UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 1997

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

For the transition period from to

Commission File Number 0-19034

REGENERON PHARMACEUTICALS, INC.
(Exact name of registrant as specified in its charter)

New York	13-3444607
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No)

777 Old Saw Mill River Road, Tarrytown, New York 10591-6707
(Address of principal executive offices) (Zip code)

(914) 347-7000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

None
(Title of Class)

Securities registered pursuant to Section 12(g) of the Act:

Common Stock - par value $.001 per share
(Title of Class)

Preferred Share Purchase Rights expiring October 18, 2006
(Title of Class)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

At March 13, 1998, the aggregate market value of voting stock held by non-affiliates of the Registrant totaled approximately $248,523,670 based on the last sale price as reported by The Nasdaq Stock Market.

Indicate the number of shares outstanding of each of Registrant's classes of common stock as of March 13, 1998:

Class of Common Stock	Number of Shares
Class A Stock, $.001 par value	4,115,542

Common Stock, $.001 par value 26,812,062

DOCUMENTS INCORPORATED BY REFERENCE:

The Registrant's definitive proxy statement to be filed in connection with solicitation of proxies for its Annual Meeting of Shareholders to be held on June 12, 1998, is incorporated by reference into Part III of this Form 10-K. Exhibit index is located on pages 32 to 34 of this filing.

PART I

Item 1. Business

General

Regeneron Pharmaceuticals, Inc. ("Regeneron" or the "Company") is a leader in the application of molecular and cell biology to discover novel potential therapeutics for human medical conditions and is seeking to develop and commercialize these discoveries. The Company is applying its technological expertise in protein growth factors, their receptors, and their mechanisms of action to the discovery and development of protein-based drugs and orally active, small molecule drugs.

The Company is pursuing research and development programs in the following areas:

- AXOKINE(TM), a second generation ciliary neurotrophic factor, for the treatment of obesity (and diseases related to obesity such as Type II diabetes), retinal diseases, and other conditions,
- Brain-derived neurotrophic factor ("BDNF") for the treatment of amyotrophic lateral sclerosis ("ALS," commonly known as Lou Gehrig's disease),
- Neurotrophin-3 ("NT-3") for the treatment of enteric neuropathies (constipating conditions),
- Angiopoietins, a new family of ligands (and their receptors, called the TIE family of receptors) that appears to regulate blood vessel formation, or angiogenesis,
- Protein antagonists for cytokines such as interleukin-4 ("IL-4") and interleukin-6 ("IL-6") as potential treatment for inflammatory diseases, allergic disorders, and cancer,
- Noggin, a naturally occurring protein, for potential use in treating abnormal bone formation and related diseases and conditions,
- Muscle atrophy, based on a receptor (called MuSK) of the tyrosine kinase type that is specifically expressed in skeletal muscle and a protein ligand (agrin) for this receptor, and
- Research programs to discover orally active, small molecule-based drugs, some of which may mimic or antagonize protein- or receptor-based drug candidates that the Company is developing.

In May 1997, the Company entered into a ten-year collaboration agreement with The Procter & Gamble Company ("Procter & Gamble") to discover, develop, and commercialize pharmaceutical products (the "P&G Agreement"), as well as a securities purchase agreement and other related agreements. The P&G Agreement expanded and superseded a collaboration agreement that the Company and Procter & Gamble Pharmaceuticals, Inc. entered into in December 1996 jointly to develop drugs for skeletal muscle injury and atrophy. Procter & Gamble agreed over the first five years of the various agreements to purchase up to $60.0 million in Regeneron equity and provide up to $94.7 million in support of Regeneron's research efforts related to the collaboration. Pursuant to these agreements, in June 1997, Procter & Gamble purchased 4.35 million shares of Regeneron Common Stock at $9.87 per share for a total of $42.9 million and received five year warrants to purchase an additional 1.45 million shares of Regeneron stock at $9.87 per share. This purchase was in addition to a $10.0 million purchase of 800,000 shares of Regeneron Common Stock at $12.50 per share that was completed in March 1997 pursuant to the December 1996

agreement.

In September 1997, the Company and Procter & Gamble expanded the P&G Agreement to include AXOKINE and related molecules (delivered systemically), and agreed to develop AXOKINE initially to treat obesity associated with Type II diabetes. Procter & Gamble agreed to pay the Company as much as $15.0 million in additional funding, partly subject to achieving certain milestones related to AXOKINE. Of the $15.0 million, $2.5 million was paid in September 1997 and another $2.5 million was paid in December 1997.

The Company is also independently developing AXOKINE for use in treating degenerative retinal diseases. Subject to completion of appropriate preclinical experiments and regulatory approval, the Company plans to commence a Phase I clinical study of AXOKINE to treat retinitis pigmenosa in late 1998 or early 1999.

In January 1997, Amgen Inc. ("Amgen") and Regeneron announced that the Phase III clinical trial of BDNF delivered subcutaneously, conducted on behalf of Amgen-Regeneron Partners (a general partnership equally owned by Regeneron and Amgen), did not demonstrate clinical efficacy in patients with amyotrophic lateral sclerosis. The trial confirmed the safety and tolerability of BDNF seen in earlier trials but showed no statistically significant difference in breathing capacity or survival between treatment and placebo groups, as measured by the trial's predetermined end points. The failure of that trial to achieve its primary end points had a materially adverse effect on the price of the Company's Common Stock (which declined more than 50% immediately after the announcement of the results of the trial). After the Phase III clinical trial results were announced, the Company retained independent experts in clinical neurology, as well as independent statisticians, to conduct further examinations of the data. This review by the Company and the outside experts indicated that a retrospectively-defined subset of ALS patients in the trial may have received a survival benefit from BDNF treatment. The panels recommended, among other things, that additional clinical investigations of subcutaneous BDNF for ALS should be undertaken.

BDNF is currently being developed by Amgen-Regeneron Partners for potential use in treating ALS through two routes of administration: intrathecal (infusion into the spinal fluid through an implanted pump) and subcutaneous (injection under the skin). An intrathecal study in ALS patients is ongoing. Subcutaneous studies conducted by Regeneron on behalf of the partnership began in the first quarter of 1998. The current and planned future BDNF subcutaneous studies are intended to test whether the survival benefit seen in the retrospective analysis of the Phase III clinical trial can be

confirmed through appropriate prospective trials. In addition, Sumitomo Pharmaceuticals Co., Ltd. ("Sumitomo Pharmaceuticals"), the Company's collaborator in the development of BDNF in Japan, has informed the Company that it will begin to conduct a Phase I safety assessment of BDNF delivered subcutaneously to normal volunteers in March 1998. Sumitomo Pharmaceuticals is initially developing BDNF to treat ALS.

Amgen-Regeneron Partners' clinical development of NT-3 is currently focused on enteric neuropathies. The enteric nervous system is a complex collection of nerves that control the function of the gastrointestinal system, including gastrointestinal motility. Amgen-Regeneron Partners has conducted clinical studies of NT-3 in normal volunteers and patients suffering peripheral neuropathies associated with diabetes. These studies indicated, among other things, that NT-3 is safe and well tolerated at a variety of doses in patients and that, at certain doses, NT-3 causes increased gastrointestinal motility. Based on these results and discussions with gastrointestinal experts, Regeneron, on behalf of Amgen-Regeneron Partners, plans to commence by mid-1998 the first of a series of small Phase II clinical studies of NT-3 in enteric neuropathies. The initial study is expected to include patients suffering from severe idiopathic constipation. Later studies may be in patients who suffer from constipation associated with Parkinson's disease, spinal cord injury, use of opiate pain-killers, and other conditions.

Amgen-Regeneron Partners is not planning to pursue additional trials of BDNF and NT-3 in peripheral neuropathy at the present time, because the results of earlier studies were not sufficiently promising.

The Company has not received revenue from the sale of any commercial product and has incurred losses in each year since inception of operations in 1988. As of December 31, 1997, the Company had an accumulated deficit of $168.6 million. To date, the Company has received revenues from its licensees and collaborators for research and development efforts, from Merck & Co. ("Merck") for contract manufacturing, and from investment income. There can be no assurance that such revenue will continue or to what extent, if any, the Company's expenses incurred in connection with its work on BDNF or NT-3 or other programs will be reimbursed by its licensees or collaborators. In the absence of revenues from commercial product sales or other sources (the amount, timing, nature, or source of which can not be predicted), the Company's losses will continue as the Company conducts its research and development activities. The Company's activities may expand over time and may require additional resources, and the Company's operating losses may be substantial over at least the next several years. The Company's losses may fluctuate from quarter to quarter and will depend, among other factors, on the timing of certain expenses and on the progress of the Company's research and development efforts. There can be no assurance that the Company will ever have an approved product or achieve significant revenues or profitable operations. To date, Regeneron has not received any revenues from the commercial sale of products and does not expect to receive any such revenues for at least several years.

The Company has incurred negative cash flow from operations in each year since its inception. The Company expects that the funding requirements for its activities will remain substantial and could increase significantly if, among other things, its development or clinical trial programs are successful or its research is expanded. In addition, the Company is required to provide capital from time to time to fund and remain equal partners with Amgen in Amgen-Regeneron Partners. The Company's aggregate capital contribution to Amgen-Regeneron Partners from the partnership's inception in June 1993 through December 31, 1997 was $45.2 million. The Company expects that its capital contributions in 1998 will total approximately $5.7 million. These contributions could increase or decrease, depending upon (among other things) the results of preclinical and clinical studies of BDNF and NT-3. In addition, the amount needed to fund the Company's operations will also depend on other factors, including the potential future need to expand the Company's professional and support staff and facilities to support new areas of research and development, competitive products, the success of the Company's research and development programs, the status of patent and other intellectual property right developments, and the extent and success of any collaborative research arrangements. The Company believes that its existing capital resources will enable it to meet operating needs for at least several years. No assurance can be given that there will be no change in projected revenues or expenses that would lead to the Company's capital being consumed significantly before such time.

Most drug research and development programs fail. A small minority of all research and development programs ultimately result in commercially successful drugs; it is not possible to predict whether any program will succeed until it actually produces a drug that is commercially marketed for a significant period of time. The Company is attempting to develop drugs for human therapeutic use and no assurance can be made that any of the Company's

research and development activities will be successful or that any of the Company's current or future potential product candidates will be commercialized.

The Company's Programs

AXOKINE. AXOKINE is Regeneron's patented second generation ciliary neurotrophic factor, discovered based on the Company's work with ciliary neurotrophic factor ("CNTF"). Preclinical data indicate that AXOKINE is more potent than CNTF and has other pharmaceutical advantages compared to CNTF.

Regeneron in collaboration with Procter & Gamble is exploring the use of AXOKINE to treat obesity and the complications associated with obesity such as Type II diabetes. Body weight is determined by the competing balance of food intake and energy expenditure. A major advance in understanding the complex biological processes that regulate body weight was the identification of leptin, a protein hormone that is secreted by fat cells that plays a criticial role in signaling the brain to decrease food intake. Preclinical experiments demonstrate that leptin deficiency or dysfunction of the receptor that recognizes leptin results in the development of both obesity and diabetes. These findings prompted the idea that human obesity and Type II diabetes could be treated with replacement therapy. However, investigation of rodent models of obesity and diabetes revealed that the obese rodents have appropriately high levels of circulating leptin, but appear to be in some way resistant to sensing leptin's weight-reducing signal. Later human studies confirmed that a majority of obese people have high circulating leptin levels, suggesting that resistance to leptin's action may be an important factor in these patients. An alternative to using leptin to treat obesity might therefore be to use a different molecule, such as AXOKINE or CNTF, to activate the same signaling pathways as does leptin, thereby circumventing leptin resistance.

AXOKINE and CNTF are structurally related to leptin, and the signaling components of the AXOKINE/CNTF receptor are the closest homologs to the leptin receptor. Detailed comparisons of CNTF and leptin have revealed that they activate the same intracellular signaling pathways. The regions of the hypothalamus that are thought to be critical for mediating the weight reducing effects of leptin also bear AXOKINE/CNTF receptors and respond to CNTF and leptin in an analogous fashion. The discovery of leptin and the similarity of CNTF and leptin signaling in the hypothalamus provide a rationale explaining the clinical observation that human patients injected with CNTF lose weight. Consistent with the parallel between CNTF and leptin, recent experiments in mice with diet-induced obesity revealed that administration of CNTF was more effective than leptin at causing the animals to lose weight. CNTF may cause weight loss by circumventing leptin resistance by binding to the CNTF receptor in the hypothalamus and, like leptin, stimulating the signaling pathways that suppress food intake and lower body weight.

The Company is also independently developing AXOKINE for use in

treating degenerative retinal diseases. Subject to completion of appropriate preclinical experiments and regulatory approval, the Company plans to commence a Phase I clinical study of AXOKINE to treat retinitis pigmentosa in late 1998 or early 1999. The Company is also collaborating with Medtronic, Inc. ("Medtronic") to attempt to develop AXOKINE for delivery via infusion or injection to the central nervous system for the treatment of Huntington's disease.

BDNF. Brain-derived neurotrophic factor is a naturally occurring human protein. During 1995 and 1996, Amgen conducted, on behalf of Amgen-Regeneron Partners, a Phase III BDNF clinical trial to treat ALS. This study involved 1,135 patients, with each patient scheduled to receive subcutaneous treatment for nine months. ALS is a disease that attacks motor neurons, those nerve cells that cause muscles to contract. Degeneration of these neurons causes muscle weakness, leading to death due to

respiratory insufficiency. ALS afflicts adults primarily between the ages of 40 and 70 years old; average survival is three to five years following diagnosis. It is estimated that approximately 25,000 people in the United States have ALS. In January 1997, the Company and Amgen announced that the Phase III study failed to demonstrate clinical efficacy.

As described earlier, BDNF is currently being tested in humans by Amgen-Regeneron Partners for potential use in treating ALS through two routes of administration: intrathecal (infusion into the spinal fluid through an implanted pump) and subcutaneous (injection under the skin).

NT-3. Neurotrophin-3 is a naturally occurring human protein. Amgen-Regeneron Partners' clinical development of NT-3 is currently focused on enteric neuropathies. This development program is described earlier. Amgen and Regeneron are developing NT-3 in the United States under a license from Takeda Chemical Industries, Ltd. ("Takeda").

Angiogenesis. A plentiful blood supply is required to nourish every tissue and organ of the body. Diseases such as diabetes and atherosclerosis wreak their havoc, in part, by damaging the blood vessels (arteries, veins, and capillaries). The decreased blood flow that results from such diseases can result in non-healing skin ulcers and gangrene, painful limbs that cannot tolerate exercise, loss of vision, and heart attacks. Building new blood vessels is a process known as angiogenesis. Angiogenesis is required for normal growth and development and may be limiting in tissue repair or ischemic states. Thus, new blood vessels are required for tissue repair, and enhancement of blood vessel growth may aid in improving circulation to ischemic limbs and heart tissue suffering from atherosclerotic disease, in healing of skin ulcers or other chronic wounds, and in establishing tissue grafts. Angiogenesis is also aberrantly involved in many disease processes. Abnormal blood vessel growth is required for the growth and metastasis of tumors, can lead to blindness when it occurs in and obscures the retina, and seems to accompany an assortment of inflammatory processes. Depending on the clinical situation, positively or negatively regulating blood vessel growth could have important therapeutic benefits.

Regeneron and others have identified a new family of receptors in the tyrosine kinase class that appear critical for normal blood vessel formation and perhaps abnormal vascularization as well. Through its ligand discovery program, Regeneron has cloned and received patents for a new family of naturally occurring protein ligands, collectively termed the "Angiopoietins," specific to these blood vessel receptors. The Angiopoietins include naturally occurring positive and negative regulators of angiogenesis, as described in significant scientific manuscripts published within the last year. The Angiopoietin program is in the early stage of discovery research, currently focusing on defining potential clinical applications of this family of receptors and their ligands and their applicability to either enhance or block blood vessel growth. Another factor long known to act specifically on blood vessels, vascular endothelial growth factor ("VEGF"), is undergoing extensive characterization for its clinical potential at other companies and at many academic institutions and may be competitive or synergistic to Regeneron's ligands.

Cytokine Agonists and Antagonists. Regeneron's widely-cited research on the CNTF class of neurotrophic factors led to the discovery that CNTF, although it is a neurotrophic factor, belongs to the "superfamily" of factors referred to as cytokines. This superfamily includes factors such as erythropoietin, thrombopoietin, granulocyte-colony stimulating factor, and the interleukins ("ILs"). Research at Regeneron has led to proprietary insights into the receptors and signal transduction mechanisms used by the

entire cytokine superfamily and to novel approaches to develop both agonists and antagonists for a variety of cytokines. Regeneron's scientists have created protein-based antagonists for IL-1, IL-4, and IL-6 that are more potent than previously described antagonists, allowing lower levels of these antagonists to be used; moreover, these antagonists are comprised entirely of natural human-derived sequences, and thus would not be expected to induce an immune reaction in humans (although no assurance can be given since none have yet been tested in humans). These cytokine antagonists are termed ligand traps. Because pathological levels of IL-1, IL-4, and IL-6 seem to contribute to a variety of disease states, these ligand traps have the potential to be important therapeutic agents. Antagonists for IL-4 may be therapeutically useful in an assortment of allergy and asthma-related disease situations in which IL-4 is thought to play a contributory role and in a variety of vaccination settings in which blocking IL-4 may help elicit more of the desired type of immune response to the vaccine. Both IL-1 and IL-6 are referred to as pro-inflammatory cytokines and have been implicated in the pathophysiology of a wide variety of human disease conditions ranging from inflammatory disorders, such as rheumatoid arthritis and sepsis, to cachexia (wasting). IL-6, in particular, is also implicated in the pathology and progression of multiple myeloma, certain solid tumors, AIDS, lymphomas (both AIDS-related and non-AIDS-related), osteoporosis, and other conditions.

The Company's research regarding protein-based cytokine antagonists currently includes molecular and cellular research to improve or modify the Company's ligand trap technology, process development efforts to produce

experimental quantities of the ligand traps, and early stage in vivo and in

vitro studies to further understand and demonstrate the efficacy of the ligand traps. The Company is also developing similar high-affinity antagonists to other cytokines.

The Company has also entered into a substantial collaborative effort with Pharmacopeia,Inc. ("Pharmacopeia") to use the Company's proprietary technology and insights concerning cytokine receptors and their signaling, together with the proprietary combinatorial-chemistry based small molecule libraries and high-throughput screening technology provided by Pharmacopeia, for the discovery of small molecule agonists and antagonists of a variety of members of the cytokine superfamily. The objective of these collaborative efforts is to discover small molecule mimics of protein therapeutics such as erythropoietin or granulocyte-colony stimulating factor, as well as to discover small molecule antagonists of interleukins such as IL-1, IL-4, and IL-6.

Abnormal Bone Growth and Related Disorders. In collaboration with scientists at the University of California at San Francisco, the Company has discovered human proteins that are natural inhibitors of the proteins that regulate bone formation, known as the bone morphogenic proteins ("BMPs"). The first such natural regulator, termed "Noggin," is the most potent antagonist of BMP function yet described. In addition to their apparent roles in normal bone formation, the BMPs also appear to be involved in disease situations in which they promote abnormal bone growth. One particularly devastating example is provided by the very rare disease known as Fibrodysplasia Ossificans Progressiva ("FOP"), in which patients grow an abnormal "second skeleton" that essentially locks them in place, preventing any movement. As reported in the New England Journal of Medicine, BMPs appear to play a causative role in this disease. Since Noggin is a potent blocker of the BMPs implicated in FOP, it offers hope as a therapeutic agent in this devastating disease. In addition, there are other less devastating but far more common situations in which BMPs may be causing pathological bone growth and in which Noggin or other negative regulators may be therapeutically useful. This includes hip replacement surgery where abnormal bone growth can ruin the surgical outcome.

In addition, the Company is working to discover and develop antagonists of Noggin, which may in some settings allow for promotion of BMP function, but only where the BMP is normally being blocked by Noggin, to promote bone growth.

The Company's research concerning regulators of bone growth includes molecular and cellular research to improve or modify the Company's existing regulators, process development efforts to produce experimental quantities of these agents, and early stage in vivo and in vitro studies to further understand and demonstrate the efficacy of the agents. The Company is also attempting to discover more such regulators.

Muscle Atrophy and Related Disorders. Muscle atrophy occurs in many neuromuscular diseases and also when muscle is unused, as often occurs during prolonged hospital stays and during convalescence. Currently, physicians have few options to prescribe for patients with muscle atrophy or other muscle conditions which afflict millions of patients globally. Thus, a factor that might have beneficial effects on skeletal muscle could have significant clinical benefit. The Company has identified a receptor of the tyrosine kinase type termed MuSK that is specifically expressed in skeletal muscle. This receptor is dramatically increased upon muscle injury or disuse. A naturally occurring protein ligand for this receptor, termed agrin, has also been identified at Regeneron. The muscle program is currently focused on conducting in vivo and in vitro experiments with the objective of demonstrating and further understanding the role of the muscle-specific receptor and the activities of its ligand. Recent studies have revealed that this receptor/ligand pair is absolutely required for the normal formation of the connection between nerves and muscle. This work by Regeneron scientists gained attention and formed the basis of the 1996 collaborative venture between the Company and Procter & Gamble. This collaboration is exploring the potential of agrin and MuSK in muscle disease and also attempting to identify new orally active, small-molecule drug candidates in this therapeutic arena by leveraging the molecular expertise of the Company with the complementary expertise in chemical libraries and high-throughput screening of Procter & Gamble.

Orphan Receptor and Growth Factor Research. The therapeutic utility

of many growth factors depends, in part, on the exquisite specificity of their actions. This specificity is determined largely by the limited distribution of receptors for these factors on the target cells of interest. Using proprietary technology initially developed for the discovery and characterization of neurotrophic factors and their receptors, the Company has discovered new receptors and their associated factors that act on particular cell populations of potentially important clinical interest. These cell populations include not only additional subsets of neurons but non-neuronal cells, such as the endothelial cells that constitute blood vessels, and skeletal muscle cells. The Company's technology involves molecular biological as well as "bioinformatics" approaches to identify and clone protein molecules that appear to be receptors expressed on clinically relevant target cells for unknown protein factors (hence their designation "orphan receptors"). The Company has also obtained licenses and established collaborations for additional orphan receptors, including licenses from the Salk Institute for Biological Studies. The Company's technology includes approaches that allow for the identification and molecular cloning of protein factors that bind to the orphan receptors. Furthermore, the Company's technology allows for the development of derivatives of the receptors and their factors, which can allow for modified agonistic or antagonistic properties that may prove to be therapeutically useful.

Other Research and Development. Regeneron has assembled scientists with a variety of complementary skills and experience and operates its own facilities to conduct a broad-based research, preclinical, and clinical development program. Substantially all

of the Company's operating expenditures to date have related to the discovery and development of drug product candidates and the purchase and renovation of

facilities and equipment to produce product candidates. One focus of the Company's research is factors that control the survival, optimal function, and regeneration of neurons. Specific areas of this research have included neuronal cell culture, animal models for human neurological disorders, molecular cloning and gene regulation, monoclonal antibodies, protein purification and analysis, and high-level expression of recombinant proteins. As Regeneron's scientific efforts lead to potentially promising new directions, both outside of recombinant protein therapies (into orally active, small molecule pharmaceuticals) and outside of treatments for neurological and neurodegenerative conditions (into, for example, potential programs in cancer, inflammation, and muscle disease), the Company will require additional internal expertise or external collaborations in areas in which it currently does not have substantial resources and personnel.

Research Collaboration and Licensing Agreements

To augment its research programs, Regeneron has entered into a variety of collaborative research agreements and sponsored research agreements with researchers and universities. Under these agreements, the Company typically receives certain proprietary rights to inventions or discoveries that arise as a result of the research. In addition, the Company has entered into significant collaborative agreements with Amgen to develop, manufacture, and market BDNF and NT-3, with Glaxo Wellcome plc ("Glaxo") to discover and develop small molecule-based treatments for neurodegenerative diseases, with Sumitomo Pharmaceuticals to develop BDNF for commercialization in Japan, with Procter & Gamble to discover, develop, and market protein- and small molecule-based pharmaceuticals (including AXOKINE for, among other indications, obesity), with Pharmacopeia to discover, develop, and market small molecule-based pharmaceuticals, and with Medtronic to develop and market AXOKINE delivered via infusion directly to the central nervous system.

