and December 31, 2015 had durations of 1 to 21 months and 1 to 18 months, respectively. These contracts have been designated as cash flow hedges and accordingly, to the extent effective, any unrealized gains or losses on these foreign currency forward contracts are reported in accumulated other comprehensive income (loss) (referred to as AOCI in the tables below). Realized gains and losses for the effective portion of such contracts are recognized in revenue when the sale of product in the currency being hedged is recognized and, beginning in the fourth quarter 2015, in operating expenses when the expense in the currency being hedged is recorded. To the extent ineffective, hedge transaction gains and losses are reported in other income (expense), net.

The notional value of foreign currency forward contracts that were entered into to hedge forecasted revenues and operating expenses is summarized as follows:

	Notional Amount	
Foreign Currency: (In millions)	**As of March 31, 2016**	**As of December 31, 2015**
Euro	$ 1,251.3	$ 945.5
Swiss francs	65.5	80.8
Canadian dollar	58.3	76.7
Total foreign currency forward contracts	$ 1,375.1	$ 1,103.0

The portion of the fair value of these foreign currency forward contracts that was included in accumulated other comprehensive income (loss) in total equity reflected net losses of $46.0 million and net gains of $1.8 million as of March 31, 2016 and December 31, 2015, respectively. We expect all contracts to be settled over the next 21 months and any amounts in accumulated other comprehensive income (loss) to be reported as an adjustment to revenue or operating expense. We consider the impact of our and our counterparties' credit risk on the fair value of the contracts as well as the ability of each party to execute its contractual obligations. As of March 31, 2016 and December 31, 2015, credit risk did not change the fair value of our foreign currency forward contracts.

The following table summarizes the effect of foreign currency forward contracts designated as hedging instruments on our condensed consolidated statements of income:

For the Three Months Ended March 31,					
Net Gains/(Losses) Reclassified from AOCI into Operating Income *(Effective Portion)*			**Net Gains/(Losses) Recognized into Net Income *(Ineffective Portion)***		
Location	**2016**	**2015**	**Location**	**2016**	**2015**
Revenue	$ 8.8	$ 35.0	Other income (expense)	$ 1.9	$ 2.2
Operating expenses	$ (0.1)	$ —	Other income (expense)	$ (0.3)	$ —

Interest Rate Contracts - Hedging Instruments

We have entered into interest rate swap contracts on certain borrowing transactions to manage our exposure to interest rate changes.

In connection with the issuance of our 2.90% Senior Notes, we entered into interest rate swaps with an aggregate notional amount of $675.0 million, which expire on September 15, 2020. The interest rate swap contracts are designated as hedges of the fair value changes in the 2.90% Senior Notes attributable to changes in interest rates. Since the specific terms and notional amount of the swaps match the debt being hedged, it is assumed to be a highly effective hedge and all changes in the fair value of the swaps are recorded as a component of the 2.90% Senior Notes with no net impact recorded in income. Any net interest payments made or received on the interest rate swap contracts are recognized as a component of interest expense in our condensed consolidated statements of income.

Foreign Currency Forward Contracts - Other Derivatives

We also enter into other foreign currency forward contracts, usually with one month durations, to mitigate the foreign currency risk related to certain balance sheet positions. We have not elected hedge accounting for these transactions.

The aggregate notional amount of these outstanding foreign currency contracts was $680.8 million and $721.0 million as of March 31, 2016 and December 31, 2015, respectively. A net gain of $2.4 million related to these contracts was recognized as a component of other income (expense), net, for three months ended March 31, 2016, as compared to a net loss of $9.7 million, in the prior year comparative period.

Summary of Derivatives

While certain of our derivatives are subject to netting arrangements with our counterparties, we do not offset derivative assets and liabilities in our condensed consolidated balance sheets.

The following table summarizes the fair value and presentation in our condensed consolidated balance sheets of our outstanding derivatives including those designated as hedging instruments:

(In millions)	Balance Sheet Location	Fair Value As of March 31, 2016
Hedging Instruments:		
Asset derivatives	Other current assets	$ 1.8
	Investments and other assets	$ 12.8
Liability derivatives	Accrued expenses and other	$ 35.0
	Other long-term liabilities	$ 7.1
Other Derivatives:		
Asset derivatives	Other current assets	$ 16.0
Liability derivatives	Accrued expenses and other	$ 4.5

(In millions)	Balance Sheet Location	Fair Value As of December 31, 2015
Hedging Instruments:		
Asset derivatives	Other current assets	$ 16.6
	Investments and other assets	$ 0.3
Liability derivatives	Accrued expenses and other	$ 10.2
	Other long-term liabilities	$ 2.5
Other Derivatives:		
Asset derivatives	Other current assets	$ 10.3
Liability derivatives	Accrued expenses and other	$ 2.0

9. Property, Plant and Equipment

Property, plant and equipment are recorded at historical cost, net of accumulated depreciation. Accumulated depreciation on property, plant and equipment was $1,394.4 million and $1,330.1 million as of March 31, 2016 and December 31, 2015, respectively.

Solothurn, Switzerland Facility

On December 1, 2015, we purchased land in Solothurn, Switzerland for 64.4 million Swiss Francs (approximately $62.5 million). We are building a biologics manufacturing facility on this land in the Commune of Luterbach over the next several years. As of March 31, 2016 and December 31, 2015, we had approximately $158.0 million and $99.0 million, respectively, capitalized as construction in progress related to the construction of this facility.

10. Equity

Total equity as of March 31, 2016 increased $953.2 million compared to December 31, 2015. This increase was primarily driven by net income attributable to Biogen Inc. of $970.9 million.

Noncontrolling Interests

The following table reconciles equity attributable to noncontrolling interests (NCI):

(In millions)	For the Three Months Ended March 31, 2016	2015
NCI, beginning of period	$ 2.1	$ 5.0
Net income (loss) attributable to NCI, net of tax	(1.7)	(2.4)
Fair value of net assets and liabilities acquired and assigned to NCI	0.9	—
Translation adjustment and other	—	0.1
NCI, end of period	$ 1.3	$ 2.7

11. Accumulated Other Comprehensive Income (Loss)

The following table summarizes the changes in accumulated other comprehensive income (loss), net of tax by component:

(In millions)	Unrealized Gains (Losses) on Securities Available for Sale	Unrealized Gains (Losses) on Cash Flow Hedges	Unfunded Status of Postretirement Benefit Plans	Translation Adjustments	Total
Balance, as of December 31, 2015	$ (0.8)	$ 10.2	$ (37.8)	$ (195.6)	$ (224.0)
Other comprehensive income (loss) before reclassifications	2.5	(38.9)	0.2	9.6	(26.6)
Amounts reclassified from accumulated other comprehensive income (loss)	—	(8.7)	—	—	(8.7)
Net current period other comprehensive income (loss)	2.5	(47.6)	0.2	9.6	(35.3)
Balance, as of March 31, 2016	$ 1.7	$ (37.4)	$ (37.6)	$ (186.0)	$ (259.3)

(In millions)	Unrealized Gains (Losses) on Securities Available for Sale	Unrealized Gains (Losses) on Cash Flow Hedges	Unfunded Status of Postretirement Benefit Plans	Translation Adjustments	Total
Balance, as of December 31, 2014	$ (0.4)	$ 71.7	$ (31.6)	$ (99.2)	$ (59.5)
Other comprehensive income (loss) before reclassifications	1.2	122.1	1.3	(100.9)	23.7
Amounts reclassified from accumulated other comprehensive income (loss)	0.1	(34.8)	—	—	(34.7)
Net current period other comprehensive income (loss)	1.3	87.3	1.3	(100.9)	(11.1)
Balance, as of March 31, 2015	$ 0.9	$ 159.0	$ (30.3)	$ (200.1)	$ (70.5)

The following table summarizes the amounts reclassified from accumulated other comprehensive income:

(In millions)	Income Statement Location	Amounts Reclassified from Accumulated Other Comprehensive Income — For the Three Months Ended March 31, 2016	2015
Gains (losses) on securities available for sale	Other income (expense)	$ —	$ (0.1)
	Income tax benefit (expense)	—	—
Gains (losses) on cash flow hedges	Revenues	8.8	35.0
	Operating expenses	(0.1)	—
	Other income (expense)	0.1	—
	Income tax benefit (expense)	(0.1)	(0.2)
Total reclassifications, net of tax		$ 8.7	$ 34.7

12. Earnings per Share

Basic and diluted earnings per share are calculated as follows:

(In millions)	For the Three Months Ended March 31, 2016	2015
Numerator:		
Net income attributable to Biogen Inc.	$ 970.9	$ 822.5
Denominator:		
Weighted average number of common shares outstanding	218.9	235.0
Effect of dilutive securities:		
Stock options and employee stock purchase plan	0.1	0.1
Time-vested restricted stock units	0.2	0.3
Market stock units	0.1	0.2
Dilutive potential common shares	0.4	0.6
Shares used in calculating diluted earnings per share	219.3	235.6

Amounts excluded from the calculation of net income per diluted share because their effects were anti-dilutive were insignificant.

13. Share-based Payments

Share-based Compensation Expense

The following table summarizes share-based compensation expense included in our condensed consolidated statements of income:

	For the Three Months Ended March 31,	
(In millions)	**2016**	**2015**
Research and development	$ 21.4	$ 35.4
Selling, general and administrative	34.7	55.6
Restructuring charges	(1.8)	—
Subtotal	54.3	91.0
Capitalized share-based compensation costs	(3.1)	(3.4)
Share-based compensation expense included in total cost and expenses	51.2	87.6
Income tax effect	(15.2)	(26.7)
Share-based compensation expense included in net income attributable to Biogen Inc.	$ 36.0	$ 60.9

The following table summarizes share-based compensation expense associated with each of our share-based compensation programs:

	For the Three Months Ended March 31,	
(In millions)	**2016**	**2015**
Market stock units	$ 13.4	$ 17.0
Time-vested restricted stock units	30.1	31.9
Cash settled performance units	0.2	23.8
Performance units	6.9	13.2
Employee stock purchase plan	3.7	5.1
Subtotal	54.3	91.0
Capitalized share-based compensation costs	(3.1)	(3.4)
Share-based compensation expense included in total cost and expenses	$ 51.2	$ 87.6

We estimate the fair value of our obligations associated with our performance units and cash settled performance units at the end of each reporting period through expected settlement. Cumulative adjustments to these obligations are recorded each quarter to reflect changes in the stock price and estimated outcome of the performance-related conditions.

Grants Under Share-based Compensation Plans

The following table summarizes our equity grants to employees, officers and directors under our current stock plans:

	For the Three Months Ended March 31,	
	2016	**2015**
Market stock units	146,000	175,000
Cash settled performance shares	73,000	112,000
Performance units	57,000	89,000
Time-vested restricted stock units	549,000	351,000

Employee Stock Purchase Plan (ESPP)

In June 2015, our stockholders approved the Biogen Inc. 2015 ESPP (2015 ESPP). The 2015 ESPP, which became effective on July 1, 2015, replaced the Biogen Idec Inc. 1995 ESPP (1995 ESPP), which expired on June 30, 2015. The maximum aggregate number of shares of our common stock that may be purchased under the 2015 ESPP is 6,200,000.

For the three months ended March 31, 2016, approximately 65,000 shares were issued under our 2015 ESPP, compared to approximately 68,000 shares issued under our 1995 ESPP in the prior year comparative period.

14. Income Taxes

A reconciliation between the U.S. federal statutory tax rate and our effective tax rate is summarized as follows:

	For the Three Months Ended March 31,	
	2016	2015
Statutory rate	35.0 %	35.0 %
State taxes	1.0	(0.4)
Taxes on foreign earnings	(8.1)	(8.4)
Credits and net operating loss utilization	(1.2)	(0.7)
Purchased intangible assets	1.1	1.0
Manufacturing deduction	(1.8)	(1.6)
Other permanent items	0.6	0.6
Other	0.3	0.1
Effective tax rate	26.9 %	25.6 %

For the three months ended March 31, 2016, compared to the same period in 2015, our effective tax rate increased due to a state tax benefit in 2015, described below.

Accounting for Uncertainty in Income Taxes

We and our subsidiaries are routinely examined by various taxing authorities. We file income tax returns in the U.S. federal jurisdiction, various U.S. states, and foreign jurisdictions. With few exceptions, including the proposed disallowance we discuss below, we are no longer subject to U.S. federal tax examination for years before 2013 or state, local, or non-U.S. income tax examinations for years before 2004.

In March 2015, we received a final assessment from the Danish Tax Authority (SKAT) for 2009 regarding withholding taxes and the treatment of certain intercompany transactions involving our Danish affiliate and another of our affiliates. In April 2016, we received final assessments for 2011 and 2013 regarding withholding taxes for similar intercompany transactions. The total amount assessed for 2009, 2011 and 2013 is estimated to be $67.0 million, including interest. We are disputing the assessments for these periods, and believe that the positions we have taken are valid.

During the three months ended March 31, 2015, the net effect of adjustments to our uncertain tax positions was a net benefit of approximately $16.4 million primarily related to the state impact of a federal uncertain tax item.

It is reasonably possible that we will adjust the value of our uncertain tax positions related to our revenues from anti-CD20 therapeutic programs and certain transfer pricing issues as we receive additional information from various taxing authorities, including reaching settlements with the tax authorities. In addition, the Internal Revenue Service (IRS) and other national tax authorities routinely examine our intercompany transfer pricing with respect to intellectual property related transactions and it is possible that they may disagree with one or more positions we have taken with respect to such valuations.

In October 2011, in conjunction with our examination, the IRS proposed a disallowance of approximately $130.0 million in deductions for tax years 2007, 2008 and 2009 related to payments for services provided by our wholly owned Danish subsidiary located in Hillerød, Denmark. We initiated a mutual agreement procedure between the IRS and SKAT for the years 2001 through 2009, to reach agreement on the issue. In addition, we applied for a bilateral advanced pricing agreement for the years 2010 through 2014 to resolve similar issues for the subsequent years. Over the past year, we have reached agreement with the tax authorities in the U.S. and Denmark regarding the tax treatment of these items for the years up to and including 2009. We have recorded the results of these agreements, which were not significant to our results.

15. Other Consolidated Financial Statement Detail

Other Income (Expense), Net

Components of other income (expense), net, are summarized as follows:

(In millions)	For the Three Months Ended March 31, 2016	2015
Interest income	$ 11.2	$ 3.3
Interest expense	(63.3)	(6.7)
Gain (loss) on investments, net	1.6	(1.7)
Foreign exchange gains (losses), net	2.1	(13.0)
Other, net	(4.4)	3.1
Total other income (expense), net	$ (52.8)	$ (15.0)

Other Current Assets

Other current assets includes prepaid taxes totaling approximately $613.2 million and $550.6 million as of March 31, 2016 and December 31, 2015, respectively.

Accrued Expenses and Other

Accrued expenses and other consists of the following:

(In millions)	As of March 31, 2016	As of December 31, 2015
Revenue-related reserves for discounts and allowances	$ 575.4	$ 518.1
Current portion of contingent consideration obligations	505.1	504.7
Employee compensation and benefits	180.4	270.8
Royalties and licensing fees	161.0	167.9
Other	582.0	635.3
Total accrued expenses and other	$ 2,003.9	$ 2,096.8

Pricing of TYSABRI in Italy - AIFA

In the fourth quarter of 2011, Biogen Italia SRL, our Italian subsidiary, received a notice from the Italian National Medicines Agency (Agenzia Italiana del Farmaco or AIFA) that sales of TYSABRI after mid-February 2009 exceeded a reimbursement limit established pursuant to a Price Determination Resolution (Price Resolution) granted by AIFA in December 2006. In January 2012, we filed an appeal in the Regional Administrative Tribunal of Lazio (Il Tribunale Amministrativo Regionale per il Lazio) in Rome, Italy seeking a ruling that the reimbursement limit in the Price Resolution should apply as written to only "the first 24 months" of TYSABRI sales, which ended in mid-February 2009. That appeal is still pending.

In June 2014, AIFA approved a resolution affirming that there is no reimbursement limit from and after February 2013. As a result, we recognized $53.5 million of TYSABRI revenues related to the periods beginning February 2013 that were previously deferred. AIFA and Biogen Italia SRL are still discussing a possible resolution for the period from February 2009 through January 2013. We have approximately EUR75 million recorded as accrued expenses and deferred revenue both included in our long-term liabilities in our condensed consolidated balance sheets for this matter as of March 31, 2016 and December 31, 2015, respectively.

For additional information relating to our agreement with AIFA relating to sales of TYSABRI in Italy, please read Note 17, *Other Consolidated Financial Statement Detail* to our consolidated financial statements included in our 2015 Form 10-K.

16. Investments in Variable Interest Entities

Consolidated Variable Interest Entities

Our condensed consolidated financial statements include the financial results of variable interest entities in which we are the primary beneficiary.

Neurimmune SubOne AG

In 2007, we entered into a collaboration agreement with Neurimmune SubOne AG (Neurimmune), a subsidiary of Neurimmune AG, for the development and commercialization of antibodies for the treatment of Alzheimer’s disease. Neurimmune conducts research to identify potential therapeutic antibodies and we are responsible for the development, manufacturing and commercialization of all products. Our anti-amyloid beta antibody, aducanumab, for the treatment of Alzheimer’s disease resulted from this collaboration. Based upon our current development plans for aducanumab, we may pay Neurimmune up to $275.0 million in remaining milestone payments. We may also pay royalties in the low-to-mid-teens on sales of any resulting commercial products.

We determined that we are the primary beneficiary of Neurimmune because we have the power through the collaboration to direct the activities that most significantly impact the entity’s economic performance and are required to fund 100% of the research and development costs incurred in support of the collaboration agreement. Accordingly, we consolidate the results of Neurimmune.

