

REGENERON PHARMACEUTICALS INC  
Form DEF 14A  
April 23, 2018

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## SCHEDULE 14A

(Rule 14a-101)

### INFORMATION REQUIRED IN PROXY STATEMENT SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

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## DEAR FELLOW SHAREHOLDERS,

In 2018, we are celebrating the 30th anniversary of Regeneron's incorporation. A lot has changed since our early days, but many things remain constant, including our core mission of bringing important new medicines to people with serious diseases. We have always taken a long-term view to our business, investing in science and technology that we believe will drive innovation today and for many years to come. This investment has yielded six FDA-approved medicines and a robust, internally discovered and developed product pipeline.

In 2017, we received U.S. Food and Drug Administration (FDA) and European Commission approvals for two important new medicines, DUPIXENT® (dupilumab, blocking the IL-4 and IL-13 pathways) Injection for adults with moderate-to-severe atopic dermatitis and KEVZARA® (sarilumab, blocking the IL-6 pathway) Injection for adults with moderately to severely active rheumatoid arthritis, both of which were homegrown in our laboratories. We were one of only three companies to obtain multiple FDA approvals for novel medicines in 2017, and in its overview of 2017 approvals, the FDA highlighted DUPIXENT as one of two notable examples of first-in-class medicines with "potential for strong positive impact on the health of the American people."

We also continued to bring EYLEA® (aflibercept, blocking VEGF) Injection to more people in need, achieving nearly \$6 billion in global sales in 2017, together with our ex-U.S. collaborator Bayer. In addition, the United States Court of Appeals for the Federal Circuit ordered a new trial on the issues of written description and enablement and vacated the permanent injunction in the ongoing litigation regarding PRALUENT® (alirocumab, blocking PCSK9) Injection. With positive results from the large cardiovascular ODYSSEY OUTCOMES trial announced in early 2018, we hope that PRALUENT will be able to deliver on its promise of helping the many patients at high cardiovascular risk who are not adequately treated with statins.

In 2018, we are anticipating two additional FDA approval decisions: dupilumab for the treatment of adults and adolescents (12 years+) with moderate-to-severe asthma; and cemiplimab, our PD-1 antibody, in advanced cutaneous squamous cell carcinoma, a difficult-to-treat skin cancer. Our clinical-stage pipeline includes 16 important new product candidates, including fully human antibodies and bispecific antibodies, in multiple different therapeutic areas, including cancer, diabetic eye diseases, pain, muscle atrophy, and allergic disease.

With DUPIXENT's approval in adults with uncontrolled moderate-to-severe atopic dermatitis and strong clinical data in multiple investigational settings (asthma, eosinophilic esophagitis, and nasal polyps), we see potential to change the practice of medicine in allergic diseases. We are further evaluating dupilumab in pediatric patients, in patients who suffer from multiple allergic conditions at the same time, as well as in people with peanut allergy and grass allergy. With

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the accelerated development of REGN3500, our IL-33 antibody which may also have a potential impact on diseases like atopic dermatitis, asthma, and chronic obstructive pulmonary disease, allergic diseases will be a focus of the company for many years to come.

We also continue to actively develop and refine new technologies that can improve and expedite the drug development process. One major technology initiative, the Regeneron Genetics Center (RGC), is one of the leading genomics efforts in the world. To date, the RGC has sequenced exomes from 300,000 volunteers, enabled through collaborations with health-record pioneers like the Geisinger Health System and UK Biobank. Early in 2018, we were proud to form a novel, pre-competitive consortium with other leading life sciences companies to fund the RGC's sequencing of the 500,000 individuals in the UK Biobank population - one of the largest human sequencing efforts in the world - advancing Regeneron's research and accelerating delivery of this unprecedented "big data" resource to the global research community.

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In 2017 we also created new alliances with several emerging companies that have synergistic technology capabilities, including Intellia Therapeutics, Inc. to pursue CRISPR-based therapeutics and Decibel Therapeutics, Inc. to pursue solutions for hearing loss.

We are committed to investing in our R&D efforts while continuing to deliver strong financial results for our shareholders. In 2017, total revenues increased 21 percent from 2016 to \$5.9 billion, driven by continued growth within our EYLEA franchise, as well as increased contributions of revenue from our collaborators. This revenue growth was realized without taking any price increases on our medicines. We earned \$16.32 per diluted share from non-GAAP net income of \$1.90 billion, a 44 percent increase over 2016, and generated free cash flow in excess of \$1.0 billion.\* Our balance sheet remains strong, and we ended the year with \$2.9 billion in cash and marketable securities.

The reduction of the U.S. corporate tax rate to 21 percent will provide a significant benefit to Regeneron, especially as currently most of our profits are subject to taxation in the United States. We do not expect the new tax law to have a material impact on our overall strategy, as we develop and manufacture products in the United States and Ireland based on business needs. Our near-term plan for the incremental cash flow that will be generated by the reduction in tax is to re-invest it into our research efforts and use it to support our growth.

We have grown our team to over 6,500 people and have purposely created an innovative and collaborative culture where the highest-quality research thrives and where committed teams can discover, develop, and commercialize new medicines. After the 2018 annual shareholder meeting, Charles Baker will be retiring from the Board of Directors, having served for nearly three decades. We thank Chuck for his early support and for offering his leadership, business expertise, and wisdom to the company and its shareholders.

Beyond our own Regeneron team, we also are keenly focused on fostering the next generation of scientific innovators. We are a leader in supporting STEM (Science, Technology, Engineering, and Math) initiatives that reward and inspire promising young minds, including providing in excess of \$100 million over ten years to support the Regeneron Science Talent Search, the nation's oldest and most prestigious high school science competition. We take our commitment to being a responsible corporate citizen seriously, and, in order to increase transparency around all aspects of our environmental, social and governance practices, we have launched a new Responsibility Report this year.

We are confident that our proven ability to turn science into medicine, as well as our prudent financial management, keeps us well-positioned to deliver important advances for patients in need and deliver sustainable, long-term growth.

Sincerely,

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

*Founder, President and Chief  
Executive Officer*

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

*Founding Scientist, President and  
Chief Scientific Officer*

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

*Chairman of the Board*

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\*

Non-GAAP net income, non-GAAP net income per share, and free cash flow are not measures calculated in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). See Appendix A for a definition of these measures and a reconciliation of each of these measures to the most directly comparable GAAP financial measure.

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**REGENERON PHARMACEUTICALS, INC.**

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

**NOTICE OF  
ANNUAL  
MEETING OF  
SHAREHOLDERS**

The 2018 Annual Meeting of Shareholders of Regeneron Pharmaceuticals, Inc. (the "Company") will be held on Friday, June 8, 2018, commencing at 10:30 a.m., Eastern Time, at the Westchester Marriott Hotel, 670 White Plains Road, Tarrytown, New York, for the following purposes:

1

to elect three Class III 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 ending December 31, 2018; 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 12, 2018 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.

Pursuant to the rules of the Securities and Exchange Commission, we have elected to use the "Notice and Access" method of providing our proxy materials over the Internet. Accordingly, we will mail, beginning on or about April 23, 2018, a Notice of Internet Availability of Proxy Materials to our shareholders of record and beneficial owners as of the record date (other than (i) those who previously elected to receive proxy materials by e-mail, (ii) those who have previously asked to receive paper copies of the proxy materials, and (iii) shareholders who participate and hold shares of common stock in the Regeneron Pharmaceuticals, Inc. 401(k) Savings Plan). As of the date of mailing of the Notice of Internet Availability of Proxy Materials, all shareholders and beneficial owners will have the ability to access all of the proxy materials on a website referenced in the Notice of Internet Availability of Proxy Materials.

The Notice of Internet Availability of Proxy Materials also contains a toll-free telephone number, an e-mail address, and a website where shareholders can request a paper or electronic copy of the proxy statement, our 2017 annual report, and/or a form of proxy relating to the Annual Meeting. These

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materials are available free of charge. The Notice also contains information on how to access and vote the form of proxy.

As Authorized by the Board of Directors,

Joseph J. LaRosa  
*Senior Vice President, General Counsel and Secretary*

April 23, 2018

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**Note Regarding Forward-Looking Statements and Non-GAAP Financial Measures: See Appendix A for important information regarding forward-looking statements and financial measures not calculated in accordance with U.S. Generally Accepted Accounting Principles contained in this proxy statement.**

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## PROXY DASHBOARD

### GENERAL INFORMATION

<b>Meeting Date:</b> JUNE 8, 2018	<b>Time:</b> 10:30 A.M., ET	<b>Location:</b> WESTCHESTER MARRIOTT HOTEL 670 White Plains Road, Tarrytown, New York 10591	<b>Record Date:</b> APRIL 12, 2018
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### MEETING AGENDA

<b>Proposal</b>	<b>Matter</b>	<b>Board Vote Recommendation</b>
1	Election of three Class III directors for a term of three years	For each director nominee
2	Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018	For

## PROXY HIGHLIGHTS

## WE SEEK YOUR INPUT ON OUR BOARD

The composition of our board of directors reflects our core principle of "science first": over half of our directors are members of the National Academy of Sciences, and our board members include two Nobel laureates and holders of many scientific awards. By having our board of directors heavily populated with top-science talent, we signal to our shareholders and employees our seriousness about the Company's core competencies and primary value driver. Our board also includes individuals with experience building shareholder value through all stages of corporate development, as well as governance, financial, and policy expertise. Five of our board's current 13 members are diverse by gender, race, or national origin.

Please refer to "Proposal No. 1: Election of Directors" for additional information.

## WE SEEK RATIFICATION OF OUR AUDITORS

We pay close attention to the requirements applicable to us as a publicly traded company, including those relating to the audit of Regeneron's financial statements by our independent registered public accounting firm, PricewaterhouseCoopers LLP. In this proxy statement, we are asking you to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018.

Please refer to "Proposal No. 2: Ratification of Appointment of Independent Registered Public Accounting Firm" for additional information.

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## GENERAL INFORMATION ABOUT THE MEETING

### **Can I listen to the meeting live if I cannot attend in person?**

The Annual Meeting will be webcast. Information about the web

### **What is on the agenda at the meeting?**

1

Election of three Class III directors for a term of three years

2

Ratification of the appointment of PricewaterhouseCoopers LLP  
December 31, 2018

### **Can I ask a question at the Annual Meeting?**

In-person attendees of the Annual Meeting will be given an oppo

York 10591

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ent valid, government-issued photo identification, such as a driver's license.

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[www.votingroom.regeneron.com](http://www.votingroom.regeneron.com).

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As of April 12, 2018, are entitled to vote at the Annual Meeting. As of April 12, 2018, 105,949,824 shares of Class B stock, par value \$0.001 per share ("Class B stock"), and 1,911,354 shares of Class A stock, par value \$0.001 per share ("Class A stock") are entitled to vote. Class B and Class A stock vote together on all matters as a single class, with the common stock being entitled to one vote per share.

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**Availability of proxy materials instead of a paper copy of the proxy materials?**

The Securities and Exchange Commission (the "SEC") permit us to furnish proxy materials, including this proxy statement, by electronic means. We have elected to provide our proxy materials by electronic means beginning December 31, 2017 filed with the SEC on February 8, 2018 (the "2017 Annual Report"), to our shareholders instead of mailing printed copies. Most shareholders received a Notice of Internet Availability of Proxy Materials ("NIAP") with the proxy materials unless they request them. The Notice will be mailed beginning on or about February 1, 2018. The NIAP provides instructions on how to access and review all of our proxy materials via the Internet. The Notice also includes instructions on how to request a paper copy of our proxy materials. If you have an electronic copy of our proxy materials, you should follow the instructions in the Notice for how to access them. If you request a paper copy, the paper copy will remain in effect until you revoke it.

...ing, but you cannot vote by marking the Notice and returning it. The Notice provides instructions on how to vote by proxy card, or by submitting a ballot in person at the meeting.

...neron's board of directors is asking (technically called soliciting) holders of common stock and Class A stock to attend the meeting of Shareholders or at any adjournment(s) or postponement(s) of the meeting.

**How are proxies voted?**

If you vote by proxy in time for it to be voted at the Annual Meeting, you should indicate how to vote on the proxy card. If you submit a proxy, but no indication is given as to how to vote your shares, the board of directors knows of no matter, other than those indicated on the proxy card. If any other matter properly comes before the Annual Meeting, the proxy card will not be voted.

**Why didn't I receive a notice in the mail about the Internet availability of proxy materials?**

Shareholders who previously elected to receive proxy materials by electronic means should have received an e-mail with instructions on how to access our proxy materials. If you were asked to receive paper copies of the proxy materials and shareholding, you should have received a paper copy of the proxy materials. Shareholders in our Savings Plan will receive paper copies of the proxy materials.

**What constitutes a quorum?**

The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the shares of common stock and Class A stock of the Company having voting power of all shares of common stock and Class A stock of the Company is required for the Annual Meeting. Shares held as of the record date by holders who are present in person or by proxy and vote at the Annual Meeting are counted towards the quorum. Shares held but not voted with respect to some or all of such shares on any proposal are counted towards the quorum.



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ting. The Company will give you a ballot when you arrive. If you are a beneficial "street name," to vote in person at the Annual Meeting you must obtain from your nominee the record date. We recommend you vote by proxy even if you plan to attend the meeting. Instructions on voting by proxy are included below.

**om.** You will need the 12-digit control number included on the Notice or, if you received. You may vote via the Internet through 11:59 p.m., Eastern Time, on

nd on the proxy card or the voting instruction form. You will need the 12-digit telephone through 11:59 p.m., Eastern Time, on June 7, 2018.

y completing the proxy card or voting instruction form and returning it in the

**Can I change my vote or revoke my proxy?**

Yes. You may change your vote or revoke your proxy at any time before the proxy mailing a new proxy card or voting instruction form, or by attending the Annual Meeting by filing with the Secretary of the Company, at or before the taking of the vote at the meeting you previously submitted. Attendance at the Annual Meeting will not have the effect of revocation to the Secretary of the Company before the proxy is exercised or you vote in person. If you are a "street name," you will need to contact them or follow their instructions to revoke your proxy. Only your latest dated proxy we receive at or prior to the Annual Meeting will be counted.

**Who solicits proxies and bears the cost of solicitation?**

Solicitation of proxies may be made by mail, in person, or by telephone by officers, directors, transfer agent, American Stock Transfer & Trust Company, LLC ("AST"), and employees of AST, Broadridge, and our banks, brokers, and other custodians, nominees, and fiduciaries. We have provided materials to shareholders. In addition, we have engaged Innisfree M&A Incorporated for proxy support for a service fee of \$25,000 and the reimbursement of customary disbursements.

**Company Stock Fund in my 401(k) account?**

nc. 401(k) Savings Plan, you may provide voting instructions to Fidelity Investments by 11:59 p.m., Eastern Time, on June 5, 2018, (2) by calling 1-800-445-4600. If you have a completed proxy card by mail. The trustee will vote your shares in accordance with the instructions on the proxy card. If you do not provide instructions, the trustee will vote your shares in the same proportion as the shares for which the



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

The board of directors recommends that you vote:

election of each of the three nominated Class III directors (Proposal No. 1); and

ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2018 (Proposal No. 2).

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

The following table summarizes the voting requirements applicable to the proposals to be voted on at the Annual Meeting:

<b>Proposal</b>	<b>Vote Required</b>	<b>Effect of Abstentions<sup>1</sup></b>	<b>Broker Discretionary Voting Allowed?<sup>2</sup></b>
<b>1 Election of Directors</b>	Majority of the votes cast. In accordance with our director resignation policy, an incumbent director who fails to receive the required number of votes in an uncontested election will be required to tender his or her resignation to the Chairman of the board of directors for consideration by the Corporate Governance and Compliance Committee.	No effect Not considered votes cast on this proposal	No Brokers without voting instructions will not be able to vote on this proposal
<b>2 Ratification of the Appointment of Pricewaterhouse</b>	Majority of the votes cast	No effect Not considered votes cast on this proposal	Yes Brokers without voting instructions will have discretionary authority to vote

Coopers LLP

- 1 As noted above, abstentions will be counted as present for purposes of establishing a quorum at the Annual Meeting.
- 2 Only relevant if you are the beneficial owner of shares held in "street name." If you are a shareholder of record and you do not cast your vote, no votes will be cast on your behalf on any of the items of business 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 at the Annual Meeting.

**Please note that cameras, other photographic equipment, or audio or video recording devices will not be permitted at the Annual Meeting.**

If you would like to learn more about Regeneron, please visit our website at [www.regeneron.com](http://www.regeneron.com). The topics discussed on our website include:

INFORMATION  
ABOUT  
REGENERON

Working at Regeneron

Our Post-doctoral Training Program

Our Science Research Mentorship Program

Regeneron employee volunteer programs

The Regeneron Science Talent Search

Our patient support programs

STEM Teaching Fellowship

Our greenhouse gas emissions reduction efforts

Our Graduate Internship Program

Our waste recycling, waste management, and energy conservation initiatives







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As the first substantive order of business at the 2018 Annual Meeting, you have an opportunity to vote on three members of our board of directors. This is the right starting point not only because the board oversees Regeneron, but because understanding the Regeneron board leads to a better understanding of the Company and its business model.

As our President and CEO has observed, "Our dream when we started Regeneron was to build a company where the scientists would be the heroes." The composition of Regeneron's board reflects this founding principle: over half of our directors are members of the National Academy of Sciences, and our board members include two Nobel laureates and holders of many scientific awards. In addition, the board includes individuals with experience building shareholder value through all stages of corporate development. Various members bring substantial governance experience gained from service on other boards and others bring financial, policy, and management expertise. Five of our board's current 13 members are diverse by gender, race, or national origin.

The table below summarizes key qualifications, skills, or attributes most relevant to the decision to nominate the director to serve on the board of directors for each of our director nominees and directors (12 in total) expected to continue to serve immediately following the Annual Meeting. A mark indicates a specific area of focus or expertise on which the board of directors relies most. The lack of a mark does not mean the director does not possess that qualification or skill. Each director biography below describes these qualifications and relevant experience in more detail. We believe the table below demonstrates the breadth and diversity of the collective experience, expertise, and skills of our board of directors.

	<b>Bonnie L. Bassler, Ph.D.</b>	<b>Michael S. Brown, M.D.</b>	<b>N. Anthony Coles, M.D.</b>	<b>Joseph L. Goldstein, M.D.</b>	<b>Christine A. Poon</b>	<b>Arthur F. Ryan</b>	<b>Leonard S. Schleifer, M.D., Ph.D.</b>	<b>George L. Sing</b>	<b>Marc Tessier-Lavigne, Ph.D.</b>	<b>P. Roy Vagelos, M.D.</b>	<b>George D. Yancopoulos, M.D., Ph.D.</b>
e, or	•	•	•	•	•	•	•	•	•	•	•
Leadership	•	•	•	•	•	•	•	•	•	•	•
	•	•	•	•	•	•	•	•	•	•	•

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company  
experience

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## NOMINEES FOR CLASS III DIRECTORS FOR ELECTION AT THE 2018 ANNUAL MEETING FOR A TERM EXPIRING AT THE 2021 ANNUAL MEETING<sup>1</sup>

In 2008, Mr. Ryan retired as the Chairman of the Board of Prudential Financial, Inc., one of the largest diversified financial institutions in the world. He served as Chief Executive Officer of Prudential until December 2007. Prior to joining Prudential in December 1994, Mr. Ryan served as President and Chief Operating Officer of Chase Manhattan Bank since 1990. Mr. Ryan managed Chase's worldwide retail bank between 1984 and 1990. From 2008 to 2013, Mr. Ryan served as a non-executive director of the Royal Bank of Scotland Group plc. Since April 2009, Mr. Ryan has served as a director of Citizens Financial Group, Inc., a retail bank holding company that became publicly traded in September 2014, and currently serves as its lead director, chair of the Compensation and Human Resources Committee, and a member of the Nominating and Corporate Governance Committee.

### ARTHUR F. RYAN

**Director since: 2003**

**Age: 75**

**Independent**

Mr. Ryan's substantial leadership experience as a chief executive officer of leading companies in the banking and insurance industries, and his extensive business experience and financial expertise, led to the board's decision to nominate Mr. Ryan for reelection to the board.

### OTHER PUBLIC BOARDS (RECENT SERVICE)

	<b>Board and Committee Membership</b>	<b>2017 Attendance</b>
Citizens Financial Group, Inc.	Board of Directors	6/6
Royal Bank of Scotland Group plc (until 2013)	Audit Committee	10/10
	Corporate Governance and Compliance Committee (Chairman)	6/6



	<b>For</b>	<b>Against/Withheld</b>
Prior Voting Results (2015)	96.7%	3.3%

**Regeneron Securities Beneficially Owned as of April 12, 2018**

Common Stock	31,000
Options	33,090

- 1 Biographical information is given, as of April 12, 2018, for each nominee for Class III Director and for each of the other directors whose term of office will continue after the 2018 Annual Meeting. All the nominees are presently directors and were previously elected by the shareholders. None of the corporations or other organizations referred to below with which a director has been or is currently employed or otherwise associated is a parent, subsidiary, or affiliate of the Company.

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Since 1998, Mr. Sing has been a Managing Director of Lancet Capital, a venture capital investment firm in the healthcare field. From January 2004 to April 2015, Mr. Sing served as Chief Executive Officer of Stemnion, Inc. (currently known as Noveome Biotherapeutics, Inc.), a biomedical company in the regenerative medicine field.

Mr. Sing's extensive healthcare and financial expertise as a healthcare venture capital investor and biomedical company chief executive officer, his executive leadership experience, and his substantial knowledge of the Company led to the board's decision to nominate Mr. Sing for reelection to the board.

**GEORGE L. SING****Director since: 1988****Age: 68****Independent****Board and Committee Membership****2017 Attendance**

Board of Directors	6/6
Audit Committee (Chairman)	10/10
Compensation Committee	12/12

**For Against/Withheld**

Prior Voting Results (2015)	90.3%	9.7%
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**Regeneron Securities Beneficially Owned as of April 12, 2018**

Common Stock	152,272
Options	92,340



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**MARC TESSIER-LAVIGNE, Ph.D.**

**Director since: 2011**

**Age: 58**

**Independent**

**SCIENTIFIC SOCIETY MEMBERSHIPS**

The National Academy of Sciences

The National Academy of Medicine

The Royal Society of London

The Royal Society of Canada

**Board and Committee Membership**

**2017 Attendance**

Board of Directors

4/6

Technology Committee

2/2

Dr. Tessier-Lavigne has been the President of Stanford University since September 2016. Before assuming his role at Stanford, he served as the President of The Rockefeller University and a Carson Family Professor and head of the Laboratory of Brain Development at The Rockefeller University from March 2011. Previously, he served as Executive Vice President and Chief Scientific Officer at Genentech, Inc., which he joined in 2003. He was a professor at Stanford University from 2001 to 2003 and at the University of California, San Francisco from 1991 to 2001.