Agreement With Amgen Inc. In August 1990, Regeneron and Amgen entered into a collaboration agreement (the "Amgen Agreement") and Amgen agreed to provide $25.0 million of product development funding for BDNF and NT-3 payable in five annual installments. The final such payment was made by Amgen in the second quarter of 1995. In conjunction with entering into the Amgen Agreement, Amgen made a $15.0 million equity investment in the Company. From inception of the Amgen Agreement through December 31, 1997, the Company received contract research and development payments totaling $41.1 million directly from Amgen or from Amgen-Regeneron Partners. Amgen has also agreed to pay to the Company a total of $13.0 million of research progress payments, $1.0 million of which

was paid on the signing of the Amgen Agreement, $1.0 million of which was paid in July 1993 on the filing by Amgen of the IND application for BDNF, and $1.0 million of which was paid in September 1994 on the filing by Amgen of the IND application for NT-3. The remaining $10.0 million, which is divided equally between BDNF and NT-3, will be paid upon the achievement of certain further milestones in respect of each compound. There can be no assurance that any additional research progress payments will be made.

Under the Amgen Agreement, following preclinical development, Amgen and the Company will attempt to develop and, if such effort is successful, commercialize, market, and distribute BDNF and NT-3 drug products in the United States through Amgen-Regeneron Partners. Amgen-Regeneron Partners is governed by a six member Joint Management Committee composed of three members

each from Regeneron and Amgen. The Joint Management Committee determines annually, in advance, the capital

requirements for Amgen-Regeneron Partners and approves a budget and product plan for each product under development. To maintain an equal interest in Amgen-Regeneron Partners, Amgen and Regeneron are obligated to make equal capital contributions to the partnership (such capital contributions exclude Amgen's product development funding obligation described above). Such capital contributions may be substantial. Amgen has the duty to direct and conduct clinical trials of BDNF and NT-3 in the United States in accordance with an annual product plan and budget that is approved by the Joint Management Committee; the Joint Management Committee has approved an annual product plan and budget that authorizes Regeneron to direct and conduct clinical trials of BDNF and NT-3. Amgen is also responsible for the preparation of protocols with respect to such trials. Amgen has the primary responsibility to develop manufacturing processes for, and to manufacture, BDNF and NT-3 on behalf of Amgen-Regeneron Partners. Assuming equal capital contributions to Amgen-Regeneron Partners, Regeneron and Amgen share any profits or losses of Amgen-Regeneron Partners equally.

The development and commercialization of BDNF and NT-3 outside of the United States, Japan, China, and certain other Pacific Rim countries will be conducted solely by Amgen through a license from the Company and, with respect to NT-3, from Takeda (under a license agreement between Amgen/Regeneron, Genentech, and Takeda). In return, the Company will receive royalty payments based on Amgen's net sales of any products in the licensed territory. In the licensed territory, Amgen is solely responsible for funding clinical development and related costs of the licensed products, as well as costs of their commercial exploitation, and will have sole discretion with respect to all such development, manufacturing, and marketing of the products and sole responsibility for filing applications for regulatory approvals.

At the time it entered into the Amgen Agreement, Amgen agreed that until the earlier of August 2010 or termination of the Amgen Agreement, it will not take any steps or assist any third party to take steps to acquire control of the Company, whether by acquisition of capital stock, proxy contest, tender offer, merger, sale of assets, or voting agreements, except under certain circumstances.

Agreement With Glaxo Wellcome plc. In July 1993, the Company and Glaxo entered into an agreement (the "Glaxo Agreement") to conduct collaborative research with the objective of identifying neurotrophin-related small molecules that could be useful for the treatment of neurological and psychiatric diseases, including central nervous system diseases such as Alzheimer's disease and Parkinson's disease, neuropsychiatric diseases and conditions such as pain and depression, and eye diseases. This research is directed by a joint management committee comprised of three Glaxo and three Regeneron appointees. The collaborative research focuses on utilizing a molecular understanding of the mechanism of action of the neurotrophin family of neurotrophic factors as a basis for discovery of lead compounds. In addition, the identification of genes

involved in synapse formation and the control of neuronal cell death in model systems will be analyzed to identify lead compounds for drug development. If such lead compounds are identified, Glaxo will have the authority to determine whether to conduct exploratory development. Following exploratory preclinical and initial clinical development, which will be funded by Glaxo, further clinical development will be conducted under the direction of Glaxo and will be

jointly funded by Glaxo and the Company. Glaxo has also agreed to pay the Company certain milestone payments, none of which have been paid. If Glaxo determines not to conduct exploratory development and in certain other circumstances, Regeneron has certain rights to obtain such compounds for its own development and commercialization.

Under the Glaxo Agreement, if the Company contributes equally with Glaxo to the costs of the development effort described above, the Company will be entitled to require that any resulting products be commercialized by one or more joint ventures formed by Glaxo and Regeneron. The Company will have the right to contribute up to 50% of the capital of each such joint venture. Glaxo will be responsible for the manufacture and supply of products to each such joint venture entity pursuant to an agreed upon transfer price formula and other terms and conditions. Glaxo and Regeneron will receive payments from each such joint venture based on their respective capital contributions and will receive equal royalty payments based on net sales.

In connection with the Glaxo Agreement, Glaxo purchased 500,000 shares of Common Stock for $10.0 million. Glaxo also obtained certain piggyback registration rights (exercisable after the collaboration terminates) and agreed that until the earlier of July 1998 or the termination of the collaboration agreement it will not take any steps or assist any third party to take steps to acquire control of the Company, whether by acquisition of capital stock, proxy contest, tender offer, merger, sale of assets, or voting agreements, except under certain circumstances.

Agreement With Sumitomo Pharmaceuticals Company, Ltd. In June 1994, the Company and Sumitomo Pharmaceuticals entered into an agreement for the research, development, and commercialization of BDNF in Japan. Under the terms of the agreement, Sumitomo Pharmaceuticals will pay up to $40.0 million to Regeneron, including $25.0 million in research payments, (all of which Regeneron had received by December 31, 1997) and up to $15.0 million in progress payments payable upon achievement of certain development milestones. No progress payments have been made to date; a $5.0 million payment will become payable in 1998 when Sumitomo Pharmaceuticals is expected to begin a Phase I safety study in Japan. In addition, Sumitomo Pharmaceuticals agreed to reimburse Regeneron for its activities in developing manufacturing processes for BDNF and supplying BDNF and other research materials to Sumitomo Pharmaceuticals. Such manufacturing revenue totaled $7.6 million in 1997, $8.5 million in 1996, and $7.0 million in 1995. The agreement may be terminated by Sumitomo Pharmaceuticals at its discretion; such termination would result in the reversion to Regeneron of all rights to BDNF in Japan.

Agreement With Sumitomo Chemical Company, Limited. In connection with a $4.4 million equity investment made by Sumitomo Chemical Company, Limited ("Sumitomo Chemical") in March 1989, the Company granted Sumitomo Chemical a limited right of first negotiation to license up to three of the product candidates the Company decides to commercialize in Japan on financial and commercial terms as may be offered by the Company. The Company's collaborative agreement with Sumitomo Pharmaceuticals, an affiliate of Sumitomo Chemical, to develop BDNF in Japan, described above, is the first of such license agreements. In connection with its equity investment, Sumitomo Chemical paid the Company an additional $5.6 million, representing a deposit for reimbursable costs and expenses in product research and development. All available technology development contract revenue was recognized by the end of 1992. The Company is obligated periodically to inform and, if requested, to meet with Sumitomo Chemical management about its progress in research and development.

Agreement With Medtronic, Inc. In June 1996, the Company entered into a worldwide exclusive joint development agreement with Medtronic to collaborate on the research and development of a family of therapeutics for central nervous system diseases and disorders using experimental Regeneron compounds and Medtronic delivery systems. The initial target of the Medtronic collaboration is the development of AXOKINE for the potential treatment of Huntington's disease, using Medtronic's implantable pump or other delivery system to infuse or otherwise directly deliver AXOKINE into the

central nervous system. Under the agreement, the Company will pay Medtronic defined royalties based on sales of AXOKINE delivered to the central nervous system using a Medtronic delivery device. In addition, Medtronic purchased from the Company 460,500 shares of Common Stock for $10.0 million. The purchase price included five-year warrants to purchase an additional 107,400 shares of Common Stock at an exercise price of $21.72 per share. Medtronic also obtained certain piggyback registration rights and agreed that until the later of the termination of the collaboration agreement or five years from the date of the agreement, it will not take any steps or assist any third party to take steps to acquire control of the Company, whether by acquisition of capital stock, proxy contest, tender offer, merger, sale of assets, or voting agreements, except under certain circumstances.

Agreement With Pharmacopeia, Inc. In October 1996, Regeneron and Pharmacopeia entered into an agreement (the "Pharmacopeia Agreement") to collaborate exclusively in a series of research programs the objective of which is to discover novel small molecule, orally active therapeutics that are agonists, antagonists, or mimics of a broad range of cytokines and growth factors. Subject to the ability of either or both parties to opt-out of such efforts, any potential product candidate that may emerge from this joint research will be jointly developed by Regeneron and Pharmacopeia, with each party sharing equally in the costs of such efforts and in any profits that may derived from such potential products. The Pharmacopeia Agreement provided for no financial payments by either party, subject to the mutual obligation to use reasonable efforts to discover lead compounds for future development.

Agreement with The Procter & Gamble Company. In May 1997, the Company entered into a ten-year collaboration agreement with Procter & Gamble to discover, develop, and commercialize pharmaceutical products, as well as a securities purchase agreement and other related agreements. The P&G Agreement expanded and superseded a collaboration agreement that the Company and Procter & Gamble Pharmaceuticals, Inc. entered into in December 1996 to develop drugs for skeletal muscle injury and atrophy. Procter & Gamble agreed over the first five years of the various agreements to purchase up to $60.0 million in Regeneron equity and provide up to $94.7 million in support of Regeneron's research efforts related to the collaboration. Pursuant to these agreements, in June 1997, Procter & Gamble purchased 4.35 million shares of Regeneron Common Stock at $9.87 per share for a total of $42.9 million and received five year warrants to purchase an additional 1.45 million shares of Regeneron stock at $9.87 per share. This purchase was in addition to a $10.0 million purchase of 800,000 shares of Regeneron Common Stock at $12.50 per share that was completed in March 1997 pursuant to the December 1996 agreement.

In September 1997, the Company and Procter & Gamble expanded the P&G Agreement to include AXOKINE and related molecules (delivered systemically), and agreed to develop AXOKINE initially to treat obesity associated with Type II diabetes. Procter & Gamble agreed to pay the Company as much as $15.0 million in additional funding, partly subject to achieving certain milestones related to AXOKINE. Of the $15.0 million, $2.5 million was paid in September 1997 and another $2.5 million was paid in December 1997.

Any drugs that may result from the collaboration will be jointly developed and marketed, with the parties equally sharing development costs and profits. Either party may terminate collaborative research after five years, subject to reversion of certain rights to Regeneron. Regeneron contributed its technologies and intellectual property relating to a broad set of its programs and activities, as well as future research programs and activities, to the collaboration. Excluded from the collaboration were the Company's

neurotrophic factor and cytokine research programs, which will continue to be developed independent of the P&G collaboration, including Regeneron's collaborative activities with Amgen, Glaxo, Medtronic, Pharmacopeia, Sumitomo Pharmaceuticals, and Sumitomo Chemicals. In addition to the potential development of protein-based therapeutics, the collaboration will seek to discover and develop small molecule, orally active therapeutics useful in the treatment of muscle diseases and conditions.

Procter & Gamble also obtained certain piggyback registration rights (exercisable after the collaboration terminates) and agreed that until the

earlier of December 2001 or the termination of the collaboration agreement it will not take any steps or assist any third party to take steps to acquire control of the Company, whether by acquisition of capital stock, proxy contest, tender offer, merger, sale of assets, or voting agreements, except under certain circumstances.

Other Agreements. The Company also has agreements with individual researchers and universities to conduct sponsored research and development programs. The goal of such agreements is to extend the Company's capabilities and to acquire proprietary rights to the results of sponsored research. The Company is a party to a number of sponsored research agreements which include grants to the Company of exclusive licenses to certain discoveries and technologies developed at, among other places, the Max Planck Institute (covering the field of neurotrophic factors, including work done at the Max Planck Institute on BDNF, NT-3, and other substances), and the University of California at San Francisco (covering the use of neurotrophic factors and other recombinant proteins to treat degenerative conditions of the eye).

In addition to these sponsored research agreements, the Company (individually or in partnership with Amgen pursuant to the Amgen Agreement or Procter & Gamble pursuant to the P&G Agreement) provides resource material and information that relate to its product candidates and research programs to over 400 investigators at private and public institutions throughout the world. Regeneron supplies materials and know-how to these investigators on a confidential basis in exchange for access to additional research and ownership of certain proprietary rights resulting from the work of the investigators.

There can be no assurance that any of these agreements will result in work that will have commercial potential or other useful benefit to the Company, or that, if any such work has useful benefit to the Company, the Company will be able to protect its proprietary position adequately to realize any possible commercial benefit.

Manufacturing

The Company completed construction of a manufacturing facility in 1992 in Tarrytown, New York. This facility, which was designed to comply with FDA current good manufacturing practices ("GMP"), is intended to produce preclinical and clinical supplies of compounds. Depending on the dosage of its drugs, the facility could also produce either bulk compounds or the final dosage form of certain product candidates.

In 1993, the Company purchased its Rensselaer, New York manufacturing facility, which is being used to produce BDNF for use by Sumitomo Pharmaceuticals and will be used to produce vaccine intermediate material for Merck. The Company may use the facility to produce other product candidates and materials in the future.

Among the conditions for regulatory marketing approval of a drug is the requirement that the prospective manufacturer's quality control and manufacturing procedures conform to the GMP regulations of the health authority. In complying with

standards set forth in these regulations, manufacturers must continue to expend time, money, and effort in the area of production and quality control to ensure full technical compliance. Manufacturing establishments, both

foreign and domestic, are also subject to inspections by or under the authority of the FDA and by other federal, state, and local agencies.

Competition

There is substantial competition in the biotechnology industry. Many of the Company's competitors have substantially greater research, preclinical and clinical product development, and manufacturing capabilities and financial, marketing, and human resources than Regeneron. Smaller companies may also prove to be significant competitors, particularly as a result of acquiring or discovering patentable inventions or as a result of collaborative arrangements with large pharmaceutical companies or their acquisition by large pharmaceutical companies. The Company's agreements with larger, better established

pharmaceutical companies are intended to secure for the Company the benefits of such a collaboration with more experienced pharmaceutical firms. Technological development and discoveries may require companies to change their research and development efforts. Competitors with greater resources than the Company may have the financial and technological flexibility to respond to such needed changes better than the Company.

Even if BDNF or NT-3 is shown to be safe and effective to treat ALS or other conditions, other companies have developed or are developing drugs for the treatment of the same or similar conditions. For example, the FDA has approved the application of Rhone-Poulenc Rorer to market riluzole (under the tradename Rilutek), an orally administered drug, to treat ALS in the United States, and Rhone-Poulenc Rorer has filed applications for approval and gained approval in other countries. More broadly, Regeneron is engaged in an intensely competitive field. Amgen and the Company are direct competitors in the field of neurotrophic factors and possibly other fields. Other potential competitors include Genentech, Inc. ("Genentech") which is developing nerve growth factor ("NGF") to treat peripheral neuropathies and pain, is a co-licensee under the Amgen/Regeneron NT-3 license with Takeda, and may be developing other neurotrophic factors, and Cephalon, Inc. ("Cephalon"), which is developing, in collaboration with Chiron Corporation, insulin-like growth factor ("IGF-1" trade named Myotrophin(TM)) and other compounds for the treatment of ALS, peripheral neuropathies, and other conditions. Amgen, Genentech, Cephalon, and others have filed patent applications and obtained issued patents relating to neurotrophic factors, or have announced that they are actively pursuing preclinical or clinical development programs in the area of neurotrophic factors. Cephalon has announced that, based on the results of its Phase III clinical studies with IGF-1 to treat ALS, it has filed and intends to file applications for approval to market IGF-1 to treat ALS in the United States and other countries. Amgen and Genentech have separately also announced research and development of glial cell-line derived neurotrophic factor ("GDNF") for the treatment of ALS, Parkinson's disease, and other conditions. Other companies have developed or are developing drugs based on technology other than neurotrophic factors for the treatment of diseases and injuries relating to the nervous system (including ALS). The Company is also aware that several pharmaceutical companies are conducting clinical trials in ALS with drugs which, like riluzole, are orally administered.

A number of corporate and academic competitors are involved in the discovery and development of novel therapeutics using tyrosine kinase receptors, orphan receptors, and compounds that are the focus of other research or development programs now being conducted by the Company. These competitors include Amgen, Genentech, and others. Many firms are engaged in research and development in the areas of cytokines, interleukins, angiogenesis, and muscle conditions. There is, in addition, substantial competition in the discovery and development of treatments for obesity and obesity-related morbidities, including Type II diabetes, as well as established and emerging prescription and over-the-counter treatments for these conditions. Amgen and a number of other pharmaceutical companies are developing leptin and related molecules; clinical trials of leptin are currently under way. The treatment of constipating conditions is highly competitive, with a number of companies providing over-the-counter remedies and other competitors attempting to discover and develop improved over-the-counter or prescription treatments. Every pharmaceutical company and many biotechnology companies are engaged in attempting to discover and develop small-molecule based therapeutics, similar in at least certain respects to Regeneron's programs with Glaxo, Pharmacopeia, and Procter & Gamble. In these and related areas, intellectual property rights have been sought and certain rights have been granted to competitors and potential competitors of the Company, and the Company may be at a substantial competitive disadvantage in such areas as a result of, among other things, the Company's lack of experience, trained personnel, and expertise.

If a competitor announces a successful clinical study involving a product that may be competitive with one of the Company's product candidates or an approval by a regulatory agency of the marketing of a competitive product, such announcement may have a material adverse effect on the operations or future prospects of the Company or the price of its Common Stock.

The Company also competes with academic institutions, governmental agencies, and other public or private research organizations which continue to conduct research, seek patent protection, and establish collaborative arrangements for the development and marketing of products that would provide royalties for use of their technology. These institutions are becoming more active in seeking patent protection and licensing arrangements to collect royalties for use of the technology that they have developed. Products developed in such a manner may compete directly with any products developed by the Company. The Company also competes with others in acquiring technology from such institutions, agencies, and organizations.

The relative speed with which Regeneron can develop safe and effective product candidates, complete clinical testing and approval processes, and supply commercial quantities of the product to the market will have an important impact on the Company's competitive position. Competition among product candidates approved for sale may be based on efficacy, safety, reliability, availability, price, patent position, and other factors.

Patents, Trademarks, and Trade Secrets

The Company's success depends, in part, on its ability to obtain patents, maintain trade secret protection, and operate without infringing on the proprietary rights of third parties. The Company's policy is to file patent applications to protect technology, inventions, and improvements that are considered important to the development of its business. The Company has been granted a number of U.S. patents and is the exclusive or nonexclusive licensee of a number of additional U.S. patents and patent applications. The Company also relies upon trade secrets, know-how, and continuing technological

innovation to develop and maintain its competitive position. The Company or its licensers or collaborators have filed patent applications on products and processes relating to neurotrophic factors and other technologies and inventions in the United States and in certain foreign countries. The Company intends to file additional patent applications, when appropriate, relating to improvements in its technologies and other specific products and processes. The Company plans to aggressively prosecute, enforce, and defend its patents and other proprietary technology.

The patent positions of biotechnology firms, including the Company, are generally uncertain and involve complex legal and factual questions. No predictions can be made regarding the breadth, validity, or enforceability of claims allowed in these types of patents. The Company does not know whether any of its pending applications will result in the issuance of any patents or if any currently issued patents or any patents issued in the future will provide significant proprietary protection or will be circumvented or invalidated or will infringe on the rights of others.

Competitors have filed applications for, or have been issued, patents and may obtain additional patents and proprietary rights related to products or processes competitive with those of the Company. Accordingly, there can be no assurance that the Company's patent applications will result in patents being issued in addition to those described above or that, if issued, the patents will afford protection against competitors with similar technology; nor can there be any assurance that others will not obtain patents that the Company will need to license or circumvent. The Company is aware that one patent has issued in the United States and patent applications in certain foreign countries were filed by Amgen and others for the production of neurotrophic factor proteins, and that a U.S. patent has issued to Genentech on processes relating to NGF. The Company is further aware that patent applications have been filed in the United States and certain foreign countries by Takeda, Amgen, and, the Company believes, Genentech on products and processes relating to NT-3. The Company has received a co-exclusive license to NT-3 as a result of a worldwide licensing agreement between Amgen/Regeneron, Takeda, and Genentech. In November 1994, Genentech was issued a U.S. patent relating to the nucleic acids encoding NT-4/5 and methods for its recombinant production. Other patent filings by these companies or others may be competitive with the Company's patent claims or may cause, if valid and issued in the United States or a foreign jurisdiction, substantial commercial difficulties or additional expenses or delays to the Company's operations or commercial activities or may require the Company to cease certain development

or commercial activities altogether. The Company cannot predict whether its or its competitors' patent applications will result in valid patents being issued.

The Company expects that expenses related to the filing, prosecution, defense, and enforcement of patent and other intellectual property claims will continue to be substantial as a result of patent filings and prosecutions in the United States and foreign countries. The Company is currently involved in interference proceedings in the Patent and Trademark Office between Regeneron's patent applications and patents relating to CNTF issued to Synergen, Inc. ("Synergen"). Amgen acquired all outstanding shares of Synergen in 1994. In March 1998, the Company and Amgen entered into an agreement not to sue each other which, among other things, resolved their patent interference and related opposition and other patent proceedings relating to CNTF and AXOKINE. The Company also granted Amgen a license to use CNTF and second generation CNTFs other than AXOKINE to treat retinal degenerative conditions. Neither party will pay royalties or make other payments to the other party in consideration of this agreement.

Government Regulation

Regulation by government authorities in the United States and foreign countries is a significant factor in the research, development, manufacture, and marketing of the Company's product candidates. All of the Company's product candidates will require regulatory approval before they can be commercialized. In particular, human therapeutic products are subject to rigorous preclinical and clinical trials and other premarket approval requirements by the FDA and foreign authorities. Many aspects of the structure and substance of the FDA and foreign pharmaceutical regulatory practices have been reformed during recent years, and continued reform is under consideration in a number of forums. The ultimate outcome and impact of such reforms and potential reforms cannot be reasonably predicted.

Clinical trials are conducted in accordance with certain standards under protocols that detail the objectives of the study, the parameters to be used to monitor safety, and the efficacy criteria to be evaluated. Each protocol must be submitted to the FDA. The phases of clinical studies may overlap. The designation of a clinical trial as being of a particular phase is not necessarily indicative that such a trial will be sufficient to satisfy the parameters of a particular phase, and a clinical trial may contain elements of more than one phase notwithstanding the designation of the trial as being of a particular phase. No assurance can be given that the results of preclinical studies or early stage clinical trials will predict long-term safety or efficacy of the Company's compounds when they are tested or used more broadly in humans. Various federal and state statutes and regulations also govern or influence the research, manufacture, safety, labeling, storage, recordkeeping, marketing, transport, or other aspects of such products. The lengthy process of seeking these approvals and the compliance with applicable statutes and regulations require the expenditure of substantial resources. Any failure by

the Company or its collaborators or licensees to obtain, or any delay in obtaining, regulatory approvals could adversely affect the marketing of any products developed by the Company and its ability to receive product or royalty revenue.

In addition to the foregoing, the Company's present and future business will be subject to regulation under the United States Atomic Energy Act, the Clean Air Act, the Clean Water Act, the Comprehensive Environmental Response, Compensation and Liability Act, the National Environmental Policy Act, the Toxic Substances Control Act, and the Resource Conservation and Recovery Act, national restrictions, and other present and potential future local, state, federal, and foreign regulations.