We are required to reimburse Neurimmune for amounts that are incurred by Neurimmune for research and development expenses in support of the collaboration. Amounts reimbursed are reflected in research and development expense in our condensed consolidated statements of income. For the three months ended March 31, 2016 and 2015, these amounts were immaterial. Future milestone payments and royalties, if any, will be reflected in our condensed consolidated statements of income as a charge to noncontrolling interest, net of tax, when such milestones are achieved.

The assets and liabilities of Neurimmune are not significant to our financial position or results of operations as it is a research and development organization. We have provided no financing to Neurimmune other than previously contractually required amounts.

Other Variable Interest Entities

We also consolidate the financial results of our other variable interest entities where we are the primary beneficiary. We may pay these variable interest entities up to approximately $8.0 million in remaining milestone payments. We have provided no financing to these entities other than amounts provided for in the contract.

Unconsolidated Variable Interest Entities

We have relationships with other variable interest entities that 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. As of March 31, 2016 and December 31, 2015, the total carrying value of our investments in biotechnology companies totaled $38.8 million and $29.2 million, respectively. Our maximum exposure to loss related to these variable interest entities is limited to the carrying value of our investments.

We have also entered into research collaboration agreements with certain variable interest entities where we are required to fund certain development activities. These development activities are included in research and development expense in our condensed consolidated statements of income, as they are incurred. We have provided no financing to these variable interest entities other than previously contractually required amounts.

For additional information related to our investments in variable interest entities, please read Note 18, *Investments in Variable Interest Entities* to our consolidated financial statements included in our 2015 Form 10-K.

17. Collaborative and Other Relationships

Swedish Orphan Biovitrum AB

In January 2007, we acquired 100% of the stock of Syntonix. Syntonix had previously entered into a collaboration agreement with Swedish Orphan Biovitrum AB (publ) (Sobi) to jointly develop and commercialize Factor VIII and Factor IX hemophilia products, including ELOCTATE and ALPROLIX. We have commercial rights for North America (the Biogen North America Territory) and for rest of the world markets outside of the Sobi Territory, as defined below, (the Biogen Direct Territory). Subject to the exercise of an option right that Sobi controls, Sobi will have commercial rights in, essentially, Europe, North Africa, Russia and certain countries in the Middle East (the Sobi Territory). The collaboration agreement was amended and restated in April 2014. For additional information on our collaboration agreement with Sobi, please read Note 19, *Collaborative and Other Relationships* to our consolidated financial statements included in our 2015 Form 10-K.

ELOCTA, the trade name for ELOCATE in the E.U., was approved by the EC in November 2015 and Sobi had its first commercial sale in January 2016. In March 2016, the EC approved the transfer of the marketing authorization for ELOCTA to Sobi, making Sobi the marketing authorization holder of ELOCTA in the E.U. As the marketing authorization holder, Sobi assumes full legal responsibility for ELOCTA, from a regulatory perspective, during its entire life cycle in the E.U. As of March 31, 2016, approximately $165.0 million in expenditures for ELOCTA, net of an escrow payment and other royalty adjustments as described in footnote (3) to the table below, are reimbursable by Sobi under our collaboration agreement due to Sobi's election to assume final development and commercialization of ELOCTA in the Sobi Territory, which is the Opt-In Consideration for ELOCTA. This reimbursement will be recognized in proportion to collaboration revenues, over a ten year period, consistent with the initial patent term of the product.

In February 2016, we and Sobi received a positive recommendation from the European Medicine Agency's Committee for Medicinal Products for Human Use (CHMP) for the marketing authorization of ALPROLIX. The CHMP's recommendation was referred to the EC, which grants marketing authorizations for medicines in the E.U. If approved by the EC, upon the first commercial sale of ALPROLIX by Sobi in the Sobi Territory, approximately $135.0 million in expenditures for ALPROLIX, net of an escrow payment and other royalty adjustments as described in footnote (3) to the table below, will become reimbursable by Sobi under our collaboration agreement due to Sobi's election to assume final development and commercialization of ALPROLIX in the Sobi Territory, which is the Opt-In Consideration for ALPROLIX. This reimbursement will be recognized in proportion to collaboration revenues, over a ten year period, consistent with the initial patent term of the product. If EC approval for ALPROLIX is not granted within 18 months of the filing date, Sobi shall have the right under the collaboration agreement to require that the escrow payment be refunded and revoke its option right for such product.

We expect to recognize the effect of the cash reimbursement as an adjustment to the Base Rate in the table below over a ten year period, consistent with the initial patent term of the products. Under the collaboration agreement, cash payments are as follows:

			Rates post Sobi Opt-In(3)	
Royalty and Net Revenue Share Rates:	**Method**	**Rate prior to 1st commercial sale in the Sobi Territory:**	**Base Rate following 1st commercial sale in the Sobi Territory:**	**Rate during the Reimbursement Period:**
Sobi rate to Biogen on net sales in the Sobi Territory	Royalty	N/A	12%	Base Rate plus 5%
Biogen rate to Sobi on net sales in the Biogen North America Territory	Royalty	2%	12%	Base Rate less 5%
Biogen rate to Sobi on net sales in the Biogen Direct Territory	Royalty	2%	17%	Base Rate less 5%
Biogen rate to Sobi on net revenue(1) from the Biogen Distributor Territory(2)	Net Revenue Share	10%	50%	Base Rate less 15%

(1) Net revenue represents Biogen’s pre-tax receipts from third-party distributors, less expenses incurred by Biogen in the conduct of commercialization activities supporting the distributor activities.

(2) The Biogen Distributor Territory represents Biogen territories where sales are derived utilizing a third-party distributor.

(3) A credit will be issued to Sobi against its reimbursement of the Opt-in Consideration in an amount equal to the difference in the rate paid by Biogen to Sobi on sales in the Biogen territories for certain periods prior to the first commercial sale in the Sobi Territory versus the rate that otherwise would have been payable on such sales.

If the reimbursement of the Opt-in Consideration has not been achieved within six years of the first commercial sale of such product, we maintain the right to require Sobi to pay any remaining balances due to us within 90 days of the six year anniversary date of the first commercial sale.

Should Sobi terminate the collaboration agreement with respect to ALPROLIX, we will obtain full worldwide development and commercialization rights and we will be obligated to pay royalties to Sobi subject to separate terms, as defined in the collaboration agreement.

Samsung Bioepis

Joint Venture Agreement

In February 2012, we entered into a joint venture agreement with Samsung BioLogics Co. Ltd. (Samsung Biologics), establishing an entity, Samsung Bioepis, to develop, manufacture and market biosimilar pharmaceuticals. Samsung Biologics contributed 280.5 billion South Korean won (approximately $250.0 million) for an 85% stake in Samsung Bioepis and we contributed approximately 49.5 billion South Korean won (approximately $45.0 million) for the remaining 15% ownership interest. Under the joint venture agreement, we have no obligation to provide any additional funding and our ownership interest may be diluted due to financings in which we do not participate. As of March 31, 2016, our ownership interest is approximately 9%, which reflects the effect of additional equity financings in which we did not participate. We maintain an option to purchase additional stock in Samsung Bioepis that would allow us to increase our ownership percentage up to 49.9%. The exercise of this option is within our control and is based on paying for 49.9% of the total investment made by Samsung Biologics into Samsung Bioepis in excess of what we have already contributed under the agreement plus a rate that will represent their return on capital.

Based on our level of influence over Samsung Bioepis, we account for this investment under the equity method of accounting and we recognize our share of the results of operations related to our investment in Samsung Bioepis one quarter in arrears when the results of the entity become available, which is reflected as equity in loss of investee, net of tax in our condensed consolidated statements of income. During the three months ended March 31, 2015, we recognized a loss on our investment of $0.8 million. During 2015, as our share of losses exceeded the carrying value of our investment, we suspended recognizing additional losses and will continue to do so unless we commit to providing additional funding.

Commercial Agreement

In December 2013, pursuant to our rights under the joint venture agreement with Samsung Biologics, we entered into an agreement with Samsung Bioepis to commercialize, over a 10-year term, three anti-tumor necrosis factor (TNF) biosimilar product candidates in Europe and in the case of one anti-TNF biosimilar, Japan. Under the terms of this agreement, we have made total upfront and milestone payments of $46.0 million, which have been recorded as a research and development expense in our condensed consolidated statements of income as the programs they relate to had not achieved regulatory approval. We also agreed to make an additional milestone payment of $25.0 million upon regulatory approval in the E.U. for each of the three anti-TNF biosimilar product candidates. During the three months ended March 31, 2016, we made the first $25.0 million milestone payment, which has been capitalized in intangible assets, net in our condensed consolidated balance sheet as BENEPALI received regulatory approval in the E.U. in January 2016.

We began to recognize revenue on sales of BENEPALI in the E.U. in the first quarter of 2016. We reflect revenues on sales of BENEPALI to third parties in product revenues, net in our condensed consolidated statements of income and record the related cost of revenues and sales and marketing expenses in our condensed consolidated statements of income to their respective line items when these costs are incurred. Our 50% share of the Samsung Bioepis commercial agreement will be recognized in our condensed consolidated statements of income.

Other Services

Simultaneous with the formation of Samsung Bioepis, we also entered into a license agreement, a technical development services agreement and a manufacturing agreement with Samsung Bioepis. For the three months ended March 31, 2016, we recognized $2.7 million in relation to these services as other revenues in our condensed consolidated statements of income, as compared to $18.9 million in the prior year comparative period.

For additional information related to our other significant collaboration arrangements, please read Note 19, *Collaborative and Other Relationships* to our consolidated financial statements included in our 2015 Form 10-K.

18. Litigation

We are currently involved in various claims and legal proceedings, including the matters described below. For information as to our accounting policies relating to claims and legal proceedings, including use of estimates and contingencies, please read Note 1, *Summary of Significant Accounting Policies* to our consolidated financial statements included in our 2015 Form 10-K.

With respect to some loss contingencies, an estimate of the possible loss or range of loss cannot be made until management has further information, including, for example, (i) which claims, if any, will survive dispositive motion practice; (ii) information to be obtained through discovery; (iii) information as to the parties' damages claims and supporting evidence; (iv), the parties’ legal theories; and (v) the parties' settlement positions.

The claims and legal proceedings in which we are involved also include challenges to the scope, validity or enforceability of the patents relating to our products, pipeline or processes, and challenges to the scope, validity or enforceability of the patents held by others. These include claims by third parties that we infringe their patents. An adverse outcome in any of these proceedings could result in one or more of the following and have a material impact on our business or consolidated results of operations and financial position: (i) loss of patent protection; (ii) inability to continue to engage in certain activities; and (iii) payment of significant damages, royalties, penalties and/or license fees to third parties.

Loss Contingencies

Forward Pharma German Patent Litigation

On November 18, 2014, Forward Pharma A/S (Forward Pharma) filed suit against us in the Regional Court of Dusseldorf, Germany alleging that TECFIDERA infringes German Utility Model DE 20 2005 022 112 U1 (the utility model), which was issued in April 2014 and expired in October 2015. Forward Pharma subsequently extended its allegations to assert that TECFIDERA infringes Forward Pharma's European Patent No. 2 801 355, which was issued in May 2015 and expires in October 2025 (the '355 patent). Forward Pharma seeks declarations of infringement and damages for our sales of TECFIDERA in Germany. Under German law, disgorgement of profits on infringing sales is a measure of damages. With respect to the '355 patent, the hearing has been stayed pending the outcome of opposition proceedings that we and others have filed in the European Patent Office, and with respect to the utility model the hearing has been stayed pending the outcome of those proceedings and proceedings in the German Patent Office.

ALPROLIX Patent Licensing Matter

We are in discussions with Pfizer regarding its proposal that we take a license to its U.S. Patent No. 8,603,777 (Expression of Factor VII and IX Activities in Mammalian Cells) and pay royalties on sales of ALPROLIX. An estimate of the possible loss or range of loss cannot be made at this time.

Italian National Medicines Agency

In the fourth quarter of 2011, Biogen Italia SRL received notice from the Italian National Medicines Agency (Agenzia Italiana del Farmaco or AIFA) that sales of TYSABRI after mid-February 2009 exceeded a reimbursement limit established pursuant to a Price Determination Resolution (Price Resolution) granted by AIFA in December 2006. On January 12, 2012, we filed an appeal in the Regional Administrative Tribunal of Lazio (Il Tribunale Amministrativo Regionale per il Lazio) in Rome, Italy seeking a ruling that the reimbursement limit in the Price Resolution should apply as written to only "the first 24 months" of TYSABRI sales, which ended in mid-February 2009. The appeal is still pending. In June 2014, AIFA approved a resolution affirming that there is no reimbursement limit from and after February 2013. AIFA and Biogen Italia SRL are discussing a possible resolution for the period from February 2009 through January 2013.

For additional information regarding this matter, please read Note 15, *Other Consolidated Financial Statement Detail* to these condensed consolidated financial statements.

Qui Tam Litigation

On July 6, 2015, four qui tam actions filed against us by relators suing on behalf of the United States and certain states were unsealed by the U.S. District Court for the District of Massachusetts. All but one of the actions has been voluntarily dismissed. The pending action alleges sales and promotional activities in violation of the federal False Claims Act and state law counterparts, and seeks single and treble damages, civil penalties, interest, attorneys' fees and costs. The United States has not made an intervention decision in the action, which we have moved to dismiss. An estimate of the possible loss or range of loss cannot be made at this time.

Securities Litigation

We and certain current and former officers are defendants in In re Biogen Inc. Securities Litigation, filed by a shareholder on August 18, 2015 in the U.S. District Court for the District of Massachusetts. The amended complaint alleges violations of federal securities laws under 15 U.S.C. §78j(b) and §78t(a) and 17 C.F.R. §240.10b-5. The lead plaintiff seeks a declaration of the action as a class action, certification as a representative of the class and its counsel as class counsel, and an award of damages, interest, and attorneys' fees. We have filed a motion to dismiss, which is pending. An estimate of the possible loss or range of loss cannot be made at this time.

Other Matters

Interference Proceeding with Forward Pharma

In April 2015, the U.S. Patent and Trademark Office (USPTO) declared an interference between Forward Pharma's pending U.S. Patent Application No. 11/576,871 and our U.S. Patent No. 8,399,514 (the '514 patent). The '514 patent includes claims covering the treatment of multiple sclerosis with 480 mg of dimethyl fumarate as provided for in our TECFIDERA label. A hearing has been scheduled for late 2016.

Inter Partes Review Petitions and Proceeding

On March 22, 2016, the USPTO instituted *inter partes* review of the '514 patent on the petition of the Coalition for Affordable Drugs V LLC, an entity associated with a hedge fund. A hearing has been scheduled for late 2016.

On April 18, 2016, Swiss Pharma International AG filed petitions in the USPTO for *inter partes* review of U.S. Patent Nos. 8,349,321 and, 8,900,577, relating to specific formulations of natalizumab (TYSABRI), and U.S. Patent No. 8,815,236, relating to methods for treating multiple sclerosis and Crohn's disease using specific formulations of natalizumab (TYSABRI). The USPTO has not yet decided whether to institute review.

European Patent Office Oppositions

On March 10, 2016, the European Patent Office revoked our European patent number 2 137 537 (the '537 patent), which includes claims covering the treatment of multiple sclerosis with 480 mg of dimethyl fumarate as provided for in our TECFIDERA label. The decision was issued verbally and will be followed by a written decision, from which intend to appeal.

Patent Revocation Matter

In December 2015, Swiss Pharma International AG brought an action in the Patents Court of the United Kingdom to revoke the UK counterpart of our European Patent Number 1 485 127 (“Administration of agents to treat inflammation”) (the '127 patent), which was issued in June 2011 and concerns administration of natalizumab (TYSABRI) to treat multiple sclerosis. The patent expires in February 2023. Subsequently, the same entity brought actions in the District Court of The Hague (on January 11, 2016) and the German Patents Court (on March 3, 2016) to invalidate the Dutch and German counterparts of the '127 patent. A hearing has been scheduled in the UK action for late 2016 and in the Dutch action for early 2017. No hearing has yet been scheduled in the German action.

'755 Patent Litigation

On May 28, 2010, Biogen MA Inc. (formerly Biogen Idec MA Inc.) filed a complaint in the U.S. District Court for the District of New Jersey alleging infringement by Bayer Healthcare Pharmaceuticals Inc. (Bayer) (manufacturer, marketer and seller of BETASERON and manufacturer of EXTAVIA), EMD Serono, Inc. (manufacturer, marketer and seller of REBIF), Pfizer Inc. (co-marketer of REBIF), and Novartis Pharmaceuticals Corp. (marketer and seller of EXTAVIA) of our U.S. Patent No. 7,588,755 ('755 Patent), which claims the use of interferon beta for immunomodulation or treating a viral condition, viral disease, cancers or tumors. The complaint seeks monetary damages, including lost profits and royalties. Bayer had previously filed a complaint against us in the same court, on May 27, 2010, seeking a declaratory judgment that it does not infringe the '755 Patent and that the patent is invalid, and seeking monetary relief in the form of attorneys' fees, costs and expenses. The court has consolidated the two lawsuits, and we refer to the two actions as the “Consolidated '755 Patent Actions.”

Bayer, Pfizer, Novartis and EMD Serono have all filed counterclaims in the Consolidated '755 Patent Actions seeking declaratory judgments of patent invalidity and non-infringement, and seeking monetary relief in the form of costs and attorneys' fees, and EMD Serono and Bayer have each filed a counterclaim seeking a declaratory judgment that the '755 Patent is unenforceable based on alleged inequitable conduct. Bayer has also amended its complaint to seek such a declaration. No trial date has been set.

