A Breakthrough Year

2012 Annual Report
The successful launch of EYLEA® ( aflibercept) Injection for the treatment of wet age-related macular degeneration has transformed Regeneron into a fully integrated biopharmaceutical company. We are a company with three marketed drugs and a proven capacity to bring product candidates from the lab, through regulatory approval, and to the marketplace.
Dear Shareholders,

2012 was an extraordinary year for Regeneron.

We managed one of the most successful product launches in the history of our industry, driving revenues to $1.4 billion and the Company to full-year profitability for the first time. Our first anti-cancer drug was approved. The readers of Science magazine voted Regeneron the best biopharmaceutical company in the world to work for. Our stock market value tripled. We made progress with our pipeline, with three programs now in Phase 3 testing. We are realizing a 25-year dream: to apply science to the successful pursuit of new medicines and, in the process, to build a vibrant enterprise.
2012 Key Accomplishments

The FDA approved ZALTRAP® (ziv-aflibercept), our first medicine to treat cancer, and EYLEA® (aflibercept) Injection in a second indication.

EYLEA rapidly penetrated the U.S. market for treatment of wet age-related macular degeneration, posting net product sales of $838 million in its first full year.

The Company turned the corner on profitability, recording consistent quarterly earnings on a non-GAAP basis.

*Science* magazine readers voted Regeneron the best company to work for in the biopharmaceutical industry.

Regeneron's stock price tripled, and the Company ended 2012 with a market value of $16.5 billion, one of the largest in the industry.
Let’s now dig a bit deeper into the major events and accomplishments of 2012:

- **The EYLEA® (aflibercept) Injection launch:** EYLEA, approved in 2011 for the treatment of wet age-related macular degeneration (wet AMD), achieved product sales of $838 million during its first full year on the U.S. market. This secured EYLEA a place in pharmaceutical history as one of the five most successful new product launches ever in the biopharmaceutical industry.

- **EYLEA regulatory approvals:** Bayer HealthCare, our collaborator outside the United States, obtained approvals for EYLEA in wet AMD in the European Union, Japan, and several other countries, and EYLEA was granted approval in a second indication in the United States: macular edema following central retinal vein occlusion (CRVO). This eye disease is characterized by leakage of fluid behind the retina that in the absence of successful treatment often causes severe vision loss. EYLEA reduces this fluid buildup by blocking a blood vessel growth factor called vascular endothelial growth factor, or VEGF.

- **ZALTRAP® (ziv-aflibercept):** Our anti-cancer agent was approved in the United States and launched by our collaborator, Sanofi, for patients with metastatic colorectal cancer (mCRC) that is resistant to or has progressed following an oxaliplatin-containing treatment regimen. Sales from launch in August through December were $32 million. Launches in Europe are under way following approval in the European Union in February 2013.

- **Progress with our pipeline:** We advanced several drug candidates in clinical development. See page 7 for details.

- **Financial performance:** We had our first full year of profitability in 2012. For the year, the Company reported non-GAAP net income of $530 million and year-end cash, marketable securities and trade receivables of almost $1.2 billion.
#1 biopharmaceutical employer: We are gratified that the prestigious journal Science, in its annual reader poll, named Regeneron the best place to work in the global biopharmaceutical industry. In 2011, we placed second. Placing at the top of the Science rankings, as well as receiving a “Best Places to Work” award from The Scientist magazine for the fifth consecutive year, is validation that we are maintaining a science-driven culture, one that enables us to attract and retain top scientific talent. We are also pleased to have been recognized as Biotech Company of 2012 by Scrip Intelligence, a leading pharmaceutical industry publication.

Emergence as one of the largest biotechnology companies in the world: We are now a major player in biotechnology, whether the metric is market capitalization (approximately $20 billion at the time this annual report went to press), revenue ($1.4 billion in 2012), spending on research and development ($626 million in 2012), biologics manufacturing capacity (where we rank among the top 15), or number of employees (more than 2,000).

