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, 1996

( ) 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
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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 11, 1997, the aggregate market value of voting stock held by non-affiliates of the Registrant totaled approximately $194,810,771, 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 11, 1997:

Class of Common Stock	Number of Shares
Class A Stock, $.001 par value	4,355,994
Common Stock, $.001 par value	21,342,449

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 27, 1997 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 drugs. The Company is pursuing research programs in the following areas: (i) neurotrophic factors, including brain-derived neurotrophic factor ("BDNF"), neurotrophin-3 ("NT-3"), and AXOKINE(TM), for the treatment of neurological and retinal diseases and conditions, (ii) the Angiopoietins, a new family of ligands (and their receptors, called the TIE family of receptors) that appears to regulate blood vessel formation, or angiogenesis, and may have a role in the production and proliferation of blood cells (a process called hemopoiesis), (iii) muscle atrophy, based on a receptor of the tyrosine kinase type that is specifically expressed in skeletal muscle (called MuSK) and a protein ligand (agrin) for this receptor, (iv) Noggin, a naturally occurring protein, for potential use in treating abnormal bone formation and related diseases and conditions, and (v) protein antagonists for cytokines such as interleukin-6 ("IL-6") as potential treatment for inflammatory diseases, allergic disorders, and cancer.

During 1996, Amgen Inc. ("Amgen"), on behalf of Amgen-Regeneron Partners (a general partnership equally owned by Regeneron and Amgen), completed the treatment phase of a Phase III clinical trial designed to determine the safety and efficacy of BDNF delivered subcutaneously for the treatment of amyotrophic lateral sclerosis ("ALS," commonly known as Lou Gehrig's disease). BDNF failed to achieve its primary end points in that trial. See "Recent Development," below. In addition, in 1996, Amgen, on behalf of Amgen-Regeneron Partners, continued to conduct a Phase I/II clinical trial of NT-3 for the treatment of peripheral neuropathy caused by diabetes. Amgen also continued to conduct a Phase I/II clinical trial of BDNF in Europe for the treatment of neuropathy caused by diabetes and a Phase I/II trial for the treatment of Guillain-Barre syndrome, and started a Phase I clinical trial in the United States and Europe of BDNF delivered intrathecally for the treatment of ALS. The Company continued in 1996 to develop and manufacture BDNF for use by Sumitomo Pharmaceuticals Company, Ltd. ("Sumitomo Pharmaceuticals") in Japan and continued preclinical research programs in the areas of angiogenesis, hematopoiesis, inflammatory and muscle disease, abnormal bone formation and related disorders, and cancer (among other programs). The Company is also engaged in a variety of research and preclinical development activities relating to other neurotrophic and growth factors, second generation neurotrophic factors (including chimeras), and other novel potential therapeutics.

In April 1996, Amgen purchased from the Company three million shares of Common Stock for $48.0 million. The purchase price also included five-year warrants to purchase an additional 700,000 shares of Common Stock at an exercise price of $16.00 per share.

In June 1996, the Company entered into a worldwide exclusive joint development agreement with Medtronic, Inc. ("Medtronic") to collaborate on

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 will be the development of Regeneron's second

generation neurotrophic factor, AXOKINE(TM) 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 brain. 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.

In August 1996, the Company entered into a collaboration agreement with Pharmacopeia, Inc. ("Pharmacopeia"), a leader in the use of combinatorial chemistry to discover potential small molecule, orally active pharmaceutical product candidates, pursuant to which Regeneron and Pharmacopeia will conduct research and development in a broad field of potential compounds and uses (the "Pharmacopeia Agreement"). The Company also continued its research collaboration with Glaxo-Wellcome plc ("Glaxo"), to pursue the discovery and development of small molecule compounds that could potentially act as mimics, agonists, or antagonists of neurotrophins (the "Glaxo Agreement").

In December 1996, the Company entered into a collaboration agreement with Procter & Gamble Pharmaceuticals, Inc. ("Procter & Gamble") seeking to discover and develop protein and small molecule compounds useful to treat skeletal muscle disease and injury (the "Procter & Gamble Agreement"). Procter & Gamble agreed to purchase $10.0 million of Regeneron Common Stock. Procter & Gamble paid the $10.0 million to Regeneron in December 1996. In March 1997, the price per share was set at $12.50 based on a 27 percent premium over an average market price and Regeneron issued 800,000 shares of restricted Common Stock to Procter & Gamble. In addition, Procter & Gamble will make a minimum of three and up to five $3.75 million annual payments to Regeneron to support collaborative muscle research.

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, 1996, the Company had an accumulated deficit of $157.0 million. To date, the Company has received revenues as compensation for research and development efforts performed by Regeneron from its licensees and collaborators, for contract manufacturing from Merck & Co., Inc. ("Merck"), and 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, 1996 was $42.6 million. The Company expects that its capital contributions in 1997 will total approximately $3.0 million to $5.0 million. These contributions could increase or decrease, depending upon (among other things) the results of preclinical and clinical studies of BDNF and NT-3. Capital contributions beyond 1997 are also anticipated to be significant. 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 into 1999. 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.

Recent Development

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 ALS, that no further subsequent subcutaneous development of BDNF for ALS was planned, and that the trial confirmed the safety and tolerability of BDNF seen in earlier trials. The failure of the Phase III 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 the fields of neurology and gastroenterology, as well as independent statisticians, to conduct further examination of the data. This review by the Company and the outside panels indicated 1) that a subset of ALS patients in the trial may have received a benefit from BDNF treatment and 2) that BDNF appeared to have an effect on the gastrointestinal system and might have a therapeutic role in treating constipating conditions, among other disorders. The panels recommended, among other things, that additional clinical and preclinical investigations of subcutaneous BDNF for ALS and BDNF for gastrointestinal conditions should be undertaken. The Company is reviewing these recommendations and the Phase III data and is discussing with Amgen and Sumitomo Pharmaceuticals whether to

undertake these or other investigations of BDNF. Further development of BDNF in the United States must be undertaken in accordance with the terms of the Company's collaboration agreement with Amgen. Although Sumitomo Pharmaceuticals had planned a Phase I safety assessment of BDNF early in 1997, they are currently reviewing their BDNF development plan in light of the recently available information.

The Company's Programs

Neurotrophic Factors

General. Neurodegenerative diseases are presently incurable conditions in which there is a progressive loss of neurons that are crucial for functions such as learning and memory, sensation (e.g., vision), control of movement, muscle strength, and coordination. Neurodegenerative disorders are generally of unknown cause. Symptoms often consist of progressive loss of memory, muscle control, or

sensation. Most of these diseases cause progressive functional diseases and may cause permanent discomfort or disability. Regeneron's therapeutic strategy is to use specific, naturally occurring proteins found in the human body -- neurotrophic factors -- to prevent degeneration or to promote regeneration of specific populations of neurons.

Part of Regeneron's research and development programs are directed first at identifying neurotrophic proteins that have the capacity to arrest nerve degeneration or restore nerve function. These proteins are then synthesized principally by means of recombinant DNA technology. Preclinical studies of certain of Regeneron's product candidates, including BDNF, NT-3, and AXOKINE, suggest that these substances or their derivatives have potential therapeutic value for a variety of neurological diseases and nerve injury or trauma. Finally, the Company and Glaxo are conducting research to attempt to find small molecules that might act to promote or affect neurotrophin activity that could have a pharmaceutical role and that might be able to cross the blood-brain barrier.

BDNF. Brain-derived neurotrophic factor is a naturally occurring human protein. Several biological properties of BDNF have been discovered. These include the capacity of very small amounts of this protein to promote the survival and differentiation of certain sensory neurons, motor neurons, nerve cells of the retina, and several clinically important neurons in the brain.

Preclinical studies suggest the potential clinical application of BDNF to a variety of conditions in addition to ALS where motor neuron dysfunction is present. These conditions could include motor neuron dysfunction that occurs in Guillain-Barre syndrome, childhood spinal muscle atrophies, post-polio syndrome, diabetic neuropathy, nerve trauma, and hereditary neuropathies. Amgen-Regeneron Partners is continuing to conduct preclinical studies designed to support the potential application of BDNF to certain of these conditions.

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. The data generated during the Phase III study are being analyzed by Regeneron which is in discussions with Amgen and Sumitomo regarding what, if any, additional clinical trials should be conducted with BDNF delivered subcutaneously for ALS or other diseases or conditions (see "Recent Development"). Amgen and Amgen-Regeneron Partners are conducting several early stage BDNF clinical trials for ALS (delivered intrathecally), and peripheral neuropathy.

The Company and Amgen are conducting a Phase I trial of BDNF for ALS using intrathecal delivery. While intrathecal delivery may be more successful in delivering BDNF to certain motor neurons, 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. In addition, the potential success of any current or future BDNF clinical trial for the treatment of ALS will be dependent upon, among other things, certain factors that could undermine the significance of the data collected from such patients. Patients who take Rilutek, an orally administered drug marketed by Rhone-Poulenc Rorer for the treatment of ALS, might enroll in a BDNF trial. Other medications for the treatment of ALS are available on an experimental basis and may be approved for marketing in the future. The clinical effects of taking BDNF in combination with other drugs is unknown and therefore unanticipated effects could complicate a BDNF clinical trial or render the data collected difficult to analyze or interpret. The design of any BDNF clinical trial will attempt to take into account the inclusion of patients who may be taking other medications, including Rilutek. However, if a clinical study is compromised through the inclusion of patients who were taking Rilutek or other medications, with or without the consent or knowledge of the trial sponsor, the results of the study may be

undermined and additional clinical studies may be required, causing a delay in, and increasing the costs of, the development of BDNF, which would have a material adverse effect on the Company. If additional studies of BDNF for ALS are undertaken, the time and expense required for such trials could be material to the Company and the outcome will be uncertain. If subsequent trials are conducted and such 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.

NT-3. Neurotrophin-3 was the third member of the neurotrophin family identified. Preclinical data suggest that NT-3 may be developed as a potential

therapeutic agent in the treatment of peripheral neuropathies, trauma to peripheral nerves and spinal cord, and potentially other neurological disorders. The therapeutic utility of certain drugs (in particular certain anticancer agents such as cisplatin, taxol, and vincristine) is limited by the induction of peripheral neuropathy. In animal models, NT-3 has been shown to reverse the neuron damage caused by the cancer chemotherapeutic agent cisplatin.

In the first clinical study measuring the safety and toxicity of NT-3, conducted by Amgen on behalf of Amgen-Regeneron Partners, NT-3 was administered by daily subcutaneous injection for seven days, over a wide range of doses, to a limited number of normal human volunteers. A further clinical study of NT-3 as a potential treatment for peripheral neuropathies caused by diabetes was started during the first quarter of 1996 and continued into 1997. An additional trial for peripheral neuropathies is planned to start in 1997; the decision whether and when to start that clinical trial will now await Amgen-Regeneron Partners' review of the data from the diabetic neuropathy clinical trial. Amgen and Regeneron are developing NT-3 in the United States under a license from Takeda Chemical Industries, Ltd. ("Takeda").

AXOKINE(TM). AXOKINE is Regeneron's second-generation neurotrophic factor, discovered based on the Company's work with ciliary neurotrophic factor ("CNTF"). Preclinical data indicate that AXOKINE may be useful as a potential therapeutic agent in the treatment of motor neuron disease, Huntington's and other central nervous system degenerative diseases, and retinal degeneration (including macular degeneration and retinitis pigmentosa). Preclinical data also indicate that AXOKINE could have therapeutic and pharmacokinetic properties superior to CNTF. Regeneron in

collaboration with Medtronic is developing AXOKINE for delivery via infusion or injection to the central nervous system. Regeneron is also developing AXOKINE for retinal degeneration and injury as well as other indications.

Over the last few years, Regeneron has leveraged the proprietary technologies and approaches it initially developed for the discovery and characterization of neurotrophic factors to new growth factor-related areas. As a result, the Company has substantially expanded its drug discovery and drug development strategies, and is no longer primarily focused on neurological diseases. Promising new areas, described below, include programs in angiogenesis and the regulation of blood vessel growth, prevention of muscle atrophy, the regulation of bone growth, and cytokines and the regulation of immune function. Strategies involve both the discovery and development of recombinant protein-based therapeutics and the discovery and development of small molecule drugs.

Angiogenesis and Hemopoiesis

A plentiful blood supply is required to nourish every tissue and organ of the body. Diseases such as diabetes and atherosclerosis wreck 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.

The receptors for the Angiopoietins are also expressed on early hemopoietic stem cells. Thus, these factors may also be important in regulating blood cell formation by the process known as hemopoiesis. Other hemopoietic growth factors have proven useful in generating different types of blood cells in clinical settings -- such as cancer chemotherapy -- when deficits of red blood cells, white blood cells, and platelets can occur. These actions of the Angiopoietins are also being examined.

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 recent collaborative venture between the Company and Procter & Gamble. This collaboration will explore the potential of agrin and MuSK in muscle disease and also attempt 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.

Abnormal Bone Growth and Related Disorders

In collaboration with scientists at the University of California (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.

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 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.

Other Programs

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 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 therapies for skeletal muscle diseases and injuries, 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, 1996, the Company received contract research and development payments

totaling $39.6 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. 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 agreed 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, 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 up to $25.0 million in research payments (of which Regeneron has received $22.0 million as of December 31, 1996) and up to $15.0 million in progress payments payable upon achievement of certain development milestones. No progress payments have been made to date. 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 $8.5 million in 1996, $7.0 million in 1995, and $3.1 million in 1994. 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 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 will be 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 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 Procter & Gamble Pharmaceuticals, Inc. In December 1996, Procter & Gamble and Regeneron entered into an exclusive worldwide agreement to discover and develop therapeutics for muscle diseases and disorders. Procter & Gamble agreed to purchase shares of Regeneron Common Stock for $10.0 million and make a minimum of three and up to five $3.75 million annual payments to Regeneron to support collaborative muscle research. Procter & Gamble paid the $10.0 million to Regeneron in December 1996. In March 1997, the price per share was set at $12.50 based on a 27 percent premium over an average market price and Regeneron issued 800,000 shares of restricted Common Stock to Procter & Gamble. In addition, Procter & Gamble agreed to conduct muscle disease and disorder research at its research facilities, and contribute the results of that effort to the collaboration. Profits will be shared equally from any products jointly developed and marketed. Procter & Gamble may terminate its research payment obligation after three years, subject to reversion of certain rights to Regeneron. Regeneron contributed its muscle technologies and intellectual property, including its MuSK receptor and related technology, to the collaboration. 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) 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 its first 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, 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 a more experienced pharmaceutical firm. Technological development and discoveries may require the Company to change its research and development efforts to develop effective therapeutics. Competitors with greater resources than the Company may have financial and technological flexibility to respond to such needed changes that the Company does not have.

Even if BDNF or NT-3 is shown to be safe and effective to treat ALS, peripheral neuropathy, or other neurological 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, 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 NGF to treat peripheral neuropathies, 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", also known as Myotrophin(TM)) and other compounds for the treatment of ALS, peripheral neuropathies, and other conditions. Amgen, Genentech, Cephalon, and others have filed patent applications, 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 or 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.

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.

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 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. Every pharmaceutical 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.

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 is currently involved in two interference proceedings in the United States Patent and Trademark Office between Regeneron's patent applications and patents issued to Synergen, Inc. ("Synergen") relating to CNTF. Amgen acquired all outstanding shares of Synergen in 1994. The Company incurred $1.1 million for legal expenses relating to the interference proceedings through December 31, 1996. Since April 1995, the Company has not incurred substantial expenses in connection with these proceedings. Although the patent interference proceedings have not involved substantive discovery or other adversarial activities to date, future patent interference proceedings could result in substantial legal fees and other costs. The final result of the proceedings cannot be reasonably predicted.

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 practice 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, 1996, the Company had 243 full-time employees, 48 of whom hold a Ph.D. and/or M.D. degree. Of the full-time employees, 198 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 the Company's 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, subject to an option to renew the lease for 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. 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

Other than the patent interference proceedings which were declared by the United States Patent and Trademark Office, the Company is not engaged in any litigation or formal legal proceedings.

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 11, 1997. 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 27, 1997.

Name	Age	Position
Leonard S. Schleifer, M.D., Ph.D.	44	Chief Executive Officer, President, and founder of the Company
Murray A. Goldberg	52	Vice President, Finance & Administration, Chief Financial Officer, and Treasurer
Paul Lubetkin	46	Vice President, General Counsel, and Secretary
Ronald M. Lindsay, Ph.D.	49	Vice President, Neurobiology
George D. Yancopoulos, M.D., Ph.D.	37	Vice President, Discovery
Jesse M. Cedarbaum, M.D.	44	Vice President, Clinical Affairs
Randall G. Rupp, Ph.D.	49	Vice President, Manufacturing and Process Science
Gail M. Kempler, Ph.D.	42	Vice President, Intellectual Property and Associate General Counsel
Beverly C. Dubs	42	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 Common 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
1995		
First Quarter	$ 7.00	$3.00
Second Quarter	10.00	5.50
Third Quarter	16.375	8.75
Fourth Quarter	15.625	8.625
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

As of March 11, 1997, there were approximately 947 holders of record of the Company's Common Stock and 91 holders of record of the Company's Class A Common Stock. The closing bid price on that date was $8.75.

The Company has never paid cash dividends on its common shares and does not intend to pay cash dividends in the foreseeable future. In addition, under the terms of certain debt and equipment lease financing agreements, the Company is not permitted to declare or pay dividends to its shareholders.

Item 6. Selected Financial Data

The selected financial data set forth below for the years ended December 31, 1996, 1995, and 1994 and at December 31, 1996 and 1995 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, 1993 and 1992 and at December 31, 1994, 1993 and 1992 are derived from audited financial statements of the Company not included in this report.

The Company has never paid cash dividends on its common shares 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 dividends to its shareholders.

	Year Ended December 31,		
	1996	1995	1994
Statement of Operations Data			
Revenues			
Contract research and development	$17,302,473	$23,247,002	$19,606,292
Investment income	4,360,065	2,997,180	2,585,465
Contract manufacturing	2,451,424	1,140,321	
Research progress payments			1,000,000
Technology development contract			
	24,113,962	27,384,503	23,191,757
Expenses			
Research and development	28,268,798	23,310,088	30,874,437
Loss in Amgen-Regeneron Partners	14,250,239	13,804,777	9,794,237
General and administrative	5,879,975	5,764,397	7,529,136
Depreciation and amortization	6,083,845	5,885,699	4,245,686
Contract manufacturing	1,115,259	72,059	
Interest	939,624	1,204,757	1,403,001
Other		850,000	
	56,537,740	50,891,777	53,846,497
Net loss	($32,423,778)	($23,507,274)	($30,654,740)

Net loss per share	($1.33)	($1.19)	($1.62)
Weighted average number of Common and Class A shares outstanding	24,463,516	19,768,446	18,866,993

	At December 31,		
	1996	1995	1994
Balance Sheet Data			
Cash, cash equivalents and marketable securities	$97,027,766	$59,622,010	$60,215,256
Working capital	72,960,217	36,254,422	34,040,342
Total assets	137,581,854	93,811,345	94,235,806
Capital lease obligations and note payable, long-term portion	5,148,097	5,977,866	9,249,471
Stockholders' equity	106,930,999	67,856,449	67,070,567

	Year Ended December 31,	
	1993	1992
Statement of Operations Data		
Revenues		
Contract research and development	$6,092,319	$5,000,000
Investment income	3,463,902	4,982,668
Contract manufacturing		
Research progress payments	1,000,000	
Technology development contract		1,553,601
	10,556,221	11,536,269
Expenses		
Research and development	36,755,883	23,809,313
Loss in Amgen-Regeneron Partners	3,511,346	
General and administrative	6,025,921	3,993,504
Depreciation and amortization	3,101,055	2,109,958
Contract manufacturing		
Interest	1,045,953	736,183
Other		
	50,440,158	30,648,958
Net loss	($39,883,937)	($19,112,689)
Net loss per share	($2.41)	($1.24)
Weighted average number of Common and Class A shares outstanding	16,569,288	15,352,798

	At December 31,	
	1993	1992
Balance Sheet Data		
Cash, cash equivalents and marketable securities	$88,281,194	$83,344,257
Working capital	78,738,906	80,108,844
Total assets	117,579,418	97,879,953
Capital lease obligations and note payable, long-term portion	5,911,876	5,818,291
Stockholders' equity	98,388,159	87,153,427

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 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 discover novel potential therapies for human medical conditions. The Company is applying its technological expertise in protein growth factors, their receptors, and their mechanisms of action to the discovery and development of neurotrophic factors for the potential treatment of neurodegenerative disease, peripheral neuropathy, and nerve injury. More recently, Regeneron has used its technological expertise to attempt to identify treatments for diseases and conditions outside of the nervous system, such as inflammatory and muscle disease, angiogenesis, hematopoiesis, and cancer. In addition to conducting research and development during 1993 through 1996, highlights of Regeneron's operations included:

- During 1993, the Company completed Phase II clinical trials and commenced

  Phase III clinical trials in the United States of ciliary neurotrophic factor ("CNTF") to treat amyotrophic lateral sclerosis ("ALS," commonly known as Lou Gehrig's disease). In addition, in accordance with its collaboration agreement with Amgen Inc. ("Amgen"), Amgen initiated clinical trials of brain-derived neurotrophic factor ("BDNF"), on behalf of Amgen-Regeneron Partners, for the treatment of ALS. The Company also added and renovated laboratory and administrative space, including the Rensselaer facility. In 1993, the Company raised a total of approximately $51.0 million, primarily from the sale of Common Stock to Glaxo-Wellcome plc ("Glaxo") and in a public offering.

- During 1994, the Company discontinued its Phase III clinical study of CNTF to treat ALS and implemented a strategy to concentrate on its most promising product candidates and its discovery research efforts and to seek additional corporate partnerships and licensing agreements. Regeneron also reduced its workforce by approximately 25%, to approximately 200 employees, and incurred a charge of approximately $0.4 million in connection with costs associated with the reduction in force.

- During 1995, Amgen, on behalf of Amgen-Regeneron Partners, began a Phase III clinical trial of BDNF for the treatment of ALS designed to determine the safety and efficacy of BDNF to treat ALS. Amgen and Regeneron also analyzed results from the Phase I clinical trial and planned a further clinical trial of neurotrophin-3 ("NT-3") for peripheral neuropathy. The Company continued to develop and manufacture BDNF for use by Sumitomo Pharmaceuticals Company, Ltd. ("Sumitomo Pharmaceuticals") in Japan. During the second quarter of 1995, the Company announced preclinical research discoveries by Regeneron scientists in the areas of cancer, muscle disease, and angiogenesis. In the third quarter of 1995, the Company entered into a long-term manufacturing agreement with Merck & Co., Inc. (the "Merck Agreement") under which the Company will produce at its Rensselaer, New York facility an intermediate for an existing Merck pediatric vaccine. In the fourth quarter of 1995, the Company raised $22.3 million in net proceeds from a public offering of Common Stock. 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 Common Stock in January 1996.

