

REGENERON PHARMACEUTICALS INC  
Form DEF 14A  
April 21, 2006

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**UNITED STATES  
SECURITIES AND EXCHANGE  
COMMISSION**  
Washington, D.C. 20549  
**SCHEDULE 14A**

OMB APPROVAL  
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**Proxy Statement Pursuant to Section 14(a) of the Securities  
Exchange Act of 1934 (Amendment No.     )**

Filed by the Registrant   **x**  
Filed by a Party other than the Registrant   **o**

Check the appropriate box:

- o** Preliminary Proxy Statement
- o** **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- x** Definitive Proxy Statement
- o** Definitive Additional Materials
- o** Soliciting Material Pursuant to Rule §240.14a-12

**Regeneron Pharmaceuticals, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x** No fee required.
- o** Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

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2. Aggregate number of securities to which transaction applies:

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3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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4. Proposed maximum aggregate value of transaction:

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1. Amount Previously Paid:

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2. Form, Schedule or Registration Statement No.:

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3. Filing Party:

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4. Date Filed:

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**777 Old Saw Mill River Road  
Tarrytown, New York 10591-6707**

April 21, 2006

Dear Fellow Shareholder:

It is my pleasure to invite you to attend the 2006 Annual Meeting of Shareholders of Regeneron Pharmaceuticals, Inc. to be held on Friday, June 9, 2006 at 10:30 in the morning at the Westchester Marriott Hotel, 670 White Plains Road, Tarrytown, New York 10591.

The Notice of Annual Meeting and proxy statement in this mailing describe the items we plan to address at the meeting. We will also present a brief report on our business and give you the opportunity to ask questions of interest to Regeneron's shareholders.

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Your vote is important. Whether or not you plan to attend the Annual Meeting, you can cast your vote by completing the accompanying proxy and returning it in the enclosed prepaid envelope, or by voting through the Internet or by phone using the procedures described in the accompanying proxy statement and proxy card. If you attend the Annual Meeting, you may vote in person if you wish, even if you previously submitted a proxy.

I look forward to seeing you on June 9<sup>th</sup>.

Sincerely,

P. Roy Vagelos, M.D.  
*Chairman of the Board of Directors*

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**REGENERON PHARMACEUTICALS, INC.**  
**777 Old Saw Mill River Road**  
**Tarrytown, New York 10591**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

The 2006 Annual Meeting of Shareholders of Regeneron Pharmaceuticals, Inc. will be held on Friday, June 9, 2006, commencing at 10:30 a.m., at the Westchester Marriott Hotel, 670 White Plains Road, Tarrytown, New York, for the following purposes:

- (1) to elect four directors for a term of three years;
- (2) to ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ended December 31, 2006; and
- (3) to act upon such other matters as may properly come before the meeting and any adjournment(s) or postponement(s) thereof.

The board of directors has fixed the close of business on April 13, 2006 as the record date for determining shareholders entitled to notice of, and to vote at, the Annual Meeting and at any adjournment(s) or postponement(s) thereof.

As Authorized by the Board of Directors,

Stuart Kolinski  
*Vice President, General Counsel and Secretary*

April 21, 2006

**IMPORTANT**

**Your vote is important. Whether or not you plan to attend the Annual Meeting, please complete, sign, and date the accompanying proxy card and return it promptly in the enclosed postage-prepaid envelope, or vote through the Internet or by phone using the procedures described in the accompanying proxy statement and proxy card. If you attend the Annual Meeting, you may vote in person if you wish, even if you have previously submitted a proxy.**

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**REGENERON PHARMACEUTICALS, INC.**  
**777 Old Saw Mill River Road**  
**Tarrytown, New York 10591**

April 21, 2006

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**PROXY STATEMENT**

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**GENERAL INFORMATION ABOUT THE MEETING**

**Why are you receiving these proxy materials?**

We are providing these proxy materials to you because Regeneron's board of directors is asking (technically called soliciting) holders of the Company's Common Stock and Class A Stock to provide proxies to be voted at our 2006 Annual Meeting of Shareholders. The Annual Meeting is scheduled for June 9, 2006, commencing at 10:30 a.m., at the Westchester Marriott Hotel, 670 White Plains Road, Tarrytown, New York 10591, and your proxy will be used at the Annual Meeting or at any adjournment(s) or postponement(s) of the meeting. The Notice of Annual Meeting of Shareholders, this proxy statement, and the enclosed proxy card are being mailed to shareholders beginning on or about May 5, 2006.

**Who is entitled to vote at the Annual Meeting?**

Only shareholders of record at the close of business on the record date, April 13, 2006, are entitled to vote at the Annual Meeting shares of Common Stock and/or Class A Stock held on that date. As of April 13, 2006, 54,639,790 shares of Common Stock and 2,307,561 shares of Class A Stock were issued and outstanding. The Common Stock and the Class A Stock vote together on all matters as a single class, with the Common Stock being entitled to one vote per share and the Class A Stock being entitled to ten votes per share.

**What are you being asked to vote on?**

We are asking you to vote on:

the election of four directors for a three-year term; and

the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2006.

**How can you vote?**

You may vote in person at the Annual Meeting or by proxy. We recommend you vote by proxy even if you plan to attend the meeting. You can always change your vote at the meeting.

If you vote by proxy in time for it to be voted at the Annual Meeting, one of the individuals named as your proxy will vote your shares as you have directed in your proxy. If you sign and timely return your proxy card, but no indication is given as to how to vote your shares as to a proposal, your shares will be voted **FOR** the proposal. The board of directors knows of no matter, other than those indicated above under "What are you being asked to vote on?", to be presented at the Annual Meeting. If any other matter properly comes before the Annual Meeting, the persons named in the proxy card will use their discretion as to how to vote shares represented by duly executed and timely returned proxies.

If you attend the Annual Meeting and wish to vote in person, we will give you a ballot at the meeting. However, if your shares are held in the name of your broker, bank or other nominee, you must

obtain from your nominee and bring to the Annual Meeting a legal proxy authorizing you to vote your street name shares held as of the record date.

**How do you vote by proxy?**

You may vote by proxy (1) by completing, signing, dating, and returning your proxy card in the enclosed envelope, (2) through the Internet at [www.proxyvote.com](http://www.proxyvote.com) by 11:59 p.m., Eastern Time, on June 8, 2006 or (3) by calling 1-800-690-6903 by 11:59, Eastern Time, on June 8, 2006. If your shares are held in street name through a broker, bank or other nominee, you must provide written instructions to the nominee on how to vote your shares. You may also wish to check the voting form used by the firm that holds your shares to see if it offers telephone or Internet voting.

**If you are a Regeneron employee or former employee, how do you vote shares in the Company Stock Fund in your 401(k) account?**

If you participate in the Regeneron Pharmaceuticals, Inc. 401(k) Savings Plan, you may provide voting instructions to Capital Bank and Trust Company, the plan's trustee, (1) by completing, signing, dating, and returning your proxy card in the enclosed envelope, (2) through the Internet at [www.proxyvote.com](http://www.proxyvote.com) by 11:59 p.m., Eastern Time, on June 8, 2006, or (3) by calling 1-800-690-6903 by 11:59, Eastern Time, on June 8, 2006. When casting your vote, you should consider your long-term best interests as a plan participant, as well as the long-term best interests of other plan participants. The trustee will vote your shares in accordance with your duly executed instructions. If you fail to sign or timely return the proxy voting instructions, whether by mail, by telephone or over the Internet, the trustee will vote your shares as abstain.

**Can you change your vote or revoke your proxy?**

Yes. You may change your vote or revoke your proxy at any time before the proxy is exercised. If you submitted your proxy by mail, you must (i) file with the Secretary of the Company or other designee of the Company, at or before the taking of the vote at the Annual Meeting, a written notice of revocation bearing a later date than the proxy you previously submitted or (ii) duly execute a later dated proxy relating to the same shares and deliver it to the Secretary of the Company or other designee before the taking of the vote at the Annual Meeting. If you voted by proxy electronically through the Internet or by telephone as described above, you may simply vote again at a later date using the same procedures, in which case the later submitted proxy will be recorded and the earlier vote revoked. Attendance at the Annual Meeting will not have the effect of revoking a proxy unless you give written notice of revocation to the Secretary of the Company before the proxy is exercised or you vote by written ballot at the Annual Meeting. If you hold your shares through a broker, bank or other nominee in street name, you will need to contact them or follow the instructions in the voting instruction form used by the firm that holds your shares to revoke your proxy.

**What constitutes a quorum?**

The presence at the Annual Meeting, in person or by proxy, of the holders of the majority of the votes of the shares of Common Stock and Class A Stock issued and outstanding and entitled to vote on the record date, taken together as a single class, will constitute a quorum for the transaction of business at the Annual Meeting. Shares held as of the record date by holders who are present or represented by proxy at the Annual Meeting but who have abstained from voting or have not voted with respect to some or all of such shares on any proposal to be voted on at the Annual Meeting will be counted as present for the purposes of establishing a quorum. Brokers holding your shares in their name will have discretionary voting power to vote those shares with respect to the election of directors (Proposal No. 1) and the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2006 (Proposal No. 2) without instruction from you, and, accordingly, broker non-votes will not occur with respect to either of these two proposals.

**What vote is required to approve each item?**

The election of directors will be determined by a plurality of the votes cast in person or by proxy at the Annual Meeting. The ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2006 requires the affirmative vote of a majority of the votes cast in person or by proxy at the Annual Meeting. If any other matter is properly brought before the Annual Meeting, such matter also will be determined by the affirmative vote of a majority of the votes cast in person or by proxy at the Annual Meeting. Shares represented by proxies which are marked WITHHELD with regard to the election of directors (Proposal No. 1) will be excluded entirely from the vote on this proposal and thus will have no effect on the outcome of the vote. Shares represented by proxies which are marked ABSTAIN with regard to the ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2006 (Proposal No. 2) will have no effect on the outcome of the vote on this proposal because abstentions do not constitute votes cast.

**What are the board's recommendations?**

The board of directors recommends that you vote:

**FOR** election of the four nominated directors; and

**FOR** ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2006.

**PROPOSAL NO. 1: ELECTION OF DIRECTORS**

According to the Company's Certificate of Incorporation, the board of directors is divided into three classes, denominated Class I, Class II, and Class III, with members of each class holding office for staggered three-year terms. There are currently three Class I Directors whose terms expire at the 2007 Annual Meeting, three Class II Directors whose terms expire at the 2008 Annual Meeting, and four Class III Directors whose terms expire at the 2006 Annual Meeting (in all cases, subject to the election and qualification of their successors and to their earlier death, resignation or removal).