Building for the future: We hired our 2,000th employee in March 2013; we broke ground on new buildings at our Industrial Operations and Product Supply Group (IOPS) site in Rensselaer, New York to increase production capacity; in early 2013, we signed a lease to occupy two more buildings that will be erected on our main campus in Tarrytown, New York, to provide more laboratory and office space, and we opened our first office abroad, in Dublin, Ireland, to facilitate coordination with Sanofi and Bayer HealthCare and with our global product supply chain.
With the wet AMD market roughly equal in size inside and outside the United States, we anticipate significant sales this year in Europe, Japan, and other countries where EYLEA has been launched only in the last few months.

**EYLEA® (aflibercept) Injection: Growth Story in a Single Product**

We have consistently gained market share for EYLEA in wet AMD in the United States since launch, and based on informal physician surveys we believe the EYLEA share was approximately 22 percent at the end of 2012. According to our market research, most of our new EYLEA starts have been with newly diagnosed patients, while about one third of patients have been switched to EYLEA after treatment with ranibizumab (Lucentis®) or off-label bevacizumab (Avastin®).

We are optimistic about the outlook for EYLEA sales by Bayer HealthCare in Europe, Japan, Australia, and other countries where EYLEA recently has been launched. The branded wet AMD market outside the United States is roughly equal in size to the U.S. market.

Macular edema from CRVO, as well as new indications, may be other sources of growth for EYLEA. Initial results from the first of two Phase 3 studies in Diabetic Macular Edema (DME), a common complication of diabetes, should be available in 2013. We and Bayer HealthCare are also conducting Phase 3 studies in another retinal condition known as Branch Retinal Vein Occlusion (BRVO).

**ZALTRAP® (ziv-aflibercept): Our First Approval in Cancer**

The U.S. and European approvals of ZALTRAP give Regeneron a foothold in oncology. ZALTRAP was approved based upon its use in combination with a chemotherapy regimen known as FOLFIRI versus FOLFIRI alone in a Phase 3 trial. In this study,
patients presented with metastatic colorectal cancer that was resistant to or progressed following treatment with a chemotherapy regimen that contained oxaliplatin. Sanofi will commercialize ZALTRAP® (ziv-aflibercept) worldwide as part of our 50/50 collaboration. As we believe the future of anti-cancer therapy is to combine biological agents in the way that chemotherapy drugs often are used together, we have begun a Phase 1 trial testing the combination of ZALTRAP with a Regeneron-developed antibody to a target called angiopoietin-2 (Ang 2), another blood vessel growth factor.

**ARCALYST® (rilonacept): For a Rare Inflammatory Condition**
Sales of our third marketed product, ARCALYST, for cryopyrin-associated periodic syndrome (CAPS), were $20 million in 2012, similar to the prior year. We were disappointed that in 2012 the FDA was not satisfied with the Phase 3 clinical trial data we presented for the prevention of gout flares in patients initiating uric-acid lowering therapies and asked for a new clinical trial. We will continue to sell ARCALYST in the United States but do not currently have plans to conduct further trials in gout.

**A Deep Pipeline**
We currently have three drug candidates in large randomized, placebo-controlled Phase 3 trials. These include Phase 3 programs with EYLEA® for DME and BRVO; with alirocumab, our antibody to the novel cholesterol-lowering target PCSK9; and with sarilumab, our antibody to the interleukin 6 receptor (IL-6R) for rheumatoid arthritis. A fourth drug candidate, dupilumab, our antibody
Progress in the Pipeline
For the full pipeline, go to regeneron.com/pipeline.

Cholesterol Reduction
Positive Phase 2 results with our antibody alirocumab, to lower LDL (“bad”) cholesterol, now in Phase 3, were presented at medical meetings and published in The New England Journal of Medicine, The Lancet, and the Journal of the American College of Cardiology.

Rheumatoid Arthritis
We completed patient enrollment in one Phase 3 study of our antibody sarilumab in rheumatoid arthritis and initiated two additional Phase 3 studies in this condition. Sarilumab blocks the interleukin 6 receptor and represents a new approach to treating inflammatory diseases.

Atopic Dermatitis & Asthma
In early 2013, investigators presented the first proof-of-concept clinical data in atopic dermatitis for our antibody to the alpha subunit of the interleukin 4 receptor, a molecule now in Phase 2 in this indication and in certain types of asthma.

to the interleukin 4 receptor (IL-4R), will shortly move into Phase 2b studies in atopic dermatitis and asthma. Except for EYLEA®, all of these product candidates are being co-developed with Sanofi.