Dr. Tessier-Lavigne is a member of the National Academy of Sciences, the National Academy of Medicine, and a fellow of the Royal Societies of London and Canada.

Dr. Tessier-Lavigne is a member of the Board of Directors of Denali Therapeutics Inc., and previously served on the board of directors of Pfizer Inc., Agios Pharmaceuticals, Inc., and Juno Therapeutics, Inc.

Dr. Tessier-Lavigne's distinguished scientific and academic background, and his significant industry experience, including experience in senior scientific leadership roles at a leading biopharmaceutical company, led to the board's decision to nominate Dr. Tessier-Lavigne for reelection to the board.

**OTHER PUBLIC BOARDS  
(RECENT SERVICE)**

		<b>For</b>	<b>Against/Withheld</b>
	Prior Voting Results (2015)	87.5%	12.5%
Denali Therapeutics Inc.			
Agios Pharmaceuticals, Inc. (until 2016)	<b>Regeneron Securities Beneficially Owned as of April 12, 2018</b>		
	Common Stock		1,187
Juno Therapeutics, Inc. (until 2016)			
	Options		61,619
Pfizer Inc. (until 2015)			

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**CLASS I DIRECTORS CONTINUING IN OFFICE  
TERM EXPIRES AT THE 2019 ANNUAL MEETING**

**BONNIE L. BASSLER, Ph.D.**

**Director since: 2016**

**Age: 55**

**Independent**

**SCIENTIFIC SOCIETY MEMBERSHIPS**

The National Academy of Sciences

The American Academy of Arts and Sciences

The Royal Society of London

**Board and Committee Membership**

**2017 Attendance**

Board of Directors

5/6

Dr. Bassler is currently the Chair of the Department of Molecular Biology and the Squibb Professor in Molecular Biology at Princeton University, and a Howard Hughes Medical Institute Investigator. Dr. Bassler has previously served as the President of the American Society for Microbiology, as well as on the boards for the American Association for the Advancement of Science, the National Science Foundation, and the American Academy of Microbiology. She has been elected to the National Academy of Sciences, the American Academy of Arts and Sciences, the Royal Society of London, and the American Philosophical Society, and has received many scientific honors, including a MacArthur Foundation Fellowship, the Lounsbery Award, and the Shaw Prize for Life Science and Medicine. Dr. Bassler received her B.Sc. from the University of California, Davis, and her Ph.D. in Biochemistry from Johns Hopkins University. She served as a Postdoctoral Fellow and Research Scientist at the Agouron Institute in La Jolla, California, before becoming a faculty member at Princeton University. Dr. Bassler served as a director of Sanofi from November 2014 to July 2016.

Dr. Bassler's extensive research experience and her scientific and academic career and accomplishments, as well as her experience as a corporate director, led the board to conclude that Dr. Bassler should serve as a director.

The American Philosophical  
Society

Corporate Governance and Compliance Committee 5/6

**OTHER PUBLIC BOARDS  
(RECENT SERVICE)**

Technology Committee 2/2

Sanofi (until 2016)

	<b>For</b>	<b>Against/Withheld</b>
Prior Voting Results (2017)	99.6%	0.4%

**Regeneron Securities Beneficially Owned as of April 12, 2018**

Common Stock 0

Options 5,931

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Dr. Brown holds the Distinguished Chair in Biomedical Sciences, a position he has held since 1989, and is a Regental Professor of Molecular Genetics and Internal Medicine, and the Director of the Jonsson Center for Molecular Genetics, at The University of Texas Southwestern Medical Center at Dallas, positions he has held since 1985. Drs. Brown and Goldstein jointly received the Nobel Prize for Physiology or Medicine in 1985 and the U.S. National Medal of Science in 1988. Dr. Brown is a member of the National Academy of Sciences, the National Academy of Medicine, and Foreign Member of the Royal Society of London. Dr. Brown retired as a member of the board of directors of Pfizer Inc. in 2012.

Dr. Brown's distinguished scientific and academic background, including his receipt of the Nobel Prize for Physiology or Medicine in 1985, and his significant industry experience gained through his service on the board of directors of the Company and of a leading pharmaceutical company, led the board to conclude that Dr. Brown should serve as a director.

**MICHAEL S. BROWN, M.D.**

**Director since: 1991**

**Age: 76**

**Independent**

**SCIENTIFIC SOCIETY MEMBERSHIPS**

**Board and Committee Membership**

**2017 Attendance**

	Board of Directors	5/6
The National Academy of Sciences		
	Corporate Governance and Compliance Committee	5/6
The National Academy of Medicine		
	Technology Committee (Chairman)	2/2
The Royal Society of London		

**For Against/Withheld**



Prior Voting Results (2016)	90.8%	9.2%
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**Regeneron Securities Beneficially Owned as of April 12, 2018**

Common Stock	21,849
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Options	33,840
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Table of Contents**LEONARD S. SCHLEIFER, M.D., Ph.D.****Director since: 1988****Age: 65**

Dr. Schleifer 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. Dr. Schleifer, together with Regeneron's founding scientist, Dr. Yancopoulos, built and has managed the Company over the past 30 years. Dr. Schleifer is a licensed physician and is certified in Neurology by the American Board of Psychiatry and Neurology. With 30 years of experience as Chief Executive Officer of the Company, Dr. Schleifer brings to the board an incomparable knowledge of the Company, significant leadership experience, and an in-depth understanding of the complex research, drug development, and business issues facing companies in the biopharmaceutical industry.

Dr. Schleifer's significant industry and leadership experience, as well as his extensive knowledge of the Company, led the board to conclude that Dr. Schleifer should serve as a director.

**Board and Committee Membership****2017 Attendance**

Board of Directors	6/6
Technology Committee	2/2

**For Against/Withheld**

Prior Voting Results (2016)	99.4%	0.6%
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**Regeneron Securities Beneficially Owned as of April 12, 2018**

Class A Stock	1,726,565
Common Stock	277,347
Options	2,133,282



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Dr. Yancopoulos joined Dr. Schleifer in 1989 as founding scientist of the Company, and together they built and have managed the Company since then. Dr. Yancopoulos is currently President and Chief Scientific Officer, and has served on the board since 2001.

He received his M.D. and Ph.D. from Columbia University. Dr. Yancopoulos was the 11th most highly cited scientist in the world in the 1990s, and in 2004 he was elected to be a member of the National Academy of Sciences.

Dr. Yancopoulos, together with key members of his team, is a principal inventor and/or developer of the six FDA-approved drugs the Company has developed, EYLEA® (afibercept) Injection, PRALUENT® (alirocumab) Injection, DUPIXENT® (dupilumab) Injection, KEVZARA® (sarilumab) Injection, ZALTRAP® (ziv-aflibercept) Injection for Intravenous Infusion, and ARCALYST® (rilonacept) Injection for Subcutaneous Use, as well as of its foundation technologies, including the TRAP technology, *VelociGene*®, and *VelocImmune*®. As one of the few members of the National Academy of Sciences from industry and as an author of a substantial number of scientific publications, Dr. Yancopoulos has a distinguished record of scientific expertise. Dr. Yancopoulos also brings to the board his experience in building and managing the Company, his in-depth knowledge of the Company's technologies and research and development programs, and his proven track-record for envisioning successful long-term strategic directions and opportunities.

Dr. Yancopoulos's significant industry and scientific experience, as well as his extensive knowledge of the Company, led the board to conclude that Dr. Yancopoulos should serve as a director.

## GEORGE D. YANCOPOULOS, M.D., Ph.D.

**Director since: 2001**

**Age: 58**

### SCIENTIFIC SOCIETY MEMBERSHIPS

The National Academy of Sciences

### Board and Committee Membership

### 2017 Attendance

Board of Directors	6/6
Technology Committee	2/2

	<b>For</b>	<b>Against/Withheld</b>
Prior Voting Results (2016)	98.9%	1.1%

**Regeneron Securities Beneficially Owned as of April 12, 2018**

Class A Stock	42,750
Common Stock	993,395
Options	1,816,080

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**CLASS II DIRECTORS CONTINUING IN OFFICE  
TERM EXPIRES AT THE 2020 ANNUAL MEETING**

**N. ANTHONY COLES, M.D.**

**Director since: 2017**

**Age: 57**

**Independent**

**OTHER PUBLIC BOARDS (RECENT SERVICE)**

McKesson Corporation

CRISPR Therapeutics AG (until 2017)

Onyx Pharmaceuticals, Inc. (until 2013)

Dr. Coles has served as Chairman and Chief Executive Officer of Yumanity Therapeutics, LLC, a company focused on transforming drug discovery for neurodegenerative diseases, since October 2014. Prior to this, from October 2013, Dr. Coles served as Chairman and CEO of TRATE Enterprises LLC, a privately held company. Dr. Coles served as President, Chief Executive Officer and Chairman of the Board of Onyx Pharmaceuticals, Inc., a biopharmaceutical company, from 2012 until 2013, having served as its President, Chief Executive Officer, and a member of its board of directors from 2008 until 2012. Prior to joining Onyx in 2008, he was President, Chief Executive Officer, and a member of the board of directors of NPS Pharmaceuticals, Inc., a biopharmaceutical company. Before joining NPS in 2005, he served in various leadership positions in the biopharmaceutical and pharmaceutical industries, including at Merck & Co., Inc., Bristol-Myers Squibb Company, and Vertex Pharmaceuticals Incorporated. In addition to having previously served as a director of Onyx and NPS, he was formerly a director of Laboratory Corporation of America Holdings, Campus Crest Communities, Inc., and CRISPR Therapeutics AG.

Dr. Coles has been a director of McKesson Corporation since April 2014 and serves on the Compensation Committee and the Finance Committee of its board of directors.

The experience of Dr. Coles as a seasoned executive and corporate director with extensive knowledge of highly regulated biopharmaceutical and pharmaceutical companies, as well as his in-depth knowledge and understanding of the regulatory environment in which Regeneron operates, led the board to conclude that Dr. Coles should serve as a director.

Board of Directors	6/6
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Audit Committee	9/9
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	<b>For</b>	<b>Against/Withheld</b>
Prior Voting Results (2017)	99.7%	0.3%

**Regeneron Common Stock Beneficially Owned as of April 12, 2018**

Common Stock	0
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Options	4,350
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2 Dr. Coles was elected as a member of the board and the Audit Committee effective January 27, 2017.

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Dr. Goldstein has been a Professor of Molecular Genetics and Internal Medicine and the Chairman of the Department of Molecular Genetics at The University of Texas Southwestern Medical Center at Dallas since 1977. Dr. Goldstein is a member of the National Academy of Sciences, the National Academy of Medicine, and the Royal Society of London. He also serves on the Boards of Trustees of The Rockefeller University and the Howard Hughes Medical Institute. Drs. Goldstein and Brown jointly received the Nobel Prize for Physiology or Medicine in 1985 and the U.S. National Medal of Science in 1988.

Dr. Goldstein's extensive research experience, his distinguished scientific and academic credentials, including his receipt of the Nobel Prize for Physiology or Medicine in 1985, and his substantial understanding of the Company gained through his service as a director since 1991, led the board to conclude that Dr. Goldstein should serve as a director.

**JOSEPH L. GOLDSTEIN, M.D.**

**Director since: 1991**

**Age: 77**

**Independent**

**SCIENTIFIC SOCIETY MEMBERSHIPS**

**Board and Committee Membership**

**2017 Attendance**

	Board of Directors	6/6
The National Academy of Sciences		
	Compensation Committee	12/12
The National Academy of Medicine		
	Technology Committee	2/2
The Royal Society of London		

**For Against/Withheld**



Prior Voting Results (2017)	84.6%	15.4%
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**Regeneron Securities Beneficially Owned as of April 12, 2018**

Common Stock		12,000
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Options		37,090
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Table of Contents**CHRISTINE A. POON****Director since: 2010****Age: 65****Independent****OTHER PUBLIC BOARDS (RECENT SERVICE)**

Ms. Poon is an Executive-in-Residence in the Department of Management and Human Resources at The Max M. Fisher College of Business at The Ohio State University, where she served as Dean and the John W. Berry, Sr. Chair in Business from 2009 to 2014. Prior to joining Fisher, Ms. Poon spent eight years at Johnson & Johnson, most recently as vice chairman and worldwide chairman of pharmaceuticals. At Johnson & Johnson, she served on the company's board of directors and executive committee and was responsible for managing the pharmaceutical businesses of the company. Prior to joining Johnson & Johnson, Ms. Poon spent 15 years at Bristol-Myers Squibb Company, a global pharmaceutical company, where she held senior leadership positions including president of international medicines and president of medical devices. Ms. Poon serves on the boards of directors of Prudential Financial, Inc. and The Sherwin-Williams Company and the Supervisory Board of Royal Philips Electronics.

Ms. Poon's extensive expertise in domestic and international business operations, including sales and marketing and commercial operations, and her deep strategic and operational knowledge of the pharmaceutical industry, led the board to conclude that Ms. Poon should serve as a director.

	<b>Board and Committee Membership</b>	<b>2017 Attendance</b>
Prudential Financial, Inc.	Board of Directors	6/6
The Sherwin-Williams Company	Compensation Committee (Chairperson)	12/12
Royal Philips Electronics	Corporate Governance and Compliance Committee	6/6

**For Against/Withheld**

Prior Voting Results (2017)	84.0%	16.0%
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**Regeneron Securities Beneficially Owned as of April 12, 2018**

Common Stock	790
Options	101,870

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Prior to joining Regeneron, Dr. Vagelos was Chairman of the Board and Chief Executive Officer of Merck & Co., Inc., a global pharmaceutical company. 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 served on the board of directors of Theravance, Inc. through April 2010. Dr. Vagelos is a member of the National Academy of Sciences, the National Academy of Medicine, and the American Philosophical Society. During his tenure as Chairman of Regeneron and previously as Chairman and Chief Executive Officer of Merck, Dr. Vagelos developed an extensive understanding of the complex business, operational, scientific, regulatory, and commercial issues facing the pharmaceutical industry.

Dr. Vagelos's tenure and experience with the Company and Merck, his extensive knowledge of the pharmaceutical industry, his substantial leadership experience, and his significant understanding of the Company led the board to conclude that Dr. Vagelos should serve as a director.

**P. ROY VAGELOS, M.D.**

**Director since: 1995**

**Age: 88**

**SCIENTIFIC SOCIETY MEMBERSHIPS**

The National Academy of Sciences	<b>Board and Committee Membership</b>	<b>2017 Attendance</b>
	Board of Directors	5/6
The National Academy of Medicine		
	Technology Committee	2/2
The American Philosophical Society		

**For    Against/Withheld**

Prior Voting Results (2017)	99.5%	0.5%
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**Regeneron Securities Beneficially Owned as of April 12, 2018**

Common Stock	960,640
Options	1,601,266

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Dr. Zoghbi is currently a professor in the departments of Pediatrics, Molecular and Human Genetics, and Neurology and Neuroscience at Baylor College of Medicine, the director of the Jan and Dan Duncan Neurological Research Institute at Texas Children's Hospital, and an investigator of the Howard Hughes Medical Institute. She has been elected to the National Academy of Sciences, the Institute of Medicine, and the American Association for the Advancement of Science, and has been awarded numerous recognitions for her work, including the Pearl Meister Greengard Prize, the March of Dimes Prize in Developmental Biology, and the Vanderbilt Prize in Biomedical Science.

Dr. Zoghbi earned her B.Sc. from the American University of Beirut, received her M.D. from Meharry Medical College in Nashville, Tennessee, and completed her pediatrics residency and a joint residency in neurology and pediatric neurology at Baylor College of Medicine, where she then pursued postdoctoral research training in molecular genetics.

Dr. Zoghbi's extensive research experience and her scientific and academic career and accomplishments led the board to conclude that Dr. Zoghbi should serve as a director.

**HUDA Y. ZOGHBI, M.D.**

**Director since: 2016**

**Age: 63**

**Independent**

**SCIENTIFIC SOCIETY MEMBERSHIPS**

The National Academy of Sciences

The Institute of Medicine

The American Association for the

**Board and Committee Membership**

**2017 Attendance**

Advancement of Science

Board of Directors

6/6

Corporate Governance and Compliance Committee

6/6

Technology Committee 2/2

	<b>For</b>	<b>Against/Withheld</b>
Prior Voting Results (2017)	97.7%	2.3%

**Regeneron Securities Beneficially Owned as of April 12, 2018**

Common Stock		0
Options		5,931

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The board has a standing Audit Committee, Compensation Committee, and Corporate Governance and Compliance Committee, each of which is comprised entirely of independent directors. The Corporate Governance and Compliance Committee is responsible for reviewing and recommending for the board's selection candidates to serve on our board of directors and for overseeing all aspects of the Company's compliance program other than financial compliance. The board also has a standing Technology Committee. The board has adopted charters for the Audit Committee, Compensation Committee, Corporate Governance and Compliance 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 "Investors & Media" page.

We show below information on the membership, key functions, and number of meetings of each board committee during 2017.

## AUDIT COMMITTEE

### Members

George L. Sing, *Chairman*

Charles A. Baker

N. Anthony Coles, M.D.

*(since January 27, 2017)*

Arthur F. Ryan

### Key Functions

Select the independent registered public accounting firm, review and approve its engagement letter, and monitor its independence and performance.

Review the overall scope and plans for the annual audit by the independent registered public accounting firm.

### Number of Meetings Held in 2017

10

Approve performance of non-audit services by the independent registered public accounting firm and evaluate the performance and independence of the independent registered public accounting firm.



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Review and approve the Company's periodic financial statements and the results of the year-end audit.

Review and discuss the adequacy and effectiveness of the Company's accounting and internal control policies and procedures.

Evaluate the internal audit process for establishing the annual audit plan; 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 performance on an annual basis.

Review the independent registered public accounting firm's recommendations concerning the Company's financial practices and procedures.

Oversee the Company's risk management program.

Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Review and approve any related person transaction.

Prepare an annual report of the Audit Committee for inclusion in the Company's proxy statement.

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**COMPENSATION  
COMMITTEE**

**Members**

Christine A. Poon, *Chairperson*

Charles A. Baker

Joseph L. Goldstein, M.D.

George L. Sing

**Number of Meetings Held in 2017**

12

**Key Functions**

Evaluate the performance of the Chief Executive Officer and other executive officers of the Company.

Approve the total compensation budget for all Company employees.

Oversee the Company's compensation and benefit philosophy and programs generally.

Review and approve annually the corporate goals and objectives applicable to the compensation of the Chief Executive Officer and the goals and objectives of the Company's executive compensation programs.

Review and approve the Compensation Discussion and Analysis to be included in the Company's proxy statement.

Prepare an annual report of the Compensation Committee for inclusion in the Company's proxy statement.

**CORPORATE GOVERNANCE  
AND COMPLIANCE  
COMMITTEE**

**Key Functions**

## Members

Arthur F. Ryan, *Chairman*

Bonnie L. Bassler, Ph.D.

Michael S. Brown, M.D.

Christine A. Poon

Huda Y. Zoghbi, M.D.

Identify qualified individuals to become members of the board and recommend such candidates to the board.

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.

Make recommendations to the board regarding non-employee director compensation.

## Number of Meetings Held in 2017

6

Make recommendations to the board regarding corporate governance matters and practices.

Oversee all aspects of the Company's comprehensive compliance program other than financial compliance.

## TECHNOLOGY COMMITTEE

### Members

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

Bonnie L. Bassler, Ph.D.

Joseph L. Goldstein, M.D.

Marc Tessier-Lavigne, Ph.D.

P. Roy Vagelos, M.D.

Leonard S. Schleifer, M.D., Ph.D.1

George D. Yancopoulos, M.D., Ph.D.1

Huda Y. Zoghbi, M.D.

### Key Functions

Review and evaluate the Company's research and clinical development programs, plans, and policies.

## Number of Meetings Held in 2017

2

1 *Ex Officio* Member.



## BOARD STRUCTURE

Pursuant 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 four members in each of Class I and Class III (before giving effect to the retirement of Charles A. Baker, as discussed below) and five members in Class II. The respective terms of the directors expire (in all cases, subject to the election and qualification of their successors and to their earlier death, resignation, or removal) as follows:

The terms of the Class III Directors expire at the 2018 Annual Meeting;

The terms of the Class I Directors expire at the 2019 Annual Meeting; and

The terms of the Class II Directors expire at the 2020 Annual Meeting.

As previously reported, on January 15, 2018, Charles A. Baker notified the Company of his intention not to stand for re-election as a member of the board of directors when his current term expires and to retire from his position as a member of the board of directors effective as of the conclusion of the 2018 Annual Meeting.

## BOARD MEETINGS AND ATTENDANCE OF DIRECTORS

The board held six regular meetings in 2017. All directors attended at least 75% of the total number of meetings of the board and committees of the board on which they served. According to the Regeneron Board of Directors Corporate Governance Guidelines, board members are expected to attend the Company's Annual Meeting of Shareholders. All of the directors then in office (other than Dr. Vagelos, who was not able to attend due to a medical emergency involving a family member) attended our 2017 Annual Meeting of Shareholders.

**PROCEDURES  
RELATING TO  
NOMINEES;  
BOARD  
SUCCESSION  
PLANNING**

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

In considering potential candidates for the board of directors, the Corporate Governance and Compliance 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; (7) possesses a diverse background and experience, including with respect to race, age, and gender; and (8) such other factors as the Corporate Governance and Compliance Committee may determine from time to time.

Candidates for director are reviewed in the context of the current composition of the board of directors, the operating requirements of the Company, and the long-term interests of shareholders. In conducting the assessment, the Committee considers the individual's independence, experience, skills, background, and diversity, including with respect to race, age, and gender, along with such other factors as it deems appropriate, given the current needs of the board and the Company to maintain a balance of knowledge, experience, and capabilities. When recommending a slate of director nominees each year, the Corporate Governance and Compliance Committee reviews the

current composition of the board of directors in order to recommend a slate of directors who, with the continuing directors, will provide the board with the requisite diversity of skills, expertise, experience, and viewpoints necessary to effectively fulfill its duties and responsibilities.