- During 1996, Amgen, on behalf of Amgen-Regeneron Partners, completed the treatment phase of the Phase III clinical trial designed to determine the safety and efficacy of BDNF delivered subcutaneously for the treatment of ALS. In addition, Amgen, on behalf of Amgen-Regeneron Partners, continued to conduct a Phase I/II clinical trial of NT-3 for the treatment of peripheral neuropathy caused by diabetes. Amgen also continued to conduct a Phase I/II clinical trial of BDNF in Europe for the treatment of neuropathy caused by diabetes and started a Phase I clinical trial of BDNF delivered

intrathecally for the treatment of ALS. The Company continued to develop and manufacture BDNF for use by Sumitomo Pharmaceuticals in Japan and

continued preclinical research programs in the areas of inflammatory and muscle disease, angiogenesis, hematopoiesis, and cancer. In April 1996, Amgen purchased from the Company three million shares of Common Stock for $48.0 million. The purchase price also included five-year warrants to purchase an additional 700,000 shares of Common Stock at an exercise price of $16.00 per share. In June 1996, the Company entered into a worldwide exclusive joint development agreement with Medtronic Inc. ("Medtronic") to collaborate on 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 will be the development of AXOKINE(Trademark) for the potential treatment of Huntington's disease, using Medtronic's implantable pump to infuse AXOKINE into the central nervous system. 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. In October 1996, Regeneron entered into a research collaboration with Pharmacopeia, Inc. ("Pharmacopeia") to discover and develop small molecule drugs that mimic or antagonize growth factors or cytokines. In December 1996, the Company entered into an exclusive worldwide agreement with Procter & Gamble Pharmaceuticals, Inc. ("Procter & Gamble") to discover and develop therapeutics for muscle diseases and disorders. Procter & Gamble agreed to purchase shares of Common Stock for $10.0 million and make a minimum of three and up to five $3.75 million annual payments to the Company to support collaborative muscle research. Procter & Gamble paid the $10.0 million to Regeneron in December 1996. In March 1997, the price per share was set at $12.50 based on a 27 percent premium over an average market price and Regeneron issued 800,000 shares of restricted Common Stock to 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 ALS, that no further subsequent subcutaneous development of BDNF for ALS was planned, and that the trial confirmed the safety and tolerability of BDNF seen in earlier trials. The failure of the Phase III 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 the fields of neurology and gastroenterology, as well as independent statisticians, to conduct further examination of the data. This review by the Company and the outside panels indicated 1) that a subset of ALS patients in the trial may have received a benefit from BDNF treatment and 2) that BDNF appeared to have an effect on the gastrointestinal system and might have a therapeutic role in treating constipating conditions, among other disorders. The panels recommended, among other things, that additional clinical and preclinical investigations of subcutaneous BDNF for ALS and BDNF for gastrointestinal conditions should be undertaken. The Company is reviewing these recommendations and the Phase III data and is discussing with Amgen and Sumitomo Pharmaceuticals whether

to undertake these or other investigations of BDNF. Further development of BDNF in the United States must be undertaken in accordance with the terms of the Company's collaboration agreement with Amgen. Although Sumitomo Pharmaceuticals had planned a Phase I safety assessment of BDNF early in 1997, they are currently reviewing their BDNF development plan in light of the recently available information.

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 can not 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 would have a material adverse impact

on the Company.

The Company and Amgen are conducting a Phase I trial of BDNF for ALS using intrathecal delivery. 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. In addition, the potential success of any current or future BDNF clinical trial for the treatment of ALS will be dependent upon, among other things, certain factors that could undermine the significance of the data collected from such patients. For example, patients who take Rilutek(Trademark), an orally administered drug marketed by Rhone-Poulenc Rorer for the treatment of ALS, might enroll in a BDNF trial. Also, other medications for the treatment of ALS are available on an experimental basis and may be approved for marketing in the future. The clinical effects of taking BDNF in combination with other drugs is unknown and therefore unanticipated effects could complicate a BDNF clinical trial or render the data collected difficult to analyze or interpret. The design of any BDNF clinical trial will attempt to take into account the inclusion of patients who may be taking other medications, including Rilutek. However, if a clinical study is compromised through the inclusion of patients who were taking Rilutek or other medications, with or without the consent or knowledge of the trial sponsor, the results of the study may be undermined and additional clinical studies may be required, causing a delay in, and increasing the costs of, the development of BDNF, which would have a material adverse effect on the Company. If additional studies of BDNF for ALS are undertaken, the time and expense required for such trials could be material to the Company and the outcome will be uncertain. If subsequent trials are conducted and such 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.

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. The 1996 study

involves substantially longer treatment (six months or longer). In the Phase I study, two out of the seventy-six patients developed significant abnormalities in blood tests of their liver function. These laboratory abnormalities reversed after cessation of treatment and were not associated with any other evidence of liver dysfunction. Similar abnormalities have not been observed in preclinical toxicology studies with NT-3. However, if such abnormalities were to occur in a number of patients in subsequent trials, including the 1996 study, this result could delay or preclude the further development of NT-3. The treatment of

peripheral neuropathy associated with cancer chemotherapy or diabetes may present additional clinical trial risks in light of the complex and not wholly understood mechanisms of action that lead to the neuropathies, the presence of many other drugs to treat the underlying conditions, the potential difficulty of achieving significant clinical endpoints, 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.

To date, Regeneron has not received any revenues from the commercial sale of products and may not receive any such revenues for several years. 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.

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.

Results of Operations

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. Contract research and development revenue earned from Sumitomo Pharmaceuticals decreased to $11.5 million in 1996 from $15.4 million in 1995. Of the 1996 Sumitomo Pharmaceuticals revenue, $3.0 million was for contract research and $8.5 million was reimbursement for developing manufacturing processes for BDNF and supplying BDNF. Of the 1995 Sumitomo Pharmaceuticals revenue, $8.4 million was for contract research (including $5.4 million related to a non-recurring contract research payment), and $7.0 million was reimbursement for developing manufacturing processes for BDNF and supplying

BDNF. Contract research and development revenue earned from Amgen and Amgen-Regeneron Partners decreased to $5.8 million in 1996 from $7.8 million 1995. This reflects a decision by the partnership to focus more spending in 1996 on clinical trials and precommercial activities conducted by Amgen and less spending on preclinical research conducted by Regeneron. During 1995, the Company entered into the Merck Agreement. Contract manufacturing revenue in 1996 and 1995 related to this agreement aggregated $2.4 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 April, June, and December 1996, respectively.

The Company's total operating expenses increased to $56.5 million in 1996 from $50.9 million in 1995. Research and development expense 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, as well as the costs of increased activity in the Company's Rensselaer, New York manufacturing facility related to the Company's agreement with 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. Research and development expenses, including the loss in Amgen-Regeneron Partners, were approximately 75% of total operating expenses in 1996, compared to 73% in 1995.

General and administrative expense increased to $5.9 million in 1996 from $5.8 million in 1995 as expenses remained consistent year-to-year. 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. Contract manufacturing of $1.1 million in 1996 were direct expenses related to contract manufacturing for Merck. 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, compared to a net loss of $23.5 million, or $1.19 per share, in 1995.

Years Ended December 31, 1995 and 1994. The Company's total revenue increased to $27.4 million in 1995 from $23.2 million in 1994. Contract research and development revenue increased to $23.2 million in 1995 from $19.6 million in 1994. Contract research and development revenue earned from Sumitomo Pharmaceuticals increased to $15.4 million in 1995 from $10.7 million in 1994. Of the 1995 Sumitomo Pharmaceuticals revenue, $8.4 million was for contract research and $7.0 million was reimbursement for developing manufacturing processes for BDNF and supplying BDNF. Of the 1994 Sumitomo Pharmaceuticals revenue, $7.6 million was for contract research (including $5.4 million related to a non-recurring contract research payment), and $3.1 million was reimbursement for developing manufacturing processes for BDNF and supplying

BDNF. Contract research and development revenue earned from Amgen and Amgen-Regeneron Partners decreased to $7.8 million in 1995 from $8.9 million in

1994. This decrease was the result of the Company providing less research support to the partnership. During 1994, the Company received a $1.0 million research milestone payment from Amgen upon the filing of an IND for NT-3, as provided for in the Amgen Agreement. In 1995, the Company entered into a long-term manufacturing agreement with Merck, and contract manufacturing revenue related to this agreement totaled $1.1 million. Investment income in 1995, increased to $3.0 million from $2.6 million in 1994, primarily due to capital losses of $0.3 million in 1994, a rise in interest rates in 1995, and interest earned on the net proceeds of the Company's November 1995 public offering, offset by reduced levels of interest-bearing investments in the first ten months of the year as the Company expended funds during 1995 for capital assets, research and development, and other operating expenses.

The Company's total operating expenses decreased to $50.9 million in 1995 from $53.8 million in 1994. Research and development expense decreased to $23.3 million in 1995 from $30.9 million in 1994. The Company's research and development expenses decreased primarily due to discontinuance of the Company's clinical study of CNTF in June 1994, when that study failed to demonstrate the safety and efficacy of CNTF to treat ALS. This decrease was partially offset by additional expenses related to the Company's collaboration with Sumitomo Pharmaceuticals. Loss in Amgen-Regeneron Partners increased to $13.8 million in 1995 from $9.8 million in 1994, primarily due to increased costs related to the initiation in the third quarter of 1995 of the Phase III BDNF clinical trial conducted by Amgen on behalf of Amgen-Regeneron Partners. Research and

development expenses, including the loss in Amgen-Regeneron Partners, were approximately 73% of total operating expenses in 1995, compared to 76% in 1994.

General and administrative expense decreased to $5.8 million in 1995 from $7.5 million in 1994, primarily because the 1995 period reflected lower costs associated with the Company's reduced staff and because the 1994 period included a charge of approximately $0.4 million for costs associated with a 25% reduction in workforce following the discontinuance of the Company's clinical study of CNTF. Depreciation and amortization expense increased to $5.9 million in 1995 from $4.2 million in 1994, reflecting depreciation of the Rensselaer facility, which became fully operational in July 1994, equipment and leasehold improvements placed in service during 1995, and increased patent amortization expense. Interest expense decreased to $1.2 million in 1995 from $1.4 million in 1994. Other expenses related to recognition in the third quarter of 1995 of a $0.9 million expense as the Company's contribution to the settlement of shareholder class action litigation.

The Company's net loss in 1995 was $23.5 million, or $1.19 per share, compared to a net loss of $30.7 million, or $1.62 per share, in 1994.

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 each of Amgen, Sumitomo Chemical Company, Ltd., Sumitomo Pharmaceuticals, Merck, Medtronic, and Procter & Gamble and investment income. In connection with the Company's agreement to collaborate with Sumitomo Pharmaceuticals in the research and development of BDNF in Japan, Sumitomo Pharmaceuticals paid the Company $22.0 million and agreed to pay the Company an additional $3.0 million in 1998. Sumitomo Pharmaceuticals has the option to cancel the 1998 payment; however, if such a cancellation were to occur, Sumitomo Pharmaceutical's rights to develop and commercialize BDNF in Japan would revert to the Company. In addition, the Company is being reimbursed in connection with supplying Sumitomo Pharmaceuticals with BDNF for preclinical use.

Under the Amgen Agreement, Amgen was required to make defined payments through June 1995 to the Company for research and development efforts in the United States in connection with BDNF and NT-3. The Amgen Agreement provided that after Amgen determined that IND applications should be filed for BDNF and NT-3, Amgen-Regeneron Partners would thereafter conduct the development and commercialization of these product candidates on behalf of Amgen-Regeneron Partners. Amgen-Regeneron Partners began operations in June 1993 with respect to BDNF and in January 1994 with respect to NT-3. Amgen's

required payments for BDNF and NT-3 were made directly to Regeneron prior to the determination by Amgen that the preparation of an IND for each compound should commence and thereafter to Amgen-Regeneron Partners. The Company's further 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 $42.6 million to Amgen-Regeneron Partners from the partnership's inception in June 1993 through December 31, 1996. The Company expects that its capital contributions in 1997 will total approximately $3.0 million to $5.0 million. These contributions could increase or

decrease, depending upon the cost of Amgen-Regeneron Partners conducting additional BDNF and NT-3 preclinical and clinical studies and the outcomes of those and other ongoing studies. Capital contributions beyond 1997 are also anticipated to be significant.

In September 1995, the Company entered into the Merck Agreement. Depending on the volume of the intermediate supplied to Merck, total capital and product payments from Merck to Regeneron could total $40.0 million or more over the term of the agreement, which is expected to extend to 2003. This agreement may be terminated at any time by Merck upon the payment by Merck of a termination fee.

From its inception in January 1988 through December 31, 1996,

exclusive of construction in progress, the Company invested approximately $47.4 million in property, plant and equipment, including $16.8 million to acquire and renovate the Rensselaer facility and $6.1 million of new construction that is 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 $1.8 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 provides 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 will be renewed for eight months at defined monthly payments after which the Company will own the Equipment. At December 1996, the Company had available approximately $1.1 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 two interference proceedings in the Patent and Trademark Office between Regeneron's patent applications and patents relating to CNTF issued to Synergen, Inc. Amgen acquired all outstanding shares of Synergen in 1994.

As of December 31, 1996, 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.

At December 31, 1996, the Company had $97.0 million in cash, cash equivalents, and marketable securities. 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 Company also expects to incur substantial funding requirements for, among other things, its research and development activities (including preclinical and clinical testing), validation of its manufacturing facilities, and the

acquisition of equipment, and may incur substantial funding requirements for expenses related to the patent interference proceedings and other patent matters. 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 extent and success of any collaborative research programs. The Company expects to incur additional capital expenditures in connection with the renovation and validation of its Rensselaer facility pursuant to its manufacturing agreement with Merck. However, the Company also expects that such expenditures will be substantially reimbursed by Merck, subject to certain conditions. The Company believes that its existing capital resources will enable it to meet operating needs into 1999. 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 at a faster rate than currently expected. In order to continue to attempt to assure Regeneron's financial condition and maximize its technological developments for the long-term benefit of shareholders, the Company from time to time seeks additional corporate partners and explores other opportunities to obtain research and development funding. No assurance can be given that such partners or funding will be available or, if available, will be on terms favorable or acceptable to the Company.

Factors That May Affect Future Operating Results

Regeneron cautions stockholders and 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 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.

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

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

- Cancellation or termination of material collaborative or licensing agreements could result in loss of research or other funding and have other material adverse effects 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.

- Competitive or market factors 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 in Regeneron's selling, 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 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.

- Difficulties in launching or marketing the Company's products by the Company or its licensees, especially when such products are novel products based on biotechnology, and unpredictability of customer acceptance of such products.

- Inability to maintain or initiate third party arrangements which generate revenues, in the form of license fees, research and development support, royalties, and other payments, in return for rights to technology or products under development by the Company.

- 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-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 cancer, inflammation, muscle disease, angiogenesis, and hematopoiesis), the Company will require additional internal expertise or external collaborations in areas in which it currently does not have substantial resources and personnel.

Impact of the Adoption of Recently Issued Accounting Standards

In February 1997, the Financial Accounting Standards Board issued Financial Accounting Standard No. 128, "Earnings Per Share" ("SFAS 128"). SFAS 128 will

require the Company to replace the current presentation of "primary" per share data with "basic" and "diluted" per share data. Currently, outstanding common stock equivalents are antidilutive and therefore management estimates that the future adoption of SFAS 128 currently will not have a material impact on the Company's per share data. SFAS 128 will be adopted by the Company for periods ending 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 27, 1997.

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 27, 1997.

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 27, 1997.

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 27, 1997.

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) *	- Sponsored Research and License Agreement, dated as of June 17, 1988, between the Company and Erziehungsdirektion of the Canton Zurich.
10.4 (b) *	- Collaboration Agreement, dated August 31, 1990, between the Company and Amgen Inc.
10.5 (b)	- 1990 Amended and Restated Long-Term Incentive Plan.
10.6 (a) *	- Neurotrophic Factor Agreement, dated as of May 21, 1991, between the Company and Finn Hallbook, Carlos Fernando Ibanez Molinar, and Hakan Persson.
10.7 (c) *	- License Agreement dated as of November 19, 1991, between the Company and the University of Iowa Research Foundation.
10.8 (c) *	- License Agreement dated as of January 15, 1992, between the Company and Hakan Persson.
10.9 (c) *	- License Agreement dated as of January 24, 1992, between the Company and Rorer Biotechnology, Inc.
10.10(d) *	- Collaborative Development Agreement dated as of September 23, 1992, between the Company and American Cyanamid Company.
10.11(d) *	- License Agreement dated as of October 7, 1992, between the Company and The Regents of the University of California.
10.12(e) *	- Collaboration Agreement dated as of July 22, 1993 between the Company and Glaxo Group Limited.
10.13(e)	- Stock Purchase Agreement dated as of July 22, 1993 between the Company and Glaxo Group Limited.
10.14(e)	- Contract to Sell Real Estate dated as of July 21, 1993 between the Company and National Council for Community Development Inc.
10.15(e)	- Renovation License Agreement dated as of July 22, 1993 between the Company, National Council for Community Development and Sterling Winthrop, Inc.
10.16(f)	- Employment Agreement, dated as of September 14, 1993 between the Company and Dr. Leonard S. Schleifer.
10.17(g)*	- Research and Development Agreement dated as of June 2, 1994 between the Company and Sumitomo Pharmaceuticals Company, Ltd.
10.18(h)*	- Manufacturing Agreement dated as of September 18, 1995 between the Company and Merck & Co., Inc.
10.19(i)	- Stock and Warrant Purchase Agreement dated as of April 15, 1996, between the Company and Amgen Inc.

10.20 (i)	- Warrant Agreement dated as of April 15, 1996, between the Company and Amgen Inc.
10.21 (i)	- Registration Rights Agreement dated as of April 15, 1996, between the Company and Amgen Inc.
10.22 (i)	- Stock and Warrant Purchase Agreement dated as of June 27, 1996, between the Company and Medtronic, Inc.
10.23 (i)	- Warrant Agreement dated as of June 27, 1996, between the Company and Medtronic, Inc.
10.24 (i)	- Registration Rights Agreement dated as of June 27, 1996, between the Company and Medtronic, Inc.

10.25 (i) - Assignment and Assumption Agreement dated as of June 27, 1996, between the Company and Medtronic, Inc.
10.26 (j) - Certificate of Amendment of the Restated Certificate of Incorporation of Regeneron Pharmaceuticals, Inc., as at October 18, 1996.
10.27 (k) - 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.
10.28 (j) - Letter of Resignation of James W. Fordyce, Director, dated October 1, 1996.
10.29 - Stock Purchase Agreement dated as of December 11, 1996, between the Company and Procter & Gamble Pharmaceuticals, Inc.
10.30 - Registration Rights Agreement dated as of December 11, 1996, between the Company and Procter & Gamble Pharmaceuticals, Inc.
10.31 * - Collaboration Agreement dated as of December 11, 1996, between the Company and Procter & Gamble Pharmaceuticals, Inc.
11 - Statement of Computation of Loss per Share.
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

(a) Incorporated by reference from the Form 10-Q of 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, 1991, filed March 30, 1992.

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

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

(f) Incorporated by reference from the Form 10-Q of Regeneron Pharmaceuticals, Inc. for the quarter ended September 30,1993, filed November 12, 1993.

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

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

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

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

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

* 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

No report on Form 8-K was filed by the Registrant during the year ended December 31, 1996.

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 26, 1997

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 26, 1997.

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
*	Director

- ----------
Eric M. Shooter, Ph.D.

* Director

- ----------
George L. Sing

*By /s/ PAUL LUBETKIN

- ----------
Paul Lubetkin
(Attorney-in-Fact)

REGENERON PHARMACEUTICALS, INC.

INDEX TO FINANCIAL STATEMENTS

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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, 1996, and 1995, and the related statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1996. 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, 1996 and 1995 or for each of the three years in the period ended December 31, 1996. The Company's investment in the Partnership is accounted for in accordance with the equity method of accounting and constitutes one percent of the Company's total assets at December 31, 1996 and 1995, respectively. For the years ended December 31, 1996, 1995 and 1994 the Company recorded its pro rata share of the Partnership's net loss of approximately $14.3 million, $13.8 million, and $9.8 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, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

COOPERS & LYBRAND L.L.P.