Government Matters

We have learned that state and federal governmental authorities are investigating our sales and promotional practices and have received related subpoenas. We are cooperating with the government.

On March 4, 2016 we received a subpoena from the federal government for documents relating to our relationship with non-profit organizations that provide assistance to patients taking drugs sold by Biogen. We are cooperating with the government.

Product Liability and Other Legal Proceedings

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

19. Commitments and Contingencies

Fumapharm AG

In 2006, we acquired Fumapharm AG. As part of this acquisition we acquired FUMADERM and TECFIDERA (together, Fumapharm Products). We paid $220.0 million upon closing of the transaction and agreed to pay an additional $15.0 million if a Fumapharm Product was approved for MS in the U.S. or E.U. In the second quarter of 2013, we paid this $15.0 million contingent payment as TECFIDERA was approved in the U.S. for MS by the U.S. Food and Drug Administration (FDA). We are also required to make additional contingent payments to former shareholders of Fumapharm AG or holders of their rights based on the attainment of certain cumulative sales levels of Fumapharm Products and the level of total net sales of Fumapharm Products in the prior twelve month period.

In the first quarter of 2016, we paid $300.0 million in contingent payments as we reached the $7.0 billion cumulative sales level related to the Fumapharm Products in the fourth quarter of 2015 and accrued $300.0 million upon reaching $8.0 billion in total cumulative sales of Fumapharm Products during the three months ended March 31, 2016.

We will owe an additional $300.0 million contingent payment for every additional $1.0 billion in cumulative sales level of Fumapharm Products reached if the prior 12 months sales of the Fumapharm Products exceed $3.0 billion, until such time as the cumulative sales level reaches $20.0 billion, at which time no further contingent payments shall be due. These payments will be accounted for as an increase to goodwill as incurred, in accordance with the accounting standard applicable to business combinations when we acquired Fumapharm. Any portion of the payment which is tax deductible will be recorded as a reduction to goodwill. Payments are due within 60 days following the end of the quarter in which the applicable cumulative sales level has been reached.

Solothurn, Switzerland Facility

On December 1, 2015, we purchased land in Solothurn, Switzerland where we are building a biologics manufacturing facility over the next several years. As of March 31, 2016, we had contractual commitments of approximately $180.0 million for the construction of this facility.

Item 2. *Management's Discussion and Analysis of Financial Condition and Results of Operations*

The following discussion should be read in conjunction with our condensed consolidated financial statements and accompanying notes beginning on page 5 of this quarterly report on Form 10-Q and our audited consolidated financial statements and related notes included in our Annual Report on Form 10-K for the year ended December 31, 2015 (2015 Form 10-K). Certain totals may not sum due to rounding.

Executive Summary

Introduction

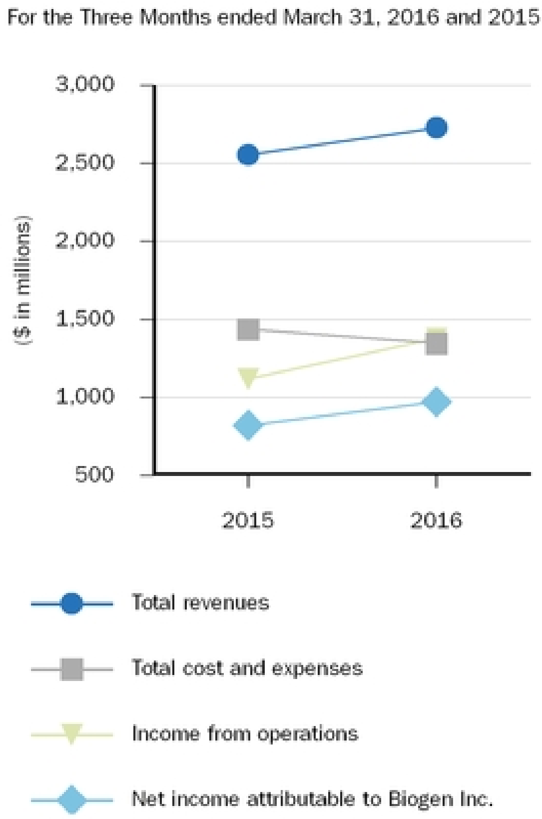
Biogen is a global biopharmaceutical company focused on discovering, developing, manufacturing and delivering therapies to patients for the treatment of neurodegenerative diseases, hematologic conditions and autoimmune disorders.

Our marketed products include TECFIDERA, AVONEX, PLEGRIDY, TYSABRI and FAMPYRA for multiple sclerosis (MS), ELOCTATE for hemophilia A and ALPROLIX for hemophilia B and FUMADERM for the treatment of severe plaque psoriasis. We also have a collaboration agreement with Genentech, Inc. (Genentech), a wholly-owned member of the Roche Group, which entitles us to certain business and financial rights with respect to RITUXAN for the treatment of non-Hodgkin's lymphoma, chronic lymphocytic leukemia (CLL) and other conditions, GAZYVA indicated for the treatment of CLL and follicular lymphoma, and other potential anti-CD20 therapies.

Our current revenues depend upon continued sales of our principal products. We may be substantially dependent on sales from our principal products for many years, including a continuing reliance on sales and growth of TECFIDERA as we continue to expand into additional markets. In the longer term, our revenue growth will be dependent upon the successful clinical development, regulatory approval and launch of new commercial products as well as additional indications for our existing products, our ability to obtain and maintain patents and other rights related to our marketed products and assets originating from our research and development efforts, and successful execution of external business development opportunities. As part of our ongoing research and development efforts, we have devoted significant resources to conducting clinical studies to advance the development of new pharmaceutical products in disease areas for which there are inadequate treatments and to explore the utility of our existing products in treating disorders beyond those currently approved in their labels.

In addition to our innovative drug development efforts, we aim to leverage our manufacturing capabilities and scientific expertise through Samsung Bioepis, our joint venture with Samsung BioLogics Co. Ltd. (Samsung Biologics) that develops, manufactures and markets biosimilars as well as through other strategic contract manufacturing partners. Under our commercial agreement with Samsung Bioepis, we market and sell BENEPALI, an etanercept biosimilar referencing ENBREL in the European Union (E.U.).

Financial Highlights



Diluted earnings per share attributable to Biogen Inc. were $4.43 for the three months ended March 31, 2016, representing an increase of 26.9% over the same period in 2015.

Our income from operations for the three months ended March 31, 2016 reflects the following:

- Total revenues totaled $2,726.8 million for the first quarter of 2016, representing an increase of 6.7% over the same period in 2015.
- Product revenues, net totaled $2,309.4 million for the first quarter of 2016, representing an increase of 6.3% over the same period in 2015. This increase was driven by a 14.7% increase in worldwide TECFIDERA revenues as well as revenues from ELOCTATE, ALPROLIX and BENEPALI,

partially offset by an 11.1% decrease in worldwide Interferon revenues. In addition, product revenues, net for the first quarter of 2016, compared to the same period in 2015, were negatively impacted by foreign currency exchange rate changes totaling $24.0 million as well as a $26.2 million decrease in gains recognized under our hedging program in the comparative periods.

- Revenues from anti-CD20 therapeutic programs totaled $329.5 million for the first quarter of 2016, representing a decrease of 0.3% over the same period in 2015.
- Other revenues totaled $87.9 million for the first quarter of 2016, representing an increase of 69.0% from the same period in 2015. This increase was primarily driven by an increase in other corporate revenue.
- Total cost and expenses totaled $1,348.4 million for the first quarter of 2016, representing a decrease of 6.2% compared to the same period in 2015. This decrease was driven by a 11.3% decrease in selling, general and administrative expense, a 7.4% decrease in the amortization of acquired intangible assets and a 5.0% decrease in research and development expense, partially offset by the recognition of a $9.7 million charge related to our corporate restructuring.

We generated $963.4 million of net cash flows from operations for the three months ended March 31, 2016, which were primarily driven by earnings. Cash, cash equivalents and marketable securities totaled approximately $6,775.2 million as of March 31, 2016.

Business Environment

The biopharmaceutical industry and the markets in which we operate are intensely competitive. Many of our competitors are working to develop or have commercialized products similar to those we market or are developing. In addition, the commercialization of certain of our own approved MS products, products of our collaborators and pipeline product candidates may negatively impact future sales of our existing MS products. Our products may also face increased competitive pressures from the introduction of generic versions, prodrugs of existing therapeutics or biosimilars of existing products and other technologies, such as gene therapies.

In addition, sales of our products are dependent, in large part, on the availability and extent of coverage, pricing and reimbursement from government health administration authorities, private health insurers and other organizations. Pricing of pharmaceutical products continues to be under intense scrutiny.

For additional information related to our competition and pricing risks that could negatively impact our products, please read the *"Risk Factors"* section of this report.

Key Pipeline and Product Developments

Hemophilia

In February 2016, we and Swedish Orphan Biovitrum AB (publ) (Sobi) received a positive recommendation from the European Medicine Agency's Committee for Medicinal Products for Human Use (CHMP) for the marketing authorization of ALPROLIX for the treatment of hemophilia B. The CHMP's recommendation was referred to the European Commission (EC), which grants approval of marketing authorizations for medicines in the E.U.

In March 2016, the EC approved the transfer of the marketing authorization for ELOCTA to Sobi, making Sobi the marketing authorization holder of ELOCTA in the E.U. As the marketing authorization holder, Sobi assumes full legal responsibility for ELOCTA, from a regulatory perspective, during its entire life cycle in the E.U.

Biosimilars

In January 2016, the EC approved Samsung Bioepis' marketing authorization application (MAA) for BENEPALI for marketing in the E.U. Under our agreement with Samsung Bioepis, we will manufacture and commercialize BENEPALI in specified E.U. countries.

In April 2016, Samsung Bioepis received a positive recommendation from the CHMP for the marketing authorization of FLIXABI, an infliximab biosimilar referencing REMICADE. The CHMP's recommendation was referred to the EC.

GAZYVA

In February 2016, the Roche Group announced that the U.S. Food and Drug Administration (FDA) approved GAZYVA plus bendamustine chemotherapy followed by GAZYVA alone as a new treatment for people with follicular lymphoma who did not respond to a RITUXAN-containing regimen, or whose follicular lymphoma returned after such treatment. Follicular lymphoma is the most common type of indolent non-Hodgkin's lymphoma.

For additional information related to our relationship with Genentech (Roche Group), please read Note 19, *Collaborative and Other Relationships* to our consolidated financial statements included in our 2015 Form 10-K.

Results of Operations

Revenues

Revenues are summarized as follows:

(In millions, except percentages)	For the Three Months Ended March 31, 2016		2015	
Product revenues:				
United States	$ 1,663.3	61.0%	$ 1,533.7	60.0%
Rest of world	646.1	23.7%	638.6	25.0%
Total product revenues	2,309.4	84.7%	2,172.3	85.0%
Revenues from anti-CD20 therapeutic programs	329.5	12.1%	330.6	12.9%
Other revenues	87.9	3.2%	52.0	2.0%
Total revenues	$ 2,726.8	100.0%	$ 2,555.0	100.0%

Product Revenues

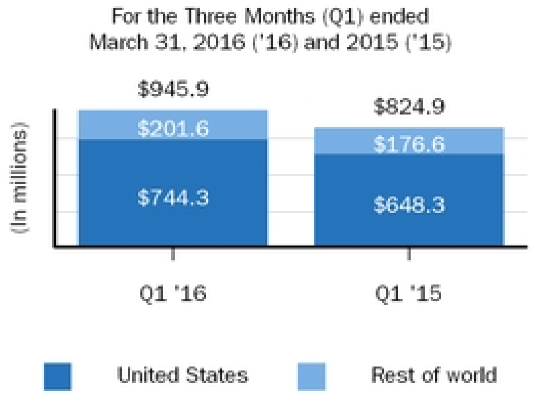
Product revenues are summarized as follows:

(In millions, except percentages)	For the Three Months Ended March 31, 2016		2015	
Multiple Sclerosis:				
TECFIDERA	$ 945.9	41.0%	$ 824.9	38.0%
Interferon*	670.4	29.0%	754.5	34.7%
TYSABRI	477.0	20.6%	462.6	21.3%
FAMPYRA	20.2	0.9%	20.0	0.9%
Hemophilia:				
ELOCTATE	107.7	4.7%	53.6	2.5%
ALPROLIX	75.0	3.2%	43.1	2.0%
Other product revenues:				
FUMADERM	11.4	0.5%	13.6	0.6%
BENEPALI	1.8	0.1%	—	—%
Total product revenues	$ 2,309.4	100.0%	$ 2,172.3	100.0%

*Interferon includes AVONEX and PLEGRIDY.

Multiple Sclerosis (MS)

TECFIDERA



For the three months ended March 31, 2016, compared to the same period in 2015, the increase in U.S. TECFIDERA revenues was primarily due to price increases.

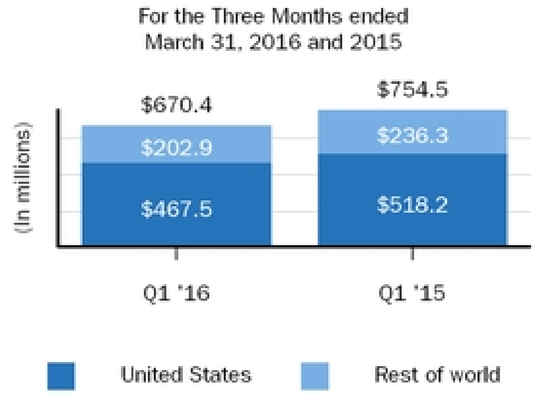
For the three months ended March 31, 2016, compared to the same period in 2015, the increase in rest of world TECFIDERA revenues was primarily due to increases in unit sales volume of 52% in existing markets and sales in new markets where we continue to launch the product and expand our presence around the world, partially offset by a pricing reduction in the first quarter of 2015 in Germany.

Rest of world TECFIDERA revenues for the three months ended March 31, 2016, compared to the same period in 2015, were also negatively impacted by foreign currency exchange rate changes totaling $6.7 million as well as a $7.2 million decrease in gains recognized under our hedging program in the comparative period.

While we continue to see a strong uptake of TECFIDERA in newly launched territories, total market growth and patient switch rates in our maturing markets, such as the U.S. and Germany, have returned to historical averages for MS therapies.

Interferon

AVONEX and PLEGRIDY



For the three months ended March 31, 2016, compared to the same period in 2015, the decrease in U.S. Interferon revenues was primarily due to an overall decrease in Interferon unit sales volume, which was mainly attributable to a decrease in AVONEX unit sales volume of 21% due to patients transitioning to other oral MS therapies, partially offset by an increase in PLEGRIDY unit sales volume. The decrease in U.S. Interferon revenues was also due to higher discounts and allowances, partially offset by gross price increases. For the three months ended March 31, 2016, U.S. AVONEX and PLEGRIDY revenues totaled $400.0 million and $67.5 million, respectively, as compared to $478.7 million and $39.5 million, respectively, in the prior year comparative period.

For the three months ended March 31, 2016, compared to the same period in 2015, the decrease in rest of world Interferon revenues was primarily due to an overall decrease in Interferon unit sales volume primarily in Europe, which was mainly attributable to a decrease in AVONEX unit sales volume of 14% due to patients transitioning to other oral MS therapies, including TECFIDERA, partially offset by an increase in PLEGRIDY unit sales volume. For the three months ended March 31, 2016, rest of world AVONEX and PLEGRIDY revenues totaled $164.1 million and $38.8 million, respectively, as compared to $214.0 million and $22.3 million, respectively, in the prior year comparative period.

Rest of world Interferon revenues for the three months ended March 31, 2016, compared to the same period in 2015, were also negatively impacted by foreign currency exchange rate changes totaling $9.1 million as well as a $11.3 million decrease in gains recognized under our hedging program in the comparative period.

We expect that overall Interferon revenues will continue to decline as a result of competition from our own products, including TECFIDERA, and other MS therapies.

TYSABRI

For the three months ended March 31, 2016, compared to the same period in 2015, the increase in U.S. TYSABRI revenues was primarily due to increases in gross price partially offset by higher discounts and allowances.

For the three months ended March 31, 2016, compared to the same period in 2015, the decrease in rest of world TYSABRI revenues was due to a pricing reduction in the second quarter of 2015 in Germany, partially offset by an increase in unit sales volume of 6% primarily in Europe.

Rest of world TYSABRI revenues for the three months ended March 31, 2016, compared to the same period in 2015, were also negatively impacted by foreign currency exchange rate changes totaling $7.3 million as well as a $6.6 million decrease in gains recognized under our hedging program in the comparative period.

We remain in discussions with the Italian National Medicines Agency (AIFA) about a resolution relating to a claim that sales of TYSABRI in Italy exceeded a reimbursement limit established pursuant to a Price Determination Resolution granted by AIFA in December 2006 for the period from February 2009 through January 2013. If our most recent settlement offer is accepted, we could recognize approximately EUR40 million in revenue upon resolution of this matter. For information regarding our agreement with AIFA relating to sales of TYSABRI in Italy, please read Note 17, *Other Consolidated Financial Statement Detail* to our consolidated financial statements included in our 2015 Form 10-K.

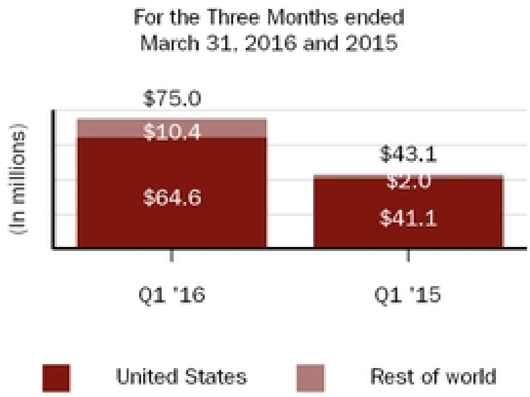
We expect that TYSABRI revenues will continue to face competition from additional treatments for MS and certain other pipeline products, including ZINBRYTA and ocrelizumab.