In the case of an incumbent director whose term of office is set to expire, the Corporate Governance and Compliance Committee reviews such director's overall service to the Company during the director's term and also considers the director's interest in continuing as a member of the board. In the case of a new director candidate, the Corporate Governance and Compliance Committee also reviews whether the nominee is "independent," based on our Corporate Governance Guidelines, applicable listing standards of the NASDAQ Stock Market LLC, and applicable SEC and other relevant rules and regulations, if necessary.

The Corporate Governance and Compliance Committee may employ a variety of methods for identifying and evaluating nominees for the board of directors. The Corporate Governance and Compliance Committee may consider candidates recommended by other directors, management, search firms, shareholders, or other sources. When conducting searches for new directors, the Corporate Governance and Compliance Committee will take reasonable steps to include diverse candidates in the pool of nominees and any search firm will affirmatively be instructed to seek to include diverse candidates. 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 and Compliance Committee.

The Corporate Governance and Compliance Committee seeks to ensure that our board of directors as a whole possesses the mix of skills and experiences to provide effective oversight and guidance to management to execute on the Company's long-term strategy. The Committee also considers succession planning for board and committee chairs for purposes of continuity and to maintain relevant expertise and depth of experience.

## BOARD AND COMMITTEE SELF- ASSESSMENTS

On an annual basis, the board of directors, the Audit Committee, the Compensation Committee, and the Corporate Governance and Compliance Committee conduct self-assessments to ensure effective performance and to identify opportunities for improvement. As part of the self-assessment process, directors consider various topics related to board and committee composition, structure, effectiveness, and responsibilities, as well as satisfaction with the schedule, materials, and discussion topics.

## SHAREHOLDER RIGHTS TO REMOVE DIRECTORS FOR CAUSE AND TO

Regeneron's charter documents give shareholders the rights to (i) remove directors for cause by an affirmative vote of at least 80% of the outstanding shares of all classes of capital stock entitled to vote for directors; and (ii) call a special shareholder meeting upon the written request of at least 25% of the total number of votes entitled to be cast by shareholders.

CALL SPECIAL  
SHAREHOLDER  
MEETING

DIRECTOR  
INDEPENDENCE

The board of directors has determined that each of the following currently serving directors is independent as defined in the listing standards of The NASDAQ Stock Market LLC and our Corporate Governance Guidelines: Charles A. Baker, Bonnie L. Bassler, Ph.D., Michael S. Brown, M.D., N. Anthony Coles, M.D., Joseph L. Goldstein, M.D., Christine A. Poon, Arthur F. Ryan, George L. Sing, Marc Tessier-Lavigne, Ph.D., and Huda Y. Zoghbi, M.D. These individuals are affiliated with numerous educational institutions, hospitals, charities, and corporations, as well as civic organizations and professional associations. The board of directors considered each of these relationships and

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determined that none of these relationships conflicted with the interests of the Company or would impair their independence or judgment. The board conducts executive sessions of independent directors following each regularly scheduled board meeting.

The board of directors has determined that each of the current members of the Audit Committee, Messrs. Baker, Ryan, and Sing and Dr. Coles, qualifies as an "audit committee financial expert" as that term is defined by SEC rules, and is independent as defined for audit committee members in the listing standards of The NASDAQ Stock Market LLC and SEC rules.

In addition, the board of directors has determined that each of the current members of the Compensation Committee, Ms. Poon, Messrs. Baker and Sing, and Dr. Goldstein, meets the additional independence criteria applicable to compensation committee members under the listing standards of The NASDAQ Stock Market LLC and qualifies as a "Non-Employee Director" pursuant to Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code.

## BOARD LEADERSHIP AND ROLE IN RISK OVERSIGHT

The board of directors recognizes that one of its key responsibilities is to establish and evaluate an appropriate leadership structure for the board so as to provide effective oversight of management. Since 1995, the board has separated the roles of the Chief Executive Officer and the Chairman of the Board, with Dr. Vagelos serving as Chairman and Dr. Schleifer serving as President and Chief Executive Officer. Dr. Vagelos's extensive leadership experience, his business acumen, and his deep understanding of the healthcare industry have made him an invaluable resource to both the board and Dr. Schleifer. The board has determined that this leadership structure is appropriate for the Company at this time.

The board executes its oversight responsibility for risk management directly and through its Committees, as follows:

The Audit Committee oversees the Company's risk management program. The risk management program focuses on the most significant risks the Company faces. The Company's Chief Audit Executive, who reports independently to the Committee, facilitates the risk management program. Audit Committee meetings include discussions of specific risk areas throughout the year, including, among others, those relating to cybersecurity, and reports from the Chief Audit Executive on the Company's enterprise risk profile on an annual basis.

The Compensation, Corporate Governance and Compliance, and Technology Committees oversee risks associated with their respective areas of responsibility. As part of its overall review of the Company's compensation policies and practices, the Compensation Committee generally considers the risks associated with these policies and practices. The Corporate Governance and Compliance Committee oversees all aspects of the Company's comprehensive compliance program other than financial compliance and considers legal and

regulatory compliance risks. The Technology Committee considers risks associated with our research and development programs.

The board is kept abreast of its Committees' risk oversight and other activities via reports of the Committee chairmen to the full board at regular board meetings. The board considers specific risk topics, including risks associated with our strategic plan, our finances, and our development activities. In addition, the board receives detailed regular reports from members of our senior management that include discussions of the risks and exposures involved in their respective areas of responsibility. Further, the board is routinely informed by the appropriate members of senior management of developments internal and external to the Company that could affect our risk profile.

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**EXECUTIVE  
COMPENSATION  
PROCESSES AND  
PROCEDURES;  
ROLE OF  
COMPENSATION  
CONSULTANTS**

The Compensation Committee is responsible for overseeing the Company's general compensation objectives and programs. We describe below under "Compensation-Related Matters Compensation Discussion and Analysis Our Compensation Processes" the role of the Compensation Committee, as well as the role of our executive officers, in decisions regarding executive compensation (particularly with respect to our Named Executive Officers).

As discussed in greater detail under "Compensation-Related Matters Compensation Discussion and Analysis Our Compensation Processes Independent Compensation Consultant," the Compensation Committee has the sole authority to retain its own third-party compensation consultants, and in 2017 utilized the services of Frederic W. Cook & Co., Inc. ("Frederic W. Cook & Co."), a compensation consultant. Advice and recommendations provided by Frederic W. Cook & Co. may relate to both executive compensation (discussed in the section "Compensation-Related Matters" below) and director compensation matters (discussed in the subsection "Compensation of Directors" below). In addition, management retains another compensation consultant for its own use. In 2017, management used the services of Radford, a compensation consultant focused on the technology and life sciences sectors. Radford provided various consulting services to us, including analyzing the competitiveness of specific compensation programs; preparing surveys of competitive pay practices (including the Market Composite Data discussed in "Compensation-Related Matters Compensation Discussion and Analysis" below); and assisting management in the development and analysis of executive compensation recommendations. Reports prepared by Radford that relate to executive compensation may also be shared with the Compensation Committee.

## OVERVIEW

The general philosophy we have applied to compensation of our non-employee directors and the Chairman of the Board is similar to the executive compensation philosophy outlined in "Compensation-Related Matters Introduction" and "Compensation-Related Matters Compensation Discussion and Analysis Our Compensation Philosophy and Objectives" below. This philosophy places an emphasis on equity compensation in the form of stock options, which reward growth in stock price and align the directors' interests with those of our shareholders by providing value to the directors only if there is future stock price appreciation and not rendering any value to the directors if the stock price declines below the applicable exercise price. Similar to executive compensation, the emphasis on long-term incentives in the form of stock options has been a consistent part of Regeneron's director compensation philosophy and preceded the significant appreciation in Regeneron's stock price that began in early 2011.

Non-employee director compensation matters (including Regeneron's director compensation philosophy discussed above) are subject to periodic review. The Corporate Governance and Compliance Committee makes recommendations to the board of directors regarding, and the board of directors determines, the compensation of non-employee directors. The Corporate Governance and Compliance Committee evaluates the appropriate level and form of compensation for non-employee directors at least annually and recommends changes to the board of directors when appropriate. Directors who are Company employees receive no additional compensation for serving on our board of directors or its committees. In determining compensation recommendations for the non-employee directors, the Corporate Governance and Compliance Committee considers the qualifications, expertise, demands on our directors, practices of similar companies in the biotechnology industry, and any comparative information provided by the compensation consultants of the Compensation Committee and management. The process governing the compensation arrangements of the Chairman of the Board is described under "Compensation Arrangements of the Chairman of the Board of Directors" below.

As discussed in greater detail below, the board of directors voluntarily reduced the number of shares underlying each of the five most recent annual stock option awards to the non-employee directors and the Chairman of the Board. Fifteen-percent decreases were effected with respect to non-employee director stock option awards in each of January 2014, 2015, 2016, and 2017 and a five-percent decrease was effected in January 2018, in each case as compared to the prior year's awards. The percentage reductions were similar to the reductions in annual awards to executive officers and other employees (including the Chairman of the Board) implemented in December of each respective preceding year.

## CASH FEES AND MATCHING GIFT PROGRAM

A non-employee director receives an annual retainer of \$55,000 and an annual committee retainer of \$10,000 for each standing committee on which the director serves. In addition, each chairperson of the standing committees of the Company's board of directors receives an additional annual retainer of \$10,000. Compared to cash compensation of non-employee directors in our Peer Group, our annual retainer for board service is below the 25th percentile and the additional retainers provided to our committee chairpersons are below the median.<sup>3</sup> Non-employee directors are reimbursed for their actual expenses incurred in connection with their activities as directors, which included travel, hotel, and food and entertainment expenses. In addition, directors are eligible to participate in the Regeneron Matching Gift Program, which is also available to eligible employees. Under this program, the Company matches contributions made by directors and employees to eligible tax-exempt organizations up to an annual maximum amount of \$5,000 per director or employee.

- 3 Based on information reported by our Peer Group companies in 2017. See "Compensation-Related Matters Compensation Discussion and Analysis Our Compensation Processes Peer Data" below for a list of the companies included in our Peer Group.
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## ANNUAL STOCK OPTION AWARDS

Pursuant to the terms of the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan (as in effect prior to the amendment and restatement adopted in June 2017) and resolutions of the Plan administrator, the Compensation Committee, adopted on December 16, 2014, December 16, 2015, and December 16, 2016 (based in each case upon the recommendation of the Corporate Governance and Compliance Committee), each non-employee director received an automatic grant of a stock option to purchase common stock on the first business day of the immediately following year. As amended and restated and approved by the shareholders in June 2017, the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan imposes limits on non-employee director awards. The Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan requires that during any calendar year commencing with the 2018 calendar year, the aggregate number of shares subject to one or more awards granted to a non-employee director in a year may not exceed 12,750 shares, except that during the first calendar year in which a non-employee director serves on the board of directors, such limit will be 34,000 shares. In addition, during any calendar year commencing with the 2018 calendar year, the aggregate number of shares subject to one or more awards granted to a non-employee director then serving as chairman of the board of directors in such year may not exceed 25,500 shares, except that during the first calendar year in which a non-employee director serves as chairman of the board of directors, such limit will be 68,000 shares. For purposes of applying this limit, the Plan treats a full-value award (*i.e.*, an award other than a stock option or stock appreciation right) as an award of one and one-half (1.5) shares for each share actually subject to such award, and an award of a stock option or stock appreciation right as an award of one share for each share actually subject to such award.

The exercise price of a non-employee director stock option is equal to the fair market value of a share of common stock on the date of grant (determined as the average of the high and low sales price per share of common stock on the NASDAQ Global Select Market on the date of grant or, if such date is not a trading day, on the last preceding date on which there was a sale of the Company's common stock on the NASDAQ Global Select Market). Stock options awarded to non-employee directors become exercisable as to one-third of the shares on the anniversary of the date of grant in each of the three subsequent calendar years, generally subject to continued service on the board, and generally expire ten years following the date of grant.

We focus on the number of shares underlying option awards as a percentage of basic shares of common stock outstanding when making decisions on non-employee director equity awards. Among other things, we believe this dilution-based approach allows us to evaluate such grants on a consistent basis year-over-year, without fluctuations in the share price, and is aligned more closely with shareholder interests. In December 2017, similar to the reductions in annual awards to executive officers and other employees discussed in "Compensation-Related Matters Compensation Discussion and Analysis" below, the Plan administrator, the Compensation Committee (based upon the recommendation of the Corporate Governance and Compliance Committee), reduced the grant of stock options to our non-employee directors by 5% as compared to the prior year's awards, from 7,830 shares to 7,439 shares of common stock underlying each such stock option. This reduction marked the fifth consecutive year of reductions, following the 15% reductions in each of the previous four years. The most recent reduced grants to our non-employee directors were made on January 2, 2018. Similar to the rationale for the reductions in annual awards to executive officers and other employees discussed in "Compensation-Related Matters Compensation Discussion and Analysis" below, the impetus for

the reductions in the automatic grants to the non-employee directors was to reduce the potential dilutive impact of these grants. Reductions implemented before December 2016 also took into account the increase in the Company stock price since the prior years' awards, with the resulting increases in the grant date fair values of the automatic grants (as determined according to the Black-Scholes model for valuing stock options).

To the extent they remain unvested and outstanding, stock options granted to a non-employee director continue to vest following the retirement of that director provided applicable conditions

relating to the length of the director's service and the director's age have been met. If a non-employee director's service as a member of the board is terminated as a result of his or her death, all of the director's stock options will immediately vest in full.

To the extent they remain unvested and outstanding, stock options granted to non-employee directors become fully vested automatically upon a change of control of the Company. Each non-employee director has the right to nullify this acceleration of vesting, in whole or in part, if it would cause the director to pay excise taxes under the requirements of the Internal Revenue Code.

## STOCK OPTION AWARDS TO NEW DIRECTORS

Each new non-employee director receives an initial stock option award to purchase a number of shares equal to 5/3rds of the number of shares of common stock underlying the most recent regular annual stock option award to a non-employee director; and, with respect to the annual stock option award to a non-employee director in respect of the first year of his or her service, the number of shares of common stock underlying such annual award are prorated based on the date as of which the non-employee director first becomes a member of the board of directors. These guidelines were adopted by the board of directors at the recommendation of the Corporate Governance and Compliance Committee after taking into account all factors deemed relevant, including those described under "Overview" above. The January 2017 pro-rated annual stock option awards to Drs. Bassler and Zoghbi and the January 2017 initial stock option award to Dr. Coles (each shown in the table below), as well as the January 2018 pro-rated annual stock option award to Dr. Coles (to be reported in the Director Compensation Table in the proxy statement for the 2019 annual shareholder meeting), followed these guidelines.

## COMPENSATION ARRANGEMENTS OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

On December 31, 1998, we entered into an employment agreement with the Chairman of the board of directors, Dr. Vagelos. He did not become an officer of the Company or change his title. Pursuant to the terms of his employment agreement, Dr. Vagelos receives an annual salary of \$100,000. In the employment agreement, we agreed to recommend to the Compensation Committee that stock option grants be made to Dr. Vagelos for calendar years 2000 through 2003 in the amount of the greater of (a) 125,000 shares or (b) 125% of the highest annual option award granted to an officer of the Company.

In 2011, the Compensation Committee determined that Dr. Vagelos's target grant would be equal to ten times the annual grant for a non-employee member of the board of directors, setting his target award at 150,000 shares of common stock underlying stock options. In each of December 2013, 2014, 2015, and 2016, the Compensation Committee reduced the award to Dr. Vagelos by 15% and in December 2017 by 5%, in each case based on the number of shares underlying the award as compared to the prior year's award. These reductions were in line with the reductions in the annual stock option awards to our executive officers and the reductions in the annual stock option awards to the non-employee directors described above. On December 12, 2017, the Compensation Committee granted Dr. Vagelos a stock option to purchase 74,390 shares of common stock, at an exercise price of \$378.98 per share, the fair market value per share of our common stock on the date of grant (determined as the average of the high and low sales price per share of common stock on the NASDAQ Global Select Market on the date of grant). As in prior years, this award reflects, among other things, the key contributions that Dr. Vagelos



makes as the Company continues to develop into a fully integrated biotech company with multiple class-leading products, as well as Dr. Vagelos's crucial role as a trusted advisor to the CEO, other senior managers, and the non-employee directors. It is also designed to incentivize further contributions and ensure Dr. Vagelos's continued service to the Company in the future.

The 2017 stock option award granted to Dr. Vagelos vests ratably over four years subject to his continued service and contains change-of-control provisions consistent with those described above for stock option grants to non-employee directors. Pursuant to the terms of his employment agreement, if Dr. Vagelos dies or is disabled during the term of his employment, all stock options granted to him by the Company will immediately become vested and exercisable.

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The following table and explanatory footnotes provide information with respect to compensation paid to Dr. Vagelos and each non-employee director for their service in 2017 in accordance with the policies, plans, and employment agreement described above:

A	B	C	D	E	F	G	H
Name	Fees earned or paid in cash	Stock awards	Option awards	Non-equity-qualified incentive compensation	Change in pension value and deferred earnings	All other compensation	Total
	(\$)	(\$)	(\$) <sup>1, 2</sup>	(\$)	(%)	(\$)	(\$)
Charles A. Baker	75,000		1,232,211				1,307,211
Bonnie L. Bassler, Ph.D.	75,000		383,656				458,656
Michael S. Brown, M.D.	85,000		1,232,211			4,000	5,321,211
N. Anthony Coles, M.D. <sup>3</sup>	60,306		1,883,477				1,943,783
Joseph L. Goldstein, M.D.	75,000		1,232,211				1,307,211
Christine A. Poon	85,000		1,232,211				1,317,211
Arthur F. Ryan							

	85,000	1,232,211	1,317,211
George L. Sing	85,000	1,232,211	1,317,211
Marc Tessier-Lavigne, Ph.D.	65,000	1,232,211	5,0005,302,211
P. Roy Vagelos, M.D.		11,716,441	109,0006,825,441
Huda Y. Zoghbi, M.D.	75,000	383,656	5,0005 463,656

- 1 The amounts in column (d) reflect the aggregate grant date fair value of options awarded during the year ended December 31, 2017 pursuant to the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan or the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, as applicable. Assumptions used in the calculation of this amount do not take into account expected forfeitures and are otherwise described in Note 14 to the Company's audited financial statements for the fiscal year ended December 31, 2017 included in the 2017 Annual Report.
  - 2 At December 31, 2017, the non-employee directors and Dr. Vagelos had the following stock option awards outstanding: Mr. Baker: 100,630; Dr. Bassler: 17,791; Dr. Brown: 42,130; Dr. Coles: 13,050; Dr. Goldstein: 49,380; Ms. Poon: 110,160; Mr. Ryan: 41,380; Mr. Sing: 115,630; Dr. Tessier-Lavigne: 69,909; Dr. Vagelos: 1,807,538; and Dr. Zoghbi: 17,791.
  - 3 Dr. Coles was elected as a member of the board of directors on January 27, 2017; accordingly, his 2017 fees were prorated based on his election date.
  - 4 Consists of the aggregate grant date fair value of the initial option award granted to Dr. Coles upon his election to the board of directors on January 27, 2017.
  - 5 Consists of a Company contribution paid or payable on or before April 12, 2018 under the Regeneron Matching Gift Program in respect of charitable gifts made in 2017.
  - 6 Consists of (i) \$100,000 for the salary paid pursuant to the terms of our employment agreement with Dr. Vagelos, (ii) \$4,000 for 401(k) Savings Plan matching contributions in respect of 2017 paid in February 2018, and (iii) a \$5,000 Company contribution paid or payable on or before April 12, 2018 under the Regeneron Matching Gift Program in respect of a charitable gift made in 2017.
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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 as of April 12, 2018 are set forth 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.**, 65, 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. Dr. Schleifer, together with Regeneron's founding scientist, Dr. Yancopoulos, built and has managed the Company over the past 30 years. 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.

**George D. Yancopoulos, M.D., Ph.D.**, 58, joined Dr. Schleifer in 1989 as founding scientist of the Company, and together they built and have managed the Company since then. Dr. Yancopoulos is currently President and Chief Scientific Officer, and has served on the board since 2001. He received his M.D. and Ph.D. from Columbia University. Dr. Yancopoulos was the 11th most highly cited scientist in the world in the 1990s, and in 2004 he was elected to be a member of the National Academy of Sciences. Dr. Yancopoulos, together with key members of his team, is a principal inventor and/or developer of the six FDA-approved drugs the Company has developed, EYLEA®, PRALUENT®, DUPIXENT®, KEVZARA®, ZALTRAP®, and ARCALYST®, as well as of its foundation technologies, including the TRAP technology, *VelociGene*®, and *VelocImmune*®.

**Christopher Fenimore**, 47, has been Vice President, Controller since March 2017. From January 2017 to March 2017, he served as Vice President, Deputy Controller, and previously served as Vice President, Financial Planning from January 2012 to December 2016. Prior to joining the Company in 2003, he was Vice President, Finance at Mojave Therapeutics, Inc. Mr. Fenimore's prior experience includes working as a supervising senior accountant at KPMG, as well as healthcare industry-focused venture capital and investment banking roles. Mr. Fenimore holds an M.A. in Biotechnology from Columbia University, an M.B.A. in Professional Accounting from Rutgers Business School, and a B.A. in Economics from Rutgers University. Mr. Fenimore is a Certified Public Accountant in the State of New York.



**Robert E. Landry**, 54, has been Senior Vice President, Finance since September 2013 and Chief Financial Officer since October 2013. Previously, Mr. Landry served as Senior Vice President, Treasurer, at Pfizer Inc. from October 2012 to August 2013 and Senior Vice President Finance, Pfizer's Diversified Business, from October 2009 to October 2012. Prior to those roles, Mr. Landry held a number of positions at Wyeth, which was acquired by Pfizer Inc. in October 2009, including Treasurer and Principal Corporate Officer from 2007 to 2009, Director of Pharmaceutical Marketing and Sales of Wyeth's Australian affiliate from 2006 to 2007, and Chief Financial Officer of Wyeth's Australian and New Zealand affiliates from 2004 to 2006.

