

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

Form 10-Q

(Mark One)

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

For the quarterly period ended September 30, 1996

OR

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)

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 No

Indicate the number of shares outstanding of each of the issuer's classes of
common stock as of October 31, 1996:

Class of Common Stock	Number of Shares
Class A Stock, \$0.001 par value	4,616,073
Common Stock, \$0.001 par value	21,029,760

REGENERON PHARMACEUTICALS, INC.
Table of Contents
September 30, 1996

Page Numbers

PART I- FINANCIAL INFORMATION

Item 1.	Financial Statements	
	Condensed balance sheets (unaudited) at September 30, 1996 and December 31, 1995	3
	Condensed statements of operations (unaudited) for the three months and nine months ended September 30, 1996 and 1995	4
	Condensed statements of cash flows (unaudited) for the nine months ended September 30, 1996 and 1995	5
	Notes to condensed financial statements	6-8
	Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-17

PART II- OTHER INFORMATION

	Item 6. Exhibits and Reports on Form 8-K	18
SIGNATURE PAGE		19
Exhibit 3(i)	Certificate of Amendment of the Restated Certificate of Incorporation of Regeneron Pharmaceuticals, Inc., as at October 18, 1996.	20-31
Exhibit 4	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. (Incorporated by reference.)	
Exhibit 11	Statement of computation of net loss per share for the three months and nine months ended September 30, 1996 and 1995.	32
Exhibit 17	Letter of Resignation of James W. Fordyce, Director, dated October 1, 1996.	33
Exhibit 27	Financial data schedule.	34

PART 1. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

REGENERON PHARMACEUTICALS, INC.
CONDENSED BALANCE SHEETS AT SEPTEMBER 30, 1996 AND DECEMBER 31, 1995 (Unaudited)

	September 30, 1996 ----	December 31, 1995 ---
ASSETS		
Current assets		
Cash and cash equivalents	\$37,452,802	\$32,736,026
Marketable securities	29,230,441	13,417,634
Receivable due from Amgen-Regeneron Partners	1,972,660	668,990
Receivable due from Sumitomo Pharmaceuticals Company, Ltd.	2,352,499	1,749,062
Receivable due from Merck & Co., Inc.	1,551,712	271,630
Prepaid expenses and other current assets	847,259	359,111
	-----	-----
Total current assets	73,407,373	49,202,453
Marketable securities	21,319,621	13,468,350
Investment in Amgen-Regeneron Partners	1,260,158	1,273,538
Property, plant and equipment, at cost, net of accumulated depreciation and amortization of \$17,954,424 in 1996 and \$14,402,833 in 1995	33,686,093	27,870,720
Other assets	926,596	1,996,284
	-----	-----
Total assets	\$130,599,841	\$93,811,345
	=====	=====
LIABILITIES and STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$4,230,306	\$6,289,832
Note payable, current portion	79,062	83,444
Capital lease obligations, current portion	3,687,186	3,408,090
Deferred revenue, current portion	920,831	3,166,665
	-----	-----
Total current liabilities	8,917,385	12,948,031
Capital lease obligations	3,351,957	4,152,100
Note payable	1,767,722	1,825,766
Other liabilities	163,748	103,374
Deferred revenue	12,174,499	6,925,625
Commitments and contingencies		
Stockholders' equity		
Preferred stock, \$.01 par value; 30,000,000 shares authorized; issued and outstanding - none		
Class A Stock, convertible, \$.001 par value; 40,000,000 shares authorized; 4,777,757 shares issued (4,760,684 outstanding) in 1996; 5,403,923 shares issued (5,386,850 outstanding) in 1995	4,777	5,404
Common Stock, \$.001 par value; 60,000,000 shares authorized; 20,855,186 shares issued and outstanding in 1996; 16,465,429 shares issued and outstanding in 1995	20,855	16,465
Additional paid-in capital	254,145,791	193,594,141
Unearned compensation	(1,170,000)	(1,440,000)
Accumulated deficit	(148,886,178)	(124,605,334)
Net unrealized gain on marketable securities	109,452	285,940
	-----	-----
Total stockholders' equity	104,224,697	67,856,616
Less, Class A Stock held in treasury, at cost: 17,073 shares in 1996 and 1995	(167)	(167)
	-----	-----
Total stockholders' equity	104,224,530	67,856,449
	-----	-----
Total liabilities and stockholders' equity	\$130,599,841	\$93,811,345
	=====	=====

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

REGENERON PHARMACEUTICALS, INC.
CONDENSED STATEMENTS OF OPERATIONS (Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	1996	1995	1996	1995

Revenues				
Contract research and development	\$4,306,232	\$4,783,045	\$13,085,518	\$18,489,394
Contract manufacturing	557,927	743,357	1,394,287	743,357
Investment income	1,357,528	659,265	3,088,713	2,409,070
	-----	-----	-----	-----
	6,221,687	6,185,667	17,568,518	21,641,821
	-----	-----	-----	-----
Expenses				
Research and development	7,660,787	5,679,154	21,389,751	17,319,913
Loss in Amgen-Regeneron Partners	4,109,300	3,693,578	10,288,380	9,103,278
General and administrative	1,422,479	1,365,963	4,519,978	4,594,079
Depreciation and amortization	1,497,494	1,463,267	4,513,749	4,441,375
Interest	214,181	218,896	692,239	969,667
Other	206,159	910,687	445,265	910,687
	-----	-----	-----	-----
	15,110,400	13,331,545	41,849,362	37,338,999
	-----	-----	-----	-----
Net loss	(\$8,888,713)	(\$7,145,878)	(\$24,280,844)	(\$15,697,178)
	-----	-----	-----	-----
Net loss per share	(\$0.35)	(\$0.37)	(\$1.01)	(\$0.81)
	=====	=====	=====	=====
Weighted average number of Common and Class A shares outstanding	25,605,159	19,520,245	24,066,180	19,444,247
	=====	=====	=====	=====