New York, New York
February 14, 1997,
except for the second
paragraph of Note8(e)

for which the date is
March 19, 1997

REGENERON PHARMACEUTICALS, INC.
BALANCE SHEETS
December 31, 1996 and 1995

ASSETS	1996	1995
Current assets		
Cash and cash equivalents	$34,475,060	$32,736,026
Marketable securities	45,587,404	13,417,634
Receivable due from Sumitomo Pharmaceuticals Company, Ltd.	2,072,455	1,749,062
Receivable due from Merck & Co., Inc.	1,816,056	271,630
Receivable due from Amgen-Regeneron Partners	446,269	668,990
Prepaid expenses and other current assets	611,435	359,111
Total current assets	85,008,679	49,202,453
Marketable securities	16,965,302	13,468,350
Investment in Amgen-Regeneron Partners	1,205,299	1,273,538
Property, plant and equipment, at cost, net of accumulated depreciation and amortization	34,297,843	27,870,720
Other assets	104,731	1,996,284
Total assets	$137,581,854	$93,811,345
LIABILITIES and STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$4,357,145	$6,289,832
Capital lease obligations, current portion	3,505,221	3,408,090
Note payable, current portion	77,684	83,444
Deferred revenue, current portion	4,108,412	3,166,665
Total current liabilities	12,048,462	12,948,031
Capital lease obligations	3,400,015	4,152,100
Note payable	1,748,082	1,825,766

Other liabilities	183,426	103,374
Deferred revenue	13,270,870	6,925,625
Commitments and contingencies (Notes 7, 8, and 9)		
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;		
4,355,994 shares issued and outstanding in 1996		
5,403,923 shares issued and 5,386,850 outstanding in 1995	4,356	5,404
Common Stock, $.001 par value; 60,000,000 shares authorized;		
21,319,896 shares issued and outstanding in 1996		
16,465,429 shares issued and outstanding in 1995	21,320	16,465
Additional paid-in capital	264,742,236	193,594,141
Unearned compensation	(1,080,000)	(1,440,000)
Accumulated deficit	(157,029,112)	(124,605,334)
Net unrealized gain on marketable securities	272,199	285,940
	106,930,999	67,856,616
Less, Class A Stock held in treasury, at cost: none in 1996; 17,073 shares in 1995	-	(167)
Total stockholders' equity	106,930,999	67,856,449
Total liabilities and stockholders' equity	$137,581,854	$93,811,345

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

REGENERON PHARMACEUTICALS, INC.
STATEMENTS OF OPERATIONS
for the years ended December 31, 1996, 1995, and 1994

	1996	1995	1994
Revenues			
Contract research and development	$17,302,473	$23,247,002	$19,606,292
Investment income	4,360,065	2,997,180	2,585,465
Contract manufacturing	2,451,424	1,140,321	
Research progress payments			1,000,000
	24,113,962	27,384,503	23,191,757
Expenses			
Research and development	28,268,798	23,310,088	30,874,437
Loss in Amgen-Regeneron Partners	14,250,239	13,804,777	9,794,237
General and administrative	5,879,975	5,764,397	7,529,136
Depreciation and amortization	6,083,845	5,885,699	4,245,686
Contract manufacturing	1,115,259	72,059	
Interest	939,624	1,204,757	1,403,001
Other		850,000	
	56,537,740	50,891,777	53,846,497
Net loss	($32,423,778)	($23,507,274)	($30,654,740)
Net loss per share	($1.33)	($1.19)	($1.62)
Weighted average number of Common and Class A shares outstanding	24,463,516	19,768,466	18,866,993

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

REGENERON PHARMACEUTICALS, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
for the years ended December 31, 1996, 1995, and 1994

	Class A Stock		Common Stock		Additional Paid-in
	Shares	Amount	Shares	Amount	Capital
Balance, December 31, 1993	6,559,017	$6,559	$12,312,035	$12,312	$168,812,770
Issuance of Common Stock in connection with services rendered			25,000	25	99,975
Conversion of Class A Stock to Common Stock	(933,052)	(933)	933,052	933	
Net loss, 1994					
Change in net unrealized gain (loss) on marketable securities					
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 in private placements			3,460,500	3,461	57,996,539
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

	Unearned Compensation	Accumulated Deficit	Net Unrealized Gain (Loss) on Marketable Securities
Balance, December 31, 1993		($70,443,320)	
Issuance of Common Stock in connection with services rendered			
Conversion of Class A Stock to Common Stock			
Net loss, 1994		(30,654,740)	
Change in net unrealized gain (loss) on marketable securities			($762,852)
Balance, December 31, 1994		(101,098,060)	(762,852)
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			
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
Issuance of Common Stock for settlement of an obligation			
Amortization of unearned compensation	360,000		
Issuance of equity securities in private placements			
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			
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

	Class A Stock Held in Treasury		Total Stockholders' Equity
	Shares	Amount	
Balance, December 31, 1993	16,559	($162)	$98,388,159
Issuance of Common Stock in connection with services rendered			100,000
Conversion of Class A Stock to Common Stock			
Net loss, 1994			(30,654,740)
Change in net unrealized gain (loss) on marketable securities			(762,852)
Balance, December 31, 1994	16,559	(162)	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	514	(5)	(5)
Net loss, 1995			(23,507,274)
Change in net unrealized gain (loss) on marketable securities			1,048,792
Balance, December 31, 1995	17,073	(167)	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 in private placement			58,000,000
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	(17,073)	(167)	
Net loss, 1996			(32,423,778)
Change in net unrealized gain (loss) on marketable securities			(13,741)
Balance, December 31, 1996	--	--	$ 106,930,999

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

REGENERON PHARMACEUTICALS, INC.
STATEMENTS OF CASH FLOWS
for the years ended December 31, 1996, 1995, and 1994
Increase (Decrease) in Cash and Cash Equivalents

	1996	1995
Cash flows from operating activities		
Net loss	($32,423,778)	($23,507,274)
Adjustments to reconcile net loss to net cash used in operating activities		
Share of net loss of Amgen-Regeneron Partners	14,250,239	13,804,777
Depreciation and amortization	6,083,845	5,905,791
Amortization of lease incentive		(50,300)
Loss on sales of marketable securities		
Stock issued in consideration for services rendered	360,000	360,000
Changes in assets and liabilities		
Decrease (increase) in amounts due from Amgen-Regeneron Partners	222,721	324,664
Increase in amounts due from Sumitomo Pharmaceuticals Co., Ltd.	(323,393)	(1,749,062)
Increase in amounts due from Merck & Co., Inc.	(1,544,426)	(271,630)
Increase in investment in Amgen-Regeneron Partners	(14,182,000)	(13,422,000)
Decrease in prepaid expenses and other assets	356,353	26,182
Increase in deferred revenue	7,286,992	842,288
Decrease in accounts payable, accrued expenses, and other liabilities	(368,427)	(502,203)
Total adjustments	12,141,904	5,268,507
Net cash used in operating activities	(20,281,874)	(18,238,767)

Cash flows from investing activities		
Purchase of marketable securities	(74,606,782)	(28,084,233)
Sale of marketable securities	38,926,319	38,816,383
Capital expenditures	(8,622,133)	(3,342,040)
Net cash (used in) provided by investing activities	(44,302,596)	7,390,110
Cash flows from financing activities		
Net proceeds from the issuance of equity securities	69,963,916	23,222,522
Proceeds from note payable		
Principal payments on note payable	(83,444)	(90,790)
Capital lease payments	(3,556,968)	(3,192,958)
Purchase of treasury stock		(5)
Net cash provided by (used in) financing activities	66,323,504	19,938,769
Net increase in cash and cash equivalents	1,739,034	9,090,112
Cash and cash equivalents at beginning of year	32,736,026	23,645,914
Cash and cash equivalents at end of year	$34,475,060	$32,736,026
Supplemental disclosure of cash flow information		
Cash paid for interest	$859,572	$1,101,383

	1994
Cash flows from operating activities	
Net loss	($30,654,740)
Adjustments to reconcile net loss to net cash used in operating activities	
Share of net loss of Amgen-Regeneron Partners	9,794,237
Depreciation and amortization	4,245,686
Amortization of lease incentive	(150,888)
Loss on sales of marketable securities	315,384
Stock issued in consideration for services rendered	100,000
Changes in assets and liabilities	
Decrease (increase) in amounts due from Amgen-Regeneron Partners	(429,863)
Increase in amounts due from Sumitomo Pharmaceuticals Co., Ltd.	
Increase in amounts due from Merck & Co., Inc.	
Increase in investment in Amgen-Regeneron Partners	(11,218,345)
Decrease in prepaid expenses and other assets	1,330,298
Increase in deferred revenue	8,416,669
Decrease in accounts payable, accrued expenses, and other liabilities	(2,267,256)
Total adjustments	10,135,922
Net cash used in operating activities	(20,518,818)
Cash flows from investing activities	
Purchase of marketable securities	(22,526,927)
Sale of marketable securities	61,341,406
Capital expenditures	(6,948,027)
Net cash (used in) provided by investing activities	31,866,452
Cash flows from financing activities	
Net proceeds from the issuance of equity securities	
Proceeds from note payable	2,000,000
Principal payments on note payable	
Capital lease payments	(2,234,735)
Purchase of treasury stock	
Net cash provided by (used in) financing activities	(234,735)
Net increase in cash and cash equivalents	11,112,899
Cash and cash equivalents at beginning of year	12,533,015
Cash and cash equivalents at end of year	$23,645,914
Supplemental disclosure of cash flow information	
Cash paid for interest	$1,403,001

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

REGENERON PHARMACEUTICALS, INC.
NOTES TO FINANCIAL STATEMENTS
for the years ended December 31, 1996, 1995, and 1994

1. Organization and Business

Regeneron Pharmaceuticals, Inc. (the "Company") 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 uncertainities 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.

Net Loss Per Share

Net loss per share 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 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.

Income Taxes

The Company accounts for income taxes in accordance with the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). SFAS 109 requires that the Company recognize 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 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

In February 1997, the Financial Accounting Standards Board issued Financial Accounting Standard No. 128. "Earnings Per Share" ("SFAS 128"). SFAS 128 will require the Company to replace the current presentation of "primary" per share data with "basic" and "diluted" per share data. Currently, outstanding common stock equivalents are antidilutive and therefore management estimates that the future adoption of SFAS 128 currently will not have a material impact on the Company's per share data. SFAS 128 will be adopted by the Company for periods ending after December 15, 1997.

Statement of Cash Flows

Supplemental disclosure of noncash investing and financing activities:

Capital lease obligations of approximately $2.9 million, $0.4 million, and $5.1 million were incurred when the Company acquired new equipment in 1996, 1995, and 1994, 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.

During 1994, the Company issued 25,000 shares of Common Stock to a financial advisor as compensation for services rendered to the Company. The fair market value of such shares at the date of issuance was $0.1 million.

Included in accounts payable and accrued expenses at December 31, 1996 and 1995 were approximately $0.8 million and $1.1 million of capital expenditures. Included in accounts payable and accrued expenses at December 31, 1995 were $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 1995 and 1994 in order 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" ("SFAS 115"), 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, 1996 and 1995:

At December 31, 1996	Amortized Cost Basis	Fair Value	Unrealized Holding Gains	Unrealized Holding (Losses)	Net
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
At December 31, 1995					
Maturities within one year					
Corporate debt securities	$6,190,186	$6,244,035	$53,849	$ --	$53,849
U.S. Government securities	7,059,037	7,173,599	139,016	(24,454)	114,562
	13,249,223	13,417,634	192,865	(24,454)	168,411
Maturities between one and three years					
Corporate debt securities	6,028,051	6,141,731	113,680	---	113,680
U.S. Government securities	7,322,770	7,326,619	13,767	(9,918)	3,849
	13,350,821	13,468,350	127,447	(9,918)	117,529
	$26,600,044	$26,885,984	$320,312	($34,372)	285,940

The aggregate net unrealized gain has been included as an increase to stockholders' equity at December 31, 1996 and 1995.

Realized gains and losses are included as a component of investment income. For the years ended December 31, 1996, 1995 and 1994, 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, 1996 and 1995 consist of the following:

	1996	1995

Land	$ 474,501	$ 474,501
Building and improvements	22,573,914	16,300,026
Leasehold improvements	6,165,487	6,147,652
Construction in progress	6,131,873	3,885,730
Laboratory equipment	17,248,902	14,931,715
Furniture, fixtures, and computer equipment	906,948	533,929
	53,501,625	42,273,553
Less, accumulated depreciation and amortization	(19,203,782)	(14,402,833)
	$34,297,843	$27,870,720

Depreciation and amortization expense on property, plant, and equipment amounted to approximately $4.8 million, $4.6 million, and $3.9 million for the years ended December 31, 1996, 1995, and 1994, respectively.

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of December 31, 1996 and 1995 consist of the following:

	1996	1995
Accounts payable	$ 2,178,308	$ 3,240,050
Accrued payroll and related costs	1,047,812	1,054,626
Accrued clinical trial expense	319,500	350,000
Accrued litigation settlement	-- --	850,000
Accrued expenses, other	389,062	299,412
Deferred compensation	422,463	495,744
	$ 4,357,145	$ 6,289,832

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, 1996 (approximately $1.1 million) has been included as a reduction to stockholders' equity. For the years ended December 31, 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 April 1996, Amgen Inc. 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.

During June 1996, Medtronic, Inc. 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.

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 will have the status of authorized but unissued stock and will

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, expiring June 30, 1998, with renewal options for two additional five-year periods. The lease, as amended, provides for base rent plus additional rental charges based upon increases in taxes and operating expenses, as defined.

The Company leases certain laboratory and office equipment under operating leases which expire at various times through 1998. 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, 1996, the future minimum noncancelable lease commitments under operating leases are as follows:

December 31,	Laboratory and Office Space	Equipment	Total
1997	$2,697,894	$456,401	$3,154,295
1998	1,348,947	72,575	1,421,522
	$4,046,841	$528,976	$4,575,817

Rent expense under operating leases was:

Year Ending December 31,	Laboratory and Office Space	Equipment	Total
1996	$2,738,226	$669,300	$3,407,526
1995	2,715,294	921,269	3,636,563
1994	2,648,819	1,091,806	3,740,625

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 million and tangible net worth, as defined, of $35 million.

During 1996, the Company entered into a series of new leasing agreements (the "New Lease Line") which provides 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 will be renewed for eight months at defined monthly payments after which the Company will own the Equipment. At December 1996, the Company had available approximately $1.1 million of the New Lease Line.

As of December 31, 1996, minimum rental payments under all capital leases, including payments to acquire leased equipment, are as follows:

Year Ending December 31,	Minimum Rental Payments
1997	$ 4,390,977
1998	1,843,022

1999	871,363
2000	748,732
2001	78,561
	7,932,655
Less, amounts representing interest	(1,027,419)
Present value of net minimum capital lease payments	$6,905,236

Leased equipment and building improvements in property, plant, and equipment was approximately $17.5 million and $14.6 million at December 31, 1996 and 1995, respectively; related accumulated depreciation was approximately $12.0 million and $8.8 million for the same respective periods.

c. Note Payable

During November 1994, 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, 1996 was approximately $30.6 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 call for 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, the Company did not meet the defined levels of employment and, accordingly, the interest rate charged on outstanding borrowings will increase to 2.0% above the prime rate effective March 1, 1997. The estimated fair value of the Company's note payable to the NYS UDC at December 31, 1996 was approximately $2.0 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:

1997	$77,684
1998	73,298
1999	70,128
2000	68,064
2001	67,042
Thereafter	1,469,550
	$1,825,766

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 and services to be provided by, or rights to certain proprietary technology developed by, the Scientists. 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, 1996, the Company incurred expenses related to these Agreements of approximately $0.5 million, $0.5 million, and

$0.6 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 and $0.5 million at December 31, 1996 and 1995, respectively.

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 $42.6 million. In 1996, 1995, and 1994, the Company recognized its share of the Partnership net loss in the amounts of approximately $14.3 million, $13.8 million, and $9.8 million, respectively, which represents 50% of the total Partnership net loss, after first allocating certain defined amounts to Amgen ($2.5 million and $5.0 million for 1995 and 1994, respectively), as defined in the Partnership agreement. As of December 31, 1996, the Company continues to be an equal partner in the Partnership.

Payments from Amgen, with respect to its Minimum Annual Funding obligation, and 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, 1996, 1995 and 1994 totaled approximately $5.8 million, $7.8 million, and $8.9 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. The Company received Research Progress Payments of $1.0 million in 1994 and 1993 when the respective Products commenced clinical trials.

Selected financial data of the Partnership as of December 31, 1996 and 1995 and for the years ended December 31, 1996, 1995 and 1994, are as follows:

Balance Sheet Data

	1996	1995
Cash	$14,640,000	$17,498,000
Accounts payable and accrued expenses due to partners (1)	12,230,000	14,952,000
Partners' capital accounts		
Amgen	1,205,000	1,273,000
The Company	1,205,000	1,273,000

(1) Includes approximately $0.5 million and $0.6 million due the Company at December 31, 1996 and 1995, respectively.

Statement of Operations Data

	1996	1995	1994
Total revenue	$750,000	$387,000	---
Total expenses (2)	29,250,000	30,497,000	$24,588,000
Net loss	$28,500,000	$30,110,000	$24,588,000

(2) Includes approximately $5.8 million, $7.0 million, and $8.9 million related to services provided by the Company for the years ended December 31, 1996, 1995, and 1994, respectively.

In 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. In addition, in 1996, Amgen Inc. 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, as defined.

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. Only the 1998 annual payment remains to be paid. If Sumitomo Pharmaceuticals cancels the 1998 payment, the rights granted by the Company to Sumitomo Pharmaceuticals to develop and commercialize BDNF in Japan will revert to the Company. 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, $8.4 million, and $7.6 million in 1996, 1995 and 1994, 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, 1996 and 1995, 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 $8.5 million, $7.0 million, and $3.1 million in 1996, 1995, and 1994, respectively.

In addition, during 1989, Sumitomo Chemical Company, Limited, 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 July 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, Inc. 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. Procter & Gamble Pharmaceuticals, Inc.

During December 1996, the Company entered into a collaboration agreement with Procter & Gamble Pharmaceuticals, Inc. ("Procter & Gamble") to jointly discover and develop therapeutics ("compound") for muscle diseases and disorders. As part of the agreement, Procter & Gamble 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. Procter & Gamble has the option to fund additional amounts and has the right to terminate the agreement after three years. In the event that a compound is discovered and developed to certain defined levels (but not before the third anniversary of the agreement), Procter & Gamble and the Company have agreed to negotiate, in good faith, an agreement whereby they would jointly complete the development of and commercialize the compound.

In addition, during December 1996, the Company and Procter & Gamble entered into a Stock Purchase Agreement whereby Procter & Gamble agreed to purchase $10.0 million of the Company's Common Stock. Procter & Gamble paid $10.0 million in December 1996 and in March 1997 received 800,000 shares of restricted Common Stock based on a 27% premium over an average market price over a period of time.

9. Manufacturing Agreement

During September 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 has 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 2003 and may be terminated at any time by Merck upon the payment by Merck of a termination fee.

Merck has 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 has 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 has 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, 1996 and 1995, contract manufacturing revenue includes approximately $1.0 million and $0.8 million of Facility Fee, respectively, and $1.4 million and $0.3 million of Internal Costs, respectively.

At December 31, 1996, deferred revenue-current portion included $0.2 million of

Facility Fee and deferred revenue-long-term portion included $13.3 million of Capital Costs. At December 31, 1995, deferred revenue-current portion included $0.2 million of Facility Fee and deferred revenue-long-term portion included $6.9 million of Capital Costs.

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 3,900,000 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 1994, 1995, and 1996 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, 1994, 1995, and 1996 was 340,428, 635,233, and 943,118, respectively. As of December 31, 1996, shares available

for future grants amounted to 683,149.

	Number of Shares	Range of Exercise Prices	Weighted-Average Exercise Price
Stock options outstanding at December 31, 1993	1,072,993	$8.25 to $21.50	$13.27
1994: Stock options granted (1)	1,952,770	$3.63 to $16.38	$5.90
Stock options canceled (1)	(1,016,090)	$4.00 to $21.50	$12.79
Stock options outstanding at December 31, 1994	2,009,673	$3.63 to $18.00	$6.36
1995: Stock options granted	852,744	$3.00 to $16.38	$5.26
Stock options canceled	(117,340)	$3.00 to $12.38	$4.48
Stock options exercised	(73,300)	$4.00 to $12.00	$4.22
Stock options outstanding at December 31, 1995	2,671,777	$3.00 to $18.00	$6.15
1996: Stock options granted	658,827	$12.00 to $23.06	$13.14
Stock options canceled	(198,643)	$3.00 to $15.50	$11.17
Stock options exercised	(210,094)	$3.00 to $18.00	$6.46
Stock options outstanding at December 31, 1996	2,921,867	$3.00 to $23.06	$7.36

(1) On July 18, 1994, the Company repriced certain stock options granted under the Company's Incentive Plan. A total of 691,080 stock options were repriced (the "repriced options"). Certain Company employees who had previously been granted stock options under the Incentive Plan 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 $4.00 per share (the fair market value on the date of grant). The Company's Vice Presidents received new grants which canceled their prior grants and awarded 40% of the number of options previously granted on the same vesting schedule that governed their original grants and 40% of the number of options previously granted on a five-year vesting schedule commencing July 18, 1994, at an exercise price of $4.00 per share for all such newly granted options. The following stock option grantees did not receive repriced options: the members of the Board of Directors (including the President and Chief Executive Officer), employees who were included in the reduction in workforce, and nonemployee service providers (including but not limited to outside consultants and members of the Scientific Advisory Board). 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, 1996:

	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	1,503,050	7.6	$4.01	526,123	$4.07
$4.38 to $10.25	545,960	7.8	$6.71	130,392	$7.00
$10.38 to $15.50	775,075	7.9	$13.00	246,281	$13.29
$15.56 to $23.06	97,782	7.8	$17.73	40,322	$17.80
$3.00 to $23.06	2,921,867	7.7	$7.36	943,118	$7.47

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 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.

	1996	1995
Pro forma net loss	($35,368,272)	($24,700,788)
Pro forma net loss per share	($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 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 1996 and 1995 was $13.14 and $5.26, respectively. The following assumptions were used in computing the fair value of option grants during 1996 and 1995: expected volatility of 85%, expected lives of 3 years after vesting, and zero dividend yield for both 1996 and 1995; risk-free interest rates of 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, 1996, 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, 1996 and 1995 was as follows:

	1996	1995

Deferred tax assets

Net operating loss carry-forward	$53,390,000	$46,286,000
Fixed assets	2,261,000	1,493,000
Deferred revenue	7,957,000	2,867,000
Research and experimental tax credit carry-forward	4,501,000	3,849,000
Other	1,265,000	621,000
Valuation allowance	(69,374,000)	(55,116,000)

As of December 31, 1996, the Company had available for tax purposes unused net operating loss carry-forwards of approximately $129.0 million which will expire in various years from 2003 to 2011. The Company's research and experimental tax credit carry-forwards expire in various years from 2003 to 2011.

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.

AMGEN-REGENERON PARTNERS

FINANCIAL STATEMENTS

Year ended December 31, 1996
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, 1996 and 1995, 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, 1996. 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, 1996 and 1995, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Los Angeles, California
February 5, 1997

AMGEN-REGENERON PARTNERS

BALANCE SHEETS

December 31, 1996 and 1995

(In thousands)

	1996	1995
ASSETS		
Total current assets - cash and cash equivalents	$14,640	$17,498
LIABILITIES AND PARTNERS' CAPITAL		
Total current liabilities - accounts payable and accrued expenses due to partners	$12,230	$14,952
Partners' capital:		
Capital Accounts A:		
Amgen	1,205	1,273
Regeneron	1,205	1,273
Capital Account B - Amgen	-	-
Total partners' capital	2,410	2,546
Total liabilities and partners' capital	$14,640	$17,498

See accompanying notes.

AMGEN-REGENERON PARTNERS

STATEMENTS OF OPERATIONS

Years ended December 31, 1996, 1995 and 1994

(In thousands)

	1996	1995	1994
Revenues:			
Interest income	$ 750	$ 387	$ -
Total revenues	750	387	-
Expenses:			
Research and development performed by partners	29,069	30,363	24,484
General and administrative	181	134	104
Total expenses	29,250	30,497	24,588
Net loss	$ (28,500)	$ (30,110)	$ (24,588)

See accompanying notes.

AMGEN-REGENERON PARTNERS

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL

Years ended December 31, 1996, 1995 and 1994

(In thousands)

	Amgen Capital		Regeneron Capital
	Account A	Account B	Account A
Balance at December 31, 1993	$ 232	$ -	$ 232
Capital contributions	11,218	5,000	11,218
Net loss	(9,794)	(5,000)	(9,794)
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

See accompanying notes.

AMGEN-REGENERON PARTNERS

STATEMENTS OF CASH FLOWS

Years ended December 31, 1996, 1995 and 1994

(In thousands)

	1996	1995	1994
Cash flows from operating activities:			
Net loss	$(28,500)	$(30,110)	$(24,588)
(Decrease) increase in accounts payable and accrued expenses	(2,722)	7,895	4,158
Net cash used in operating activities	(31,222)	(22,215)	(20,430)
Cash flows from financing activities - capital contributions	28,364	29,344	27,436
(Decrease) increase in cash and cash equivalents	(2,858)	7,129	7,006
Cash and cash equivalents at beginning of period	17,498	10,369	3,363
Cash and cash equivalents at end of period	$ 14,640	$ 17,498	$ 10,369

See accompanying notes.

AMGEN-REGENERON PARTNERS

NOTES TO FINANCIAL STATEMENTS

December 31, 1996

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).

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, 1996 and 1995, 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.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

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.

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, and 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, 1996, 1995 and 1994, the Partnership incurred expenses (including accrued expenses) of $23,191,000, $23,392,000 and $15,604,000 respectively, from Amgen and $5,878,000,

$4,471,000 and $3,880,000 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, 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. At December 31, 1995, accounts payable and accrued expenses due to partners was composed of $7,944,000 of accounts payable and $6,364,000 of accrued clinical costs due to Amgen and $644,000 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 years ended December 31, 1995 and 1994 included $2,500,000 and $5,000,000 respectively, of costs incurred under this funding obligation.

4. Subsequent event (unaudited)

On January 10, 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 and that no further development of subcutaneous delivery for ALS is planned. The trial was designed to evaluate the effects of subcutaneous delivery of BDNF for ALS. A small, early-stage clinical trial investigating intrathecal administration of BDNF for ALS, sponsored by Amgen on behalf of the Partnership, is in progress and will continue.