Biographical information is given below, as of April 13, 2006, for each nominee for Class III Director whose current term of office expires at the 2006 Annual Meeting, and for each Class I and Class II Director whose term of office will continue after the 2006 Annual Meeting. The board of directors, upon the recommendation of the Corporate Governance Committee, has nominated for election at the 2006 Annual Meeting Charles A. Baker, Michael S. Brown, M.D., Arthur F. Ryan, and George L. Sing as Class III Directors for a three-year term expiring at the 2009 Annual Meeting. All of the nominees are presently directors and were previously elected by the shareholders.

**Nominees for Class III Directors for Election at the 2006 Annual Meeting  
for a Term Expiring at the 2009 Annual Meeting**

**Charles A. Baker**

CHARLES A. BAKER, 73, has been a Director of the Company since February 1989. In September 2000, Mr. Baker retired as Chairman, President, and Chief Executive Officer of The Liposome Company, Inc., a position he had held since December 1989. During his career, Mr. Baker served in a senior management capacity in various pharmaceutical companies, including tenures as Group Vice President, Squibb Corporation (now Bristol-Myers Squibb) and President, Squibb International, and various senior executive positions at Abbott Laboratories and Pfizer, Inc. Mr. Baker currently is a member of the Board of Directors of Progenics Pharmaceuticals, Inc.

3

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**Michael S. Brown, M.D.**

MICHAEL S. BROWN, M.D., 65, has been a Director of the Company since June 1991. Dr. Brown is Professor of Medicine and Genetics and the Director of the Center for Genetic Diseases at the University of Texas Southwestern Medical Center at Dallas, a position he has held since 1985. He is a member of the Board of Directors of Pfizer Inc. His scientific contributions in cholesterol and lipid metabolism were made in collaboration with Dr. Joseph L. Goldstein. Drs. Brown and Goldstein jointly received the Nobel Prize for Physiology or Medicine in 1985.

**Arthur F. Ryan**

ARTHUR F. RYAN, 63, has been a Director of the Company since January 2003. Mr. Ryan is the Chairman and Chief Executive Officer of Prudential Financial, Inc., one of the largest diversified financial institutions in the world. Prior to joining Prudential in December 1994, Mr. Ryan served as President and Chief Operating Officer of Chase Manhattan Bank since 1990. Mr. Ryan ran Chase's worldwide retail bank between 1984 and 1990.

**George L. Sing**

GEORGE L. SING, 56, has been a Director of the Company since January 1988. Since 1998, he has been a Managing Director of Lancet Capital, a venture capital investment firm in the health care field.

**The Board Unanimously Recommends a Vote FOR the Election of Charles A. Baker, Michael S. Brown, M.D., Arthur F. Ryan, and George L. Sing as Class III Directors for a Term Expiring at the 2009 Annual Meeting.**

**Class I Directors Continuing in Office  
Term Expires at the 2007 Annual Meeting**

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

LEONARD S. SCHLEIFER, M.D., Ph.D., 53, founded the Company in 1988, has been a Director and its President and Chief Executive Officer since its inception, and served as Chairman of the Board from 1990 through 1994. In 1992, Dr. Schleifer was appointed Clinical Professor of Neurology at the Cornell University Medical School, and from 1984 to 1988 he was Assistant Professor at the Cornell University Medical School in the Departments of Neurology and Neurobiology. Dr. Schleifer is a licensed physician and is certified in Neurology by the American Board of Psychiatry and Neurology.

4

**Eric M. Shooter, Ph.D.**

ERIC M. SHOOTER, Ph.D., 81, a co-founder of the Company, has been a Director since 1988. Dr. Shooter has been a Professor at Stanford University School of Medicine since 1968 and is now a Professor Emeritus. He was the founding Chairman of the Department of Neurobiology at Stanford University School of Medicine in 1975 and served as its Chairman until 1987. Dr. Shooter is a Fellow of the Royal Society of England and a member of the National Academy of Sciences.

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

GEORGE D. YANCOPOULOS, M.D., Ph.D., 46, has been Executive Vice President, Chief Scientific Officer, and President, Regeneron Research Laboratories since December 2000 and a Director since 2001. Prior to that date, he was Senior Vice President, Research, a position he held since June 1997, and Chief Scientific Officer, a position he held since January 1998. Dr. Yancopoulos was Vice President, Discovery from January 1992 until June 1997, Head of Discovery from January 1991 to January 1992, and Senior Staff Scientist from March 1989 to January 1991. In 2004, Dr. Yancopoulos was elected as a member of the National Academy of Sciences.

**Class II Directors Continuing in Office  
Term Expires at the 2008 Annual Meeting**

**Alfred G. Gilman, M.D., Ph.D.**

ALFRED G. GILMAN, M.D., Ph.D., 64, a co-founder of the Company, has been a Director of the Company since July 1990. Dr. Gilman has served as Dean of the University of Texas Southwestern Medical School since 2005 and has held the Raymond and Ellen Willie Distinguished Chair in Molecular Neuropharmacology at the University of Texas Southwestern Medical School since 1987. Dr. Gilman is a member of the National Academy of Sciences, and he received the Nobel Prize for Physiology or Medicine in 1994. Dr. Gilman is a member of the Board of Directors of Eli Lilly & Company.

**Joseph L. Goldstein, M.D.**

JOSEPH L. GOLDSTEIN, M.D., 65, has been a Director of the Company since June 1991. Dr. Goldstein has been the Professor of Medicine and Genetics and Chairman of the Department of Molecular Genetics at The University of Texas Southwestern Medical Center at Dallas, a position he has held since 1977. Dr. Goldstein is a member of the National Academy of Sciences. Drs. Goldstein and Brown jointly received the Nobel Prize for Physiology or Medicine in 1985.

5

**P. Roy Vagelos, M.D.**

P. ROY VAGELOS, M.D., 76, has been Chairman of the Board of the Company since January 1995. Prior to joining Regeneron, Dr. Vagelos was Chairman of the Board and Chief Executive Officer of Merck & Co., Inc. He joined Merck in 1975, became a director in 1984, President and Chief Executive Officer in 1985, and Chairman in 1986. Dr. Vagelos retired from all positions with Merck in 1994. Dr. Vagelos is the Chairman of the Board of Theravance, Inc.

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The Corporate Governance Committee will consider a nominee for election to the board of directors recommended by a shareholder of record, if the shareholder submits the nomination in compliance with the requirements of our by-laws and the Guidelines Regarding Director Nominations, which are available on our website under the Corporate Governance heading on the Investor Relations page at [www.regeneron.com](http://www.regeneron.com).

In considering potential candidates for the board of directors, the Corporate Governance Committee considers factors such as whether or not a potential candidate: (1) possesses relevant expertise; (2) brings skills and experience complementary to those of the other members of the board; (3) has sufficient time to devote to the affairs of the Company; (4) has demonstrated excellence in his or her field; (5) has the ability to exercise sound business judgment; (6) has the commitment to rigorously represent the long-term interests of the Company's shareholders; and (7) such other factors as the Corporate Governance Committee may determine from time to time.

In the case of an incumbent director whose term of office is set to expire, the Corporate Governance Committee reviews such director's overall service to the Company during the director's term. In the case of a new director candidate, the Corporate Governance Committee reviews whether the nominee is independent, based on applicable NASDAQ listing standards and applicable Securities and Exchange Commission and New York State rules and regulations, if necessary.

The Corporate Governance Committee may employ a variety of methods for identifying and evaluating nominees for the board of directors. The Corporate Governance Committee may consider candidates recommended by other directors, management, search firms, shareholders or other sources. Candidates recommended by shareholders will be evaluated on the same basis as candidates recommended by our directors or management or by third party search firms or other sources. Candidates may be evaluated at regular or special meetings of the Corporate Governance Committee.

The Company has established a process for shareholders to send communications to the members of the board of directors. Shareholders may send such communications by mail addressed to the full board, a specific member or members of the board, or to a particular committee of the board, at 777 Old Saw Mill River Road, Tarrytown, New York 10591, Attention: Corporate Secretary. All such communications will be opened by our Corporate Secretary for the sole purpose of determining whether the contents represent a message to our directors. Any contents that are not in the nature of advertising, promotions of a product or service, or patently offensive material will be forwarded promptly to the addressee. In the case of communications to the board or any individual director or group or committee of directors, the Corporate Secretary will make sufficient copies of the contents to send to such director or each director who is a member of the group or committee to which the envelope is addressed.

### Board Committees

The board has a standing Audit Committee, Compensation Committee, and Corporate Governance Committee, each consisting exclusively of independent directors. The board also has a standing Technology Committee. The board has adopted charters for the Audit Committee, Compensation Committee, Corporate Governance Committee, and Technology Committee, current copies of which are available on our website at [www.regeneron.com](http://www.regeneron.com) under the Corporate Governance heading on the Investor Relations page. Below is a summary description of our board committees.

6

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### BOARD COMMITTEES AND MEETINGS

We show below information on the membership, key functions, and number of meetings of each board committee during 2005.