Employees

As of December 31, 1997, the Company had 270 full-time employees, 63 of whom hold a Ph.D. and/or M.D. degree. Of the full-time employees, 160 are engaged in or directly support research and development. The Company believes that it has been highly successful in attracting skilled and experienced

personnel; however, competition for such personnel is intense. None of the Company's personnel are covered by collective bargaining agreements, and management considers its relations with its employees to be good.

Item 2. Properties

Regeneron conducts its research, development, manufacturing, and administrative activities at its own facilities. The Company currently leases approximately 121,000 square feet of office, laboratory, and manufacturing space in Tarrytown, New York. The current monthly base rental charge is $224,825, with increases based upon increases in taxes and operating expenses. The lease for this facility expires on June 30, 1998, and the Company has exercised an option to renew the lease for the first of two additional five-year periods. The Company owns the Rensselaer facility, consisting of two buildings totaling approximately 104,000 square feet of research, manufacturing, office, and warehouse space.

As the Company's activities expand, additional space may be required. The Company plans to lease approximately 10,000 square feet of additional space in Tarrytown. In the future, the Company may locate, lease, operate, or purchase additional facilities in which to conduct expanded research and development activities and manufacturing and commercial operations.

Item 3. Legal Proceedings

In March 1998, the Company and Amgen entered into an agreement not to sue each other which, among other things, resolved their patent interference and related opposition and other patent proceedings relating to CNTF and AXOKINE. The Company also granted Amgen a license to use CNTF and second generation CNTFs other than AXOKINE to treat retinal degenerative conditions.

Neither party will pay royalties or make other payments to the other party in consideration of this agreement. In addition to patent interference proceedings declared by the United States Patent and Trademark Office, the Company from time to time has been subject to legal claims arising in connection with its business. While the ultimate results of the proceedings and claims cannot be predicted with certainty, at December 31, 1997, there were no asserted claims against the Company which, in the opinion of management, if adversely decided, would have a material adverse effect on the Company's financial position and results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Executive Officers of the Registrant

Listed below are the executive officers of the Company as of March 13, 1998. There are no family relationships between any of the executive officers and there is no arrangement or understanding between any executive officer and any other person pursuant to which the executive officer was selected. At the annual meeting of the Board of Directors, which follows the Annual Meeting of Shareholders, executive officers are elected by the Board to hold office for one year and until their respective successors are elected and qualified, or until their earlier resignation or removal.

Information with regard to the directors of the Company, including that of the following executive officers who are directors, is incorporated by reference to Regeneron Pharmaceuticals, Inc. Proxy Statement to be filed in connection with solicitation of proxies for its Annual Meeting of Shareholders to be held on June 12, 1998.

Name	Age	Position

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Leonard S. Schleifer, M.D., Ph.D.	45	Chief Executive Officer, President, and founder of the Company
George D. Yancopoulos, M.D., Ph.D.	38	Senior Vice President, Research, and Chief Scientific Officer
Jesse M. Cedarbaum, M.D.	46	Vice President, Clinical Affairs
Murray A. Goldberg	53	Vice President, Finance & Administration, Chief Financial Officer, and Treasurer
Stephen L. Holst	56	Vice President, Quality Assurance and Regulatory Affairs
Gail M. Kempler, Ph.D.	43	Vice President, Intellectual Property and Associate General Counsel
Paul Lubetkin	47	Vice President, General Counsel, and Secretary
Randall G. Rupp, Ph.D.	50	Vice President, Manufacturing and Process Science
Neil Stahl, Ph.D.	41	Vice President, Biomolecular Science
David M. Valenzuela, Ph.D.	47	Vice President, Genomics and Bioinformatics
Beverly C. Dubs	43	Controller and Assistant Treasurer

PART II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The Common Stock of Regeneron is quoted on The Nasdaq Stock Market under the symbol "REGN." The Company's Class A Stock, par value $.001 per share, is not publicly quoted or traded.

The following table sets forth, for the periods indicated, the range of high and low bid quotations for the Common Stock as reported by The Nasdaq Stock Market. The bid prices reflect inter-dealer quotations without retail mark-ups, mark-downs, or commissions and do not necessarily represent actual transactions.

	High	Low
1996		
First Quarter.....	$16.625	$11.375
Second Quarter.....	19.75	11.75
Third Quarter.....	20.50	13.25
Fourth Quarter.....	24.50	14.875
1997		
First Quarter.....	21.00	7.50
Second Quarter.....	12.875	6.125
Third Quarter.....	11.625	8.75
Fourth Quarter.....	12.938	8.00

As of March 13, 1998, there were approximately 931 holders of record of the Company's Common Stock and 84 holders of record of the Company's Class A Stock. The closing bid price for the Common Stock on that date was $8.8125

The Company has never paid cash dividends and does not anticipate paying any in the foreseeable future. In addition, under the terms of certain debt agreements, the Company is not permitted to declare or pay cash dividends to its shareholders.

Item 6. Selected Financial Data

The selected financial data set forth below for the years ended December 31, 1997, 1996, and 1995 and at December 31, 1997 and 1996 are derived from and should be read in conjunction with the audited financial statements of the Company, including the notes thereto, included elsewhere in this report. The selected financial data for the years ended December 31, 1994 and 1993 and at December 31, 1995, 1994, and 1993 are derived from audited financial statements of the Company not included in this report.

The Company has never paid cash dividends and does not anticipate paying any in the foreseeable future. In addition, under the terms of certain debt agreements, the Company is not permitted to declare or pay cash dividends to its shareholders.

	Year Ended December 31,				
	1997	1996	1995	1994	1993
Statement of Operations Data					
Revenues					
Contract research and development	$17,399,646	$17,302,473	$23,247,002	$19,606,292	$6,092,319
Investment income	6,241,845	4,360,065	2,997,180	2,585,465	3,463,902
Research progress payments	5,000,000			1,000,000	1,000,000
Contract manufacturing	4,458,196	2,451,424	1,140,321		
	33,099,687	24,113,962	27,384,503	23,191,757	10,556,221
Expenses					
Research and development	27,770,166	28,268,798	23,310,088	30,874,437	36,755,883
Loss in Amgen-Regeneron Partners	3,402,900	14,250,239	13,804,777	9,794,237	3,511,346
General and administrative	5,764,969	5,879,975	5,764,397	7,529,136	6,025,921
Depreciation and amortization	4,389,113	6,083,845	5,885,699	4,245,686	3,101,055
Contract manufacturing	2,617,070	1,115,259	72,059		
Interest	734,334	939,624	1,204,757	1,403,001	1,045,953
Other			850,000		
	44,678,552	56,537,740	50,891,777	53,846,497	50,440,158
Net loss	($11,578,865)	($32,423,778)	($23,507,274)	($30,654,740)	($39,883,937)
Net loss per share, basic and diluted	($0.40)	($1.33)	($1.19)	($1.62)	($2.41)

	At December 31,				
Balance Sheet Data	1997	1996	1995	1994	1993
Cash, cash equivalents, and marketable securities	$128,040,539	$ 97,027,766	$59,622,010	$60,215,256	$ 88,281,194
Working capital	88,952,526	72,960,217	36,254,422	34,040,342	78,738,906
Total assets	168,380,034	137,581,854	93,811,345	94,235,806	117,579,418
Capital lease obligations and note payable, long-term portion	3,752,104	5,148,097	5,977,866	9,249,471	5,911,876
Stockholders' equity	138,896,874	106,930,999	67,856,449	67,070,567	98,388,159

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

Overview. The discussion below contains forward-looking statements

that involve risks and uncertainties relating to the future financial performance of Regeneron Pharmaceuticals, Inc. ("Regeneron" or the "Company") and actual events or results may differ materially. These statements concern, among other things, the possible therapeutic applications of the Company's product candidates and research programs, the timing and nature of the Company's clinical and research programs now underway or planned, a variety of items described herein and in the footnotes to the Company's financial statements (including the useful life of assets, the anticipated length of agreements, and other matters), and the future uses of capital and financial needs of the Company. These statements are made by the Company based on management's current beliefs and judgment. In evaluating such statements, stockholders and potential investors should specifically consider the various factors identified under the caption "Factors That May Affect Future Operating Results" which could cause actual results to differ materially from those indicated by such forward-looking statements.

Regeneron is a New York corporation founded in 1988. It is a leader in the application of molecular and cell biology to the search for novel human therapeutics. The Company uses its expertise in growth factors and their mechanisms of action to discover and develop protein-based and small molecule drugs for the treatment of neurological, inflammatory, and muscle diseases, as well as abnormal bone growth, obesity, cancer, and angiogenesis. Amgen-Regeneron Partners, the partnership equally owned by Amgen Inc. ("Amgen") and Regeneron, is conducting human clinical studies of Regeneron's brain-derived neurotrophic factor ("BDNF") and neurotrophin-3 ("NT-3"). The Company has a number of research collaborations, including a broad-based, long-term agreement with The Procter & Gamble Company ("Procter & Gamble").

In January 1997, Amgen and Regeneron announced that the Phase III clinical trial of BDNF delivered subcutaneously did not demonstrate clinical efficacy in patients with amyotrophic lateral sclerosis ("ALS", commonly known as Lou Gehrig's disease). The trial confirmed the safety and tolerability of BDNF seen in earlier trials but showed no statistically significant difference in breathing capacity or survival between treatment and placebo groups, as measured by the trial's predetermined end points. The failure of that trial to achieve its primary end points had a materially adverse effect on the price of the Company's Common Stock (which declined more than 50% immediately after the announcement of the results of the trial). After the Phase III clinical trial results were announced, the Company retained independent experts in clinical neurology, as well as independent statisticians, to conduct further examinations of the data. This review by the Company and the outside panels indicated that a retrospectively-defined subset of ALS patients in the trial may have received a survival benefit from BDNF treatment. The panels recommended, among other things, that additional preclinical and clinical investigations of subcutaneous BDNF for ALS should be undertaken.

BDNF is currently being developed by Amgen-Regeneron Partners for potential use in treating ALS through two routes of administration: intrathecal (infusion into the spinal fluid through an implanted pump) and subcutaneous (injection under the skin). An intrathecal study in ALS patients is ongoing. Subcutaneous studies conducted by Regeneron on behalf of the partnership began in the first quarter of 1998. The current and planned future BDNF subcutaneous studies are intended to test whether the survival

benefit seen in the retrospective analysis of the Phase III clinical trial can be confirmed through appropriate prospective trials. In addition, Sumitomo Pharmaceuticals Co., Ltd. ("Sumitomo Pharmaceuticals"), the Company's collaborator in the development of BDNF in Japan, has informed the Company that it will begin to conduct a Phase I safety assessment of BDNF delivered subcutaneously to normal volunteers in March 1998. Sumitomo Pharmaceuticals is initially developing BDNF to treat ALS.

While intrathecal delivery may be more successful in delivering BDNF to certain motor neurons (the nerve cells that degenerate in ALS), it is not known whether intrathecal delivery will prove any more successful in demonstrating safety and utility in patients with ALS than the subcutaneous delivery used in the Phase III clinical trial that failed to achieve its primary end points. The new clinical studies of BDNF delivered subcutaneously for the treatment of ALS are also based on retrospective analyses of that Phase III clinical trial. If these or subsequent trials fail to demonstrate

that BDNF is safe and effective in the treatment of ALS, that failure could have a materially adverse effect on the Company, the price of the Company's Common Stock, and the Company's ability to raise additional capital.

Amgen-Regeneron Partners' clinical development of NT-3 is currently focused on enteric neuropathies. The enteric nervous system is a complex collection of nerves that control the function of the gastrointestinal system, including gastrointestinal motility. Amgen-Regeneron Partners has conducted clinical studies of NT-3 in normal volunteers and patients suffering peripheral neuropathies associated with diabetes. These studies indicated, among other things, that NT-3 is safe and well tolerated at a variety of doses in patients and that, at certain doses, NT-3 causes increased gastrointestinal motility. Based on these results and discussions with gastrointestinal experts, Regeneron, on behalf of Amgen-Regeneron Partners, plans to commence by mid-1998 the first of a series of small Phase II clinical studies of NT-3 in enteric neuropathies. The initial study is expected to include patients suffering from severe idiopathic constipation. Later studies may be in patients who suffer from constipation associated with Parkinson's disease, spinal cord injury, use of opiate pain-killers, and other conditions.

No assurance can be given that extended administration of NT-3 will be safe or effective. The Phase I study of NT-3 in normal human volunteers that concluded in 1995 was a short term (seven day) treatment study, while the planned NT-3 clinical studies involve longer treatment. The treatment of various constipating conditions may present additional clinical trial risks in light of the complex and not wholly understood mechanisms of action that lead

to the conditions, the concurrent use of other drugs to treat the underlying illnesses as well as the gastrointestinal condition, the potential difficulty of designing and achieving significant clinical end points, and other factors. No assurance can be given that these or any other studies of NT-3 will be successful or that NT-3 will be commercialized.

Amgen-Regeneron Partners is not planning to pursue additional trials of BDNF and NT-3 in peripheral neuropathy at the present time, because the results of earlier studies were not sufficiently promising.

The results of the Company's and its collaborators' past activities in connection with the research and development of BDNF and NT-3 do not necessarily predict the results or success of future activities including, but not limited to, any additional preclinical or clinical studies of BDNF or NT-3. The Company cannot predict whether, when, or under what conditions BDNF or NT-3 will be shown to be safe or effective to treat any human condition or be approved for marketing by any regulatory agency. The delay or failure of current or future studies to demonstrate the safety or efficacy of BDNF

or NT-3 to treat human conditions or to be approved for marketing could have a material adverse impact on the Company.

In May 1997, the Company entered into a ten-year collaboration agreement (the "P&G Agreement") with Procter & Gamble to discover, develop, and commercialize pharmaceutical products, as well as a securities purchase agreement and other related agreements. The P&G Agreement expanded and superseded a collaboration agreement that the companies entered into in December 1996 jointly to develop drugs for skeletal muscle injury and atrophy. Procter & Gamble agreed over the first five years of the various agreements to purchase up to $60.0 million in Regeneron equity and provide up to $94.7 million in support of Regeneron's research efforts related to the collaboration. Pursuant to these agreements, in June 1997, Procter & Gamble purchased 4.35 million shares of Regeneron Common Stock at $9.87 per share for a total of $42.9 million and received five year warrants to purchase an additional 1.45 million shares of Regeneron stock at $9.87 per share. This purchase was in addition to a $10.0 million purchase of 800,000 shares of Regeneron Common Stock at $12.50 per share that was completed in March 1997 pursuant to the December 1996 agreement.

In September 1997, the Company and Procter & Gamble expanded the P&G Agreement to include AXOKINE(TM) second generation ciliary neurotrophic factor and related molecules (delivered systemically), and agreed to develop AXOKINE initially to treat obesity associated with Type II diabetes. Procter & Gamble agreed to pay the Company as much as $15.0 million in additional funding, partly subject to achieving certain milestones related to AXOKINE. Of the $15.0

million, $2.5 million was paid in September 1997 and another $2.5 million was paid in December 1997.

To date, Regeneron has not received any revenues from the commercial sale of products and may never receive such revenues. Before such revenues can be realized, the Company (or its collaborators) must overcome a number of

hurdles which include successfully completing its research and development efforts and obtaining regulatory approval from the United States Food and Drug Administration ("FDA") or regulatory authorities in other countries. In addition, the biotechnology and pharmaceutical industries are rapidly evolving and highly competitive, and new developments may render the Company's products and technologies noncompetitive and obsolete.

From inception on January 8, 1988 through December 31, 1997, Regeneron has a cumulative loss of $168.6 million. In the absence of revenues from commercial product sales or other sources (the amount, timing, nature, or source of which cannot be predicted), the Company's losses will continue as the Company conducts its research and development activities. The Company's activities may expand over time and may require additional resources, and the Company's operating losses may be substantial over at least the next several years. The Company's losses may fluctuate from quarter to quarter and will depend, among other factors, on the timing of certain expenses and on the progress of the Company's research and development efforts.

Results of Operations

Years Ended December 31, 1997 and 1996. The Company's total revenue increased to $33.1 million in 1997 from $24.1 million in 1996. Contract research and development revenue was $17.4 million in 1997 and $17.3 million in 1996, as revenue received from Procter & Gamble in connection with the P&G Agreement offset lower revenue from Amgen-Regeneron Partners and Sumitomo Pharmaceuticals. Research progress payments in 1997 of $5.0 million were received from Procter & Gamble in connection with the September 1997 amendment to the P&G Agreement related to

AXOKINE. Investment income in 1997 increased to $6.2 million from $4.4 million in 1996, due primarily to higher levels of interest-bearing investments resulting from the proceeds from the private placements of equity securities with Amgen, Medtronic,Inc. ("Medtronic"), and Procter & Gamble in 1996 and 1997. Contract manufacturing revenue related to the Company's 1995 manufacturing agreement (the "Merck Agreement") with Merck & Co., Inc. ("Merck") increased to $4.5 million in 1997 from $2.5 million in 1996 as a result of increased activity in preparation for manufacturing a product for Merck at the Company's Rensselaer facility.

The Company's total operating expenses decreased to $44.7 million in 1997 from $56.5 million in 1996. Research and development expenses declined to $27.8 million in 1997 from $28.3 million in 1996 as less BDNF was produced for clinical use by Sumitomo Pharmaceuticals in 1997. Loss in Amgen-Regeneron Partners in 1997 decreased to $3.4 million from $14.3 million in 1996, reflecting lower expenses after completion of the Phase III BDNF subcutaneous clinical trial in 1996.

General and administrative expenses were $5.8 million in 1997 and $5.9 million in 1996. Depreciation and amortization expense decreased to $4.4 million in 1997 from $6.1 million in 1996, as certain laboratory equipment

became fully depreciated and capitalized patent costs were fully amortized in 1996. Contract manufacturing expenses are direct expenses related to the Merck Agreement and are reimbursed by Merck. These expenses increased to $2.6 million in 1997 from $1.1 million in 1996, primarily from increased services performed by the Company. Interest expense was $0.7 million in 1997 and $0.9 million in 1996.

The Company's net loss in 1997 was $11.6 million, or $0.40 per share (basic and diluted), compared to a net loss of $32.4 million, or $1.33 per share share (basic and diluted), in 1996.

Years Ended December 31, 1996 and 1995. The Company's total revenue decreased to $24.1 million in 1996 from $27.4 in 1995. Contract research and

development revenue decreased to $17.3 million in 1996 from $23.2 million in 1995, as lower revenue was earned from both Sumitomo Pharmaceuticals (because of a non-recurring contract research payment of $5.4 million in 1995) and Amgen-Regeneron Partners (because of less spending on preclinical research conducted by Regeneron). During 1995, the Company entered into the Merck Agreement and contract manufacturing revenue in 1996 and 1995 related to this agreement aggregated $2.5 million and $1.1 million, respectively. Investment income for 1996 increased to $4.4 million from $3.0 million in 1995, primarily due to increased levels of interest-bearing investments resulting from the sale by the Company of equity securities in a public offering in November 1995 and in private placements to Amgen, Medtronic, and Procter & Gamble in 1996.

The Company's total operating expenses increased to $56.5 million in 1996 from $50.9 million in 1995. Research and development expenses increased to $28.3 million in 1996 from $23.3 million in 1995, primarily due to costs related to the Company's preclinical research programs and increased activity on behalf of Sumitomo Pharmaceuticals. Loss in Amgen-Regeneron Partners increased to $14.3 million in 1996 from $13.8 million in 1995, primarily due to increased costs related to clinical trials and other activities conducted by Amgen on behalf of the partnership.

General and administrative expenses were $5.9 million in 1996 and $5.8 million in 1995. Depreciation and amortization expense increased to $6.1 million in 1996 from $5.9 million in 1995 as additional equipment was purchased and capitalized. Contract manufacturing expenses of $1.1 million in 1996 were direct expenses related to contract manufacturing for Merck. Interest expense decreased to $0.9 million in 1996 from $1.2 million in 1995, resulting from the expiration of capital leases during 1995 and 1996. Other expenses of $0.9 million in 1995 related to recognition of the Company's contribution to the settlement of shareholder class action litigation.

The Company's net loss in 1996 was $32.4 million, or $1.33 per share (basic and diluted), compared to a net loss of $23.5 million, or $1.19 per share (basic and diluted), in 1995.

Liquidity and Capital Resources

Since its inception in 1988, the Company has financed its operations primarily through private placements and public offerings of its equity securities, revenue earned under the several agreements between the Company and Amgen, Sumitomo Chemical Company, Ltd., Sumitomo Pharmaceuticals, Merck, and Procter & Gamble, and investment income.

In May 1997, the Company and Procter & Gamble entered into the P&G Agreement. Procter & Gamble agreed over the first five years of the P&G Agreement to purchase up to $60.0 million in Regeneron equity and provide up to $94.7 million in support of Regeneron's research efforts related to the collaboration. During the second five years of the P&G Agreement, the companies will share all research costs equally. Clinical testing and commercialization expenses for jointly developed products will be shared equally throughout the ten years of the collaboration. The companies expect jointly to develop and market worldwide any products resulting from the collaboration and share equally in profits. Either company may terminate the P&G Agreement at the end of five years with at least one year prior notice or earlier in the event of a default (as defined in the P&G Agreement). In June 1997, Procter & Gamble completed the purchase of 4.35 million shares of Regeneron Common Stock at $9.87 per share for a total of $42.9 million and received five year warrants to purchase an additional 1.45 million shares of Regeneron stock at $9.87 per share. This purchase was in addition to a $10.0 million purchase of 800,000 shares of Regeneron Common Stock at $12.50 per share that was completed in March 1997 pursuant to a December 1996 stock purchase agreement. In September 1997, the Company and Procter & Gamble expanded the P&G Agreement to include AXOKINE and related molecules (delivered systemically), and agreed to develop AXOKINE initially to treat obesity associated with Type II diabetes. Procter & Gamble agreed to pay the Company as much as $15.0 million in additional funding, partly subject to achieving certain milestones related to AXOKINE. Of the $15.0 million, $2.5 million was paid in September 1997 and another $2.5 million was paid in December 1997.

In connection with the Company's agreement to collaborate with

Sumitomo Pharmaceuticals in the research and development of BDNF in Japan, Sumitomo Pharmaceuticals has paid the Company $25.0 million through December 1997. In addition, the Company is being reimbursed in connection with supplying Sumitomo Pharmaceuticals with BDNF for preclinical and clinical use.

The Company's activities relating to BDNF and NT-3, as agreed upon by Amgen and Regeneron, are being reimbursed by Amgen-Regeneron Partners, and the Company recognizes such reimbursement as revenue. The funding of Amgen-Regeneron Partners

is through capital contributions from Amgen and Regeneron, who must make equal payments in order to maintain equal ownership and equal sharing of any profits or losses from the partnership. The Company has made capital contributions totaling approximately $45.2 million to Amgen-Regeneron Partners from the partnership's inception in June 1993 through December 31, 1997. The Company expects that its capital contributions in 1998 will total $5.7 million for the full year, of which $1.4 million has been funded through March 1998. These

contributions could increase or decrease, depending upon the cost of Amgen-Regeneron Partners' conducting additional BDNF and NT-3 studies and the outcomes of those and other ongoing studies.

From its inception in January 1988 through December 31, 1997, the Company invested approximately $56.3 million in property, plant, and equipment. This includes $16.8 million to acquire and renovate the Rensselaer facility, $6.4 million of completed construction at the facility, and $7.7 million of construction in progress related to the modification of the facility in connection with the Merck Agreement. In connection with the purchase and renovation of the Rensselaer facility, the Company obtained financing of $2.0 million from the New York State Urban Development Corporation, of which $1.7 million is outstanding. Under the terms of such financing, the Company is not permitted to declare or pay dividends to its stockholders.

During 1996, the Company entered into a series of new leasing agreements (the "New Lease Line") which provided up to $4.0 million to finance equipment acquisitions and certain building improvements, as defined (collectively, the "Equipment"). The Company may utilize the New Lease Line in increments ("leases"). Lease terms are for four years after which the Company is required to purchase the Equipment at defined amounts. Certain of the leases may be renewed for eight months at defined monthly payments after which the Company will own the Equipment. At December 31, 1997, the Company had available approximately $0.3 million of the New Lease Line.