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

REGENERON PHARMACEUTICALS, INC.
CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)
Increase (Decrease) in Cash and Cash Equivalents

	Nine months ended September 30,	
	1996	1995
	----	----
Cash flows from operating activities		
Net loss	(\$24,280,844)	(\$15,697,178)
Adjustments to reconcile net loss to net cash used in operating activities		
Loss in Amgen-Regeneron Partners	10,288,380	9,103,278
Depreciation and amortization	4,513,749	4,441,375
Amortization of lease incentive		(50,300)
Stock issued in consideration for services rendered	270,000	270,000
Changes in assets and liabilities		
Increase in amounts due from Amgen-Regeneron Partners	(1,303,670)	(865,894)
Increase in amounts due from Sumitomo Pharmaceuticals Co., Ltd.	(603,437)	(1,749,062)
Increase in amounts due from Merck & Co., Inc.	(1,280,082)	(910,024)
Increase in investment in Amgen-Regeneron Partners	(10,275,000)	(5,471,000)
Increase in prepaid expenses and other assets	(380,617)	(201,267)
Increase (decrease) in deferred revenue	3,003,040	(8,083,337)
Decrease in accounts payable, accrued expenses, and other liabilities	(158,504)	(1,067,722)
Total adjustments	4,073,859	(4,583,953)
Net cash used in operating activities	(20,206,985)	(20,281,131)
Cash flows from investing activities		
Purchases of marketable securities	(54,530,151)	(21,660,071)
Sales of marketable securities	30,689,585	26,604,388
Capital expenditures	(8,014,762)	(561,501)
Net cash (used in) provided by investing activities	(31,855,328)	4,382,816
Cash flows from financing activities		
Net proceeds from the issuance of stock	59,367,260	541,927
Principal payments on note payable	(62,426)	(68,007)
Capital lease payments	(2,525,745)	(2,312,814)
Purchase of treasury stock		(5)
Net cash provided by (used in) financing activities	56,779,089	(1,838,899)
Net increase (decrease) in cash and cash equivalents	4,716,776	(17,737,214)
Cash and cash equivalents at beginning of period	32,736,026	23,645,914
Cash and cash equivalents at end of period	\$37,452,802	\$5,908,700
Supplemental disclosure of cash flow information		
Cash paid for interest	\$631,865	\$891,687

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

1. Interim Financial Statements

In the opinion of management of the Company, the accompanying unaudited interim financial statements reflect all adjustments, consisting only of normal recurring accruals, necessary to present fairly the Company's financial position as of September 30, 1996 and December 31, 1995 and the results of operations for the three and nine months ended September 30, 1996 and 1995. The results of operations for such interim periods are not necessarily indicative of the results to be expected for the full year. The condensed interim financial statements should be read in conjunction with the audited financial statements included in the Company's annual report on Form 10-K.

Certain reclassifications have been made to the financial statements for 1995 in order to conform with the current period's presentation.

2. Statement of Cash Flows

Supplemental disclosure of noncash investing and financing activities:

Capital lease obligations of approximately \$2,005,000 and \$361,000 were incurred during the first nine months of 1996 and 1995, respectively, when the Company leased new equipment.

Included in accounts payable and accrued expenses at September 30, 1996 were approximately \$432,000 of capital expenditures.

At December 31, 1995, the Company had accrued \$850,000 as its contribution to the settlement of a securities class action lawsuit. During January 1996, the Company issued shares of its Common Stock, valued at \$850,000, in settlement of this obligation.

3. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of September 30, 1996 and December 31, 1995 consist of the following:

	September 30, 1996	December 31, 1995
	----	----
Accounts payable	\$2,371,027	\$3,240,050
Accrued payroll and related costs	779,904	1,054,626
Accrued clinical trial expense	319,500	350,000
Accrued litigation settlement		850,000
Accrued expenses, other	337,412	299,412
Deferred compensation	422,463	495,744
	-----	-----
	\$4,230,306	\$6,289,832
	=====	=====

4. Marketable Securities

The following table summarizes the amortized cost basis of marketable securities, the aggregate fair value of marketable securities, and gross unrealized holding gains and losses at September 30, 1996:

	Amortized Cost Basis -----	Fair Value -----	Gains -----	Unrealized Holding (Losses) -----	Net ---
Maturities within one year					
Corporate debt securities	\$ 7,220,473	\$ 7,273,750	\$ 58,192	(\$4,915)	\$ 53,277
U.S. Government securities	21,807,885	21,956,691	156,153	(7,347)	148,806
	-----	-----	-----	-----	-----
	29,028,358	29,230,441	214,345	(12,262)	202,083
	-----	-----	-----	-----	-----
Maturities between one and two years					
Corporate debt securities	9,317,154	9,304,152	11,719	(24,721)	(13,002)
U.S. Government securities	12,095,098	12,015,469	4,037	(83,666)	(79,629)
	-----	-----	-----	-----	-----
	21,412,252	21,319,621	15,756	(108,387)	(92,631)
	-----	-----	-----	-----	-----
	<u>\$50,440,610</u>	<u>\$50,550,062</u>	<u>\$230,101</u>	<u>(\$120,649)</u>	<u>\$109,452</u>
	=====	=====	=====	=====	=====

The aggregate net unrealized gain of \$109,452 has been included as an increase to stockholders' equity at September 30, 1996.