EXHIBIT 10.29

REGENERON PHARMACEUTICALS, INC.
STOCK PURCHASE AGREEMENT

This Agreement, is made as of December 11, 1996, by and between Regeneron Pharmaceuticals, Inc., a corporation organized under the laws of New York (the "Company"), with its principal office at 777 Old Saw Mill River Road, Tarrytown, New York 10591, and Procter & Gamble Pharmaceuticals, Inc., a corporation organized under the laws of Ohio (the "Buyer"), with its principal office at One Procter & Gamble Plaza, Cincinnati, Ohio 45202.

ARTICLE I

ISSUANCE AND SALE OF SECURITIES

1.1 Issuance and Sale of Securities. Upon the terms set forth herein, the Company will issue and sell to Buyer, and Buyer will purchase from the Company, shares of common stock, par value $.001 per share, of the Company ("Common Stock") in an amount to be determined as set forth in Section 2.2 (the "Shares") for an aggregate price of $10.0 Million in immediately available funds (the "Securities Purchase Price").

ARTICLE II

CLOSING

2.1 Closing. The closing of the sale and purchase of the Shares under this Agreement (the "Closing") shall take place in two phases: (i) at 4:00 p.m. New York time on December 11, 1996 ("Closing I") simultaneously at the offices of the Company and Buyer or at such other time and place as the parties may agree, and (ii) at 10:00 a.m. New York time on June 30, 1997, or at 10:00 a.m. on such earlier business day to be specified by the Buyer upon not less than forty-five (45) trading days' written notice ("Closing II") at the offices of the Company or at such other time and place as the parties may agree.

2.2 Shares to be Delivered. At Closing II, the Company shall deliver to Buyer a number of shares of Common Stock rounded up to the next whole share, equal to the quotient of $7.9 Million divided by the Current Market Price. Current Market Price is the average of the Quoted Prices of the Common Stock for thirty (30) consecutive trading days commencing forty five (45) trading days before Closing II ending the trading day before Closing II. The "Quoted Price" of the Common Stock is the last reported sales price of the Common Stock as reported by Nasdaq National Market, or if the Common Stock is listed on a national

securities exchange, the last reported sales price of the Common Stock on such exchange (which shall be for consolidated trading if applicable to such exchange), or if neither so reported or listed, the last reported bid price of the Common Stock. In the absence of one or more such

quotations, the Board of Directors of Regeneron shall determine the Current Market Price on the basis of such quotation as it in good faith considers appropriate.

2.3 Documents to be Delivered. At Closing I, the Company shall deliver to Buyer, against payment in full of the Securities Purchase Price, (i) each of the Collateral Agreements, (the Stock Registration Agreement and the Collaboration Agreement) which shall have been duly authorized, executed and delivered by the Company and shall be in full force and effect and (ii) an opinion of Paul Lubetkin, General Counsel to the Company, in form and substance reasonably satisfactory to Buyer, substantially to the effect specified in Sections 3.1 through 3.5, with such exceptions and qualifications as are customary and reasonable under the law of the applicable jurisdiction. In rendering such opinion, such counsel may rely upon certificates of public officers and, as to matters of fact, upon certificates of duly authorized representatives of the Company, provided, that copies of such certificates shall be contemporaneously delivered to Buyer. At Closing II, the Company shall deliver to Buyer (i) a certificate for the Shares dated the date thereof and

registered in the name of Buyer and (ii) an opinion of Paul Lubetkin confirming or updating his opinion delivered at Closing I.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to Buyer as of the date hereof as follows:

3.1 Organization and Standing. The Company has been duly incorporated and is validly existing and in good standing under the laws of the State of New York with the corporate power and corporate authority to own and lease its property, to conduct its business as presently conducted and proposed to be conducted by it in the manner described in the Company SEC Reports and to execute and deliver the Agreement and each of the Collateral Agreements. The Company has corporate power and authority to perform and to carry out the transaction contemplated by the Agreement and each of the Collateral Agreements. The Company is qualified to do business and is in good standing in New York.

3.2 Capitalization. As of September 30, 1996, the authorized capital stock of the Company consisted of the following: (a) 60,000,000 shares of Common Stock, of which (i) 20,855,186 shares were issued and outstanding, (ii) 4,760,684 shares were reserved for future issuance upon conversion of the Class A Common Stock, each share of the Class A Stock being convertible into one share of Company Common Stock, (iii) 3,664,316 shares were reserved for future issuance under the Company's 1990 Amended and Restated Long-Term Incentive Plan,

and (iv) 807,400 shares were reserved for future issuance in accordance with certain warrants issued to Amgen Inc. and Medtronic, Inc.; and (b) 40,000,000 shares of Class A Common Stock, of which 4,760,684 were issued and outstanding and 17,073 shares were held in treasury; and (c) 30,000,000 shares of Preferred Stock, (i) none of which were issued and outstanding, and (ii) 100,000 shares of which are reserved for issuance as Series A Junior Participating Preferred Stock

in accordance with the Rights Agreement dated as of September 20, 1996. No material change in such capitalization has occurred between September 30, 1996 and the date hereof, and there has been no reduction whatsoever in the number of shares of any class of the Company's outstanding capital stock. All of the issued and outstanding shares of Common Stock, Class A Stock, and Preferred Stock have been duly authorized, and all of the issued and outstanding shares of the Common Stock and the Class A Common Stock are validly issued and are fully paid and non-assessable. Except as set forth in the Company SEC Reports or as provided in the Agreement, there is not, nor upon the consummation of the transaction- contemplated therein, will there be (i) any subscription, warrant, option, convertible security, or any other right (contingent or otherwise) to purchase or acquire any shares of the capital stock of the Company, (ii) any commitment of the Company to issue any subscription, warrant, option, convertible security, or other such right or to issue or distribute to holders of any share of its capital stock any evidence of indebtedness or assets of the Company, or (iii) any obligation of the Company (contingent or otherwise) to purchase, redeem or otherwise acquire any shares of its capital stock or any interest therein or to pay any dividend or make any other distribution in respect thereof. Except as set forth in the Company SEC Reports or as provided in the Agreement, no person is entitled to, nor upon the consummation of the transactions contemplated thereby will any person be entitled to (i) any preemptive or similar right with respect to the issuance of any capital stock of the Company, or (ii) any rights with respect to the registration of any capital stock of the Company under the Securities Act.

3.3 Issuance of Shares. The issuance, sale and delivery of the Shares under the Agreement have been duly authorized and reserved for issuance by all necessary corporate action on the part of the Company (no consent or approval of the shareholders of the Company being required by law, by the Restated Certificate of Incorporation or Bylaws of the Company, or the qualification criteria of the Nasdaq National Market), and the Shares so issued, sold, and delivered against payment therefor in accordance with the provisions of this Agreement will be duly and validly issued, fully paid, and non-assessable and not subject to preemptive or any other similar rights of the shareholders of the Company or others and free, at time of issuance of all restrictions on transfer subject to restrictions on transfer imposed by applicable federal and state securities laws.

3.4 Authority for Agreement. The execution, delivery and performance by the Company of this Agreement and each of the Collateral Agreements have been duly authorized by all necessary corporate action, and this Agreement and each of the Collateral Agreements have been duly executed and delivered and constitute valid and binding obligations of the Company enforceable in accordance with their respective terms, subject to bankruptcy or equitable laws that might affect the enforceability of this Agreement and each of the Collateral

Agreements. The execution and delivery by the Company of this Agreement and each of the Collateral Agreements, and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the issuance and sale of the Shares, will not violate any provision of law and will not conflict with or result in any breach of any of the terms, conditions or

provisions of, or constitute a default under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties, assets or outstanding capital stock of the Company, under the Company's Restated Certificate of Incorporation, or Bylaws, or any indenture, lease, agreement or other instrument to which the Company is a party or by which it or any of its properties is bound, or any decree, judgment, order, statute, rule or regulation applicable to the Company.

3.5 Governmental Consents. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any governmental or regulatory authority is required on the part of the Company in connection with the execution and delivery of this Agreement and each of the Collateral Agreements, and the consummation of the transactions contemplated hereby and thereby (including, without limitation, the offer, issue, sale and delivery of the Shares), except such filings as shall have been made or consents or approvals obtained prior to and which shall be effective on and as of the Closing.

Based in part on the representations made by Buyer in Article IV of this Agreement, the offer and sale of the Shares to Buyer will be in compliance with applicable federal and state securities laws.

3.6 Litigation. Except as set forth in the Company SEC Reports, there are no material actions, suits, proceedings or investigations, either at law or in equity, or before any commission or other administrative authority in any United States or foreign jurisdiction, of any kind now pending or, to the best of the Company's knowledge, threatened or proposed involving the Company or any of its properties or assets or which questions the validity or legality of the transactions contemplated hereby, or to the Company's actual knowledge, against its employees or consultants with respect to the Company's business.

3.7 SEC Filings; Financial Statements.

(a) The Company has filed all forms, reports and documents required to be filed with the Securities and Exchange Commission (the "Commission") since May 3, 1993 (collectively, the "Company SEC Reports"). The Company SEC Reports (i) were prepared in all material respects in accordance with the requirements of the Securities Act of 1933 (the "Securities Act") or the Securities Exchange Act of 1934 (the "Exchange Act"), as the case may be, and (ii) did not at the time they were filed (or if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) Each of the financial statements (including, in each case, any related notes thereto) contained in the Company SEC Reports was prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as may be indicated in the notes thereto), and each was complete and correct in all material respects and

presented fairly in all material respects presented the financial position of the Company as at the respective dates thereof and the results of its operations and cash flows for the periods indicated, except that the unaudited interim

financial statements were or are subject to normal and recurring year-end adjustments which were not or are not expected to be material in amount.

3.8 No Undisclosed Liabilities. The Company does not have any material liabilities (absolute, accrued, contingent or otherwise) except liabilities (a) in the aggregate adequately provided for in the Company's unaudited balance sheet (including any related notes thereto) for the quarter ended September 30, 1996 included in the Company's Quarterly Report on Form 10-Q for the quarter year ended September 30, 1996 (the "September 30, 1996 Balance Sheet"), or (b) incurred since September 30, 1996 in the ordinary course of business.

3.9 Absence of Changes. Since September 30, 1996, there has been no material adverse change in the financial condition, business, or assets of the company.

3.10 Intellectual Property.

(a) To the best of the Company's knowledge, it has done nothing to compromise the secrecy, confidentiality or value of any of its trade secrets, know-how, inventions, prototypes, designs, processes or technical data required to conduct its business as now conducted or as proposed to be conducted. The Company will continue to take reasonable security measures in the future, as it presently is doing, to protect the secrecy, confidentiality, and value of all of its trade secrets, know-how, inventions, prototypes, designs, processes, and technical data import to the conduct of its business.

(b) Except as set forth in the Company SEC Reports or as otherwise disclosed to Buyer, the Company has not granted rights to manufacture, produce, license, market or sell its products to any other Person and is not bound by any agreement that affects the Company's exclusive right to develop, manufacture, distribute, market or sell its products.

3.11 No Defaults. The Company is not in default (a) under its Restated Certificate of Incorporation or Bylaws, each as amended or restated to date, or any indenture, mortgage, lease agreement, contract, purchase order or other instrument to which it is a party or by which it or any of its property is bound or affected or (b) with respect to any order, writ, injunction or decree of any court of any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, which defaults, either singly or in the aggregate, would have a material adverse effect on the Company.

At the time of the Closing, to the best knowledge of the Company, there will exist no condition, event or act which constitutes, or which after notice, lapse of time or both would constitute, a material default under any of the foregoing which, either singly or in the aggregate, would have a material adverse effect on the Company.

3.12 Offerings. Except as contemplated by this Agreement or the Company's 1990 Amended and Restated Long-Term Incentive Plan or as otherwise disclosed by the Company to Buyer, the Company does not have any current plans or intentions to issue any shares of its capital stock or any other securities or any securities convertible or exchangeable into shares of its capital stock or any other securities.

3.13 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE BUYER

Buyer hereby represents and warrants to the Company as follows:

4.1 Legal Power. Buyer has the requisite legal power to enter into this Agreement, the Collaboration Agreement, and the Registration Rights Agreement to purchase the Shares hereunder, and to carry out and perform its obligations under the terms of this Agreement, the Collaboration Agreement, and

the Registration Rights Agreement.

4.2 Due Execution. This Agreement, the Collaboration Agreement and the Registration Rights Agreement, have been duly authorized, executed and delivered by Buyer, and, upon due execution and delivery by the Company, this Agreement, the Collaboration Agreement, and the Registration Rights Agreement will be valid and binding agreements on Buyer enforceable in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency and the relief of debtors and rules of law governing specific performance, injunctive relief or other equitable remedies.

4.3 Investment Representations.

(a) Buyer is acquiring the Shares for its own account, not as nominee or agent, for investment and not with a view to, or for resale in connection with, any distribution or public offering thereof within the meaning of the 1933 Act.

(b) Buyer understands that (i) the Shares have not been registered under the Securities Act by reason of a specific exemption therefrom, that they must be held by it

indefinitely, and that it must, therefore, bear the economic risk of such investment indefinitely, unless a subsequent disposition thereof is registered under the Securities Act or is exempt from such registration; and (ii) each certificate representing the Shares will be endorsed with the restrictive legend set forth in the Registration Rights Agreement.

(c) Buyer is aware of the provisions of Rule 144 promulgated under the Securities Act which permits limited resale of shares purchased in a

private placement (i) by non-affiliates of a company not less than three (3) years after such non-affiliate had purchased and paid for the security to be sold, or (ii) subject to the satisfaction of certain conditions, including, among other things, the existence of a public market for the shares, the availability of certain current public information about the Company, the resale occurring not less than two (2) years after a party has purchased and paid for the security to be sold, the sale being through a "broker's transaction" or in transactions directly with a "market maker" (as provided by Rule 144(f)) and the number of shares being sold during any three-month period not exceeding specified limitations.

4.4 Brokerage. There are no claims for brokerage commissions, finders fees or similar compensation tin connection with the transactions contemplated by this Agreement based on any arrangement or agreement made by or on behalf of Buyer.

ARTICLE V

CONDITIONS TO CLOSING OF BUYER

Buyer's obligation to purchase the Shares at the Closing is subject to the fulfillment to Buyer's satisfaction, at or prior to the Closing, of all of the following conditions, any of which may be waived by Buyer:

5.1 Representations and Warranties True: Performance of Obligations. The representations and warranties made by the Company in Section 3 hereof shall be true and correct on the date of the Closing with the same force and effect as if they had been made on and as of said date; and the business and assets of the Company shall not have been adversely affected in any material way prior to the Closing.

5.2 Covenants. All covenants, agreements and conditions contained in this Agreement to be performed by the Company on or prior to the Closing Date shall have been performed or complied with.

5.3 Collaboration Agreement and Registration Rights Agreement. The Company and Buyer shall have entered into a Collaboration Agreement substantially in the form of Exhibit A hereto and a Registration Rights Agreement substantially in the form of Exhibit B hereto.

5.4 Opinion of the Company's Counsel. Buyer shall have

received from Paul Lubetkin, General Counsel to the Company, an opinion letter substantially in the form attached hereto as Exhibit C, addressed to it, dated the date of the Closing. In rendering the opinion called for under this paragraph 5.4, counsel may rely as to factual matters on certificates of public officials, officers of the Company, and officers of Buyer.

5.5 Proceedings and Documents. All corporate and other proceedings in connection with the transactions contemplated at the Closing hereby and all documents and instruments incident to such transactions shall have been reasonably approved by Buyer and Buyer shall have received all such counterpart originals or certified or other copies of such documents as it may

reasonably request.

5.6 Qualifications, Legal Investment. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required in connection with the lawful sale and issuance of the Shares pursuant to this Agreement, including but no limited to the Commissioner of Corporations of the Sate of New York, shall have been duly obtained and shall be effective on and as of the Closing. At the time of the Closing, the sale and issuance of the shares shall be legally permitted by all laws and regulations to which Buyer and the Company are subject.

ARTICLE VI

CONDITIONS TO CLOSING OF THE COMPANY

The Company's obligations to issue and sell the Shares at the Closing is subject to the fulfillment to the Company's satisfaction, on or prior to the Closing, of the following conditions, any of which may be waived by the Company:

6.1 Representations and Warranties True. The representations and warranties made by Buyer in Section 4 hereof shall be true and correct on the date of the Closing, with the same force and effect as if they had been made on and as of said date.

6.2 Performance of Obligations. Buyer shall have performed and complied with all agreements and conditions herein required to be performed or complied with by it on or before the Closing.

6.3 Qualifications, Legal Investment. All authorizations, approvals or permits, if any, of any governmental authority or regulatory body of the United States or of any state that are required to be obtained prior to or at Closing in connection with the lawful sale and issuance of the Shares pursuant to this Agreement shall have been duly obtained and shall be effective on and as of the Closing. At the time of the Closing, the sale and issuance of the Shares

shall be legally permitted by all laws and regulations to which Buyer and the Company are subject.

6.4 Collaboration Agreement and Registration Rights Agreement. The Company and Buyer shall have entered into a Collaboration Agreement substantially in the form of Exhibit A hereto and a Registration Rights Agreement substantially in the form of Exhibit B hereto.

ARTICLE VII

MISCELLANEOUS

7.1 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New York.

7.2 Survival. The representations, warranties, covenants and agreements made herein shall survive the Closing for the period prescribed by the applicable statute of limitations. All statements as to factual matters contained in any certificate or other instrument delivered by or on behalf of the Company pursuant hereto or in connection with the transactions contemplated hereby shall be deemed to be representations and warranties by the Company hereunder as of the date of such certificate or instrument.

7.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit or, and be binding upon, the successors, assigns, heirs, executors and administrators of the parties hereto.

7.4 Entire Agreement.This Agreement, the Exhibits hereto, and the other documents delivered pursuant hereto constitute the full and entire understanding and agreement along the parties with regard to the subjects hereof and no party shall be liable or bound to any other party in any manner by any representations, warranties, covenants or agreements except as specifically set forth herein or therein. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parities hereto and their respective successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

7.5 Separability. In case any provision of this Agreement shall be invalid, illegal or unenforceable, it shall to the extent practicable, be modified so as to make it valid, legal and enforceable and to retain as nearly as practicable the intent of the parties, and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

7.6 Amendment and Waiver. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, either retroactively or prospectively, and either for a specified period of time or indefinitely), only with the written consent of the Company and Buyer.

7.7 Delays or Omissions. No reasonable delay or omission to exercise any right, power or remedy accruing to Buyer upon any breach, default or noncompliance of the Company under this Agreement shall impair any such right, power or remedy, nor shall it be construed to be a waiver of any such breach, default or noncompliance, or any acquiescence therein, or of any similar breach, default or noncompliance thereafter occurring. It is further agreed that any waiver, permit, consent or approval of any kind or character on Buyer's part of any breach, default or noncompliance under this Agreement or any waiver on Buyer's part of any provisions or conditions of this Agreement must be in writing and shall be effective only to the extent specifically set forth in such writing, and that all remedies, either under this Agreement, by law, or otherwise afforded to buyer, shall be cumulative and not alternative.

7.8 Notices, etc. Any notices or communications provided for in this Agreement to be made by either of the Parties to the other shall be in

writing, in English, and shall be made by prepaid air mail with return receipt addressed to the other at its address set forth below. Any such notice or communication may also be given by hand or facsimile to the appropriate designation with confirmation of receipt. Either Party may by like notice specify an address to which notices and communications shall thereafter be sent. Notices sent by mail shall be effective upon receipt; notices given by hand shall be effective when delivered.

Notices for Regeneron shall be sent to:

Regeneron Pharmaceuticals, Inc.
Attn: Corporate Secretary
777 Old Saw Mill River Road
Tarrytown, New York 10591-6707

With copy to:

Regeneron Pharmaceuticals, Inc.
Attn: General Counsel
777 Old Saw Mill River Road
Tarrytown, New York 10591-6707

Notices for Procter & Gamble shall be sent to:

Procter & Gamble Pharmaceuticals, Inc.
Attn: President
One Procter & Gamble Plaza

Cincinnati, Ohio 45202

With copy to:

Procter & Gamble Pharmaceuticals, Inc.
Attn: Associate General Counsel
Blue Ash Office Center
10200 Alliance Road
Cincinnati, Ohio 45242-4716

7.9 Titles and Subtitles. The titles of the paragraphs and subparagraphs of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

7.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one instrument. The foregoing Agreement is hereby executed as of the date first above written.

REGENERON PHARMACEUTICALS, INC.	PROCTER & GAMBLE PHARMACEUTICALS, INC.
By: /s/ Leonard S. Schleifer, M.D., Ph.D.	By: /s/ G. Gilbert Cloyd
Leonard S. Schleifer, M.D., Ph.D.	G. Gilbert Cloyd
President and Chief Executive Officer	President

EXHIBIT 10.30

REGISTRATION RIGHTS AGREEMENT

between

REGENERON PHARMACEUTICALS, INC.

and PROCTER & GAMBLE PHARMACEUTICALS, INC.

December 11, 1996

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of December 11, 1996, between Regeneron Pharmaceuticals, Inc., a New York corporation (the "Company"), and Procter & Gamble Pharmaceuticals, Inc., an Ohio corporation (the "Purchaser").

1. Introduction. The Company is a party to a Stock Purchase Agreement (the Stock Purchase Agreement), dated December 11, 1996, with the Purchaser and pursuant to which the Company has agreed, among other things, to issue shares of its common stock, par value .001 per share (the Common Stock), to the Purchaser. This Agreement shall become effective upon the issuance of such securities to the Purchaser at Closing II pursuant to the Stock Purchase Agreement. Certain capitalized terms used in this Agreement are defined below; references to sections shall be to sections of this Agreement. Terms not otherwise defined herein shall have the meanings assigned to them in the Stock Purchase Agreement.

1.1 Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

1.2 "Affiliate" means any corporation, company, partnership, joint venture, or other entity which controls, is controlled by, or is under common control with Purchaser. For purposes of this definition control shall mean the direct or indirect ownership of at least fifty (50%) percent or, if less than fifty (50%) percent, the maximum percentage as allowed by applicable law of (a) the shares of capital stock entitled to vote for the election of directors, or (b) ownership interest.

"Collaboration Agreement" means that certain Collaboration Agreement, dated December 11, 1996 between Regeneron Pharmaceuticals, Inc. and Procter & Gamble Pharmaceuticals, Inc..

"Commission" means the Securities and Exchange Commission, or any other Federal agency at the time administering the Securities Act.

"Exchange Act" means the Securities Exchange Act of 1934, as

amended, and any successor Federal statute, and the rules and regulations of the Commission issued under such Act, as they each may, from time to time, be in effect.

"Registration Statement" means a registration statement filed by the Company with the Commission for a public offering and sale of securities of the Company (other than a registration statement on Form S-8 or Form S-4, or their successor forms, or any other form for a limited purpose, or any registration statement covering only securities proposed to be issued in exchange for securities or assets of another corporation).

"Registration Expenses means the expenses described in subsection 2.3.

"Registrable Shares" means (i) the shares of Common Stock acquired by the Purchaser pursuant to the Stock Purchase Agreement (ii) any other shares of Common Stock of the Company issued in respect of such shares

(because of stock splits, stock dividends, reclassifications, recapitalization, or similar event); provided, however, that shares of Common Stock which are Registrable Shares shall cease to be Registrable Shares upon any sale of such shares pursuant to a Registration Statement, Section 4(1) of the Securities Act, or Rule 144 under the Securities Act, or any sale in any manner to a person or entity which is not entitled to the rights provided by this Agreement.