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**Joseph J. LaRosa**, 59, has been Senior Vice President, General Counsel, and Secretary since September 2011. Before joining Regeneron, Mr. LaRosa was Senior Vice President, General Counsel, and Secretary at Nycomed US Inc. Mr. LaRosa's prior experience includes working in a number of senior legal positions at Schering-Plough Corporation from 1993 to 2009, where he was a corporate officer and served most recently as Vice President, Legal Affairs, and a member of the Operations Management Team. Mr. LaRosa received his J.D. from New York University School of Law.

**Marion McCourt**, 58, has been Senior Vice President, Commercial since February 2018. From April 2017 until joining the Company, Ms. McCourt served as the Principal Operating Officer and the Chief Operating Officer and President of Axovant Sciences, Inc. Ms. McCourt previously served as chief operating officer of Medivation, Inc. from February 2016 until its acquisition by Pfizer Inc. in September 2016. Previously, Ms. McCourt worked at Amgen Inc., where she most recently served as a Vice President in U.S. Commercial Operations from February 2014 to January 2016. From May 2013 to January 2014, Ms. McCourt served as Vice President and General Manager at Amgen where she was responsible for the bone health and primary care business unit. From 2012 to 2013, she was Chief Operating Officer for AstraZeneca U.S., a division of AstraZeneca plc. Her responsibilities included oversight and leadership of all U.S. commercial functions, including medical affairs, business development, finance, human resources, legal, operations, and corporate affairs. During her 12-year tenure at AstraZeneca, Ms. McCourt was President and Chief Executive Officer of AstraZeneca Canada Inc. from 2011 to 2012 and also held various other roles at AstraZeneca Pharmaceuticals LP, a subsidiary of AstraZeneca plc. She currently is a member of the boards of CytomX Therapeutics, Inc., a biopharmaceutical company, and SCYNEXIS, Inc., a drug-development company. Ms. McCourt received her B.S. in Biology from Lafayette College.

**Neil Stahl, Ph.D.**, 61, has been Executive Vice President, Research and Development since January 2015. He previously served as Senior Vice President, Research and Development Sciences from January 2007 to December 2014, as Senior Vice President, Preclinical Development and Biomolecular Sciences from December 2000 to December 2007, and as Vice President, Preclinical Development and Biomolecular Sciences from January 2000 to December 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.

**Daniel P. Van Plew**, 45, has been Executive Vice President and General Manager, Industrial Operations and Product Supply since January 2016. From April 2008 to December 2015, Mr. Van Plew served as Senior Vice President and General Manager, Industrial Operations and Product Supply. Prior to that date, he served as Vice President and General Manager, Industrial Operations and Product Supply since joining the Company in 2007. From 2006 until 2007, Mr. Van Plew served as Executive Vice President, R&D and Technical Operations of Crucell Holland B.V., a global biopharmaceutical company. Between 2004 and 2006, Mr. Van Plew held positions of increasing responsibility at Chiron Biopharmaceuticals, part of Chiron Corporation, a biotechnology company, most recently as Senior Director, Vacaville Operations. From 1998 until 2004, Mr. Van Plew held various managerial positions in the health and life sciences practice at Accenture, Ltd., a management consulting business. Mr. Van Plew received his M.S. in Chemistry from The Pennsylvania State University and his M.B.A. from Michigan State University.



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Regeneron is committed to good corporate governance, which we believe promotes the long-term interests of shareholders, strengthens the accountability of the board of directors and management, and helps build trust in the Company. The following chart summarizes key information regarding our corporate governance.

<b>Board and Other Governance Information</b>	<b>20181</b>
Size of Board	13
Number of Independent Directors	10
Separate Chairman and Chief Executive Officer	ü
Majority Voting in the Election of Directors	ü
Director Resignation Policy	ü
Number of Meetings of the Board of Directors Held in 2017	6
Independent Directors Meet in Executive Sessions Without Management Present	ü
Code of Business Conduct and Ethics Applicable to All Employees, Officers, and Directors	ü
Annual Board and Committee Self-Evaluations	ü

Stock Ownership Guidelines for Directors and Senior Executives	ü
Active Shareholder Engagement	ü
Shareholder Right to Remove Directors for Cause	ü
Shareholder Right to Call Special Shareholder Meeting	ü

- 1 As of April 12, 2018, except as otherwise indicated; does not give effect to the previously announced retirement of Charles A. Baker effective as of the conclusion of the 2018 Annual Meeting.

## CODE OF ETHICS

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 at

**www.regeneron.com** under the "Corporate Governance" heading on the "Investors & Media" page. 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 business conduct and ethics that applies to our principal executive officer, principal financial officer, principal accounting officer, or controller, or persons performing similar functions, by posting such information on our website where it is accessible through the same link noted above.

## SUCCESSION PLANNING AND TALENT DEVELOPMENT PROCESS

Under our Corporate Governance Guidelines, the board of directors is required to periodically review with our CEO Regeneron's plan for succession to the offices of the CEO and other senior executive positions. In 2017, the Corporate Governance and Compliance Committee, at the request of the board of directors, engaged in formal succession planning and talent review, which included succession planning for the CEO and other senior management positions. In addition to formal succession planning, directors also have exposure to Regeneron

leaders through board and committee presentations and discussions and informal events and interactions with key talent throughout the year, both in small group and one-on-one settings.

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## CORPORATE RESPONSIBILITY

Regeneron's mission is to use the power of science to repeatedly bring new medicines to patients. We are committed to operating responsibly, communicating transparently about our impacts, and engaging all stakeholders in our mission. We strive to "do well by doing good" and have been publicly disclosing information about significant corporate responsibility matters since 2014.

In 2017, we conducted a review of our approach to Environmental, Social, and Governance (ESG) issues. We have used these insights to identify three focus areas for our corporate responsibility strategy:

Improve the lives of people with serious disease

Foster a culture of integrity and operational excellence

Build a better future

In 2018, we will be working on translating these focus areas into strategic goals and formulating a multi-year implementation plan that will allow us to measure our progress towards them. This spring, we published our first consolidated Responsibility Report.

**Improving the lives of people with serious disease.** Our business model is founded on scientific innovation. At Regeneron, we deliver growth by inventing therapies that address serious medical conditions and have a life-transforming impact on patients' health. To date, we have brought to market six FDA-approved treatments and currently have 16 new product candidates in our clinical-stage pipeline.

Our commitment to patients with serious conditions extends beyond the labs to disease education and awareness efforts, product support services, and providing expert education on using medicines safely and appropriately. We work to ensure our products are as accessible as possible and priced responsibly based on value.

**Fostering a culture of integrity and operational excellence.** We are committed to being an employer that attracts and retains highly talented and motivated people, and facilitating a diverse and inclusive workforce where people feel safe, engaged, and supported. At the end of 2017, 47.4% of our employees, and 37.1% of those in leadership positions, were women.

We believe that creating life-transforming medicines should go hand-in-hand with a healthy living environment. In 2013, we created five-year sustainability goals for four major focus areas: carbon, waste,

hazardous chemical waste, and electricity. Since 2013, the Company has grown significantly, adding one new site in the United States and three others in Europe. With one year remaining, we believe we are on track to meet our goals in 2018 and we will publish new goals in our 2019 report that cover all of our global operations.

**Five-Year Goals (by 2018)\***

**Progress**

**Carbon**

We will reduce our greenhouse gas emissions per employee by 30%

On track: We reduced our greenhouse gas emissions per employee by 24%

**Waste**

We will divert 90% of our waste from landfills

Achieved: We diverted 94% of our waste from landfills, reaching our goal

**Hazardous Chemical Waste**

We will reduce hazardous chemical waste by 60% per lab employee

On track: We reduced hazardous chemical waste by 47% per lab employee

**Electricity**

We will reduce our consumption per employee by 10%

On track: We reduced our consumption per employee by 5%

- \* Carbon and Electricity baselines are reported based on the original Carbon Disclosure Project (CDP) reporting year; 2013 noted above corresponds to June 2013 - May 2014 reporting year.



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We are equally committed to conducting our business responsibly and ethically. This is demonstrated through the range of policies, practices, and initiatives we have implemented, encompassing compliance, anti-bribery and corruption, responsible sales and marketing, ethical clinical trials, and product quality and safety.

**Building a better future.** We are a long-standing supporter of science education and make major philanthropic investment to inspire future innovators, including our 10-year, \$100 million dollar commitment to the Regeneron Science Talent Search, the nation's most prestigious pre-college science and mathematics competition. Science, technology, engineering, and math (STEM) education represents more than 96% of our corporate philanthropy grants made in 2017, not including medical grants and matched funds.

In 2017, we also held our first annual *Day for Doing Good*, a company-wide day of service that had over 50% employee participation. We were also proud to be added for the first time to the Civic 50 list of the most "community-minded" companies in the United States.

For more information about our corporate responsibility efforts and results, please refer to the 2017 Responsibility Report available on our website.

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Based solely upon a review of reports filed pursuant to Section 16(a) of the Exchange Act or written representations from reporting persons, the Company is not aware of any director, executive officer, or beneficial owner of more than 10% of our common stock who has not filed on a timely basis any report required by such Section 16(a) to be filed during or in respect of our fiscal year ended December 31, 2017.

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**REVIEW,  
APPROVAL, OR  
RATIFICATION OF  
TRANSACTIONS  
WITH RELATED  
PERSONS**

The board of directors has adopted a written policy for the review, approval, or ratification of related person transactions. The Company considers transactions (or a series of related transactions) in which the Company is a participant, the amount involved exceeds \$10,000 in any calendar year, and a director, officer, more than 5% holder of our voting securities, any immediate family member of any of the foregoing, or any related entity of any of the foregoing has a direct or indirect material interest to constitute related person transactions. The policy provides for a standing pre-approval of transactions with any passive institutional shareholder who holds more than 5% of our voting securities, transactions where all shareholders receive proportional benefits, and certain transactions with Sanofi. With respect to any new transaction that is deemed pre-approved, the Audit Committee receives a summary of each such transaction and retains the ability to require that one or more of such transactions be subject to the standard approval procedures. The policy also requires that the arrangements relating to a permanent, full-time employment of an immediate family member of a director or executive officer hired by the Company be approved in accordance with the policy. In addition, in the event a person is or becomes a director or executive officer of the Company and an immediate family member of such person is a permanent, full-time employee of the Company, no material, outside-of-the-ordinary-course-of-business change in the terms of employment, including compensation, are permitted to be made without the prior approval of the Audit Committee (except, if the immediate family member is himself or herself an executive officer of the Company, any proposed change in the terms of employment are reviewed and approved in the same manner as compensatory arrangements of other executive officers).

The board of directors determined that the members of the Audit Committee are best suited to review and approve related person transactions. Accordingly, each related person transaction (other than a transaction that is deemed pre-approved as described above) must be reviewed and approved or ratified by the members of the Audit Committee, other than any member of the Audit Committee that has an interest in the transaction. Under the policy, the Chairman of the Audit Committee is delegated the authority to approve certain related person transactions that require urgent review and approval.

When reviewing, approving, or ratifying a related person transaction, the Audit Committee will consider several factors, including the benefits to the Company, the impact on a director's independence in the event that a director or his/her immediate family is involved in the transaction, the terms of the transaction, and

the terms available to unrelated third parties or to employees in general, if applicable. Related person transactions are approved only if the Audit Committee (or the Chairman of the Audit Committee pursuant to delegated authority in the circumstances noted above) determines that they are in, or are not inconsistent with, the best interests of the Company and our shareholders.

## TRANSACTIONS WITH RELATED PERSONS

### Collaborations with Sanofi

As the beneficial owner of 23,880,537 shares of common stock of the Company, or 22.5% of the common stock outstanding as of April 12, 2018, Sanofi is considered a related person of the Company.

In 2017, Sanofi funded \$130.0 million of our antibody discovery expenses under the Amended and Restated Discovery and Preclinical Development Agreement (the "Antibody Discovery Agreement"), and \$747.2 million of our development and other costs (including \$368.8 million of commercialization-related expenses) under the Amended and Restated License and Collaboration Agreement (the

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"Antibody License and Collaboration Agreement"). In addition, in 2017, we recognized other Sanofi collaboration revenue of \$119.1 million, a portion of which was recognized in connection with reimbursements by Sanofi for commercial manufacturing activities. In 2017, we also funded an aggregate of \$91.8 million of Sanofi's Phase 3 development costs for PRALUENT®, KEVZARA®, and DUPIXENT® under the Antibody License and Collaboration Agreement. In 2017, we and Sanofi shared losses in connection with commercialization-related activities for PRALUENT, KEVZARA, and DUPIXENT, which resulted in us funding \$442.6 million of such costs in the aggregate. In 2018, Sanofi has continued to fund the agreed-upon worldwide research and development expenses incurred by us and Sanofi, we have continued to fund certain Phase 3 development costs, and we and Sanofi have continued to share certain commercialization-related revenues and expenses under the Antibody License and Collaboration Agreement. The Antibody Discovery Agreement ended on December 31, 2017 without any extension and, therefore, funding from Sanofi under the Antibody Discovery Agreement ceased after 2017.

In 2017, Sanofi also funded \$138.8 million of our research and development expenses under the Immuno-oncology Discovery and Development Agreement and \$101.2 million under the Immuno-oncology License and Collaboration Agreement. In 2018, Sanofi has continued to fund certain of our research and development expenses under the Immuno-oncology Discovery and Development Agreement and the Immuno-oncology License and Collaboration Agreement, and we and Sanofi will share certain development and/or commercialization expenses for cemiplimab under the Immuno-oncology License and Collaboration Agreement (as amended effective as of January 7, 2018 by the letter agreement discussed below).

A description of our antibody collaboration and our immuno-oncology collaboration with Sanofi is set forth in Note 3 to our audited financial statements for the fiscal year ended December 31, 2017 included in the 2017 Annual Report under the heading "a. Sanofi Antibodies" and "a. Sanofi Immuno-Oncology," respectively.

In 2017, we recorded \$24.8 million of revenue primarily related to a percentage of net sales of ZALTRAP® (ziv-aflibercept) Injection for Intravenous Infusion and manufacturing ZALTRAP commercial supplies for Sanofi under the amended and restated collaboration agreement relating to ZALTRAP. A description of the agreement is set forth in Note 3 to our audited financial statements for the fiscal year ended December 31, 2017 included in the 2017 Annual Report under the heading "a. Sanofi ZALTRAP."

#### **Amended and Restated Investor Agreement with Sanofi; 2018 Letter Agreement**

In January 2014, we entered into an Amended and Restated Investor Agreement with Sanofi, which was subsequently amended effective as of January 7, 2018 by the letter agreement discussed below. Pursuant to the Amended and Restated Investor Agreement, Sanofi has agreed to vote its shares as recommended by our board of directors, except that it may elect to vote proportionally with the votes cast by all of our other shareholders with respect to certain change-of-control transactions and to vote in its sole discretion with respect to liquidation or dissolution of our company, stock issuances equal to or exceeding 20% of the outstanding shares or voting rights of common stock and Class A stock (taken together), and new equity compensation plans or amendments if not materially consistent with our historical equity compensation practices.

In addition, we are required under the Amended and Restated Investor Agreement to appoint an individual agreed upon by us and Sanofi to our board of directors. Subject to certain exceptions, we are required to use our reasonable efforts (including recommending that our shareholders vote in favor) to cause the election of this

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designee at our annual shareholder meetings for so long as (other than during the term of the letter agreement discussed below) Sanofi maintains an equity interest in us that is equal to the applicable Highest Percentage Threshold (as defined below). This designee is required to be "independent" of Regeneron, as determined under NASDAQ rules, and to not be a current or former officer, director, employee, or paid consultant of Sanofi. The current Sanofi designee, Dr. Coles, was elected by the board of directors in January 2017 and by the shareholders at the 2017 Annual

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Meeting as a Class II director with a term expiring at the 2020 Annual Meeting.

Under the Amended and Restated Investor Agreement, Sanofi also has three demand rights to require us to use all reasonable efforts to conduct a registered underwritten offering with respect to shares of our common stock held by Sanofi from time to time; however, shares of our common stock held by Sanofi from time to time may not be sold until December 20, 2020 (other than with respect to an aggregate of 1,400,000 shares, as to which we have agreed to waive such "lock-up" during the term of the letter agreement). These restrictions on dispositions are subject to earlier termination upon the occurrence of certain events, such as the consummation of a change-of-control transaction involving us or a dissolution or liquidation of Regeneron.

Pursuant to the Amended and Restated Investor Agreement, Sanofi is bound by certain "standstill" provisions, which contractually prohibit Sanofi from seeking to directly or indirectly exert control of Regeneron or acquiring more than 30% of our Class A stock and common stock (taken together). This prohibition will remain in place until the earliest of (i) the later of the fifth anniversaries of the expiration or earlier termination of our Antibody License and Collaboration Agreement with Sanofi or our ZALTRAP® collaboration agreement with Sanofi, each as amended; (ii) our announcement recommending acceptance by our shareholders of a tender offer or exchange offer that, if consummated, would constitute a change of control involving us; (iii) the public announcement of any definitive agreement providing for a change of control involving us; (iv) the date of any issuance of shares of common stock by us that would result in another party's having more than 10% of the voting power of our outstanding Class A stock and common stock (taken together) unless such party enters into a standstill agreement containing certain terms substantially similar to the standstill obligations of Sanofi; or (v) other specified events, such as a liquidation or dissolution of Regeneron.

Effective January 7, 2018, we and Sanofi and certain of Sanofi's direct and indirect subsidiaries entered into a letter agreement in connection with (i) the increase of the development budget amount for cemiplimab set forth in the Immuno-oncology License and Collaboration Agreement and (ii) the allocation of additional funds to certain proposed activities relating to the development of dupilumab and REGN3500 and non-approval trials of dupilumab (the "Dupilumab/REGN3500 Eligible Investments"). Pursuant to the letter agreement, we have agreed, among other things, to amend the definition of "Highest Percentage Threshold" to be the lower of (i) 25% of our outstanding shares of Class A stock and common stock (taken together) and (ii) the higher of (a) Sanofi's percentage ownership of Class A stock and common stock (taken together) on the termination date of the letter agreement and (b) the highest percentage ownership Sanofi attains following such termination date of our outstanding shares of Class A stock and common stock (taken together); and to grant a limited waiver of Sanofi's obligation to maintain the then-existing Highest Percentage Threshold during the term of the letter agreement in order to allow Sanofi to satisfy in whole or in part (a) its funding obligations with respect to the cemiplimab development costs under the Immuno-oncology License and Collaboration Agreement for the quarterly periods commencing on October 1, 2017 and ending on September 30, 2020 by selling up to 800,000 shares of our common stock directly or indirectly owned by Sanofi and (b) its funding obligations with respect to the costs incurred by or on behalf of the parties to the Antibody License and Collaboration Agreement with respect to the Dupilumab/REGN3500 Eligible Investments for the quarterly periods commencing on January 1, 2018 and ending on September 30, 2020 by selling up to 600,000 shares of our common stock directly or indirectly owned by Sanofi. If Sanofi desires to sell shares of our common stock during the term of the letter agreement to satisfy a portion or all of its funding obligations for the cemiplimab development and/or

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Dupilumab/REGN3500 Eligible Investments, we may elect to purchase, in whole or in part, such shares from Sanofi. If we do not elect to purchase such shares, Sanofi may sell the applicable number of shares (subject to certain daily and quarterly limits) in one or more open-market transactions.

A more detailed description of the letter agreement with Sanofi is set forth in the 2017 Annual Report under Part I. Item 1. "Business Collaboration Agreements Collaborations with Sanofi."

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## INTRODUCTION

The Audit Committee has appointed PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2018. PricewaterhouseCoopers LLP (or its predecessor) has audited the Company's financial statements for the past 29 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 2018 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 2018 is not required by the Company's charter documents 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 2018, 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 2018 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 2018 Annual Meeting.

## INFORMATION

Aggregate fees incurred related to services provided to the Company by PricewaterhouseCoopers LLP for the years ended December 31, 2017 and 2016 were:

## ABOUT FEES PAID

TO INDEPENDENT		2017 (\$)	2016 (\$)
REGISTERED	Audit Fees	1,991,750	2,167,859
PUBLIC	Audit-Related Fees	90,000	6,371
ACCOUNTING FIRM	Tax Fees	75,000	
	All Other Fees	34,640	17,585
	<b>Total Fees</b>	<b>2,191,390</b>	<b>2,191,815</b>

**Audit Fees.** Audit fees in 2017 and 2016 were primarily 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, technical accounting consultations related to the annual audit, and reviews of the Company's quarterly financial statements included in its Form 10-Q filings.

**Audit-Related Fees.** Audit-related fees in 2017 were for professional services rendered in connection with the Company's adoption of the new revenue recognition accounting standard. Audit-related fees in 2016 were for professional services rendered for the review of a benefit plan of a non-U.S. subsidiary of the Company.

**Tax Fees.** Tax fees in 2017 were for tax planning and advisory services.

**All Other Fees.** All other fees in 2017 and 2016 were for annual subscriptions to accounting and, in 2017, also tax resources and for professional services rendered to a non-U.S. subsidiary of the Company.

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 LLP. The Audit Committee has approved a general provision of \$75,000 for accounting advisory and other permissible consulting engagements. Management is responsible for notifying the Audit Committee of the status of accounting advisory and other permissible consulting engagements at regularly scheduled Audit Committee meetings and, if the Audit Committee so determines, the general provision is replenished to \$75,000. 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 2017 and 2016.

**AUDIT  
COMMITTEE  
REPORT**

We have reviewed the audited financial statements of the Company for the year ended December 31, 2017, which are included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017, 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 by Auditing Standard No. 1301: *Communications with Audit Committees*, as adopted by the Public Company Accounting Oversight Board (the "PCAOB"), 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 PCAOB Rule 3526 (Communication with Audit Committees Concerning Independence).

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, 2017 be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 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, 2018. 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  
N. Anthony Coles, M.D.  
Arthur F. Ryan



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**SECURITY  
OWNERSHIP  
OF CERTAIN  
BENEFICIAL  
OWNERS AND  
MANAGEMENT**

The following table sets forth, as of April 12, 2018, 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 NEOs referred to below under "Executive Compensation," all directors and executive officers as a group, and each other 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, based upon (unless indicated otherwise) information obtained from such persons, and the percentage that such shares represent of the number of outstanding shares of Class A stock and common 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 SEC. 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 1,911,354 shares of Class A stock and 105,949,824 shares of common stock outstanding as of April 12, 2018, 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 ownership of common stock of such person assume the conversion on April 12, 2018 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 exercisable as of April 12, 2018 or are exercisable within sixty days after April 12, 2018 are 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.