The Company expects that expenses related to the filing, prosecution, defense, and enforcement of patent and other intellectual property, claims will continue to be substantial as a result of patent filings and prosecutions in the United States and foreign countries. The Company is currently involved in interference proceedings in the Patent and Trademark Office between Regeneron's patent applications and patents relating to ciliary neurotrophic factor ("CNTF") issued to Synergen, Inc.("Synergen"). Amgen acquired all outstanding shares of Synergen in 1994. In March 1998, the Company and Amgen entered into a covenant not to sue each other which, among other things, resolved their patent interference and related opposition and other patent proceedings relating to CNTF and AXOKINE. The Company also granted Amgen a license to use CNTF and second generation CNTFs other than AXOKINE to treat retinal degenerative conditions. Neither party will pay royalties or make other payments to the other party in consideration of this agreement.

As of December 31, 1997, the Company had no established banking arrangements through which it could obtain short-term financing or a line of credit. Additional funds may be raised through, among other things, the issuance of additional securities, other financing arrangements, and future collaboration agreements. No assurance can be given that additional financing will be available or, if available, that it will be available on acceptable terms. In addition, the Company estimates that through mid-2002 it could receive additional payments from Proctor & Gamble in the form of research funding, milestones, and equity purchases of as much as $100 million or more.

At December 31, 1997, the Company had $128.0 million in cash, cash equivalents, and marketable securities.

The Company expects to incur substantial funding requirements for, among other things, research and development activities (including preclinical and clinical testing), validation of manufacturing facilities, and the acquisition of equipment. The Company expects to incur ongoing funding requirements for capital contributions to Amgen-Regeneron Partners to support the continued development and clinical trials of BDNF and NT-3. The amount needed to fund operations will also depend on other factors, including the status of competitive products, the success of the Company's research and development programs, the status of patents and other intellectual property rights developments, and the continuation, extent, and success of any collaborative research programs (including those with Amgen and Procter & Gamble). The Company believes that its existing capital resources will enable it to meet operating needs for at least several years. No assurance can be given that there will be no change in projected revenues or expenses, that would lead to the Company's capital being consumed significantly before such time.

Factors That May Affect Future Operating Results

Regeneron cautions stockholders and potential investors that the following important factors, among others, in some cases have affected, and in the future could affect, Regeneron's actual results and could cause Regeneron's actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, Regeneron. The statements under this caption are intended to serve as cautionary statements within the meaning of the Private Securities Litigation Reform Act of 1995. The following information is not intended to limit in any way the characterization of other statements or information under other captions as cautionary statements for such purpose:

- Delay, difficulty, or failure of the Company's research and development programs to produce product candidates that are scientifically or commercially appropriate for further development by the Company or others.

- Cancellation or termination of material collaborative or licensing agreements (including in particular, but not limited to, those with Procter & Gamble and Amgen) and the resulting loss of research or other funding could have a material adverse effect on the Company and its operations. A change of control of one or more of the Company's material collaborators or licensees could also have a material adverse effect on the Company.

- Delay, difficulty, or failure in obtaining regulatory approval (including approval of its facilities for production) for the Company's products (including vaccine intermediate for Merck), including delays or difficulties in development because of insufficient proof of safety or efficacy.

- Increased and irregular costs of development, manufacture, regulatory approval, sales, and marketing associated with the introduction of products in the late stage of development.

- Competitive or market factors that may cause use of the Company's products to be limited or otherwise fail to achieve broad acceptance.

- The ability to obtain, maintain, and prosecute intellectual property rights, and the cost of acquiring in-process technology and other intellectual property rights, either by license, collaboration, or purchase of another entity.

- Difficulties or high costs of obtaining adequate financing to meet

the Company's obligations under its collaboration and licensing agreements or to fund 50 percent of the cost of developing product candidates in order to retain 50 percent of the commercialization rights.

- Amount and rate of growth of Regeneron's general and administrative expenses, and the impact of unusual or infrequent charges resulting from Regeneron's ongoing evaluation of its business strategies and organizational structure.

- Failure of corporate partners to develop or commercialize successfully the Company's products or to retain and expand the markets served by the commercial collaborations; conflicts of interest, priorities, and commercial strategies which may arise between the Company and such corporate partners.

- Delays or difficulties in developing and acquiring production technology and technical and managerial personnel to manufacture novel biotechnology products in commercial quantities at reasonable costs and in compliance with applicable quality assurance and environmental regulations and governmental permitting requirements.

- Difficulties in obtaining key raw materials and supplies for the manufacture of the Company's product candidates.

- The costs and other effects of legal and administrative cases and proceedings (whether civil, such as product- or employment-related, or environmental, or criminal); settlements and investigations; developments or assertions by or against Regeneron relating to intellectual property rights and licenses; the issuance and use of patents and proprietary technology by Regeneron and its competitors, including the possible negative effect on the Company's ability to develop, manufacture, and sell its products in circumstances where it is unable to obtain licenses to patents which may be required for such products.

- Underutilization of the Company's existing or new manufacturing facilities or of any facility expansions, resulting in inefficiencies and higher costs; start-up costs, inefficiencies, delays, and increased depreciation costs in connection with the start of production in new plants and expansions.

- Health care reform, including reductions or changes in reimbursement available for prescription medications or other reforms.

- The ability to attract and retain key personnel. As Regeneron's scientific efforts lead to potentially promising new directions, both outside of recombinant protein therapies (into orally active, small molecule pharmaceuticals) and outside of treatments for neurological and neurodegenerative conditions (into, for example, potential programs in obesity, diabetes, cancer, inflammation, muscle disease, bone growth disorders, and angiogenesis), the Company will require additional internal

expertise or external collaborations in areas in which it currently does not have substantial resources and personnel.

The Company is evaluating the need to modify its computer systems and software to properly handle information and transactions relating to the year 2000. Presently the Company believes that with modifications to some existing sofware, the year 2000 issue can be mitigated. The Company plans to complete the year 2000 project not later than December 31, 1998, and does not expect the cost of such modifications to be material.

Impact of the Adoption of Recently Issued Accounting Standards

The Financial Accounting Standards Board (the "FASB") issued Financial Accounting Standard No. 130, Reporting Comprehensive Income ("SFAS 130") in June 1997. Comprehensive Income represents the change in net assets of a business enterprise as a result of nonowner transactions. Management does

not believe that the future adoption of SFAS 130 will have a material effect on the Company's financial position and results of operations. The Company will adopt SFAS 130 for the year ending December 31, 1998.

Also in June 1997, the FASB issued Financial Accounting Standard No. 131, Disclosures about Segments of an Enterprise and Related Information ("SFAS 131"). SFAS 131 requires that a business enterprise report certain information about operating segments, products and services, geographic areas of operation, and major customers in complete sets of financial statements and in condensed financial statements for interim periods. The Company is required to adopt this standard for the year ending December 31, 1998 and is currently evaluating the impact of the standard.

In February 1998, the FASB issued Financial Accounting Standard No. 132, Employers' Disclosures about Pensions and Other Postretirement Benefits. This statement modifies financial statement disclosures related to pension and

other postretirement plans, and will not have an effect on the Company's financial position or results of operations, and is effective for periods beginning after December 15, 1997.

Item 8. Financial Statements and Supplementary Data

The financial statements of the Company required by this item are included herein as exhibits and listed under Item 14.(A)1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

PART III

Item 10. Directors and Officers of the Registrant

Information with respect to directors and executive officers is incorporated by reference to the material captioned "Election of Directors," "Executive Officers of the Registrant," and "Compliance with Section 16(b) of the Securities Exchange Act of 1934" in the Regeneron Pharmaceuticals, Inc. Proxy Statement to be filed in connection with solicitation of proxies for its Annual Meeting of Shareholders to be held on June 12, 1998.

Item 11. Executive Compensation

The information called for by this item is incorporated by reference to the material captioned "Executive Compensation" and "Election of Directors" in the Regeneron Pharmaceuticals, Inc. Proxy Statement to be filed in connection with solicitation of proxies for its Annual Meeting of Shareholders to be held on June 12, 1998.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The information called for by this item is incorporated by reference to the material captioned "Security Ownership of Management" and "Security Ownership of Certain Beneficial Owners" in the Regeneron Pharmaceuticals, Inc. Proxy Statement to be filed in connection with solicitation of proxies for its Annual Meeting of Shareholders to be held on June 12, 1998.

Item 13. Certain Relationships and Related Transactions

The information called for by this item is incorporated by reference to the material captioned "Certain Relationships and Related Transactions" in the Regeneron Pharmaceuticals, Inc. Proxy Statement to be filed in connection with solicitation of proxies for its Annual Meeting of Shareholders to be held on June 12, 1998.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(A) 1. Financial Statements

The financials statements filed as part of this report are listed on the Index to Financial Statements on page F-1.

2. Financial Statement Schedules

All schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

3. Exhibits

Exhibit Number	Description
3.1 (a)	- Restated Certificate of Incorporation of Regeneron Pharmaceuticals, Inc. as at June 21, 1991.
3.2	- By-Laws of the Company, currently in effect (amended as of January 22, 1995).
10.1 (b)*	- Technology Development Agreement dated as of March 20, 1989, between the Company and Sumitomo Chemical Company, Limited.
10.2 (b)*	- Neurotrophic Factor Agreement (License Agreement) dated as of May 10, 1988, between the Company and Max Planck Institute fur Psychiatrie.
10.3 (b)*	- Collaboration Agreement, dated August 31, 1990, between the Company and Amgen Inc.
10.4 (b)	- 1990 Amended and Restated Long-Term Incentive Plan.
10.5 (c)*	- License Agreement dated as of October 7, 1992, between the Company and The Regents of the University of California.
10.6 (d)*	- Collaboration Agreement dated as of July 22, 1993, between the Company and Glaxo Group Limited.
10.7 (e)*	- Research and Development Agreement dated as of June 2, 1994, between the Company and Sumitomo Pharmaceuticals Company, Ltd.
10.8 (f)*	- Manufacturing Agreement dated as of September 18, 1995, between the Company and Merck & Co., Inc.
10.9 (g)	- Stock and Warrant Purchase Agreement dated as of April 15, 1996, between the Company and Amgen Inc.
10.10(g)	- Warrant Agreement dated as of April 15, 1996, between the Company and Amgen Inc.
10.11(g)	- Registration Rights Agreement dated as of April 15, 1996, between the Company and Amgen Inc.
10.12(g)	- Stock and Warrant Purchase Agreement dated as of June 27, 1996, between the Company and Medtronic, Inc.
10.13(g)	- Warrant Agreement dated as of June 27, 1996, between the Company and Medtronic, Inc.
10.14(g)	- Registration Rights Agreement dated as of June 27, 1996, between the Company and Medtronic, Inc.
10.15(g)	- Assignment and Assumption Agreement dated as of June 27, 1996, between the Company and Medtronic, Inc.

10.16(h) - Certificate of Amendment of the Restated Certificate of Incorporation of Regeneron Pharmaceuticals, Inc., as at October 18, 1996.

10.17(i) - Rights Agreement, dated as of September 20, 1996, between Regeneron Pharmaceuticals, Inc. and ChaseMellon Shareholder Services L.L.C., as Rights Agent, including the form of Rights Certificate as Exhibit B thereto.

10.18(j) - Stock Purchase Agreement dated as of December 11, 1996, between the Company and Procter & Gamble Pharmaceuticals, Inc.

10.19(j) - Registration Rights Agreement dated as of December 11, 1996, between the Company and Procter & Gamble Pharmaceuticals, Inc.

10.20(k) - Securities Purchase Agreement dated as of May 13, 1997, between the Company and The Procter & Gamble Company.

10.21(k) - Warrant Agreement dated as of May 13, 1997, between the Company and The Procter & Gamble Company.

10.22(k) - Registration Rights Agreement dated as of May 13, 1997, between the Company and The Procter & Gamble Company.

10.23(k)* - Multi-Project Collaboration Agreement dates as of May 13, 1997, between the Company and The Procter & Gamble Company.

10.24(l)* - First Amendment to the Multi-Project Collaboration Agreement dated May 13, 1997, between the Company and The Procter & Gamble Company, dated as of September 29, 1997.

10.25 - Employment Agreement, dated as of February 12, 1997 between the Company and Leonard S. Schleifer, M.D., Ph.D.

23.1 - Consent of Coopers & Lybrand L.L.P.

23.2 - Consent of Ernst & Young LLP, Independent Auditors.

24 - Power of Attorney.

27 - Financial Statement Data for year ending December 31, 1997, also Amended Financial Statement Data for quarters ending September 30, 1997, June 30, 1997 and March 31, 1997, for year ending December 31, 1996, and for quarters ending September 30, 1996 and June 30, 1996.

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Description:

(a) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended June 30,1991, filed August 13, 1991.

(b) Incorporated by reference from the Company's registration statement on Form S-1 (file number 33-39043).

(c) Incorporated by reference from the Form 10-K for Regeneron Pharmaceuticals, Inc. for the fiscal year ended December 31, 1992, filed March 30, 1993.

(d) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended June 30,1993, filed July 22, 1993.

(e) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended September 30, 1994, filed November 14, 1994.

(f) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended September 30, 1995, filed November 14, 1995.

(g) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended June 30, 1996, filed August 14, 1996.

(h) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended September 30, 1996, filed November 5, 1996.

(i) Incorporated by reference from the Form 8-A for Regeneron Pharmaceuticals, Inc. filed October 15, 1996.

(j) Incorporated by reference from the Form 10-K for Regeneron Pharmaceuticals, Inc. for the fiscal year ended December 31, 1996, filed March 26, 1997.

(k) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended June 30, 1997, filed August 12, 1997.

(l) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended September 30, 1997, filed November 10, 1997.

* Portions of this document have been omitted and filed separately with the Commission pursuant to requests for confidential treatment pursuant to Rule 24b-2.

(B) Reports on Form 8-K

(1) On January 14, 1997, the Company filed a report on Form 8-K regarding the fact that the Company issued a press release on January 10, 1997 entitled "BDNF Phase 3 Trial Does Not Demonstrate Efficacy" and a press release on January 14, 1997 entitled "Regeneron Announces Clinical, Scientific, Financial Plans for the Future," copies of which were included as exhibits to that filing.

(2) On May 13, 1997, the Company filed a report on Form 8-K regarding the fact that the Company issued a press release entitled "Procter & Gamble and Regeneron Form 10-Year Research Collaboration to Discover, Develop Pharmaceutical Products," a copy of which was included as an exhibit to that filing.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: New York, New York
March 24, 1998

REGENERON PHARMACEUTICALS, INC.

By: /s/ LEONARD S. SCHLEIFER

Leonard S. Schleifer, M.D., Ph.D.
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following person on behalf of the registrant in the capacities indicated on March 24, 1998.

Signature	Title

/s/ LEONARD S. SCHLEIFER, Leonard S. Schleifer, M.D., Ph.D.	President, Chief Executive Officer, and Director
/s/ MURRAY A. GOLDBERG Murray A. Goldberg	Vice President, Finance & Administration, Chief Financial Officer, and Treasurer (Principal Financial Officer)
/s/ BEVERLY C. DUBS Beverly C. Dubs	Controller and Assistant Treasurer (Chief Accounting Officer)
* P. Roy Vagelos, M.D.	Chairman of the Board
* Charles A. Baker	Director
* Michael S. Brown, M.D.	Director
* Alfred G. Gilman, M.D., Ph.D.	Director
* Joseph L. Goldstein, M.D.	Director
* Fred A. Middleton	Director
* Eric M. Shooter, Ph.D.	Director
* George L. Sing	Director

*By /s/PAUL LUBETKIN
Paul Lubetkin
(Attorney-in-Fact)

REGENERON PHARMACEUTICALS, INC.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of
Regeneron Pharmaceuticals, Inc.:

We have audited the accompanying balance sheets of REGENERON PHARMACEUTICALS, INC. (the "Company") as of December 31, 1997 and 1996 and the related statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Amgen-Regeneron Partners (the "Partnership"), an entity which is fifty percent owned by the Company, as of December 31, 1997 and 1996 or for each of the three years in the period ended December 31, 1997. The Company's investment in the Partnership is accounted for in accordance with the equity method of accounting and constitutes less than one percent of the Company's total assets at December 31, 1997 and 1996. For the years ended December 31, 1997, 1996, and 1995, the Company recorded its pro rata share of the Partnership's net loss of approximately $3.4 million, $14.3 million, and $13.8 million, respectively. The Partnership's financial statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Partnership, is based solely on the report of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 1997 and 1996, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

New York, New York
February 10, 1998,

REGENERON PHARMACEUTICALS, INC.
BALANCE SHEETS
December 31, 1997 and 1996

ASSETS	1997	1996
Current assets		
Cash and cash equivalents	$ 28,921,366	$ 34,475,060
Marketable securities	63,601,504	45,587,404
Receivable due from The Procter & Gamble Company	2,402,500	
Receivable due from Sumitomo Pharmaceuticals Company, Ltd.	2,114,978	2,072,455
Receivable due from Merck & Co., Inc.	1,706,879	1,816,056
Receivable due from Amgen-Regeneron Partners	356,500	446,269
Prepaid expenses and other current assets	536,425	611,435
Total current assets	99,640,152	85,008,679
Marketable securities	35,517,669	16,965,302
Investment in Amgen-Regeneron Partners	364,400	1,205,299
Property, plant and equipment, at cost, net of accumulated depreciation and amortization	32,712,670	34,297,843
Other assets	145,143	104,731
Total assets	$ 168,380,034	$ 137,581,854

LIABILITIES and STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 4,662,961	$ 4,357,145
Capital lease obligations, current portion	1,769,803	3,505,221
Note payable, current portion	73,298	77,684
Deferred revenue, current portion	4,181,564	4,108,412
Total current liabilities	10,687,626	12,048,462
Capital lease obligations	2,077,319	3,400,015
Note payable	1,674,785	1,748,082
Other liabilities	242,122	183,426
Deferred revenue	14,801,308	13,270,870
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $.01 par value; 30,000,000 shares authorized; issued and outstanding - none		
Class A Stock, convertible, $.001 par value; 40,000,000 shares authorized;		
4,117,540 shares issued and outstanding in 1997		
4,355,994 shares issued and outstanding in 1996	4,118	4,356
Common Stock, $.001 par value; 60,000,000 shares authorized;		
26,804,941 shares issued and outstanding in 1997		
21,319,896 shares issued and outstanding in 1996	26,805	21,320
Additional paid-in capital	308,108,687	264,742,236
Unearned compensation	(720,000)	(1,080,000)
Accumulated deficit	(168,607,977)	(157,029,112)
Net unrealized gain on marketable securities	85,241	272,199
Total stockholders' equity	138,896,874	106,930,999
Total liabilities and stockholders' equity	$ 168,380,034	$ 137,581,854

The accompanying notes are an integral part of the financial statements.

REGENERON PHARMACEUTICALS, INC.
STATEMENTS OF OPERATIONS
for the years ended December 31, 1997, 1996, and 1995

	1997	1996	1995
Revenues			
Contract research and development	$ 17,399,646	$ 17,302,473	$ 23,247,002
Investment income	6,241,845	4,360,065	2,997,180
Research progress payments	5,000,000		
Contract manufacturing	4,458,196	2,451,424	1,140,321
	33,099,687	24,113,962	27,384,503
Expenses			
Research and development	27,770,166	28,268,798	23,310,088
Loss in Amgen-Regeneron Partners	3,402,900	14,250,239	13,804,777
General and administrative	5,764,969	5,879,975	5,764,397
Depreciation and amortization	4,389,113	6,083,845	5,885,699
Contract manufacturing	2,617,070	1,115,259	72,059
Interest	734,334	939,624	1,204,757
Other			850,000
	44,678,552	56,537,740	50,891,777
Net loss	($11,578,865)	($32,423,778)	($23,507,274)
Net loss per share, basic and diluted	($0.40)	($1.33)	($1.19)

The accompanying notes are an integral part of the financial statements.

REGENERON PHARMACEUTICALS, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
for the years ended December 31, 1997, 1996, and 1995

	Net Unrealized Class A Stock		Common Stock		Additional Paid-in
	Shares	Amount	Shares	Amount	Capital
Balance, December 31, 1994	5,625,965	$5,626	13,270,087	$13,270	$168,912,745
Issuance of Common Stock for cash of $300,000 and services to be rendered			600,000	600	2,099,400
Amortization of unearned compensation					
Issuance of Common Stock in a public offering at $10.50 per share			2,300,000	2,300	24,147,700
Cost associated with issuance of equity securities					(1,895,961)
Issuance of Common Stock in connection with exercise of stock options			73,300	73	330,257
Conversion of Class A Stock to Common Stock	(222,042)	(222)	222,042	222	
Purchase of treasury stock					
Net loss, 1995					
Change in net unrealized gain (loss) on marketable securities					
Balance, December 31, 1995	5,403,923	5,404	16,465,429	16,465	193,594,141
Issuance of Common Stock for settlement of an obligation			153,017	153	1,999,847
Amortization of unearned compensation					
Issuance of equity securities to Amgen			3,000,000	3,000	47,997,000
Issuance of equity securities to Medtronic			460,500	461	9,999,539
Amounts received in connection with the Stock					

Purchase Agreement with Procter & Gamble					10,000,000
Cost associated with issuance of equity securities					(205,025)
Issuance of Common Stock in connection with exercise of stock options			210,094	210	1,356,884
Conversion of Class A Stock to Common Stock	(1,030,856)	(1,031)	1,030,856	1,031	
Retirement of treasury stock	(17,073)	(17)			(150)
Net loss, 1996					
Change in net unrealized gain (loss) on marketable securities					
Balance, December 31, 1996	4,355,994	4,356	21,319,896	21,320	264,742,236
Amortization of unearned compensation					
Shares issued to Procter & Gamble in connection with the 1996 Stock Purchase Agreement			800,000		
Issuance of equity securities to Procter & Gamble			4,350,000	5,150	42,929,350
Cost associated with issuance of equity securities					(31,082)
Issuance of Common Stock in connection with exercise of stock options			96,591	97	468,183
Conversion of Class A Stock to Common Stock	(238,454)	(238)	238,454	238	
Net loss, 1997					
Change in net unrealized gain (loss) on marketable securities					
Balance, December 31, 1997	4,117,540	$4,118	26,804,941	$26,805	$308,108,687

	Unearned Compensation	Accumulated Deficit	Net Unrealized Gain (Loss) on Marketable Securities	Class A Stock Held in Treasury	
				Shares	Amount
Balance, December 31, 1994		($101,098,060)	($762,852)	16,559	($162)
Issuance of Common Stock for cash of $300,000 and services to be rendered	($1,800,000)				
Amortization of unearned compensation	360,000				
Issuance of Common Stock in a public offering at $10.50 per share					
Cost associated with issuance of equity securities					
Issuance of Common Stock in connection with exercise of stock options					
Conversion of Class A Stock to Common Stock					
Purchase of treasury stock				514	(5)
Net loss, 1995		(23,507,274)			
Change in net unrealized gain (loss) on marketable securities			1,048,792		
Balance, December 31, 1995	(1,440,000)	(124,605,334)	285,940	17,073	(167)
Issuance of Common Stock for settlement of an obligation					
Amortization of unearned compensation	360,000				
Issuance of equity securities to Amgen					
Issuance of equity securities to Medtronic					
Amounts received in connection with the Stock Purchase Agreement with Procter & Gamble					
Cost associated with issuance of equity securities					
Issuance of Common Stock in connection with exercise of stock options					
Conversion of Class A Stock to Common Stock					
Retirement of treasury stock				(17,073)	167
Net loss, 1996		(32,423,778)			
Change in net unrealized gain (loss) on marketable securities			(13,741)		
Balance, December 31, 1996	(1,080,000)	(157,029,112)	272,199	-	-
Amortization of unearned compensation	360,000				
Shares issued to Procter & Gamble in connection with the 1996 Stock Purchase Agreement					
Amounts received in connection with the Stock Purchase Agreement with Procter & Gamble					
Cost associated with issuance of equity securities					
Issuance of Common Stock in connection with exercise of stock options					
Conversion of Class A Stock to Common Stock					
Net loss, 1997		(11,578,865)			
Change in net unrealized gain (loss) on marketable securities			(186,958)		
Balance, December 31, 1997	($720,000)	($168,607,977)	$85,241	-	-

	Total Stockholders' Equity
Balance, December 31, 1994	$67,070,567
Issuance of Common Stock for cash of $300,000 and services to be rendered	300,000
Amortization of unearned compensation	360,000
Issuance of Common Stock in a public offering at $10.50 per share	24,150,000
Cost associated with issuance of equity securities	(1,895,961)
Issuance of Common Stock in connection with exercise of stock options	330,330
Conversion of Class A Stock to Common Stock	
Purchase of treasury stock	(5)
Net loss, 1995	(23,507,274)
Change in net unrealized gain (loss) on marketable securities	1,048,792
Balance, December 31, 1995	67,856,449
Issuance of Common Stock for settlement of an obligation	2,000,000
Amortization of unearned compensation	360,000
Issuance of equity securities to Amgen	48,000,000
Issuance of equity securities to Medtronic	10,000,000
Amounts received in connection with the Stock Purchase Agreement with Procter & Gamble	10,000,000
Cost associated with issuance of equity securities	(205,025)
Issuance of Common Stock in connection with exercise of stock options	1,357,094
Conversion of Class A Stock to Common Stock	
Retirement of treasury stock	
Net loss, 1996	(32,423,778)
Change in net unrealized gain (loss) on marketable securities	(13,741)
Balance, December 31, 1996	106,930,999
Amortization of unearned compensation	360,000
Shares issued to Procter & Gamble in connection with the 1996 Stock Purchase Agreement	
Amounts received in connection with the Stock Purchase Agreement with Procter & Gamble	42,934,500
Cost associated with issuance of equity securities	(31,082)
Issuance of Common Stock in connection with exercise of stock options	468,280
Conversion of Class A Stock to Common Stock	
Net loss, 1997	(11,578,865)
Change in net unrealized gain (loss) on marketable securities	(186,958)
Balance, December 31, 1997	$138,896,874

The accompanying notes are an integral part of the financial statements.