Name of Committee and Members	Key Functions of the Committee	Number of Meetings Held in 2005
<b>AUDIT</b> George L. Sing, <i>Chairman</i> Charles A. Baker Arthur F. Ryan	Select the independent registered public accounting firm, review and approve their engagement letter, and monitor their independence and performance. Review the overall scope and plans for the annual audit by the independent registered public accountants.	12



Name of Committee and Members	Key Functions of the Committee	Number of Meetings Held in 2005
	<p>Approve non-audit services performed by the independent registered public accounting firm and evaluate the performance and independence of the independent registered public accounting firm.</p> <p>Review and approve the periodic financial statements and the results of the year-end audit of the Company.</p> <p>Review and discuss the adequacy and effectiveness of the Company's accounting and internal control policies and procedures.</p> <p>Evaluate the internal audit process for establishing the annual audit plan and the focus on risk; review and approve the appointment and replacement of the Company's Chief Audit Executive, if applicable, and any outside entities providing internal audit services and evaluate their performances on an annual basis.</p> <p>Review the independent registered public accounting firm's recommendations concerning the Company's financial practices and procedures.</p> <p>Prepare an annual report of the Audit Committee for the proxy statement and annually evaluate the Audit Committee Charter.</p>	
<p><b>COMPENSATION</b></p> <p>Charles A. Baker, <i>Chairman</i></p> <p>Joseph L. Goldstein, M.D.</p> <p>George L. Sing</p>	<p>Approve the annual compensation for the executive officers, including the Chief Executive Officer, and approve the total compensation budget for all Company employees.</p> <p>Oversee the Company's compensation and benefit plans and policies generally.</p> <p>Prepare an annual report of the Compensation Committee for the proxy statement.</p>	5
<p><b>CORPORATE GOVERNANCE</b></p> <p>Alfred G. Gilman, M.D., Ph.D., <i>Chairman</i></p> <p>Arthur F. Ryan</p>	<p>Identify qualified individuals to become members of the board and recommend such candidates to the board.</p> <p>Assess the functioning of the board and its committees and make recommendations to the board concerning the appropriate size, function, and needs of the board.</p> <p>Make recommendations regarding non-employee director compensation.</p> <p>Make recommendations to the board regarding corporate governance matters and practices.</p>	3
<p><b>TECHNOLOGY</b></p> <p>Michael S. Brown, M.D., <i>Chairman</i></p> <p>Alfred G. Gilman, M.D., Ph.D.</p> <p>Joseph L. Goldstein, M.D.</p> <p>Eric M. Shooter, Ph.D.</p> <p>P. Roy Vagelos, M.D.</p>	<p>Review and evaluate the Company's research and clinical development programs, plans, and policies.</p>	3

The board of directors has adopted a code of business conduct and ethics that applies to all of our employees, officers, and directors. You can find links to this code on our website under the Corporate Governance heading on the Investor Relations page at [www.regeneron.com](http://www.regeneron.com). We may satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or a waiver from, a provision of our code of

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business conduct and ethics that applies to our principal executive officer or our principal financial and accounting officer by posting such information on our website (www.regeneron.com) where it is accessible through the same links noted above.

The board of directors has determined that each of the following directors is an independent director within the meaning of Rule 4200 (a)(15) of the Marketplace Rules of the NASDAQ Stock Market, Inc.: Charles A. Baker, Michael S. Brown, M.D., Alfred G. Gilman, M.D., Ph.D., Joseph L. Goldstein, M.D., Arthur F. Ryan, Eric M. Shooter, Ph.D., and George L. Sing.

The board of directors has determined that each of the current members of the Audit Committee, Messrs. Baker, Ryan, and Sing, is an audit committee financial expert as that term is defined in Item 401(h) of Regulation S-K, and independent for purposes of item 7(d)(3)(iv) of Schedule 14A under the Securities Exchange Act of 1934, as amended.

### Board Meetings and Attendance of Directors

The board held six meetings in 2005. All directors attended more than 75% of the total number of meetings of the board and committees of the board held while they were members. Commencing in 2004, at the recommendation of the Corporate Governance Committee, the board adopted the practice of conducting executive sessions of independent directors following each regularly scheduled board meeting. Board members are expected to attend the Company's Annual Meeting of Shareholders absent a pressing reason, although the Company has no formal policy on the matter. All but one of the directors attended our 2005 Annual Meeting of Shareholders.

### Compensation of Directors

Employee directors receive no compensation for services rendered in their capacity as directors. Non-employee directors receive an annual retainer of \$15,000 and a fee of \$5,000 for each board meeting attended in person or, once a year, by telephone or videoconference. On April 8, 2005, the board of directors, upon the recommendation of the Corporate Governance Committee, approved an additional retainer of \$5,000 per year for the Chairman of the Audit Committee. No other retainer or fees are paid to directors for committee service. Non-employee directors are reimbursed for their actual expenses incurred in connection with their activities as directors, which may include travel, hotel accommodations, and reasonable food and entertainment expenses.

Under the Company's 2000 Long-Term Incentive Plan, each non-employee director receives an automatic grant of an option to purchase 15,000 shares of Common Stock on the first business day after January 1 of each year, with an exercise price per share equal to the fair market value of a share of Common Stock on the date of grant. These options are exercisable as to one-third of the shares on the anniversary of the date of grant in each of the three subsequent calendar years, and expire ten years following the date of grant. Since 2001, options granted to directors have included a reload provision. Non-employee directors who use shares of Common Stock held for at least six months to pay the exercise price of options granted with reload provisions can receive a new option for the number of shares equal to the number of shares surrendered. The new option is granted at an exercise price equal to the fair market value of a share of Common Stock on the date of grant of the new option and has an expiration date that is the same as that of the initial option grant. Since 2002, options granted to non-employee directors have included a change of control provision, which would cause the immediate vesting of the options in the event that the director's service as a member of the board is terminated without cause within two years of a defined change of control. Each non-employee director would have the right to

nullify this acceleration of vesting, in whole or in part, if it would cause the director to pay excise taxes under Internal Revenue Code Section 4999.

On December 31, 1998, Dr. Vagelos entered into an employment agreement with Regeneron, pursuant to which, effective January 1, 1999, he became a part-time employee. Dr. Vagelos did not become an officer of the Company or change his title. His annual compensation as an employee is \$100,000. In accordance with the employment agreement, in 1999, the Company issued Dr. Vagelos an option, pursuant to the 1990 Long-Term Incentive Plan, to purchase up to 162,500 shares of Common Stock at an exercise price of \$7.41 per share; the option vested over five years. In addition, the Company agreed to recommend to the Compensation Committee that Dr. Vagelos be granted additional stock option grants on or about January 1, 2000 through 2003 in the amount of the greater of (a) 125,000 shares or (b) 125% of the highest annual option grant made to an officer of the Company at the time of each respective year's annual grant to officers. The Company agreed to recommend a vesting schedule for each year's annual grant to Dr. Vagelos that would decline ratably from five years for the grant in 1999, to one year for the grant in 2003. On December 19, 2005, the Company issued Dr. Vagelos an option, pursuant to the 2000 Long-Term Incentive Plan, to purchase 312,500 shares of Common Stock at an exercise price of \$11.64 per share (the then current fair market value per share of Common Stock); the option vests over four years and contains reload and change of control provisions identical to the ones described for non-employee directors. If Dr. Vagelos dies or is disabled while he is employed by the Company, all options granted by the Company to him will immediately become

exercisable at the time of death or disability.

#### EXECUTIVE OFFICERS OF THE COMPANY

All officers of the Company are appointed annually and serve at the pleasure of the board of directors. The names, positions, ages, and background of the Company's executive officers are set forth below. Except as identified below, there are no family relationships between any of our directors and executive officers. None of the corporations or other organizations referred to below with which an executive officer has previously been employed or otherwise associated is a parent, subsidiary or affiliate of the Company.

**LEONARD S. SCHLEIFER, M.D., Ph.D.**, 53, founded the Company in 1988, has been a Director and its President and Chief Executive Officer since its inception, and served as Chairman of the Board from 1990 through 1994. In 1992, Dr. Schleifer was appointed Clinical Professor of Neurology at the Cornell University Medical School, and from 1984 to 1988 he was Assistant Professor at the Cornell University Medical School in the Departments of Neurology and Neurobiology. Dr. Schleifer received his M.D. and Ph.D. in Pharmacology from the University of Virginia. Dr. Schleifer is a licensed physician and is certified in Neurology by the American Board of Psychiatry and Neurology. Dr. Schleifer is a member of the Board of Directors of the Biotechnology Industry Organization.

**GEORGE D. YANCOPOULOS, M.D., Ph.D.**, 46, has been Executive Vice President, Chief Scientific Officer and President, Regeneron Research Laboratories since December 2000 and a Director since 2001. Prior to that date, he was Senior Vice President, Research, a position he held since June 1997, and Chief Scientific Officer, a position he held since January 1998. Dr. Yancopoulos was Vice President Discovery from January 1992 until June 1997, Head of Discovery from January 1991 to January 1992, and Senior Staff Scientist from March 1989 to January 1991. He received his Ph.D. in Biochemistry and Molecular Biophysics and his M.D. from Columbia University. In 2004, Dr. Yancopoulos was elected as a member of the National Academy of Sciences.

**MURRAY A. GOLDBERG**, 61, has been Senior Vice President, Finance and Administration, Chief Financial Officer, Treasurer, and Assistant Secretary since December 2000. Prior to that date, he was Vice President, Finance and Administration, Chief Financial Officer, and Treasurer, positions he held since March 1995, and Assistant Secretary, a position he held since January 2000. Prior to joining the Company, Mr. Goldberg was Vice President, Finance, Treasurer, and Chief Financial Officer of PharmaGenics, Inc. from February 1991 and a Director of that company from May 1991. From 1987

9

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to 1990, Mr. Goldberg was Managing Director, Structured Finance Group at the Chase Manhattan Bank, N.A. and from 1973 to 1987 he served in various managerial positions in finance and corporate development at American Cyanamid Company. Mr. Goldberg received his M.B.A. from the University of Chicago and a M.S. in Economics from the London School of Economics.

**RANDALL G. RUPP, Ph.D.**, 58, has been Senior Vice President, Manufacturing Operations since March 2004. From December 2000 until March 2004, Dr. Rupp was Senior Vice President, Manufacturing and Process Sciences. Prior to December 2000, he was Vice President, Manufacturing and Process Science, a position he held since January 1992. Dr. Rupp was Director of Manufacturing from July 1991 until December 1992. He received his Ph.D. in Biomedical Sciences from the University of Texas, M.D. Anderson Hospital and Tumor Institution, Houston.

**NEIL STAHL, Ph.D.**, 49, has been Senior Vice President, Preclinical Development and Biomolecular Science since December 2000. Prior to that date, he was Vice President, Preclinical Development and Biomolecular Sciences, a position he held since January 2000. He joined the Company in 1991. Before becoming Vice President, Biomolecular Sciences in July 1997, Dr. Stahl was Director, Cytokines and Signal Transduction. Dr. Stahl received his Ph.D. in Biochemistry from Brandeis University.