Hemophilia

ELOCTATE

For the three months ended March 31, 2016, compared to the same period in 2015, the increase in U.S. ELOCTATE revenues was primarily due to an increase in unit sales volume of 93%. Rest of world ELOCTATE revenues primarily relate to sales in Japan.

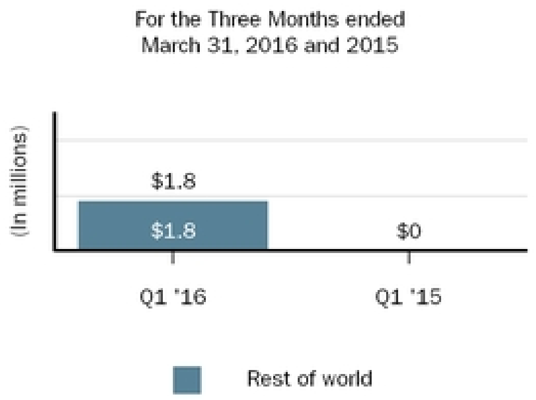
ALPROLIX



For the three months ended March 31, 2016, compared to the same period in 2015, the increase in U.S. ALPROLIX revenues was primarily due to an increase in unit sales volume of 54%. Rest of world ALPROLIX revenues primarily relate to sales in Japan.

We expect continued growth of ELOCTATE as there remains a significant portion of the patient population that we believe can benefit from long-acting therapies. We also expect moderating patient additions for ALPROLIX.

BENEPALI



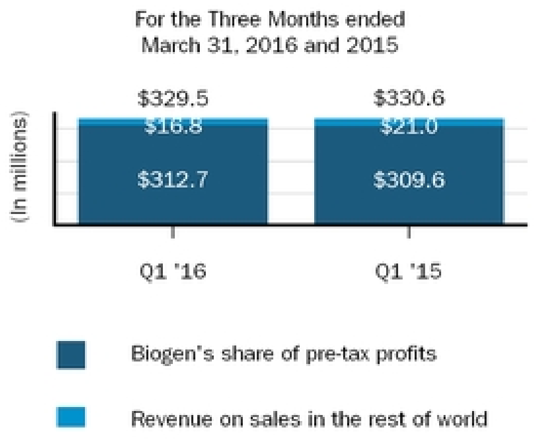
Under the terms of our commercial agreement with Samsung Bioepis, we began to recognize revenue on sales of BENEPALI to third parties in the E.U. in the first quarter of 2016.

For additional information on our relationship with Samsung Bioepis, please read Note 17, *Collaborative and Other Relationships* to our condensed consolidated financial statements included in this report.

Revenues from Anti-CD20 Therapeutic Programs

Genentech (Roche Group)

Our share of RITUXAN and GAZYVA operating profits are summarized as follows:



Biogen's Share of Pre-tax Profits in the U.S. for RITUXAN and GAZYVA

The following table provides a summary of amounts comprising our share of pre-tax profits on RITUXAN and GAZYVA in the U.S.:

	For the Three Months Ended March 31,	
(In millions)	2016	2015
Product revenues, net	$ 974.7	$ 956.1
Cost and expenses	175.1	173.9
Pre-tax profits in the U.S.	799.6	782.2
Biogen's share of pre-tax profits	$ 312.7	$ 309.6

For the three months ended March 31, 2016, compared to the same period in 2015, the increase in U.S. product revenues was primarily due to price increases and increases in RITUXAN unit sales volume of 1%, partially offset by higher discounts and allowances.

Collaboration costs and expenses for the three months ended March 31, 2016, compared to the same period in 2015, were relatively consistent.

Our share of RITUXAN pre-tax profits in the U.S. decreased to 39% from 40% as GAZYVA was approved by the FDA in follicular lymphoma in February 2016.

For additional information related to our collaboration with Genentech, including information regarding the pre-tax profit sharing formula and its impact on future revenues from anti-CD20 therapeutic programs, please read Note 19, *Collaborative and Other Relationships* to our consolidated financial statements included in our 2015 Form 10-K.

Revenue on Sales in the Rest of World for RITUXAN

Revenue on sales in the rest of world for RITUXAN consists of our share of pre-tax co-promotion profits on RITUXAN in Canada and royalty revenue on sales outside the U.S. and Canada. For the three months ended March 31, 2016, compared to the same period in 2015, revenue on sales in the rest of world for RITUXAN decreased as a result of lower pre-tax co-promotion profits on RITUXAN in Canada and patent expirations.

Other Revenues

Other revenues are summarized as follows:

(In millions, except percentages)	For the Three Months Ended March 31, 2016			2015		
Revenues from collaborative and other relationships	$	11.5	13.1%	$	18.9	36.3%
Royalty and other corporate revenues		76.4	86.9%		33.1	63.7%
Total other revenues	$	87.9	100.0%	$	52.0	100.0%

Revenues from Collaborative and Other Relationships

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 maintained by our collaboration partners.

Revenues from collaborative and other relationships include revenues earned under our manufacturing services agreement with Sobi on shipments of ELOCTA to Sobi, royalties from Sobi on sales of ELOCTA in, essentially, Europe, North Africa, Russia, and certain countries in the Middle East (the Sobi Territory), and revenues from our license, technical development and manufacturing services agreements with Samsung Bioepis.

For the three months ended March 31, 2016, compared to the same period in 2015, the decrease in revenues from collaborative and other relationships is primarily due to lower revenues earned under our manufacturing services agreement with Samsung Bioepis, partially offset by an increase in ELOCTA shipments made under our manufacturing services agreement with Sobi. For additional information on our collaborative and other relationships, please read Note 17, *Collaborative and Other Relationships* to our condensed consolidated financial statements included in this report.

Royalty and Other Corporate Revenues

Royalty Revenues

We receive royalties from net sales on products related to patents that we have out-licensed.

For the three months ended March 31, 2016, compared to the same period in 2015, royalty revenues were relatively consistent.

Other Corporate Revenues

Our other corporate revenues include amounts earned under contract manufacturing agreements.

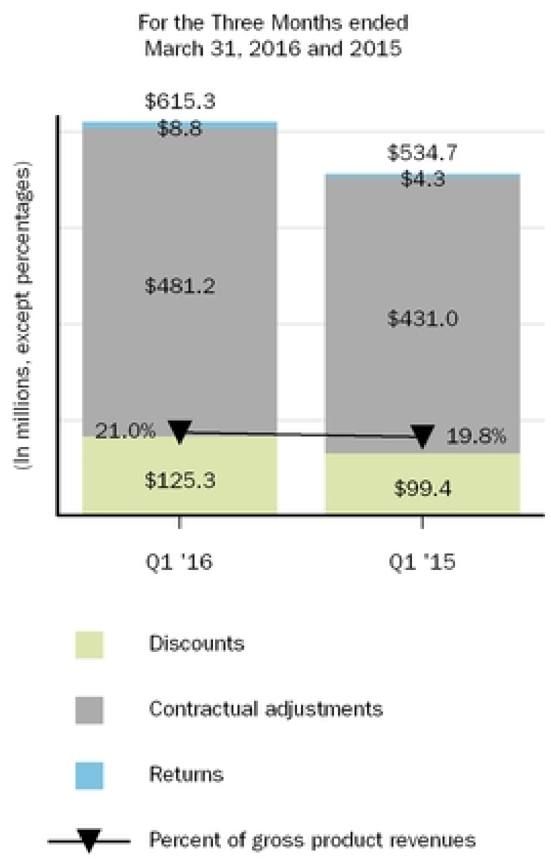
For the three months ended March 31, 2016, compared to the same period in 2015, the increase in other corporate revenues was primarily due to higher contract manufacturing revenues related to services provided to a strategic partner.

Reserves for Discounts and Allowances

Revenues from product sales are recorded net of applicable discounts, allowances and other governmental allowances, including those associated with the implementation of pricing actions in certain international markets where we operate.

Reserves established for these discounts and allowances are classified as reductions of accounts receivable (if the amount is payable to our customer) or a liability (if the amount is payable to a party other than our customer). These reserves are based on estimates of the amounts earned or to be claimed on the related sales. Our estimates take into consideration our historical experience, current contractual and statutory requirements, specific known market events and trends, and forecasted customer buying and payment patterns. Actual amounts may ultimately differ from our estimates. If actual results vary, we adjust these estimates, which will have an effect on earnings in same the period. To date, such adjustments have not been significant.

Reserves for discounts, contractual adjustments and returns that reduced gross product revenues are summarized as follows:



Discounts

Discounts include trade term discounts and wholesaler incentives.

For the three months ended March 31, 2016, compared to the same period in 2015, the increase in discounts was primarily driven by increases in gross selling price and contractual discount rates.

Contractual Adjustments

Contractual adjustments relate to Medicaid and managed care rebates, co-payment assistance, Veterans Administration, Public Health Service discounts, specialty pharmacy program fees and other government rebates or applicable allowances.

For the three months ended March 31, 2016, compared to the same period in 2015, the increase in contractual adjustments was primarily due to higher Medicaid and other governmental rebates and allowances in the U.S., and managed care rebates as a result of an increase in contracted business, gross selling prices and contractual rates.

Returns

Product return reserves are established for returns made by wholesalers. In accordance with contractual terms, wholesalers are permitted to return product for reasons such as damaged or expired product. The majority of wholesaler returns are due to product expiration. Provisions for product returns are recorded in the period the related revenue is recognized, resulting in a reduction to product sales.

For the three months ended March 31, 2016, compared to the same period in 2015, return provisions increased primarily due to the first quarter of 2015 experiencing lower historical returns which reduced our reserve.

For additional information related to our reserves, please read Note 3, *Reserves for Discounts and Allowances* to our condensed consolidated financial statements included in this report.

Cost and Expenses

A summary of total cost and expenses is as follows:

(In millions, except percentages)	For the Three Months Ended March 31, 2016	2015	Change %
Cost of sales, excluding amortization of acquired intangible assets	$ 313.0	$ 312.4	0.2 %
Research and development	437.3	460.5	(5.0)%
Selling, general and administrative	497.3	560.4	(11.3)%
Amortization of acquired intangible assets	88.8	95.9	(7.4)%
Restructuring charges	9.7	—	**
(Gain) loss on fair value remeasurement of contingent consideration	2.3	7.8	(70.5)%
Total cost and expenses	$ 1,348.4	$ 1,437.1	(6.2)%

** Percentage not meaningful.

Cost of Sales, Excluding Amortization of Acquired Intangible Assets

Product Cost of Sales

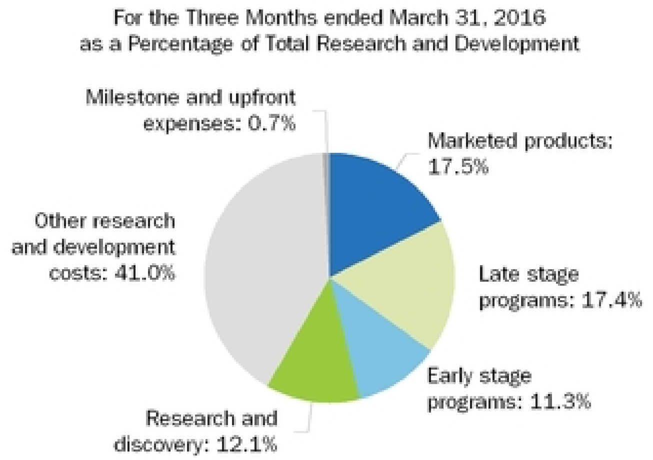
For the three months ended March 31, 2016 compared to the same period in 2015, the decrease in product cost of sales was primarily driven by favorable production costs and a favorable mix of products, partially offset by increased contract manufacturing production and higher unit sales volume related to PLEGRIDY, ELOCTATE and ALPROLIX.

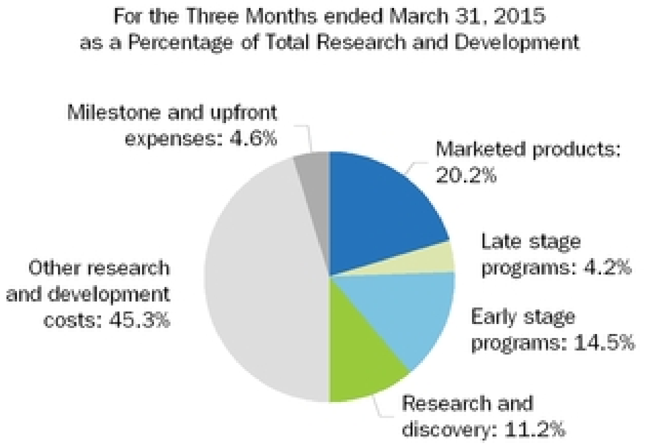
Royalty Cost of Sales

For the three months ended March 31, 2016, compared to the same period in 2015, the increase in royalty cost of sales was primarily driven by increased sales of our hemophilia products as well as the increase in royalty rates payable to Sobi.

For additional information on our relationship with Sobi, please read Note 17, *Collaborative and Other Relationships* to our condensed consolidated financial statements included in this report.

Research and Development





Research and development expense incurred in support of our marketed products includes costs associated with product lifecycle management activities including, if applicable, costs associated with the development of new indications for existing products. Late stage programs are programs in Phase 3 development or in registration stage. Early stage programs are programs in Phase 1 or Phase 2 development. Research and discovery represents costs incurred to support our discovery research and translational science efforts. Other research and development costs consist of indirect costs incurred in support of overall research and development activities and non-specific programs, including activities that benefit multiple programs, such as management costs as well as depreciation and other facility-based expenses. Costs are reflected in the development stage based upon the program status when incurred. Therefore, the same program could be reflected in different development stages in the same year. For several of our programs, the research and development activities are part of our collaborative and other relationships. Our costs reflect our share of the total costs incurred.

For the three months ended March 31, 2016 compared to the same period in 2015, the decrease in research and development expense was primarily related to a decrease in milestone and upfront expenses and decreases in costs incurred in connection with our early stage programs and marketed products, partially offset by increased costs incurred in connection with our late stage programs.

The decrease in spending associated with milestone and upfront expenses for the three months ended March 31, 2016, compared to the same period in 2015 was primarily due to lower milestones recorded in relation to our collaboration agreements with Ionis Pharmaceuticals (Ionis) and the prior year milestone paid to AbbVie for the development of ZINBRYTA as our MAA was validated by the European Medicines Agency (EMA) in the first quarter of 2015.

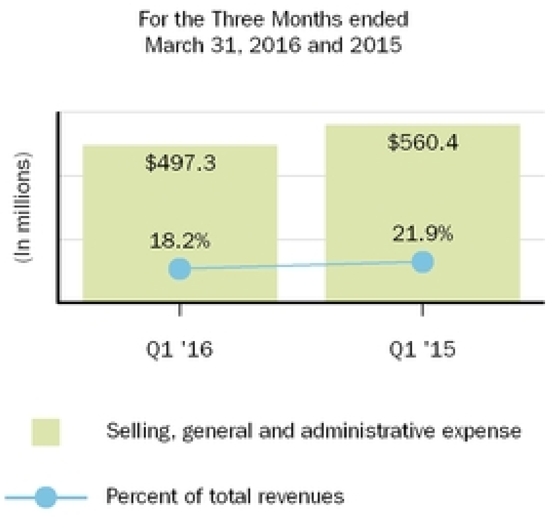
The decrease in spending associated with our early stage programs for the three months ended March 31, 2016, compared to the same period in 2015 was primarily due to the advancement of our aducanumab program for Alzheimer's disease to a late stage program in the third quarter of 2015 and the discontinuance of development of anti-TWEAK in lupus nephritis and Neublastin in neuropathic pain, partially offset by the advancement of Raxatrigine in trigeminal neuralgia.

The decrease in spending associated with our marketed products for the three months ended March 31, 2016, compared to the same period in 2015 was primarily due to the discontinuance of development of TYSABRI in secondary-progressive MS in the third quarter of 2015.

The increase in spending associated with our late stage programs for the three months ended March 31, 2016, compared to the same period in 2015 was primarily driven by costs incurred to advance our aducanumab program for Alzheimer's disease and the nusinersen program for the treatment of spinal muscular atrophy.

We intend to continue committing significant resources to targeted research and development opportunities where there is a significant unmet need and where the drug candidate has the potential to be highly differentiated. Specifically, we intend to continue to invest in our MS pipeline, our aducanumab program, the BAN2401 and E2609 programs, the nusinersen program, the amiselimod program and our Raxatrigine program.

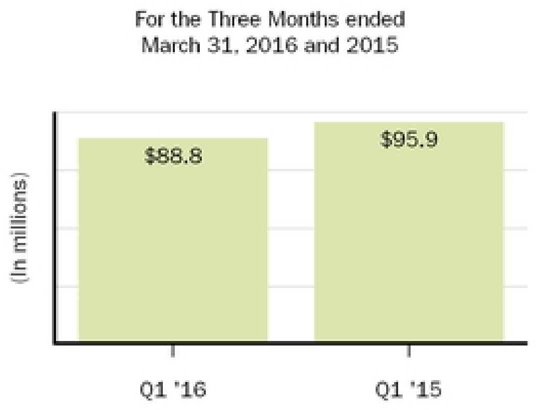
Selling, General and Administrative



For the three months ended March 31, 2016, compared to the same period in 2015, the decrease in selling, general and administrative expenses reflects cost savings in connection with our corporate restructuring, which is described below under the heading "Restructuring Charges", a decrease in incentive compensation and an $18.0 million benefit to reflect the reimbursement of Samsung Bioepis' share of historical pre-launch costs pursuant to our commercial agreement with Samsung Bioepis, partially offset by an increase in corporate giving.