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Name and Address of Beneficial Owner	Shares of Class A Stock Beneficially Owned <sup>1</sup>	Shares of Common Stock Beneficially Owned <sup>1</sup>	Number of Shares	Percent of Class
<b>Beneficial Owners of More than 5% of Common Stock or Class A Stock (Other than Directors and Executive Officers):</b>				
<b>Sanofi</b> 54, rue La Boetie 75008 Paris, France	23,880,537	22.5		
<b>BlackRock, Inc.</b> 55 East 52nd Street New York, New York 10055	6,011,755	5.7		
<b>FMR LLC</b> 245 Summer Street Boston, Massachusetts 02210	5,629,358	5.3		
<b>The Vanguard Group, Inc.</b> 100 Vanguard Blvd. Malvern, PA 19355	5,494,051	5.2		
<b>Directors and Executive Officers:</b>				
Leonard S. Schleifer, M.D., Ph.D.	1,726,5658	90.4	137,1949	3.8
P. Roy Vagelos, M.D.		2,561,90610		2.4
George D. Yancopoulos, M.D., Ph.D.	42,75011	22,852,22512		2.6

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N. Anthony Coles, M.D.		4,35013	28
Charles A. Baker	62,38414	3.3163,72415	28
Bonnie L. Bassler, Ph.D.		5,93116	28
Michael S. Brown, M.D.		55,68917	28
Joseph L. Goldstein, M.D.		49,09018	28
Christine A. Poon		102,66019	28
Arthur F. Ryan		64,09020	28
George L. Sing		244,61221	28
Marc Tessier-Lavigne, Ph.D.		62,80622	28
Robert E. Landry		110,30023	28
Neil Stahl, Ph.D.		511,40724	28
Daniel P. Van Plew		323,92825	28
Huda Y. Zoghbi, M.D.		5,93126	28
<b>All Directors and Executive Officers as a Group (19 persons)</b>	<b>1,831,699</b>	<b>951,567,91827</b>	<b>10.1</b>

- 1 The inclusion in this table 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 Based solely on an amendment to a Schedule 13D filed by Sanofi with the SEC on January 9, 2018. According to this amendment, 21,080,985 of the shares are held directly by sanofi-aventis Amérique du Nord and 2,799,552 of the shares are held directly by Aventisub LLC. sanofi-aventis Amérique du Nord is a direct, wholly-owned subsidiary of Sanofi. Aventisub LLC is an indirect, wholly-owned subsidiary of sanofi-aventis Amérique du Nord. Pursuant to the Amended and Restated Investor Agreement, dated as of January 11, 2014 (as amended), by and among Sanofi, sanofi-aventis US LLC, Aventis Pharmaceuticals Inc., and sanofi-aventis Amérique du Nord (collectively, the "Sanofi Parties"), and the Company, the Sanofi Parties have agreed to vote all shares of our voting securities they are entitled to vote from time to time as recommended by our board of directors, except that they may elect to vote proportionally with the votes cast by all of our other shareholders with respect to certain

change-of-control transactions and to vote in their sole discretion with respect to liquidation or dissolution of Regeneron, stock issuances equal to or exceeding 20% of the outstanding shares or voting rights of common stock and Class A stock (taken together), and new equity compensation plans or amendments if not materially consistent with our historical equity compensation practices. See "The Company Certain Relationships and Related Transactions Transactions with Related Persons Amended and Restated Investor Agreement with Sanofi; 2018 Letter Agreement" above for further information regarding the Amended and Restated Investor Agreement with Sanofi.

- 4 Based solely on an amendment to a Schedule 13G filed by BlackRock, Inc. on January 29, 2018. According to this amendment, BlackRock, Inc. has sole voting power as to 5,418,337 of the shares reported as beneficially owned and sole dispositive power as to all of the shares reported as beneficially owned.
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- 5 Based solely on an amendment to a Schedule 13G jointly filed by FMR LLC and Abigail P. Johnson on February 13, 2018. According to this amendment, FMR LLC has sole voting power as to 813,612 of the shares reported as beneficially owned and sole dispositive power as to all of the shares reported as beneficially owned. Abigail P. Johnson is a Director, the Chairman, the Chief Executive Officer, and the President of FMR LLC. Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders' voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders' voting agreement, members of the Johnson family may be deemed to form a controlling group with respect to FMR LLC. Neither FMR LLC nor Abigail P. Johnson has the sole power to vote or direct the voting of the shares owned directly by the various investment companies (the "Fidelity Funds") advised by Fidelity Management & Research Company, a wholly owned subsidiary of FMR LLC, which power resides with the Fidelity Funds' Boards of Trustees. Fidelity Management & Research Company carries out the voting of the shares under written guidelines established by the Fidelity Funds' Boards of Trustees.
- 6 Based solely on a Schedule 13G filed by The Vanguard Group, Inc. According to this filing, The Vanguard Group, Inc. has sole voting power as to 111,220, shared voting power as to 18,188, sole dispositive power as to 5,367,013, and shared dispositive power as to 127,038 of the shares reported as beneficially owned. Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 86,682 shares as a result of its serving as investment manager of collective trust accounts. Vanguard Investments Australia, Ltd., a wholly-owned subsidiary of The Vanguard Group, Inc., is the beneficial owner of 64,326 shares as a result of its serving as investment manager of Australian investment offerings.
- 7 The address for each director and executive officer is c/o Regeneron Pharmaceuticals, Inc., 777 Old Saw Mill River Road, Tarrytown, New York 10591-6707.
- 8 Includes 15,775 shares of Class A stock held in trust for the benefit of Dr. Schleifer's son, of which Dr. Schleifer is a trustee.
- 9 Includes (i) 2,133,282 shares of common stock purchasable upon the exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018; and (ii) 5,754 shares of common stock held in an account under the Company's 401(k) Savings

Plan.

- 10 Includes (i) 1,601,266 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018; (ii) 2,310 shares of common stock held in an account under the Company's 401(k) Savings Plan; (iii) 148,544 shares of common stock held in a charitable lead annuity trust, of which Dr. Vagelos is the trustee; (iv) 83,652 shares of common stock held in a trust for his grandchildren, of which Dr. Vagelos's wife is the trustee; (v) 1,203 shares of common stock held in trusts for his grandchildren, of which Dr. Vagelos and/or his wife are trustees; and (vi) 109,385 shares of common stock and 215,699 shares of common stock held by the Marianthi Foundation and the Pindaros Foundation, respectively, both of which are 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.
- 11 Of these shares, 23,367 shares are held in trust for the benefit of Dr. Yancopoulos's children and certain other family members; Dr. Yancopoulos is a trustee of the trust. The remaining 19,383 shares are held in custody for the benefit of Dr. Yancopoulos's children.
- 12 Includes (i) 1,816,080 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018; (ii) 5,728 shares of common stock held in an account under the Company's 401(k) Savings Plan; (iii) 900,000 shares held in separate grantor retained annuity trusts, of which Dr. Yancopoulos is the trustee; and (iv) 86,820 shares of common stock held in trust for the benefit of Dr. Yancopoulos's children and certain other family members, of which Dr. Yancopoulos is a trustee.
- 13 Consists of 4,350 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018.
- 14 All shares of Class A stock are held by a limited partnership, of which Mr. Baker is a general partner.
- 15 Includes 92,340 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018.
- 16 Consists of 5,931 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018.
- 17 Consists of (i) 33,840 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018; (ii) 12,349 shares of common stock held in a trust of which Dr. Brown and his spouse are trustees



for the benefit of Dr. Brown's immediate family members; (iii) 5,000 shares of common stock held in a trust of which Dr. Brown's spouse is trustee for the benefit of Dr. Brown's immediate family members; and (iv) 4,500 shares of common stock held by a family charitable foundation of which Dr. Brown is a director and an officer and his wife is a director. Dr. Brown disclaims beneficial ownership of the shares referenced in (iii) and (iv).

- 18 Includes 37,090 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018.
  - 19 Includes 101,870 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018.
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- 20 Includes 33,090 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018.
- 21 Includes (i) 92,340 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018; (ii) 3,000 shares of common stock held by Mr. Sing's spouse; (iii) 4,500 shares of common stock held by Mr. Sing's spouse as custodian for the benefit of their son; and (iv) 10,000 shares of common stock held in a trust for benefit of Mr. Sing's son.
- 22 Includes 61,619 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018.
- 23 Includes (i) 103,092 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018; (ii) 5,000 shares of restricted stock which vest on September 9, 2018; and (iii) 109 shares of common stock held in an account under the Company's 401(k) Savings Plan.
- 24 Includes (i) 466,784 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018; (ii) 6,977 shares of common stock held in separate grantor retained annuity trusts of which Dr. Stahl is the trustee; and (iii) 5,673 shares of common stock held in an account under the Company's 401(k) Savings Plan.
- 25 Includes (i) 301,814 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron

Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018; (ii) 6,043 shares of common stock held in a grantor retained annuity trust of which Mr. Van Plew is the trustee; and (iii) 1,488 shares of common stock held in an account under the Company's 401(k) Savings Plan.

- 26 Consists of 5,931 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018.
- 27 Includes (i) 7,179,796 shares of common stock purchasable upon exercise of options granted pursuant to the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan, the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, or the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan that are exercisable or become so within sixty days after April 12, 2018; (ii) 7,500 shares of unvested restricted stock; and (iii) 22,605 shares of common stock held in an account under the Company's 401(k) Savings Plan.
- 28 Represents less than 1%.

## SHAREHOLDER COMMUNICATIONS

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 a particular committee of the board, at 777 Old Saw Mill River Road, Tarrytown, New York 10591-6707, 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.



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## REGENERON'S GENERAL APPROACH TO COMPENSATION

### **Our Company Mission and Business Model Sustainable Growth through Innovation**

To understand the compensation of our "Named Executive Officers" or "NEOs,"<sup>2</sup> it is important to consider our general approach to compensation and to appreciate how integral our pay practices are to our mission, strategy, and business model. As a science-driven company, we have set out to create an environment where the highest-quality fundamental drug research thrives and where highly committed teams of the best and the brightest can discover, develop, and commercialize new medicines for unmet medical needs.

Our mission is to use the power of science to bring new medicines to patients over and over again. Our long-term commitment to science and innovation has shaped our approach to compensation. Regeneron's compensation program is designed to sustain our business model and drive our product pipeline. This design at times requires departing from what could be viewed as the typical market practice.

### **Our Compensation Philosophy Reward All Employees for Value Creation**

Our compensation supports our core strategy to create and advance a high-quality, internally-developed product pipeline. The pipeline is directly created by our talented employees, and their engagement and commitment represent a key driver of pipeline success.

This is why **our equity program is focused on ALL employees**. We award equity-based pay to all full-time employees to ensure that when we deliver for patients and for shareholders, everyone shares in the potential upside growth. In addition to a comprehensive annual stock option program covering all levels of employees, we award stock options in the form of initial grants to all new hires. Last year, over 90% of the equity grants were made to our employees who were not NEOs.

We use stock options because they only reward increasing shareholder value over multiple years (consistent with the drug-discovery/development cycle), would be difficult to manipulate by "managing to metrics," and are easy to understand. Many companies rely primarily on full-value equity awards (such as performance stock units or restricted shares) that provide value to employees even when shareholders get mediocre returns or actually lose value. Our options-based program does not provide value unless there is a positive shareholder return.

We try to avoid compensation that our employees would perceive to be unfair because we depend on the quality of their work to drive performance. The broad-based option grant program ensures that all employees can share in our future potential in the same way as executives. In addition, by having our board of directors and senior management heavily populated with top-science talent, we signal to employees our seriousness about the Company's core competencies and primary value driver. And by

utilizing a merit-based system, we offer all employees the potential to increase their compensation through their individual performance and promotions.

- 1 In this section, "we," "us," and "our" refer to the Company and, where applicable, to the Compensation Committee of the Company's Board of Directors.
  - 2 These are determined in accordance with SEC rules, and for this year consist of our President and Chief Executive Officer ("CEO"); President and Chief Scientific Officer ("CSO"); Senior Vice President, Finance and Chief Financial Officer ("CFO"); and our two other highest-paid executives for 2017, our Executive Vice President, Research & Development and our Executive Vice President and General Manager, Industrial Operations and Product Supply.
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### **Our Company Culture**

Our compensation model has been instrumental in furthering a culture of loyal and motivated employees with an entrepreneurial spirit. In each of the last five years, our attrition rate was less than half the industry average. For example, our 2017 turnover rate was 7.8% compared to an industry average of 18.3%,<sup>3</sup> with turnover of our scientists ranking among the lowest of all employee groups. We continued to retain employees well above the industry average and to attract new talent, even though our stock price declined in 2016 and remained relatively flat year-over-year in 2017.

Stability and consistency have been important not only to our compensation model, but also our governance. We are led by the longest-serving founder CEO in the S&P 500. He, and our exceptionally stable management and scientific teams, have been the stewards of our long-term focus, and we believe that they are part of the formula for our success.

We also believe that our compensation model has helped us avoid creating a culture where managers overly focus on short-term metrics, which could encourage decision-making that is not in the best interest of the long-term sustainability of our Company and our reputation. The emphasis on the long-term is a core Company belief, consistent with our history of growing through innovation and through a pipeline of internally developed medicines, rather than through price increases. In fact, **Regeneron has never increased the price of any of its drugs, all of which were discovered and developed internally.**

Further, many of our employees effectively invest in Regeneron's future by holding their option awards long after they vest and could be exercised for a gain. We think this exemplifies our employees' belief in our future and the long-term ownership culture that we have created with our compensation program. Similarly, our CEO and CSO have generally held their vested, in-the-money option awards until nearly the end of the full 10-year option term.

### **Our Performance**

Our compensation program underpins our strategy of delivering sustainable, long-term growth through continued innovation. We believe the success of our compensation program and our performance are best judged on a long-term basis. We think this approach is particularly appropriate because it allows investors to assess our pipeline progress and financial performance in the relevant context.

Over the last five years, we delivered on our strategic plan and made great strides as we brought important new medicines to the market; obtained regulatory approval for several new indications of our flagship drug, EYLEA® (aflibercept) Injection; advanced multiple new product candidates into clinical development; grew revenue and earnings; started to diversify our revenue stream; and strengthened our balance sheet. Operational performance highlights from this period include:

*New EYLEA Indications.* We obtained U.S. Food and Drug Administration ("FDA") approval for three additional EYLEA indications (diabetic macular edema ("DME"), macular edema following branch retinal vein occlusion, and diabetic retinopathy in patients with DME), and grew EYLEA net product sales in the United States by 163%, to \$3.7 billion.

- 3 Industry average is based on the Radford U.S. Life Sciences Trends Report for the relevant year.
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*Newly Approved Treatments.* We brought three important, novel treatments to patients PRALUENT® (alirocumab) Injection, KEVZARA® (sarilumab) Injection, and DUPIXENT® (dupilumab) Injection each of which was both discovered and developed by Regeneron, and took important steps toward greater diversification of our revenues. In particular, the launch of DUPIXENT has compared favorably to other recent launches of antibody-based products targeting dermatological conditions, with DUPIXENT generating \$256 million of global net product sales in the nine months it was on the market in 2017.<sup>4</sup>

*Pipeline Progress.* We completed 57 clinical trials, including 16 pivotal studies, and advanced 12 product candidates into clinical development.

*Revenue Increase.* Our progress with expanding our portfolio of internally discovered and developed marketed products translated into an increase in our revenues by 179%, to \$5.9 billion. We achieved this organic growth without increasing the price of our products.

*New Income Growth.* We increased our profitability as our net income grew by 190%, to \$1.2 billion, and our diluted earnings per share increased by 178%, to \$10.34.

*Strengthening Our Financial Condition.* Our cash, cash equivalents, and marketable securities grew by 167%, to \$2.9 billion, and we solidified our financial condition by repaying all of our outstanding convertible senior notes and purchasing outstanding warrants we issued as part of a 2011 financing transaction.

*Deployment of Capital to R&D.* Over the last five years, we deployed an aggregate of \$7.9 billion to research and development, excluding the additional \$3.6 billion deployed to our R&D projects directly by our collaborators over this period. Importantly, our R&D spend was focused on organic growth, not growth through acquisitions.

*Human Genetics Initiative.* We launched Regeneron Genetics Center® (the "RGC"), our human genetics initiative, the objective of which is to expand the use of human genetics for discovering and validating genetic factors that cause or influence a range of diseases where there are major unmet medical needs. Since its founding, the RGC has entered into a number of important collaborations, including those with the Geisinger Health System of Pennsylvania and the UK Biobank, and had sequenced over 250,000 exomes (the portions of a genome that code information for protein synthesis) as of December 31, 2017.

*Company Recognition.* We were recognized four times as the No. 1 employer in the global biopharmaceutical industry by *Science* magazine, named four times as one of the "100 Best Companies to Work For" by *FORTUNE* magazine, and named five times as one of the world's top 10 Most Innovative Companies by *Forbes*.

- 4 Launch comparison is based on the number of total weekly prescriptions in the first nine months after launch. DUPIXENT global net product sales are recorded by our collaborator, Sanofi, and we and Sanofi share profits and losses from such sales.
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As shown below, over the last five years, our financial growth has been driven primarily by the increase in the number of EYLEA indications and the growth of our EYLEA franchise.

**5-Year Change in Operational Performance**

In this period, our stock outperformed the S&P 500 index, but, despite progress in many key areas of our business as described above, underperformed the S&P Biotechnology Select Industry Index.

**Regeneron 5-Year TSR vs. S&P Indices**

TSR data reflect total returns (stock price appreciation and, if applicable, reinvested dividends).

### **Managing Dilution**

In the last five years, the number of our employees more than tripled and we created over 4,200 new full-time jobs. We are aware of the impact of the growing employee population on our equity program, which is why we have reduced the number of options granted per employee, including our CEO, by approximately 50% over the last five years. This allowed us to maintain nearly the same annual burn rate without sacrificing our core business principle of all-employee equity participation. Consistent with our all-employee equity award strategy, over 90% of the equity grants in 2017 were made to our employees who were not NEOs.

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The steadiness of our recent overall burn rate (*i.e.*, the burn rate resulting from all equity awards made in a particular year) despite increasing headcount and maintaining a program with full employee participation is shown below:

**Regeneron Stock Utilization vs. Headcount**

Burn rate calculated by dividing the number of shares subject to equity awards (time-based and performance-based stock options and restricted stock) granted during the year by the weighted-average number of shares of common stock (including unvested restricted stock) and Class A stock outstanding during the year. A multiplier of 2 is applied to restricted stock awards. Headcount numbers based on the number of employees as of December 31 of the applicable year.

**CEO Pay**

The vast majority (95%) of our CEO's direct pay<sup>5</sup> is "at risk." This has been a consistent feature of our CEO compensation structure, and the at-risk portion of our CEO pay is significantly greater than the average percentage of at-risk compensation for CEOs and other NEOs in our industry. The high level of at-risk pay also means that we pay well for excellent performance. Options have no value if shareholders do not benefit, so **realizable compensation under our pay program is a sign of positive shareholder return.**

CEO total direct compensation declined by 8% in 2017, with equity grant date fair value that was 11% lower and 5% fewer options than in 2016. Looking at our CEO pay and performance from a longer-term perspective, while our total shareholder return increased by 120% over the last five years, our CEO's total direct compensation declined by 14% during that period. Importantly, in line with our dilution-based approach to setting equity compensation, we did not attempt to make up any decline of our stock price in any of these years by granting our CEO a greater number of options to reach a target "value." To the contrary, we have been steadily decreasing the number of his options in the last five years (by 15% versus the prior year in each of 2013, 2014, 2015, and 2016 and by 5% in 2017), just like the grants to our other employees, in order to manage our overall burn rate.

**5-Year Change in CEO Total Direct Compensation vs. Total Shareholder Return**

OUR  
SHAREHOLDER  
RETURNS HAVE  
OUTPACED  
OUR  
CEO PAY

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"CEO total direct compensation" means total compensation as reported in the Summary Compensation Table in the applicable proxy statement (other than amounts reported as "All other compensation").

- 5 We define "direct pay" or "direct compensation" as total compensation as reported in the Summary Compensation Table in the applicable proxy statement, other than the amounts reported as "All other compensation."



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**Shareholder Feedback**

While we believe our compensation model is the right one for our Company at this time and is supported by our long-term performance, **we actively seek your input on compensation and governance matters and are always open to new ideas.** We have instituted a robust shareholder outreach program. Last year, we engaged in direct one-on-one discussions with shareholders collectively representing approximately 53% of the shares of common stock outstanding as of December 31, 2017 (excluding shares held by our directors and executive officers and Sanofi). We encourage director participation as part of our shareholder engagement, and the Compensation Committee Chair has been involved in our outreach. See the subsection "Our Compensation Processes Shareholder Input and Outreach" below for additional information.

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## OUR COMPENSATION PHILOSOPHY AND OBJECTIVES

We consider the following seven objectives when determining compensation of our NEOs and other executives:

1. Driving innovation through our ownership culture while balancing the dilutive impact of equity grants
2. Design simplicity, long-term orientation, and avoidance of too much emphasis on short-term metrics
3. At-risk, performance-based pay at all levels, with increased performance accountability as responsibility increases
4. Year-over-year consistency in making compensation decisions
5. Aligning our executive compensation with shareholder interests by linking compensation to the core elements of our long-term performance
6. Using independent sources of expertise and comparative data to inform our decision-making
- 7.

Assessing our compensation objectives in light of measurable results

**1. Driving innovation through our ownership culture while balancing the dilutive impact of equity grants**

We focus on the number of shares underlying option awards as a percentage of basic shares of common stock outstanding when making decisions on equity-based pay for our NEOs. We believe this dilution-based approach allows us to evaluate stock option grants on a consistent basis year-over-year, without regard to fluctuations in the share price, and is aligned more closely with shareholder interests. We also believe this approach allows for a more meaningful comparison to industry peers.

The 2017 CEO option grant as a percent of basic shares outstanding was below the 75<sup>th</sup> percentile of the market composite data prepared by Radford from the 2017 Radford Global Life Sciences Survey (comprising U.S. public biotechnology and pharmaceutical companies that have between 1,500 and 20,000 employees) and our Peer Group data<sup>6</sup> (we refer to the composite data below as the "Market Composite Data").