"Securities Act" means the Securities Act of 1933, as amended, and any successor Federal statute, and the rules and regulations of the Commission issued under such Act, as they each may, from time to time, be in effect.

1.3 Sale or Transfer of Company's Common Stock; Legend.

(a) The Registrable Shares shall not be sold or transferred unless either (i) they first shall have been registered under the Securities Act, or (ii) the Company first shall have been furnished with an opinion of legal counsel, reasonably satisfactory to the Company, to the effect that such sale or transfer is exempt from the registration requirements of the Securities Act.

(b) Notwithstanding the foregoing, no registration or opinion of counsel shall be required for a transfer made in accordance with Rule 144 under the Securities Act.

(c) Each certificate representing the Registrable Shares shall bear a legend substantially in the following form:

> The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended, and may not be offered, sold, or otherwise transferred, pledged, or hypothecated unless and until such shares are registered under such Act or an opinion of counsel reasonably satisfactory to the Company is obtained to the effect that such registration is not required. Additionally, the transfer of these shares is subject to the conditions specified in the Registration Rights Agreement dated as of December , 1996, between
>
> Regeneron Pharmaceuticals, Inc. and Procter & Gamble Pharmaceuticals, Inc., and no transfer of these shares shall be valid or effective until such conditions have been fulfilled. Upon the fulfillment of such conditions, Regeneron Pharmaceuticals, Inc., has agreed to deliver to the holder hereof a new certificate for the shares
>
> represented hereby registered in the name of the holder hereof. Copies of such agreement may be obtained at no cost by written request made by the holder of record of this certificate to the secretary of Regeneron Pharmaceuticals, Inc.

The foregoing legend shall be removed from the certificates representing any Registrable Shares, at the request of the holder thereof, at such time as such shares become eligible for resale pursuant to Rule 144(k) under the Securities Act or such shares become publicly tradable pursuant to an effective Registration Statement.

2. Registration under Securities Act, etc.

2.1 Incidental Registration.

(a) Whenever the Company proposes to file a Registration Statement after the termination or expiration of the Collaboration Agreement, at any time and from time to time, it will, prior to such filing, give written notice to the Purchaser of its intention to do so and, upon the written request of the Purchaser given within ten (10) days after the Company provides such notice (which request shall state the intended method of disposition of such Registrable Shares), the Company shall use its best efforts to cause all Registrable Shares which the Company has been requested by the Purchaser to register to be registered under the Securities Act to the extent necessary to permit their sale or other disposition in accordance with the intended methods of distribution specified in the request of the Purchaser; provided that the Company shall have the right to postpone or withdraw any registration affected pursuant of this subsection 2.1 without obligation to the Purchaser.

(b) In connection with any offering under this

subsection 2.1 involving an underwriting, the Company shall not be required to include any Registrable Shares in such underwriting unless the Purchaser accepts the terms of the underwriting as agreed upon between the Company and the underwriters, and then only in such quantity as will not, in the opinion of the underwriters, jeopardize the success of the offering by the Company. If in the opinion of the managing underwriters the registration of all, or part of, the Registrable Shares which the Purchaser has requested to be included would materially and adversely affect such public offering then the Company shall be required to include in the underwriting only that number of Registrable Shares, if any, which the managing underwriter believes may be sold without causing such adverse effect. Except as set forth in subsection 2.3, the Company will bear all Registration Expenses in connection with the Purchaser's registration under this subsection 2.1.

(c) The Company may refuse to register shares eligible for sale under Rule 144(k), unless good cause for inclusion for such Registrable Shares can be shown; provided good cause will be deemed to be shown if not all the shares requested by the Purchaser to be registered could immediately be sold under Rule 144(k) at a price substantially equivalent to the prevailing market price.

2.2 Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to use its best efforts to effect the registration of any of the Registrable Shares under the Securities Act, the Company shall:

(a) file with the Commission a Registration Statement with respect to such Registrable Shares and use reasonable efforts to cause the Registration Statement to become and remain effective;

(b) prepare and file with the Commission any amendments and supplements to the Registration Statement and the prospectus included in the Registration Statement as may be necessary to comply with the provisions of the Securities Act and keep the Registration Statement effective for a period of not less than one hundred twenty (120) days from the effective date;

(c) furnish to the Purchaser such reasonable numbers of copies of the prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as the Purchaser may reasonably request in order to facilitate the public sale or other disposition of the Registrable Shares owned by the Purchaser.

If the Company has delivered preliminary or final prospectuses to the Purchaser and after having done so the prospectus is amended to comply with the requirements of the Securities Act, the Company shall promptly notify the Purchaser and, if requested, the Purchaser shall immediately cease making offers of Registrable Shares and return all prospectuses to the Company. The Company shall promptly provide the Purchaser with revised prospectuses and, following receipt of the revised prospectuses, the Purchaser shall be free to resume making offers of the Registrable Shares;

(d) use its best efforts to register or qualify the Registrable Shares covered by the Registration Statement under securities or Blue Sky laws of such states as the Purchaser shall reasonably request, and do any and all other acts and things that may be necessary or desirable to enable the Purchaser to consummate the public sale or other disposition in such states of the Registrable Shares owned by the Purchaser; provided, however, that the Company shall not be required in connection with this paragraph (d) to qualify as a foreign corporation or execute a general consent to service of process in any jurisdiction, nor

shall it be required to comply with any Blue Sky or other laws, rules or regulations of any jurisdiction for which compliance or other requirements are, in the reasonable judgment of the Company, unduly burdensome or would require any material adjustments in any terms of the offering or in the offering documents; and

(e) In the event of an underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual

and customary form, with the managing underwriter of such offering. The Purchaser shall also enter into and perform its obligations under such agreement.

2.3 Allocation of Expenses. The Company will indemnify and hold the Purchaser harmless for the payment of all Registration Expenses of all registrations under this Agreement, except as set forth in this Agreement. The term Registration Expenses shall mean all expenses incurred by the Company in complying with this Section 2, including, without limitation, all registration and filing fees, exchange listing fees, printing expenses, fee; and disbursements of counsel for the Company and the Purchaser, state Blue Sky fees and expenses (except that: the Purchaser shall not cause or request the filing for Blue Sky approval in any state reasonably refused by the Company), and the expenses of any special audits incident to or required by any such registration, but excluding underwriting discounts and selling commissions.

2.4 Indemnification. In the event of any registration of any of the Registrable Shares under the Securities Act pursuant to this Agreement, the Company will indemnify and hold harmless the Purchaser, and each of its officers and directors, and each other person, if any, who controls the Purchaser, within the meaning of the Securities Act or the Exchange Act against any losses, claims, damages or liabilities, joint or several, to which the Purchaser or controlling person may become subject under the Securities Act, the Exchange Act, state securities or Blue Sky laws or otherwise, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or any amendment or supplement to such Registration Statement, or arise out of or are based upon the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading or arise out of or are based upon any violation by the Company of the Securities Act in connection with such registration; and the Company will reimburse the Purchaser, officer, director, and each such controlling person for any legal or any other expenses reasonably incurred by the Purchaser, officer, director, or controlling person in connection with the investigating or defending of any such loss, claim, damage,

liability or action; provided, however, that the Company will not be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon any untrue statement or omission made in such Registration Statement, preliminary prospectus or prospectus, or any such amendment or supplement, in reliance upon and in conformity with information furnished to the Company, in writing, by or on behalf of the Purchaser, officer, director, underwriter, or controlling person specifically for use in the preparation thereof.

In the event of any registration of any of the Registrable

Shares under the Securities Act pursuant to this Agreement, the Purchaser will indemnify and hold harmless the Company, each of its directors and officers and each underwriter (if any) and each person, if any, who controls the Company or any such underwriter within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, or liabilities, joint or several, to which the Company, such directors and officers, underwriter or controlling person may become subject under the Securities Act, Exchange Act, state securities or Blue Sky laws or otherwise, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Shares were registered under the Securities Act, any preliminary prospectus or final prospectus contained in the Registration Statement, or arise out of or are based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, if the statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company, by or on behalf of the Purchaser, specifically for use in connection with the preparation of such Registration Statement, prospectus, amendment, or supplement; provided, however, that the obligations of the Purchaser hereunder shall be limited to an amount equal to the proceeds of the Registrable Shares sold as contemplated herein; provided, further, that, with respect to any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus, the

indemnity agreement contained in this subsection 2.4 shall not apply to the extent that any loss, claim, damage or liability results from the fact that a current copy of the prospectus was not sent or given to the person asserting any such loss, claim, damage, or liability at or prior to the written confirmation of the sale of the Registrable Shares confirmed to such person if it is determined that it was the responsibility of the Company, any of its directors, officers or agents to provide such person with a current copy of the prospectus and such current copy of the prospectus would have cured the defect giving rise to such loss, claim, damage or liability.

Each party entitled to indemnification under this subsection 2.4 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying

Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; provided, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not be unreasonably withheld); and, provided, further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this subsection 2.4. The Indemnified Party may participate in such defense at such party's expense provided, however, that the Indemnifying Party shall pay such expense if representation of such Indemnified Party by the counsel retained by the Indemnifying Party would be inappropriate due to actual or potential differing interests between the Indemnified Party and any other party represented by such counsel in such proceeding. No Indemnifying Party, in the defense of any such claim or litigation, shall except with the consent of each Indemnified Party,

consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect of such claim or litigation, and no Indemnified Party shall consent to entry of any judgment or settle such claim or litigation without the prior written consent of the Indemnifying Party.

If the indemnification provided for in this subsection 2.4 is held by a court of competent jurisdiction to be unavailable to an Indemnified Party, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party thereunder, hereby agrees to contribute to the amount paid or payable by such Indemnified Party in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other. Notwithstanding the foregoing, the amount the Purchaser shall be obliged to contribute pursuant to this paragraph of subsection 2.4 shall be limited to an amount equal to the public offering sale price of the shares sold by the Purchaser.

2.5 Information by Holder. The Purchaser shall furnish to the Company such information regarding the Purchaser and the distribution proposed by the Purchaser as the Company may request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Section 2.

2.6 "Stand-off" Agreement. The Purchaser, if requested by the Company and an underwriter of Common Stock or other securities of the Company, shall agree not to sell or otherwise transfer or dispose of any Registrable Shares or other securities of the Company held by the Purchaser for a specified period of time (not to exceed one hundred and eighty (180) days) following the effective date of the Registration Statement; provided, that

all officers and directors of the Company enter into similar agreements. Such agreement shall be in writing in a form satisfactory to the Company and such underwriter. The Company may impose stop transfer instructions with respect to the Registrable Shares or other securities subject to the foregoing restrictions until the end of the stand-off period.

2.7 Rule 144 Requirements. The Company agrees to use reasonable efforts to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(c) furnish to the Purchaser upon request a copy of the most recent annual or quarterly report of the Company, and such other reports and documents of the Company as the Purchaser may reasonably request to avail itself of any similar rule or regulation of the Commission allowing it to sell all or any portion of the Registrable Shares without registration.

3. Standstill Agreement.

3.1 Except as hereinafter set forth in subsection 3.2, the Purchaser agrees, for itself and its Affiliates, whether now or hereafter created or acquired, and any of the Purchaser's pension plans or employee benefit plan programs sponsored by the Purchaser for which the Purchaser controls its investment decisions, that it will not, until the earlier of (x) the termination of the Collaboration Agreement or (y) five (5) years from the date of this Agreement, without the prior written consent of the Company;

(i) directly or indirectly acquire or own beneficially and/or of record more than twenty (20%) percent of the Then Outstanding Capital Stock of the Company (as hereinafter defined). For purposes of this Section 3, the Then Outstanding Capital Stock of the Company shall be deemed to be all of the then issued and outstanding shares of the Common Stock and all shares of Common Stock into which the then outstanding shares of preferred stock and any other convertible securities or any options or warrants issued by the Company are convertible or exercisable, as well as all capital stock issued as a result of any stock split, stock dividend, or reclassifications of Common Stock distributable, on a pro rata basis, to all holders of Common Stock or securities convertible into Capital Stock;

(ii) directly or indirectly, solicit proxies or consents or become a participant in a solicitation (as such terms

are defined in Regulation 14A under the Exchange Act) in opposition to the recommendation of the majority of the Board of Directors of the Company with respect to any matter, or seek to advise or influence any person, with respect to the voting of any securities of the Company or any of its subsidiaries;

(iii) propose or induce any other person to propose, directly or indirectly, (x) any merger or business combination involving the Company or any of its subsidiaries, (y) the purchase or sale of any assets of the Company or any of its subsidiaries or (z) the purchase of any of the voting securities of the Company, by tender offer or otherwise (except pursuant to the exercise of rights, warrants, options, or similar securities distributed by the Company to holders of voting securities generally);

(iv) deposit any voting securities in a voting trust or subject any voting securities to any arrangement or agreement with respect to the voting of voting securities; or

(v) advise, assist, or encourage any other person in connection with any of the foregoing.

3.2 The Purchaser will be relieved of the restrictions set forth in subsection 3.1 of this Agreement only under the following circumstances and for the specific transactions as set forth herein below:

(i) if a third party, not an Affiliate of the Purchaser, directly or indirectly makes a bona fide tender offer or other bona fide offer for more than twenty (20%) percent but not more than fifty (50%) percent of the Company's Then Outstanding Capital Stock, and said third party

has, in the reasonable opinion of the Purchaser, the financial resources, ability and intention to carry out such offer, the Purchaser shall not be prohibited from purchasing or conducting a tender offer for an amount of shares equal to the amount of shares sought out be acquired by the third party during the period of its tender offer;

(ii) if a third party, not an Affiliate of the Purchaser, directly or indirectly makes a bona fide tender offer or other bona

fide offer for more than fifty (50%) percent of the Company's Then Outstanding Capital Stock and said third party has, in the reasonable opinion of the Purchaser, the financial resources, ability and intention to carry out such offer, the Purchaser shall not be prohibited from purchasing or conducting a tender offer for all or less than all of the Then Outstanding Capital Stock it does not already own during the period of the third party's tender offer; or

(iii) in the event the Company hereafter issues to a third party more than seven (7%) percent of its Then Outstanding Capital Stock pursuant to a negotiated written transaction without requiring such third party to enter into a standstill agreement

with provisions substantially as restrictive as those set forth in this Section 3, then Purchaser shall be relieved from its obligations hereunder.

3.3 At the time that the Board of Directors of the Company makes a decision to put the Company up for sale and to entertain bids in connection with such sale, the Company shall promptly notify the Purchaser of such decision and in the event that the Company is entertaining a merger proposal or acquisition proposal which would result in the Company being merged with and into or acquired by another corporation and such negotiations have reached a state of finality that the Company believes a public announcement is warranted, the Company shall forthwith notify the Purchaser of the material terms of such proposed merger or acquisition which have been agreed upon. Purchaser's rights under this subsection shall be limited solely to notification. The Company's obligations under this Section 3 including without limitation this subsection 3.3 shall terminate upon the termination of the Collaboration Agreement.

3.4 The parties hereto acknowledge and agree that the Company would be irreparably damaged in the event that any of the provisions of this Section 3 are not performed in accordance with their specific terms or are otherwise breached and that monetary damages are not an adequate remedy for said breach. It is, accordingly, agreed that the Company shall be entitled to injunctive relief to prevent breaches of this Section 3 by Purchaser and/or its Affiliates, and to specifically enforce this Section 3 and the terms and provisions thereof, in addition to any other remedy to which such aggrieved party may be entitled, at law or in equity. The Company may enter a stop transfer order with respect to the transfer of voting securities except in compliance with the termination of this Agreement.

3.5 The Company shall give Purchaser prompt notice of the receipt by the Company of any Schedule 13-D filing from any person or Group (within the meaning of the Exchange Act) couched in such terms as to put the Company reasonably on notice of the likelihood that such person or Group has

acquired or is proposing to acquire any shares of Common Stock which results in, or, if successful, would result in, such person or Group owning or having the right to acquire more than twenty percent (20%) of the Company's Then Outstanding Capital Stock.

3.6 If Purchaser desires at some date to account for its investment in the Company pursuant to the equity method, the Company shall promptly furnish the Purchaser, at Purchaser's sole expense, which estimated expense shall be prepaid by Purchaser if so requested by the Company, all information that is required by generally accepted accounting principles to enable Purchaser to so account. To the extent reasonably available to the Company and to the extent reasonably requested by Purchaser, the Company shall provide information (and shall cause its employees, independent public accountants, and other representatives to do the same), to

the extent reasonably available regarding the Company's to, and otherwise cooperate with, Purchaser so as to enable Purchaser to prepare financial statements in accordance with accounting principles generally accepted in the United States and to comply with its reporting requirements and other disclosure obligations under applicable United States securities laws and regulations (the "Regulations"). Purchaser agrees to hold all such information in at least the same degree of confidence as it would hold similar information regarding its operations and condition, and to disclose it only to the extent required by the Regulations, provided that there shall be no restriction on Purchaser's right to disclose its own financial statements, whether or not reflecting or including such information.

3.7 All purchases of securities of the Company by Purchaser shall be made in compliance with applicable laws and regulations.

4. Amendments and Waivers. This Agreement may be amended, modified, supplemented or waived only with the written consent of the parties hereto.

5. Notices. Except as otherwise provided in this Agreement, all notices, requests and other communications to any Person provided for hereunder shall be in writing and shall be given to (a) in the case of the Company, at 777 Old Saw Mill River Road, Tarrytown, New York 10591, attention: President, with a copy to the attention of General Counsel and Corporate Secretary or (b) in the case of the Purchaser, at One Procter & Gamble Plaza, Cincinnati, Ohio 45202, attention: President, with a copy to the attention of General Counsel. Each such notice, request or other communication shall be effective (i) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid or (ii) if given by any other means (including, without limitation, by air courier), when delivered at the address specified above.

6. Successors and Assigns. The provisions of this Agreement, including the rights and obligations hereunder, shall be binding upon, and inure to the benefit of, the respective successors and assigns of the Purchaser (the Transferees) and of the Company, provided that such Transferees shall be an Affiliate of the Purchaser, and such Transferees shall become the Purchaser for the all purposes of this Agreement.

7. Transfer of Certain Rights.

(a) The rights and obligations of the Purchaser under this Agreement may be transferred by the Purchaser to any Affiliate of the Purchaser. The Company shall be given written notice by the Purchaser at the time of such transfer stating the name and address of the Transferee and identifying the securities with respect to which such rights are assigned.

(b) Any Transferee to whom rights are transferred shall, as a condition to such transfer, deliver to the Company a written instrument pursuant to which the Transferee agrees to be bound by the obligations imposed upon the Purchaser hereunder to the same extent as if such Transferee were the Purchaser hereunder.

8. Descriptive Headings. The descriptive headings of the several sections and paragraphs of this Agreement are inserted for reference only and shall not limit or otherwise affect the meaning hereof.

9. Governing Law. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE PRINCIPLES OF

CONFLICTS OF LAWS.

10. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all such counterparts shall together constitute one and the same instrument.

11. Entire Agreement. This Agreement embodies the entire agreement and understanding between the Company and the Purchaser relating to the subject matter hereof and supersedes all prior agreements and understandings relating to such subject matter.

12. Severability. If any provision of this Agreement, or the application of such provisions to any Person or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

REGENERON PHARMACEUTICALS, INC.

By _____

PROCTER & GAMBLE PHARMACEUTICALS, INC.

By _____

EXHIBIT 10.31

COLLABORATION AGREEMENT

between

PROCTER & GAMBLE PHARMACEUTICALS, INC.

and

REGENERON PHARMACEUTICALS, INC.

December 11, 1996

Execution Copy

COLLABORATION AGREEMENT

COLLABORATION AGREEMENT

Made as of this 11th day of December, 1996, by and among

Procter & Gamble Pharmaceuticals, Inc., an Ohio corporation having its principal offices at One Procter & Gamble Plaza, Cincinnati, Ohio 45202 (hereinafter "Procter & Gamble"), and

Regeneron Pharmaceuticals, Inc., a New York corporation having its principal office at 777 Old Saw Mill River Road, Tarrytown, New York 10591-6707 (hereinafter "Regeneron").

Whereas Regeneron and Procter & Gamble have conducted basic research in the area of skeletal muscle; and

Whereas Procter & Gamble and Regeneron share a common vision and commit to a true collaboration focused on discovering, developing, and commercializing therapeutic agents in the Field in the Territory (both terms as defined herein); and

Whereas Procter & Gamble and Regeneron intend fully to utilize their capabilities, capitalize on each other's expertise, and put forth Commercially Reasonable Efforts to achieve this objective, and recognize that each party is contributing valuable technologies and capabilities to this effort and that the combination of these compatible and complementary technologies and capabilities creates the basis for a successful collaboration; and

Whereas the Parties have also entered into a Stock Purchase Agreement and Stock Registration Agreement as of the date first written above as part of

this collaboration; so that

The Parties agree as follows:

Article I - Definitions

1.1. "Affiliate" means any entity that directly or indirectly Owns, is Owned by, or is under common Ownership with a Party to this Agreement. In no event will Amgen-Regeneron Partners, any legal entity that Regeneron forms with Glaxo that relates to their July 1993 agreement, any legal entity that Regeneron forms with Pharmacopeia, Inc. that relates to their October 1996 agreement, or any legal entity that Regeneron forms with Procter & Gamble that relates to this Agreement be deemed to be an Affiliate of Regeneron under this Agreement. "Owns" or "Ownership" means direct or indirect possession of more than fifty percent (50%) of the votes of holders of a corporation's voting securities or a comparable equity interest in any other type of entity.

1.2. "Agreement" means the present agreement together with all appendices.

1.3. "Allowable Expense" means Direct Costs to be reimbursed with respect to a Compound that the JMC approves and authorizes (including without limitation the nature, amount and calculation of such costs) prior to the time when such expenses are incurred and shall consist of internal and/or Third Party (as defined herein) costs incurred by each Party for the research, development, commercialization, and marketing of Compounds. "Direct Costs" shall mean those costs that are traceable to the approved activity based upon effort expended and/or resources consumed to perform such activity; Direct Costs shall not include without limitation any mark-up or profit above actual costs. Allowable Expenses will be recognized in accordance with GAAP.

1.4. "Anniversary" means the month and day of the Effective Date

during any year subsequent to the Effective Date.

1.5. "Article" means any article of this Agreement.

1.6. "Calendar Quarter" means each period of three (3) months ending on 31 March or 30 June or 30 September or 31 December.

1.7. "Commercially Reasonable Efforts" means efforts and resources commonly used in the research-based pharmaceutical industry for a product at a similar stage of research, development or commercialization of similar market potential, taking into account the establishment of the compound or product in the marketplace, the cost-effectiveness of the efforts or resources while optimizing profitability, the competitiveness of alternative products in

the marketplace, the proprietary position of the product, the likelihood of regulatory approval given the regulatory structure involved, the profitability of the product and alternative products and other relevant factors. Commercially Reasonable Efforts shall be determined on a market by market basis for a particular Compound, and it is anticipated that the level of effort will change over time reflecting changes in the status of the Compound and the market involved.

1.8. "Competing Product" means any compound, product, method or system which is or may be used for a purpose or purposes that are the same or substantially similar to those for which a Compound is or may be used in the Territory. Competing Product shall not include the compounds ***.