5. Stock and Warrant Agreement

On April 15, 1996 Amgen Inc. purchased from the Company 3 million shares of Common Stock for \$48.0 million. The purchase price also included warrants to purchase an additional 700,000 shares of Common Stock at an exercise price of \$16.00 per share. The warrants are fully exercisable, expire on April 15, 2001, and are subject to antidilution provisions.

6. Collaboration Agreement

On June 27, 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 a family 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, on June 27, 1996, Medtronic purchased from the Company 460,500 shares of Common Stock for \$10.0 million. The purchase price also included warrants to purchase an additional 107,400 shares of Common Stock at an exercise price of \$21.72 per share. The number of shares issuable upon exercise of these warrants is subject to reduction in the event that Medtronic elects a cashless exercise option. The warrants are fully exercisable, expire on June 26, 2001, and are subject to antidilution provisions.

7. Shareholder Rights Plan

On September 20, 1996, the Company announced that it adopted a Shareholder Rights Plan in which Rights will be distributed as a dividend at the rate of one Right for each share of Common Shares and Class A Stock (collectively, "Common Stock") held by shareholders of record as of the close of business on October 18, 1996. Each Right initially will entitle 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 will be attached to all Common Stock certificates representing shares then outstanding, and no separate Rights certificate will be distributed. The Rights will separate from the Common 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 Common 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 Common 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 Common 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 Exercise Price is the Purchase Price times the number of shares of Common Shares 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 Exercise Price.

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

8. Capital Leases

In June 1996, the Company executed a new leasing agreement (the "New Lease Line") which provides up to \$3.0 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 the takedown, after which the Company is required to purchase the Equipment at specified amounts, or the leases will be renewed for eight months at specified monthly payments after which the Company will own the Equipment. At September 30, 1996, the Company had available approximately \$1.0 million of the New Lease Line.

Item 2. 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.

During the third quarter of 1996, Amgen Inc. ("Amgen"), on behalf of Amgen-Regeneron Partners, completed the treatment period of a Phase III clinical trial designed to determine the safety and efficacy of brain-derived neurotrophic factor ("BDNF") in the treatment of amyotrophic lateral sclerosis ("ALS", commonly known as Lou Gehrig's disease). In addition, Amgen, on behalf of Amgen-Regeneron Partners, continued to conduct a Phase I/II clinical trial of neurotrophin-3 ("NT-3") for the treatment of peripheral neuropathies caused by diabetes. Amgen also continued to conduct a trial of BDNF in Europe for the treatment of neuropathies caused by diabetes. The Company continued to develop and manufacture BDNF for use by Sumitomo Pharmaceuticals Co., Ltd. ("Sumitomo Pharmaceuticals") in Japan and continued the development of a series of preclinical research programs in the areas of inflammatory and muscle disease, angiogenesis, hematopoiesis, and cancer.

The BDNF Phase III clinical trial for ALS was completed in September 1996, but the results are uncertain and will not be known until the data is reviewed and analyzed. The Company believes that such results are likely to be known during the first quarter of 1997. If the study demonstrates a statistically significant and clinically effective and safe treatment regimen, it could have a materially beneficial effect on the Company. However, if the trial is not conclusively successful, it 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. The results of the Company's and its collaborators' past activities in connection with the research and development of BDNF and NT-3 do not necessarily predict the results or success of future activities including, but not limited to, any additional preclinical or clinical studies of BDNF or NT-3. The Company cannot predict whether, when, or under what conditions BDNF or NT-3 will be shown to be safe or effective to treat any human condition or be approved for marketing by any regulatory agency. The delay or failure of current or future studies to demonstrate the safety or efficacy of BDNF or NT-3 to treat human conditions or to be approved for marketing would have a material adverse impact on the Company.

The potential success of the BDNF clinical trial is also dependent upon, among other things, certain factors that could undermine the significance of the data collected from such patients. Patients who were taking Rilutek™, an orally administered drug manufactured by Rhone-Poulenc Rorer approved for the treatment of ALS, were not, on that basis, ineligible to participate in the BDNF clinical trial, and Amgen and the Company know that some patients who were taking Rilutek™ were enrolled in the BDNF trial. The clinical effects of taking both drugs are completely unknown and therefore unanticipated effects

could complicate the trial or render the data collected difficult to analyze or interpret. Amgen, on behalf of Amgen-Regeneron Partners, designed the BDNF clinical trial to take into account the inclusion of patients who may have been taking Rilutek™. However, if the Phase III 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.

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 of 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 neuropathies associated with cancer chemotherapies 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, depending on the success of the BDNF ALS trial, 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.