**CEO Grant as a Percentage of Basic Shares Outstanding**

Based on 2017 stock option award information reported in the Summary Compensation Table included in this proxy statement for Regeneron and on the Market Composite Data.

**6** See the subsection "Our Compensation Processes Peer Data" below for a list of the companies included in our Peer Group.

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Focusing on the number of shares, rather than targeting a specific grant date fair value, avoids rewarding executives with larger grant sizes following a decline in stock price. As an example, when our stock price declined on a year-over-year basis in 2016, we did not make up this decline by granting a greater number of options to our CEO or other NEOs, and our CEO's 2016 total direct pay was over 40% lower than in 2015. In 2017, when our stock price remained relatively flat compared to the prior year, we continued with reductions in our CEO's stock option awards; the number of shares underlying his award was reduced by 5%, contributing to an 11% reduction in grant date fair value and an overall **8% reduction in our CEO's total direct compensation compared to 2016.**

**Our CEO's annual stock option awards have steadily declined as a percentage of the applicable number of outstanding shares of Regeneron capital stock, from 0.291% in 2012 to 0.130% in 2017.**

**CEO Annual Stock Option Award**

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Share percentages are based on 96.6 million, 99.4 million, 101.7 million, 104.1 million, 105.5 million, and 107.4 million shares (in each

case consisting of common stock and Class A stock) outstanding as of October 12, 2012, October 28, 2013, October 16, 2014, October 16, 2015, October 20, 2016, and October 20, 2017, respectively, as reported in Regeneron's Quarterly Report on Form 10-Q for the third quarter of the applicable year.

**2. Design simplicity, long-term orientation, and avoidance of too much emphasis on short-term metrics**

We generally rely on stock option grants for our equity-based pay of our NEOs because they are simple, pay nothing if shareholders fail to benefit, are in sync with the time required for discovery, development, and commercialization of novel therapies, and would be difficult to "game," unlike some pre-set short-term performance goals.

We believe that our long-term performance and our robust pipeline are evidence of providing our NEOs and other employees with the right incentives. Over the last five years, Regeneron delivered stock price appreciation of 120%. Tying compensation to long-term, Company-wide success has enabled us to avoid using short-term metrics that may encourage decision-making that is not in the best interest of the long-term sustainability of our Company and our reputation. Options support our strategy of driving value creation through innovation, our pipeline, and demand for our products.

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**3. At-risk, performance-based pay at all levels, with increased performance accountability as responsibility increases**

All of our NEOs' direct pay, except for base salary, is "at risk." At-risk pay comprised 95% of our CEO's direct pay and an average of 92% of our other NEOs' direct pay in 2017 (the breakdown was similar in recent prior years). This is significantly higher than the average percentage of at-risk compensation for NEOs in our industry. The charts below show this by comparing the pay mix for our CEO to the average CEO pay in our industry.<sup>7</sup>

"Equity" (shown as part of the inner circle in the charts) reflects the grant date fair value of equity awards; and "STIP" (shown as part of the inner circle in the charts) consists of bonus and/or other applicable compensation provided under short-term, non-equity incentive plans. "Long-term" compensation (shown as part of the middle circle in the charts) consists of equity; and "short-term" compensation (shown as part of the middle circle in the charts) consists of base salary and STIP. "At-risk" compensation (shown as part of the outer circle in the charts) consists of STIP and equity. Total compensation amounts reflect direct compensation (total reported compensation, other than amounts reported as

**Regeneron CEO Pay Mix**

**Market Composite Average CEO Pay Mix**

"All other compensation").

**4. Year-over-year consistency in making compensation decisions**

Regeneron has strived to steer clear of one-off compensation payments and pay plans that frequently change. In line with this approach, the design and application of our compensation plans (including our reliance on stock options as a long-term employee incentive) relating to our NEOs have been remarkably consistent since the Company's inception. Our decision-making process for setting NEO compensation (including their annual salaries, year-end cash incentives, and stock option awards) has been similarly consistent in recent years. See the subsection "Our Compensation Processes" below for further information regarding our compensation decision-making.

**5. Aligning our executive compensation with shareholder interests by linking compensation to the core elements of our long-term performance**

Our NEOs receive no reward from their equity-based pay if shareholders do not benefit, which results in a complete alignment of such compensation with shareholder interests. This is in contrast to plans based on full-value equity awards, such as time-based restricted shares, that may transfer value on occasions when shareholders lose money. We also link our NEOs' and other executives' pay to their decisions that affect our performance by incorporating an assessment of the caliber of our drug development pipeline into our compensation decisions.

7 Industry information is based on the Market Composite Data referenced above.

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**6. Using independent sources of expertise and comparative data to inform our decision-making**

The Compensation Committee retains its independent compensation consultant, Frederic W. Cook & Co., to perform projects at its direction and to provide professional expertise. We also use data compiled by management's consultant, Radford. Comparative compensation data are used to review each component of our NEOs' compensation against the Peer Group as well as their total annual compensation in relation to the Peer Group, while taking into account various factors such as the executive's performance, past compensation history, experience, and the role in the Company's success. We also look at survey data for companies in our area, in our industry, and in our size range to inform our compensation deliberations.

We use Peer Group data as a point of reference, but Peer Group data do not represent the only factor considered and we do not peg compensation to a specific percentile of our Peer Group. We also consider the practices of our "Biotech R&D Peers" the 10-company sub-group of peers viewed as having businesses and drug discovery and development cultures that are most similar to Regeneron's, with similarly-sized employee bases. See the subsection "Our Compensation Processes Peer Data" below for additional information.

The Compensation Committee's consultant does not perform any other services for the Company (other than those provided to the Corporate Governance and Compliance Committee with respect to non-employee director compensation matters, as discussed under "Board of Directors Compensation of Directors" above) and has been determined by the Committee to be independent.

**7. Assessing our compensation objectives in light of measurable results**

As a science-focused company, we believe in assessing our compensation philosophy and objectives, as they relate to our NEOs and other employees, in light of measurable results. We periodically review our compensation program and have an open discussion about our approach to compensation and approaches utilized by other companies in our industry.



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COMPONENTS OF NAMED EXECUTIVE OFFICER PAY AND REASONS FOR USING THEM:  
WHAT WE PAY AND WHY WE PAY IT

OUR NEO COMPENSATION HAS FIVE COMPONENTS

WE USE THESE FIVE PAY

COMPENSATION COMPONENTS

COMPONENTS TO ACHIEVE THE FOLLOWING SIX OBJECTIVES:

Annual Base Salary  
Annual Cash Bonus  
Annual Incentive Award  
Personal Benefits  
Retention Payments  
Perquisites  
Stock Options  
Potential Termination Payments

Objective

Attract and retain top talent

• • • • •

Provide stability and manage risk

• •

- Reward annual performance •
  - Balance immediate focus with pursuit of sustainable long-term performance • •
  - Align our employees' interests with those of shareholders and reward exceptional performance • •
  - Promote a culture of scientific innovation, teamwork, and ethical behavior • • • • •
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SALARY**

The base salary component of NEO pay generally comprises a steadily smaller percentage of overall compensation as executives' level of responsibility rises.

All of our NEOs' direct pay, except for base salary, is performance-dependent. We do this to align these senior executives' at-risk pay with their levels of authority and with shareholders' interests.

Like many companies, we consider factors including the executive's scope of responsibilities, experience, annual performance, and future potential when setting base salaries. We also consider base salaries of comparable positions in the region, among our peers, and in the broader biopharmaceutical industry. Finally, while there is no target benchmark level for salaries, we obtain data and compensation expertise from compensation consultants and other independent sources. See the subsections "Our Compensation Processes Independent Compensation Consultant" and "Our Compensation Processes Peer Data" for further information.

A chart of our NEOs' base salaries follows.

<b>Named Executive Officer</b>	<b>2017 Base Salary (\$)</b>	<b>2018 Base Salary (\$)</b>	<b>Year-over-Year Change (%)</b>
Leonard S. Schleifer, M.D., Ph.D.	1,285,500	1,330,500	3.501
George D. Yancopoulos, M.D., Ph.D.	1,092,700	1,130,900	3.501
Robert E. Landry	618,000	680,000	10.032
Neil Stahl, Ph.D.	641,000	663,400	3.501
Daniel P. Van Plew	560,000	660,000	17.863

<sup>1</sup> Merit increases consistent with those for other employees.

<sup>2</sup>

Reflects a \$40,400 base salary adjustment to ensure greater competitiveness and alignment with relevant market metrics of the base salary paid to Mr. Landry, as well as Mr. Landry's expanded responsibilities of managing Regeneron's increasingly more complex global finance function.

- 3 Reflects a \$80,400 base salary adjustment in recognition of the increased importance to Regeneron's business, growth in the number of employees, and strong and reliable performance of the Company's Industrial Operations and Product Supply organization, including significant expansion of commercial and clinical manufacturing.

## ANNUAL CASH INCENTIVE

Our NEOs are eligible for cash incentives based on annual performance. We use these annual incentive opportunities to reward short-term achievements and milestones towards our long-term goals.

We focus on our overall corporate performance to determine the cash incentives of our CEO and our CSO. Our other NEOs' cash incentives are assessed on both our overall corporate performance and on their individual contributions to it.

Assessment of the contributions made to our product pipeline is a key factor considered for calculating the Company performance multiplier because the pipeline is so critical to our strategy. Measuring progress towards realizing the pipeline's full long-term potential includes, in addition to objective short-term measures, some subjective assessment of the quality of achievement. We believe this approach to be preferable to using a rigid formula that could drive short-term actions that sacrifice lasting shareholder value or may not be in the best interest of patients, such as limiting R&D expenditures.

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However, using some degree of subjectivity in assessing the annual progress made within the product pipeline does not imply a lack of concrete performance considerations. For 2017, the Compensation Committee set the Company performance multiplier at 1.6, from a possible range of 0 to 2.0. The key factors that drove the Compensation Committee's decision included the following:

**1. Regulatory Approvals for New Products**

We received FDA and European Commission approvals for (1) DUPIXENT for the treatment of adults with moderate-to-severe atopic dermatitis and (2) KEVZARA for the treatment of adult patients with moderately to severely active rheumatoid arthritis. We were just one of three companies to have had more than one novel treatment approved by the FDA in 2017.

**2. Support of Further Commercialization of Marketed Products**

We submitted to the FDA the supplemental Biologics License Application (sBLA) for a 12-week dosing interval of EYLEA in patients with neovascular age-related macular degeneration.

A Phase 3 study of EYLEA for the treatment of non-proliferative diabetic retinopathy in patients without DME completed enrollment.

We reported positive results from Phase 3 studies of dupilumab for the treatment of asthma. A Phase 3 study in pediatric patients was also initiated.

Phase 3 studies of dupilumab in adolescent and pediatric patients with atopic dermatitis were initiated.

Two phase 3 studies of dupilumab in nasal polyps completed enrollment.

We reported positive results in the Phase 2 study of dupilumab in eosinophilic esophagitis.

**3. Late-Stage Clinical Programs**

We reported positive top-line results from a pivotal Phase 2 study of cemiplimab in advanced cutaneous squamous cell carcinoma ("CSCC"). The FDA granted Breakthrough Therapy designation to cemiplimab for the treatment of adults with metastatic CSCC and adults with locally advanced and unresectable CSCC. A Phase 3 study as a first-line treatment for non-small cell lung cancer and a Phase 3 study in cervical cancer were initiated. A potentially pivotal Phase 2 study in basal cell carcinoma was also initiated.

Phase 3 efficacy studies of fasinumab in osteoarthritis of the knee or hip were initiated, while the Phase 3 long-term safety study in osteoarthritis continued patient enrollment. A Phase 3 study in chronic low back pain in patients with concomitant osteoarthritis of the knee and hip was also initiated.

We reported negative data from our Phase 3 study of suptavumab in respiratory syncytial virus.

Although the therapy showed signs of activity in one patient population, it failed to meet the primary endpoint. We have discontinued further development of suptavumab.

**4. Earlier-Stage Clinical Programs and Advancement of New Product Candidates into Clinical Development**

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The FDA granted Breakthrough Therapy designation for evinacumab for the treatment of hypercholesterolemia in patients with homozygous familial hypercholesterolemia.

We advanced one new product candidate (REGN3918) into Phase 1 clinical development.

Our two Phase 2 studies of the angiotensin II receptor antagonist nespivacumab added to EYLEA did not provide sufficient differentiation to warrant Phase 3 development.

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Table of Contents**5. Growth and Delivery of the Company's Industrial Operations and Product Supply Organization**

Continued strong and reliable product-supply performance in support of Regeneron's growing demands despite supply-chain complexities.

Successfully launched and supplied the uptake of two newly marketed products.

Successfully completed all regulatory audits, and obtained FDA regulatory approval relating to our Raheen facility.

**6. Financial Performance**

Significant year-over-year revenue growth, which amounted to 21%, with \$5.9 billion of revenues generated for the year ended December 31, 2017.

Estimated non-GAAP net income and diluted non-GAAP EPS growth for 2017 significantly in excess of the Board-approved financial plan (excluding the impact of the Tax Cuts and Jobs Act enacted in December 2017).

In determining the level of 2017 cash incentives earned as described below, we analyzed the NEOs' respective target cash incentive amounts and individual performance in 2017. To determine the cash incentive amount awarded to each NEO, we applied the Company performance multiplier based on the Company's achievement of 2017 objectives; and, for the three NEOs who also have a personal performance component, we applied a personal performance multiplier. For the three NEOs with a personal performance component, the personal performance component had a 40% weighting and the Company performance component had a 60% weighting. With respect to each NEO, the 2017 target cash incentive opportunity (shown as "Cash Incentive Target" in the table below) remained the same as in 2016. For the explanation of individual factors considered in the cash incentive decisions, see the subsection "Compensation Dashboard Additional Compensation Information Annual Cash Incentive."

The information regarding the 2017 cash incentive awards we made to our NEOs is summarized in this chart:

<b>Named Executive Officer</b>	<b>2017 Base Salary (\$)</b>	<b>Cash Incentive Target (as percentage of base salary)</b>	<b>Personal Performance Multiplier</b>	<b>Company Performance Multiplier</b>	<b>Total Cash Incentive (\$)</b>
Leonard S. Schleifer, M.D., Ph.D.	1,285,500	120%	n/a	1.6	2,468,160
George D. Yancopoulos, M.D., Ph.D.	1,092,700	120%	n/a	1.6	2,097,984

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Robert E. Landry	618,000	50%	1.5	1.6	482,040
Neil Stahl, Ph.D.	641,000	60%	1.5	1.6	599,976
Daniel P. Van Plew	560,000	60%	1.5	1.6	524,160

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**ANNUAL  
EQUITY-  
BASED  
AWARDS**

**Sustainable performance parameters**

The majority of our NEOs' pay is designed to reward delivery of sustainable long-term value creation, which we believe is created by focusing on discovering, developing, and commercializing new medicines. Our compensation plan is intended to reward this long-term performance simply, using stock options and giving effect to the following considerations:

All of our NEOs' direct pay except base salary is "at risk."

Our NEOs' options grants are performance-based because we determine the award size based on corporate and/or individual performance assessments, and then the award only delivers value if we deliver stock price appreciation for shareholders after grant.

Our employee stock option grants have ten-year terms and four-year vesting provisions (generally requiring our employees, including our NEOs, to remain employed for four years in order for all options to vest<sup>8</sup>) to align with long-term value creation and the development cycle of our products.

We require NEOs to retain a significant amount of equity within five years of their employment with Regeneron:

Our CEO and CSO must own shares with a value at least 6-times their respective base salaries.

Our other NEOs must own shares with a value at least 2-times their base salaries.

We have a recoupment (clawback) policy that enables us to reduce or recoup incentive compensation for compliance violations by NEOs and other covered officers and employees; importantly, the policy covers both financial and non-financial violations.

We prohibit our NEOs from hedging or pledging Regeneron securities they hold.

#### Annual stock option awards

**Option grants are performance-based.** Stock options are the only form of annual equity award granted to NEOs because they are inherently performance-based, requiring stock price appreciation before there is any real value earned, while remaining simple. Factors considered in establishing 2017 NEO grants included:

Our assessment of performance against the goals the Committee establishes for the CEO and the goals the Committee and the CEO establish for the other NEOs.

Our assessment of Regeneron's corporate accomplishments for the relevant year, particularly as they relate to our product pipeline.

Our evaluation of the awards as a percentage of the total basic shares outstanding compared to Peer Group and survey data. This enables us to evaluate grants on a consistent basis regardless of stock price fluctuations of our or our Peer Group's stock prices. Focusing on the number of shares also avoids an outcome where NEOs are provided larger grants following stock price declines or penalizing high performance with smaller grants.

Our evaluation of each NEO's grant history.

- 8 In the case of our CEO, this is subject to the terms of his employment agreement. See the subsection "Compensation Dashboard 2017 Compensation Tables Post-Employment Compensation Leonard S. Schleifer, M.D., Ph.D. Employment Agreement."

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The number of stock options granted in 2017 to our NEOs was 5% lower compared to the 2016 awards and had a grant date fair value 11% lower than in 2016 (other than with respect to the awards to Dr. Stahl and Mr. Van Plew, as described below).

<b>Named Executive Officer</b>	<b>Stock Option Award<sup>1</sup> (#)</b>	<b>Year-over-Year Change in Shares Underlying Option Award (%)</b>	<b>Year-over-Year Change in Grant Date Fair Value (%)</b>	<b>Change in Shares Underlying Option Award Compared to 2012 (%)</b>
Leonard S. Schleifer, M.D., Ph.D.	139,474	-5%	-11%	-50%
George D. Yancopoulos, M.D., Ph.D.	139,474	-5%	-11%	-42%
Robert E. Landry	23,337	-5%	-11%	N/A <sup>2</sup>
Neil Stahl, Ph.D.	50,000	-14% <sup>3</sup>	-20%	-56%
Daniel P. Van Plew	50,000	47% <sup>4</sup>	38%	-33%

- 1 These stock options all have an exercise price of \$378.98 per share, the average of the high and low sales price per share of our common stock as quoted on the NASDAQ Global Select Market on the date of grant. All of these grants consist of non-qualified stock options, which vest ratably over a period of four years. Except as set forth below in the subsection "Compensation Dashboard 2017 Compensation Tables Post-Employment Compensation," stock option vesting ceases, and unvested stock options are forfeited, upon termination of employment.
- 2 Mr. Landry was hired in 2013.
- 3 This adjustment reflects a realignment of responsibilities within the Company's research and development function.
- 4 This adjustment takes into account the increased importance to Regeneron's business, growth in the number of employees, and strong and reliable performance of the Company's Industrial Operations and Product Supply organization, including successful completion of all regulatory

audits in 2017 and significant expansion of commercial and clinical manufacturing.

## PERQUISITES AND PERSONAL BENEFITS

Similar to other employees, our NEOs may participate in Company-wide health, disability, life insurance, and other benefit plans, as well as our 401(k) Savings Plan. See details concerning the 401(k) Savings Plan in the subsection "Compensation Dashboard Additional Compensation Information Perquisites and Personal Benefits." Our NEOs are eligible to receive a limited number of additional perquisites. These include financial and tax planning assistance, which are taxable benefits.

In addition, our CEO is entitled to life insurance, long-term disability, medical malpractice insurance premiums, and additional tax and financial planning services pursuant to his employment agreement. These are described in footnote 4 to the Summary Compensation Table.

Our CEO and CSO are also eligible for various benefits under our Company security policy whose primary purpose is to ensure increased efficiencies and to provide a more secure environment for them. These include personal air transportation up to \$250,000 annually, as well as personal secure car transportation for them and their family members and guests when they accompany them.

In 2017, we paid a \$280,000 filing fee relating to the Hart-Scott-Rodino filing for our CEO, as well as a related tax "gross-up."

Additional information regarding perquisites and other personal benefits provided to our NEOs in, or with respect to, 2017 is given in the applicable footnotes to the Summary Compensation Table and in the subsection "Compensation Dashboard Additional Compensation Information Perquisites and Personal Benefits."

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## POTENTIAL SEVERANCE PAYMENTS

We believe the following three points are key to understanding our change-in-control severance provisions:

Outstanding stock option agreements and restricted stock award agreements (with the exceptions and qualifications described in this section) for all employees other than Dr. Vagelos include a governance best-practice "**double trigger**" provision for the acceleration of vesting of unvested stock options or restricted stock upon a without-cause termination by the Company within two years of a change in control.

We have a **policy against excise tax gross-up provisions** for payments contingent on a change in control of Regeneron in contracts, compensatory plans, and other arrangement with the Company's officers (including NEOs) with the exception of the CEO under his existing employment agreement or amendments to it.

Regeneron has **no pension, deferred compensation, or retirement plans** other than our 401(k) Savings Plan described above.

For additional details, see the subsection "Compensation Dashboard Additional Compensation Information Potential Severance Payments."

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## OUR COMPENSATION PROCESSES

### OUR COMPENSATION COMMITTEE

The Compensation Committee is responsible for overseeing the Company's general compensation objectives and programs. The Compensation Committee evaluates the performance of our NEOs and approves their compensation in the case of the CEO, subject to approval of the non-employee members of the board of directors. The Compensation Committee operates under a written charter adopted by the board of directors and regularly reviews and reassesses the adequacy of its charter. A copy of the current charter is available on our website at [www.regeneron.com](http://www.regeneron.com) under the "Corporate Governance" heading on the "Investors & Media" page.

Annual salaries for the following year and year-end cash incentives and stock option awards or other year-end equity awards for all employees are determined in December of each year based on Company and individual performance, as well as other factors, which may include compensation trends among our Peer Group and in the biotechnology industry in general. With respect to our CEO, this process is formalized in the Compensation Committee's charter, which specifies that the Compensation Committee is to annually present the proposed annual compensation of the CEO to the non-employee members of the board of directors for approval.

We make our annual stock option awards on a regular, pre-set schedule. The meetings at which such grants are approved are generally scheduled well in advance of the grant date, without regard to the timing of earnings or other major announcements. We generally grant annual stock option awards to eligible employees whose performance is determined to merit an annual grant, including the NEOs, at a meeting held during December.

Pursuant to the terms of the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, stock option awards are granted with an exercise price equal to the average of the high and low sales price per share of our common stock as quoted on the NASDAQ Global Select Market on the date of the grant or, if such date is not a trading day, on the last preceding date on which there was a sale of our common stock on the NASDAQ Global Select Market.

We periodically evaluate the personal benefits and perquisites afforded to our NEOs. The Compensation Committee also regularly meets in executive session to discuss any of the matters that fall within its responsibilities.