REGENERON PHARMACEUTICALS, INC.
STATEMENTS OF CASH FLOWS
for the years ended December 31, 1997, 1996, and 1995
Increase (Decrease) in Cash and Cash Equivalents

	1997	1996	1995
Cash flows from operating activities			
Net loss	($ 11,578,865)	($ 32,423,778)	($ 23,507,274)
Adjustments to reconcile net loss to net cash used in operating activities			
Loss in Amgen-Regeneron Partners	3,402,900	14,250,239	13,804,777
Depreciation and amortization	4,389,113	6,083,845	5,905,791
Amortization of lease incentive			(50,300)
Stock issued in consideration for services rendered	360,000	360,000	360,000
Changes in assets and liabilities			
Increase in amounts due from The Procter & Gamble Company	(2,402,500)		
Increase in amounts due from Sumitomo Pharmaceuticals Co., Ltd.	(42,523)	(323,393)	(1,749,062)
Decrease (increase) in amounts due from Merck & Co., Inc.	109,177	(1,544,426)	(271,630)
Decrease in amounts due from Amgen-Regeneron Partners	89,769	222,721	324,664
Increase in investment in Amgen-Regeneron Partners	(2,562,001)	(14,182,000)	(13,422,000)
Decrease in prepaid expenses and other assets	34,598	356,353	26,182
Increase in deferred revenue	1,603,590	7,286,992	842,288
Increase (decrease) in accounts payable, accrued expenses, and other liabilities	518,449	(368,427)	(502,203)
Total adjustments	5,500,572	12,141,904	5,268,507
Net cash used in operating activities	(6,078,293)	(20,281,874)	(18,238,767)
Cash flows from investing activities			
Purchases of marketable securities	(112,611,029)	(74,606,782)	(28,084,233)
Sales of marketable securities	75,857,604	38,926,319	38,816,383
Capital expenditures	(2,145,569)	(8,622,133)	(3,342,040)
Net cash (used in) provided by investing activities	(38,898,994)	(44,302,596)	7,390,110
Cash flows from financing activities			
Net proceeds from the issuance of stock	43,371,698	69,963,916	23,222,522
Principal payments on note payable	(77,683)	(83,444)	(90,790)
Capital lease payments	(3,870,422)	(3,556,968)	(3,192,958)
Purchase of treasury stock			(5)
Net cash provided by financing activities	39,423,593	66,323,504	19,938,769
Net (decrease) increase in cash and cash equivalents	(5,553,694)	1,739,034	9,090,112
Cash and cash equivalents at beginning of period	34,475,060	32,736,026	23,645,914
Cash and cash equivalents at end of period	$ 28,921,366	$ 34,475,060	$ 32,736,026
Supplemental disclosure of cash flow information			
Cash paid for interest	$ 675,640	$ 859,572	$ 1,101,383

The accompanying notes are an integral part of the financial statements.

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REGENERON PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS
for the years ended December 31, 1997, 1996, and 1995

1. Organization and Business

Regeneron Pharmaceuticals, Inc. (the "Company" or "Regeneron") was

incorporated in January 1988 in the State of New York. The Company is engaged in research and development programs to discover and commercialize therapeutics to treat human disorders and conditions. The Company's facilities are located in New York. The Company's business is subject to certain risks including, but not limited to uncertainties relating to conducting pharmaceutical research, obtaining regulatory approvals, commercializing products, and obtaining and enforcing patents.

2. Summary of Significant Accounting Policies

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. Expenditures for maintenance and repairs which do not materially extend the useful lives of the assets are charged to expense as incurred. The cost and accumulated depreciation or amortization of assets retired or sold are removed from the respective accounts, and any gain or loss is recognized in operations. The estimated useful lives of property, plant, and equipment are as follows:

Building and improvements	30 years
Leasehold improvements	Life of lease
Laboratory and computer equipment	3-5 years
Furniture and fixtures	5 years

Cash and Cash Equivalents

For purposes of the statement of cash flows and the balance sheet, the Company considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Revenue Recognition

Revenue from contract research and development and contract manufacturing is recognized as the related services are performed by the Company, provided the collection of the resulting receivable is probable. In situations where the Company receives payments in advance of the performance of services, such amounts are deferred and recognized as revenue as the related services are performed. Interest income, which is included in investment income, is recognized as earned. Research progress payments are received from collaborators upon the Company's achievement of defined milestones. Such payments are recognized as revenue when the milestone has been achieved and there are no additional services to be provided or costs to be incurred by the Company.

Net Loss Per Share

For the year ended December 31, 1997, the Company adopted Statement of Financial Accounting Standards No. 128, Earnings per Share ("SFAS No. 128"). As required by SFAS No. 128, the prior years' loss per share data have been restated to conform to the provisions of SFAS No. 128; however, the impact of the restatement was not material.

Net loss per share, basic and diluted, is computed on the basis of the net loss for the period divided by the weighted average number of shares of Common Stock and Class A Stock outstanding during the period. The diluted net loss per share for all periods presented excludes the number of shares issuable upon exercise of outstanding stock options and warrants since such inclusion would be anti-dilutive. Disclosures required by the SFAS No. 128 have been included in Note 14.

Income Taxes

The Company recognizes deferred tax liabilities and assets for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax liabilities and assets are determined on the basis of the difference between the tax basis of assets and liabilities and their respective financial reporting amounts ("temporary differences") at enacted tax rates in effect for the years in which the differences are expected to reverse.

Concentrations of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash, cash equivalents, marketable securities, and receivables from The Procter & Gamble Company, Amgen-Regeneron

Partners, Sumitomo Pharmaceuticals Company, Ltd., and Merck & Co., Inc. The Company generally invests its excess cash in

obligations of the U.S. government and its agencies, bank deposits, and investment grade debt securities issued by corporations, governments, and financial institutions. The Company has established guidelines that relate to credit quality, diversification, and maturity and that limit exposure to any one issue of securities.

Risks and Uncertainties

The Company has had no product sales and there is no assurance that the Company's research and development efforts will be successful, that the Company will ever have commercially approved products, or that the Company will achieve significant sales of any such products. The Company has incurred net losses and negative cash flows from operations since its inception, and revenues to date have been limited to payments for research from four collaborators and for contract manufacturing from one pharmaceutical company and investment income (see Notes 8 and 9). In addition, the Company operates in an environment of rapid change in technology and is dependent upon the

services of its employees, consultants, and collaborators.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Stock-based Employee Compensation

The accompanying financial position and results of operations of the Company have been prepared in accordance with APB Opinion No. 25, Accounting for Stock Issued to Employees ("APB No. 25"). Under APB No. 25, generally, no compensation expense is recognized in the accompanying financial statements in connection with the awarding of stock option grants to employees provided that, as of the grant date, all terms associated with the award are fixed and the quoted market price of the Company's stock, as of the grant date, is equal to or less than the amount an employee must pay to acquire the stock as defined.

Disclosures required by Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation ("SFAS No. 123"), including pro forma operating results had the Company prepared its financial statements in accordance with the fair value based method of accounting for stock-based compensation, have been included in Note 10.

Impact of the Adoption of Recently Issued Accounting Standards

The Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income ("SFAS No. 130") in June 1997. Comprehensive income represents the change in net assets of a business enterprise as a result of nonowner transactions. Management does not believe that the future adoption of SFAS No. 130 will have a material effect on the Company's financial position and results of operations. The Company will adopt SFAS No. 130 for the year ending December 31, 1998.

Also in June, 1997 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information ("SFAS No. 131"). SFAS No. 131 requires that a business enterprise report certain information about operating segments, products and services, geographic areas of operation, and major customers. The Company is required to adopt this standard for the year ending December 31, 1998 and is currently evaluating the impact of the standard.

In February 1998, the FASB issued Financial Accounting Standard No. 132, Employers' Disclosures about Pensions and Other Postretirement Benefits. This statement modifies financial statement disclosures related to pension and other postretirement plans, and will not have an effect on the Company's financial position or results of operations, and is effective for periods beginning after December 15, 1997.

Statement of Cash Flows

Supplemental disclosure of noncash investing and financing activities:

Capital lease obligations of approximately $0.8 million, $2.9 million, and $0.4 million were incurred when the Company acquired new equipment in 1997, 1996, and 1995, respectively.

During January 1995, the Company issued 600,000 restricted shares of Common Stock ("Restricted Shares"), in consideration for $0.3 million and services to be rendered, in connection with an agreement with the Chairman of the Board of Directors. The difference between the fair market value of the Common Stock on the date the agreement was signed and the purchase price of the Restricted Shares was $1.8 million which the Company is recognizing as compensation expense on a pro rata basis over five years as the restriction on the Restricted Shares lapses.

Included in accounts payable and accrued expenses at December 31, 1997 and 1996 were approximately $0.6 million and $0.8 million of capital expenditures, respectively. Included in accounts payable and accrued expenses at December 31, 1995 were $1.1 million of capital expenditures and $0.3 million of costs incurred in connection with the Company's sale of Common Stock.

Reclassifications

Certain reclassifications have been made to the financial statements for 1996 and 1995 to conform with the current year's presentation.

3. Marketable Securities

The Company considers its marketable securities to be "available-for-sale," as defined by Statement of Financial Accounting Standards No. 115, Accounting for Certain Investments in Debt and Equity Securities, and, accordingly, unrealized holding gains and losses are excluded from operations and reported as a net amount in a separate component of stockholders' equity.

The following tables summarize the amortized cost basis of marketable securities, the aggregate fair value of marketable securities, and gross unrealized holding gains and losses at December 31, 1997 and 1996:

At December 31, 1997	Amortized Cost Basis	Fair Value	Unrealized Holding Gains	Unrealized Holding (Losses)	Unrealized Holding Net
Maturities within one year					
Corporate debt securities	$52,471,211	$52,503,692	$ 34,402	$ (1,921)	$32,481
U.S. Government securities	11,096,794	11,097,812	4,812	(3,794)	1,018
	63,568,005	63,601,504	39,214	(5,715)	33,499
Maturities between one and three years					
Corporate debt securities	5,028,511	5,025,997	732	(3,246)	(2,514)
U.S. Government securities	30,437,416	30,491,672	67,305	(13,049)	54,256
	35,465,927	35,517,669	68,037	(16,295)	51,742
	$99,033,932	$99,119,173	$107,251	$(22,010)	$85,241
At December 31, 1996					
Maturities within one year					
Corporate debt securities	$7,120,080	$7,145,700	$ 28,363	$(2,743)	$25,620
U.S. Government securities	38,205,193	38,441,704	257,096	(20,585)	236,511
	45,325,273	45,587,404	285,459	(23,328)	262,131
Maturities between one and three years					
Corporate debt securities	10,982,405	10,994,489	16,411	(4,327)	12,084
U.S. Government securities	5,972,829	5,970,813	26,253	(28,269)	(2,016)

16,955,234	16,965,302	42,664	(32,596)	10,068
$62,280,507	$62,552,706	$328,123	$(55,924)	$272,199

Realized gains and losses are included as a component of investment income. For the years ended December 31, 1997, 1996, and 1995, gross realized gains and losses were not significant. In computing realized gains and losses, the Company computes the cost of its investments on a specific identification basis. Such cost includes the direct costs to acquire the securities, adjusted for the amortization of any discount or premium. The fair value of marketable securities has been estimated based on quoted market prices.

4. Property, Plant, and Equipment

Property, plant, and equipment as of December 31, 1997 and 1996 consist of the following:

	1997	1996
Land	$ 474,501	$ 474,501
Building and improvements	22,744,414	22,573,914
Leasehold improvements	6,179,722	6,165,487
Construction in progress	7,679,226	6,131,873
Laboratory equipment	17,779,017	17,248,902
Furniture, fixtures, and computer equipment	1,448,685	906,948
	56,305,565	53,501,625
Less, accumulated depreciation and amortization	(23,592,895)	(19,203,782)
	$32,712,670	$34,297,843

Depreciation and amortization expense on property, plant, and equipment amounted to approximately $4.4 million, $4.8 million, and $4.6 million, for the years ended December 31, 1997, 1996, and 1995, respectively.

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of December 31, 1997 and 1996 consist of the following:

	1997	1996
Accounts payable	$ 2,947,143	$ 2,178,308
Accrued payroll and related costs	653,574	1,047,812
Accrued clinical trial expense	319,500	319,500
Accrued expenses, other	392,456	389,062
Deferred compensation	350,288	422,463
	$ 4,662,961	$ 4,357,145

6. Stockholders' Equity

The Company's Amended Certificate of Incorporation (the "Amendments") provides for the issuance of up to 40 million shares of Class A Stock, par value $0.001 per share, and 60 million shares of Common Stock, par value $0.001 per share. Each share of Class A Stock is convertible, at any time, at

the option of the holder into shares of Common Stock on a share-for-share basis and holders of Class A Stock have rights and privileges identical to Common Stockholders except that Class A Stockholders are entitled to ten votes per share while Common Stockholders are entitled to one vote per share. Class A Stock may only be transferred to specified Permitted Transferees, as defined. The Amendments also provide for the Company's Board of Directors (the "Board") to issue preferred stock, par value $.01 per share, authorized 30 million shares, in series, with rights, privileges, and qualifications of each series determined by the Board.

During January 1995, the Company entered into an agreement with the Chairman of the Board. As partial consideration for services to be rendered, the agreement provided for the Company to sell the Chairman 600,000 restricted shares of Common Stock ("Restricted Shares"), in consideration for $0.3 million, and to grant 285,000 stock options. The Restricted Shares are nontransferable with such restriction lapsing ratably over a five year period. In accordance with generally accepted accounting principles, the Company is recognizing compensation expense for the difference between the fair market value of the Common Stock on the date the agreement was signed and the purchase price of the Restricted Shares on a pro rata basis over five years as the restriction on the Restricted Shares lapses. The unamortized balance of unearned compensation at December 31, 1997 (approximately $0.7 million) has been included as a reduction to stockholders' equity. For the years ended December 31, 1997, 1996, and 1995, the Company recognized compensation expense of approximately $0.4 million in each year. The stock options, which have been issued under the Company's Amended and Restated 1990 Long-Term Incentive Plan, entitle the holder to purchase an equal number of shares of Common Stock at a per share price of $3.50, the fair market value of the Common Stock on the date of grant. The options vest over a five year period.

During September 1996, the Company announced that it adopted a Shareholder Rights Plan in which Rights were distributed as a dividend at the rate of one Right for each share of Common Stock and Class A Stock (collectively, "Stock") held by shareholders of record as of the close of business on October 18, 1996. Each Right initially entitles the registered holder to buy a unit ("Unit") consisting of one-one thousandth of a share of Series A Junior Participating Preferred Stock ("A Preferred Stock") at a purchase price of $120 per Unit (the "Purchase Price"). Initially the Rights were attached to all Stock certificates representing shares then outstanding, and no separate Rights certificate were distributed. The Rights will separate from the Stock and a "distribution date" will occur upon the earlier of (i) ten days after a public announcement that a person or group of affiliated or associated persons, excluding certain defined persons, (an "Acquiring Person") has acquired, or has obtained the right to acquire, beneficial ownership of 20% or more of the outstanding shares of Stock or (ii) ten business days following the commencement of a tender offer or exchange offer that would result in a person or group beneficially owning 20% or more of such outstanding shares of Stock. The Rights are not exercisable unless a distribution date occurs and will expire at the close of business on October 18, 2006 unless earlier redeemed by the Company, subject to certain defined restrictions, for $.01 per Right. In the event that an Acquiring Person becomes the beneficial owner of 20% or more of the then outstanding shares of Stock (unless such acquisition is made pursuant to a tender or exchange offer for all outstanding shares of the Company, at a price determined by a majority of the independent directors of the Company who are not representatives, nominees, affiliates, associates of an Acquiring Person to be fair and

otherwise in the best interest of the Company and its shareholders after receiving advice from one or more investment banking firms), each Right will entitle the holder to purchase, at the Right's then current exercise price, common shares (or, in certain circumstances, cash, property or other securities of the Company) having a value twice the Right's Exercise Price. The Right's Exercise Price is the Purchase Price times the number of shares of Common Stock associated with each Right (initially, one). Upon the occurrence of any such events, the Rights held by an Acquiring Person become null and void. In certain circumstances, a Right entitles the holder to receive, upon exercise, shares of common stock of an acquiring company having a value equal

to two times the Right's Exercise Price.

As a result of the Shareholder Rights Plan, the Company's Board designated 100,000 shares of preferred stock as A Preferred Stock. The A Preferred Stock has certain preferences, as defined.

In November 1996, the Company's Board authorized the retirement of 17,073 shares of Class A Stock which had been held as treasury shares. The retired shares have the status of authorized but unissued stock and retain the classification of Class A Stock.

7. Commitments and Contingencies

a. Operating Leases

The Company leases laboratory and office space under an operating lease agreement. In 1997, the Company extended the lease agreement for a five-year period commencing in July 1998. The lease, as amended, provides for base rent plus additional rental charges for utilities, increases in taxes and operating expenses, as defined. The Company has a renewal option to extend the lease for an additional five years.

The Company leases certain laboratory and office equipment under operating leases which expire at various times through 2000. Operating leases entered into with one lessor contain a negative covenant agreement which requires, among other things, that the Company maintain certain levels of minimum cash, net worth, and other financial ratios, as defined.

At December 31, 1997, the future minimum noncancelable lease commitments under operating leases were as follows:

December 31,	Laboratory and Office Space	Equipment	Total
1998	$2,697,900	$157,200	$2,855,100
1999	2,697,900	59,800	2,757,700
2000	2,857,000	52,200	2,909,200
2001	2,936,500	0	2,936,500
2002	2,936,500	0	2,936,500
Thereafter	1,468,200	0	1,468,200
	$15,594,000	$269,200	$15,863,200

Rent expense under operating leases was:

Year Ending December 31,	Laboratory and Office Space	Equipment	Total
1997	$2,711,250	$459,027	$3,170,277
1996	2,738,226	669,300	3,407,526
1995	2,715,294	921,269	3,636,563

b. Capital Leases

The Company leases equipment under noncancelable capital leases. Lease terms range from four to five years after which the Company is required to purchase the equipment at amounts defined by the agreements, or the leases will automatically be extended for one additional year at defined monthly payments. The leases, as amended, have various financial covenants which include minimum levels of liquid assets (as defined) of $30.0 million and tangible net worth (as defined) of $35.0 million.

The Company has a leasing facility (the "Lease Line") which is available to finance equipment acquisitions and certain building improvements, as defined, (collectively, the "Equipment"). The Company may utilize the Lease

Line in increments. Lease terms are for four years after which the Company is required to purchase the Equipment at defined amounts. Certain of the leases will be renewed for eight months at defined monthly payments after which the Company will own the Equipment. At December 1997, the Company had available approximately $0.3 million of the Lease Line.

As of December 31, 1997, minimum rental payments under all capital leases, including payments to acquire leased equipment, were as follows:

Year Ending December 31,	Minimum Rental Payments
1998	$ 2,060,145
1999	1,102,212
2000	1,064,354
2001	146,643
	4,373,354
Less, amounts representing interest	(526,232)
Present value of net minimum capital lease payments	$ 3,847,122

Leased equipment and building improvements in property, plant, and equipment was approximately $18.3 million and $17.5 million at December 31, 1997 and 1996, respectively; related accumulated depreciation was approximately $14.7 million and $12.0 million for the same respective periods.

c. Note Payable

The Company borrowed $2.0 million from the New York State Urban Development Corporation ("NYS UDC"). The terms of the note provide for monthly payments of principal and interest through December 2014. Outstanding borrowings accrue interest at an effective interest rate of approximately 6.3%. The note is collateralized by a first mortgage on the Company's land, building, and improvements in Rensselaer, New York (book value at December 31, 1997 was approximately $28.7 million). The note also has various financial covenants which include a minimum ratio of current assets over current liabilities, as defined, and a minimum level of tangible net worth, as defined, of $35.0 million. In addition, the Company is not permitted to declare or pay dividends to its stockholders. The provisions of the note require the Company to meet certain defined levels of employment; otherwise, the interest rate on outstanding borrowings will increase to 2.0% above the prime rate (as defined) until the defined levels of employment are attained. As of January 1, 1997 and 1998, the Company had not met the defined levels of employment and, accordingly, the interest rate charged on outstanding borrowings was scheduled to increase to 2.0% above the prime rate effective March 1, 1997. However, the NYS UDC waived such increase for the fiscal year 1997. The Company has requested a waiver for 1998. The estimated fair value of the Company's note payable to the NYS UDC at December 31, 1997 was approximately $2.1 million. The fair value was estimated based on the current rate offered to the Company for debt with similar terms.

Principal payments under the note during each of the next five years, and thereafter, are as follows:

1998	$ 73,298
1999	70,128
2000	68,064
2001	67,042
2002	67,037
Thereafter	1,402,514
	$1,748,083

d. Research Collaboration and Licensing Agreements

As part of the Company's research and development efforts, the Company enters into research collaboration and licensing agreements ("Agreements") with related and unrelated scientific collaborators, universities, or consultants (collectively, the "Scientists"). These Agreements contain varying terms and provisions which include fees to be paid by the Company, services to be provided by the Scientists, and ownership rights to certain proprietary technology developed under the Agreements. Some of the Agreements contain provisions which require the Company to pay royalties to the Scientists, as defined, in the event the Company sells or licenses any proprietary products developed under the respective Agreements.

Certain Agreements, where the Company is required to pay fees, provide for the Company, upon 30 to 90-day written notice, to terminate such Agreements. During the three years ended December 31, 1997, the Company incurred expenses related to these Agreements of approximately $0.3 million, $0.5 million, and $0.5 million, respectively.

e. Deferred Compensation

The Company has entered into compensation agreements with certain employees and outside consultants. These agreements require the Company to make certain payments in the future, as defined by the respective agreements. The Company provides for such expenditures over the employment/service period. Such accrual amounted to approximately $0.4 million at both December 31, 1997 and 1996.

8. Collaboration Agreements

a. Amgen Inc.

In August 1990, the Company entered into a collaboration agreement (the "Amgen Agreement") with Amgen Inc. ("Amgen") to develop and attempt to commercialize two proprietary products (BDNF and NT-3, individually the "Product," collectively the "Products"). The Amgen Agreement, among other things, provides for Amgen to fund defined amounts ("Minimum Annual Funding") of development costs of the Products and for Amgen and the Company to form a partnership ("Amgen-Regeneron Partners" or the "Partnership") to complete the development and to commercialize the Products after a defined level of development has occurred. In June 1993, the Partnership commenced operations, with Amgen and the Company holding equal ownership interests (subject to adjustment for any future inequities in capital contributions, as defined). The Partnership is the exclusive distributor of Products in the United States, and Amgen has received a license from the Company to market the Products outside the United States and outside Japan and certain Pacific Rim countries. The Company accounts for its investment in the Partnership in accordance with the equity method of accounting. Since the Partnership's inception, the Company has contributed capital to the Partnership of approximately $45.2 million. In 1997, 1996, and 1995, the Company recognized its share of the Partnership net loss in the amounts of approximately $3.4 million, $14.3 million, and $13.8 million, respectively, which represents 50% of the total Partnership net loss, after first allocating certain defined amounts to Amgen ($2.5 million for 1995), as defined in the Partnership agreement. As of December 31, 1997, the Company continues to be an equal partner in the Partnership.