In September 1996, the Company announced that the Board of Directors adopted a Shareholder Rights Plan in which Rights will be distributed as a dividend at the rate of one Right for each share of Common Shares and Class A Stock (collectively, "Common Stock") held by shareholders of record as of the close of business on October 18, 1996. Each Right initially will entitle 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 will be attached to all Common Stock certificates representing shares then outstanding, and no separate Rights certificate will be distributed. The Rights will separate from the Common 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 (an "Acquiring Person") has acquired, or has obtained the right to acquire, beneficial ownership of 20% or more of the outstanding shares of Common 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 Common Stock. The definition of Acquiring Person, subject to certain limitations set forth in the Rights Agreement, excludes Amgen Inc. and Leonard S. Schleifer, M.D., Ph.D., founder, President, and Chief Executive Officer of the Company.

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. In the event that an Acquiring Person becomes the beneficial owner of 20% or more of the then outstanding shares of Common 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 Exercise Price is the Purchase Price times the number of shares of Common Shares 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 Exercise Price.

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

Results of Operations

Three months ended September 30, 1996 and 1995. The Company's total revenue for both the third quarter of 1996 and 1995 was \$6.2 million. Contract research and development revenue decreased to \$4.3 million for the third quarter of 1996 from \$4.8 million for the same period in 1995. Contract research and development revenue earned from Sumitomo Pharmaceuticals increased to \$2.8 million for the third quarter of 1996 from \$2.7 million for the same period in 1995. Of the third quarter 1996 Sumitomo Pharmaceuticals revenue, \$0.8 million was for contract research and \$2.0 million was reimbursement for developing manufacturing processes for, and supplying, BDNF. Of

the third quarter 1995 Sumitomo Pharmaceuticals revenue, \$1.0 million was for contract research and \$1.7 million was reimbursement for developing manufacturing processes for, and supplying, BDNF. Contract research and development revenue earned from Amgen and Amgen-Regeneron Partners (the "Partnership") decreased to \$1.5 million for the third quarter of 1996 from \$2.1 million for the same period in 1995. This reflects a decision by the Partnership to focus more spending in 1996 on clinical trials and other precommercial activities conducted by Amgen and less spending on preclinical research conducted by Regeneron. During the third quarter of 1995, the Company entered into a long-term manufacturing agreement (the "Merck Agreement") with Merck & Co., Inc. ("Merck"), and contract manufacturing revenue for the third quarters of 1996 and 1995 related to this agreement totaled \$0.6 million and \$0.7 million, respectively. Investment income in the third quarter of 1996 increased to \$1.4 million from \$0.7 million for the same period in 1995, primarily due to increased levels of interest-bearing investments resulting from the sale by the Company of equity securities to Amgen in April 1996 and to Medtronic, Inc. in June 1996.

The Company's total operating expenses increased to \$15.1 million in the third quarter of 1996 from \$13.3 million for the same period in 1995. Research and development expense increased to \$7.7 million in the third quarter of 1996 from \$5.7 million for the same period 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 \$4.1 million in the third quarter of 1996 from \$3.7 million for the same period in 1995, primarily due to increased costs related to clinical trials and precommercial activities conducted by Amgen on behalf of the Partnership.

General and administrative expense was \$1.4 million in both the third quarter of 1996 and 1995. Depreciation expense was \$1.5 million in both the third quarter of 1996 and 1995. Other expenses of \$0.2 million in the third quarter of 1996 are direct expenses related to contract manufacturing for Merck. Other expenses of \$0.9 million in the third quarter of 1995 related primarily to the recognition of the Company's contribution to the settlement of shareholder class action litigation.

The Company's net loss for the third quarter of 1996 was \$8.9 million, or \$0.35 per share, compared to a net loss of \$7.1 million, or \$0.37 per share, for the same period in 1995.

Nine months ended September 30, 1996 and 1995. The Company's total revenue for the nine months ended September 30, 1996 was \$17.6 million, compared to \$21.6 million for the same period in 1995. Contract research and development revenue decreased to \$13.1 million for the nine months ended

September 30, 1996 from \$18.5 million for the same period in 1995. Contract research and development revenue earned from Sumitomo Pharmaceuticals decreased to \$8.7 million in the nine months ended September 30, 1996 from \$12.7 million for the same period in 1995. Of the nine months ended September 30, 1996 Sumitomo Pharmaceuticals revenue, \$2.2 million was for contract research and \$6.5 million was reimbursement for developing manufacturing processes for, and supplying, BDNF. Of the nine months 1995 Sumitomo Pharmaceuticals revenue, \$7.4 million was for contract research (including \$5.4 million related to a non-recurring contract research payment) and \$5.3 million was reimbursement for developing manufacturing processes for, and supplying, BDNF. Contract research and development revenue earned from Amgen and Amgen-Regeneron

Partners decreased to \$4.4 million for the nine months ended September 30, 1996 from \$5.8 million for the same period in 1995. This reflects a decision by the Partnership to focus more spending in 1996 on clinical trials and other precommercial activities conducted by Amgen and less spending on preclinical research conducted by Regeneron. During the third quarter of 1995, the Company entered into the Merck Agreement. Contract manufacturing revenue for the nine months ended September 30, 1996 and September 30, 1995 related to this agreement aggregated \$1.4 million and \$0.7 million, respectively. Investment income for the nine months ended September 30, 1996 increased to \$3.1 million from \$2.4 million for the same period 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 and Medtronic, Inc. in April and June 1996, respectively.