### MANAGEMENT

Members of our senior management play a role in the overall executive compensation process and assess performance of other officers. They also recommend for the Compensation Committee's approval the salary, cash incentive, and stock option grant budgets for non-officers and make specific recommendations for salary increases, cash incentives, and equity award grants for other officers. For our NEOs (other than our CEO),

recommendations to the Compensation Committee regarding their compensation are made by, or with the approval of, our CEO, who also evaluates their performance. Our CEO's performance is evaluated directly by the Compensation Committee based on the Company's overall corporate performance against annual goals that are approved by the board of directors at the beginning of each year, as discussed above.

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## SHAREHOLDER INPUT AND OUTREACH

We believe in casting a broad net for information to help us do our jobs well. We start by recruiting a board that we believe stands out among both industry peers and companies in general as exceptional for its talent, especially the science talent relevant to our core competencies. We place particular importance on reaching out to our shareholders for ideas, input, and honest feedback. We do this formally through our say-on-pay votes, and informally through regular investor relations channels, governance engagements, meetings with stakeholders focused on environmental and social issues, and informal exchanges in other settings.

**Say-on-pay vote.** Our shareholders are provided with an opportunity to cast a non-binding, advisory vote every three years on our executive compensation program. Our most recent advisory say-on-pay vote was held at our 2017 annual shareholder meeting, at which this advisory proposal was approved by 67% of the votes cast. As has been the case with previous say-on-pay votes, management and the Compensation Committee carefully considered the results of this say-on-pay vote and subsequently solicited further feedback from our key shareholders on compensation and governance matters. In the last several years, following our two most recent advisory say-on-pay votes, we implemented several changes to our executive compensation program and continued the implementation of our existing compensation and governance initiatives. These and other recent changes are summarized in the table below.

**Shareholder outreach.** In addition to the more formal input of the say-on-pay vote discussed above, we maintain an ongoing shareholder outreach program through which we seek input from shareholders and environmental, social, and governance ("ESG")-focused groups regarding our executive compensation and other governance practices, and implement appropriate changes based on this input.

In 2017, we engaged in direct one-on-one discussions with shareholders collectively representing approximately 53% of the shares of common stock outstanding as of December 31, 2017 (excluding shares held by our directors and executive officers and Sanofi). Our 2017 outreach focused on shaping governance and compensation decisions for the future, and built on an active outreach program in prior years.

Changes we have adopted in recent years in response to shareholder feedback, which we believe demonstrate our continued commitment to governance best practices, include the following:



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	<b>What We Heard</b>	<b>What We Did</b>	<b>When We Did It</b>
<b>RECENT CHANGES ADOPTED BASED ON SHAREHOLDER FEEDBACK</b>	Concern about size of NEO equity awards	Implemented consecutive decreases in the number of shares underlying the annual stock option awards to most of our NEOs	December 2013, 2014, 2015, 2016, and 2017
	Concern about burn rate	Implemented across-the-board decrease in the number of shares underlying employee annual stock option awards as noted above; decreased the burn rate from 5.4% in 2012 to 4.0% in 2016 and 4.1% in 2017 despite a 219% increase in the number of employees from 2012 to 2017	December 2013, 2014, 2015, 2016, and 2017
	Preference for using majority voting in the election of directors	Adopted majority voting standard in the election of directors and director resignation policy	January 2014 (director resignation policy) and January 2016 (majority voting)
	Concern about executive perquisites	Eliminated certain CEO non-business perquisites, including a tax gross-up related to legal, tax, and financial planning advisory services	December 2014
	Payments contingent on change in control should not benefit from excise tax gross-ups	Adopted a new policy against including excise tax gross-up provisions with respect to payments contingent upon a change in control of Regeneron in contracts, compensatory plans, or other arrangements with the Company's executive officers, including the NEOs (grandfathered the CEO employment	November 2014

	agreement)	
The Company should be able to claw back incentive compensation in case of employee misconduct	Adopted a recoupment (clawback) policy covering both financial and non-financial misconduct	January 2014
Need to communicate more clearly about compensation matters and link to Regeneron's business model and performance	Substantially revised CD&A section of proxy statement and provided additional information regarding compensation decisions and our compensation philosophy	2014, 2015, 2016, 2017, and 2018 proxy seasons
Requests for additional information with respect to ESG matters	Conducted ESG audit in 2017 to identify potential gaps with respect to ESG matters.  Increased the breadth and depth of ESG data collection and reporting, including introducing first comprehensive Responsibility Report in 2018.	2017 and 2018

We also provide all shareholders and others a means to contact us at any time. That information is included in this proxy statement see "Shareholders Shareholder Communications." We welcome your input.

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**INDEPENDENT  
COMPENSATION  
CONSULTANT**

The Compensation Committee has the sole authority to retain, at the Company's expense, one or more third-party compensation consultants to assist the Compensation Committee in performing its responsibilities and to terminate the services of the consultant if the Compensation Committee deems it appropriate. In 2017, the Compensation Committee (and, as discussed above with respect to non-employee director compensation matters, the Corporate Governance and Compliance Committee) utilized the services of Frederic W. Cook & Co. In order to maintain its independence, the Compensation Committee retained Frederic W. Cook & Co. directly and Frederic W. Cook & Co. performed services for the Compensation Committee exclusively at the Compensation Committee's direction. The Compensation Committee periodically evaluates the independence of its compensation consultant. In accordance with applicable listing standards of the NASDAQ Stock Market LLC and SEC rules, in 2017 the Compensation Committee evaluated the independence of Frederic W. Cook & Co., including by taking into consideration the following factors:

the fact that Frederic W. Cook & Co. did not provide any other services to the Company (other than those provided to the Corporate Governance and Compliance Committee);

the amount of fees received from the Company by Frederic W. Cook & Co. as a percentage of its revenue;

the policies and procedures of Frederic W. Cook & Co. designed to prevent conflicts of interest;

the absence of any significant business or personal relationship between Frederic W. Cook & Co. representatives and any member of the Compensation Committee;

the fact that Frederic W. Cook and the representatives of Frederic W. Cook & Co. to the Company did not own any stock of the Company; and

the absence of any material business or personal relationship between Frederic W. Cook & Co. or its representatives and any executive officer of the Company.

The Compensation Committee's evaluation was based in part on a representation letter from Frederic W. Cook & Co. On the basis of this evaluation, the Compensation Committee concluded that the engagement of Frederic W. Cook & Co. did not raise any conflicts of interest.

The Compensation Committee's consultant reviews management recommendations for compensation plans, budgets, and strategies, and also advises the Compensation Committee on how regulations and trends in executive compensation nationally and specifically in the pharmaceutical and biopharmaceutical industries may be relevant to the Company. It also assists with developing the Peer Group, provides comparative compensation information for our CEO and CSO, and the other members of the Board (using the Peer Group and other compensation data as described below); reviews senior management's compensation recommendations for other officers, including the other NEOs; and provides general advice to the Compensation Committee on compensation matters, including facilitating the articulation and periodic review of the Company's compensation philosophy or replenishment of our long-term equity incentive plan.

## PEER DATA

For purposes of setting our NEOs' and other senior executives' compensation, we use comparative compensation information from a relevant peer group of companies (referred to in this proxy statement as "Peer Group"). We select the companies in the Peer Group with the assistance of Frederic W. Cook & Co. based on factors including, but not limited to, the following:

market capitalization;

research and development expenditures;

number of employees;

stage of development; and

therapeutic focus;

total revenues.

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	AbbVie Inc.	Biogen Inc.*	Gilead Sciences, Inc.*
<b>The Peer Group utilized in 2017</b>	Alexion Pharmaceuticals, Inc.*	BioMarin Pharmaceutical Inc.*	Incyte Corporation*
<b>consists of the following 14</b>	Alkermes plc*	Bristol-Myers Squibb Company	United Therapeutics Corporation*
<b>companies:</b>	Alnylam Pharmaceuticals, Inc.*	Celgene Corporation *	Vertex Pharmaceuticals, Inc.*
* Regeneron's Biotech R&D Peer.	Amgen Inc.	Eli Lilly and Company	

The Peer Group is also meant to provide a representative sample of companies with which we compete for talent. We periodically reassess the composition of the Peer Group and make changes as appropriate, taking into account factors such as changes in the Company's market capitalization and merger-and-acquisition activity impacting the existing Peer Group companies.

The Compensation Committee reviewed the Peer Group in June 2017 and, based on the recommendation of Frederic W. Cook & Co., did not make any changes. As part of its assessment, the Compensation Committee took into account that, as of the approval date, Regeneron was the median company in the Peer Group based on market capitalization, revenues for the last four completed quarters, and the then-available reported number of employees, as shown in the table below.

<b>Market Capitalization (\$ Millions)</b>		<b>Revenues (\$ Millions)</b>		<b>Employees</b>			
<b>As of 5/24/17</b>	<b>Trailing 12-month Avg</b>	<b>Last Four Quarters</b>	<b>(as of last 10-K filing)</b>				
Amgen	\$113,693	Amgen	\$118,107	Gilead	\$29,101	Lilly	41,975
AbbVie	\$104,930	AbbVie	\$102,882	AbbVie	\$26,218	AbbVie	29,000
Celgene	\$91,942	Gilead	\$96,944	Amgen	\$22,928	Bristol-Myers Squibb	25,000

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Bristol-Myers Squibb	\$88,665	Bristol-Myers Squibb	\$96,537	Lilly	\$21,585	Amgen	19,200
Gilead	\$84,036	Celgene	\$88,305	Bristol-Myers Squibb	\$19,965	Gilead	9,000
Lilly	\$82,009	Lilly	\$82,105	Celgene	\$11,677	Biogen	7,400
Biogen	\$54,115	Biogen	\$60,998	Biogen	\$11,533	Celgene	7,132
Vertex	\$29,340	Alexion	\$27,686	Alexion	\$3,253	Alexion	3,121
Incyte	\$28,279	Vertex	\$23,122	Vertex	\$2,019	BioMarin	2,293
Alexion	\$22,698	Incyte	\$20,701	United Therapeutics	\$1,600	Vertex	2,150
BioMarin	\$15,360	BioMarin	\$15,155	Incyte	\$1,226	Alkermes	1,750
Alkermes	\$8,923	Alkermes	\$8,016	BioMarin	\$1,184	Incyte	980
Alnylam	\$6,031	United Therapeutics	\$5,643	Alkermes	\$781	United Therapeutics	750
United Therapeutics	\$5,452	Alnylam	\$4,610	Alnylam	\$59	Alnylam	514
75th Percentile	\$89,484		\$96,639		\$21,921		20,650
Median	\$41,728		\$44,342		\$7,393		5,127
25th Percentile	\$13,751		\$13,370		\$1,216		1,558
<b>Regeneron Percentile Rank in Peer Group</b>	<b>52P</b>		<b>49P</b>		<b>48P</b>		<b>51P</b>

Source: Standard & Poor's Capital IQ.

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Further, in our review of the Peer Group data, we also consider the practices of the 10-company sub-group of peers viewed as having businesses and drug discovery and development cultures that are most similar to Regeneron's, with similarly-sized employee bases (marked with an asterisk in the table above and referred to as "Biotech R&D Peers").

In making the compensation decisions in December 2017, we used data from publicly filed proxy statements of the companies in the Peer Group (as compiled by the Compensation Committee's compensation consultant) to review each component of compensation of our NEOs against their peers in the Peer Group as well as their total annual compensation in relation to the Peer Group, while taking into account various factors such as the executive's performance, past compensation history, experience, and their role in the Company's success. We use Peer Group data as a point of reference for measurement, but Peer Group data do not represent the only factor considered and there is no targeted pay level percentile. The Compensation Committee retains discretion in determining the nature and extent of the use of Peer Group data.

## RISK ASSESSMENT

We regularly review the Company's compensation and benefits programs, including its executive compensation program and its incentive-based compensation programs for commercial personnel. Our compensation and governance-related policies are further enhanced by our stock ownership guidelines applicable to our senior officers and our policy regarding recoupment or reduction (clawback) of incentive compensation of our officers and other specified employees for compliance violations, as well as a policy against hedging and pledging of our securities by our directors and employees, including the NEOs. We also have a policy against including excise tax gross-up provisions with respect to payments contingent upon a change in control of Regeneron in contracts, compensatory plans, or other arrangements with the Company's executive officers, including the NEOs (other than the existing employment agreement with our CEO or any amendments thereto, which we expressly exempted). These policies demonstrate Regeneron's continued commitment to robust corporate governance and are meant to reduce compensation-related risks and ensure greater alignment of the interests of our employees, including the NEOs, and those of the Company and our shareholders.

We believe that the Company's programs balance risk and potential reward in a manner that is appropriate to the Company's circumstances and in the best interests of the Company's shareholders over the long term. We also believe that the Company's compensation and benefits programs do not create risks that are reasonably likely to have a material adverse effect on the Company. As noted above, we believe this is in part because of the transparency and simplicity of our compensation programs, which help avoid a "manage to short-term metrics" culture.

## TAX IMPLICATIONS

We take tax considerations into account in making our compensation-related assessments and decisions.

Prior to the enactment of the Tax Cuts and Jobs Act in December 2017, Section 162(m) of the Internal Revenue Code generally limited the deductibility for federal income tax purposes of compensation in any year paid to the CEO and the other NEOs (other than the Chief Financial Officer) (the "covered employees") to the extent

such compensation exceeded \$1 million and did not qualify as "performance-based" compensation as defined under Section 162(m) of the Internal Revenue Code. The Company has adopted the Regeneron Pharmaceuticals, Inc. Cash Incentive Bonus Plan and the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan. Awards under the Plans may, but were not required to, be subject to the attainment of performance goals in order to qualify for this performance-based compensation exception as in effect prior to the enactment of the Tax Cuts and Jobs Act in December 2017. We used the Cash Incentive Bonus Plan for annual cash incentives of the NEOs in respect of performance in 2017 and the Amended and Restated 2014 Long-Term Incentive Plan for equity awards made after its shareholder approval date (including those reported with respect to 2017 in the Summary Compensation Table in this proxy statement).

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Due to the requirements set forth in Section 274(e)(2) of the Internal Revenue Code, Company-provided personal and guest air travel (which is provided by the Company only to the extent permitted under board-approved guidelines and a security policy adopted by the board based on an independent, third-party security study) results in a partial disallowance of the related corporate tax deductions. In 2017, this disallowance amounted to approximately \$1.3 million.

We take into account the deductibility of compensation in determining NEOs' compensation. However, we reserve the right to use our judgment to authorize compensation payments that are not deductible, such as when we believe that such payments are necessary to maintain the flexibility needed to attract talent, promote executive retention, reward performance, or attain other Company objectives, or as required to comply with the Company's contractual commitments. Prior to the enactment of the Tax Cuts and Jobs Act in December 2017, compensation attributable to stock options generally qualified as "performance-based" compensation and, as such, received favorable treatment under Section 162(m) of the Internal Revenue Code.

Under the Tax Cuts and Jobs Act, effective for our fiscal year beginning January 1, 2018, the exception under Section 162(m) for performance-based compensation is no longer generally available, subject to transition relief for certain grandfathered arrangements in effect as of November 2, 2017. In addition, the covered employees will be expanded to include our CFO. In addition, once one of our NEOs is considered a covered employee subject to the deduction limitation of Section 162(m), the NEO will remain a covered employee so long as he or she receives compensation from us. Given the lack of regulatory guidance to date, the Compensation Committee is not yet able to determine the full impact of the Tax Cuts and Jobs Act's changes to Section 162(m) on the Company and our compensation programs.

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We, the members of the Compensation Committee, have reviewed and discussed with management the Compensation Discussion and Analysis set forth above. Based on that review and discussion, we have recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

**The Compensation Committee**

Christine A. Poon, Chairperson  
Charles A. Baker  
Joseph L. Goldstein, M.D.  
George L. Sing

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.

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## 2017 COMPENSATION TABLES

## 2017 Summary Compensation Table

The following table and accompanying footnotes provide information regarding compensation earned by, or paid to, our NEOs during the last three fiscal years (other than with respect to Mr. Van Plew, who qualified as an NEO for 2017 but not for the prior two years).

A	B	C	D	E	F	G	I	J
Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Compensation (\$)	All other compensation (\$)	Total (\$)
	2017	2,785,500		21,967,210	10,468,160	787,186	264	35,08,058
Leonard S. Schleifer, M.D., Ph.D.	2016	2,042,000		24,631,012	12,235,600	228,908	28	33,337,520
<b>President and Chief Executive Officer</b>	2015	2,000,000	80,000	43,307,918		74,647	48	46,252,626
	2017	2,072,700		21,967,210	10,097,984	141,345	27	35,299,239
George D. Yancopoulos, M.D., Ph.D.	2015	2,055,700		24,631,012	11,900,260	180,547	27	41,767,519

<b>President and Chief Scientific Officer</b>	2017	2016	2015	2014
	18,000	36,811,837	22,540,302,356	
	178,000	3,675,566 482,040	19,130,679,736	
Robert E. Landry	185,600	4,121,229 439,200	18,705,164,729	
<b>Senior Vice President, Finance and Chief Financial Officer</b>	2017	2016	2015	2014
	175,000	7,246,284	19,368,248,894	
	171,000	7,875,030 599,976	21,210,713,216	
Neil Stahl, Ph.D.	169,300	9,787,960 557,370	20,715,985,355	
<b>Executive Vice President, Research &amp; Development</b>	2017	2016	2015	2014
	50,000	17,209,995	20,513,374,510	
	50,000	7,875,030 524,160	19,410,897,600	
Daniel P. Van Plew				
<b>Executive Vice President and General Manager, Industrial Operations and Product Supply</b>				

- 1 Bonuses and non-equity incentive plan compensation amounts are shown in the year in which they were accrued and earned. Prior to 2016, the Company did not use a formal bonus plan for the NEOs, and bonus amounts in respect of 2015 are shown in the "Bonus" column. In 2016, the Company adopted the Cash Incentive Bonus Plan, which was utilized for cash incentives paid to the NEOs in respect of 2016 and 2017; such 2016 and 2017 cash incentives are reported in the "Non-Equity Incentive Plan Compensation" column in accordance with SEC rules.
- 2 The amounts in column (f) reflect the respective aggregate grant date fair values (disregarding estimated forfeitures) of option awards granted in 2017, 2016, and 2015, respectively, pursuant to the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan or the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan, as applicable. Assumptions used in the calculation of these amounts are included in Note 14 to the Company's audited financial statements for the fiscal year ended December 31, 2017 included in the 2017 Annual Report.
- 3 See the subsection "Additional Compensation Information Perquisites and Personal Benefits" below for further information. Certain 2017 perquisites and other personal benefits are quantified for each of the NEOs in the footnotes to this table below based on the actual additional cost incurred by us in providing the perquisite or other personal benefit.
- 4 Consists of (i) \$20,724 for life insurance premiums, (ii) \$23,696 for long-term disability insurance premiums, (iii) \$11,797 for medical malpractice insurance premiums, (iv) \$10,800 for 401(k) Savings Plan matching contributions in respect of 2017 paid in February 2018, (v) \$10,410 for tax and financial planning advisory services, (vi) \$280,000 for fees the Company paid on behalf of Dr. Schleifer associated with a filing required to be made by Dr. Schleifer under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which related to an anticipated acquisition by Dr. Schleifer of common stock upon exercise of his stock options (as described further in the subsection "Additional Compensation Information Perquisites and Personal Benefits" below), (vii) \$243,618 for a tax gross-up related to the fees referenced in (vi), and (viii) \$170,441 and \$15,702 for personal use of Company-provided aircraft and secure car transportation, respectively, in each case in accordance with our security policy (calculated as described in the subsection "Additional Compensation Information Perquisites and Personal Benefits" below).
- 5 Consists of (i) \$10,800 for 401(k) Savings Plan matching contributions in respect of 2017 paid in February 2018, (ii) \$10,410 for tax and financial planning advisory services, and (iii) \$117,877 and \$2,258 for personal use of Company-provided aircraft and secure car transportation, respectively, in each case in accordance with our security policy (calculated as described in the subsection "Additional Compensation Information Perquisites and Personal Benefits" below).

- Consists of (i) \$10,800 for 401(k) Savings Plan matching contributions in respect of 2017 paid in February 2018 and (ii) \$8,330 for tax and financial planning advisory services.
- 7 Consists of (i) \$10,800 for 401(k) Savings Plan matching contributions in respect of 2017 paid in February 2018 and (ii) \$10,410 for tax and financial planning advisory services.
- 8 Consists of (i) \$9,000 for 401(k) Savings Plan matching contributions in respect of 2017 paid in February 2018 and (ii) \$10,410 for tax and financial planning advisory services.
- 9 Mr. Van Plew qualified as an NEO for 2017 but not for the prior two years.
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**2017 Grants of Plan-Based Awards**

The following table and explanatory footnotes provide information regarding the annual cash incentive and equity awards granted to our NEOs during 2017.

A	B	C	D	E	I	J	K	L
Name	Grant date	Fair value of award (\$)	Maximum dollar value of award (\$)	Number of shares or units of underlying securities	Exercise price of award	Number of shares or units of underlying securities	Exercise price of award	Fair value of award at grant date
Leonard S. Schleifer, M.D., Ph.D.	12/12/2017	1,542,500	1,542,500	139,474	78.9838	139,474	78.9838	1,067,210
George D. Yancopoulos, M.D., Ph.D.	12/12/2017	1,311,200	1,311,200	139,474	78.9838	139,474	78.9838	1,067,210
Robert E. Landry	12/12/2017	309,000	309,000	23,337	78.9838	23,337	78.9838	1,775,566
Neil Stahl, Ph.D.	12/12/2017	384,600	384,600	50,000	78.9838	50,000	78.9838	1,775,030

Daniel P. Van Plew

336,004,800

12/12/2017

50,000,983,750,30

- 1 Cash incentive awards under the Regeneron Pharmaceuticals, Inc. Cash Incentive Bonus Plan. The actual cash incentive awards earned in respect of 2017 and paid out in January 2018 are reported as "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table above.
- 2 These options have an exercise price equal to the average of the high and low sales price per share of the Company's common stock on the date of grant. Therefore, the closing price of our common stock on the grant date may be higher or lower than the exercise price of these options.
- 3 The amounts in this column represent the grant date fair value of the awards made pursuant to the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan. The assumptions used in the calculation of these amounts are included in Note 14 to the Company's audited financial statements for the fiscal year ended December 31, 2017 included in the 2017 Annual Report.
- 4 The NEO received a non-qualified stock option award that vests subject to continued employment at a rate of 25% per year over the first four years of the maximum ten-year option term.