For additional information related to our commercial agreement with Samsung Bioepis, please read Note 17, *Collaborative and Other Relationships* to our condensed consolidated financial statements included in this report.

Amortization of Acquired Intangible Assets



Our amortization expense is based on the economic consumption of intangible assets. Our most significant intangible assets are related to our AVONEX and TYSABRI products. Annually, during our long-range planning cycle, we perform an analysis of anticipated lifetime revenues of AVONEX and TYSABRI. This analysis is also updated whenever events or changes in circumstances would significantly affect the anticipated lifetime revenues of either product.

Our most recent long range planning cycle was updated in the third quarter of 2015. Based upon this analysis, there was not a significant change in our expected rate of amortization for acquired intangible assets.

For the three months ended March 31, 2016, compared to the same period in 2015, the decrease in amortization of acquired intangible assets was primarily driven by a decrease in AVONEX revenues during the comparative period and the impact of higher expected lifetime revenues of AVONEX due to a slower than previously expected adoption of PLEGRIDY.

We monitor events and expectations regarding product performance. If new information indicates that the assumptions underlying our most recent analysis are substantially different than those utilized in our current estimates, our analysis would be updated and may result in a significant change in the anticipated lifetime revenues of the relevant process. The occurrence of an adverse event could substantially increase the amount of amortization expense associated with our acquired intangible assets as compared to previous periods or our current expectations, which may result in a significant negative impact on our future results of operations.

For additional information related to the amortization of acquired intangible assets, please read Note 5, *Intangible Assets and Goodwill* to our condensed consolidated financial statements included in this report.

In Process Research & Development (IPR&D)

Overall, the value of our acquired IPR&D assets is dependent upon a number of variables, including estimates of future revenues and the effects of competition, the level of anticipated development costs and the probability and timing of successfully advancing a particular research program from a clinical trial phase to the next. We are continually reevaluating our estimates concerning these and other variables and evaluating industry and market data regarding the productivity of clinical research and the development process and the estimated economics of our product candidates and those of our expected competitors. Changes in our estimates of items may result in a significant change to our valuation of these assets.

The field of developing treatments for idiopathic pulmonary fibrosis (IPF) and forms of neuropathic pain, such as TGN, are highly competitive and can be affected by rapid changes to expected market candidates. There can be no assurance that we will be able to successfully develop STX-100 for the treatment of IPF or Raxatrigine for the treatment of TGN or other indications or that a successfully developed therapy will be able to secure sufficient pricing in a competitive market. Changes to clinical development plans or life cycle management strategies are evaluated regularly. We review amounts capitalized as acquired IPR&D for impairment at least annually, as of October 31, and whenever events or changes in circumstances indicate that the carrying value of the assets might not be recoverable. Our most recent impairment assessment as of October 31, 2015 resulted in no impairments.

Restructuring Charges

On October 21, 2015, we announced a corporate restructuring, which included the termination of certain pipeline programs and an 11% reduction in workforce. These changes are expected to reduce our annual run rate of operating expenses by $250 million.

We expect to reinvest the savings resulting from the restructuring to support the advancement of our high potential pipeline candidates and to support key commercial activities.

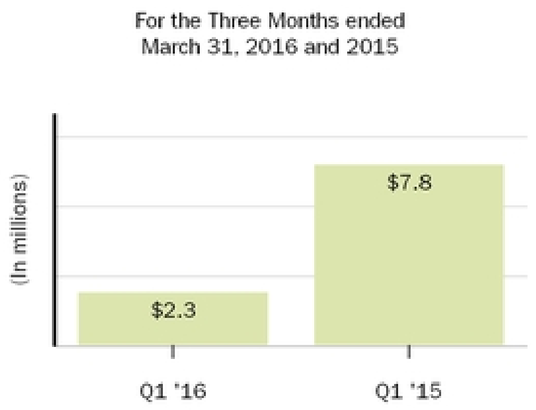
We anticipate making cash payments totaling approximately $120 million under this program, which includes approximately $15.9 million related to previously accrued 2015 incentive compensation, resulting in net expected restructuring charges totaling approximately $105 million. These amounts have been substantially incurred and will be substantially paid by the end of 2016.

For the three months ended March 31, 2016, we recognized restructuring charges totaling $9.7 million, of which $1.4 million was related to our workforce reduction and $8.3 million was related to the pipeline program terminations. We previously recognized $93.4 million of restructuring charges in our consolidated statements of income during the fourth quarter of 2015.

The following table summarizes the charges and spending related to our restructuring efforts during the first quarter of 2016:

(In millions)	Workforce Reduction	Pipeline Programs	Total
Restructuring reserve as of December 31, 2015	$ 33.7	$ 3.6	$ 37.3
Expense	4.9	5.4	10.3
Payments	(25.1)	(4.6)	(29.7)
Adjustments to previous estimates, net	(3.5)	2.9	(0.6)
Restructuring reserve as of March 31, 2016	$ 10.0	$ 7.3	$ 17.3

(Gain) Loss on Fair Value Remeasurement of Contingent Consideration



The consideration for certain of our business combinations includes future payments that are contingent upon the occurrence of a particular factor or factors. We record an obligation for such contingent consideration payments at fair value on the acquisition date. We then revalue our contingent consideration obligations each reporting period. Changes in the fair value of our contingent consideration obligations, other than changes due to payments, are recognized as a (gain) loss on fair value remeasurement of contingent consideration in our condensed consolidated statements of income.

The decrease in the loss on fair value remeasurement of contingent consideration for the three months ended March 31, 2016, compared to the same period in 2015, was primarily due to changes in the discount rate, partially offset by changes in the expected timing related to the achievement of certain developmental milestones.

Other Income (Expense), Net

For the three months ended March 31, 2016 compared to the same period in 2015, the change in other income (expense), net was primarily due to an increase in interest expense as a result of our issuance of our senior unsecured notes in the third quarter of 2015, partially offset by an increase in interest income due to higher cash, cash equivalents and marketable securities balances and the impact of foreign exchange gains recorded in the first quarter of 2016 compared to losses recorded in the prior year comparative period.

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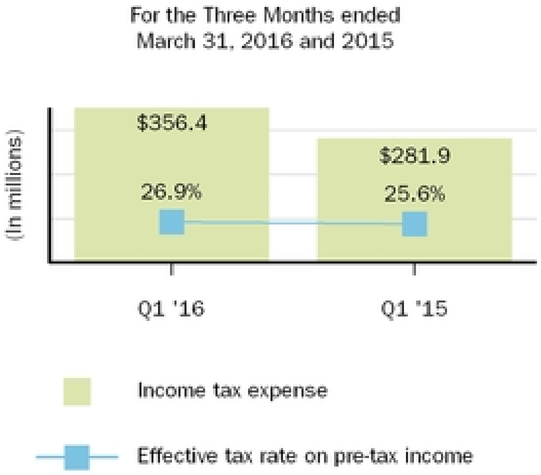
Income Tax Provision

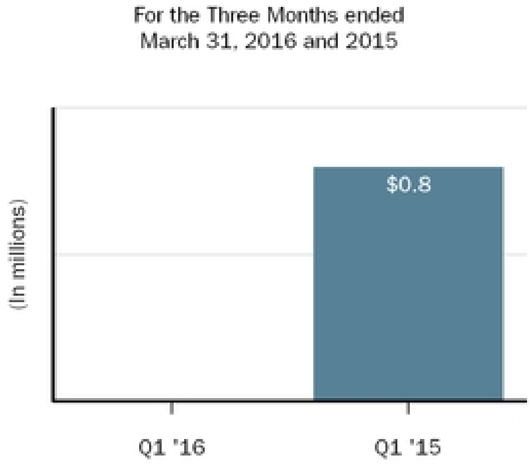


Our effective tax rate fluctuates from year to year due to the global nature of our operations. The factors that most significantly impact our effective tax rate include variability in the allocation of our taxable earnings among multiple jurisdictions, changes in tax laws, the amount and characterization of our research and development expenses, the levels of certain deductions and credits, acquisitions, and licensing transactions.

For the three months ended March 31, 2016, compared to the same period in 2015, our effective tax rate increased due to a state tax benefit in 2015.

For more information on our uncertain tax positions and income tax rate reconciliation for the three months ended March 31, 2016 and 2015, please read Note 14, *Income Taxes* to our condensed consolidated financial statements included in this report.

Share in Equity in Loss of Investee, Net of Tax



In February 2012, we entered into an agreement with Samsung Biologics, establishing an entity, Samsung Bioepis, to develop, manufacture and market biosimilar pharmaceuticals. We account for this investment under the equity method of accounting. We recognize our share of the results of operations related to our investment in Samsung Bioepis one quarter in arrears.

During 2015, our share of losses exceeded the carrying value of our investment. We therefore suspended recognizing additional losses and will continue to do so unless we commit to providing additional funding.

For additional information related to this transaction, please read Note 17, *Collaborative and Other Relationships* to our condensed consolidated financial statements included in this report.

Financial Condition, Liquidity and Capital Resources

Our financial condition is summarized as follows:

(In millions, except percentages)	As of March 31, 2016	As of December 31, 2015	Change %
Financial assets:			
Cash and cash equivalents	$ 1,130.7	$ 1,308.0	(13.6)%
Marketable securities — current	2,454.7	2,120.5	15.8 %
Marketable securities — non-current	3,189.8	2,760.4	15.6 %
Total cash, cash equivalents and marketable securities	$ 6,775.2	$ 6,188.9	9.5 %
Borrowings:			
Current portion of notes payable and other financing arrangements	$ 4.9	$ 4.8	2.1 %
Notes payable and other financing arrangements	6,535.6	6,521.5	0.2 %
Total borrowings	$ 6,540.5	$ 6,526.3	0.2 %
Working capital:			
Current assets	$ 7,201.3	$ 6,700.3	7.5 %
Current liabilities	(2,776.6)	(2,577.7)	7.7 %
Total working capital	$ 4,424.7	$ 4,122.6	7.3 %

For the three months ended March 31, 2016, certain significant cash flows were as follows:

- $963.4 million in net cash flows provided by operating activities;
- $300.0 million in contingent payments made to former shareholders of Fumapharm AG and holders of their rights;
- $126.9 million used for purchases of property, plant and equipment; and
- $97.2 million in total payments for income taxes.

For the three months ended March 31, 2015, certain significant cash flows were as follows:

- $733.0 million in net cash flows provided by operating activities;
- $250.0 million in contingent payments made to former shareholders of Fumapharm AG and holders of their rights;
- $198.8 million net cash paid for the acquisition of Convergence Pharmaceuticals (Convergence);
- $97.8 million used for purchases of property, plant and equipment; and
- $69.7 million in total payments for income taxes.

Overview

We have historically financed our operating and capital expenditures primarily through cash flows earned through our operations. During 2015, we issued senior unsecured notes for an aggregate principal amount of $6.0 billion. We expect to continue funding our current and planned operating requirements principally through our cash flows from operations, as well as our existing cash resources. We believe that our existing funds, when combined with cash generated from operations and our access to additional financing resources, if needed, are sufficient to satisfy our operating, working capital, strategic alliance, milestone payment, capital expenditure and debt service requirements for the foreseeable future. In addition, we may choose to opportunistically return cash to shareholders and pursue other business initiatives, including acquisition and licensing activities. We may, from time to time, also seek additional funding through a combination of new collaborative agreements, strategic alliances and additional equity and debt financings or from other sources should we identify a significant new opportunity.

The undistributed cumulative foreign earnings of certain of our foreign subsidiaries, exclusive of earnings that would result in little or no net income tax expense under current U.S. tax law or which has already been subject to tax under U.S. tax law, are invested indefinitely outside the U.S.

Of the total cash, cash equivalents and marketable securities at March 31, 2016, approximately $3.7 billion was generated in foreign jurisdictions and is primarily intended for use in our foreign operations or in connection with business development transactions outside of the U.S. In managing our day-to-day liquidity in the U.S., we do not rely on the unrepatriated earnings as a source of funds and we have not provided for U.S. federal or state income taxes on these undistributed foreign earnings.

For additional information related to certain risks that could negatively impact our financial position or future results of operations, please read the "*Risk Factors*" and "*Quantitative and Qualitative Disclosures About Market Risk*" sections of this report.

Share Repurchase Programs

In February 2011, our Board of Directors authorized a program to repurchase up to 20.0 million of our common stock, which has been used principally to offset common stock issuances under our share-based compensation plans. This authorization does not have an expiration date. During the three months ended March 31, 2016 and 2015, we did not repurchase any shares of common stock. As of March 31, 2016, approximately 1.3 million shares of our common stock remain available for repurchase under this authorization.

Cash, Cash Equivalents and Marketable Securities

Until required for another use in our business, we typically invest our cash reserves in bank deposits, certificates of deposit, commercial paper, corporate notes, U.S. and foreign government instruments and other interest bearing marketable debt instruments in accordance with our investment policy. It is our policy to mitigate credit risk in our cash reserves and marketable securities by maintaining a well-diversified portfolio that limits the amount of exposure as to institution, maturity, and investment type.

The net increase in cash, cash equivalents and marketable securities at March 31, 2016 from December 31, 2015, is primarily due to net cash flows provided by operating activities, partially offset by contingent payments made to former shareholders of Fumapharm AG and holders of their rights.

Borrowings

The following is a summary of our principal indebtedness:

- $550.0 million aggregate principal amount of 6.875% Senior Notes due March 1, 2018;
- $1.5 billion aggregate principal amount of 2.90% Senior Notes due September 15, 2020;
- $1.0 billion aggregate principal amount of 3.625% Senior Notes due September 15, 2022;
- $1.75 billion aggregate principal amount of 4.05% Senior Notes due September 15, 2025; and
- $1.75 billion aggregate principal amount of 5.20% Senior Notes due September 15, 2045.

The discounts are amortized as additional interest expense over the period from issuance through maturity.

During the third quarter of 2015, we entered into a $1.0 billion, 5-year senior unsecured revolving credit facility under which we are permitted to draw funds for working capital and general corporate purposes. The terms of the revolving credit facility include a financial covenant that requires us not to exceed a maximum consolidated leverage ratio. As of March 31, 2016, we had no outstanding borrowings and were in compliance with all covenants under this facility.

For a summary of the fair and carrying values of our outstanding borrowings as of March 31, 2016 and December 31, 2015, please read Note 6, *Fair Value Measurements* to our condensed consolidated financial statements included in this report.

Working Capital

We define working capital as current assets less current liabilities. The increase in working capital at March 31, 2016 from December 31, 2015 reflects an increase in total current assets of $501.0 million, partially offset by an increase in current liabilities of $198.9 million. The increase in total current assets was primarily driven by an increase in marketable securities and accounts receivable. The increase in total current liabilities primarily resulted from an increase in taxes payable.

Cash Flows

The following table summarizes our cash flow activity:

(In millions, except percentages)	For the Three Months Ended March 31, 2016	2015	% Change
Net cash flows provided by operating activities	$ 963.4	$ 733.0	31.4 %
Net cash flows used in investing activities	$ (1,203.2)	$ (502.8)	139.3 %
Net cash flows provided by financing activities	$ 47.4	$ 80.8	(41.3)%

Operating Activities

Cash flows from operating activities represent the cash receipts and disbursements related to all of our activities other than investing and financing activities. We expect cash provided from operating activities will continue to be our primary source of funds to finance operating needs and capital expenditures for the foreseeable future.

Operating cash flow is derived by adjusting our net income for:

- Non-cash operating items such as depreciation and amortization, impairment charges and share-based compensation charges;
- Changes in operating assets and liabilities which reflect timing differences between the receipt and payment of cash associated with transactions and when they are recognized in results of operations; and
- Changes associated with the fair value of contingent payments associated with our acquisitions of businesses and payments related to collaborations.

For the three months ended March 31, 2016, compared to the same period in 2015, the increase in cash provided by operating activities is primarily driven by higher net income and an increase in income taxes payable.

Investing Activities

For the three months ended March 31, 2016, compared to the same period in 2015, the increase in net cash flows used in investing activities is primarily due to an increase in net purchases of marketable securities.

Financing Activities

For the three months ended March 31, 2016, compared to the same period in 2015, the decrease in net cash flows provided by financing activities is primarily due to a decrease in tax benefit from stock options.

Contractual Obligations and Off-Balance Sheet Arrangements

Contractual Obligations

Our contractual obligations primarily consist of our obligations under non-cancellable operating leases, capital leases, long-term debt obligations and defined benefit and other purchase obligations, excluding amounts related to uncertain tax positions, funding commitments, contingent development, regulatory and commercial milestone payments, TYSABRI contingent payments and contingent consideration related to our business combinations, as described below.

On December 1, 2015, we purchased land in Solothurn, Switzerland where we are building a biologics manufacturing facility over the next several years. As of March 31, 2016, we had contractual commitments of approximately $180.0 million for the construction of this facility.

There have been no other material changes in our contractual obligations since December 31, 2015.

Tax Related Obligations

We exclude liabilities pertaining to uncertain tax positions from our summary of contractual obligations as we cannot make a reliable estimate of the period of cash settlement with the respective taxing authorities. As of March 31, 2016, we have approximately $64.0 million of liabilities associated with uncertain tax positions.