The Company's total operating expenses increased to \$41.8 million in the nine months ended September 30, 1996 from \$37.3 million for the same period in 1995. Research and development expense increased to \$21.4 million in the nine months ended September 30, 1996 from \$17.3 million for the same period 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 \$10.3 million in the nine months ended September 30, 1996 from \$9.1 million for the same period in 1995, primarily due to increased costs related to clinical trials and other precommercial activities conducted by Amgen on behalf of the Partnership.

General and administrative expense decreased to \$4.5 million for the nine months ended September 30, 1996 from \$4.6 million for the same period in 1995. Interest expense decreased to \$0.7 million in the nine months ended September 30, 1996 from \$1.0 million for the same period in 1995, resulting from the expiration of capital leases during 1995 and the first nine months of 1996. Other expenses of \$0.4 million in the nine months ended September 30, 1996 were direct expenses related to contract manufacturing for Merck. Other expenses of \$0.9 million in the nine months ended September 30, 1995 related primarily to the recognition of the Company's contribution to the settlement of shareholder class action litigation.

The Company's net loss for the nine months ended September 30, 1996 was \$24.3 million, or \$1.01 per share, compared to a net loss of \$15.7 million, or \$0.81 per share, for the same period in 1995.

Liquidity and Capital Resources

Since its inception in 1988, the Company has financed its operations primarily through private placements and public offerings of its equity securities, revenue earned under the agreements between the Company and Amgen, Sumitomo Chemical Company, Ltd., Sumitomo Pharmaceuticals, and Merck, 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 has paid the Company \$19.0 million and has agreed to pay the Company an additional \$3.0 million annually in 1997 and 1998. Sumitomo Pharmaceuticals has the option to cancel any remaining annual payments; however, if such a cancellation were to occur, the 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. As provided in the Amgen Agreement, after Amgen determined that Investigational New Drug applications ("IND") should be filed for BDNF and NT-3, Amgen and Regeneron created Amgen-Regeneron Partners to conduct the development and commercialization of these product candidates. The Partnership 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 the Partnership. The Company's further activities relating to BDNF and NT-3, as agreed upon by Amgen and Regeneron, are being reimbursed by the Partnership, and the Company recognizes such reimbursement as revenue. The funding of the Partnership 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 \$38.7 million to Amgen-Regeneron Partners from the Partnership's inception in June 1993 through September 30, 1996. The Company expects that its capital contributions in 1996 will total approximately \$15.5 million. These contributions could increase in the future, depending upon the results of the BDNF ALS clinical trial and the other BDNF and NT-3 studies, among other things. Capital contributions beyond 1996 are 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 September 30, 1996 the Company has invested \$51.6 million in property, plant and equipment, including \$16.8 million to acquire and renovate its Rensselaer facility and \$11.2 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, New York manufacturing facility, the Company obtained financing of \$2.0 million from the New York State Urban Development Corporation, of which \$1.8 million was outstanding at September 30, 1996. Under the terms of such financing, the Company is not permitted to declare or pay dividends to its stockholders.

In June 1996, the Company executed a new leasing agreement (the "New Lease Line") which provides up to \$3.0 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 the takedown, after which the Company is required to purchase the Equipment at specified amounts, or the leases will be renewed for eight months at specified monthly payments after which the Company will own the Equipment. At September 30, 1996, the Company had available approximately \$1.0 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. While the Company has applied for or received a number of patents to protect its intellectual properties, there can be no assurance that the patents will be enforceable or will provide protection against competing technology. The Company is currently involved in two interference proceedings in the Patent and Trademark Office between Regeneron's patent applications and patents relating to ciliary neurotrophic factor ("CNTF") issued to Synergen, Inc. Amgen acquired all outstanding shares of Synergen in 1994.

As of September 30, 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 September 30, 1996, the Company had \$88.0 million in cash, cash equivalents, and marketable securities. The Company expects to incur substantial funding requirements for capital contributions to Amgen-Regeneron Partners to support the continued development and clinical trials of BDNF and

NT-3. If the Partnership's Phase III study of BDNF is successful, the Company anticipates that expenses related to the launch and initial marketing of BDNF will be substantial. 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 for the next several years. No assurance can be given that there will be no change in projected revenues or expenses that would lead to the Company's capital being consumed at a faster rate than currently expected.

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:

- o 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.
- o 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.
- o Increased and irregular costs of development, regulatory approval, manufacture, sales, and marketing associated with the introduction of products in the late stage of development.
- o 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.
- o Lack of experience with the ALS or peripheral neuropathy patient population and customer base in the United States could lead to a variety of materially adverse developments; other factors that could materially affect the Company's future potential commercial sales or success of BDNF and NT-3 include the timing, approval, market launch, and potential commercialization of competing products, including riluzole (an approved orally active product for ALS marketed by Rhone Poulenc Rorer) and insulin-like growth factor (a product being developed by Chiron Corporation and Cephalon Corp., which the Company believes will be the subject of a license application to the FDA); pricing, promotional, and marketing decisions (and the implementation of such decisions) by the Company and its partner, Amgen; and reimbursement policies of health care providers and insurers.
- o 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.
- o 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.
- o 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.
- o 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.
- o 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.