Payments from Amgen with respect to its Minimum Annual Funding obligation and from the Partnership in connection with services provided to the Partnership, are recognized as contract research and development revenue as earned. Such revenue for the years ended December 31, 1997, 1996, and 1995 totaled approximately $1.5 million, $5.8 million, and $7.8 million, respectively. Contract research and development payments received in advance are deferred and recognized as revenue when the related services are performed. In addition, the Amgen Agreement contains a provision whereby the Company will receive defined amounts ("Research Progress Payments") from Amgen when each Product reaches certain levels of development.

Selected financial data of the Partnership as of December 31, 1997 and 1996, and for the years ended December 31, 1997, 1996 and 1995, are as follows:

Balance Sheet Data

	1997	1996
Cash	$2,552,000	$14,640,000
Accounts payable and accrued expenses due to partners (1)	1,824,000	12,230,000
Partners' capital accounts		
Amgen	364,000	1,205,000
The Company	364,000	1,205,000

(1) Includes approximately $0.4 million due the Company at December 31, 1997 and 1996.

Statement of Operations Data

	1997	1996	1995
Total revenue	$310,000	$750,000	$387,000
Total expenses (2)	(7,116,000)	(29,250,000)	(30,497,000)
Net loss	($6,806,000)	($28,500,000)	($30,110,000)

(2) Includes approximately $1.5 million, $5.8 million, and $7.0 million related to services provided by the Company for the years ended December 31, 1997, 1996, and 1995, respectively.

During 1990, Amgen purchased 767,656 shares of Series D convertible preferred stock for $15.0 million. Such shares converted into 788,766 shares of Class A Stock in April 1991 at the time of the Company's initial public offering. During April 1996, Amgen purchased from the Company 3 million shares of Common Stock and 700,000 warrants for $48.0 million. The warrants have an exercise price of $16 per share, are fully exercisable, expire on April 15, 2001, and are subject to anti-dilution provisions, and other defined adjustments.

b. Sumitomo Pharmaceuticals Company, Ltd.

In June 1994, the Company entered into a research and development agreement with Sumitomo Pharmaceuticals Company, Ltd. ("Sumitomo Pharmaceuticals") to collaborate in the research and development of BDNF in Japan. Sumitomo Pharmaceuticals paid the Company $13.0 million in June 1994 and agreed to pay $3.0 million annually on each January 1 from 1995 to 1998 (inclusive) for research payments. The research payments from Sumitomo Pharmaceuticals are recognized as contract research and development revenue over a twelve month period. The Company recognized contract research and development revenue with respect to research payments of approximately $3.0 million, $3.0 million, and $8.4 million for the years ended December 31, 1997, 1996, and 1995, respectively. Research payments from Sumitomo Pharmaceuticals that are received in advance are deferred and recognized as revenue when the related services are performed. At December 31, 1997 and 1996, there were $3.0 million of such amounts. In addition, Sumitomo Pharmaceuticals reimburses the Company for its activities in developing manufacturing processes for BDNF and supplying BDNF and other research materials to Sumitomo Pharmaceuticals ("manufacturing payments"). Such manufacturing payments, which are included in contract research and development revenue, totaled approximately $7.6 million, $8.5 million, and $7.0 million in 1997, 1996, and 1995, respectively.

During 1989, Sumitomo Chemical Co., Ltd., an affiliate of Sumitomo Pharmaceuticals, entered into a stock purchase agreement whereby it purchased, for $4.4 million, 885,062 shares of Class C Preferred Stock. Such shares converted into 909,401 shares of Class A Stock in April 1991 at the time of the Company's initial public offering.

c. Glaxo Wellcome plc

During 1993, the Company entered into a collaborative research agreement with Glaxo Wellcome plc ("Glaxo"). Products that are developed by the joint efforts of Glaxo and the Company will be commercialized by one or more equally owned joint ventures. Glaxo also purchased 500,000 shares of the Company's Common Stock at a price of $20 per share.

d. Medtronic, Inc.

During June 1996, the Company and Medtronic, Inc. ("Medtronic") entered into a worldwide exclusive joint development agreement (the "Medtronic Agreement") to collaborate on research and development of therapeutics for central nervous system diseases and disorders using experimental Regeneron compounds and Medtronic delivery systems. The Medtronic Agreement, among other things, provides for the Company and Medtronic to fund development costs and supply amounts of drug and delivery systems, respectively. In addition, Medtronic is required to make payments to Regeneron if certain clinical milestones are achieved and the Company is required to pay royalties to Medtronic based upon net sales of any drug developed under the collaboration. The Medtronic Agreement may be terminated by written agreement of both parties, by either party if certain regulatory approvals have not been obtained within specified time periods, or by either party under certain other conditions.

In addition during June, 1996, Medtronic purchased from the Company 460,500 shares of Common Stock and 107,400 warrants for $10.0 million. The warrants have an exercise price of $21.72 per share, are fully

exercisable, expire on June 26, 2001, and are subject to anti-dilution provisions and other defined adjustments.

e. The Procter & Gamble Company

During December 1996, the Company entered into a collaboration agreement with Procter & Gamble Pharmaceuticals, Inc. ("P&G Pharmaceuticals") to jointly discover and develop therapeutics ("compound") for muscle diseases and disorders (the "1996 Agreement"). As part of the 1996 Agreement, P&G Pharmaceuticals agreed to provide, for a minimum of three years, minimum annual research funding to the Company of $3.75 million. At December 31, 1996, deferred revenue-current portion included $0.9 million of prepaid research funding. P&G Pharmaceuticals had the option to fund additional amounts and had the right to terminate the agreement after three years. As of December 31, 1997, there was no prepaid research funding. In the event that a compound is discovered and developed to certain defined levels (but not before the third anniversary of the agreement), P&G Pharmaceuticals and the Company had agreed to negotiate, in good faith, an agreement whereby they would jointly complete the development and commercialization of the compound. In addition, during December 1996, the Company and P&G Pharmaceuticals entered into a Stock Purchase Agreement whereby P&G Pharmaceuticals paid $10.0 million in December 1996 and in March 1997 received 800,000 shares of restricted Common Stock.

In May 1997, the Company entered into a ten-year multi-project collaboration agreement with The Procter & Gamble Company ("P&G") to discover, develop, and commercialize pharmaceutical products (the "P&G Agreement"), as well as a securities purchase agreement and other agreements. P&G agreed over the first five years of the various agreements to purchase up to $60.0 million in Regeneron equity and provide up to $94.7 million in support of Regeneron's research efforts related to the collaboration. In June 1997, P&G completed the purchase of 4.35 million shares of the Company's Common Stock at $9.87 per share for a total of $42.9 million and received five year warrants to purchase an additional 1.45 million shares of the Company's stock at $9.87 per share. The P&G Agreement expanded and superceded the 1996 Agreement.

During the second five years of the P&G Agreement, the companies will share all research costs equally. Clinical testing and commercialization expenses for jointly developed products will be shared equally throughout the ten years of the collaboration. P&G will have rights to the Company's current technology (other than certain neurotrophic factors and cytokines), which is expected to have application in cardiovascular, bone, muscle, arthritis, and other disease areas. P&G will also have rights to new technology developed by the Company as a result of the collaboration. The companies expect jointly to develop and market worldwide any products resulting from the collaboration and share equally in profits. Either company may terminate the P&G Agreement at the end of five years with at least one year prior notice or earlier in the event of default.

In September 1997, the Company and P&G amended the P&G Agreement to include AXOKINE(TM) second generation ciliary neurotrophic factor and related molecules, and agreed initially to develop AXOKINE to treat obesity associated

with Type II diabetes. P&G agreed to pay the Company as much as $15.0 million in additional funding, partly subject to achieving certain milestones related to AXOKINE. The Company received $2.5 million in September 1997 and an additional $2.5 million in December 1997 upon the achievement of defined milestones. Such amounts are included in research progress payments in 1997.

Contract research and development revenue related to the P&G Agreement was $5.2 million in 1997. At December 31, 1997, the P&G contract research revenue receivable was $2.4 million.

9. Manufacturing Agreement

During 1995, the Company entered into a long-term manufacturing agreement with Merck & Co., Inc. (the "Merck Agreement") to produce an intermediate (the "Intermediate") for a Merck pediatric vaccine at the Company's Rensselaer, New York facility. The Company agreed to modify portions of its facility for manufacture of the Intermediate and to assist Merck in securing regulatory approval for such manufacture in the Company's facility. Once the facility is able to produce Intermediate, the Merck Agreement calls for the Company to manufacture Intermediate for Merck for six years (the "Production Period"), with certain minimum order quantities each year. The Merck Agreement is expected to extend into 2004 and may be terminated at any time by Merck upon the payment by Merck of a termination fee.

Merck agreed to reimburse the Company for the capital costs to modify the facility ("Capital Costs") and for the cost of Company activities performed on behalf of Merck prior to the Production Period ("Internal Costs"). Merck also agreed to pay an annual facility fee (the "Facility Fee") of $1.0 million beginning March 1995, subject to annual adjustment for inflation. During the Production Period, Merck agreed to reimburse the Company for certain manufacturing costs and pay the Company a variable fee based on the quantity of Intermediate supplied to Merck. These payments are recognized as contract manufacturing revenue as follows: (i) payments for Internal Costs are recognized as the activities are performed, (ii) the Facility Fee is recognized over the period to which it relates, (iii) payments for Capital Costs are being deferred and will be recognized over the Production Period, and (iv) payments related to the manufacture of Intermediate during the Production Period will be recognized as Intermediate is accepted by Merck.

For the years ended December 31, 1997, 1996, and 1995, contract manufacturing revenue includes approximately $1.1 million, $1.0 million, and $0.8 million of Facility Fee, respectively, and $3.4 million, $1.4 million, and $0.3 million of Internal Costs, respectively. At December 31, 1997 and 1996, deferred revenue-current portion included $0.2 million of Facility Fee and deferred revenue-long-term portion included $14.8 million and $13.3 million of Capital Costs, respectively.

10. Incentive and Stock Purchase Plans

a. Long-Term Incentive Plan

During 1990, the Company established the Regeneron Pharmaceuticals, Inc. 1990 Long-Term Incentive Plan ("Incentive Plan"). The Incentive Plan, as amended, provides for a maximum of 5,400,000 shares of Common Stock for awards. Salaried employees who are officers or who are employed in an executive, administrative, or professional capacity, and nonemployees, including consultants and members of the Scientific Advisory Board or Board of Directors, may receive awards as determined by a committee of independent directors ("Committee"). Awards generally vest on a pro rata basis over a three or five year period and have a term of ten years. The awards under the Incentive Plan include: (a) Restricted Share Rights, (b) Incentive Stock Rights, (c) Stock Options, (d) Stock Appreciation Rights, and (e) Performance Unit Rights.

Restricted Share Rights ("RSR") are awards in which participants in

the Incentive Plan are awarded the right to purchase shares of Common Stock at a price determined by the Committee. Such shares are nontransferable for a period determined by the Committee ("vesting period") and, should employment terminate as defined by the Incentive Plan, the ownership of the shares will be transferred to the Company in consideration of amounts paid to acquire such shares. The holder of the RSR has the right to vote and receive dividends during the vesting period.

Incentive Stock Rights ("ISR") are awards in which participants are awarded by the Committee the right to receive shares of Common Stock, at no cost to the participant, in consideration of services performed subject to a vesting period as determined by the Committee. Holders of ISRs have the right to receive cash payments from the Company at the same time and in the same amounts as the holders of Common Stock.

Stock Options are awards in which participants receive the right to purchase shares of Common Stock at prices determined by the Committee. The options vest to the employees over a period of time determined by the Committee.

Stock Appreciation Rights ("SAR") may be issued by the Committee in connection with stock options and allow the option holder to receive Common Stock (or cash if the Board of Directors elects to do so) equal in value to the difference between the fair market value of the Common Stock at the exercise date and the stock option price. Should a participant exercise a SAR, an equivalent number of stock options will be canceled. SARs have a vesting period similar to that of stock options.

Performance Unit Rights are awards which the Committee may issue alone or grant in conjunction with related stock options. Such awards entitle the holder to receive common stock, cash, or a combination of both at no cost to the participant upon specific performance objectives being achieved and other conditions being met, as defined by the Incentive Plan.

The Incentive Plan contains provision for immediate vesting of awards upon a change in control of the Company, as defined.

The Company may incur charges to operations in connection with these awards.

Transactions involving stock option awards during 1995, 1996, and 1997 are summarized in the table below. Option exercise prices were equal to the market price of the Company's Common Stock on the date of grant. The total number of options exercisable at December 31, 1995, 1996, and 1997 was 635,233, 943,118, and 1,496,149, respectively, with weighted average exercise prices of $8.57, $7.45, and $7.37, respectively. As of December 31, 1997, shares available for future grants amounted to 1,397,849 .

		Number of Shares	Weighted Average Exercise Price
Stock options outstanding at December 31, 1994		2,009,673	$6.36
1995:	Stock options granted	852,744	$5.26
	Stock options canceled	(117,340)	$4.48
	Stock options exercised	(73,300)	$4.22
	Stock options outstanding at December 31, 1995	2,671,777	$6.15
1996:	Stock options granted	658,827	$13.14
	Stock options canceled	(198,643)	$11.17
	Stock options exercised	(210,094)	$6.46
	Stock options outstanding at December 31, 1996	2,921,867	$7.36
1997:	Stock options granted (1)	1,016,310	$10.65
	Stock options canceled (1)	(225,150)	$12.80
	Stock options exercised	(96,591)	$4.85
	Stock options outstanding at December 31, 1997	3,616,436	$8.00

(1) On February 1, 1997, certain Company employees who had previously been granted 110,550 stock options on January 1, 1997 under the Incentive Plan at an exercise price of $15.625 per share (the fair market value on the date of grant) received new grants which canceled their prior grants and awarded the same number of options on the same vesting schedule that governed their original grants at an exercise price of $9.50 per share (the fair market value on the date of the repricing). The repricing program was determined, in accordance with the terms of the Incentive Plan, by the Committee.

The following table summarizes stock option information as of December 31, 1997:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$3.00 to $4.25	1,407,277	6.6	$4.01	815,428	$4.06
$4.38 to $10.25	993,944	7.9	$8.06	232,652	$6.77
$10.38 to $15.50	1,118,083	7.7	$12.14	396,563	$13.20
$15.56 to $23.06	97,132	6.7	$17.66	51,506	$17.76
$3.00 to $23.06	3,616,436	7.3	$8.00	1,496,149	$7.37

The following table summarizes the pro forma operating results of the Company had compensation costs for the Incentive Plan been determined in accordance with the fair value based method of accounting for stock based compensation as prescribed by SFAS No. 123. Since option grants awarded during 1997, 1996, and 1995 vest over several years and

additional awards are expected to be issued in the future, the pro forma results shown below are not likely to be representative of the effects on future years of the application of the fair value based method.

	1997	1996	1995
Pro forma net loss	($15,637,837)	($35,368,272)	($24,700,788)
Pro forma net loss per share, basic and diluted	($0.54)	($1.40)	($1.22)

For the purpose of the above pro forma calculation, the fair value of each option granted from the Incentive Plan during 1997, 1996, and 1995 was estimated on the date of grant using the Black-Scholes option pricing model. The weighted-average fair value of the options granted during 1997, 1996, and 1995 was $7.84, $9.67, and $3.94, respectively. The following assumptions were used in computing the fair value of option grants during 1997, 1996, and 1995: expected volatility of 85%, expected lives of 3 years after vesting, and zero dividend yield for 1997, 1996 and 1995; risk-free interest rates of 5.79%-6.47% in 1997, 5.46%-6.92% in 1996, and 5.53%-7.15% in 1995.

b. Executive Stock Purchase Plan

In 1989, the Company adopted an Executive Stock Purchase Plan (the "Plan") under which 1,027,500 shares of Class A Stock were reserved for restricted stock awards. The Plan provides for the compensation committee of the Board of Directors to award employees, directors, consultants, and other individuals ("Plan participants") who render service to the Company the right

to purchase Class A Stock at a price set by the compensation committee. The Plan provides for the vesting of shares as determined by the compensation committee and, should the Company's relationship with a Plan participant terminate before all shares are vested, unvested shares will be repurchased by the Company at a price per share equal to the original amount paid by the Plan participant. During 1989 and 1990, a total of 983,254 shares were issued and as of December 31, 1997, there were 44,246 shares available for future grants under the Plan.

11. Employee Savings Plan

The Company, during 1993, adopted the provisions of the Regeneron Pharmaceuticals, Inc. 401(k) Savings Plan (the "Savings Plan"). The terms of the Savings Plan provide for employees who have met defined service requirements to participate in the Savings Plan by electing to contribute to the Savings Plan a percentage of their compensation to be set aside to pay their future retirement benefits, as defined. The Savings Plan provides for the Company to make discretionary contributions, as defined. To date, the Company has made no contributions to the Savings Plan.

12. Income Taxes

There is no provision (benefit) for federal or state income taxes, since the Company has incurred operating losses since inception and has established a valuation allowance equal to the total deferred tax asset.

The tax effect of temporary differences, net operating loss carry-forwards, and research and experimental tax credit carry-forwards as of December 31, 1997 and 1996 was as follows:

	1997	1996
Deferred tax assets		
Net operating loss carry-forward	$60,209,000	$53,390,000
Fixed assets	1,848,000	2,261,000
Deferred revenue	6,195,000	7,957,000
Research and experimental tax credit carry-forward	4,800,000	4,501,000
Other	1,268,000	1,265,000
Valuation allowance	(74,320,000)	(69,374,000)

As of December 31, 1997, the Company had available for tax purposes unused net operating loss carry-forwards of approximately $145.4 million which will expire in various years from 2003 to 2012. The Company's research and experimental tax credit carry-forwards expire in various years from 2003 to 2012.

13. Litigation

In 1995, the Company settled a securities class action lawsuit against the Company and two individuals. As part of the settlement, the Company issued 153,017 shares of the Company's Common Stock in January 1996. The total cost to the Company of the settlement, before legal expenses and after reimbursement from the Company's insurance providers, was approximately $0.9 million.

The Company, from time to time, has been subject to legal claims arising in connection with its business. While the ultimate results of the claims cannot be predicted with certainty, at December 31, 1997, there were no asserted claims against the Company which, in the opinion of management, if adversely decided, would have a material adverse effect on the Company's

financial position and results of operations.

14. Net Loss Per Share

The Company's basic net loss per share amounts have been computed by dividing net loss by the weighted average number of Common and Class A shares outstanding. For the years ended December 31, 1997, 1996, and 1995, the Company reported net losses and, therefore, no common stock equivalents were included in the computation of diluted net loss per share since such inclusion would have been antidilutive. The calculations of basic and diluted loss per share are as follows:

	Net Loss (Numerator)	Shares (Denominator)	Per Share Amount
1997:			
Basic and Diluted	($11,578,865)	28,702,075	($0.40)
1996:			
Basic and Diluted	($32,423,778)	24,463,516	($1.33)
1995:			
Basic and Diluted	($23,507,274)	19,768,466	($1.19)

Options and warrants which have been excluded from the diluted per share

amounts because their effect would have been antidilutive include the following:

	1997		1996		1995	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Options and warrants with exercise prices below the average fair market value of the Company's Common Stock for the respective year	3,737,724	$7.17	3,531,585	$8.78	2,158,764	$4.47
Options and warrants with exercise prices above the average fair market value of the Company's Common Stock for the respective year	2,136,112	$14.04	203,682	$19.85	513,013	$13.13
	5,873,836		3,735,267		2,671,777	

AMGEN-REGENERON PARTNERS

FINANCIAL STATEMENTS

Year ended December 31, 1997
with
Report of Independent Auditors

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

The Partners
Amgen-Regeneron Partners

We have audited the accompanying balance sheets of Amgen-Regeneron Partners, a Delaware general partnership, as of December 31, 1997 and 1996, and the related statements of operations, changes in partners' capital, and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amgen-Regeneron Partners at December 31, 1997 and 1996, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Los Angeles, California
February 10, 1998

AMGEN-REGENERON PARTNERS

BALANCE SHEETS

December 31, 1997 and 1996

(In thousands)

	1997	1996
ASSETS		
Total current assets - cash and cash equivalents	$2,552	$14,640
LIABILITIES AND PARTNERS' CAPITAL		
Total current liabilities - accounts payable and accrued expenses due to partners	$1,824	$12,230
Partners' capital:		

Capital Accounts A:		
Amgen	364	1,205
Regeneron	364	1,205
Capital Account B - Amgen	-	-
Total partners' capital	728	2,410
Total liabilities and partners' capital	$2,552	$14,640

See accompanying notes.

AMGEN-REGENERON PARTNERS

STATEMENTS OF OPERATIONS

Years ended December 31, 1997, 1996 and 1995

(In thousands)

	1997	1996	1995
Revenues:			
Interest income	$ 310	$ 750	$ 387
Total revenues	310	750	387
Expenses:			
Research and development performed by partners	7,078	29,069	30,363
General and administrative	38	181	134
Total expenses	7,116	29,250	30,497
Net loss	$(6,806)	$(28,500)	$(30,110)

See accompanying notes.

AMGEN-REGENERON PARTNERS

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

Years ended December 31, 1997, 1996 and 1995

(In thousands)

	Amgen Capital		Regeneron Capital
	Account A	Account B	Account A

Balance at December 31, 1994.....	$ 1,656	$ -	$ 1,656
Capital contributions.....	13,422	2,500	13,422
Net loss	(13,805)	(2,500)	(13,805)
Balance at December 31, 1995.....	1,273	-	1,273
Capital contributions.....	14,182	-	14,182
Net loss	(14,250)	-	(14,250)
Balance at December 31, 1996.....	1,205	-	1,205
Capital contributions.....	2,562	-	2,562
Net loss	(3,403)	-	(3,403)
Balance at December 31, 1997.....	$ 364	$ -	$ 364

See accompanying notes.

AMGEN-REGENERON PARTNERS

STATEMENTS OF CASH FLOWS

Years ended December 31, 1997, 1996 and 1995

(In thousands)

	1997	1996	1995
Cash flows from operating activities:			
Net loss	$ (6,806)	$(28,500)	$(30,110)
(Decrease) increase in accounts payable and accrued expenses.....	(10,406)	(2,722)	7,895
Net cash used in operating activities.....	(17,212)	(31,222)	(22,215)
Cash flows from financing activities - capital contributions	5,124	28,364	29,344
(Decrease) increase in cash and cash equivalents.....	(12,088)	(2,858)	7,129
Cash and cash equivalents at beginning of period.....	14,640	17,498	10,369
Cash and cash equivalents at end of period.....	$ 2,552	$ 14,640	$ 17,498

See accompanying notes.

1. Summary of significant accounting policies

Business and organization

Amgen-Regeneron Partners (the "Partnership"), a general partnership, was formed on June 21, 1991, under the laws of the State of Delaware between Amgen Inc. ("Amgen") and Regeneron Pharmaceuticals, Inc. ("Regeneron"). The Partnership was formed to develop and commercialize in the United States BDNF and NT-3 ("Products") for human pharmaceutical use, in conformity with a Collaboration Agreement (Note 3).

In January 1997, Amgen and Regeneron announced the Phase 3 clinical trial of BDNF did not demonstrate clinical efficacy in patients with amyotrophic lateral sclerosis ("ALS"), commonly known as Lou Gehrig's Disease. The trial was designed to evaluate the effects of subcutaneous delivery of BDNF for ALS. On behalf of the Partnership, Amgen and Regeneron continue to investigate intrathecal and subcutaneous delivery of BDNF for ALS.