**STUART A. KOLINSKI**, 40, has been Vice President, General Counsel and Secretary since September 2000. Prior to joining the Company, he was an Assistant General Counsel at Warner-Lambert Company. Mr. Kolinski was employed by Warner-Lambert Company from September 1994 until August 2000. Prior to joining Warner-Lambert Company, Mr. Kolinski was an associate with the law firm of Simpson Thacher & Bartlett LLP. Mr. Kolinski received his J.D. from New York University School of Law.

**WILLIAM G. ROBERTS, M.D.**, 48, has been Vice President, Regulatory Development since May 1999. From 1993 until joining the Company, Dr. Roberts was employed by Merck & Co., Inc. as an Associate Director, Gastroenterology Clinical Research and, subsequently, Director, Regulatory Affairs. He received his M.D. from the Columbia University College of Physicians & Surgeons. Dr. Roberts is a son-in-law of our Chairman, Dr. Vagelos.

### SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth, as of April 13, 2006, the number of shares of the Company's Class A Stock and Common Stock beneficially owned by each of the Company's directors, each of the Named Officers referred to under Executive Compensation, and all directors and executive officers as a group, based upon information obtained from such persons, and the percentage that such shares represent of the number of shares of outstanding Common Stock and Class A Stock, respectively.

The Class A Stock is convertible on a share-for-share basis into Common Stock. The Class A Stock is entitled to ten votes per share and the Common Stock is entitled to one vote per share. We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission. Except as otherwise indicated in the footnotes below, we believe, based on the information furnished or otherwise available to us, that the persons named in the table below have sole voting and investment power with respect to all shares of Class A Stock and Common Stock shown as beneficially owned by them, subject to applicable community property laws. We have based our calculation of percentage of shares of a class beneficially owned on 2,307,561 shares of Class A Stock and 54,639,790 shares of Common Stock outstanding as of April 13, 2006, except that for each person listed who beneficially owns Class A Stock (and for directors and executive officers as a group), the number of shares of Common Stock beneficially owned by that person (and by directors and executive officers as a group) and the percentage of Common Stock listed assumes the conversion on April 13, 2006 of all shares of Class A Stock listed as beneficially owned by such person (or persons in the case of directors and executive officers as a group) into Common Stock and also that no other shares of Class A Stock beneficially owned by others are so converted.

In computing the number of shares of Common Stock beneficially owned by a person (and by directors and executive officers as a group) and the percentage ownership of Common Stock of such person (and by directors and executive officers as a group), shares of Common Stock subject to options held by that person (and by directors and executive officers as a group) that are currently exercisable or exercisable within 60 days after April 13, 2006 were deemed to be outstanding. Such shares were not deemed to be outstanding, however, for the purpose of computing the percentage ownership of Common Stock of any other person.

#### Management and Directors Stock Ownership Table as of April 13, 2006

Name of Beneficial Owner	Shares of Class A Stock Beneficially Owned (1)		Shares of Common Stock Beneficially Owned (1)	
	Number	Percent of Class	Number (2)	Percent of Class
Leonard S. Schleifer, M.D., Ph.D.	1,710,790(3)	74.1%	3,065,189(8)	5.3%
P. Roy Vagelos, M.D.	0	*	2,942,915(9)	5.2%
Charles A. Baker	62,384(4)	2.7%	167,974(10)	*
Michael S. Brown, M.D.	38,049(5)	1.6%	175,049(10)	*
Alfred G. Gilman, M.D., Ph.D.	76,237	3.3%	193,212(10)	*
Joseph L. Goldstein, M.D.	52,000	2.3%	137,000(11)	*
Arthur F. Ryan	0	*	40,000(11)	*
Eric M. Shooter, Ph.D.	76,911(6)	3.3%	171,911(11)	*
George L. Sing	0	*	187,772(12)	*
George D. Yancopoulos, M.D., Ph.D.	42,750(7)	1.9%	1,123,436(13)	2.0%
Murray A. Goldberg	0	*	226,078(14)	*
Randall G. Rupp, Ph.D.	0	*	170,785(15)	*
Neil Stahl, Ph.D.	0	*	188,887(16)	*
All Directors and Executive Officers as a Group (15 persons)	2,059,121	89.2%	9,001,796(17)	14.6%

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\* Represents less than 1%

- (1) The inclusion herein of any Class A Stock or Common Stock, as the case may be, deemed beneficially owned does not constitute an admission of beneficial ownership of those shares.
- (2) For each person listed who beneficially owns Class A Stock (and for directors and executive officers as a group), the number of shares of Common Stock listed includes the number of shares of Class A Stock listed as beneficially owned by such person (or persons in the case of directors and executive officers as a group).
- (3) Excludes the following shares as to which Dr. Schleifer disclaims beneficial ownership: (i) 29,275 shares of Class A Stock of which Adam Schleifer, a son of Dr. Schleifer, is the record owner; and (ii) 29,275 shares of Class A Stock held in a trust for the benefit of David Schleifer, a son of Dr. Schleifer, of which Harriet Schleifer, the wife of Dr. Schleifer, is the custodian.
- (4) All shares of Class A Stock are held by a limited partnership.
- (5) Includes 2,700 shares of Class A stock held in trust for the benefit of Dr. Brown's daughter.
- (6) All shares of Class A Stock are held in trust for the benefit of Dr. Shooter's children (the Shooter Family Trust).
- (7) Includes 19,383 shares of Class A Stock held in trust for the benefit of Dr. Yancopoulos's children and excludes 205 shares held by Dr. Yancopoulos's wife. Dr. Yancopoulos disclaims beneficial ownership of the shares of Class A Stock held by his wife.
- (8) Includes 1,232,734 shares of Common Stock purchasable upon the exercise of options granted pursuant to the 1990 and 2000 Long-Term Incentive Plans which are exercisable or become so within sixty days after April 13, 2006 and 3,618 shares of Common Stock held in an account under the Company's 401(k) Savings Plan. Excludes the following shares as to which Dr. Schleifer disclaims beneficial ownership: (i) 900 shares of Common Stock of which Adam Schleifer, a son of Dr. Schleifer, is the record owner; and (ii) 900 shares of Common Stock held in a trust for the benefit of David Schleifer, a son of Dr. Schleifer, of which Harriet Schleifer, the wife of Dr. Schleifer, is the custodian.
- (9) Includes 1,593,124 shares of Common Stock purchasable upon exercise of options granted pursuant to the 1990 and 2000 Long-Term Incentive Plans which are exercisable or become so within sixty days after April 13, 2006 and 1,490 shares of Common Stock held in an account under the Company's 401(k) Savings Plan. Includes 390,485 shares of Common Stock held in a charitable lead annuity trust, and 456,337 shares of Common Stock held in three separate grantor retained annuity trusts, of which Dr. Vagelos is the trustee. Includes 203,199 shares of Common Stock held by the Marianthi Foundation, and 298,280 shares of Common Stock held by the Pindaros Foundation, both charitable foundations, of which Dr. Vagelos is a director and an officer. Dr. Vagelos disclaims beneficial ownership of the shares held by these charitable foundations.
- (10) Includes 105,000 shares of Common Stock purchasable upon exercise of options granted pursuant to the 1990 and 2000 Long-Term Incentive Plans which are exercisable or become so within sixty days after April 13, 2006.
- (11) All shares of Common Stock beneficially owned represent shares of Common Stock purchasable upon the exercise of options granted pursuant to the 1990 and 2000 Long-Term Incentive Plans which are exercisable or become so within sixty days after April 13, 2006.
- (12) Includes 75,000 shares of Common Stock purchasable upon exercise of options granted pursuant to the 1990 and 2000 Long-Term Incentive Plans which are exercisable or become so within sixty days after April 13, 2006.
- (13) Includes 1,014,000 shares of Common Stock purchasable upon exercise of options granted pursuant to the 1990 and 2000 Long-Term Incentive Plans which are exercisable or become so within sixty days after April 13, 2006 and 3,592 shares of Common Stock held in an account under the Company's 401(k) Savings Plan.

- (14) Includes 190,980 shares of Common Stock purchasable upon exercise of options granted pursuant to the 1990 and 2000 Long-Term Incentive Plans which are exercisable or become so within sixty days after April 13, 2006 and 3,618 shares of Common Stock held in an account under the Company's 401(k) Savings Plan.
- (15) Includes 163,750 shares of Common Stock purchasable upon exercise of options granted pursuant to the 1990 and 2000 Long-Term Incentive Plans which are exercisable or become so within sixty days after April 13, 2006 and 3,574 shares of Common Stock held in an account under the Company's 401(k) Savings Plan.
- (16) Includes 185,000 shares of Common Stock purchasable upon exercise of options granted pursuant to the 1990 and 2000 Long-Term Incentive Plans which are exercisable or become so within sixty days after April 13, 2006 and 3,537 shares of Common Stock held in an account under the Company's 401(k) Savings Plan.
- (17) Includes 5,165,216 shares of Common Stock purchasable upon exercise of options granted pursuant to the 1990 and 2000 Long-Term Incentive Plans which are exercisable or become so within sixty days after April 13, 2006 and 24,010 shares of Common Stock held in accounts under the Company's 401(k) Savings Plan.

### STOCK OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

Set forth below is the name and address of, and the number of shares of Class A Stock and Common Stock beneficially owned, as of April 13, 2006, by, each person or group of persons known by the Company to beneficially own more than 5% of the outstanding shares of Common Stock or Class A Stock. The Class A Stock is convertible on a share-for-share basis into Common Stock. The Class A Stock is entitled to ten votes per share and the Common Stock is entitled to one vote per share. We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission. Except as otherwise indicated in the footnotes below, we believe, based on the information furnished or otherwise available to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of Class A Stock and Common Stock shown as beneficially owned by them, subject to applicable community property laws. We have based our calculation of percentage of shares of a class beneficially owned on 2,037,561 shares of Class A Stock and 54,639,790 shares of Common Stock outstanding as of April 13, 2006, except that for the person listed who beneficially owns Class A Stock, the number of shares of Common Stock beneficially owned by that person and percentage of Common Stock listed assumes the conversion on April 13, 2006 of all shares of Class A Stock listed as beneficially owned by such person into Common Stock and also that no other shares of Class A Stock beneficially owned by others are so converted.

In computing the number of shares of Common Stock beneficially owned by a person and the percentage ownership of Common Stock of such person, shares of Common Stock subject to options held by that person that are currently exercisable or exercisable within 60 days after April 13, 2006 were deemed to be outstanding. Such shares are not deemed to be outstanding, however, for the purpose of computing the percentage ownership of Common Stock of any other person.