1.9. "Compound" means a chemical entity, which is not Third Party Technology, with research or commercial utility in the Field and which primary site of action is skeletal muscle. Compound includes Research Compounds, Development Compounds and Marketed Compounds that may be useful in methods of research, diagnosis, treatment or prevention in the Field. Each Compound shall also be deemed to include all indications (both inside and outside the Field), formulations, line extensions, or modes of administration thereof. Compound shall not include the compounds ***.

1.10. "Development Compound" means a Compound that the JMC has determined has met Success Criteria and should undergo further development pursuant to Section 3.3.

1.11. "Effective Date" means the date first written above.

1.12. "Exclusivity Term" means the period of time beginning on the Effective Date of this Agreement to the end of the Tail Period.

1.13. "Field" means the diagnosis, prevention and/or treatment of conditions in humans and animals associated with the promotion or protection of skeletal muscle mass or function (including, without limitation, the diagnosis, treatment or prevention of muscle atrophy).

1.14. "Fiscal Year" means the twelve (12) month period of time from July 1 to June 30, except that the first Fiscal Year commences on the Effective

Date and ends on June 30, 1997.

*** Certain material has been omitted from this section pursuant to a request for confidential treatment and has been filed separately with the S.E.C.

1.15. "FTE" or "Full Time Equivalent" means one Effort Year of an employee or class of employees. "Effort Year" means nineteen hundred and fifty (1,950) hours of direct effort expended on approved activities during a Fiscal Year.

1.16. "GAAP" means generally accepted accounting principles.

1.17. "Joint Discovery Research Term" means the period beginning on and including the Effective Date and ending upon termination pursuant to Section 3.2(c).

1.18. "Joint Management Committee" or "JMC" means the committee described in Article II.

1.19. "Joint Non-discovery Research Term" means the period of time after the termination of the Joint Discovery Research Term when the Parties are performing research on Research Compounds pursuant to Section 3.2(d).

1.20. "J-V" means such collaborative relationship as may be established pursuant to Section 3.8 of this Agreement. J-V may or may not be structured as a separate legal entity, such as a corporation, partnership, LLC, or such other form as the Parties may agree. In agreeing on the form of the collaborative relationship, the Parties shall take appropriate account of, among other factors, ease of administration and tax liabilities.

1.21. "Know-how" means the entire right, title and interest in trade secret Technology. "P&G Know-how" shall mean the entire right, title and interest in Know-how owned solely or jointly with a Third Party by P&G or an Affiliate of P&G. "Regeneron Know-how" shall mean the entire right, title and interest in Know-how owned solely or jointly with a Third Party by Regeneron or an Affiliate of Regeneron.

1.22. "Major Country" means the ***.

1.23 "Marketed Compound" means a Compound which is sold in any country in the Territory.

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1.24. "Net Sales" means total gross realization less: (i) discounts, including cash discounts and discounts for special purchases, rebates, retroactive price reductions or allowances granted or incurred from the billed amount, (ii) any sales or value added taxes or any other taxes measured by the

amount of sales or gross receipts, and (iii) credits or allowances actually granted upon claims, rejections or returns, including recalls, regardless of the party requesting such. As used herein, total gross realization means the list

price for a Compound multiplied by volume in units for units sold or otherwise transferred by either Party or an authorized agent of either Party to a customer, but excludes sales or transfers between and among the Parties, the Parties' Affiliates, or an authorized agent or licensee of either Party, unless such sale or other transfer is to a customer.

1.25. "Opting Out Party" means the Party that has elected not to continue research, development and/or commercialization of a Compound either in the entire Territory or in one or more specific countries therein.

1.26. "Party" means Regeneron or Procter & Gamble.

1.27. "Patent" shall mean the entire right, title and interest in a Valid Claim to Technology in a patent application, and all continuing and divisional patent applications, continuations-in-part, reissue applications and all other related patent applications claiming priority, indirectly and directly, to such application, and all patents issuing therefrom, worldwide. "P&G Patent Rights" shall mean the entire right, title and interest in a Patent owned solely or jointly with a Third Party by P&G or an Affiliate of P&G. "Regeneron Patent Rights" shall mean the entire right, title and interest in a Patent owned solely or jointly with a Third Party by Regeneron or an Affiliate of Regeneron.

1.28. "Proceeding Party" means that Party that is not an Opting Out Party with respect to a Compound either in the entire Territory or in one or more specific countries therein.

1.29. "Product Plan" means the annual compilation of objectives, activities, resource allocations, Success Criteria, Allowable Expenses and budgets regarding the development and commercialization of Development Compounds and Marketed Compounds agreed to by the Joint Management Committee, as more thoroughly described in Section 3.3(c).

1.30. "Research Compound" means a Compound that has not yet been designated a Development Compound.

1.31. "Research Plan" means the annual compilation of objectives, activities, resource allocations, Success Criteria, Allowable Expenses and budgets regarding the Parties' collaborative research in the Field agreed to by the JMC during the Joint Discovery Research Term and Joint Non-discovery Research Term.

1.32. "Royalty Term" means the period from the first Net Sales in the first country to the final payment of royalties in the last country pursuant to Section 6.1.

1.33. "Section" means any section of this Agreement.

1.34. "Success Criteria" means specific criteria set forth in the

Research Plan that define the minimum technical and/or commercial requirements for a Research Compound to be designated a Development Compound. For Development Compounds being developed pursuant to a Product Plan, Success Criteria shall mean the minimum technical and/or commercial requirements for a Development Compound to become a commercially viable Marketed Compound.

1.35. "Sumitomo Compound" means any Compound which is claimed by a Regeneron Patent and for which Sumitomo Chemical Company Limited has exercised rights pursuant to its Technology Development Agreement with Regeneron executed in March 1989.

1.36. "Tail Period" means the two (2) years immediately after the end of the Joint Discovery Research Term.

1.37. "Technology" means all inventions, trade secrets and other information, whether or not patentable, which is useful for the research, development and/or commercialization of Compounds which are (a) conceived or reduced to practice by a Party or acquired or licensed by a Party from a Third Party prior to the Effective Date; (b) conceived or reduced to practice by a Party or acquired or licensed by a Party from a Third Party during the Joint Discovery Research Term; (c) conceived or reduced to practice by a Party during the Tail Period; (d) conceived or reduced to practice by a Party as a result of activities with respect to a Research Compound during the Joint Non-discovery

Research Term; or (e) a result of development or commercialization of a Development Compound and/or Marketed Compound during the Term.

Technology may include, without limitation, research methods and materials (including without limitation genetic materials, receptors, cell lines and transgenic animals) useful in performing research, Compounds, formulations, chemical synthesis and manufacturing processes, methods of diagnosis and methods of treatment.

1.38. "Term" means the period of time beginning on the Effective Date and unless terminated earlier pursuant to Sections 3.2 or 10.2, ending upon the expiration of the Royalty Term.

1.39. "Territory" means the entire world, excluding Japan with respect to any Sumitomo Compound and MuSK and Agrin. Japan shall be included in the Territory except for Sumitomo Compounds and MuSK and Agrin. "MuSK" shall mean the materials ***. "Agrin" shall mean the compounds ***.

1.40. "Third Party" means any entity other than Regeneron or Procter & Gamble or their Affiliates or a J-V established in accordance with this Agreement.

1.41. "Third Party Technology" means Technology owned solely by Regeneron or its Affiliates in which a Third Party has rights pursuant to an agreement between such Third Party and Regeneron or its Affiliates prior to the Effective Date, as specifically set forth in Attachment 9.1.

1.42. "Valid Claim" shall mean any claim in a published and unexpired

application or patent included within a Patent which claim has not been held unenforceable, unpatentable or invalid by a decision of a court or other governmental agency of competent jurisdiction, unappealable or unappealed within the time allowed for appeal, and which has not been finally abandoned or admitted to be invalid or unenforceable through disclaimer.

1.43. "Year" means a calendar year beginning January 1 and ending December 31, except that the first Year shall be deemed to begin on the Effective Date and end on December 31, 1997.

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Article II - Scope; Joint Management Committee

2.1. Scope.

(a) The Parties shall work together to research, develop and commercialize Compounds pursuant to this Agreement in the Territory. During the Term, neither Party may directly or indirectly develop or commercialize a Competing Product. Additionally, during the Joint Discovery Research Term, the Parties shall work together on an exclusive basis in the Field, so that neither Party shall perform research, development and/or commercialization activities independently or with a Third Party in the Field, except as agreed by the JMC, or pursuant to the terms of this Agreement. The Parties shall use Commercially Reasonable Efforts in performing their obligations under this Agreement.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Parties agree that the *** (hereinafter "Procter & Gamble Exclusion Compounds") or *** ("Regeneron Exclusion Compounds") shall not be included within the scope of this Agreement. Procter & Gamble's rights to research, develop or commercialize Procter & Gamble Exclusion Compounds shall not be subject to the provisions of this Agreement. Regeneron's rights to research, develop or commercialize Regeneron Exclusion Compounds shall not be subject to the provisions of this Agreement.

2.2. Membership. The work under this Agreement shall be performed by the Parties pursuant to the oversight of the JMC. In particular, the JMC shall have authority to oversee the research, development and commercialization of Compounds under this Agreement. The JMC will consist of six (6) members with

three (3) designated by each Party. A chairperson of the JMC will be nominated alternately by Procter & Gamble and Regeneron to twelve (12) month terms. The Parties will be free to change their respective representatives, on notice to the other Party. The JMC will exist until the earlier of termination or expiration of this Agreement or when one Party is an Opting Out Party with respect to all Compounds in all countries, unless the Parties otherwise agree. The JMC may delegate its responsibilities to other committees (e.g., Patent Committee, Research Committee, Clinical Committee). The initial members of the JMC shall be selected within fifteen (15) days after the Effective Date. The first JMC meeting shall occur within thirty (30) days of the Effective Date.

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2.3. Meetings. The JMC will meet at least two (2) times per Year and may meet at additional times as the Parties shall agree. Either Party may call a special meeting of the JMC, up to two (2) times per year, on fifteen (15) days' written notice to the other Party. The chairperson shall send to all JMC members notices of all regular meetings and agendas for such meetings. The Party convening a special meeting shall send notices and agenda for such meeting. Meetings will alternate between the offices of the Parties, or may be held via teleconference, videoconference or such other place or manner as the Parties may mutually agree. Members of the Committee shall have their right to participate

in and vote at meetings in person, by telephone, by videoconference or by proxy. The Party hosting any meeting shall appoint a secretary to the meeting who will record the minutes of the meeting which will be circulated to the members of the JMC promptly following the meeting for review, comment, and adoption.

2.4. Decision-making Criteria. Subject to Sections 3.2(a) and 4.1, all decisions of the JMC shall be made by majority vote and in the exercise of good faith. Such decisions shall adhere to the ethical and legal standards for the research-based pharmaceutical industry and utilize Commercially Reasonable Efforts to research, develop, and commercialize Compounds.

2.5. Dispute Resolution. Subject to Sections 3.2(a) and 4.1, if a decision cannot be achieved by the JMC, the matter shall be referred to further review and resolution by the Chairman or CEO of Regeneron and the President of Procter & Gamble (the "CEOs"). If the CEOs cannot resolve the issue within thirty (30) days, the CEOs shall mutually agree upon and appoint to the JMC a "Temporary Member." "Temporary Member" means a person who is knowledgeable in the research based pharmaceutical industry, possessing senior executive experience and skills and not associated with either Party, an Affiliate of either Party, or a competitor of either Party. If the CEOs cannot mutually agree on the identity of such Temporary Member within fifteen (15) days of such thirty (30) day period, the Parties shall request an arbitral panel composed in accordance with Article XI, sitting in Boston, Mass., to, and such panel shall, appoint to the JMC a Temporary Member. The JMC shall meet and resolve the dispute within one week of such appointment of the Temporary Member. All decisions with respect to the issue in dispute shall be made by majority vote of the JMC. Such Temporary Member shall be appointed to the JMC until such time as the CEOs mutually agree that the dispute or disputes have been resolved or until one Party is deemed to be an Opting Out Party with respect to such Compound (and country, if applicable) at issue, whichever is earlier. Such Temporary Member shall be instructed to render his or her votes consistent with the stated

decision-making criteria of the JMC, as set forth in Section 2.4. The Parties shall share equally in all costs associated with the appointment of the Temporary Member.

2.6. Conduct of Work by Others. It is understood that each Party has entered into this Agreement based on the specific experience and skill of the other Party. Accordingly, it is anticipated that work under this Agreement will be conducted primarily by the Parties. However, it may be commercially reasonable for the Parties to enter into agreements with commercial or non-commercial Third Parties to acquire Technology or conduct certain aspects of such work (e.g., because the Third Party's work provides a favorable cost/benefit vs. utilizing internal resources). Such agreements may include (without limitation), acquisition of research methods, Compounds or intellectual property rights (if applicable), consultation, conduct of certain research tests, chemical synthesis and supply, safety testing, clinical testing and/or marketing support. All such work by or acquisition from Third Parties shall be

conducted pursuant to the Research and/or Product Plan and shall be an Allowable Expense and shall be performed pursuant to written agreements embodying confidentiality, intellectual property rights and other terms consistent with the terms set forth in this Agreement, such that the commercial or non-commercial Third Parties are obligated to assign or exclusively license

without royalty obligations for any patents, patent applications or know-how in the Field to the Parties or such other terms that are agreed by the Parties. Information obtained by a Party from any Third Party shall be subject to Article VIII of this Agreement. All Technology obtained from a Third Party pursuant to this Section 2.6 shall be jointly owned by the Parties and shall be subject to Articles V and VII.

2.7. Record-keeping. Subject to Section 3.4(d), the JMC shall appoint one Party to keep complete and accurate records pertaining to the Parties' activities hereunder. The other Party shall have the right to review such records upon reasonable notice to the recordkeeping party and at reasonable times. Such records shall be audited annually within a reasonable period after the end of the Fiscal Year by the recordkeeping party's independent certified public accountant and are subject to audit by the other Party pursuant to Section 6.5. In addition, the recordkeeping party shall prepare quarterly unaudited financials which shall be distributed to the Parties within thirty (30) days of the end of such period.

Article III - Research and Development

3.1. Research Plan. The Parties have agreed to the draft Research Plan. The JMC is authorized to finalize the draft Research Plan and amend the Research Plan from time to time. The Research Plan shall include general goals of the JMC relating to the Parties' research in the Field and the timing, nature and priority of resources to be applied and will detail research tasks and goals, Success Criteria, personnel allocation, outside services and costs, Allowable Expenses, budgets, and such other matters deemed necessary to implement the Research Plan in the Joint Discovery Research Term and Joint Non-discovery Research Term. The Research Plan will include an annual budget and will be updated by the JMC on at least an annual Fiscal Year basis. The timing and calculations for the Research Plan budget are contained in Attachment 3.1.

3.2. Funding of Research Plan.

(a) During the Joint Discovery Research Term, Procter & Gamble shall fund fifteen (15) Regeneron FTEs per Year for Regeneron's work pursuant to the Research Plan. Regeneron will fund and supply at least *** Regeneron FTEs per Year for the same period of time that Procter & Gamble funds *** Regeneron FTEs pursuant to this Section 3.2(a). For purposes of this Section only, Regeneron's annual cost per FTE shall be *** (adjusted on a Fiscal Year basis, starting for the quarter beginning July 1997, for inflation in the prior calendar year based on changes in the Consumer Price Index for All Urban Consumers as published by the U.S. Bureau of Labor Statistics). This funding commitment shall commence on the Effective Date and be payable quarterly in arrears, except for the first Calendar Quarter of the first Year, which shall be payable in advance on the Effective Date, subject to Procter & Gamble's right to terminate such payments, as provided in Section 3.2(c). ***.

(b) Regeneron shall use funding provided under this Section 3.2 solely for carrying out the Research Plan. Regeneron shall submit invoices to Procter & Gamble within forty-five (45) days of the end of each Calendar Quarter detailing the number of FTEs performing research and development activities pursuant to the Research Plan, as well as a detailed description of such activities. Invoices submitted to Procter & Gamble pursuant to this Section are payable net thirty (30) days after receipt and are subject to Procter & Gamble's audit pursuant to Section 6.5.

(c) Procter & Gamble shall provide the funding to Regeneron for research pursuant to Section 3.2(a) for at least three (3) Years. Thereafter, subject to Regeneron's funding

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commitment in Section 3.2(a), Procter & Gamble shall continue to fund Regeneron's *** FTEs pursuant to Section 3.2(a) until the earlier of (x) termination by Procter & Gamble of the Joint Discovery Research Term with at

least *** days' notice prior to the beginning of the fourth, fifth or sixth Years, or (y) upon designation of a Development Compound by the JMC prior to the beginning of the sixth Year. The Parties shall equally fund Allowable Expenses

under the Research and/or Product Plans upon the earlier of (i) the beginning of the fourth Year if the JMC has designated a Development Compound in any prior Year, (ii) the JMC's designation of a Development Compound after the end of the third Year, or (iii) the beginning of the sixth Year. Procter & Gamble may terminate the Joint Discovery Research Term at the beginning of the fourth Year or any Year thereafter with at least *** notice prior to the beginning of such Year. Regeneron may terminate the Joint Discovery Research Term with at least *** days' notice prior to the beginning of the sixth Year or any Year thereafter.

(d) If a Research Compound is identified by either or both Parties (x) during the Joint Discovery Research Term but has not been designated a Development Compound prior to termination of the Joint Discovery Research Term, or (y) during the Tail Period, the Parties shall meet within *** days of the termination of the Joint Discovery Research Term in the case of (x) or within *** days of such identification in the case of (y) to agree on a Research Plan or other disposition (e.g., license to a Party or Third Party) of such Research Compound. All funding for the Research Plan during the Joint Non-discovery Research Term shall be shared equally by the Parties. The Joint Non-discovery Research Term shall be terminated by the JMC's designation of such Research Compound as a Development Compound, or as otherwise agreed by the Parties.

3.3. Selection of Development Compounds.

(a) At the time that the Parties have performed sufficient research and preclinical testing of a Research Compound and such testing shows that the Research Compound may have utility in the Field and has met the Research Plan's predetermined Success Criteria for such Research Compound to be considered a Development Compound, so that the JMC reasonably determines that the Research Compound should undergo safety assessment and other preclinical development activities to determine whether to commence clinical studies with respect thereto (and thereby such Research Compound being designated as a Development Compound), then further research, development, and commercialization of the Development Compound will be conducted in accordance with this Agreement.

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(b) If the JMC agrees that the Research Compound meets the Success Criteria but one Party elects to opt out of further development, then the Party desiring not to proceed in developing the Research Compound shall be deemed an Opting Out Party with respect to that Research Compound. The Proceeding Party may develop the Research Compound only if such Research Compound would not be a Competing Product with respect to other existing Development Compounds and Marketed Compounds.

(c) Within *** after the designation of a Development Compound by the JMC, the Parties shall meet and agree as to how such Development Compound will be developed and commercialized and incorporate such agreements into the Product Plan. The Product Plan shall include general goals of the Parties relating to the development and commercialization of each Development Compound

and the timing, nature, and priority of resources to be applied and will detail tasks and goals, personnel allocation, outside services and costs, Success Criteria, Allowable Expenses, budgets, and such other matters deemed necessary to implement the Product Plan. The Product Plan will include a spending forecast through the end of clinical trials for the Development Compound and a budget for the next Fiscal Year that will be updated by the JMC at least annually on a Fiscal Year basis. Procter & Gamble is responsible for taking the lead in proposing such budget with significant and timely input from Regeneron. The timing and calculations for the typical Product Plan budget is contained in Attachment 3.1 as an example. The JMC will have complete authority to adopt all Product Plans.

3.4. Funding of Development Compounds and Marketed Compounds; Opting Out.

(a) All Allowable Expenses for a Development Compound incurred

pursuant to the Product Plan by either Party will be shared equally by the Parties, whether the JMC designated the Development Compound as such prior to or after the end of Year 3. Nothing herein shall excuse or mitigate Procter & Gamble's funding obligations under Section 3.2.

(b) During the development of a Compound, if one Party is unable to fund its equal share of Allowable Expenses (the "Owing Party") and proceeds in good faith to pursue financing for its share from a Third Party, such sum shall be loaned to the Owing Party by the other Party, accruing interest at the rate specified in Section 6.4, for a period not to exceed*** from the time the funding for such Allowable Expenses was initially due ("Advances"). If the Owing Party fails to timely repay the Advances along with any other Allowable Expenses that may be payable at that time, the Owing Party shall be deemed to be an Opting Out Party as of the

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date such Advances were initially due. Advances for each Party shall be limited to *** Advances per Compound and no more than *** Advances for all Compounds during the same *** period. An example relating to Advances is outlined in Attachment 3.4(b).

(c) If, at any time during a Compound's development or commercialization, one Party, but not both, elects not to participate in the further development and/or commercialization of such Compound, then such Party shall be deemed an Opting Out Party with respect to that Compound, either in total or on a country-by-country basis pursuant to Section 3.6. At that point, the Proceeding Party may proceed to develop and/or commercialize such Compound at its own expense. Unless the Parties otherwise agree, in no event, however, may a Party opt out from or otherwise refuse to pay its share of Allowable Expenses to which such Party has committed.

(d) If both Parties opt out, the Parties shall use Commercially Reasonable Efforts to license the Compound, and each Party's respective share of any income derived from such Compound shall be calculated

pursuant to Section 6.1(b).

(e) The Parties' equal funding of Allowable Expenses under the Product Plan shall commence on the day the JMC designates the Development Compound as such and be payable quarterly in arrears, based on justification of Allowable Expenses incurred over the quarter. Regeneron and Procter & Gamble shall submit reports to each other within thirty (30) days of the end of each Calendar Quarter detailing the number of FTEs performing research and development activities pursuant to the Product Plan, Third Party costs and other costs incurred in research, development and commercialization activities, as well as a detailed description of such activities. Each Party shall review and approve the other Party's reports within fifteen (15) days thereafter, subject to the JMC's approval, if necessary. Procter & Gamble will then calculate the amount that shall be paid by either Party to the other Party to equalize funding and so advise Regeneron within seven (7) days. The Party to whom funds are owed will issue an invoice for the corresponding amount, payable within thirty (30) days. Costs incurred and paid pursuant to this Section are subject to audit pursuant to Section 6.5.

3.5. Research, Development and Commercialization Communication. In addition to Regeneron's reporting obligations under Section 3.2(b), Regeneron and Procter & Gamble will submit reports to each other not less than two (2) times per Fiscal Year presenting a meaningful summary of research, development and commercialization activities performed under this Agreement. Regeneron and Procter & Gamble will make presentations of such activities to each

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other, beyond that made to the JMC, as reasonably requested by each other. All Technology generated by the Parties shall be disclosed pursuant to Section 7.1. Subject to Section 5.4, the Parties shall use their best efforts to communicate information only in the Field. Regeneron and Procter & Gamble will also communicate informally and through the JMC to inform each other of research and development done under this Agreement. Regeneron and Procter & Gamble will

provide each other with raw data in original form or a photocopy thereof for any and all work carried out under this Agreement as reasonably requested by the other. Any information contained in such reports and as otherwise communicated by Regeneron or Procter & Gamble is subject to Article VIII. If one Party is deemed an Opting Out Party, the Proceeding Party shall annually report to the Opting Out Party research, development and commercialization activities performed for Compounds in the Territory for the prior Year sufficient to allow the Opting Out Party to determine whether the Proceeding Party is utilizing Commercially Reasonable Efforts.