The Phase 3 ODYSSEY program of alirocumab is the largest clinical program in our history: Ten trials in which the primary endpoint is LDL cholesterol reduction are recruiting approximately 4,000 patients, and a trial to measure the impact of alirocumab on cardiovascular death and disease is expected to enroll 18,000 patients. All but two of these studies are evaluating the use of alirocumab with a statin drug compared to the statin or other lipid-lowering agent alone. The Phase 3 program builds on the results of three positive Phase 2 trials reported and published in prestigious medical journals last year. We anticipate reporting the first Phase 3 results later this year and the balance, except for the outcomes study, in 2014.

Our collaborations with Sanofi and Bayer HealthCare remain central to our financial and clinical strategies. We earned total collaboration revenues of $494 million from Sanofi and Bayer in 2012. The majority of these revenues are direct offsets to the research and development expenses we incurred on collaboration projects. With product development expenses reimbursed to a substantial degree by our collaborators, we are in the favorable position of being able to invest aggressively in our pipeline and at the same time deliver earnings growth to our shareholders.

Founded in 1988, Regeneron turned 25 early this year. We can now begin to see over the horizon to Regeneron at 30 and beyond. What we see is a vibrant, diversified
We can begin to see over the horizon to Regeneron in five or 10 years. What we see is a vibrant, diversified biopharmaceutical company that addresses serious medical problems such as eye diseases, hypercholesterolemia, rheumatoid arthritis and other inflammatory diseases, and cancer.

While Regeneron is changing rapidly, our values are constant. As a company founded and run by scientist-physicians, we take a science-based approach to everything we do; we build game-changing and foundational technology platforms as well as individual product candidates; we invest in and reinforce our culture, one where our people are challenged to be inventive, to give their best, and to work collaboratively. Above all, we are driven by a belief in rigorous science, the pursuit of excellence, and, especially, the awareness that we are here to serve patients and their unmet medical needs.

Thank you for your trust in us over the years. It is extremely satisfying to be delivering results for our patients and shareholders.

Leonard S. Schleifer, M.D., Ph.D.

George D. Yancopoulos, M.D., Ph.D.

P. Roy Vagelos, M.D.

April 17, 2013
Evans W., 27, a truck driver in South Carolina, was alarmed that his career could be over after he began losing peripheral vision and was diagnosed with macular edema following central retinal vein occlusion. After treatment with EYLEA® (aflibercept) Injection in a clinical trial, the father of three reports that his eyesight is better and that he is on the job. Daughter Kacie (left in photo) sent Regeneron this thank-you note.

Watch a video about Evans and his family.
This Annual Report contains forward-looking statements that involve risks and uncertainties relating to future events and the future financial performance of Regeneron, and actual events or results may differ materially from these forward-looking statements. These statements concern, and these risks and uncertainties include, among others, the nature, timing, and possible success and therapeutic applications of Regeneron’s products, product candidates, and research and clinical programs now underway or planned, including without limitation EYLEA® (aflibercept); unforeseen safety issues resulting from the administration of products and product candidates in patients; the likelihood and timing of possible regulatory approval and commercial launch of Regeneron’s products; the ability of Regeneron to manufacture and manage supply chains for multiple products and product candidates; coverage and reimbursement of Regeneron’s products and product candidates; competing drugs and product candidates that may be superior to Regeneron’s products and product candidates; uncertainty of market acceptance of Regeneron’s products and product candidates; the ability of Regeneron to meet any of its sales or other financial projections or guidance and changes to the assumptions underlying those projections or guidance; the potential for any license or collaboration agreement, including Regeneron’s agreements with Sanofi and Bayer HealthCare, to be canceled or terminated without any further product success; and risks associated with third party intellectual property and pending or future litigation relating thereto. A more complete description of these and other material risks can be found in Regeneron’s filings with the United States Securities and Exchange Commission, including its Form 10-K for the year ended December 31, 2012. Regeneron does not undertake any obligation to update publicly any forward-looking statement, including without limitation any financial projection or guidance, whether as a result of new information, future events, or otherwise, unless required by law.