- o Difficulties in obtaining key raw materials and supplies for the manufacture of the Company's products.
- o 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.
- o 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.
- o Health care reform.
- o The ability to attract and retain key personnel.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

3(i) Certificate of Amendment of the Restated Certificate of Incorporation of Regeneron Pharmaceuticals, Inc., as at October 18, 1996.

- (*) 4 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.
- 11 Statement of computation of loss per share for the three months and nine months ended September 30, 1996 and 1995.
- 17 Letter of Resignation of James W. Fordyce, Director, dated as of October 1, 1996.
- 27 Financial Data Schedule

(b) Reports

No reports on Form 8-K were filed by the registrant during the quarter ended September 30, 1996.

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

SIGNATURE

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

Regeneron Pharmaceuticals, Inc.

Date: November 5, 1996

By: /s/ Murray A. Goldberg

Murray A. Goldberg
Vice President, Finance &
Administration, Chief Financial
Officer, and Treasurer

CERTIFICATE OF AMENDMENT OF THE
CERTIFICATE OF INCORPORATION

of

REGENERON PHARMACEUTICALS, INC.

Under Section 805 of the Business Corporation Law
of the State of New York

We the undersigned, Leonard S. Schleifer, President, and Paul Lubetkin, Secretary of Regeneron Pharmaceuticals, Inc., a corporation organized and existing under the laws of the State of New York, in accordance with the provisions of Section 104 of the Business Corporation Law of the State of New York, DO HEREBY CERTIFY:

1. The name of the corporation is Regeneron Pharmaceuticals, Inc. (hereinafter called the "Corporation").

2. The Certificate of Incorporation was filed with the Department of State of the State of New York on January 11, 1988.

3. The Certificate of Incorporation of the Company, as amended heretofore (the "Certificate of Incorporation"), is further amended by the addition of the following provisions stating the number, designation, relative rights, preferences and limitations of a series of Preferred Shares of the Company designated as "Series A Junior Participating Preferred Stock."

4. To accomplish the foregoing amendment, a new Article IX is added to the Certificate of Incorporation, which Article IX reads in its entirety as follows:

A-1

ARTICLE IX

SERIES A JUNIOR PARTICIPATING PREFERRED STOCK

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Participating Preferred Stock" and the number of shares constituting such series shall be 100,000.

Section 2. Dividends and Distributions.

(A) The holders of shares of Series A Junior Participating Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the last day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Junior Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) \$0.01 or (b) subject to the provision for adjustment hereinafter set forth, 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in Common Shares or a subdivision of the outstanding Common Shares (by reclassification or otherwise), declared on the Common Shares since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Junior Participating Preferred Stock. In the event the Corporation shall at any time after October 18, 1996 (the "Rights Declaration Date") (i) declare any dividend on Common Shares payable in Common Shares, (ii) subdivide the outstanding Common Shares, or (iii) combine the outstanding Common Shares into a smaller number of shares, then in each such case the amount to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is

A-2

the number of Common Shares that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series A Junior Participating Preferred Stock as provided in Paragraph (A) above immediately after it declares a dividend or distribution on the Common Shares (other than a dividend payable in Common Shares); provided that, in the event no dividend or distribution shall have been declared on the Common Shares during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of \$0.01 per share on the Series A Junior Participating Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series A Junior Participating Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares of Series A Junior Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination

of holders of shares of Series A Junior Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Junior Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Junior Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. The holders of shares of Series A Junior Participating Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series A Junior Participating Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the shareholders of the Corporation. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Shares payable in Common Shares, (ii) subdivide the outstanding Common Shares, or (iii) combine the outstanding Common Shares into a smaller number of shares, then in each such case the number of votes per share to which holders of shares of Series A Junior Participating Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein or by law, the holders of shares of Series A Junior Participating Preferred Stock and the holders of Common Shares shall vote together as one class on all matters submitted to a vote of shareholders of the Corporation.

(C) (i) If at any time dividends on any Series A Junior Participating Preferred Stock shall be in arrears in an amount equal to six (6) quarterly dividends thereon, the occurrence of such contingency shall mark the beginning of a period (herein called a "default period") which shall extend until such time when all accrued and unpaid dividends for all previous quarterly dividend periods and for the current quarterly dividend period on all shares of Series A Junior Participating Preferred Stock then outstanding shall have been declared and paid or set apart for payment. During each default period, all holders of Preferred Stock (including holders of the Series A Junior Participating Preferred Stock) with dividends in arrears in an amount equal to six (6) quarterly dividends thereon, voting as a class,

irrespec-

tive of series, shall have the right to elect two (2) directors.