13

Name and Address of Beneficial Owner	Shares of Class A Stock Beneficially Owned (1)		Shares of Common Stock Beneficially Owned (1)	
	Number	Percent of Class	Number (2)	Percent of Class
Leonard S. Schleifer, M.D., Ph.D. 777 Old Saw Mill River Road Tarrytown, NY 10591	1,710,790(3)	74.0%	3,065,189(4)	5.3%
P. Roy Vagelos, M.D. 777 Old Saw Mill River Road Tarrytown, NY 10591	0	*	2,942,915(5)	5.2%
FMR Corp. 82 Devonshire Street	0	*	6,760,000	12.4%

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	Shares of Class A Stock Beneficially Owned (1)		Shares of Common Stock Beneficially Owned (1)	
Boston, Massachusetts 02109 Wellington Management Company, LLP 75 State Street Boston, Massachusetts 02109	0	*	5,101,180	9.3%
Feldon Invest SA Urbanizacion Obarrio Swiss Bank Building 53 <sup>rd</sup> Street Panama City, Panama	0	*	4,000,000	7.3%
Barclays Global Investors, NA Barclays Global Fund Advisors 45 Fremont Street San Francisco, CA 94105	0	*	3,698,286	6.8%
Aventis Pharmaceuticals Inc. 200 Crossing Boulevard Bridgewater, New Jersey 08807	0	*	2,799,552	5.1%

\* Represents less than 1%

- (1) The inclusion herein of any Class A Stock or Common Stock, as the case may be, deemed beneficially owned does not constitute an admission of beneficial ownership of those shares.
- (2) For the person listed who beneficially owns Class A Stock, the number of shares of Common Stock includes the number of shares of Class A Stock listed as beneficially owned by such person.
- (3) Excludes the following shares as to which Dr. Schleifer disclaims beneficial ownership: (i) 29,275 shares of Class A Stock of which Adam Schleifer, a son of Dr. Schleifer, is the record owner; and (ii) 29,275 shares of Class A Stock held in a trust for the benefit of David Schleifer, a son of Dr. Schleifer, of which Harriet Schleifer, the wife of Dr. Schleifer, is the custodian.
- (4) Includes 1,232,734 shares of Common Stock purchasable upon the exercise of options granted pursuant to the 1990 and 2000 Long-Term Incentive Plans which are exercisable or become so within sixty days after April 13, 2006 and 3,618 shares of Common Stock held in an account under the Company's 401(k) Savings Plan. Excludes the following shares as to which Dr. Schleifer disclaims beneficial ownership: (i) 900 shares of Common Stock of which Adam Schleifer, a son of Dr. Schleifer, is the record owner; and (ii) 900 shares of Common Stock held in a trust for the benefit of David Schleifer, a son of Dr. Schleifer, of which Harriet Schleifer, the wife of Dr. Schleifer, is the custodian.
- (5) Includes 1,593,124 shares of Common Stock purchasable upon exercise of options granted pursuant to the 1990 and 2000 Long-Term Incentive Plans which are exercisable or become so within sixty days after April 13, 2006 and 1,490 shares of Common Stock held in an account under the Company's

401(k) Savings Plan. Includes 390,485 shares of Common Stock held in a charitable lead annuity trust, and 456,337 shares of Common Stock held in three separate grantor retained annuity trusts, of which Dr. Vagelos is the trustee. Includes 203,199 shares of Common Stock held by the Marianthi Foundation and 298,280 shares of Common Stock held by the Pindros Foundation, both charitable foundations, of which Dr. Vagelos is a director and an officer. Dr. Vagelos disclaims beneficial ownership of the shares held by these charitable foundations.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

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The Company believes that during 2005 all reports for the Company's executive officers and directors that were required under Section 16 of the Securities Exchange Act of 1934 were filed on a timely basis.

### PERFORMANCE GRAPH

Set forth below is a line graph comparing the cumulative total shareholder return on the Common Stock with the cumulative total return of (i) The Nasdaq Pharmaceutical Stocks Index and (ii) The Nasdaq Stock Market (U.S.) Index for the period from December 29, 2000 through December 31, 2005.

	12/31/00	12/31/01	12/31/02	12/31/03	12/31/04	12/31/05
Regeneron	\$ 100	\$ 80	\$ 52	\$ 42	\$ 26	\$ 45
Nasdaq Pharm	100	85	55	81	86	95
Nasdaq-US	100	79	55	82	89	91

The above graph assumes \$100 investments on December 31, 2000 in the Common Stock, The Nasdaq Pharmaceutical Stocks Index, and The Nasdaq Stock Market (U.S.) Index, with all dividends reinvested.

15

### PROPOSAL NO. 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2006. PricewaterhouseCoopers LLP has audited the Company's consolidated financial statements for the past seventeen years.

The board of directors has directed that the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2006 be submitted for ratification by the shareholders at the Annual Meeting. Shareholder ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2006 is not required by the Company's By-Laws or otherwise, but is being pursued as a matter of good corporate practice. If shareholders do not ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2006, the board of directors will consider the matter at its next meeting.

PricewaterhouseCoopers LLP has advised the Company that it will have in attendance at the Annual Meeting a representative who will be afforded an opportunity to make a statement, if such representative desires to do so, and will respond to appropriate questions presented at the Annual Meeting.

#### Information about Fees Paid to Independent Registered Public Accounting Firm

Aggregate fees incurred related to services provided to the Company by PricewaterhouseCoopers LLP for the years ended December 31, 2005 and 2004 were:

	2005	2004
Audit Fees	\$ 776,150	\$ 885,650
Audit Related Fees		37,950
All Other Fees	3,925	8,700



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	2005	2004
Total Fees	\$ 780,075	\$ 932,300

*Audit Fees* Audit fees in 2005 and 2004 were for professional services rendered for the audit of the Company's financial statements for the fiscal year, including attestation services required under Section 404 of the Sarbanes-Oxley Act of 2002, reviews of the Company's quarterly financial statements included in its Form 10-Q filings, and services related to the preparation and filing of the Company's shelf registration statement on Form S-3, including subsequent amendments.

*Audit-Related Fees* Audit related fees for 2004 were primarily for the audit of the Company's 401(k) Savings Plan and accounting advice and consultation concerning financial accounting and reporting matters.

*All Other Fees* All other fees for 2005 and 2004 were for compensation advisory services.

The Audit Committee has adopted a policy regarding the pre-approval of audit and permitted non-audit services to be performed by the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP. The Audit Committee will, on an annual basis, consider and, if appropriate, approve the provision of audit and non-audit services by PricewaterhouseCoopers. In 2005 and 2004, the Audit Committee pre-approved a general provision of \$50,000 for certain types of accounting advisory services; however, no one engagement under the general provision could have an expected cost greater than \$25,000. Management is responsible for notifying the Audit Committee of the status of accounting advisory service engagements at regularly scheduled Audit Committee meetings and, if the Audit Committee so determines, the general provision is replenished to \$50,000. For any accounting advisory engagement expected to cost greater than \$25,000, and for any other permissible consulting engagement, management is required to request specific pre-approval from the Audit Committee, or from the Chairman of the Audit Committee to whom the Audit Committee has delegated authority to approve such services, provided the Chairman reports any such approvals to the Audit Committee at its next scheduled meeting. The Audit

Committee did not utilize the de minimis exception to the pre-approval requirements to approve any services provided by PricewaterhouseCoopers LLP during fiscal 2005.

**The Board of Directors Unanimously Recommends a Vote FOR Ratification of PricewaterhouseCoopers LLP as the Company's Independent Registered Public Accounting Firm for the Fiscal Year Ended December 31, 2006.**

**AUDIT COMMITTEE REPORT**

We have reviewed the audited financial statements of the Company for the year ended December 31, 2005, which are included in the Company's Annual Report on Form 10-K and met with both management and PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, to discuss those financial statements. The Audit Committee has discussed with the Company's independent registered public accounting firm the matters required to be discussed under Statement on Auditing Standards No. 61, as amended by Statement on Auditing Standards No. 90 (Communication with Audit Committees), which include, among other items, matters related to the conduct of the audit of the Company's financial statements. The Audit Committee also discussed with the independent registered public accounting firm their independence relative to the Company and received and reviewed the written disclosures and the letter from the independent registered public accounting firm required by Independence Standards Board Standard No. 1 (which relates to the auditor's independence from the Company), as modified or supplemented.

Based on the foregoing discussions and review, the Audit Committee recommended to the board of directors that the audited financial statements of the Company for the year ended December 31, 2005 be included in the Company's Annual Report on Form 10-K for filing with the Securities and Exchange Commission.

We have appointed PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2006. This appointment was based on a variety of factors, including PricewaterhouseCoopers LLP's competence in the fields of accounting and auditing.

*The Audit Committee*

George L. Sing, Chairman  
 Charles A. Baker  
 Arthur F. Ryan

17

**EXECUTIVE COMPENSATION**

Set forth below is information concerning the annual and long-term compensation for services performed during each of the last three fiscal years for Regeneron's Chief Executive Officer and its four other highest-compensated executive officers during 2005 (together, the Named Officers).