Under the Collaboration Agreement, Amgen will be primarily responsible for the manufacture and commercialization of the Products in the United States if successfully developed by the Partnership. Amgen's costs in connection with such activities will be reimbursed at agreed to rates. Unless terminated earlier, the Partnership will continue in effect, with respect to each Product, until the later of the expiration of the last United States patent of each Product or fifteen years from the date on which each Product was approved for sale in the United States.

A Joint Management Committee (the "Committee") is responsible for the overall management of the business and affairs of the Partnership as well as activities performed under the Collaboration Agreement. Each partner has appointed three representatives to the Committee. One additional representative may be appointed by a partner if the balance of their Capital Account A becomes more than twice the amount of the balance of the other partner's Capital Account A (Note 2).

Cash equivalents

The Partnership considers only those investments which are highly liquid, readily convertible to cash and which mature within three months of the date of purchase as cash equivalents. At December 31, 1997 and 1996, cash and cash equivalents consisted of a single interest bearing money market account.

Research and development

Research and development costs are expensed as incurred.

Income taxes

The Partnership's financial statements do not include a provision (credit) for income taxes. Income taxes, if any, are the liability of the individual partners.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Capital contributions, allocation of profits and losses and cash distributions

Capital contributions are recorded in the Capital Account A of each partner, except for contributions related to the product development funding obligation discussed below. Capital Account A contributions are generally made quarterly in advance based upon capital calls made by the Committee pursuant to projected cash requirements of the Partnership. Cash distributions and

profits or losses, except for that portion due to expenses related to the product development funding obligation, are allocated to each partner in proportion to their respective Capital Account A contributions.

Prior to 1996, pursuant to Amgen's product development funding obligation to Regeneron under the Collaboration Agreement (Note 3), Amgen made stated quarterly cash contributions to the Partnership which were credited to Amgen's Capital Account B. Such funds were then used to satisfy the Partnership's obligation to Regeneron for performing specified research and development activities on behalf of the Partnership. The expenses related to such activities were allocated to Amgen's Capital Account B.

3. Collaboration Agreement

In August 1990, Amgen and Regeneron entered into a Collaboration Agreement to develop and commercialize BDNF and NT-3, compounds for which Regeneron possesses substantial scientific, technical and proprietary information. Each party has agreed to perform research and development on the Products under product development programs approved by the Committee. Upon Amgen's notification in writing to Regeneron that the preparation of an Investigational New Drug Application for each Product should commence, the licenses granted by the partners to the Partnership for the underlying technologies, discussed below, became effective on a Product-by-Product basis. Also, upon such notification, further research and development of the Products under the licenses became the obligation of the Partnership. These licenses grant the Partnership an exclusive, royalty-free right to develop, make, have made, use, sell and distribute each Product for human pharmaceutical use in

the United States. The Partnership has, in turn, granted to Amgen and Regeneron exclusive, royalty-free sublicenses for the underlying technologies to the extent necessary to fulfill their obligations under the Collaboration Agreement. These sublicenses became effective at the same time the related licenses granted the Partnership became effective.

Pursuant to the terms of the Collaboration Agreement, Amgen and Regeneron conduct certain research and development activities on behalf of the Partnership, including contracting with third parties to conduct clinical trials. Amgen also provides on behalf of the Partnership certain quantities of materials, primarily for clinical testing. Amgen and Regeneron are paid for such services and materials at amounts approved by the Committee. During the years ended December 31, 1997, 1996 and 1995, the Partnership incurred expenses (including accrued expenses) of $5,561,000, $23,191,000 and $23,392,000, respectively, from Amgen and $1,517,000, $5,878,000 and $4,471,000, respectively, from Regeneron for such services and materials. These amounts are included in research and development expense in the accompanying statements of operations. In addition, certain other costs associated with the development of the Products have been incurred by the partners but not charged to the Partnership or reflected in the accompanying financial statements. At December 31, 1997, accounts payable and accrued expenses due to partners was composed of $616,000 of accounts payable and $851,000 of accrued clinical costs due to Amgen and $357,000 of accounts payable due to Regeneron. At December 31, 1996, accounts payable and accrued expenses due to partners was composed of $7,307,000 of accounts payable and $4,451,000 of accrued clinical costs due to Amgen and $472,000 of accounts payable due to Regeneron.

The Collaboration Agreement obligated Amgen to fund a portion of the product development costs incurred by Regeneron at specified rates. This funding obligation of $2,500,000 per year for each Product terminated in August 1995. Payments were due quarterly in advance. The related amounts for each Product were paid by Amgen directly to Regeneron until the licenses with respect to the Products became effective. Thereafter, Amgen contributed such amounts to the Partnership, and the Partnership remitted the amounts to Regeneron in consideration of certain research and development activities performed by Regeneron on behalf of the Partnership. Research and development expense for the year ended December 31, 1995 included $2,500,000 of costs incurred under this funding obligation.

EXHIBIT INDEX

Exhibit Number	Description
3.1 (a)	- Restated Certificate of Incorporation of Regeneron Pharmaceuticals, Inc. as at June 21, 1991.
3.2	- By-Laws of the Company, currently in effect (amended as of January 22, 1995).
10.1 (b)*	- Technology Development Agreement dated as of March 20, 1989, between the Company and Sumitomo Chemical Company, Limited.
10.2 (b)*	- Neurotrophic Factor Agreement (License Agreement) dated as of May 10, 1988, between the Company and Max Planck Institute fur Psychiatrie.
10.3 (b)*	- Collaboration Agreement dated August 31, 1990, between the Company and Amgen Inc.
10.4 (b)	- 1990 Amended and Restated Long-Term Incentive Plan.
10.5 (c)*	- License Agreement dated as of October 7, 1992, between the Company and The Regents of the University of California.
10.6 (d)*	- Collaboration Agreement dated as of July 22, 1993, between the Company and Glaxo Group Limited.
10.7 (e)*	- Research and Development Agreement dated as of June 2, 1994, between the Company and Sumitomo Pharmaceuticals Company, Ltd.
10.8 (f)*	- Manufacturing Agreement dated as of September 18, 1995, between the Company and Merck & Co., Inc.
10.9 (g)	- Stock and Warrant Purchase Agreement dated as of April 15, 1996, between the Company and Amgen Inc.
10.10(g)	- Warrant Agreement dated as of April 15, 1996, between the Company and Amgen Inc.
10.11(g)	- Registration Rights Agreement dated as of April 15, 1996, between the Company and Amgen Inc.
10.12(g)	- Stock and Warrant Purchase Agreement dated as of June 27, 1996, between the Company and Medtronic, Inc.
10.13(g)	- Warrant Agreement dated as of June 27, 1996, between the Company and Medtronic, Inc.
10.14(g)	- Registration Rights Agreement dated as of June 27, 1996, between the Company and Medtronic, Inc.
10.15(g)	- Assignment and Assumption Agreement dated as of June 27, 1996, between the Company and Medtronic, Inc.
10.16(h)	- Certificate of Amendment of the Restated Certificate of Incorporation of Regeneron Pharmaceuticals, Inc., as at October 18, 1996.
10.17(i)	- Rights Agreement, dated as of September 20, 1996, between Regeneron Pharmaceuticals, Inc. and ChaseMellon Shareholder Services L.L.C., as Rights Agent, including the form of Rights Certificate as Exhibit B thereto.
10.18(j)	- Stock Purchase Agreement dated as of December 11, 1996, between the Company and Procter & Gamble Pharmaceuticals, Inc.

10.19(j) - Registration Rights Agreement dated as of December 11, 1996, between the Company and Procter & Gamble Pharmaceuticals, Inc.

10.20(k) - Securities Purchase Agreement dated as of May 13, 1997, between the Company and The Procter & Gamble Company.

10.21(k) - Warrant Agreement dated as of May 13, 1997, between the Company and The Procter & Gamble Company.

10.22(k) - Registration Rights Agreement dated as of May 13, 1997, between the Company and The Procter & Gamble Company.

10.23(k)* - Multi-Project Collaboration Agreement dates as of May 13, 1997, between the Company and The Procter & Gamble Company.

10.24(l)* - First Amendment to the Multi-Project Collaboration Agreement dated May 13, 1997 between the Company and The Procter & Gamble Company, dated as of September 29, 1997.

10.25 - Employment Agreement, dated as of February 12, 1997 between the Company and Leonard S. Schleifer, M.D., Ph.D.

23.1 - Consent of Coopers & Lybrand L.L.P.

23.2 - Consent of Ernst & Young LLP, Independent Auditors.

24 - Power of Attorney.

27 - Financial Statement Data for year ending December 31, 1997, also Amended Financial Statement Data for quarters ending September 30, 1997, June 30, 1997 and March 31, 1997, for year ending December 31, 1996, and for quarters ending September 30, 1996 and June 30, 1996.

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Description:

(a) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended June 30,1991, filed

August 13, 1991.

(b) Incorporated by reference from the Company's registration statement on Form S-1 (file number 33-39043).

(c) Incorporated by reference from the Form 10-K for Regeneron Pharmaceuticals, Inc. for the fiscal year ended December 31, 1992, filed March 30, 1993.

(d) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended June 30,1993, filed July 22, 1993.

(e) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended September 30, 1994, filed November 14, 1994.

(f) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended September 30, 1995, filed November 14, 1995.

(g) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended June 30, 1996, filed August 14, 1996.

(h) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended September 30, 1996, filed November 5, 1996.

(i) Incorporated by reference from the Form 8-A for Regeneron Pharmaceuticals, Inc. filed October 15, 1996.

(j) Incorporated by reference from the Form 10-K for Regeneron Pharmaceuticals, Inc. for the fiscal year ended December 31, 1996, filed March 26, 1997.

(k) Incorporated by reference from the Form 10-Q for Regeneron

Pharmaceuticals, Inc. for the quarter ended June 30, 1997, filed August 12, 1997.

(l) Incorporated by reference from the Form 10-Q for Regeneron Pharmaceuticals, Inc. for the quarter ended September 30, 1997, filed November 10, 1997.

Exhibit 10.25

February 12, 1998

Leonard S. Schleifer, M.D., Ph.D.
President and Chief Executive Officer,
Regeneron Pharmaceuticals, Inc.
777 Old Saw Mill River Road
Tarrytown, New York 10591-6707

Dear Len:

As you know, the Board of Directors has had under consideration a new employment agreement with you, to replace and update the agreement dated September 14, 1993 between Regeneron Pharmaceuticals, Inc. ("Regeneron" or the "Company") and you. The compensation obligations of the Company under this agreement (the "Agreement") will be reduced by any amounts actually paid by any affiliate, subsidiary, and related entity controlled by or under common control with the Company ("Related Entity").

1. Employment.

(a) You will continue to serve, during the Employment Term, as President and Chief Executive Officer of the Company with the customary responsibilities and authority of such positions and in accordance with the Company's By-Laws. You will report directly and only to the Board of Directors. If elected, you will also continue to serve as a Director of the Company. The Company shall during the Employment Term recommend and propose you as a Director of the Company and any Related Entity and, if the current Chairman of the Board of Directors at any time ceases to serve as such, as Chairman of the Board of Directors. To the extent you are not elected Chief Executive Officer of any Related Entity, such Chief Executive Officer shall report to you.

(b) During the Employment Term, you shall devote substantially all of your business time and attention to the performance of your duties for the Company and serve the Company diligently and to the best of your ability. You may, however, perform teaching, consulting, patient care, and other activities as you have done from time to time in the past, provided that they do not materially conflict with the performance of your duties to the Company. In addition, you may manage your personal investments and be involved in civic and charitable activities so long as such activities do not materially interfere with your providing services hereunder. During the Employment Term, you shall not serve as a member of a board of directors of any other for-profit corporation (other than a Related Entity) without the prior written consent of the Board of Directors (which consent shall not be unreasonably withheld). In no event will the provisions of this Agreement in any way modify, alter, reduce, or limit the fiduciary obligations you owe to the Company as an officer and Director of the Company.

2. Term. Except for earlier termination as provided in paragraph 4 hereof, your employment under this Agreement (the "Employment Term") shall be for an initial term commencing on the date hereof and ending on December 31, 2002 (the "Initial Term"). Unless notice is given of an intent not to extend the Initial Term or any extension thereof, by you or by the Company on at least ninety (90) days prior written notice, the Employment Term shall be deemed as of such 90th day to have been extended and continue until the end of the following calendar year unless otherwise terminated as provided in paragraph 4 hereof.

3. Compensation/Benefits.

(a) During the Employment Term, you will receive base salary at an annual rate of not less than $410,000, paid currently at periodic intervals in accordance with the Company's payroll practices for salaried

employees. Adjustments in your base salary during the term of this Agreement (which shall thereafter be your "Base Salary") may be effected from time to time upon the recommendation of the Compensation Committee and the approval of the Board of Directors based upon an annual review by the Compensation Committee, but your Base Salary, once increased, shall in no event be decreased; provided, however, that in the event there is a general reduction of compensation applicable to senior executives generally, nothing herein shall preclude the Board of Director's ability to reduce your Base Salary consistent with this reduction. You shall also participate in and be the beneficiary of any cash bonus payments, stock option and other equity programs, incentive programs, pension plans, profit sharing plans and other benefit programs and fringe benefit programs implemented by the Company and otherwise available to executive officers, nonindependent directors, and employees of the Company, at a level commensurate with your position, in accordance with the terms and conditions of such programs.

(b) You have separately entered into one or more stock purchase agreements and stock option award agreements with the Company. With the sole exception of the provisions herein, regarding acceleration of vesting of such stock options, nothing in this Agreement will effect any term or provision of any stock purchase or stock option award agreement you have entered into or will enter into with the Company under any stock purchase or incentive plan of the Company.

(c) The Company will during the Employment Term maintain insurance on your life in the amount of $1,000,000 payable to such beneficiary as you designate. You may change the designated beneficiary of this policy at any time. The Company will not borrow against or otherwise encumber the policy or proceeds thereof. The Company will also during the Employment Term maintain for your benefit a long term disability policy that will pay you at least 65 percent of your Base Salary during such period as you are unable for physical or mental reasons to perform the responsibilities of your current position with such benefits commencing no later than six (6) months after incurrence of the disability.

(d) During the Employment Term, the Company will pay for or will reimburse the reasonable costs of your medical malpractice insurance and

all customary, ordinary, and necessary business expenses incurred by you in the performance of your duties (including expenses related to your automobile or other equipment you customarily and normally use in connection with the performance of your duties to the Company), provided that you present such vouchers, receipts, or other documentation as are required by the regular procedures of the Company for the reimbursement of such expenses.

(e) Upon executing this Agreement, the Company shall pay you an amount in a lump sum equal to the difference between the salary that you have been paid to date at an annual rate of $387,000 and the salary that you would have received to date had your Base Salary been increased to $410,000 effective January 1, 1998.

(f) You shall be entitled to at least four (4) weeks of vacation per year, which vacation may be taken at such times as you elect with due regard to the needs of the Company.

(g) The Company has, in connection with the Agreement, granted to you a nonqualified stock option to purchase 160,000 common shares at a per share exercise price equal to the fair market value of the shares at the time of grant for a term of ten (10) years and in accordance with the Company's 1990 Long Term Incentive Plan. The grant provides that such option shall become exercisable ratably over a five (5) year period with 20 percent vesting on each of the second through sixth anniversary of the grant date with acceleration as otherwise provided

herein. During the Employment Term, the Company may, but shall be under no further obligation to, grant you options in addition to the options already granted to you. You acknowledge that you are aware that the current intent of the Compensation Committee is not to grant you any additional stock options in 1998 or 1999. The stock options to purchase common shares previously granted to you shall remain outstanding, and in effect, in accordance with their respective terms.

(h) The Company will pay, or will reimburse the reasonable costs of, any legal, accounting or other professional services you incur in connection with your tax preparation and financial planning to a maximum of $10,000 per year, including, without limitation, a tax gross-up reimbursement so long as the total direct reimbursement and tax gross-up reimbursement is no more than $10,000 per year.

4. Termination. Except as otherwise provided in paragraph 2, the Employment Term shall end upon the earliest of the following to occur:

(a) Your death.

(b) Upon a vote of the Board of Directors and notice to you of termination as a result of your Permanent Disability. Permanent Disability means your inability, by reason of any physical or mental impairment, to substantially perform the significant aspects of your regular duties as contemplated by this Agreement and which inability is reasonably contemplated to continue for at least one (1) year from its incurrence and at least ninety (90) days from the date of such vote. Any question as to the existence, extent, or potentiality of your Permanent Disability shall be determined by a qualified independent physician selected by you (or, if you are unable to make such selection, by an adult member of your immediate family), and reasonably acceptable to the Company. Such physician's written determination of your Permanent Disability shall, upon delivery to the Company, be final and conclusive for purposes of this Agreement; provided, however, that no such determination shall be final and conclusive with respect to any disability coverage under paragraph 3(c).

(c) Your Involuntary Termination, as set forth in paragraph 6 below.

(d) Your Removal for Cause, as set forth in paragraph 7(a) below.

(e) Your voluntary termination after June 30, 2001 (other than termination on account of death, Permanent Disability or termination by you for Good Reason) upon ninety (90) days prior written notice; provided, however, that the Company may waive such notice requirement in a written waiver delivered to you.

5. Death and Disability.

(a) If the Employment Term terminates by reason of your death or your Permanent Disability as provided in paragraph 4, then, except as provided in this paragraph 5(a), no further compensation will become payable to you under this Agreement, other than any unpaid Base Salary, earned but unpaid bonuses, the pro rata portion of incentive compensation earned for services rendered through the date of your death or Permanent Disability and any deferred compensation (collectively "Entitlements"). Entitlements shall be calculated and paid as set forth in subparagraph (b) below. In addition, should you die or incur a Permanent Disability on or after the expiration of the six (6) month period beginning on the date of any option grant made to you, all such options shall accelerate and become fully vested and immediately exercisable. Except as provided in paragraph 12(c), in the event of your termination on account of your Permanent Disability, the Company shall pay you 100% of your Base Salary reduced by any insurance or other payments made under policies or plans paid for or maintained by the Company and shall continue to provide you and your eligible dependents with the medical and dental care benefit

coverage and life insurance at a level of coverage comparable to the coverage in effect for you at the time of your termination on account of Permanent Disability upon the same terms and conditions (except for the requirement of your continued employment) for a period of eighteen (18) months following your date of termination.

(b) Earned but unpaid bonus shall mean any declared but

unpaid bonus for any prior bonus period and, if the bonus for the current bonus period is other than totally discretionary, a pro rata portion of the calculated bonus for the bonus period based on days in the bonus period prior to termination of your services compared to total days in the bonus period. Any incentive compensation shall be deemed earned and shall be paid based on actual results during the measuring period and a pro rata measurement of the days in the incentive period prior to termination of your services compared to total days in the incentive period. Each Entitlement shall be promptly paid after the amount thereof is determined. Any deferred compensation shall be paid in accordance with the terms of the applicable plan.

6. Involuntary Termination.

(a) Involuntary Termination shall mean either your termination by the Company in accordance with paragraph (b) hereof, or your resignation in accordance with paragraph (c) hereof.

(b) Termination By The Company Without Cause:

Your termination by the Company shall be considered to be "without cause" if (i) you are terminated or dismissed, for reasons other than your death, Permanent Disability or "Removal for Cause", as President or Chief Executive Officer, unless you have previously consented in writing to such removal or dismissal (which consent may be given or withheld in your sole discretion); provided, however, that your termination or dismissal as President shall not be a Termination by the Company without Cause if the person appointed President reports to you, or (ii) prior to your sixty-fifth (65th) birthday, the Company gives notice of termination of the Employment Term pursuant to paragraph 2 hereof.

(c) Termination By You For Good Reason:

Your resignation shall be considered to be for Good Reason if you resign as President and Chief Executive Officer (whether or not you resign as a Director and, if Chairman of the Board, as Chairman of the Board) upon ninety (90) days prior written notice within ninety (90) days after the occurrence of one of the following events: (i) your removal, dismissal or failure to be re-elected as President or Chief Executive Officer (other than on account of your termination for some other reason) or a de jure or de facto material reduction in your duties, title, responsibilities, authority, status, or reporting responsibilities (other than in connection with the appointment of a Chief Operating Officer or President who reports to you), unless you have previously consented in writing to such removal, dismissal or reduction (which consent may be given or withheld in your sole discretion); (ii) the failure to elect you, or your removal, dismissal or failure to be re-elected, as Chairman of the Board if the current Chairman of the Board ceases to serve as such; (iii) the failure of the Company to pay to you any amounts due under this

Agreement within ten (10) days after the later of its due date or your written demand for payment of such amount; (iv) any material breach by the Company of any provision of this Agreement which is not cured within thirty (30)days after your giving of written notice of such breach to the Company; (v) one year after a Change of Control, as defined in Exhibit A hereto, to the extent you are employed hereunder at that time; or (vi) the relocation of the Company's principal executive office more than fifty (50) miles from the current location.

(d) Upon an Involuntary Termination, you will become entitled to the benefits specified in paragraph 8 of this Agreement. In addition, you will be entitled to your Entitlements as calculated and paid in accordance with paragraph 5(b) above.

7. Removal For Cause.

(a) Removal for Cause shall mean the termination of your duties as President, Chief Executive Officer and, if you are then serving in such capacity, Chairman of the Board, effected by the Board of Directors of

the Company (after a Board of Directors meeting for which you had at least ten (10) days prior written notice and at which you had the opportunity to have counsel present to represent you in connection with issues concerning your removal for cause) by reason of any one or more of the following which individually or in the aggregate has a material adverse effect on the aggregate business or affairs of the Company and any Related Entity:

(i) your gross neglect of your duties, your willful and continuing refusal to perform your duties (other than, in any such case, because of a reasonably documented mental or physical illness), your refusal to obey any lawful order of the Board of Directors, or any material breach by you of any provision of paragraphs 11 or 12 of this Agreement, which, in any of the foregoing events, continues for more than thirty (30) days following your receipt of written notice from the Board of Directors that describes such breach or other event;

(ii) your willful misconduct with respect to the business or affairs of the Company or of any Related Entity;

(iii) your conviction of, or your plea of nolo contendere to, a misdemeanor involving embezzlement or fraud or other offense involving money or other property of the Company (other than a good faith dispute over expense account items), any criminal violation of the Securities Act of 1933 or the Securities Exchange Act of 1934, or any felony, provided your rights of appeal with respect to such matter have either lapsed or been exercised;

(b) Upon your Removal for Cause, the Company will only be required to pay you any unpaid Base Salary earned by you pursuant to paragraph 3 for services rendered through the date of such removal, any bonus which has been declared but is unpaid as of the date of such removal and, in accordance with the terms of any plan, any deferred compensation. In such case, no amounts will be payable to you under paragraph 8 of this Agreement for any reason whatsoever.

(c) In the event of your voluntary termination in accordance with paragraph 4(e), you shall receive the same amounts as if you were Removed for Cause.

8. Severance Benefits.

(a) Subject to paragraphs 8(c), 8(f) and 12(c), upon an Involuntary Termination, you will become entitled to the following severance benefits:

(i) The Company will continue to pay you your Base Salary for a period of fifteen (15) months.

(ii) Unless you become eligible for comparable coverage under another company's plans or programs, the Company shall continue to provide you and your eligible dependents, upon the same terms and conditions (except for the requirement of your continued employment), with the medical and dental care benefit coverage and life insurance at a level of coverage comparable to the coverage in effect for you at the time of your Involuntary Termination for the eighteen (18) month period following your Involuntary Termination.

(b) Subject to paragraph 8(c), the exercisable portion of all stock options granted to you shall increase by the greater of: (i) the percentage that such exercisable portion would have increased had your employment not terminated in the twelve (12) month period

following your Involuntary Termination, or (ii) 50% of the portion of the option that is unexercisable on the date of your Involuntary Termination.

(c) Notwithstanding paragraphs 8(a) and 8(b), upon your Involuntary Termination (other than solely pursuant to paragraph 6(c)(v) above) within three (3) years after a Change of Control, as defined in Exhibit A hereto, or within three (3) months prior thereto in anticipation of a Change of Control, you will become entitled to the following severance benefits,

subject to the application of paragraph 9 below, in lieu of the amounts under paragraphs 8(a) and 8(b) above:

(i) The Company will make a lump sum payment to you within ten (10) days after such termination of an amount equal to two (2) times your Base Salary in effect (or, if improperly reduced, required to be in effect) at the time of your Involuntary Termination.