(ii) During any default period, such voting right of the holders of Series A Junior Participating Preferred Stock may be exercised initially at a special meeting called pursuant to subparagraph (iii) of this Section 3(C) or at any annual meeting of shareholders, and thereafter at annual meetings of shareholders, provided that such voting right shall not be exercised unless the holders of ten percent (10%) in number of shares of Preferred Stock outstanding shall be present in person or by proxy. The absence of a quorum of the holders of Common Shares shall not affect the exercise by the holders of Preferred Stock of such voting right. At any meeting at which the holders of Preferred Stock shall exercise such voting right initially during an existing default period, they shall have the right, voting as a class, to elect directors to fill such vacancies, if any, in the Board of Directors as may then exist up to two (2) directors or, if such right is exercised at an annual meeting, to elect two (2) directors. If the number which may be so elected at any special meeting does not amount to the required number, the holders of the Preferred Stock shall have the right to make such increase in the number of directors as shall be necessary to permit the election by them of the required number. After the holders of the Preferred Stock shall have exercised their right to elect directors in any default period and during the continuance of such period, the number of directors shall not be increased or decreased except by vote of the holders of Preferred Stock as herein provided or pursuant to the rights of any equity securities ranking senior to or pari passu with the Series A Junior Participating Preferred Stock.

(iii) Unless the holders of Preferred Stock shall, during an existing default period, have previously exercised their right to elect directors, the Board of Directors may order, or, subject to the provisions of the Restated Certificate of Incorporation, as amended, any stockholder or shareholders owning in the aggregate not less than ten percent

(10%) of the total number of shares of Preferred Stock outstanding, irrespective of series, may request, the calling of special meeting of the holders of Preferred Stock, which meeting shall thereupon be called by the President, a Vice-President or the Secretary of the Corporation. Notice of such meeting and of any annual meeting at which holders of Preferred Stock are entitled to vote pursuant to this Paragraph (C)(iii) shall be given to each holder of record of Preferred Stock by

mailing a copy of such notice to him or her at his or her last address as the same appears on the books of the Corporation. Such meeting shall be called for a time not earlier than 20 days and not later than 60 days after such order or request or in default of the calling of such meeting within 60 days after such order or request, such meeting may be called on similar notice by any shareholder or shareholders owning in the aggregate not less than ten percent (10%) of the total number of shares of Preferred Stock outstanding. Notwithstanding the provisions of this Paragraph (C)(iii), no such special meeting shall be called during the period within 60 days immediately preceding the date fixed for the next annual meeting of the shareholders.

(iv) In any default period, the holders of Common Shares, and other classes of stock of the Corporation if applicable, shall continue to be entitled to elect the whole number of directors until the holders of Preferred Stock shall have exercised their right to elect two (2) directors voting as a class, after the exercise of which right (x) the directors so elected by the holders of Preferred Stock shall continue in office until their successors shall have been elected by such holders or until the expiration of the default period, and (y) any vacancy in the Board of Directors may (except as provided in Paragraph (C)(ii) of this Section 3) be filled by vote of a majority of the remaining directors theretofore elected by the hold-

ers of the class of stock which elected the Director whose office shall have become vacant. References in this Paragraph (C) to directors elected by the holders of particular class of stock shall include directors elected by such directors to fill vacancies as provided in clause (y) of the foregoing sentence.

(v) Immediately upon the expiration of a default period, (x) the right of the holders of Preferred Stock as a class to elect directors shall cease, (y) the term of any directors elected by the holders of Preferred Stock as a class shall terminate, and (z) the number of directors shall be such number as may be provided for in the Restated Certificate of Incorporation or By-laws irrespective of any increase made pursuant to the provisions of Paragraph (C)(ii) of this Section 3 (such number being subject, however, to change thereafter in any manner provided by law or in the Restated Certificate of Incorporation or By-Laws). Any vacancies in the Board of Directors effected by the provisions of clauses (y) and (z) in the preceding sentence may be filled by a majority of the remaining directors.

(D) Except as set forth herein, holders of Series A Junior Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Shares as set forth herein) for taking any corporate action.

Section 4. Certain Restrictions.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series A Junior Participating Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series A Junior Participating Preferred Stock outstanding shall have been paid in full, the Corporation shall not

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, except dividends paid ratably on the Series A Junior Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Junior Participating Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series A Junior Participating Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Junior Participating Preferred Stock, or any shares of stock ranking on a parity with the Series A Junior Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under Paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. Reacquired Shares. Any shares of Series A Junior Participating Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors, subject to the conditions and restrictions on issuance set forth herein.

Section 6. Liquidation, Dissolution or Winding Up. (A) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the Corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Junior Participating Preferred Stock unless, prior thereto, the holders of shares of Series A Junior Participating Preferred Stock shall have received an amount equal to 1,000 times the Exercise Price, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A Junior Participating Preferred Stock unless, prior thereto, the holders of Common Shares shall have received an amount per share (the "Common Adjustment") equal to the quotient obtained by dividing (i) the Series A Liquidation Preference by (ii) 1,000 (as appropriately adjusted as set forth in subparagraph (C) below to reflect such events as stock splits, stock dividends and recapitalizations with respect to the Common Shares) (such number in clause (ii), the "Adjustment Number"). Following the payment of the full amount of the Series A Liquidation Preference and the Common Adjustment in respect of all outstanding shares of Series A Junior Participating Preferred Stock and Common Shares, respectively, holders of Series A Junior Participating Preferred Stock and holders of Common Shares shall receive their ratable and proportionate share of the remaining assets to be distributed in the ratio of the Adjustment Number to 1 with respect to such Preferred Stock and Common Shares, on a per share basis, respectively.