**Summary Compensation Table**

Name and Principal Position	Year	Annual Compensation			Long Term Compensation Awards		All Other Compensation (4)
		Salary	Bonus	Other Annual Compensation (1)	Securities Underlying Options (2)	Securities Underlying Restricted Stock Awards (3)	
Leonard S. Schleifer, M.D., Ph.D. President and Chief Executive Officer	2005	\$665,700	\$340,000	\$	250,000	\$ 0	\$7,970
	2004	\$634,000	\$323,300	\$56,086	250,000	\$ 0	\$7,820
	2003	\$610,000	\$355,000		250,000	\$ 0	\$7,670
George D. Yancopoulos, M.D., Ph.D. Executive Vice President, Chief Scientific Officer and President, Regeneron Research Laboratories	2005	\$520,900	\$280,000		689,664	\$ 0	\$6,300
	2004	\$496,100	\$274,000		200,000	\$ 0	\$6,150
	2003	\$477,000	\$165,000		200,000	\$133,601	\$6,000
Murray A. Goldberg Senior Vice President, Finance & Administration, Chief Financial Officer, Treasurer, and Assistant Secretary	2005	\$356,500	\$179,700		116,764	\$ 0	\$6,300
	2004	\$339,500	\$163,000		75,000	\$ 0	\$6,150
	2003	\$323,300	\$ 50,000		75,000	\$113,204	\$6,000
Neil Stahl, Ph.D. Senior Vice President, Preclinical Development and Biomolecular Science	2005	\$333,400	\$139,400		233,332	\$ 0	\$6,300
	2004	\$317,500	\$120,700		100,000	\$ 0	\$6,150
	2003	\$302,400	\$ 30,000		100,000	\$ 90,701	\$6,000
Randall G. Rupp, Ph.D. Senior Vice President, Manufacturing Operations	2005	\$324,500	\$125,500		133,332	\$ 0	\$6,300
	2004	\$306,100	\$112,500		75,000	\$ 0	\$6,150
	2003	\$291,500	\$ 25,000		50,000	\$ 87,503	\$6,000

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- (1) In accordance with SEC rules, disclosure of perquisites and personal benefits is omitted where the total amount of such compensation is less than \$50,000. The amount included for Dr. Schleifer in 2004 includes automobile and gasoline allowances (\$19,733) and a reimbursement of costs for personal financial counseling, together with a tax gross-up related to such reimbursement (\$25,943).
- (2) Descriptions of options granted in 2005 are contained in the footnotes to the Options Granted in Last Fiscal Year and Ten-Year Option/SAR Repricings tables. All options granted in 2003 and 2004 expire ten years from the date of grant, except for 31,600 of the options granted to Dr. Schleifer in 2004 which expire five years from the date of grant. All options granted in 2003 and 2004 become exercisable ratably over four years beginning one year from the date of grant.
- (3) The amounts shown in this column represent the dollar value of restricted Common Stock on the date of the grant of the restricted stock. All grants of restricted stock are made under the Company's 2000 Plan. These restricted stock awards vest ratably every six-months over a two-year period from on or about the date of grant.  
In December 2003, Dr. Yancopoulos received a grant of 10,277 shares of restricted stock, Mr. Goldberg received a grant of 8,708 shares of restricted stock, Dr. Stahl received a grant of 6,977 shares of restricted stock, and Dr. Rupp received a grant of 6,731 shares of restricted stock.

18

As of December 30, 2005, the aggregate number of shares of restricted stock held by the Named Officers of the Company and the dollar value of such shares, were: Dr. Schleifer, 0 shares (\$0); Dr. Yancopoulos, 2,569 shares (\$41,284); Mr. Goldberg, 2,177 shares (\$34,984); Dr. Stahl, 1,744 shares (\$28,026), and Dr. Rupp, 1,682 shares (\$27,030). The dollar values are based on the average of the high and low sales price of Common Stock on December 30, 2005, as reported on the Nasdaq Stock Market, of \$16.07.

- (4) Except as described in the next sentence, all amounts represent a matching Company contribution under the Regeneron Pharmaceuticals, Inc. 401(k) Savings Plan. For Dr. Schleifer, all annual amounts also include life insurance premiums paid by the Company on behalf of Dr. Schleifer (\$1,670).

### Options

All options to purchase Common Stock granted to the Named Officers for 2005 and prior years have been granted under the Company's 1990 and 2000 Long-Term Incentive Plans. Set forth below is information about grants of options during 2005 to the Named Officers. No Stock Appreciation Rights have been granted by the Company.

#### Options Granted in Last Fiscal Year

Name	Number of Securities Underlying Options Granted (#)(1)(2)(3)	Percent of Total Options Granted to Employees in Fiscal Year (1)	Exercise Price (\$/Share)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
					5% (\$)	10% (\$)
Leonard S. Schleifer, M.D., Ph.D.	250,000	5.4%	11.64	12/19/2015	1,830,083	4,637,791
George D. Yancopoulos, M.D., Ph.D.	182,818	3.9%	11.64	12/19/2015	1,338,289	3,391,486
	17,182	0.4%	11.64	12/19/2015	125,778	318,746

					<b>Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term</b>	
	129,902	2.8%	8.50	12/20/2012	523,923	1,253,460
	3,430	0.1%	8.50	12/20/2012	13,834	33,097
	87,666	1.9%	8.50	1/5/2011	253,426	574,937
	46,666	1.0%	8.50	1/5/2011	134,903	306,048
	222,000	4.8%	8.50	1/5/2011	641,760	1,455,936
<b>Murray A. Goldberg</b>	57,818	1.2%	11.64	12/19/2015	423,247	1,072,591
	17,182	0.4%	11.64	12/19/2015	125,778	318,746
	882	0.0%	8.50	1/5/2011	2,550	5,784
	12,451	0.3%	8.50	1/5/2011	35,994	81,657
	25,000	0.5%	8.50	12/18/2011	85,790	199,661
	3,431	0.1%	8.50	12/20/2012	13,838	33,107
<b>Randall R. Rupp, Ph.D.</b>	57,818	1.2%	11.64	12/19/2015	423,247	1,072,591
	17,182	0.4%	11.64	12/19/2015	125,778	318,746
	1,405	0.0%	8.50	1/5/2011	4,062	9,214
	15,000	0.3%	8.50	12/18/2011	51,474	119,796
	3,431	0.1%	8.50	12/20/2012	13,838	33,107
	29,902	0.6%	8.50	12/20/2012	120,601	288,533
	8,594	0.2%	8.50	1/5/2011	24,844	56,362
<b>Neil Stahl, Ph.D.</b>	82,818	1.8%	11.64	12/19/2015	606,255	1,536,370
	17,182	0.4%	11.64	12/19/2015	125,778	318,746
	1,600	0.0%	8.50	1/5/2011	4,625	10,493
	63,234	1.4%	8.50	12/20/2012	255,036	610,162
	3,432	0.1%	8.50	12/20/2012	13,842	33,116
	50,000	1.1%	8.50	12/18/2011	171,581	399,321
	15,066	0.3%	8.50	1/5/2011	43,553	98,807

- (1) All options granted in 2005 at an exercise price of \$11.64 expire ten years from the date of grant, and become exercisable ratably over four years beginning one year from the date of grant. All options granted in 2005 at an exercise price of \$8.50 were issued to the Named Officers who were eligible to participate in an option exchange program, which was approved at a Special Meeting of Shareholders on December 17, 2004. Dr. Schleifer was not eligible to participate in the option exchange program. The new options granted in the exchange program have different expiration dates, based on the original options that they replaced; this is further explained in the Ten-Year Option/SAR Repricings Table.
- (2) Non-qualified stock options granted to Named Officers in 2005 include a reload provision. Named Officers who use shares of Common Stock held for at least six months to pay the exercise price of options granted with reload provisions can receive a new option for a number of shares equal to the number of shares surrendered. The new option will be granted with an exercise price equal to the fair market value of a share of Common Stock on the date of grant and will have an expiration date that is the same as that of the initial option grant.

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- (3) Options granted to Named Officers in 2005 included a change of control provision, which would cause the immediate vesting of the options in the event that the Named Officer is terminated, other than for cause, or if such Named Officer terminates his or her employment for Good Reason (as defined in the option award agreement) within two years of a defined change of control. Each Named Officer has the right to nullify this acceleration of vesting, in whole or in part, if it would cause the Named Officer to pay excise taxes under Internal Revenue Code Section 4999.

### Aggregate Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table shows information with respect to the Named Officers concerning options exercised during 2005 and the value of stock options held as of the end of 2005.

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at Fiscal Year-End (#)		Value of Unexercised In-the-Money Options at Fiscal Year-End (\$) (1)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Leonard S. Schleifer, M.D., Ph.D.	80,000	233,600	1,232,734	625,000	3,893,288	2,694,970
George D. Yancopoulos, M.D., Ph.D.	25,000	68,656	1,014,000	939,664	2,979,800	5,886,756
Murray A. Goldberg	38,000	45,283	190,980	220,368	896,074	1,133,653
Randall G. Rupp, Ph.D.			163,750	214,582	1,106,675	1,220,698
Neil Stahl, Ph.D.			225,000	358,332	1,370,450	2,099,323

- (1) Based on the average of the high and low sales price of the Common Stock on December 30, 2005, as reported on the Nasdaq Stock Market, of \$16.07, less the exercise price.

20

### Option Repricing Information

The following table shows certain information concerning the repricing of options received during the last ten years by each of the applicable Named Officers. The repricing resulted from the Named Officers' participation in the January 5, 2005 stock option exchange program described in the Compensation Committee Report. Dr. Schleifer was not eligible to participate in the option exchange program.

#### Ten-Year Option/SAR Repricings

Name	Date	Number of Securities underlying options/SARS repriced or amended (#)	Market price of stock at time of repricing or amendment (\$)	Exercise price at time of repricing or amendment (\$)	New Number of Options (#)	New Exercise Price (\$)	Length of Original Option Term Remaining at Date of Repricing or Amendment
George D. Yancopoulos, M.D., Ph.D.	1/5/2005	194,854	8.50	19.43	129,902	8.50	8.0years

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Name	Date	Number of Securities underlying options/SARS repriced or amended (#)	Market price of stock at time of repricing or amendment (\$)	Exercise price at time of repricing or amendment (\$)	New Number of Options (#)	New Exercise Price (\$)	Length of Original Option Term Remaining at Date of Repricing or Amendment
Executive Vice President, Chief Scientific Officer and	1/5/2005	5,146	8.50	19.43	3,430	8.50	8.0years
President, Regeneron Research Laboratories	1/5/2005	263,000	8.50	50.38	87,666	8.50	6.0years
	1/5/2005	70,000	8.50	25.43	46,666	8.50	6.0years
	1/5/2005	333,000	8.50	25.43	222,000	8.50	6.0years
Murray A. Goldberg	1/5/2005	2,646	8.50	37.78	882	8.50	6.0years
Senior Vice President, Finance and Administration, Chief Financial Officer and Assistant Secretary	1/5/2005	37,354	8.50	37.78	12,451	8.50	6.0years
	1/5/2005	50,000	8.50	28.01	25,000	8.50	7.0years
	1/5/2005	5,147	8.50	19.43	3,431	8.50	8.0years
Randall G. Rupp, Ph.D.	1/5/2005	4,216	8.50	37.78	1,405	8.50	6.0years
Senior Vice President, Manufacturing Operations	1/5/2005	30,000	8.50	28.01	15,000	8.50	7.0years
	1/5/2005	44,853	8.50	19.43	29,902	8.50	8.0years
	1/5/2005	5,147	8.50	19.43	3,431	8.50	8.0years
	1/5/2005	25,784	8.50	37.78	8,594	8.50	6.0years
Neil Stahl, Ph.D.	1/5/2005	4,800	8.50	37.78	1,600	8.50	6.0years
Senior Vice President, Preclinical Development and Biomolecular Science	1/5/2005	5,149	8.50	19.43	3,432	8.50	8.0years
	1/5/2005	94,851	8.50	19.43	63,234	8.50	8.0years
	1/5/2005	100,000	8.50	28.01	50,000	8.50	7.0years
	1/5/2005	45,200	8.50	37.78	15,066	8.50	6.0years