(ii) Any base salary, bonus, vacation pay or other compensation accrued or earned under law or in accordance with the Company's policies applicable to you but not yet paid and any incurred but unreimbursed business expenses for the period prior to termination shall be payable in accordance with the Company's policies and the terms of the applicable plan.

(iii) Until you and your dependents become eligible for comparable coverage under another company's plans or programs, the Company shall continue to provide you and your eligible dependents, upon the same terms and conditions (except for the requirement of your continued employment), with the medical and dental care benefit coverage and life insurance at a level of coverage comparable to the coverage in effect for you at the time of your Involuntary Termination for the twenty-four (24) month period following your Involuntary Termination.

(iv) All stock options, whether heretofore or hereafter, granted to you shall become fully vested and immediately exercisable and, if the basis was an action in anticipation of the Change of Control, the option

shall remain exercisable (unless the original terms would otherwise end) at least through the Change of Control.

(d) Each of your outstanding loans from the Company will become due and payable in accordance with their existing terms and provisions, and none of these loans will be forgiven or otherwise canceled in whole or in part.

(e) The Company agrees that if your employment with the Company is terminated during the Employment Term for any reason whatsoever, you are not required to seek other employment or to attempt in any way to reduce any amounts payable to you by the Company pursuant to this Agreement. Further, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by you or benefit provided to you as the result of employment by another employer or otherwise.

(f) In the event that you have received or commenced receipt of any payments or other rights under paragraphs 5(a), 8(a) or 8(b) you shall not be entitled to any additional payments or rights under paragraphs 5(a), 8(a), 8(b), or 8(c) with respect to any subsequent occurrence which might otherwise give rise to such payments or rights under such paragraphs, except as specifically provided with regard to paragraph 8(c).

(g) Payments under paragraph 8(c)(iii) may, at the discretion of the Company, be made by continuing your participation in the applicable plan, in the case of medical benefits, by paying the applicable COBRA premium for you and your dependents, or by covering you and your dependents under substitute arrangements, provided that, to the extent you incur tax that you would not have incurred as an active employee as a result of the aforementioned coverage or the benefits provided thereunder, you shall receive from the Company an additional payment in the

amount necessary so that you will have no additional cost for receiving such items or any additional payment.

9. Excise Tax. Notwithstanding anything else herein, to the extent you would be subject to an excise tax under Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), on the amounts and benefits provided hereunder and such other amounts or benefits you received or receive from the Company or are otherwise required to be included in the calculation of parachute payments for purposes of Sections 280G and 4999 of the Code, the amounts and benefits provided under this Agreement will be automatically reduced to an amount that, when combined with such other amounts and benefits required to be so included, equals the product of 2.99 multiplied by your

"base amount" (as determined in accordance with Sections 280G and 4999 of the Code by the Company's certified public accountants unless the Company and you mutually agree to the appointment of an independent certified public accounting firm), such that you are not subject to the excise tax under Section 4999 of the Code. Any cash payments shall first be cutback (with such cutback being made first of the last cash amounts due to you hereunder) prior

to any cutback of benefits or acceleration of vesting hereunder.

10. Proprietary Information and Inventions. You understand and acknowledge that:

(a) The Company is and will be engaged in a continuous program of research, design, development, production, and marketing with respect to its business.

(b) Your employment by the Company creates a relationship of confidence and trust between the Company and you with respect to certain information relating to the business and affairs of the Company or applicable to the business of any client, customer, consultant, partner, external collaborator, or service provider of the Company, which may be made known to you by the Company or by any client, customer, consultant, partner, external collaborator, or service provider of the Company, or learned by you during the period of your affiliation with the Company.

(c) The Company will possess information created, discovered, or developed by, or otherwise become known to, the Company (including, without limitation, information created, discovered, developed, or made known to you during the Employment Term) or in which property rights have been or may be assigned or otherwise conveyed to the Company (whether or not the information has commercial value in the business in which the Company is or proposes to be engaged) and is treated by the Company as confidential. All this information is "Proprietary Information", which includes, but is not limited to, systems, processes, formulae, data, functional specifications, computer software, programs and displays, know-how, improvements, discoveries, inventions, developments, designs, techniques, marketing plans, strategies, forecasts, new and proposed products, unpublished financial statements, budgets, projections, licenses, prices, costs, and customer, external collaborator, partner, client, and supplier lists, and any and all intellectual properties. The foregoing, however, shall not cover information generally known in the industry or which hereafter become generally known in the industry.

11. Ownership of Proprietary Information and Inventions.

(a) All Proprietary Information shall be the sole property of the Company and its assigns, and the Company and its assigns will be the sole owners of all inventions, patents, copyrights, trademarks, and other rights in connection therewith. You hereby assign to the Company any right you may have or acquire in such Proprietary Information. At all times, you will keep in strictest confidence and trust all Proprietary Information and you will not use or disclose any Proprietary Information without the written consent of the Company.

(b) If your employment with the Company is terminated for any reason, you will deliver to the Company all documents, notes, drawings, specifications, computer software, data, inventions, organisms, and other materials of any nature pertaining to any Proprietary Information, and will not take any of the foregoing, or any reproduction of any of the foregoing, that is embodied in any tangible medium of expression. This shall not limit you from retaining your personal phone directories and rolodexes.

(c) You will promptly disclose to the Company (or any persons designated by it) all discoveries, developments, designs, improvements, inventions, formulae, processes, techniques, computer software, strategies, know-how, and data, whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by you, either alone or jointly with others, during your employment by

the Company, which result from carrying out your responsibilities to the Company, or result from the use of premises or property owned, leased, or contracted for by the Company (all such discoveries, developments, designs, improvements, inventions, formulae, processes, techniques, computer software, know-how, and data are referred to in this Agreement as Inventions). You will also promptly disclose to the Company, and the Company agrees to receive all such disclosures in confidence, all other discoveries, developments, designs, improvements, inventions, formulae, processes, techniques, computer software, strategies, know-how, and data, whether or not patentable or registrable under copyright or similar statutes, made or conceived or reduced to practice or learned by you, either alone or jointly with others, during your employment by the Company for the purpose of determining whether they are Inventions, as that term is used in this Agreement. At all times during your employment by the Company you will use your reasonable business efforts to avoid conflicts of interest involving potential rights and claims of the Company and of third parties to Inventions, including those that might arise by virtue of your affiliation with a university or other medical institution concurrently with your employment by the Company and will take all action reasonably necessary and or desirable to minimize the probability of any such conflicts of interest and to maximize the likelihood that any Inventions made, conceived or developed or reduced to practice by you (alone or jointly with others) during your employment by the Company and which reasonably relate to the business of the Company will be and become the sole, unencumbered property of the Company, and no other third party (including, without limitation, any such university or other institution with whom you may also be affiliated) will have any rights thereto and that any such conflicts of interest be resolved in favor of the Company.

(d) All Inventions shall be the sole property of the Company and its assigns, and the Company and its assigns shall be the sole owner of all patents, copyrights, trademarks, and other rights in connection therewith. You hereby assign to the Company any rights you may have or acquire in such Inventions. You will assist the Company in every proper way as to all such Inventions (but at the Company's expense) to obtain and from time to time enforce patents, copyrights, trademarks, and other rights and protections on and enforcing such Inventions, as the Company may desire, together with any assignments thereof to the Company or persons designated by it. Your obligation to assist the Company in obtaining and enforcing patents, copyrights, trademarks, and other rights and protections relating to such Inventions in any and all countries shall continue beyond the Employment Term.

If the Company is unable, after reasonable effort, to secure your signature on any document or documents needed to apply for or prosecute any patent, copyright, or other right or protection relating to an Invention, for any other reason whatsoever, you hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as your agent and attorney-in-fact, to act for and on your behalf to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution and issuance of patents, copyrights, or similar protections thereon with the same legal force and effect as if executed by you and you hereby ratify, affirm, and approve all such lawfully permitted acts accordingly.

12. Restricted Covenant. (a) You are aware that the services you perform for the Company are of a special, unique character. You also acknowledge your possession and future possession of Proprietary Information and the highly competitive nature of the business of the

Company. Accordingly, you agree that, for the consideration set forth in this Agreement, you will not, without the written permission of the Company pursuant to Board of Directors authorization, during your employment under this Agreement and for a period of six (6) months thereafter, (i) directly or indirectly engage or become interested or involved in any Competitive Business (as defined in paragraph (b)), whether such engagement, interest, or involvement shall be as an employer, officer, director, owner shareholder, employee, partner, consultant, or in any other capacity or relationship; provided, however, that this shall not preclude a passive investment of less than one (1%) of the stock of any publicly traded company; (ii) materially assist others in engaging in any Competitive Business in the manner described in the foregoing clause (i); or (iii) induce employees of the Company or its affiliates or subsidiaries to terminate their employment with the Company or its affiliates or subsidiaries or engage in any Competitive Business; provided, further, that this shall also not preclude you

from providing investment banking services to or on behalf of an entity after your termination of employment that might otherwise be a Competitive Business so long as such services are to arrange a purchase, sale or other business combination for or with such entity or to arrange financing for such entity (including, without limitation, obtaining a bank loan for such entity or participating in the sale of the debt or equity securities of such entity).

You understand that this provision is not meant to prevent you from earning a living or fostering your career. It does intend, however, to prevent Competitive Businesses from gaining any unfair advantage from your knowledge of Proprietary Information. You understand that by making any other employer aware of this provision, that employer can take such action as to avoid your breach of this provision and to indemnify you in the event of a breach.

(b) The term "Competitive Business" means and includes:

For the period commencing on the date of this Agreement and ending on the date of your termination of employment any business or

activity that is substantially the same as any business or activity of the Company as conducted by the Company or any Related Entity during such period; and

(c) For the period thereafter, any business or activity described in paragraph (i) above to the extent that on the date of your termination of employment such business or activity represents at least 10% of the research and development budget of the Company for the fiscal year in which your termination occurs; provided, however, that any business or activity of the Company shall be deemed to have been conducted by the Company at the time of your termination of employment if the Company has undertaken steps to commence such business or activity prior to your termination of employment. If after your termination on account of your Permanent Disability or Involuntary Termination, you perform services that would violate this paragraph 12 (if such services were performed during the six (6) month period following your termination of employment), prior to a Change of Control, all amounts payable and benefits provided pursuant to paragraphs 5(a), 6 or 8 thereafter, if any, shall cease and be forfeited immediately, regardless of whether such service is performed before or after the expiration of six (6) months following your termination of employment unless you cease and desist from such violation within ten (10) days after your receipt of written notice of such violation from the Board of Directors.

13. Litigation Support. Subject to your other commitments, following the Employment Term, you shall make yourself reasonably available to cooperate (but only truthfully) with the Company and provide information as to matters which you were personally involved, or have information on, while you were an officer of the Company and which are or become the subject of litigation or other dispute.

14. General Provisions.

(a) Death. Should you die before receipt of any or all severance payments to which you became entitled under paragraph 8, then the balance of the payments to which you are entitled shall continue to paid in accordance with the terms hereof to the executors or administrators of your estate.

(b) General Creditor Status. The amounts to which you may become entitled hereunder shall be paid, when due, from the general assets of the Company, and no trust fund, escrow arrangements, or other segregated account shall be established as a funding vehicle for such payment. Accordingly, your right (or the right of the executors or administrators of your estate) to receive such benefits shall at all times be that of a general creditor of the Company and shall have no priority over the claims of other general creditors.

(c) Indemnification. During the Employment Term and thereafter, the Company shall indemnify you and hold you harmless to the fullest extent permitted by law against any judgments, fines, amounts paid in

settlement and reasonable expenses (including reasonable attorneys' fees), and advance amounts necessary to pay the foregoing at the earliest time and to the fullest extent permitted by law, in connection with any claim, action or proceeding (whether civil or criminal) against you as a result of you serving as an officer or Director of the Company or in any capacity at the request of the Company in or with regard to any other entity, employee benefit plan or enterprise. This indemnification is in addition to and not in lieu of any other indemnification rights you may otherwise have.

(d) Remedies. Your obligations under paragraphs 11 or 12 of this Agreement will survive termination of your employment by the Company. You acknowledge that a remedy at law for any breach or threatened breach of such provisions would be inadequate and therefore agree that the Company may be entitled to injunctive relief, in addition to the remedy available under paragraph 12(c) hereof, and any other available rights and remedies in case of any such breach or threatened breach; provided, however, that nothing contained in this subparagraph (d) will be construed as prohibiting the Company from pursuing any other remedies available for any such breach or threatened breach.

(e) Interpretation. This Agreement shall be interpreted under the laws of the State of New York without regard to conflict of law provisions.

(f) Notices. Any notice which a party is required or may desire to give under this Agreement will be given by personal delivery, air courier, or registered or certified mail, return receipt requested, addressed to you at the address of record with the Company and addressed to the Secretary of the Company at its principal office, or at such other place as either party may from time to time designate in writing given as aforesaid. The date of delivery of any notice or communication will be deemed to be (i) the date of delivery thereof, in the case of personal delivery; (ii) the day after the date when dispatched, in the case of air courier; and (iii) on the date of receipt, in the case of mailing.

(g) Waivers. If either party shall waive any breach of any provision of this Agreement, he or it will not thereby be deemed to have waived any preceding or succeeding breach of the same or any other provision of this Agreement.

(h) Headings. The paragraph headings of this Agreement are for convenience only and will not be deemed to effect the meaning of the Agreement.

(i) Superseding. This Agreement supersedes all prior agreements between you and the Company relating to the subject of your

personal services and severance benefits, including the letter agreement dated September 14, 1993, which is hereby terminated. The provisions of this Agreement may only be amended by written instrument signed by you and a member of the Board of Directors.

(j) No Guarantee of Employment or Service. Nothing in this Agreement is intended to provide you with any right to continue in the service of the Company for any period of specific duration, nor, except as specifically provided herein, to provide the Company with any right to require you to continue in the service of the Company.

(k) Amendment or Termination. This Agreement may not be amended or terminated orally, but only by a writing executed by the party to be charged.

(l) Assignment. None of the benefits to which you may become entitled hereunder may be assigned, transferred, pledged, or otherwise encumbered by you, and to the maximum extent permissible under law, such benefits will not be subject to the claims of your creditors or to levy, attachment, execution, or other legal process. This Agreement shall be binding upon and inure to the benefit of the Company, its successors and permitted assigns and your executors and heirs, provided that the Company may not assign the Agreement except in connection with a sale of all or substantially all of its assets and then only if said acquiror assumes in a writing delivered to

you the obligations of the Company hereunder.

(m) Costs of Collection. In the event either party collects any part or all of the payments provided for hereunder or otherwise successfully enforces the terms of this Agreement by or through a lawyer or lawyers, the losing party shall pay all costs of such collection or enforcement, including reasonable legal fees and other fees and expenses which the successful party may incur plus interest ("Costs"); provided, however, that the Company shall not be entitled to recover any Costs from you unless an arbitrator determines that your action to recover any payment or to enforce the terms of this Agreement was not grounded on a reasonable good faith interpretation of the Agreement or that the action was undertaken for the primary purpose of harassing the Company. Interest shall be calculated at the prime rate as announced from time to time by Citibank, N.A. on all or any part of any amount to be paid to you hereunder that is not paid when due. The prime rate for each calendar quarter shall be the prime rate in effect on the first day of the calendar quarter.

(n) Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration, conducted before a panel of three arbitrators in New York, New York, in accordance with the rules of the American Arbitration Association then in effect, and judgement may be entered on the arbitrators' award in any court having jurisdiction. The Company shall pay all costs of the American Arbitrator Association and the arbitrator. The decision upon arbitration shall be final and binding upon both you and the Company. Notwithstanding the foregoing, you shall be entitled to seek specific performance from a court of your right to be paid until the date of termination during the pendency of any dispute or controversy arising under or in connection with this Agreement and the Company shall have the right to obtain injunctive relief from a court pursuant to subparagraph (d) above.

Please indicate your acceptance by signing the enclosed copy of this letter and returning it to the Company.

Very truly yours,
REGENERON PHARMACEUTICALS, INC.

/s/ P. Roy Vagelos

Chairman of the Compensation
Committee of the Board of Directors

AGREED TO AND ACCEPTED BY:

LEONARD S. SCHLEIFER, M.D., Ph.D.

Signature: /s/ Leonard S. Schleifer

Dated: February 12, 1998

EXHIBIT A

Change of Control. For purposes of this Agreement, "Change of Control" shall be deemed to have occurred if:

(i) any person (as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and as used in Sections 13(d) and 14(d)thereof)) (which includes any "group" as defined in Section 13(d)(3) of the Exchange Act, other than a member of the Excluded Group (as

hereinafter defined)), excluding the Company, any Related Entity, any employee benefit plan sponsored or maintained by the Company or any Related Entity (including any trustee of any such plan acting in his capacity as trustee), and any "group" (as defined in Section 13(d)(3) of the Exchange Act) of which you are a part (collectively, the "Excluded Group"), becomes the beneficial owner of shares of the Company having at least 33_% of the total number of votes that may be cast for the election of directors of the Company;

(ii) the shareholders of the Company approve any merger or other business combination of the Company, sale of all or substantially all of the Company's assets or combination of the foregoing transactions (a "Transaction"), other than (a) a Transaction involving only the Excluded Group, or (b) a Transaction immediately following which the shareholders of the Company immediately prior to the Transaction continue to have a majority of the voting power in the resulting entity (excluding for this purpose any shareholder owning directly or indirectly more than 10% of the shares of the other company involved in the Transaction); or

(iii) within any twenty-four (24) month period beginning on or after the date hereof, the persons who were directors of the Company immediately before the beginning of such period (the "Incumbent Directors") cease (for any reason other than death or disability) to constitute at least a majority of the Board of Directors or the board of directors of any successor to the Company, provided that, any director who was not a director as of the date hereof shall be deemed to be an Incumbent Director if such director was elected to the Board of Directors by, or on the recommendation of or with the approval of, at least two- thirds of the directors who then qualified as Incumbent Directors either actually or by prior operation of the foregoing unless such election, recommendation or approval was the result of any actual or threatened election contest of the type contemplated by Regulation 14a-11 promulgated under the Exchange Act or any successor provision. Notwithstanding the foregoing, no Change of Control of the Company shall be deemed to have occurred for purposes of this Agreement by reason of any actions or events in which you participate in a capacity other than your capacity as an executive or director of the Company.

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of Regeneron Pharmaceuticals, Inc. on Form S-8 (File Nos. 33-50480, 33-85330, 33-97176, and 333-33891) of our report, which is based in part on the report of other auditors, dated February 10, 1998, on our audits of the financial statements of Regeneron Pharmaceuticals, Inc. as of December 31, 1997 and 1996, and for the years ended December 31, 1997, 1996 and 1995, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

New York, New York
March 25, 1998

Exhibit 23.2

CONSENT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 33-50480) pertaining to the Regeneron Pharmaceuticals, Inc. 1990 Long Term Incentive Plan and in the Registration Statements (Form S-8 No. 33-85330, Form S-8 No. 33-97176, and Form S-8 No. 333-33891) pertaining to the Regeneron Pharmaceuticals, Inc. Amended and Restated 1990 Long Term Incentive Plan of our report dated February 10, 1998, with respect to the financial statements of Amgen-Regeneron Partners included in Regeneron Pharmaceuticals, Inc.'s Annual Report (Form 10-K) for the year ended December 31, 1997.

ERNST & YOUNG LLP

Los Angeles, California
February 10, 1998

Exhibit 24

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that I the undersigned, a director of Regeneron Pharmaceuticals, Inc., a New York corporation, do hereby constitute and appoint Leonard S. Schleifer and Paul Lubetkin, and each of them severally to be my true and lawful attorneys-in-fact and agents each acting alone with full power of substitution and revocation, to sign my name to~ the Regeneron Pharmaceuticals, Inc. Annual Report on Form 10-K for the year ended December 31, 1997 and any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and I hereby grant unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as full as to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have subscribed these presents as of March 11, 1998.

/s/ P. Roy Vagelos
P. Roy Vagelos, M.D.

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that I the undersigned, a director of Regeneron Pharmaceuticals, Inc., a New York corporation, do hereby constitute and appoint Leonard S. Schleifer and Paul Lubetkin, and each of them severally to be my true and lawful attorneys-in-fact and agents each acting alone with full power of substitution and revocation, to sign my name to~ the Regeneron Pharmaceuticals, Inc. Annual Report on Form 10-K for the year ended December 31, 1997 and any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and I hereby grant unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as full as to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have subscribed these presents as of March 11, 1997.

/s/ Charles A. Baker
Charles A. Baker

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that I the undersigned, a director of Regeneron Pharmaceuticals, Inc., a New York corporation, do hereby constitute and appoint Leonard S. Schleifer and Paul Lubetkin, and each of them severally to be my true and lawful attorneys-in-fact and agents each acting alone with full power of substitution and revocation, to sign my name to~ the Regeneron Pharmaceuticals, Inc. Annual Report on Form 10-K for the year ended December 31, 1997 and any and all amendments to such Annual Report,

and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and I hereby grant unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as full as to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have subscribed these presents as of March 18, 1997.

/s/ Michael S. Brown
Michael S. Brown, M.D.

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that I the undersigned, a director of Regeneron Pharmaceuticals, Inc., a New York corporation, do hereby constitute and appoint Leonard S. Schleifer and Paul Lubetkin, and each of them severally to be my true and lawful attorneys-in-fact and agents each acting alone with full power of substitution and revocation, to sign my name to~ the Regeneron Pharmaceuticals, Inc. Annual Report on Form 10-K for the year ended December 31, 1997 and any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and I hereby grant unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as full as to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have subscribed these presents as of March 16, 1997.

/s/ Alfred G. Gilman
Alfred G. Gilman, M.D., Ph.D.

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that I the undersigned, a director of Regeneron Pharmaceuticals, Inc., a New York corporation, do hereby constitute and appoint Leonard S. Schleifer and Paul Lubetkin, and each of them severally to be my true and lawful attorneys-in-fact and agents each acting alone with full power of substitution and revocation, to sign my name to~ the Regeneron Pharmaceuticals, Inc. Annual Report on Form 10-K for the year ended December 31, 1997 and any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and I hereby grant unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as full as to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have subscribed these presents as of March 12, 1997.

/s/ Joseph L. Goldstein
Joseph L. Goldstein, M.D.

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that I the undersigned, a director of Regeneron Pharmaceuticals, Inc., a New York corporation, do hereby constitute and appoint Leonard S. Schleifer and Paul Lubetkin, and each of them severally to be my true and lawful attorneys-in-fact and agents each acting alone with full power of substitution and revocation, to sign my name to~ the Regeneron Pharmaceuticals, Inc. Annual Report on Form 10-K for the year ended December 31, 1997 and any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and I hereby grant unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as full as to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have subscribed these presents as of March 12, 1997.

/s/ Fred A. Middleton
Fred A. Middleton

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that I the undersigned, a director of Regeneron Pharmaceuticals, Inc., a New York corporation, do hereby constitute and appoint Leonard S. Schleifer and Paul Lubetkin, and each of them severally to be my true and lawful attorneys-in-fact and agents each acting alone with full power of substitution and revocation, to sign my name to~ the Regeneron Pharmaceuticals, Inc. Annual Report on Form 10-K for the year ended December 31, 1997 and any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and I hereby grant unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as full as to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have subscribed these presents as of March 11, 1997.

/s/ Eric M. Shooter
Eric M. Shooter, Ph.D.

Power of Attorney

KNOW ALL PERSONS BY THESE PRESENTS, that I the undersigned, a director of Regeneron Pharmaceuticals, Inc., a New York corporation, do hereby constitute and appoint Leonard S. Schleifer and Paul Lubetkin, and each of them severally to be my true and lawful attorneys-in-fact and agents each acting alone with full power of substitution and revocation, to sign my name to~ the Regeneron Pharmaceuticals, Inc. Annual Report on Form 10-K for the year ended December 31, 1997 and any and all amendments to such Annual Report, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, and I hereby grant unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as full as to all intents and purposes as such person might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent or his substitute or substitutes, may lawfully do or cause to be done by

virtue hereof.

IN WITNESS WHEREOF, I have subscribed these presents as of March 11, 1997.

/s/ George L. Sing
George L. Sing

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