Other Funding Commitments

As of March 31, 2016, we have several on-going clinical studies in various clinical trial stages. Our most significant clinical trial expenditures are to contract research organizations (CROs). The contracts with CROs are generally cancellable, with notice, at our option. We have recorded accrued expenses of approximately $35.0 million on our condensed consolidated balance sheet for expenditures incurred by CROs as of March 31, 2016. We have approximately $495.0 million in cancellable future commitments based on existing CRO contracts as of March 31, 2016.

As of March 31, 2016, we have planned clinical trials for our nusinersen and IONIS-DMPKRx programs which are managed by Ionis. We have agreed to pay up to approximately $120.0 million in payments to Ionis as the trials for these programs proceed. If these trials advance and we continue with our Ionis programs, it is possible that we could make a significant amount of additional development payments in the future.

Contingent Development, Regulatory and Commercial Milestone Payments

Based on our development plans as of March 31, 2016, we could make potential future milestone payments to third parties of up to approximately $2.6 billion as part of our various collaborations, including licensing and development programs. Payments under these agreements generally become due and payable upon achievement of certain development, regulatory or commercial milestones. Because the achievement of these milestones had not occurred as of March 31, 2016, such contingencies have not been recorded in our financial statements. Amounts related to contingent milestone payments are not considered contractual obligations as they are contingent on the successful achievement of certain development, regulatory approval and commercial milestones.

We anticipate that we may pay approximately $80.0 million of milestone payments during the remainder of 2016, provided various development, regulatory or commercial milestones are achieved.

TYSABRI Contingent Payments

In 2013, we acquired from Elan Corporation plc (Elan) full ownership of all remaining rights to TYSABRI that we did not already own or control. Under the terms of the acquisition agreement, we are obligated to make contingent payments to Elan of 18% on annual worldwide net sales up to $2.0 billion and 25% on annual worldwide net sales that exceed $2.0 billion. Royalty payments to Elan and other third parties are recognized as cost of sales in our condensed consolidated statements of income. Elan was acquired by Perrigo Company plc (Perrigo) in December 2013. Following that acquisition, we began making these royalty payments to Perrigo.

Contingent Consideration related to Business Combinations

In connection with our acquisitions of Convergence, Stromedix, Inc. (Stromedix), Biogen International Neuroscience GmbH (BIN) and Biogen Hemophilia Inc., formerly Syntonix, (BIH), we agreed to make additional payments based upon the achievement of certain milestone events.

As the acquisitions of Convergence, Stromedix and BIN, formerly Panima Pharmaceuticals AG, occurred after January 1, 2009, we record contingent consideration liabilities at their fair value on the acquisition date and revalue these obligations each reporting period. We may pay up to approximately $1.3 billion in remaining milestones related to these acquisitions.

BIH

In connection with our acquisition of BIH, in January 2007, we agreed to pay up to an additional $80.0 million if certain milestone events associated with the development of ALPROLIX are achieved. In February 2016, we and Sobi received a positive recommendation from the CHMP for the marketing authorization of ALPROLIX. The final $20.0 million contingent payment will occur if prior to the tenth anniversary of the closing date, the EMA grants a marketing authorization for ALPROLIX. This payment will be accounted for as an increase to intangible assets if achieved.

Fumapharm AG

In 2006, we acquired Fumapharm AG. As part of this acquisition we acquired FUMADERM and TECFIDERA (together, Fumapharm Products). We are required to make contingent payments to former shareholders of Fumapharm AG or holders of their rights based on the attainment of certain cumulative sales levels of Fumapharm Products and the level of total net sales of Fumapharm Products in the prior twelve month period.

In the first quarter of 2016, we paid $300.0 million in contingent payments as we reached the $7.0 billion cumulative sales levels related to the Fumapharm Products in the fourth quarter of 2015 and accrued $300.0 million upon reaching $8.0 billion in total cumulative sales of Fumapharm Products during the three months ended March 31, 2016.

We will owe an additional $300.0 million contingent payment for every additional $1.0 billion in cumulative sales level of Fumapharm Products reached if the prior 12 months sales of the Fumapharm Products exceed $3.0 billion, until such time as the cumulative sales level reaches $20.0 billion, at which time no further contingent payments shall be due. These payments will be accounted for as an increase to goodwill as incurred, in accordance with the accounting standard applicable to business combinations when we acquired Fumapharm. Any portion of the payment which is tax deductible will be recorded as a reduction to goodwill. Payments are due within 60 days following the end of the quarter in which the applicable cumulative sales level has been reached.

Other Off-Balance Sheet Arrangements

We do not have any relationships with entities often referred to as structured finance or special purpose entities that were established for the purpose of facilitating off-balance sheet arrangements. As such, we are not exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships. We consolidate variable interest entities if we are the primary beneficiary.

New Accounting Standards

For a discussion of new accounting standards please read Note 1, *Summary of Significant Accounting Policies - New Accounting Pronouncements* to our condensed consolidated financial statements included in this report.

Critical Accounting Estimates

The preparation of our condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. (U.S. GAAP), requires us to make estimates, judgments, and assumptions that may affect the reported amounts of assets, liabilities, equity, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis we evaluate our estimates, judgments and methodologies. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets, liabilities and equity and the amount of revenues and expenses. Actual results may differ from these estimates under different assumptions or conditions.

For a discussion of our critical accounting estimates, please read Part II, Item 7 "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" of our 2015 Form 10-K. There have been no material changes to these critical accounting estimates since our 2015 Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

We are subject to certain risks which may affect our results of operations, cash flows and fair values of assets and liabilities, including volatility in foreign currency exchange rates, interest rate movements, pricing pressures worldwide and weak economic conditions in the foreign markets in which we operate. We manage the impact of foreign currency exchange rates and interest rates through various financial instruments, including derivative instruments such as foreign currency forward contracts, interest rate lock contracts and interest rate swap contracts. We do not enter into financial instruments for trading or speculative purposes. The counter-parties to these contracts are major financial institutions and there is no significant concentration of exposure with any one counter-party.

Foreign Currency Exchange Risk

Our results of operations are subject to foreign currency exchange rate fluctuations due to the global nature of our operations. We have operations or maintain distribution relationships in the U.S., Europe, Canada, Asia and Central and South America. In addition, we recognize our share of pre-tax co-promotion profits on RITUXAN in Canada. As a result, our financial position, results of operations and cash flows can be affected by market fluctuations in foreign exchange rates, primarily with respect to the Euro, British pound sterling, Canadian dollar, Swiss franc, Danish krone and Japanese yen.

While the financial results of our global activities are reported in U.S. dollars, the functional currency for most of our foreign subsidiaries is their respective local currency. Fluctuations in the foreign currency exchange rates of the countries in which we do business will affect our operating results, often in ways that are difficult to predict. In particular, as the U.S. dollar strengthens versus other currencies, the value of the non-U.S. revenue will decline when reported in U.S. dollars. The impact to net income as a result of a strengthening U.S. dollar will be partially mitigated by the value of non-U.S. expense which will also decline when reported in U.S. dollars. As the U.S. dollar weakens versus other currencies, the value of the non-U.S. revenue and expenses will increase when reported in U.S. dollars.

We have established revenue and operating expense hedging and balance sheet risk management programs to protect against volatility of future foreign currency cash flows and changes in fair value caused by volatility in foreign exchange rates.

Revenue and Operating Expense Hedging Program

Our foreign currency hedging program is designed to mitigate, over time, a portion of the impact resulting from volatility in exchange rate changes on revenues and operating expenses. We use foreign currency forward contracts to manage foreign currency risk, with the majority of our forward contracts used to hedge certain forecasted revenue and operating expense transactions denominated in foreign currencies in the next 21 months. We do not engage in currency speculation. For a more detailed disclosure of our revenue and operating expense hedging program, please read Note 8, *Derivative Instruments* to our condensed consolidated financial statements included in this report.

Our ability to mitigate the impact of exchange rate changes on revenues and net income diminishes as significant exchange rate fluctuations are sustained over extended periods of time. In particular, devaluation or significant deterioration of foreign currency exchange rates are difficult to mitigate and likely to negatively impact earnings. The cash flows from these contracts are reported as operating activities in our condensed consolidated statements of cash flows.

Balance Sheet Risk Management Hedging Program

We also use forward contracts to mitigate the foreign currency exposure related to certain balance sheet items. The primary objective of our balance sheet risk management program is to mitigate the exposure of foreign currency denominated net monetary assets of foreign affiliates. In these instances, we principally utilize currency forward contracts. We have not elected hedge accounting for the balance sheet related items. The cash flows from these contracts are reported as operating activities in our condensed consolidated statement of cash flows.

The following quantitative information includes the impact of currency movements on forward contracts used in our revenue, operating expense and balance sheet hedging programs. As of March 31, 2016 and December 31, 2015, a hypothetical adverse 10% movement in foreign currency rates compared to the U.S. dollar across all maturities would result in a hypothetical decrease in the fair value of forward contracts of approximately $210.0 million and $185.0 million, respectively. The estimated fair value change was determined by measuring the impact of the hypothetical exchange rate movement on outstanding forward contracts. Our use of this methodology to quantify the market risk of such instruments is subject to assumptions and actual impact could be significantly different. The quantitative information about market risk is limited because it does not take into account all foreign currency operating transactions.

Interest Rate Risk

Our investment portfolio includes cash equivalents and short-term investments. The fair value of our marketable securities is subject to change as a result of potential changes in market interest rates. The potential change in fair value for interest rate sensitive instruments has been assessed on a hypothetical 100 basis point adverse movement across all maturities. As of March 31, 2016 and December 31, 2015, we estimate that such hypothetical 100 basis point adverse movement would result in a hypothetical loss in fair value of approximately $46.0 million and $43.0 million, respectively, to our interest rate sensitive instruments. The fair values of our investments were determined using third-party pricing services or other market observable data.

To achieve a desired mix of fixed and floating interest rate debt, we entered into interest rate swap contracts during 2015 for certain of our fixed-rate debt. These derivative contracts effectively converted a fixed-rate interest coupon to a floating-rate LIBOR-based coupon over the life of the respective note. As of March 31, 2016 and December 31, 2015, a 100 basis-point adverse movement (increase in LIBOR) would increase annual interest expense by approximately $6.8 million, respectively.

Pricing Pressure

Governments in some international markets in which we operate have implemented measures aimed at reducing healthcare costs to constrain the overall level of government expenditures. These implemented measures vary by country and include, among other things, mandatory rebates and discounts, prospective and possible retroactive price reductions and suspensions on price increases of pharmaceuticals.

In addition, certain countries set prices by reference to the prices in other countries where our products are marketed. Thus, our inability to secure favorable prices in a particular country may impair our ability to obtain acceptable prices in existing and potential new markets and limit market growth. The continued implementation of pricing actions throughout Europe may also lead to higher levels of parallel trade.

In the U.S., federal and state legislatures, health agencies and third-party payors continue to focus on containing the cost of health care. Legislative and regulatory proposals, enactments to reform health care insurance programs and increasing pressure from social sources could significantly influence the manner in which our products are prescribed and purchased. It is possible that additional federal health care reform measures will be adopted in the future, which could result in increased pricing pressure and reduced reimbursement for our products and otherwise have an adverse impact on our financial position or results of operations.

There is also significant economic pressure on state budgets that may result in states increasingly seeking to achieve budget savings through mechanisms that limit coverage or payment for our drugs. Managed care organizations are also continuing to seek price discounts and, in some cases, to impose restrictions on the coverage of particular drugs.

Credit Risk

We are subject to credit risk from our accounts receivable related to our product sales. The majority of our accounts receivable arise from product sales in the U.S. and Europe with concentrations of credit risk limited due to the wide variety of customers and markets using our products, as well as their dispersion across many different geographic areas. Our accounts receivable are primarily due from wholesale distributors, public hospitals and other government entities. We monitor the financial performance and creditworthiness of our large customers so that we can properly assess and respond to changes in their credit profile. We operate in certain countries where weakness in economic conditions can result in extended collection periods. We continue to monitor these conditions, including the volatility associated with international economies and the relevant financial markets, and assess their possible impact on our business. To date, we have not experienced any significant losses with respect to the collection of our accounts receivable.

Credit and economic conditions in the E.U. continue to remain uncertain, which has, from time to time, led to long collection periods for our accounts receivable and greater collection risk in certain countries.

We believe that our allowance for doubtful accounts was adequate as of March 31, 2016 and December 31, 2015, respectively. However, if significant changes occur in the availability of government funding or the reimbursement practices of these or other governments, we may not be able to collect on amounts due to us from customers in such countries and our results of operations could be adversely affected.

Item 4. Controls and Procedures

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Controls and Procedures

We have carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended), as of March 31, 2016. Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective in ensuring that (a) the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities Exchange Commission's rules and forms, and (b) such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating our disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II — OTHER INFORMATION

Item 1. Legal Proceedings

Please refer to Note 18, *Litigation* to our condensed consolidated financial statements included in this report, which is incorporated into this item by reference.

Item 1A. Risk Factors

We are substantially dependent on revenues from our principal products.

Our current revenues depend upon continued sales of our principal products. We may be substantially dependent on sales from our principal products for many years, including a continuing reliance on sales and growth of TECFIDERA as we further expand into additional markets. Any of the following negative developments relating to any of our principal products may adversely affect our revenues and results of operations or could cause a decline in our stock price:

- safety or efficacy issues;
- the introduction or greater acceptance of competing products;
- constraints and additional pressures on product pricing or price increases, due to a number of factors, including governmental or regulatory requirements, increased competition, or changes in reimbursement policies and practices of payors and other third parties; or
- adverse legal, administrative, regulatory or legislative developments.

If we fail to compete effectively, our business and market position would suffer.

The biopharmaceutical industry and the markets in which we operate are intensely competitive. We compete in the marketing and sale of our products, the development of new products and processes, the acquisition of rights to new products with commercial potential and the hiring and retention of personnel. We compete with biotechnology and pharmaceutical companies that have a greater number of products on the market and in the product pipeline, greater financial and other resources and other technological or competitive advantages. One or more of our competitors may benefit from significantly greater sales and marketing capabilities, may develop products that are accepted more widely than ours or may receive patent protection that dominates, blocks or adversely affects our product development or business.

Our products are also susceptible to competition from generics and biosimilars in many markets. Generic versions of drugs and biosimilars are likely to be sold at substantially lower prices than branded products. Accordingly, the introduction of generic or biosimilar versions of our marketed products likely would significantly reduce both the price that we receive for such marketed products and the volume of products that we sell, which may have an adverse impact on our results of operations.

In the MS market, we face intense competition as the number of products and competitors continues to expand. Due to our significant reliance on sales of our MS products, our business may be harmed if we are unable to successfully compete in the MS market. More specifically, our ability to compete, maintain and grow our share in the MS market may be adversely affected due to a number of factors, including:

- the introduction of more efficacious, safer, less expensive or more convenient alternatives to our MS products, including our own products and products of our collaborators;
- the introduction of lower-cost biosimilars, follow-on products or generic versions of branded MS products sold by our competitors, and the possibility of future competition from generic versions or prodrugs of existing therapeutics or from off-label use by physicians of therapies indicated for other conditions to treat MS patients;
- patient dynamics, including the size of the patient population and our ability to attract new patients to our therapies;
- damage to physician and patient confidence in any of our MS products or to our sales and reputation as a result of label changes or adverse experiences or events that may occur with patients treated with our MS products;

- inability to obtain appropriate pricing and reimbursement for our MS products compared to our competitors in key international markets; or
- our ability to obtain and maintain patent, data or market exclusivity for our MS products.

Similarly, the hemophilia treatment market is highly competitive, with current treatments marketed by companies that have substantially greater financial resources and marketing expertise. Our ability to successfully compete in the hemophilia market and gain share in this market may be adversely affected due to a number of reasons, including:

- difficulty in penetrating this market if our therapies are not regarded as offering significant benefits over current treatments;
- the introduction by other companies of longer-lasting or more efficacious, safer, less expensive or more convenient treatments than our therapies;
- our limited marketing experience within the hemophilia treatment market, which may impact our ability to develop relationships with the associated medical and scientific community; or
- if one of several companies that are working to develop additional treatments for hemophilia obtains marketing approval of its treatment in the E.U. before we do, our application for ALPROLIX with the EMA could be barred under operation of the EMA's orphan medicinal product regulation.

Sales of our products depend, to a significant extent, on adequate coverage, pricing and reimbursement from third-party payors, which are subject to increasing and intense pressure from political, social, competitive and other sources. Our inability to maintain adequate coverage, or a reduction in pricing or reimbursement, could have an adverse effect on our business, revenues and results of operations, and could cause a decline in our stock price.

Sales of our products are dependent, in large part, on the availability and extent of coverage, pricing and reimbursement from government health administration authorities, private health insurers and other organizations. When a new pharmaceutical product is approved, the availability of government and private reimbursement for that product may be uncertain, as is the pricing and amount for which that product will be reimbursed.

Pricing and reimbursement for our products may be adversely affected by a number of factors, including:

- changes in federal, state or foreign government regulations or private third-party payors' reimbursement policies;
- pressure by employers on private health insurance plans to reduce costs; and
- consolidation and increasing assertiveness of payors, including managed care organizations, health insurers, pharmacy benefit managers, government health administration authorities, private health insurers and other organizations, seeking price discounts or rebates in connection with the placement of our products on their formularies and, in some cases, the imposition of restrictions on access or coverage of particular drugs or pricing determined based on perceived value.

Our ability to set the price for our products can vary significantly from country to country and as a result so can the price of our products. Certain countries set prices by reference to the prices in other countries where our products are marketed. Thus, our inability to secure adequate prices in a particular country may not only limit the marketing of our products within that country, but may also adversely affect our ability to obtain acceptable prices in other markets. This may create the opportunity for third-party cross-border trade or influence our decision to sell or not to sell a product, thus adversely affecting our geographic expansion plans and revenues.