21

**Equity Compensation Plan Information**

The following table shows information with respect to securities authorized for issuance under the equity compensation plans maintained by the Company as of December 31, 2005.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding

	(a)	(b)	(c)
			<u>securities reflected in column(a)</u>
Equity compensation plans approved by security holders (1)	14,719,492 shares of Common Stock	\$ 14.23	6,360,172 shares of Common Stock (3)
Equity compensation plans not approved by security holders (2)	0	\$ 0.00	44,246 shares of Class A Stock
<b>Total</b>	14,719,492 shares of Common Stock	\$ 14.23	6,404,418 shares of Common Stock and Class A Stock

- (1) The equity compensation plans approved by the security holders are the 2000 Long-Term Incentive Plan and the 1990 Long-Term Incentive Plan.
- (2) The equity compensation plan not approved by the security holders is the Executive Stock Purchase Plan which is described in note 14(b) to the audited financial statements for the year ended December 31, 2005.
- (3) There is no restriction to the number of shares that may be issued under the 2000 Long-Term Incentive Plan in the form of Restricted Stock.

### Employment Agreements and Change-in-Control Plan

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

The Company entered into an employment agreement with Leonard S. Schleifer, M.D., Ph.D., effective as of December 20, 2002, providing for his employment with the Company through December 31, 2003 and continuing thereafter on a year-by-year basis unless notice is given by Dr. Schleifer or the Company. Pursuant to the agreement, during the term of his employment, the Company will pay Dr. Schleifer a base salary of not less than \$575,000, with such increases as may be determined by the Compensation Committee. Under his employment agreement, Dr. Schleifer may participate in all Company benefit and incentive programs. During his employment term, the Company will maintain life insurance on Dr. Schleifer's life in the amount of \$1,000,000 payable to beneficiaries designated by Dr. Schleifer. The Company also agreed to maintain long-term disability insurance that will pay Dr. Schleifer at least 65% of his salary if he is physically or mentally unable to work. Under the employment agreement, the Company has agreed that in the event that Dr. Schleifer's employment is terminated other than for cause (as defined in the agreement) or is terminated by Dr. Schleifer for good reason (as defined in the agreement to include specified acts of constructive termination) (collectively, an "Involuntary Termination"), the Company will pay Dr. Schleifer an amount equal to 125% of the sum of his base salary plus his average bonus paid over the past three years, and continue to provide Dr. Schleifer and his dependents medical, dental, and life insurance for 18 months. The Company has agreed that in the event that Dr. Schleifer's employment is terminated for any reason other than for cause (as defined in the agreement), all of his unexercisable stock options will continue to vest in accordance with the terms of the applicable grant agreement and Dr. Schleifer shall be entitled to exercise the stock options during the original term of such options. Upon an Involuntary Termination within three years after a change in control of the Company or within three months prior thereto, the Company will pay Dr. Schleifer an amount equal to three times the sum of his base salary in effect plus his average bonus paid over the past three years, and continue to provide Dr. Schleifer and his

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dependents medical, dental, and life insurance for 36 months. If payments under the agreement resulting from a change in ownership as defined in Section 280G(b)(2) of the Internal Revenue Code exceed certain thresholds, then the Company will pay to Dr. Schleifer an additional amount to cover any excise tax obligations arising therefrom, unless such excise tax obligations could be eliminated altogether by reducing Dr. Schleifer's cash payments and benefits under the agreement by less than ten percent in which case such benefits and payments will be reduced accordingly.

### *Change in Control Severance Plan*

On January 20, 2006, Regeneron's board of directors approved the adoption of the Regeneron Pharmaceuticals, Inc. Change in Control Severance Plan (the Plan). The purposes of the Plan are (i) to help the Company retain key employees, (ii) to help maintain the focus of such employees on the business of the Company and to mitigate the distractions caused by the possibility that the Company may be the target of an acquisition, and (iii) to provide certain benefits to such employees in the event their employment is terminated (or constructively terminated) after, or in contemplation of, a change in control. All executive officers of the Company other than Dr. Schleifer currently are participants in the Plan.

Each Plan participant is entitled to receive a cash severance payment in an amount equal to one or, in designated cases, including the Named Officers other than Dr. Schleifer, two times the sum of the participant's annual base salary and his or her average bonus over the prior three years if, within twenty-four (24) months after or six months before a change in control of the Company, either the participant resigns his or her employment for Good Reason (as defined in the Plan) or the Company terminates the participant's employment for any reason other than Cause (as defined in the Plan). A Plan participant so terminated is also entitled to receive a pro rata bonus for the year in which he or she is terminated based on the portion of the year the participant was employed by the Company. In addition, for either one or two years, as the case may be, Plan participants will receive continuation of health care coverage and welfare benefits provided by the Company, to the extent permitted by the applicable Company benefit plan, at a cost no greater than the participant's cost would have been if he/she had continued employment.

In the event that a Plan participant resigns his or her employment for Good Reason or the Company terminates the participant's employment for any reason other than Cause within six months prior to a change in control, then the participant's stock options and other equity awards granted under the Company's long-term incentive plans that would have vested prior to or on the change in control shall become vested on the change in control date, and the exercise period of such equity awards and other equity awards held by the participant that otherwise would have expired shall be extended to the later of (i) thirty (30) days following the first date after a change in control in which the shares underlying the equity award may be traded, and (ii) the permitted exercise date in the Plan or grant assuming the change in control happened immediately prior to the participant's termination. However, in no event shall any stock option or other equity award be extended (i) beyond the expiration date of the grant, or (ii) such that the grant shall be subject to the additional tax under Section 409A of the Internal Revenue Code of 1986, as amended.

In the event that a Plan participant would become subject to a golden parachute excise tax under Section 4999 of the Code as a result of Company severance benefits and payments, the severance benefits and payments owed to the participant shall be reduced to an amount one dollar less than the amount that would subject the Plan participant to the excise tax, unless the total severance benefits/payments net of the excise taxes are greater than the amount that the participant would receive following any such reduction.

For a description of the Company's employment agreement with P. Roy Vagelos, M.D., see Compensation of Directors.

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### **Compensation Committee Interlocks and Insider Participation**

None of the members of the Compensation Committee is currently, or has been at any time since our formation, one of our officers or employees. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving as a member of our board of directors or Compensation Committee.

### **COMPENSATION COMMITTEE REPORT**

The Company's executive compensation program is administered by the Compensation Committee, which is comprised of three directors, Mr. Charles A. Baker, Dr. Joseph L. Goldstein, and Mr. George L. Sing, each of whom is an independent director under the applicable rules of the National Association of Securities Dealers, Inc., a Non-Employee Director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended, and an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. Mr. Baker serves as chairman of the Compensation Committee. Dr. Goldstein was elected to serve on the Compensation Committee in April 2005. It is part of the Compensation Committee's responsibility to oversee the Company's compensation plans and practices and review and establish the individual compensation levels for officers, including Dr. Schleifer, the Company's Chief Executive Officer. The Compensation Committee



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considers the views and recommendations of an independent compensation consultant, the Chief Executive Officer, and other directors in determining whether the amounts and types of compensation the Company pays its officers are appropriate. The Compensation Committee also takes into account the Company's overall performance and independent survey data regarding similarly situated executives at other companies in the biotechnology industry.

### *Compensation Philosophy and Components*

The Company's executive compensation program is designed to promote the achievement of the Company's business objectives and, thereby, to maximize long-term corporate performance and shareholder value. The program is intended to provide compensation opportunities that are based, in substantial part, on the Company's performance, as well as the individual contributions of each officer consistent with the Company's performance. The compensation packages for officers consist of a combination of base salary, bonuses, and long-term stock-based incentives through the Company's 2000 Long-Term Incentive Plan.

**Base Salaries.** The Compensation Committee approves officer salaries, including that of the Chief Executive Officer and other Named Officers, on an annual basis after reviewing the results of the Company and survey data of salaries at peer companies in the biotechnology industry. An independent compensation consultant retained by the Compensation Committee compiles the survey data.

**Bonuses.** The Company does not have formal incentive or bonus plans for executives. As part of the review and setting of annual compensation, annual cash bonuses or restricted stock awards have been awarded to our officers and eligible employees. In 2005, the Chief Executive Officer, Named Officers, and other officers received cash bonuses. No restricted stock awards were granted in 2005.

**Stock Options.** The Compensation Committee believes it is important for stock-based incentives to constitute a significant portion of the compensation package in order to help align executive and shareholder interests. Stock options granted to the Company's executive officers and other employees of the Company generally include vesting provisions of 25% per year over four years. The Compensation Committee believes that by limiting the exercisability of these stock options over four years, the retention impact of these awards is strengthened.

In determining the total amount and mixture of the compensation package for executive officers, including Dr. Schleifer, the Compensation Committee considers numerous factors, the most important of which are (i) the Company's overall performance, needs, and objectives, including attracting, motivating, and retaining key management personnel, (ii) individual performance, including the executive officer's

contribution to the Company's objectives, (iii) compensation of persons holding comparable positions at other similarly situated biotechnology companies, and (iv) the overall value to each executive officer of his or her compensation package. No specific numerical weight is given to any of these factors. The 2005 base salaries, bonuses, and other compensation of the Named Officers are shown in the Summary Compensation Table.