(B) In the event, however, that there are not sufficient assets available to permit payment in full of

the Series A Liquidation Preference and the liquidation preferences of all other series of preferred stock, if any, which rank on a parity with the Series A Junior Participating Preferred Stock, then such remaining assets shall be distributed ratably to the holders of such parity shares in proportion to their respective liquidation preferences. In the event, however, that there are not

sufficient assets available to permit payment in full of the Common Adjustment, then such remaining assets shall be distributed ratably to the holders of Common Shares.

(C) In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Shares payable in Common Shares, (ii) subdivide the outstanding Common Shares, or (iii) combine the outstanding Common Shares into a smaller number of shares, then in each such case the Adjustment Number in effect immediately prior to such event shall be adjusted by multiplying such Adjustment Number by a fraction the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares that were outstanding immediately prior to such event.

Section 7. Consolidation, Merger, etc. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the Common Shares are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series A Junior Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each Common Shares is changed or exchanged. In the event the Corporation shall at any time after the Rights Declaration Date (i) declare any dividend on Common Shares payable in shares of Common Shares, (ii) subdivide the outstanding Common Shares, or (iii) combine the outstanding Common Shares into a smaller number of shares, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series A Junior Participating Preferred Stock shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator

of which is the number of shares of Common Shares that were outstanding immediately prior to such event.

Section 8. No Redemption. The shares of Series A Junior Participating Preferred Stock shall not be redeemable.

Section 9. Ranking. The Series A Junior Preferred Stock shall rank junior to all other series of the Corporation's Preferred Stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 10. Amendment. The Restated Certificate of Incorporation, as amended, of the Corporation shall not be further amended in any manner which would materially alter or change the powers, preferences or special rights of the Series A Junior Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority or more of the outstanding shares of Series A Junior Participating Preferred Stock, voting separately as a class.

Section 11. Fractional Shares. Series A Junior Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holders fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A Junior Participating Preferred Stock.

5. The manner in which the foregoing amendment of the Certificate of Incorporation was authorized is as follows: The Board of Directors of the Corporation authorized the amendment under the authority vested in said Board under the provisions of the Certificate of Incorporation and of Section 502 of the Business Corporation Law.

IN WITNESS WHEREOF, we have subscribed this document on the date set opposite each of our names below and do hereby affirm, under the penalties of perjury, that the statements contained therein have been examined by us and are true and correct.

Date: October 18, 1996

/s/ Leonard S. Schleifer

Name: Leonard S. Schleifer
Title: President

/s/

Name: Paul Lubetkin
Title: Secretary

Exhibit 11

REGENERON PHARMACEUTICALS, INC.
STATEMENT OF COMPUTATION OF NET LOSS PER SHARE

	Three months ended September 30,		Nine months ended September 30,	
	1996	1995	1996	1995
Primary:				
Net loss	<u>(\$8,888,713)</u>	<u>(\$7,145,878)</u>	<u>(\$24,280,844)</u>	<u>\$15,697,178</u>
Per share data				
Weighted average number of Class A and Common shares outstanding during the period	<u>25,605,159</u>	<u>19,520,245</u>	<u>24,066,180</u>	<u>19,444,247</u>
Net loss per share	<u>(\$0.35)</u>	<u>(\$0.37)</u>	<u>(\$1.01)</u>	<u>\$0.81</u>
Fully diluted:				
Net loss	<u>(\$8,888,713)</u>	<u>(\$7,145,878)</u>	<u>(\$24,280,844)</u>	<u>\$15,697,178</u>
Per share data				
Weighted average number of Class A and Common shares outstanding during the period	<u>25,605,159</u>	<u>19,520,245</u>	<u>24,066,180</u>	<u>19,444,247</u>
Shares issuable upon exercise of options and warrants	<u>3,007,223</u>	<u>2,655,218</u>	<u>3,058,586</u>	<u>2,562,285</u>
Shares assumed to be repurchased under the treasury stock method	<u>(1,100,029)</u>	<u>(988,927)</u>	<u>(1,100,677)</u>	<u>(948,988)</u>
	<u>27,512,353</u>	<u>21,186,536</u>	<u>26,024,089</u>	<u>21,057,544</u>
Net loss per share	<u>(\$0.32)</u>	<u>(\$0.34)</u>	<u>(\$0.93)</u>	<u>\$0.75</u>

P R I N C E V E N T U R E S

October 1, 1996

P. Roy Vagelos, MD
Chairman of the Board of Directors
Regeneron Pharmaceuticals, Inc.
777 Old Saw Mill River Road
Tarrytown, New York 10591-6707

Dear Roy:

I hereby resign, effective immediately, as director of
Regeneron Pharmaceuticals, Inc..

Sincerely yours,

/s/ James W. Fordyce
James W. Fordyce
General Partner

cc: L. Schleifer, MD, PhD

25 Ford Road Westport, Connecticut 06880
Telephone 203 227-8332 Fax 203 226-5302

Ten South Wacker Drive, Suite 2575 Chicago, Illinois 60606
Telephone 312 454-1408 Fax 312 454-9125

	9-MOS	
	DEC-31-1996	
	JAN-01-1996	
	SEP-30-1996	
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		0
	73,407,373	
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	130,599,841	
	8,917,385	
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	0	
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		25,632
	104,199,065	
130,599,841		
		0
	17,568,518	
		0
		0
	41,157,123	
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		0
(24,280,844)		
		0
		0
		0
	(24,280,844)	
	(1.01)	
		0