3.6. Global Development. The Product Plan shall set forth commercially reasonable development work (including without limitation clinical studies) to support acceptable regulatory applications for marketing clearance in all Major Countries. The costs associated with these activities shall be deemed "Global Expenses". If either Party fails to pay its share of Global Expenses with respect to a Compound, such Party shall be deemed an Opting Out Party with respect to such Compound in the entire Territory. Either Party may opt out of the commercialization of a Compound on a country-by-country basis provided it

funds its share of total Global Expenses, to the extent that funding of any development and/or commercialization expenses is solely attributable to one country and is not considered a Global Expense ("Country Expenses"). A Party electing to opt out of such Country Expenses shall be deemed an Opting Out Party with respect to such Compound in that particular country only.

3.7. J-V Formation. Commencing at the end of the first Year, the Parties shall negotiate in good faith an agreement by the end of the third Year that contains all of the terms and conditions of this Agreement, along with other terms and conditions as the Parties may agree to develop and/or commercialize Compounds ("J-V Agreement"). In the event that the Parties cannot finalize such J-V Agreement prior to the end of the third Year, Procter & Gamble may terminate this Agreement pursuant to Section 3.2(c), elect to continue to perform research, development and commercialization activities pursuant to this Agreement until its termination, or negotiate such other arrangement as the Parties may agree.

3.8. Sumitomo Compounds.
(a) ***
(b) ***

Article IV - Commercialization of Products

4.1. Marketing and Sales Strategy. ***.

4.2. Net Profits. The Parties, so long as neither Party is an Opting Out Party with respect to such Marketed Compound either in the entire Territory or in one or more specific countries, as appropriate, will share equally in the Net Profits of each Compound sold. "Net Profits" mean Net Sales less Allowable Expenses.

4.3. Exclusive Distributor. The JMC may appoint either Party or a Third Party to act as its agent in connection with the marketing, sale and distribution of Marketed Compounds, and the JMC and/or the Parties (as the case may be) shall grant to such agent(s) appropriate authority to perform its or their responsibilities hereunder. In connection with such marketing, sales and distribution, the following principles shall apply:

(a) the business objective will be to maximize overall profits; and

(b) in the event that a Third Party is appointed as the Parties' agent with respect to the marketing, sale and distribution of the Marketed Compound in a country, Regeneron and Procter & Gamble will each receive equal shares of any revenue received from such Third Party, so long as neither Party is an Opting Out Party with respect to such Marketed Compound in such country.

4.4. Regeneron Co-Promotion Activities. Provided that Regeneron is not an Opting Out Party with respect to the Compound, Regeneron will have an equal right and opportunity, but not the obligation, to participate in the sales and marketing efforts in any country in the Territory as to which it has not opted out by

supplying up to fifty percent (50%) of a Marketed Compound's sales and marketing

efforts with notice to Procter & Gamble within *** of the JMC's decision to prepare a regulatory application for marketing clearance in the first Major Country with respect to all Major Countries, then on a country-by-country basis upon regulatory

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filings in such countries other than Major Countries. Regeneron's and Procter & Gamble's sales and marketing personnel costs shall be an Allowable Expense and shall be calculated for both Parties on the same basis (e.g., the cost per salesperson or sales call for Regeneron and Procter & Gamble shall be the same per year). If Regeneron wants to discontinue or decrease its co-promotion activities, it must give Procter & Gamble *** months' notice prior to such discontinuation or decrease.

4.5. Trademarks; Packaging. After a Compound has been designated a Development Compound, the Parties shall jointly develop a trademark for such Development Compound. So long as it is not an Opting Out Party with respect to such Compound in a country, Procter & Gamble shall file, prosecute and maintain all trademark applications and registrations for such trademarks, and all expenses in connection with such activities shall be deemed Allowable Expenses. As long as neither Party is an Opting Out Party with respect to the Marketed Compound, such Marketed Compound shall be sold under a single trademark which shall be owned by Procter & Gamble or, if a legal entity is formed pursuant to a J-V Agreement, the trademark shall be owned by such entity to the extent legally permissible. If one Party is an Opting Out Party with respect to such Marketed Compound, any trademarks shall be owned by the Proceeding Party. So long as neither Party is an Opting Out Party, the label of the Marketed Compound will contain the name of Regeneron and Procter & Gamble, to the extent legally permissible.

Article V - License Grants

5.1. Exclusivity. Procter & Gamble and its Affiliates will not make, have made, use, import, or sell, or license Technology for use in the Field in the Territory under Patents and Know-how owned by Procter & Gamble and its Affiliates (including Procter & Gamble Patents, Procter & Gamble Know-how and Patents and Know-how owned jointly by the Parties pursuant to Section 5.2) except under, and in accordance with, the terms of this Agreement. Regeneron and its Affiliates will not make, have made, use, import, or sell, or license Technology for use in the Field in the Territory under Patents and Know-how owned by Regeneron and its Affiliates (including Regeneron Patents, Regeneron Know-how and Patents and Know-how owned jointly by the Parties pursuant to Section 5.2) except under, and in accordance with, the terms of this Agreement.

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5.2. Rights in Technology Developed During Agreement. Patents and

Know-how resulting from work by the Parties under this Agreement shall be owned: (x) by Regeneron, for Technology conceived and reduced to practice solely by employees of Regeneron or its Affiliates; (y) by Procter & Gamble, for Technology conceived and reduced to practice solely by employees of Procter & Gamble or its Affiliates; (z) jointly, for Technology conceived and/or reduced to practice jointly by employees of Procter & Gamble or its Affiliates and Regeneron or its Affiliates. Inventorship shall be determined according to the laws of the United States. Filing, prosecution, maintenance and enforcement of such Patents shall be handled pursuant to Article VIII.

5.3. Rights in Technology. Procter & Gamble hereby grants Regeneron the Sole License to make, have made, use, import and sell Technology in the Field under Procter & Gamble Patents and Procter & Gamble Know-how. Regeneron hereby grants Procter & Gamble the Sole License to make, have made, use, import, and sell Technology in the Field under Regeneron Patents and Regeneron Know-how. As used herein, "Sole License" shall mean a non-exclusive, royalty free license in the Territory under Know-how or a Patent, without the right to sublicense, granted by a "Licensor Party" to the other "Licensee Party," wherein the Licensor Party shall not grant any Third Party a license to Technology in the Field under said Know-how or Patent.

5.4. Rights in Non-Field Inventions. Any compound, composition, material or method (including without limitation genetic materials, receptors, cell lines, transgenic animals, pharmaceutical actives, chemical processes, methods of treatment and methods of diagnosis), which is not a Third Party Technology and which is conceived of and/or reduced to practice by a Party as a direct result of work under this Agreement during the Exclusivity Period, but for which there is no utility in the Field known as of the end of the Exclusivity Period (herein "Non-Field Invention"), shall be owned:

(x) by Regeneron, if conceived and reduced to practice solely by employees of Regeneron or its Affiliates;

(y) by Procter & Gamble, if conceived and reduced to practice solely by employees of Procter & Gamble or its Affiliates; and/or

(z) jointly, if conceived and/or reduced to practice jointly by employees of Procter & Gamble or its Affiliates and Regeneron or its Affiliates.

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5.5. Rights upon Termination of Research. Upon expiration of the Exclusivity Term and except as set forth in Sections 5.6 and 5.7 with respect to Compounds under development or commercialization by one or both of the Parties pursuant to this Agreement, the obligations of the Parties under Section 5.1 shall terminate and the Sole Licenses granted by the Parties under Section 5.3 shall terminate. In addition, Procter & Gamble shall grant Regeneron a non-exclusive, royalty-free license under Procter & Gamble Know-how and Procter & Gamble Patents, without the right to sublicense, to make, have made, and use Technology for the purpose of discovering, developing and/or commercializing

Compounds (other than Compounds identified before the end of the Exclusivity Term) in the Field. Regeneron shall grant Procter & Gamble a non-exclusive, royalty-free license under Regeneron Know-how and Regeneron Patents, without the right to sublicense, to make, have made, and use Technology for the purpose of discovering, developing and/or commercializing Compounds (other than Compounds identified before the end of the Exclusivity Term) in the Field.

5.6. Rights in Compounds under Research, Development and Commercialization. Subject to Section 3.8, a Party shall not grant any license to a Third Party in the Territory under any Patent or Know-how owned in whole or in part by that Party to make, have made, use, import or sell any Compound during the Term with respect to Compounds that are the subject of joint research, development and/or commercialization by the Parties under this Agreement or a J-V Agreement. The Parties shall grant licenses under Patents or Know-how to each other, or to any jointly owned entity as may be established by the Parties pursuant to a J-V Agreement, as may be necessary to facilitate research, development and/or marketing of such Compounds.

5.7. Grant of License by Opting Out Party. In the event a Party becomes an Opting Out Party with respect to the development and/or commercialization of a Compound in its entirety or on a country-by-country basis, then that Opting Out Party shall grant the Proceeding Party an exclusive license, with the right to sublicense, to make, have made, use, import and sell such Compound under the Patents , Know-how, trademarks and copyrights regarding that Compound owned by the Opting Out Party. The license shall be in all countries of the Territory in which opting out has been deemed to occur, and shall be subject to the royalty set forth in Paragraph 7.1. The Opting Out Party shall comply with reasonable requests for cooperation by the Proceeding Party, and the Proceeding Party shall reimburse the Opting Out Party for reasonable out-of-pocket expenses incurred with respect to such cooperation.

Article VI - Royalties and Accounting

6.1. Royalty Calculation.

(a) The Proceeding Party will pay to the Opting Out Party a royalty on Net Sales of a Marketed Compound on a country-by-country basis, sold by the Proceeding Party, its Affiliates, licensees and/or sublicensees in the Territory at the applicable rate listed below multiplied by the Net Sales in

such country:

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***	***
***	***
***	***
***	***

Such royalty will be paid for a period of *** years from the date of first sale to a customer of such Compound in a particular country, or for so long as the manufacture, use, importation or sale of the Compound would, but for the licenses granted herein, infringe a Valid Claim of a Patent in such country,

whichever is longer.

(b) If both Parties opt out with respect to a Compound in total or on a country-by-country basis, opting out either simultaneously or sequentially, then the Parties shall use Commercially Reasonable Efforts and cooperate with each other to license the Compound to a Third Party. ***. Examples of the respective percentages are outlined in Attachment 6.1(b). Reasonable out-of-pocket expenses incurred in obtaining such licensee shall be shared equally by the Parties. Notwithstanding the above, either Party may receive, without sharing with the other Party, reimbursement from such licensee for reasonable, (*** to account for indirect overhead) costs of research, development and/or commercialization costs (whether internal or Third Party) to be incurred by such Party for work to be conducted in the future on behalf of the licensee. Any amounts in excess of such reimbursement shall be shared in the same proportion as calculated above in this Section 6.1(b) All amounts from licensees received by either Party shall be fully disclosed to the other Party and subject to audit (including without limitation the calculation of Fully-Loaded costs) pursuant to Section 6.5.

(c) If the Proceeding Party elects to distribute or sublicense a Compound in any country, and a license must be obtained from a Third Party to manufacture and/or market such

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Compound to avoid a non-frivolous claim of patent infringement, the Proceeding Party shall offset the following portion of the Third Party license fee, royalty or other similar payments ("Licensee Fees") against the Opting Out Party's royalty:

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***	***
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***	***

Any portion of Licensee Fees paid by the Proceeding Party that is to be offset against the Opting Out Party's royalty but that exceeds the Opting Out Party's royalty payable, shall be carried forward and accrue interest pursuant to Section 6.4 and be offset against future royalties as such royalties become payable.

6.2. Royalty Payment.

(a) Royalties payable under Section 6.1 will be paid not later than sixty (60) calendar days following the end of each Calendar Quarter. All payments shall be accompanied by a report in writing showing the Calendar Quarter for which such payment applies, the amount billed to Third Parties for Marketed Compounds sold during such Calendar Quarter, the deductions from the amount billed to arrive at the Net Sales, the Net Sales for the Calendar Quarter, and the royalties due on such Net Sales, such report being broken down

by Marketed Compound and country. All royalties will be paid in the currency where Net Sales take place or, at the option of the payee, in US dollars at a rate of exchange on the last business day of the Calendar Quarter as quoted in The Wall Street Journal (or Citibank, N.A. if such rates are not available in The Wall Street Journal).

(b) All royalties due under this Article VI will be deposited in a bank chosen by the recipient by the date due. Any amounts or royalties prohibited from export by a particular country will be deposited in a bank chosen by the recipient in such country. Any deductions for withholding taxes imposed by the country in which Net Sales take place will be withheld and

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paid as required by law. The paying Party will provide promptly upon request any receipts from the governmental or taxing authority evidencing payment of such taxes and will assist the receiving Party in claiming relief from double taxation.

6.3. Records. Procter & Gamble and Regeneron will maintain, and will require their Affiliates and sublicensees to maintain, complete and accurate records of Net Sales of Marketed Compounds sold subject to the royalty provisions of Section 6.1 and the audit provisions of Section 6.5.

6.4. Interest Rate. Unless otherwise provided in this Agreement, any payments past due will bear interest at the prime rate (such quoted in The Wall Street Journal on the first day of the month of the accrual) plus two (2) percentage points, compounded monthly.

6.5. Audit. Records shall be open for audit during reasonable business hours for a period of three (3) years from creation of individual records for examination not more often than once each year by an independent certified public accountant ("CPA") selected by the payee and reasonably acceptable to the payer for the sole purpose of verifying the correctness of payments to be made under this Agreement. If the CPA finds a discrepancy of greater than ten (10) percent of such payment, the CPA shall submit a detailed report regarding the audit and such discrepancy to both Parties within thirty (30) days of commencing the audit. The Parties shall attempt to resolve such discrepancy to their mutual satisfaction during the next fifteen (15) days. If the Parties cannot resolve the discrepancy, their CEOs shall meet within ten (10) days after such fifteen (15) day time period. If the CEOs cannot resolve the dispute within five (5) days, either Party may take such dispute to arbitration pursuant to Section 11.4. The calculation of such payment shall be deemed final (and not subject to audit or dispute resolution) five (5) years after the period in which such payment was due, unless arbitration pursuant to Section 11.4 is commenced prior to such time. Out-of-pocket expenses incurred with respect to such CPA shall be paid by the payee; however, the payer shall reimburse the payee for such CPA expenses if the discrepancy is greater than ten (10%) percent, as such discrepancy is determined by the CEOs or arbitrators.

Article VII - Patents and Infringement

7.1. Disclosure. Each Party will promptly disclose to the other Party all Technology owned in whole or in part by that Party or in which Technology such Party otherwise has rights.

7.2. Patent Applications. Regeneron and Procter & Gamble will discuss and evaluate Technology disclosed pursuant to Section 7.1, and confer regarding the advisability of filing patent applications to cover any Technology. The Party (herein "Responsible Party") for the filing, prosecution and maintenance of patent applications shall be: (x) Procter & Gamble, if the subject invention is made solely by employees of Procter & Gamble; (y) Regeneron, if the subject invention is made solely by employees of Regeneron; or (z) determined by agreement of the Parties for all other inventions, taking into account the nature of the invention and the relationship of the invention to inventions claimed in other patents or applications. Regeneron and Procter & Gamble will discuss with each other the advisability of filing Patent applications beyond the priority country.

7.3. Filing and Prosecution of Patents. The Responsible Party shall diligently file, prosecute, issue, and maintain patent applications according to its own internal standards and for effectively covering other inventions made by its employees or consultants. The Responsible Party will endeavor to ensure that all patent applications are filed before any public disclosures so as to ensure validity of patent applications filed outside of the United States. The

Responsible Party will submit a substantially complete draft of each patent application to the other Party at least thirty (30) days prior to the contemplated filing date and consider any comments of the other Party, provided that in those circumstances where the Responsible Party believes time is of the essence, the Responsible Party will endeavor to provide the other with such advance notice as it reasonably can under the circumstances. Regeneron and Procter & Gamble will confer with each other regarding the prosecution of such Patent Applications and will copy each other with any official action and submission in such Patent Applications.

7.4. Alternate Responsibility for Prosecution. Should Regeneron or Procter & Gamble not wish to file, prosecute, maintain, or issue a Patent Application or maintain a Patent covering an Invention at all or in a particular country, any necessary authority will be granted to the other to file, prosecute, maintain, and issue such a Patent Application or maintain such a Patent, all at the expense of the other Party.

7.5. Infringement. Procter & Gamble and Regeneron shall promptly notify the other in writing of any infringement of a Patent within the Patent Rights licensed or to be licensed pursuant to Article V of which they become aware.

7.6. Enforcement of Patents. Regeneron and Procter & Gamble may, but shall not be required to, prosecute any alleged infringement or threatened infringement of a Patent within

the Patent Rights of which they are aware or which is brought to their

attention. The prosecuting Party shall act in its own name and at its own expense unless the other Party at its option pays fifty percent (50%) of all reasonable out-of-pocket costs. Regeneron and Procter & Gamble shall cooperate fully with each other including, if required to bring such action, the furnishing of power of attorney. Any recovery obtained shall belong to the prosecuting Party unless the other Party has paid fifty percent (50%) of said costs in which case each Party will receive fifty percent (50%) of any recovery.

7.7. Alternate Responsibility for Enforcement. If Regeneron or Procter & Gamble has failed to prosecute under Section 7.6 with respect to alleged or threatened infringement of one of its Patents (i) three (3) months after it has been notified in writing by the other of such alleged infringement or (ii) one (1) month before the time limit, if any, set forth in the appropriate laws and regulations for the filing of such actions, whichever comes first, the other may, but shall not be required to, prosecute any alleged infringement or threatened infringement of the Patent. Such prosecuting Party shall act in its own name and at its own expense. In such event, both Parties shall cooperate fully with each other at their own expense, including if required in order to bring such an action, the furnishing of a power of attorney. Any recovery obtained shall belong to the prosecuting Party.

7.8. Trademark Infringement and Enforcement. Procter & Gamble and Regeneron shall promptly notify the other in writing of any infringement of a trademark under Section 4.5 of which they become aware. The owner of the trademark application or registration may, but shall not be required to, prosecute any such alleged infringement or threatened infringement. The prosecuting Party shall act in its own name (unless joinder of the other Party is required by law in which case it shall be joined) and at its own expense unless the other Party at its option pays fifty percent (50%) of all reasonable out-of-pocket costs. Regeneron and Procter & Gamble shall cooperate fully with each other in such action. Any recovery obtained shall belong to the prosecuting Party unless the other Party has paid fifty percent (50%) of the costs in which case each party will receive fifty percent (50%) of any recovery.

7.9. Alternate Responsibility for Trademark Enforcement. If the owner of the trademark application or registration has failed to prosecute under Section 7.8 with respect to an alleged or threatened infringement of a trademark (i) three (3) months after it has been notified in writing by the other of such alleged infringement or (ii) one (1) month before the time limit, if any, set forth in the appropriate laws and regulations for the filing of such actions, whichever comes first, the other Party may, but shall not be required to, prosecute any alleged infringement

or threatened infringement of the trademark. Such prosecuting Party shall act in

its own name and at its own expense. In such event, both Parties shall cooperate fully with each other at their own expense. Any recovery obtained shall belong to the prosecuting Party.

Article VIII - Confidentiality

8.1. Confidentiality and Non-Use Obligations. Each Party shall maintain in confidence all information (herein "Information") which is:

(a) Technology disclosed to it by the other Party pursuant to Section 7.1;

(b) Technology developed by the Party during the Exclusivity Term; or

(c) other information ("Other Information") disclosed by the other Party which is considered confidential by the other Party, and so designated as confidential in writing when first disclosed or within thirty (30) days after disclosure if the first disclosure is oral.

The Party shall take all reasonable precautions to:

(d) prevent disclosure of such Information to Third Parties, except as set forth in Section 2.6, Section 8.3 and Section 11.10, or as may be necessary for the filing or prosecution of patent applications pursuant to Article VII;

(e) use Know-how pursuant to the rights and obligations of the Party pursuant to Article V; and

(f) use Other Information only for the purposes of this Agreement.

These restrictions upon disclosure and use of Information shall terminate ten (10) years after the date such Information is developed or disclosed as set forth above, but shall not apply to any specific portion of Information which:

(i.) is Other Information already in the possession of a Party at the time of disclosure by the other Party;

(ii.) is or later becomes available to the public other than by default by the Party;

(iii.) is received from a Third Party having no obligation of confidentiality to the other Party;

(iv.) is Other Information developed by the Party entirely without reference or use of Information, as established by probative documentary evidence; or

(v.) is required to be disclosed by law or government regulation.

8.2. Prior Confidentiality Agreements. The "Confidential Disclosure Agreement" dated October 8, 1996 between Regeneron Pharmaceuticals, Inc. and Procter & Gamble has

separately been rendered void and all Information to be kept confidential under such agreement as of the Effective Date will be subject to the terms of Section 8.1 as if disclosed under this Agreement.

8.3. Research Manuscripts and Abstracts. It is understood the Parties may wish to publish or otherwise disclose Technology to a Third Party for publication in a reputable scientific forum (for example, as an abstract, poster presentation, lecture, article, book, or any other means of dissemination to the public). Such disclosures may be made to a Third Party regarding (x) preclinical

research; (y) clinical research disclosing only data that have been locked, if disclosure presents no significant risk to regulatory filings and serves a compelling business reason for publication; and (z) other work by the Parties, upon approval by the JMC. No such disclosure shall be made to a Third Party until a patent application has been filed adequately describing and claiming any patentable Technology embodied in such disclosure, pursuant to Article VI. A Party wishing to make any such disclosure shall submit a complete written draft of the disclosure to the other Party at least thirty (30) days prior to submission for the disclosure to a Third Party. The Party shall consider any comments from the other Party. Any disputes regarding the appropriateness and content of any such disclosure shall be resolved by the JMC.

Article IX - Representations, Warranties and Indemnification

9.1. Patents.

(a) Each Party and their respective Affiliates warrant that, as of the Effective Date, it has no actual knowledge of any information rendering invalid or unenforceable any Patent licensed to the other Party under Article V or VII. Each Party will promptly inform the other Party immediately if it obtains such information after the Effective Date.

(b) Each Party and their respective Affiliates warrant that it is has no actual knowledge of any patents or Know-how owned by a Third Party that might prevent, inhibit, or limit the Parties from conducting the research, development and commercialization activities under this Agreement. Each Party and their respective Affiliates warrant that, except as disclosed in Attachment 9.1, it has not entered into any agreement with a Third Party that might prevent, inhibit, or limit the Parties from conducting the research, development and commercialization activities under this Agreement. Regeneron and its Affiliates warrant that Attachment 9.1 is a complete list of Third Party Technology existing as of the Effective Date.

9.2. No Guarantee. The Parties understand that the research and development work to be conducted pursuant to this Agreement will involve untested, experimental, and currently undeveloped technology and that neither Regeneron nor Procter & Gamble guarantees the safety or usefulness of any Compound. Except as expressly set forth in this Agreement, the Parties disclaim all warranties of any nature, express or implied.