### *Stock Option Exchange Program*

On December 17, 2004, the shareholders of the Company approved a stock option exchange program. Under the option exchange program, eligible employees, including executive officers other than Dr. Schleifer, were given the opportunity to surrender for cancellation one or more stock options previously granted to them with an exercise price in excess of \$18.00 in exchange for replacement stock options to be granted following the expiration of the option exchange program on January 5, 2005. The exchange ratios under the exchange program (that is, how many existing options an employee would need to surrender in order to receive one replacement option) were determined in a manner intended to provide for an exchange based approximately on fair values of existing options surrendered and replacement options granted, using Black-Scholes models, with aggregate values favorable to shareholders. Replacement options granted to eligible employees, other than the eligible Named Officers, vest in equal installments on the first, second, third, and fourth anniversaries of the grant date. Replacement options granted to the eligible Named Officers only vest if both (i) the Company's products achieve gross sales of at least \$100 million during any consecutive twelve-month period (either directly by the Company or through its licensees) and (ii) the specific Named Officer has remained employed by the Company for at least three years from the date of grant. All replacement options have a term equal to the greater of (1) the remaining term of the surrendered options they replace and (2) six years from the date of grant.

The Compensation Committee and the board of directors authorized the option exchange program and recommended its approval by shareholders as a way of revitalizing the incentive value of the Company's stock options following the decline of the Company's stock price since 2000. The Compensation Committee believed that by realigning the exercise price of employee stock options with then current market values of the Company's Common Stock, the Company's stock option program could again become an important tool to help motivate the Company's

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employees. In addition, the Compensation Committee believed that establishing the performance vesting criterion for replacement options granted to the eligible Named Officers would serve as an important additional incentive to create shareholder value. Neither Dr. Schleifer nor the non-employee members of the board of directors were eligible to participate in the option exchange program.

A total of 3,665,819 eligible options were tendered for exchange and cancellation in the option exchange program, of which 1,496,147 were tendered by our executive officers eligible to participate in the option exchange program (the eligible officers). A total of 1,977,840 replacement options were granted in exchange for options tendered for exchange and cancellation in the option exchange program, at an exercise price of \$8.50 per share, of which an aggregate of approximately 809,328 replacement options were granted to eligible officers.

### *Chief Executive Officer Compensation*

Dr. Schleifer's annual base salary for 2005 was set at \$665,700 compared to \$634,000 in the prior fiscal year. Dr. Schleifer received a cash bonus of \$340,000 for 2005, which represented a modest increase from the \$323,300 bonus he received for 2004. In addition, Dr. Schleifer was granted options to purchase 250,000 shares, which was the same as his stock option award at the end of 2004. The options granted to Dr. Schleifer have an exercise price of \$11.64, the fair market value of the Common Stock on the date of grant, and vest over four years (25% per year) commencing on the anniversary of the date of the grant. Dr. Schleifer's total compensation package was determined in accordance with the criteria outlined above.

25

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### *Policy on Deductibility of Executive Compensation*

Section 162(m) of the Internal Revenue Code limits the deductibility of compensation over \$1 million in any tax year to the Chief Executive Officer and the other Named Officers unless certain conditions are met. The Compensation Committee's general policy is to take into account, and seek to preserve, the deductibility of compensation in determining the type and amount of compensation payable to executive officers, but may, in some instances, approve compensation which may not be deductible due to the operation of Section 162(m).

### *The Compensation Committee*

Charles A. Baker, Chairman  
Joseph L. Goldstein, M.D.  
George L. Sing

26

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## OTHER MATTERS

### **When are shareholder proposals due for the 2007 Annual Meeting of Shareholders?**

A shareholder wishing to present a proposal at the 2007 Annual Meeting of Shareholders must submit the proposal in writing and be received by the Company at its principal executive offices at 777 Old Saw Mill River Road, Tarrytown, New York 10591 by December 22, 2006, and must satisfy the other conditions established by the Securities and Exchange Commission for such inclusion, in order for such proposal to be considered for inclusion in the Company's proxy statement and form of proxy relating to that meeting.

Under our By-Laws, proposals of shareholders intended to be submitted for a formal vote (other than proposals to be included in our proxy statement) at the 2007 Annual Meeting may be made only by a shareholder of record who has given notice of the proposal to the Secretary of the Company at our principal executive offices no earlier than 90 days and no later than 60 days prior to the meeting; provided that if less than 70 days notice or public disclosure of the date of the 2007 Annual Meeting is given or made to shareholders, notice by the shareholder in order to be timely must be received not later than the close of business on the tenth day following the day on which such notice of the annual meeting was first mailed or such public disclosure of the annual meeting was made, whichever first occurs. The notice must contain certain information as specified in our By-Laws. Assuming our 2007 Annual Meeting is held on June 8, 2007 in accordance with the Company's past practice, and at least 70 days' notice or prior public disclosure of the date of the 2007 Annual Meeting is given or made to shareholders, notice of such proposals would need to be given no earlier than March 10, 2007 and no later than April 9, 2007. Any proposal received outside of such dates will not be considered timely under the federal proxy rules for purposes of determining whether we may use discretionary authority to vote on such

proposal.

**What happens if multiple shareholders share an address?**

Applicable rules permit brokerage firms and the Company to send one Annual Report and proxy statement to multiple shareholders who share the same address under certain circumstances. This practice is known as householding. We believe that householding will provide greater convenience for our shareholders, as well as cost savings for us by reducing the number of duplicate documents that are sent to your home. Consequently, we have implemented the practice of householding for shares held in street name and intend to deliver only one Annual Report and one proxy statement to multiple shareholders sharing the same address. If you wish to receive a separate proxy statement for the 2006 Annual Meeting or a 2005 Annual Report, you may find these materials at our internet website ([www.regeneron.com](http://www.regeneron.com)) or you may stop householding for your account and receive separate printed copies of these materials by contacting our Investor Relations Department, at Regeneron Pharmaceuticals, Inc., 777 Old Saw Mill River Road, Tarrytown, New York 10591, or by calling us at 914-345-7400 and these materials will be promptly delivered to you. If you hold shares registered in your name (sometimes called a shareholder of record), you can elect householding for your account by contacting us in the same manner described above. Any shareholder may stop householding for your account by contacting our Investor Relations Department at the address and/or phone number included above. If you revoke your consent, you will be removed from the householding program within 30 days of receipt of your revocation and each shareholder at your address will receive individual copies of our disclosure documents.

**Are there any other matters to be addressed at the Annual Meeting?**

We know of no other matters to be brought before the Annual Meeting, except as set forth in this proxy statement. If any other matter is properly presented at the Annual Meeting upon which a vote may properly be taken, shares represented by duly executed and timely submitted proxies will be voted on any such matter in accordance with the judgment of the persons named as proxies in the enclosed proxy card. Discretionary authority for them to do so is contained in the enclosed proxy card.

27

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**Who will pay the costs related to this proxy statement and the Annual Meeting?**

The solicitation of proxies is being made on behalf of the Company and we will bear the costs of the solicitation. We will be responsible for paying for all expenses to prepare, print and mail the proxy materials to shareholders. In accordance with the regulations of the Securities and Exchange Commission, we will make arrangements with brokerage houses and other custodians, nominees, and fiduciaries to send proxies and proxy materials to their principals and will reimburse them for their reasonable expenses in so doing. In addition to the solicitation by use of the mails, our officers, directors, and employees may solicit the return of proxies by telephone, telegram, or personal interviews.

**When can you expect to receive a 2005 Annual Report?**

Our Annual Report for the year ended December 31, 2005 is being mailed or made available electronically to shareholders together with these proxy materials. Both the Annual Report and this proxy statement will be posted at our corporate website ([www.regeneron.com](http://www.regeneron.com)) soon after they are distributed to shareholders. **In addition, interested shareholders may obtain without charge a copy of our Annual Report on Form 10-K (without exhibits), which includes our audited financial statements for the fiscal year ended December 31, 2005, required to be filed with the Securities and Exchange Commission, by making a written request to Regeneron Pharmaceuticals, Inc., 777 Old Saw Mill River Road, Tarrytown, New York 10591-6707, Attention: Investor Relations, or by calling our Investor Relations Department at (914) 345-7400.**

**In the future, how can you receive the Company's proxy materials and annual report electronically instead of receiving these materials through the mail?**

Instead of receiving copies of future Company proxy statements and annual reports in the mail, shareholders may elect to receive an e-mail with a link to these documents on the Internet. Receiving these documents online saves the Company the cost of producing and mailing documents to your home or business and gives you an automatic link to the proxy voting site.

If your shares are registered in your name or you hold shares in the Company Stock Fund in the Company's 401(k) Savings Plan, to enroll in the electronic delivery service, vote your shares through the Internet at [www.proxyvote.com](http://www.proxyvote.com) and, when prompted, indicate that you agree to receive or access shareholder communications electronically in future years. If your shares are not registered in your name, to enroll in the electronic delivery service, check the information provided to you by your bank or broker, or contact your bank or broker for instructions on how to elect to view future proxy statements and annual reports over the Internet.



**IMPORTANT**

**Your vote is important. Whether or not you plan to attend the Annual Meeting, please complete, sign and date the accompanying proxy card and return it promptly in the enclosed postage-prepaid envelope. If you attend the Annual Meeting, you may vote in person if you wish, even if you have previously returned a proxy.**

**PLEASE DATE, SIGN AND MAIL YOUR PROXY CARD PROMPTLY**

**Note:** Please sign exactly as your name or names appear(s) on this proxy card. When shares are held jointly, each holder should sign. When signing as an executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

Signature [PLEASE SIGN WITHIN BOX]

Signature (Joint Owners)

Date

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**ANNUAL MEETING OF SHAREHOLDERS OF  
REGENERON PHARMACEUTICALS, INC.**

**June 9, 2006**

**Please date, sign and mail  
your proxy card in the  
envelope provided as soon  
as possible.**

ê **Please detach and mail in the envelope provided.** ê

**THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS OF  
REGENERON PHARMACEUTICALS, INC.**

The undersigned hereby appoints Leonard S. Schleifer, M.D., Ph.D. and Stuart A. Kolinski, and each of them individually, as lawful proxies, with full power of substitution, and hereby authorizes them, and each of them individually, to represent and vote, as designated on the reverse side of this card, all shares of Common Stock and Class A Stock of Regeneron Pharmaceuticals, Inc. which the undersigned would possess if personally present, at the Annual Meeting of Shareholders of the Company to be held on June 9, 2006 or any adjournments or postponements thereof. This proxy revokes all prior proxies given by the undersigned.

**(Continued, and to be marked, dated, and signed on the reverse side)**

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