Our failure to maintain adequate coverage, pricing, or reimbursement for our products would have an adverse effect on our business, revenues and results of operation, could curtail or eliminate our ability to adequately fund research and development programs for the discovery and commercialization of new products, and could cause a decline in our stock price.

Drug prices are under significant scrutiny in the markets in which our products are prescribed. Drug pricing and other health care costs continue to be subject to intense political and societal pressures which we anticipate will continue and escalate on a global basis. As a result, our business and reputation may be harmed, our stock price may be adversely impacted and experience periods of volatility, and our results of operations may be adversely impacted.

Our results of operations may be adversely affected by current and potential future healthcare reforms.

In the U.S., federal and state legislatures, health agencies and third-party payors continue to focus on containing the cost of health care. Legislative and regulatory proposals and enactments to reform health care insurance programs could significantly influence the manner in which our products are prescribed and purchased. For example, provisions of the Patient Protection and Affordable Care Act (PPACA) have resulted in changes in the way health care is paid for by both governmental and private insurers, including increased rebates owed by manufacturers under the Medicaid Drug Rebate Program, annual fees and taxes on manufacturers of certain branded prescription drugs, the requirement that manufacturers participate in a discount program for certain outpatient drugs under Medicare Part D and the expansion of the number of hospitals eligible for discounts under Section 340B of the Public Health Service Act. These changes have had and are expected to continue to have a significant impact on our business.

There is also significant economic pressure on state budgets that may result in states increasingly seeking to achieve budget savings through mechanisms that limit coverage or payment for our drugs. In recent years, some states have considered legislation and ballot initiatives that would control the prices of drugs, including laws to allow importation of pharmaceutical products from lower cost jurisdictions outside the U.S. and laws intended to impose price controls on state drug purchases. State Medicaid programs are increasingly requesting manufacturers to pay supplemental rebates and requiring prior authorization by the state program for use of any drug for which supplemental rebates are not being paid. Government efforts to reduce Medicaid expenses may lead to increased use of managed care organizations by Medicaid programs. This may result in managed care organizations influencing prescription decisions for a larger segment of the population and a corresponding constraint on prices and reimbursement for our products. In addition, under the PPACA, as states implement their health care marketplaces or operate under the federal exchange, the impact on drug manufacturers, including us, will depend in part on the formulary and benefit design decisions made by insurance sponsors or plans participating in these programs. It is possible that we may need to provide discounts or rebates to such plans in order to maintain favorable formulary access for our products for this patient population, which could have an adverse impact on our sales and results of operations.

In the E.U. and some other international markets, the government provides health care at low cost to consumers and regulates pharmaceutical prices, patient eligibility or reimbursement levels to control costs for the government-sponsored health care system. Many countries have announced or implemented measures to reduce health care costs to constrain their overall level of government expenditures. These measures vary by country and may include, among other things, patient access restrictions, suspensions on price increases, prospective and possibly retroactive price reductions and other recoupments and increased mandatory discounts or rebates, recoveries of past price increases, and greater importation of drugs from lower-cost countries to higher-cost countries. These measures have negatively impacted our revenues, and may continue to adversely affect our revenues and results of operations in the future.

Adverse safety events or restrictions on use and safety warnings for our products can negatively affect our business, product sales and stock price.

Adverse safety events involving our marketed products may have a negative impact on our business. Discovery of safety issues with our products could create product liability and could cause additional regulatory scrutiny and requirements for additional labeling or safety monitoring, withdrawal of products from the market, and the imposition of fines or criminal penalties. Adverse safety events may also damage physician and patient confidence in our products and our reputation. Any of these could result in liabilities, loss of revenue, material write-offs of inventory, material impairments of intangible assets, goodwill and fixed assets, material restructuring charges and other adverse impacts on our results of operations.

Regulatory authorities are making greater amounts of stand-alone safety information directly available to the public through periodic safety update reports, patient registries and other reporting requirements. The reporting of adverse safety events involving our products or products similar to ours and public rumors about such events may increase claims against us and may also cause our product sales or stock price to decline or experience periods of volatility.

Restrictions on use or significant safety warnings that may be required to be included in the label of our products, such as the risk of developing progressive multifocal leukoencephalopathy (PML), a serious brain infection, in the label for certain of our products, may significantly reduce expected revenues for those products and require significant expense and management time.

If we are unable to obtain and maintain adequate protection for our data, intellectual property and other proprietary rights, our business may be harmed.

Our success depends in part on our ability to obtain and defend patent and other intellectual property rights that are important to the commercialization of our products and product candidates. The degree of patent protection that will be afforded to our products and processes in the U.S. and in other important markets remains uncertain and is dependent upon the scope of protection decided upon by the patent offices, courts and lawmakers in these countries. We can provide no assurance that we will successfully obtain or preserve patent protection for the technologies incorporated into our products and processes, or that the protection obtained will be of sufficient breadth and degree to protect our commercial interests in all countries where we conduct business. If we cannot prevent others from exploiting our inventions, we will not derive the benefit from them that we currently expect. Furthermore, we can provide no assurance that our products will not infringe patents or other intellectual property rights held by third parties.

We also rely on regulatory exclusivity for protection of our products. Implementation and enforcement of regulatory exclusivity, which may consist of regulatory data protection and market protection, varies widely from country to country. Failure to qualify for regulatory exclusivity, or failure to obtain or maintain the extent or duration of such protections that we expect in each of the markets for our products due to challenges, changes or interpretations in the law or otherwise, could affect our revenue for our products or our decision on whether to market our products in a particular country or countries or could otherwise have an adverse impact on our results of operations.

Litigation, interferences, oppositions, inter partes reviews or other proceedings are, have been and may in the future be necessary in some instances to determine the validity and scope of certain of our proprietary rights, and in other instances to determine the validity, scope or non-infringement of certain patent rights claimed by third parties to be pertinent to the manufacture, use or sale of our products. We may also face challenges to our patent and regulatory protections covering our products by manufacturers of generics and biosimilars that may choose to launch or attempt to launch their products before the expiration of our patent or regulatory exclusivity. Litigation, interference, oppositions, inter partes reviews or other similar types of proceedings are unpredictable and may be protracted, expensive and distracting to management. The outcome of such proceedings could adversely affect the validity and scope of our patent or other proprietary rights, hinder our ability to manufacture and market our products, require us to seek a license for the infringed product or technology or result in the assessment of significant monetary damages against us that may exceed amounts, if any, accrued in our financial statements. An adverse determination in a judicial or administrative proceeding or a failure to obtain necessary licenses could prevent us from manufacturing or selling our products. Furthermore, payments under any licenses that we are able to obtain would reduce our profits derived from the covered products and services.

Our long-term success depends upon the successful development of new products and additional indications for existing products.

Our long-term viability and growth will depend upon successful development of additional indications for our existing products as well as successful development of new products and technologies from our research and development activities, our biosimilars joint venture with Samsung Biologics or licenses or acquisitions from third parties.

Product development is very expensive and involves a high degree of risk. Only a small number of research and development programs result in the commercialization of a product. Clinical trials may indicate that our product candidates lack efficacy, have harmful side effects, result in unexpected adverse events, or raise other concerns that may significantly reduce the likelihood of regulatory approval. This may result in significant restrictions on use and safety warnings in an approved label, adverse placement within the treatment paradigm, or significant reduction in the commercial potential of the product candidate.

Clinical trials and the development of biopharmaceutical products is a lengthy and complex process. If we fail to adequately manage our clinical activities, our clinical trials or potential regulatory approvals may be delayed or denied.

Conducting clinical trials is a complex, time-consuming and expensive process. Our ability to complete clinical trials in a timely fashion depends in large part on a number of key factors. These factors include protocol design, regulatory and institutional review board approval, patient enrollment rates, and compliance with extensive current Good Clinical Practices. If we or our third-party clinical trial providers or third-party contract research organizations, or CROs, do not successfully carry out these clinical activities, our clinical trials or the potential regulatory approval of a product candidate may be delayed or be unsuccessful.

We have opened clinical sites and are enrolling patients in a number of countries where our experience is more limited. In most cases, we use the services of third parties to carry out our clinical trial related activities and rely on such parties to accurately report their results. Our reliance on third parties for these activities may impact our ability to control the timing, conduct, expense and quality of our clinical trials. One CRO has responsibility for a substantial portion of our clinical trial related activities and reporting. If this CRO does not adequately perform, many of our trials may be affected. We may need to replace our CROs. Although we believe there are a number of other CROs we could engage to continue these activities, the replacement of an existing CRO may result in the delay of the affected trials or otherwise adversely affect our efforts to obtain regulatory approvals and commercialize our product candidates.

Successful preclinical work or early stage clinical trials does not ensure success in later stage trials, regulatory approval or commercial viability of a product.

Positive results in a trial may not be replicated in subsequent or confirmatory trials. Additionally, success in preclinical work or early stage clinical trials does not ensure that later stage or larger scale clinical trials will be successful or that regulatory approval will be obtained. In addition, even if later stage clinical trials are successful, regulatory authorities may delay or decline approval of our product candidates. Regulatory authorities may disagree with our view of the data, require additional studies or disagree with our trial design or endpoints. Regulatory authorities may also fail to approve the facilities or the processes used to manufacture a product candidate, our dosing or delivery methods or companion devices. Regulatory authorities may grant marketing approval that is more restricted than anticipated. These restrictions may include limiting indications to narrow patient populations and the imposition of safety monitoring, educational requirements and risk evaluation and mitigation strategies. The occurrence of any of these events could result in significant costs and expenses, have an adverse effect on our business, financial condition and results of operations and cause our stock price to decline or experience periods of volatility.

Even if we are able to successfully develop new products or indications, sales of new products or products with additional indications may not meet investor expectations. We may also make a strategic decision to discontinue development of a product or indication if, for example, we believe commercialization will be difficult relative to the standard of care or other opportunities in our pipeline.

Manufacturing issues could substantially increase our costs, limit supply of our products and reduce our revenues.

The process of manufacturing our products is complex, highly regulated and subject to numerous risks, including:

- *Risk of Product Loss.* The manufacturing process for our products is extremely susceptible to product loss due to contamination, oxidation, equipment failure or improper installation or operation of equipment, or vendor or operator error. Even minor deviations from normal manufacturing processes could result in reduced production yields, product defects and other supply disruptions. If microbial, viral or other contaminations are discovered in our products or manufacturing facilities, we may need to close our manufacturing facilities for an extended period of time to investigate and remediate the contaminant.

- *Risks of Reliance on Third Parties and Single Source Providers.* We rely on third-party suppliers and manufacturers for many aspects of our manufacturing process for our products and product candidates. In some cases, due to the unique manner in which our products are manufactured, we rely on single source providers of several raw materials and manufacturing supplies. These third parties are independent entities subject to their own unique operational and financial risks that are outside of our control. These third parties may not perform their obligations in a timely and cost-effective manner or in compliance with applicable regulations, and they may be unable or unwilling to increase production capacity commensurate with demand for our existing or future products. Finding alternative providers could take a significant amount of time and involve significant expense due to the specialized nature of the services and the need to obtain regulatory approval of any significant changes to our suppliers or manufacturing methods. We cannot be certain that we could reach agreement with alternative providers or that the FDA or other regulatory authorities would approve our use of such alternatives.

- *Global Bulk Supply Risks.* We rely on our manufacturing facilities in Cambridge, Massachusetts, RTP, North Carolina and Hillerød, Denmark for the production of drug substance for our large molecule products and product candidates. Our global bulk supply of these products and product candidates depends on the uninterrupted and efficient operation of these facilities, which could be adversely affected by equipment failures, labor shortages, natural disasters, power failures and numerous other factors.

- *Risks Relating to Compliance with cGMP.* We and our third-party providers are generally required to maintain compliance with cGMP and other stringent requirements and are subject to inspections by the FDA and comparable agencies in other jurisdictions to confirm such compliance. Any delay, interruption or other issues that arise in the manufacture, fill-finish, packaging, or storage of our products as a result of a failure of our facilities or the facilities or operations of third parties to pass any regulatory agency inspection could significantly impair our ability to develop and commercialize our products. Significant noncompliance could also result in the imposition of monetary penalties or other civil or criminal sanctions and damage our reputation.

Any adverse developments affecting our manufacturing operations or the operations of our third-party suppliers and manufacturers may result in shipment delays, inventory shortages, lot failures, product withdrawals or recalls, or other interruptions in the commercial supply of our products. We may also have to take inventory write-offs and incur other charges and expenses for products that fail to meet specifications, undertake costly remediation efforts or seek more costly manufacturing alternatives. Such developments could increase our manufacturing costs, cause us to lose revenue or market share as patients and physicians turn to competing therapeutics, diminish our profitability or damage our reputation.

We depend on relationships with collaborators and other third-parties for revenue, and the development, regulatory approval, commercialization and marketing of certain products, which are outside of our full control.

We rely on a number of significant collaborative relationships for revenue, and the development, regulatory approval, commercialization, and marketing of certain of our products and product candidates. We also outsource to third parties certain aspects of our regulatory affairs and clinical development relating to our products and product candidates. Reliance on collaborative and other third party relationships subjects us to a number of risks, including:

- we may be unable to control the resources our collaborator or third party devotes to our programs or products;

- disputes may arise with respect to ownership of rights to technology developed with our collaborator or other third party, and the underlying contract with our collaborator or other third party may fail to provide significant protection or may fail to be effectively enforced if the collaborator or third party fails to perform;

- the interests of our collaborator or third party may not always be aligned with our interests and such party may not pursue regulatory approvals or market a product in the same manner or to the same extent that we would, which could adversely affect our revenues;

- third party relationships and collaborations often require the parties to cooperate, and failure to do so effectively could adversely affect product sales, or the clinical development or regulatory approvals of products under joint control or could result in termination of the research, development or commercialization of product candidates or result in litigation or arbitration; and

- any failure on the part of our collaborator or other third party to comply with applicable laws and regulatory requirements in the marketing, sale and maintenance of the market authorization of our products or to fulfill any responsibilities our collaborator may have to protect and enforce any intellectual property rights underlying our products could have an adverse effect on our revenues as well as involve us in possible legal proceedings.

Given these risks, there is considerable uncertainty regarding the success of our current and future collaborative efforts. If these efforts fail, our product development or commercialization of new products could be delayed or revenues from products could decline.

We may fail to achieve the expected financial and operating benefits of our corporate restructuring and the restructuring may harm our business and financial results.

We face significant risks associated with our corporate restructuring actions that may impair our ability to achieve anticipated savings and operational efficiencies or that may otherwise harm our business. These risks include loss of workforce capabilities, loss of continuity, decreases in employee focus and morale, attrition of necessary or key employees, higher than anticipated separation expenses, litigation and the failure to meet financial and operational targets. In addition, the calculation of the anticipated cost savings and other benefits resulting from our corporate restructuring actions are subject to many estimates and assumptions. These estimates and assumptions are subject to significant business, economic, competitive and other uncertainties and contingencies, many of which are beyond our control. If these estimates and assumptions are incorrect or if we experience delays or unforeseen events, our business and financial results could be adversely affected.

Our business may be adversely affected if we do not manage our current growth and do not successfully execute our growth initiatives.

We anticipate growth through internal development projects, commercial initiatives, and external opportunities, which may include the acquisition, partnering and in-licensing of products, technologies and companies or the entry into strategic alliances and collaborations. The availability of high quality development opportunities is limited and competitive, and we are not certain that we will be able to identify candidates that we and our shareholders consider suitable or complete transactions on terms that are acceptable to us and our shareholders. We may fail to complete transactions for other reasons, including if we are unable to obtain desired financing on favorable terms, if at all. Even if we are able to successfully identify and complete acquisitions and other strategic alliances and collaborations, we may face unanticipated costs or liabilities in connection with the transaction or we may not be able to integrate them or take full advantage of them or otherwise realize the benefits that we expect.

To manage our current and future potential growth effectively, we need to continue to enhance our operational, financial and management processes and to expand, train and manage our employee base. Our growth is also dependent upon our ability to attract and retain qualified scientific, information technology, manufacturing, sales and marketing and executive personnel and to develop and maintain relationships with qualified clinical researchers and key distributors in a highly competitive environment. We may face difficulty in attracting and retaining key talent for a number of reasons, such as the underperformance or discontinuation of one or more late stage programs or recruitment by competitors.

Supporting our growth initiatives and the further development of our existing products and potential new products in our pipeline will require significant capital expenditures and management resources, including investments in research and development, sales and marketing, manufacturing capabilities and other areas of our business. If we do not successfully manage our current growth and do not successfully execute our growth initiatives, then our business and financial results may be adversely affected and we may incur asset impairment or restructuring charges.

A breakdown or breach of our technology systems could subject us to liability or interrupt the operation of our business.

We are increasingly dependent upon technology systems and data. Our computer systems continue to increase in multitude and complexity due to the growth in our business, making them potentially vulnerable to breakdown, malicious intrusion and random attack. Likewise, data privacy or security breaches by individuals authorized to access our technology systems or others may pose a risk that sensitive data, including intellectual property, trade secrets or personal information belonging to us, our patients, customers or other business partners, may be exposed to unauthorized persons or to the public. Cyber-attacks are increasing in their frequency, sophistication and intensity, and are becoming increasingly difficult to detect. They are often carried out by motivated, well-resourced, skilled and persistent actors including nation states, organized crime groups and “hacktivists.” Cyber-attacks could include the deployment of harmful malware and key loggers, a denial-of-service attack, a malicious website, the use of social engineering and other means to affect the confidentiality, integrity and availability of our technology systems and data. Our key business partners face similar risks and any security breach of their systems could adversely affect our security posture. While we continue to build and improve our systems and infrastructure and believe we have taken appropriate security measures to reduce these risks to our data and information technology systems, there can be no assurance that our efforts will prevent breakdowns or breaches in our systems that could adversely affect our business and operations and/or result in the loss of critical or sensitive information, which could result in financial, legal, business or reputational harm to us. In addition, our liability insurance may not be sufficient in type or amount to cover us against claims related to security breaches, cyber-attacks and other related breaches.