9.3. Indemnification.

(a) Indemnification Regarding Joint Activities, General. Any and all liability, damage, loss, cost (including without limitation reasonable attorneys' fees) and expense resulting from any suits, claims, actions, demands, liabilities, expenses and/or loss ("Losses") relating to the joint development, manufacture, use, storage, distribution or sale of any Compound ("Joint Activities") will be shared equally. Each Party shall indemnify and hold harmless the other Party for such Party's respective share of such liability; provided, however, that the portion of Losses due to the gross negligence or willful or intentional misconduct of either or both Party(ies) shall be governed by Section 9.3(b).

(b) Indemnification by the Parties. Each Party shall indemnify and hold the other Party harmless from and against that portion of any and all Losses due to the gross negligence or willful or intentional misconduct of such indemnifying Party, as well as any Losses that were not caused by Joint Activities.

(c) Indemnification by the Proceeding Party. The Proceeding Party agrees to save, defend and hold the Opting Out Party harmless from and against any and all Losses to the extent that such factual allegations forming the primary basis for such Losses occurred after the Party became an Opting Out Party with respect to that Compound and/or country. Both Parties shall provide prompt notice to the other of such potential Losses. The Proceeding Party shall assume control of the defense of the potential Losses (including without limitation the right to settle the claim). The Opting Out Party shall provide reasonable cooperation to the Proceeding Party, and the Proceeding Party shall reimburse the Opting Out Party its reasonable out-of-pocket expenses.

(d) Indemnification Procedure. In the event that either Party receives notice of potential Losses, such Party shall immediately inform the other Party and the JMC. The JMC shall decide the manner in which to respond to and handle the claim. If the JMC cannot decide on how to respond to the claim prior to five (5) days before the answer is due, the Party receiving the notice shall answer the claim and take reasonably necessary actions to defend itself, and the other Party may appoint its own counsel at its own expense, until the JMC agrees on how to handle the claim.

Article X - Term, Termination

10.1. Term. Unless terminated earlier pursuant to Sections 3.2, 10.2 or by mutual agreement, this Agreement shall expire at the end of the Royalty Term.

10.2. Default. Failure by either Party (the "Defaulting Party") to comply with any of the material obligations contained in this Agreement, the Stock Purchase Agreement, the Stock Registration Agreement or any J-V Agreement shall entitle the other Party (the "Nondefaulting Party") to give to the Defaulting Party notice specifying the nature of the default and requiring it to cure such default. If the Defaulting Party disagrees with the existence, extent or nature of the default, the Parties shall use good faith efforts to resolve the dispute within thirty (30) days. If (i) such default is not cured with such thirty (30) day period after the receipt of such notice or (ii) the Parties have not otherwise resolved the dispute during such thirty (30) day period, the Nondefaulting Party shall be entitled to initiate arbitration under Section 11.4 and at its sole discretion suspend performance under this Agreement.

10.3. Change of Control.

(a) In the event of a Change in Control, as that term is defined in Section 10.5(a), of either the Parties or their respective Affiliates that have responsibilities or obligations under this Agreement (each collectively or individually then referred to as the "Acquired Company") and the

Acquired Company is not an Opting Out Party with respect to all Compounds in all countries under this Agreement, then the Party affiliated with the Acquired Company shall notify the other Party of any such Change in Control as soon as the Change in Control may publicly be announced. Upon receipt of any such notification, the other Party or an Affiliate thereof (the "Electing Company") shall have the unilateral right to give notice to the Acquired Company within *** days after its next regularly scheduled board meeting, but in no event longer than *** days, after receipt of the Acquired Company's notification that the Electing Company:

(i) elects not to continue the research, development and commercialization collaboration, whether or not a J-V has been formed (the "Option"), in which case a determination of the License Fee pursuant to Section 10.6 will be made, and within ***

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following such License Fee determination will make the further election either to purchase the entire interest of the Party affiliated with the Acquired Company under this Agreement or any J-V Agreement ("Acquired Company Interest") or offer the Acquired Company the option to purchase the entire interest of the Electing Company under this Agreement or any J-V Agreement ("Electing Company Interest") at the License Fee (but in the event that the Acquired Company does not desire to purchase the Electing Company Interest, the interests of the Parties shall be disposed of by sale, license, or other commercially reasonable arrangement for a price that maximizes value for both Parties, paid by a Third Party or a Party, and each Party shall have the right to receive half of the consideration thus obtained less any Advances plus accrued interest payable), or

(ii) desires to continue the collaboration for a period of up to *** from the date of the Change in Control (the "Trial Period") upon the express condition that the ultimate parent of the entity acquiring control of the Acquired Company within *** days thereafter agrees in writing to such Trial Period and otherwise agrees to be bound by the provisions of this Agreement, the Stock Registration Agreement, the Stock Purchase Agreement and any J-V Agreement. If the ultimate parent of the acquiring entity accepts these conditions, the collaboration shall continue, and the Option shall expire unless the Electing Company exercises the Option within*** days prior to the expiration of the Trial Period. If the ultimate parent of the acquiring entity fails to give notice within the required period that it will be bound by the provisions of such aforementioned Agreements, the Electing Company shall be deemed to have exercised the Option as of the expiration of such *** day period and the Parties shall then follow the procedures set forth in this Section 10.3.

10.4. Substantial Stock Accumulation.

(a) In the event of a Substantial Stock Accumulation, as that term is defined in Section 10.5(b), of either the P&G Parent or the Regeneron

Parent (the "Affected Company"), at any time after the Substantial Stock Accumulation, the Party affiliated with the Affected Company may, but is not obligated to, inform the other Party in writing that the Party affiliated with

the Affected Company regards such Substantial Stock Accumulation as being not in the best interests of the collaboration. This notice shall be separate from and in addition to the notice required under Sections 10.3 and 10.4(b). Upon receipt of any such notification stating that the Substantial Stock Accumulation is not in the best interests of the collaboration, the other Party or its Affiliates (the "Purchasing Company") shall have the option, at its election and upon notice to

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the Affected Company within *** days after receipt of the Affected Company's notification of a Substantial Stock Accumulation, to purchase the Acquired Company Interest at the License Fee.

(b) In the event of a Substantial Stock Accumulation in either the P&G Parent or the Regeneron Parent, as soon as the Party affiliated with the Affected Company has knowledge of the Substantial Stock Accumulation, it shall give prompt notice to the other Party. Such notice shall be separate from and in addition to the notice provided for in Sections 10.3 and 10.4(a) and must be given regardless of whether the Party affiliated with the Affected Company regards the Substantial Stock Accumulation as being not in the best interest of the collaboration. From the date on which the Party affiliated with the Affected Company has notice of the Substantial Stock Accumulation, the following provisions shall become effective and remain effective until the Substantial Stock Accumulation is eliminated, unless otherwise agreed:

(i) If the Party that is not affiliated with the Affected Company reasonably determines in good faith that the person or entity making the Substantial Stock Accumulation is a competitor of such Party or its Affiliates, such Party may so inform the other Party in writing. Promptly after receipt of such notice, the Party affiliated with the Affected Company shall establish a procedure whereby no director or executive employee of the Affected Company who was not a director or employee of the Affected Company prior to the Substantial Stock Accumulation, and who was previously a director or employee of the person or entity making the Substantial Stock Accumulation (a "Tainted Director or Executive"), shall receive any of the following: (x) confidential information of the other Party and its Affiliates; and (y) confidential information of the collaboration, except that any such Tainted Director or Executive can be given information as to actual and projected sales and profits of the collaboration.

(ii) If the Party that is not affiliated with the Affected Company does not give notice pursuant to this Section 10.4, the Party affiliated with the Affected Company shall establish a procedure whereby no Tainted Director or Executive shall receive confidential information of the other Party and its Affiliates but need not place any restrictions on confidential or other information of the collaboration.

(iii) In the event of a material violation of this Section 10.4, the non-breaching Party may, without resort to the dispute resolution procedure set forth in Articles II and XI, bring an immediate court action or enjoin such violation and to recover any damages that it may have

incurred by reasons of such violation.

*** Certain material has been omitted from this section pursuant to a request for confidential treatment and has been filed separately with the S.E.C.

10.5. Definitions.

(a) For purposes of this Agreement, a "Change in Control" of a company shall be deemed to have occurred in the event of (i) a merger, consolidation, reorganization, recapitalization, the purchase of substantially all of the company's assets, or other transaction in which or as result of which the common stock of the company, or a successor entity having the same ownership as the company, shall cease (except temporarily) to be a publicly traded security; or (ii) the acquisition by any individual, firm, corporation, or entity (other than any profit sharing or other employee benefit plan of the

company or any Affiliate, or any employee or group of employees or former officers an/or directors of the company or its Affiliates) of beneficial ownership, directly or indirectly, of securities of the company representing more than *** of the combined voting power of the company's then outstanding voting securities. Notwithstanding the foregoing, The Procter & Gamble Company directly or indirectly must have at least *** percent of the combined voting power of Procter & Gamble's outstanding voting securities, otherwise there shall be a Change of Control of Procter & Gamble.

(b) A "Substantial Stock Accumulation" of a company shall be deemed to have occurred in the event of the accumulation by any individual, firm, corporation, or entity (other than any profit sharing or other employee benefit plan of the company or any Affiliate, or any employee or group of employees or former officers an/or directors of the company or its Affiliates) of beneficial ownership, directly or indirectly, of securities of the company representing more than *** of the combined voting power of the company's then outstanding voting securities. Notwithstanding the foregoing, Leonard Schleifer, M.D., Ph.D., the present President and Chief Executive Officer of Regeneron, may accumulate more than *** percent of Regeneron's or Regeneron's Parent's combined voting power of its outstanding securities and no Substantial Stock Accumulation for Regeneron shall be deemed to have occurred. For the purposes of this Section 10.5(b), Dr. Schleifer's ownership of securities of Regeneron or Regeneron's Parent shall be deemed to be his direct or indirect ownership of capital shares or options to purchase such capital shares of Regeneron or Regeneron's Parent and the direct or indirect ownership of such shares by members of his family living in his household to the extent that Dr. Schleifer retains voting control, the power to exercise such options, and the right to dispose of such shares, and shall not include any other shares over which he does not possess Beneficial Ownership, as defined in the Securities and Exchange Act of 1934, as amended.

*** Certain material has been omitted from this section pursuant to a request for confidential treatment and has been filed separately with the S.E.C.

10.6. The "License Fee" for purposes of Sections 10.3 and 10.4 shall be determined as follows:

(a) License Fee has two components: a Valuation (as

defined herein) of the Parties' interest in the Agreement or J-V Agreement with respect to Compounds to which neither Party has opted out in total and a running royalty on Net Sales of any Compound for which neither Party has opted out, such rate and term being calculated as per Section 6.1 ("Running Royalty"). Each Party shall designate an investment banking firm of its choice, and each investment banking firm will be asked to prepare an appraisal as to the fair market value of the collaboration as a going concern that would be received in cash from a Third Party if a sale of the collaboration were made to a Third Party, taking into account any contractual obligation of either Party or its Affiliates to refrain from manufacturing or marketing a product competitive with the Products in the Territory for any period, the value of the information, Patents and Know-how, and other assets being licensed and the potential market for such Compounds in the Territory ("Fair Market Value"). The Fair Market Value shall not include Compounds in specific countries or in the entire Territory for which either Party is an Opting Out Party, as such royalty shall continue to be governed pursuant to Section 6.1, regardless of a Change of Control. *** The investment bankers will be asked to submit their Valuations within thirty (30) days after the Purchase Date. In the event of a Party's failure to obtain an investment banking firm's Valuation within thirty (30) days after the Purchase Date, the Valuation will be the Valuation determined by the investment banking firm appointed by the other Party. An example of the operation of the License Fee is set forth in Attachment 10.6(a).

(b) If the difference between the lower Valuation and the higher Valuation is not more than *** of the higher Valuation, or if the Valuations are equal, the final Valuation shall be the average of the Valuations. If the difference between the *** Valuations is more than *** of the higher Valuation, the investment bankers will select a third investment banking firm from those known as major bracket investment banking firms, and that firm shall also prepare a Valuation. The third investment banking firm will not have access to the Valuations prepared by the other investment banking firms. The *** Valuations that are the closest in value then shall be averaged, and the resulting average shall be the final Valuation.

(c) The purchase of the interest shall thereafter be consummated by payment of the Valuation and the obligation to pay the Running

Royalty within *** days after receipt of all investment bankers' valuations or such later date upon which all necessary regulatory

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approvals have been obtained and/or regulatory waiting periods have expired. Advances (if applicable) shall be first subtracted from or added to (as the case may be) the Valuation, then any excess Advance shall be immediately payable by the Owing Party.

(d) Each Party shall bear the expense of obtaining the Valuation of the investment bankers selected by such Party, and if a third investment banker is selected, the expense of obtaining its Valuation shall be borne equally by the Parties.

(e) Unless otherwise agreed in writing by the Parties, the

License Fee for a license under Sections 10.3, 10.4 and 10.5 shall be calculated as of the date of the Electing Company's notice that it elects to exercise the Option under Sections 10.3 or 10.4 or the Purchasing Company's notice that it desires to license the interest of the Party affiliated with the Affected Company under Section 10.3 (such date shall be referred to as the "Purchase Date").

(f) During the pendency of the Option election and valuation process, the Parties shall continue to perform their customary activities under this Agreement or any J-V Agreement.

Article XI - Miscellaneous

11.1. Force Majeure. Neither Party shall lose any rights hereunder or be liable to the other Party for damages or loss on account of failure of performance by the Defaulting Party if the failure is occasioned by government action, war, fire, explosion, flood, strike, lockout, embargo, act of God, or any other similar cause beyond the reasonable control of the Defaulting Party, provided that the Party claiming force majeure has exerted all reasonable efforts to avoid or remedy such force majeure and given prompt notice to the other Party.

11.2. Notices. Any notices or communications provided for in this Agreement to be made by either of the Parties to the other shall be in writing, in English, and shall be made by prepaid air mail with return receipt addressed to the other at its address set forth above. Any such notice or communication may also be given by hand or facsimile to the appropriate designation with confirmation of receipt. Either Party may by like notice specify an address to which notices and communications shall thereafter be sent. Notices sent by mail shall be effective upon receipt; notices given by hand shall be effective when delivered.

Notices for Regeneron shall be sent to:

Regeneron Pharmaceuticals, Inc.
Attn: Corporate Secretary
777 Old Saw Mill River Road
Tarrytown, New York 10591-6707

With copy to:

Regeneron Pharmaceuticals, Inc.
Attn: General Counsel
777 Old Saw Mill River Road
Tarrytown, New York 10591-6707

Notices for Procter & Gamble shall be sent to:

Procter & Gamble Pharmaceuticals, Inc.
Attn: President
One Procter & Gamble Plaza
Cincinnati, Ohio 45202

With copy to:

Procter & Gamble Pharmaceuticals, Inc.
Attn: Associate General Counsel
Blue Ash Office Center
10200 Alliance Road
Cincinnati, Ohio 45242-4716

11.3. Governing Law. This Agreement shall be governed by the laws of the State of Delaware, as such laws are applied to contracts entered into and to be performed within such state. Any claim or controversy arising out of or related to this Agreement or any breach hereof shall be submitted to arbitration pursuant to Section 11.4. The United Nations Convention on Contracts for the International Sale of Goods will not apply to this Agreement.

11.4. Arbitration. Subject to Sections 2.5 and 10.4(b)(iii), disagreements under this Agreement shall be settled by arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. The parties further agree that each such disagreement be

submitted to a panel of three (3) impartial arbitrators with each Party selecting one (1) arbitrator within fifteen (15) days of a request for arbitration and the two (2) selected arbitrators selecting a third arbitrator who is experienced in the United States pharmaceutical industry within thirty (30) days after the request. Any arbitration hereunder shall commence within thirty (30) days after appointment of the third arbitrator and shall be held in Boston, Mass., U.S.A. Upon reasonable notice and prior to any hearing, the Parties will allow document discovery and will disclose all materials relevant to the subject matter of the dispute. The arbitrators shall make final determinations as to any discovery disputes. The decision of the arbitrators shall be rendered no later than sixty (60) days after commencement of arbitration. The costs of arbitration shall be split by the parties unless the arbitrators decide otherwise. Any judgment or decision rendered by the panel shall be binding upon the Parties and shall be enforceable by any court of competent jurisdiction.

11.5. Non-waiver of Rights. Except as specifically provided for herein, the waiver from time to time by any of the parties of any of their rights or their failure to exercise any remedy shall not operate or be construed as a continuing waiver of same or of any other of such Party's rights or remedies provided in this Agreement.

11.6. Severability. If any term, covenant, or condition of this Agreement or the application thereof to any Party or circumstance shall, to any extent, be held to be invalid or unenforceable, then (i) the remainder of this Agreement, or the application of such term, covenant or condition to Parties or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant, or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law and (ii) the Parties hereto covenant and agree to renegotiate any such term, covenant, or application thereof in good faith in order to provide a reasonably acceptable alternative to the term, covenant, or condition of this Agreement or the application thereof that is invalid or unenforceable, and in the event that

the Parties are unable to agree upon a reasonably acceptable alternative, then the Parties agree that a submission to arbitration shall be made in accordance with Section 11.4 to establish an alternative to such invalid or unenforceable term, covenant, or condition of this Agreement or the application thereof, it being the intent that the basic purposes of this Agreement are to be effectuated.

11.7. Entire Agreement. This Agreement sets forth all the covenants, promises, agreements, warranties, representations, conditions, and understandings between the Parties hereto in the Field, with the exception of any agreements by the Parties executed at an even date

hereof, and supersedes and terminates all prior agreements and understanding between the parties in the Field. No subsequent alteration, amendment, change, or addition to this Agreement shall be binding upon the Parties hereto unless reduced to writing and signed by the respective authorized officers of the Parties.

11.8. Survival. Sections 5.4, 5.5 and 8.1 shall survive the termination of this Agreement for to the extent specified therein. Section 9.3

and any accrued obligations under this Agreement shall survive termination of this Agreement without limit as to time.

11.9. Assignment.

(a) Procter & Gamble and Regeneron may assign any of their rights or obligations under this Agreement in any country of the Territory to any Affiliates; provided, however, that such assignment shall not relieve the assigning Party of its responsibility for performance of its obligations under this Agreement.

(b) The Parties recognize that each may perform some of its obligations hereunder through Affiliates; provided, however, that Procter & Gamble and Regeneron shall remain responsible and be guarantors of such performance by their Affiliates and shall cause their Affiliates to comply with the provisions of this Agreement in connection with such performance.

(c) Procter & Gamble and Regeneron may only assign their rights under this Agreement in any country of the Territory to a Third Party with written permission of the other Party, which permission will only be given at its sole discretion.

11.10. Publicity.

(a) Procter & Gamble and Regeneron will jointly discuss and promptly agree, based on the principles of Section 11.10(b), on any press releases and any other public statements regarding the execution and the subject matter of this Agreement, the research to be conducted under this Agreement or any other aspect of this Agreement, subject in each case to disclosure otherwise required by law or regulation.

(b) In the discussion and agreement of Section 11.10(a), the principles observed by Procter & Gamble and Regeneron will be accuracy, the

requirements for confidentiality under Article IX, the advantage a competitor of Procter & Gamble or Regeneron may gain from any statement under Section 11.10(a), the requirements of disclosure under any securities laws or regulations of the United States, including those associated with SEC and regulatory filings and public offerings, the restrictions imposed by the Federal Food, Drug and

Cosmetic Act, and the standards and customs in the pharmaceutical industry for such disclosures by companies comparable to Procter & Gamble and Regeneron.

11.11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one in the same instrument.

11.12. No Solicitation. During the Term of this Agreement, the Parties shall not directly or indirectly solicit the other Party's employees for employment or other consulting arrangements.

Article XII - Execution

12.1. In witness whereof the Parties have executed this Agreement in duplicate originals by their proper officers as of the date and year first written above.

Procter & Gamble Pharmaceuticals, Inc.

By:

G. Gilbert Cloyd
President

Regeneron Pharmaceuticals, Inc.

By:

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

Attachment 3.1

Timing and Calculation of Research and/or Product Plan Budgets

Budget Process

1) ***

2) ***

3) ***

Attachment 3 cont.

Budget Cost Development

1) ***

Attachment 3 cont.

2) ***

Attachment 3.4(b) -- Example of Advances Operation

FUNDING OF DEVELOPMENT CANDIDATES

***

Attachment 6.1(b)

Each Party's Share of Royalties or Other Income

When Both Parties Opt Out

***

*** Certain material has been omitted from this section pursuant to a request for confidential treatment and has been filed separately with the S.E.C.

Attachment 9.1 - Agreements Relating to Third Party Technology

Technology Development Agreement dated as of March 20, 1989, between Sumitomo Chemical Company, Limited and Regeneron Pharmaceuticals, Inc.

Collaboration Agreement dated as of August 31, 1990, between Amgen Inc. and Regeneron Pharmaceuticals, Inc.

Collaboration Agreement dated as of July 22, 1993, between Glaxo Group Limited and Regeneron Pharmaceuticals, Inc.

Research Development Agreement dated as of June 2, 1994, between Sumitomo Pharmaceuticals Company, Ltd., and Regeneron Pharmaceuticals, Inc.

Collaboration Agreement dated as of October 9, 1996, between Pharmacopeia, Inc., and Regeneron Pharmaceuticals, Inc.

Attachment 10.6(a)

Example of License Fee Operation

Scenario License Fee Operation

***

*** Certain material has been omitted from this section pursuant to a request for confidential treatment and has been filed separately with the S.E.C.

Exhibit 11

REGENERON PHARMACEUTICALS, INC.
STATEMENT OF COMPUTATION OF LOSS PER SHARE
for the years ended December 31, 1996, 1995 and 1994

	1996	1995	1994
Primary:			
Net loss	($32,423,778)	($23,507,274)	($30,654,740)
Weighted average number of Class A and common shares outstanding during the period	24,463,516	19,768,466	18,866,993
Net loss per share	($1.33)	($1.19)	($1.62)
Fully diluted:			
Net loss	($32,423,778)	($23,507,274)	($30,654,740)
Weighted average number of Class A and common shares outstanding during the period	24,463,516	19,768,466	18,866,993
Shares issuable upon exercise of options	2,963,450	2,413,147	480,781
Shares assumed to be repurchased under the treasury stock method	(1,270,915)	(980,997)	(288,146)
	26,156,051	21,200,616	19,059,628
Net loss per share	($1.24)	($1.11)	($1.61)

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 and 33-97176) of our report, which is based in part on the report of other auditors, dated February 14, 1997, except for the second paragraph of Note 8(e) for which the date is March 19, 1997, on our audits of the financial statements of Regeneron Pharmaceuticals, Inc. as of December 31, 1996 and 1995, and for the years ended December 31, 1996, 1995 and 1994, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.

New York, New York
March 21, 1997

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 and Form S-8 No. 33-97176) pertaining to the Regeneron Pharmaceuticals, Inc. Amended and Restated 1990 Long Term Incentive Plan of our report dated February 5, 1997, 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, 1996.

ERNST & YOUNG LLP

Los Angeles, California
February 5, 1997

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, 1996 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 14, 1997.

/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, 1996 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 13, 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, 1996 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 14, 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, 1996 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 14, 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, 1996 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 13, 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, 1996 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 19, 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, 1996 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 13, 1997.

/s/ Eric M. Shooter

Eric M. Shooter, Ph.D.

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