If we fail to comply with the extensive legal and regulatory requirements affecting the health care industry, we could face increased costs, penalties and a loss of business.

Our activities, and the activities of our collaborators, distributors and other third-party providers, are subject to extensive government regulation and oversight both in the U.S. and in foreign jurisdictions. The FDA and comparable agencies in other jurisdictions directly regulate many of our most critical business activities, including the conduct of preclinical and clinical studies, product manufacturing, advertising and promotion, product distribution, adverse event reporting and product risk management. Our interactions in the U.S. or abroad with physicians and other health care providers that prescribe or purchase our products are also subject to government regulation designed to prevent fraud and abuse in the sale and use of the products and place greater restrictions on the marketing practices of health care companies. Health care companies such as ours are facing heightened scrutiny of their relationships with health care providers from anti-corruption enforcement officials. In addition, we along with many other pharmaceutical and biotechnology companies have been the target of lawsuits and investigations alleging violations of government regulation, including claims asserting submission of incorrect pricing information, impermissible off-label promotion of pharmaceutical products, payments intended to influence the referral of health care business, submission of false claims for government reimbursement, antitrust violations, or violations related to environmental matters. These risks may be heightened as we continue to expand our global operations and enter new therapeutic areas with different patient populations, which may have product distribution methods differing from those we currently utilize.

Regulations governing the health care industry are subject to change, with possibly retroactive effect, including:

- new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations or decisions, related to health care availability, pricing or marketing practices, compliance with wage and hour laws and other employment practices, method of delivery, payment for health care products and services, compliance with health information and data privacy and security laws and regulations, tracking and reporting payments and other transfers of value made to physicians and teaching hospitals, extensive anti-bribery and anti-corruption prohibitions, product serialization and labeling requirements, and used product take-back requirements;
- changes in the FDA and foreign regulatory approval processes that may delay or prevent the approval of new products and result in lost market opportunity;
- requirements that provide for increased transparency of clinical trial results and quality data, such as the EMA's clinical transparency policy, which could impact our ability to protect trade secrets and competitively-sensitive information contained in approval applications or could be misinterpreted leading to reputational damage, misperception or legal action which could harm our business; and
- changes in FDA and foreign regulations that may require additional safety monitoring, labeling changes, restrictions on product distribution or use, or other measures after the introduction of our products to market, which could increase our costs of doing business, adversely affect the future permitted uses of approved products, or otherwise adversely affect the market for our products.

Violations of governmental regulation may be punishable by criminal and civil sanctions against us, including fines and civil monetary penalties and exclusion from participation in government programs, including Medicare and Medicaid, as well as against executives overseeing our business. In addition to penalties for violation of laws and regulations, we could be required to repay amounts we received from government payors, or pay additional rebates and interest if we are found to have miscalculated the pricing information we have submitted to the government. Whether or not we have complied with the law, an investigation into alleged unlawful conduct could increase our expenses, damage our reputation, divert management time and attention and adversely affect our business.

Our indebtedness could adversely affect our business and limit our ability to plan for or respond to changes in our business.

Our indebtedness, together with our significant contingent liabilities, including milestone and royalty payment obligations, could have important consequences to our business; for example, such obligations could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to access capital markets and incur additional debt in the future;
- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow for other purposes, including business development efforts, research and development and mergers and acquisitions; and
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate, thereby placing us at a competitive disadvantage compared to our competitors that have less debt.

Our sales and operations are subject to the risks of doing business internationally.

We are increasing our presence in international markets, particularly emerging markets, subjecting us to many risks that could adversely affect our business and revenues, such as:

- the inability to obtain necessary foreign regulatory or pricing approvals of products in a timely manner;
- collectability of accounts receivable;
- fluctuations in foreign currency exchange rates, in particular the recent strength of the U.S. dollar versus foreign currencies which has adversely impacted our revenues and net income;
- difficulties in staffing and managing international operations;
- the imposition of governmental controls;
- less favorable intellectual property or other applicable laws;
- increasingly complex standards for complying with foreign laws and regulations that may differ substantially from country to country and may conflict with corresponding U.S. laws and regulations;
- the far-reaching anti-bribery and anti-corruption legislation in the U.K., including the U.K. Bribery Act 2010, and elsewhere and escalation of investigations and prosecutions pursuant to such laws;
- compliance with complex import and export control laws;
- restrictions on direct investments by foreign entities and trade restrictions;
- greater political or economic instability; and
- changes in tax laws and tariffs.

In addition, our international operations are subject to regulation under U.S. law. For example, the Foreign Corrupt Practices Act prohibits U.S. companies and their representatives from offering, promising, authorizing or making payments to foreign officials for the purpose of obtaining or retaining business abroad. In many countries, the health care professionals we regularly interact with may meet the definition of a foreign government official for purposes of the Foreign Corrupt Practices Act. Failure to comply with domestic or foreign laws could result in various adverse consequences, including: possible delay in approval or refusal to approve a product; recalls, seizures or withdrawal of an approved product from the market; disruption in the supply or availability of our products or suspension of export or import privileges; the imposition of civil or criminal sanctions; the prosecution of executives overseeing our international operations; and damage to our reputation. Any significant impairment of our ability to sell products outside of the U.S. could adversely impact our business and financial results.

Our effective tax rate may fluctuate and we may incur obligations in tax jurisdictions in excess of accrued amounts.

As a global biopharmaceutical company, we are subject to taxation in numerous countries, states and other jurisdictions. As a result, our effective tax rate is derived from a combination of applicable tax rates in the various places that we operate. In preparing our financial statements, we estimate the amount of tax that will become payable in each of such places. Our effective tax rate, however, may be different than experienced in the past due to numerous factors, including changes in the mix of our profitability from country to country, the results of examinations and audits of our tax filings, adjustments to the value of our uncertain tax positions, changes in accounting for income taxes and changes in tax laws. Any of these factors could cause us to experience an effective tax rate significantly different from previous periods or our current expectations.

In addition, our inability to secure or sustain acceptable arrangements with tax authorities and future changes in the tax laws, among other things, may result in tax obligations in excess of amounts accrued in our financial statements.

In the U.S., there are several proposals under consideration to reform tax law, including proposals that may reduce or eliminate the deferral of U.S. income tax on our unrepatriated earnings, penalize certain transfer pricing structures, and reduce or eliminate certain foreign or domestic tax credits or deductions. Our future reported financial results may be adversely affected by tax law changes which restrict or eliminate certain foreign tax credits or our ability to deduct expenses attributable to foreign earnings, or otherwise affect the treatment of our unrepatriated earnings.

In addition to U.S. tax reform proposals, the adoption of some or all of the recommendations set forth in the Organization for Economic Co-operation and Development's project on "Base Erosion and Profit Shifting" (BEPS) by tax authorities in the countries in which we operate, could negatively impact our effective tax rate. These recommendations focus on payments from affiliates in high tax jurisdictions to affiliates in lower tax jurisdictions and the activities that give rise to a taxable presence in a particular country.

Our operating results are subject to significant fluctuations.

Our quarterly revenues, expenses and net income (loss) have fluctuated in the past and are likely to fluctuate significantly in the future due to the risks described in these *"Risk Factors"* as well as the timing of charges and expenses that we may take. We have recorded, or may be required to record, charges that include:

- the cost of restructurings;
- impairments with respect to investments, fixed assets and long-lived assets, including in-process R&D and other intangible assets;
- inventory write-downs for failed quality specifications, charges for excess or obsolete inventory and charges for inventory write downs relating to product suspensions, expirations or recalls;
- changes in the fair value of contingent consideration;
- bad debt expenses and increased bad debt reserves;
- outcomes of litigation and other legal or administrative proceedings, regulatory matters and tax matters;
- milestone payments under license and collaboration agreements; and
- payments in connection with acquisitions and other business development activities.

Our revenues are also subject to foreign exchange rate fluctuations due to the global nature of our operations. Although we have foreign currency forward contracts to hedge specific forecasted transactions denominated in foreign currencies, our efforts to mitigate the impact of fluctuating currency exchange rates may not be successful. As a result, currency fluctuations among our reporting currency, the U.S. dollar, and the currencies in which we do business will affect our operating results, often in unpredictable ways. Our net income may also fluctuate due to the impact of charges we may be required to take with respect to foreign currency hedge transactions. In particular, we may incur higher than expected charges from hedge ineffectiveness or from the termination of a hedge relationship.

Our operating results during any one period do not necessarily suggest the anticipated results of future periods.

We are pursuing opportunities to expand our manufacturing capacity for future clinical and commercial requirements for product candidates, which will result in the incurrence of significant investment with no assurance that such investment will be recouped.

While we believe we currently have sufficient manufacturing capacity to meet our near-term manufacturing requirements, it is probable that we would need additional manufacturing capacity to support future clinical and commercial manufacturing requirements for product candidates in our pipeline, if such candidates are successful and approved. We are building a biologics manufacturing facility in Solothurn, Switzerland and acquired an additional manufacturing facility in RTP, North Carolina. Due to the long lead times necessary for the expansion of manufacturing capacity, we expect to incur significant investment to build or expand our facilities or obtain third-party contract manufacturers with no assurance that such investment will be recouped. If we are unable to adequately and timely manufacture and supply our products and product candidates or if we do not fully utilize our manufacturing facilities, our business may be harmed.

Our investment in Samsung Bioepis, and our success in commercializing biosimilars developed by Samsung Bioepis, are subject to risks and uncertainties inherent in the development, manufacture and commercialization of biosimilars.

Our investment in Samsung Bioepis, and our success in commercializing biosimilars developed by Samsung Bioepis, are subject to a number of risks, including:

- *Reliance on Third Parties.* We are dependent on the efforts of Samsung Bioepis and other third parties over whom we have limited or no control in the development and manufacturing of biosimilars products. If Samsung Bioepis or such other third parties fail to perform successfully, we may not realize the anticipated benefits of our investment in Samsung Bioepis;
- *Regulatory Compliance.* Biosimilar products may face regulatory hurdles or delays due to the evolving and uncertain regulatory and commercial pathway of biosimilars products in certain jurisdictions;
- *Intellectual Property and Regulatory Challenges.* Biosimilar products may face extensive patent clearances, patent infringement litigation, injunctions, or regulatory challenges, which could prevent the commercial launch of a product or delay it for many years;
- *Failure to Gain Market and Patient Acceptance.* Market success of biosimilar products will be adversely affected if patients, physicians and payers do not accept biosimilar products as safe and efficacious products offering a more competitive price or other benefit over existing therapies; and
- *Competitive Challenges.* Biosimilar products face significant competition, including from innovator products and from biosimilar products offered by other companies. In some jurisdictions, local tendering processes may restrict biosimilar products from being marketed and sold in those jurisdictions. The number of competitors in a jurisdiction, the timing of approval, and the ability to market biosimilar products successfully in a timely and cost-effective matter are additional factors that may impact our success and/or the success of Samsung Bioepis in this business area.

Our investments in properties may not be fully realized.

We own or lease real estate primarily consisting of buildings that contain research laboratories, office space, and manufacturing operations. For strategic or other operational reasons, we may decide to further consolidate or co-locate certain aspects of our business operations or dispose of one or more of our properties, some of which may be located in markets that are experiencing high vacancy rates and decreasing property values. If we determine that the fair value of any of our owned properties is lower than their book value we may not realize the full investment in these properties and incur significant impairment charges. If we decide to fully or partially vacate a leased property, we may incur significant cost, including lease termination fees, rent expense in excess of sublease income and impairment of leasehold improvements. Any of these events may have an adverse impact on our results of operations.

Our portfolio of marketable securities is subject to market, interest and credit risk that may reduce its value.

We maintain a portfolio of marketable securities for investment of our cash. Changes in the value of our portfolio of marketable securities could adversely affect our earnings. In particular, the value of our investments may decline due to increases in interest rates, downgrades of the bonds and other securities included in our portfolio, instability in the global financial markets that reduces the liquidity of securities included in our portfolio, declines in the value of collateral underlying the securities included in our portfolio, and other factors. Each of these events may cause us to record charges to reduce the carrying value of our investment portfolio or sell investments for less than our acquisition cost. Although we attempt to mitigate these risks through diversification of our investments and continuous monitoring of our portfolio's overall risk profile, the value of our investments may nevertheless decline.

There can be no assurance that we will continue to repurchase stock or that we will repurchase stock at favorable prices.

Our Board of Directors has approved stock repurchase programs and may approve additional repurchase programs in the future. The amount and timing of stock repurchases are subject to capital availability and our determination that stock repurchases are in the best interest of our stockholders and are in compliance with all respective laws and our agreements applicable to the repurchase of stock. Our ability to repurchase stock will depend upon, among other factors, our cash balances and potential future capital requirements for strategic transactions, results of operations, financial condition, and other factors beyond our control that we may deem relevant. A reduction in, or the completion or expiration of, our stock repurchase programs could have a negative effect on our stock price. We can provide no assurance that we will repurchase stock at favorable prices, if at all.

We may not be able to access the capital and credit markets on terms that are favorable to us.

We may seek access to the capital markets to supplement our existing funds and cash generated from operations for working capital, capital expenditure and debt service requirements, and other business initiatives. The capital and credit markets have experienced extreme volatility and disruption which leads to uncertainty and liquidity issues for both borrowers and investors. In the event of adverse capital and credit market conditions, we may be unable to obtain capital market financing on favorable terms. Changes in credit ratings issued by nationally recognized credit rating agencies could also adversely affect our cost of financing and the market price of our securities.

Our business involves environmental risks, which include the cost of compliance and the risk of contamination or injury.

Our business and the business of several of our strategic partners involve the controlled use of hazardous materials, chemicals, biologics and radioactive compounds. Although we believe that our safety procedures for handling and disposing of such materials comply with state, federal and foreign standards, there will always be the risk of accidental contamination or injury. If we were to become liable for an accident, or if we were to suffer an extended facility shutdown, we could incur significant costs, damages and penalties that could harm our business. Manufacturing of our products and product candidates also requires permits from government agencies for water supply and wastewater discharge. If we do not obtain appropriate permits, including permits for sufficient quantities of water and wastewater, we could incur significant costs and limits on our manufacturing volumes that could harm our business.

The illegal distribution and sale by third parties of counterfeit versions of our products or stolen products could have a negative impact on our reputation and business.

Third parties might illegally distribute and sell counterfeit or unfit versions of our products, which do not meet our rigorous manufacturing, distribution and testing standards. A patient who receives a counterfeit or unfit drug may be at risk for a number of dangerous health consequences. Our reputation and business could suffer harm as a result of counterfeit or unfit drugs sold under our brand name. Stolen inventory that is not properly stored or sold through unauthorized channels could adversely impact patient safety, our reputation and our business. In addition, thefts of inventory at warehouses, plants or while in-transit, which are not properly stored and which are sold through unauthorized channels, could adversely impact patient safety, our reputation and our business.

The increasing use of social media platforms presents new risks and challenges.

Social media is increasingly being used to communicate about our products and the diseases our therapies are designed to treat. Social media practices in the biopharmaceutical industry continue to evolve and regulations relating to such use are not always clear. This evolution creates uncertainty and risk of noncompliance with regulations applicable to our business. For example, patients may use social media channels to comment on the effectiveness of a product or to report an alleged adverse event. When such disclosures occur, there is a risk that we fail to monitor and comply with applicable adverse event reporting obligations or we may not be able to defend the company or the public's legitimate interests in the face of the political and market pressures generated by social media due to restrictions on what we may say about our products. There is also a risk of inappropriate disclosure of sensitive information or negative or inaccurate posts or comments about us on any social networking website. If any of these events were to occur or we otherwise fail to comply with applicable regulations, we could incur liability, face overly restrictive regulatory actions or incur other harm to our business.

Some of our collaboration agreements contain change in control provisions that may discourage a third party from attempting to acquire us.

Some of our collaboration agreements include change in control provisions that could reduce the potential acquisition price an acquirer is willing to pay or discourage a takeover attempt that could be viewed as beneficial to shareholders. Upon a change in control, some of these provisions could trigger reduced milestone, profit or royalty payments to us or give our collaboration partner rights to terminate our collaboration agreement, acquire operational control or force the purchase or sale of the programs that are the subject of the collaboration.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

In February 2011, our Board of Directors authorized a program to repurchase up to 20.0 million of our common stock, which has been used principally to offset common stock issuances under our share-based compensation plans. This authorization does not have an expiration date. As of March 31, 2016, approximately 1.3 million shares of our common stock remain available for repurchase under this authorization.

During the three months ended March 31, 2016 and 2015, we did not repurchase any shares of common stock.

Item 6. Exhibits

The exhibits listed on the Exhibit Index immediately preceding such exhibits, which is incorporated herein by reference, are filed or furnished as part of this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BIOGEN INC.

/s/ Paul J. Clancy

Paul J. Clancy

Executive Vice President and

Chief Financial Officer

(principal financial officer)

April 21, 2016

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
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 Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101++	The following materials from Biogen Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Statements of Comprehensive Income, (iii) the Condensed Consolidated Balance Sheets, (iv) the Condensed Consolidated Statements of Cash Flows, and (v) Notes to Condensed Consolidated Financial Statements.

\+ Filed herewith
++ Furnished herewith