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**Outstanding Equity Awards at 2017 Fiscal Year-End**

The following table and explanatory footnotes provide information regarding unexercised stock options and unvested restricted stock awards held by our NEOs as of December 31, 2017.

A	B	C	D	E	F	G	H	I	J
Option Awards						Stock Awards			
Name	Number of securities underlying unexercised options exercisable (#)	Number of securities underlying unexercised options nonexercisable (#)	Equity incentive plan awards: number of securities underlying unearned options (#)	Option exercise price (\$)	Option expiration date	Number of shares or units of stock that have not vested (#)	Market value of shares or units of stock that have not vested (\$)	Equity incentive plan awards: number of unearned shares, units or other rights that have not vested (#)	Equity incentive plan awards: market or payout value of unearned shares, units or other rights that have not vested (\$)
Leonard S.		139,4741		378.98	12/12/2027				

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<b>Schleifer,</b>	36,704	110,1112	381.92	12/16/2026
<b>M.D., Ph.D.</b>	86,362	86,3613	555.67	12/16/2025
	152,403	50,8014	399.66	12/16/2024
	239,063		270.43	12/13/2023
	281,250		179.13	12/14/2022
	160,000		52.03	12/16/2021
	240,000		52.03	12/16/2021
	125,000		30.63	12/14/2020
	187,500		30.63	12/14/2020
	187,500		21.25	12/18/2019
	125,000		21.25	12/18/2019
	125,000		16.80	12/17/2018
	187,500		16.80	12/17/2018
<b>TOTAL</b>	<b>2,133,282</b>	<b>386,747</b>		
<b>George D.</b>		139,4741	378.98	12/12/2027
<b>Yancopoulos,</b>	36,704	110,1112	381.92	12/16/2026
<b>M.D., Ph.D.</b>	73,408	73,4073	555.67	12/16/2025
	129,543	43,1804	399.66	12/16/2024
	203,204		270.43	12/13/2023
	239,063		179.13	12/14/2022
	158,079		52.03	12/16/2021
	240,000		52.03	12/16/2021
	96,736		30.63	12/14/2020
	150,000		30.63	12/14/2020
	150,000		21.25	12/18/2019
	95,295		21.25	12/18/2019

	94,048		16.80	12/17/2018	
	150,000		16.80	12/17/2018	
<b>TOTAL</b>	<b>1,816,080</b>	<b>366,172</b>			
<b>Robert E.</b>		23,3371	378.98	12/12/2027	
<b>Landry</b>	6,142	18,4232	381.92	12/16/2026	
	14,450	14,4503	555.67	12/16/2025	
	25,500	8,5004	399.66	12/16/2024	
	57,000		272.70	9/9/2023	
					5,0005 1,879,8006
<b>TOTAL</b>	<b>103,092</b>	<b>64,710</b>			<b>5,000</b>
<b>Neil Stahl,</b>		50,0001	378.98	12/12/2027	
<b>Ph.D.</b>	14,586	43,7562	381.92	12/16/2026	
	34,320	34,3183	555.67	12/16/2025	
	60,563	20,1874	399.66	12/16/2024	
	95,000		270.43	12/13/2023	
	112,500		179.13	12/14/2022	
	48,079		52.03	12/16/2021	
	75,000		52.03	12/16/2021	
	26,736		30.63	12/14/2020	
<b>TOTAL</b>	<b>466,784</b>	<b>148,261</b>			
<b>Daniel P.</b>		50,0001	378.98	12/12/2027	
<b>Van Plew</b>	8,500	25,5002	381.92	12/16/2026	
	20,000	20,0003	555.67	12/16/2025	
	30,000	10,0004	399.66	12/16/2024	
	50,000		270.43	12/13/2023	

75,000	179.13 12/14/2022
52,500	52.03 12/16/2021
33,079	52.03 12/16/2021
32,735	30.63 12/14/2020

**TOTAL      301,814    105,500**

- 1 This stock option award was granted to the NEO on December 12, 2017 and vests at a rate of 25% per year over the first four years of the option term.
- 2 This stock option award was granted to the NEO on December 16, 2016 and vests at a rate of 25% per year over the first four years of the option term.
- 3 This stock option award was granted to the NEO on December 16, 2015 and vests at a rate of 25% per year over the first four years of the option term.
- 4 This stock option award was granted to the NEO on December 16, 2014 and vests at a rate of 25% per year over the first four years of the option term.
- 5 This restricted stock award was granted to the NEO on September 9, 2013 and vests 100% on the fifth anniversary of the date of grant, subject to the NEO's continued employment.
- 6 Reflects the closing price of \$375.96 per share of the Company's common stock on the NASDAQ Global Select Market on December 29, 2017.

Table of Contents**2017 Option Exercises and Stock Vested**

The following table and explanatory footnotes provide information with regard to amounts realized by our NEOs during 2017 as a result of the exercise of stock options or the vesting of restricted stock awards.

A	B	C	D	E
Name	Option awards	Option awards	Stock awards	Stock awards
Name	Number of shares acquired on exercise (#)	Value realized on exercise (\$) <sup>1</sup>	Number of shares acquired on vesting (#)	Value realized on vesting (\$) <sup>2</sup>
Leonard S. Schleifer, M.D., Ph.D.	250,000	90,790,000		
George D. Yancopoulos, M.D., Ph.D.	195,438	70,975,264	500,000	193,450,000
Robert E. Landry	9,000	1,909,550		
Neil Stahl, Ph.D.	50,839	21,619,047		
Daniel P. Van Plew				

<sup>1</sup> Amounts reflect the difference between the exercise price of the option(s) and the average of the high and low

sales price per share of the Company's common stock on the NASDAQ Global Select Market on the exercise date(s).

- 2 Amount reflects the average of the high and low sales price per share of the Company's common stock on the NASDAQ Global Select Market on the vesting date.

### Post-Employment Compensation

As discussed in "Compensation Dashboard Additional Compensation Information Potential Severance Payments," our NEOs are entitled to certain severance benefits upon the voluntary or involuntary termination of their employment. We provide additional information regarding the severance benefits available to our NEOs in the tables set out below in this subsection. For our CEO, the table shows the amounts payable under his employment agreement upon his involuntary or not-for-cause termination, termination in connection with a corporate change of control, and in the event of his disability or death. For the other NEOs, the table shows their post-termination compensation arrangements under our change in control severance plan upon an involuntary or not-for-cause termination in connection with a corporate change of control.

#### Leonard S. Schleifer, M.D., Ph.D., Employment Agreement

We entered into an employment agreement with our CEO, Dr. Schleifer, 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. On November 14, 2008, this employment agreement was amended and restated to bring the employment agreement into compliance with Section 409A of the Internal Revenue Code. Pursuant to this agreement, we agreed that in the event that Dr. Schleifer's employment is terminated by us 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, together called an "involuntary termination"), we will pay Dr. Schleifer an amount equal to 125% of the sum of his base salary plus his average cash incentive paid over the prior three years. This amount will be paid in a lump-sum severance payment. In addition, we will continue to provide Dr. Schleifer and his dependents medical, dental, and life insurance benefits for 18 months. Subject to the discussion in the following paragraph, in the event that Dr. Schleifer's employment is terminated for any reason other than for cause, all of his unvested stock options will continue to vest in accordance with the terms of the applicable award grant and he will be entitled to exercise the stock options throughout their original term, which is generally ten years from the date of grant.

Upon an involuntary termination (*i.e.*, a termination by the Company without cause or by Dr. Schleifer for good reason, each as defined in the agreement) within three years after a change of control of the Company or within three months prior to such a change of control, we will pay Dr. Schleifer an amount equal to three times the sum of his annual base salary plus his average cash incentive over the prior three years. This amount will be paid in a lump-sum severance payment. In addition, we will continue to provide Dr. Schleifer and his dependents medical, dental, and life insurance benefits for 36 months. Upon such an involuntary termination in connection with a change of control, Dr. Schleifer's outstanding stock options will vest immediately and remain exercisable throughout their original term, which is generally ten years from the date of grant. If aggregate severance payments to Dr. Schleifer in connection with a change of control exceed certain thresholds set forth in the Internal Revenue Code, then we will pay him an additional amount to cover any resulting excise tax obligations, unless the

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excise taxes could be eliminated by reducing Dr. Schleifer's cash severance payments and benefits under the agreement by less than 10%, in which case such benefits and payments will be reduced accordingly.

The following table reflects the potential payments to our CEO under his employment agreement assuming a termination effective December 31, 2017 under different scenarios (including following a change of control), as well as upon death or disability. The information in the table below is based on the assumptions set forth in the footnotes to the table; actual values and amounts may differ from those presented below.

**Potential Severance Payments under Dr. Schleifer's Employment Agreement**

Scenario	Cash Severance (\$)	Benefits Continuation (\$)	Disability Death Benefits (\$)	Value of Accelerated Stock Cutback		Total Amount (\$)
				Options	Gross-up	
Involuntary Termination Following a Change of Control	11,114,500	247,928		5		11,362,428
Involuntary Termination	4,631,042	19,864				4,750,906
Death		88,778		9		88,778
Disability		119,864	674,888			794,752

- 1 For purposes of these calculations, (i) we used Dr. Schleifer's 2017 base salary and the annual cash incentives paid to Dr. Schleifer for performance in 2014, 2015, and 2016, respectively; (ii) we assumed that Dr. Schleifer received his annual cash incentive that was earned in 2017 and paid in 2018 (described in the Summary Compensation Table above); (iii) we took into consideration, for purposes of determining whether Dr. Schleifer was entitled to receive a gross-up payment under the terms of his employment agreement, the fact that Dr. Schleifer's stock options continue to vest according to their original vesting schedule following a voluntary or involuntary termination (other than in connection with a change of control); (iv) we assumed a 7% annual increase in medical premiums, 5% annual increase in dental premiums, and no increase in annual disability or life insurance premiums; (v) we assumed that the medical and dental insurance benefits received in 2018, 2019, and 2020 would be taxable and that Dr. Schleifer would be eligible for a tax gross-up for these benefits under the terms of his employment agreement; (vi) although Dr. Schleifer's employment agreement provides for restrictive

covenants, including a six-month non-compete obligation, no specific value has been ascribed to these covenants solely for purposes of this calculation; and (vii) although certain payments to Dr. Schleifer would be subject to potential delays upon separation of service under Section 409A of the Internal Revenue Code, we did not attempt to determine which, if any, payments would be delayed.

- 2 Equal to three times the sum of (a) Dr. Schleifer's 2017 base salary and (b) the average annual cash incentive paid to Dr. Schleifer for performance in the three completed years prior to the termination date. For purposes of this calculation, we used Dr. Schleifer's annual cash incentives for performance in 2014, 2015, and 2016.
- 3 Equal to the estimated cost of providing Dr. Schleifer and his dependents medical, dental, and life insurance benefits for thirty-six months.
- 4 We maintain \$1 million of term life insurance covering Dr. Schleifer payable to his designated beneficiary.
- 5 No amount is included for the value of accelerated stock options as all unvested options held by Dr. Schleifer as of December 31, 2017 had an exercise price that exceeded the closing sales price per share of the Company's common stock on the NASDAQ Global Select Market on December 29, 2017, the last business day of 2017, of \$375.96.
- 6 Under Dr. Schleifer's employment agreement, if payments due in connection with a change of control are subject to excise taxes under Section 280G of the Internal Revenue Code, we will cut back the payments if the excise tax can be eliminated by reducing his cash severance payments and benefits by less than ten percent. Otherwise, we will pay him an additional "gross up" amount so that his after-tax benefits are the same as though no excise tax had been applied. We have determined that Dr. Schleifer would not be subject to excise taxes if he had been terminated on December 31, 2017 as a result of a change of control.
- 7 Equal to 1.25 times the sum of (a) Dr. Schleifer's 2017 base salary and (b) the average annual cash incentive paid to Dr. Schleifer for performance in the three completed years prior to the termination date. For purposes of this calculation, we used Dr. Schleifer's year-end cash incentive awards for performance in 2014, 2015, and 2016.
- 8 Equal to the estimated cost of providing Dr. Schleifer and his dependents medical, dental, and life insurance benefits for eighteen months.
- 9 As discussed in "Compensation Dashboard Additional Compensation Information Potential Severance Payments," unvested stock options held by any employee (including Dr. Schleifer) become immediately exercisable upon his or her death.
- 10 Represents 35% of Dr. Schleifer's 2017 salary over a period of 18 months. We have assumed long-term disability coverage exists pursuant to Dr. Schleifer's employment agreement for the remaining 65% of Dr. Schleifer's salary.

#### **Change in Control Severance Plan**

Each of the NEOs, other than our CEO, participates in our change in control severance plan that was adopted by the board of directors on January 20, 2006. The purposes of the plan are (i) to help us retain key employees, (ii) to help maintain the focus of such employees on our business and to mitigate the distractions caused by the possibility that we 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. On November 14, 2008, the change in control severance plan was amended and restated to bring it into compliance with Section 409A of the Internal Revenue Code.

Under the plan, each participant is entitled to receive a cash severance payment in an amount equal to one, or, in designated cases, including with respect to the NEOs other than Dr. Schleifer, two times the sum of the participant's annual base salary and his or her average annual cash incentive over the prior three years if, within two years after or 180 days before a change





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in control, either the participant resigns his or her employment for Good Reason (as defined in the plan) or the participant's employment is terminated by the Company for any reason other than Cause (as defined in the plan). This amount will be paid in a lump-sum severance payment. A participant so terminated is also entitled to receive a pro-rata cash incentive for the year in which he or she is terminated based on the portion of the year the participant was employed by us. 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 us, to the extent permitted by our benefit plans, at a cost no greater than what the participant's cost would have been if he or she had continued his or her employment with the Company.

In the event that a plan participant resigns his or her employment for Good Reason (which generally conforms to the definition in Section 409A), or the participant's employment is terminated by the Company for any reason other than Cause, in either case within two years after or 180 days before a change in control, then the participant's stock options and other equity awards granted under our long-term incentive plans that would have vested prior to or upon the change in control will 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, will be extended to the later of (i) thirty 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 will any stock option or other equity award be extended (i) beyond the expiration date of the grant, or (ii) such that the grant will be subject to the additional tax under Section 409A of the Internal Revenue Code.

In the event that a participant would become subject to a "golden parachute" excise tax under Section 4999 of the Internal Revenue Code as a result of 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 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.

The following table shows the potential payments to our NEOs (other than our CEO), upon their hypothetical termination (other than for Cause) or resignation for Good Reason, in the two years following, or the six months prior to, a change in control. The information in the table below assumes an effective termination or resignation date of December 31, 2017 and is further based on the assumptions set forth in the footnotes to the table; actual values and amounts may differ from those presented below.

Table of Contents**Potential Payments under Change in Control Severance Plan**

Name	Value of Accelerated Stock Options/			Total Amount <sup>5</sup>
	Cash Severance <sup>1</sup>	Benefits Continuation <sup>2</sup>	Restricted Stock <sup>3</sup> Cutback <sup>4</sup>	
	(\$)	(\$)	(\$)	(\$)
George D. Yancopoulos, M.D., Ph.D.	6,298,267	115,140		6,413,407
Robert E. Landry	2,109,300	109,783	1,879,800	4,098,883
Neil Stahl, Ph.D.	2,404,900	54,417		2,459,317
Daniel P. Van Plew	1,951,720	97,826		2,049,546

- Equal to two times the sum of (a) the NEO's 2017 base salary and (b) the average annual cash incentives paid to the NEO over the prior three years.
- Equal to the estimated cost of providing each NEO and his dependents medical, dental, vision, disability, and life insurance coverage for twenty-four months, plus the estimated cost of providing each NEO tax and financial planning advisory services for twenty-four months.
- For Mr. Landry, the amount consists of the value of unvested restricted stock held by Mr. Landry as of December 31, 2017 based on the closing sales price per share of the Company's common stock on the NASDAQ Global Select Market on December 29, 2017, the last business day of 2017, of \$375.96. No amounts are included for the value of accelerated stock options as all unvested options held by the NEOs as of December 31, 2017 had an exercise price that exceeded the December 29, 2017 closing sales price.
- We have determined that all of the NEOs listed in the table above would have been under their applicable "golden parachute" safe harbor limits and not subject to any cutbacks or excise taxes if terminated on December 31, 2017.
- For purposes of these calculations, (i) we used base salaries as of December 31, 2017 and annual cash incentives paid to the NEOs for performance in 2014, 2015, and 2016, respectively; (ii) we assumed that each NEO received his annual cash incentive that was earned in 2017 and paid in 2018 (described in the Summary Compensation Table above); (iii) we took into consideration, for purposes of determining whether each NEO was subject to a reduction under the terms of the change in control severance plan, the fact that each NEO's stock options vest in

full following an involuntary termination without Cause or termination for Good Reason following a change in control (parachute payments for time vesting stock options and restricted stock were valued using Internal Revenue Code Treas. Reg. Section 1.28G-1 Q&A 24(c)); (iv) we assumed a 7% annual increase in medical premiums, 5% annual increase in dental premiums, 4% increase in vision premiums, and no increase in disability or life insurance premiums or employer cost of tax and financial planning advisory services for 2018 and 2019; (v) we assumed that the medical insurance benefits received in 2018 and 2019 would be taxable and that the NEOs would be eligible for a tax gross-up for these benefits under the terms of the change in control severance plan; (vi) although the change in control severance plan provides for restrictive covenants, including a one-year covenant prohibiting the solicitation of company employees, no specific value has been ascribed to these covenants; and (vii) although certain payments to the NEOs would be subject to potential delays upon separation of service under Section 409A of the Internal Revenue Code, we did not attempt to determine which, if any, payments would be delayed.

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## ANNUAL CASH INCENTIVE

In 2016, we adopted our Cash Incentive Bonus Plan for purposes of allowing our annual cash incentives to qualify as performance-based compensation under Section 162(m) of the Internal Revenue Code and permitting us to deduct cash incentive compensation that might otherwise not be deductible by reason of Section 162(m) (as then in effect). For 2017 annual cash incentives for the NEOs, we set up a cash incentive pool and a R&D-related performance goal consisting of the submission of one or more Investigational New Drug Applications with the FDA (or its equivalent outside the United States). The Compensation Committee determined that Regeneron's performance in 2017 exceeded the established goal, thus enabling the funding of the cash incentive pool. The Compensation Committee then exercised "negative discretion" (as permitted under the Plan) to reduce the annual cash incentive amounts otherwise payable to the NEOs according to the cash incentive pool formula. This negative discretion was exercised based on the Compensation Committee's analysis of all of the relevant facts and circumstances, including the NEOs respective target cash incentive amounts and individual performance in 2017.

The targets for the 2017 annual cash incentives for the NEOs were set as percentages of their respective base salaries as follows: Dr. Schleifer 120%; Dr. Yancopoulos 120%; Mr. Landry 50%; Dr. Stahl 60%; and Mr. Van Plew 60%. For 2017, Dr. Schleifer's target cash compensation was set to remain below the median of the Peer Group. In determining the cash incentive target for Dr. Yancopoulos, the Compensation Committee took into consideration the importance of his scientific leadership as President & CSO and the significant contributions he has made to the success of the Company and, specifically, to the discovery and development of the Company's commercial products, its pipeline of internally developed product candidates, and its platform technologies. The Compensation Committee determined that there were no meaningful comparative data for Dr. Yancopoulos relating to similarly situated executives and that his base salary and cash incentive for 2017 would be set at 85% of Dr. Schleifer's. In determining the cash incentive targets for 2017 for Mr. Landry, Dr. Stahl, and Mr. Van Plew, the Compensation Committee took into consideration the compensation of similarly situated executive officers at companies in the Peer Group.

The cash incentives were determined through the use of both an individual and a Company performance component with a possible range of 0 to 1.5 for the personal performance multiplier and a possible range of 0 to 2.0 for the Company performance multiplier, depending upon performance during the year. Both the personal performance multiplier and the Company performance multiplier were determined by the

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Compensation Committee for each NEO based on the Committee's assessment of the Company's performance relative to the general corporate goals described below and, in the case of each of Mr. Landry, Dr. Stahl, and Mr. Van Plew, the NEO's personal performance during the year.

The pipeline-related factors that contributed most to the Compensation Committee's determination of the Company performance multiplier (which was set at 1.6 for 2017) are summarized in the subsection "Compensation Discussion and Analysis - Components of Named Executive Officer Pay and Reasons for Using Them: What We Pay and Why We Pay It - Annual Cash Incentive."

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With respect to 2017, the Compensation Committee approved a personal performance multiplier of 1.5 for each of Mr. Landry, Dr. Stahl, and Mr. Van Plew. The personal performance component accounted for 40% of these NEOs' cash incentives. The Company component was based on a Company performance multiplier that was determined based on the Company's overall corporate performance (as described above) against 2017 goals that were approved by the board of directors in January 2017. This Company performance component accounted for 60% of the cash incentives awarded to Mr. Landry, Dr. Stahl, and Mr. Van Plew. In the case of Drs. Schleifer and Yancopoulos, the Compensation Committee focused exclusively on overall Company performance in 2017 (as described above) when determining their cash incentives and did not utilize a personal performance multiplier.

In determining the personal performance multiplier for Mr. Landry, the Compensation Committee gave special consideration to Mr. Landry's leadership of and accomplishments in the Company's accounting and finance functions and across his other responsibilities, including the successful completion of the lease financing transaction relating to Regeneron's Tarrytown, New York facility and acquisition of additional office space to support the growth of our existing Tarrytown facilities. In the case of Dr. Stahl, the Compensation Committee focused on the progress and continued expansion of the Company's preclinical and clinical development pipeline, including the regulatory approvals and positive results from the Company's clinical trials reported in 2017, as summarized in the subsection "Compensation Discussion and Analysis - Components of Named Executive Officer Pay and Reasons for Using Them: What We Pay and Why We Pay It - Annual Cash Incentive" above. In the case of Mr. Van Plew, the Compensation Committee focused primarily on Mr. Van Plew's leadership of and accomplishments in the Company's Industrial Operations and Product Supply organization, including with respect to expanded manufacturing capacities, preparations for new product launches, successful technology transfer of commercial manufacturing of certain Company products between Regeneron's Rensselaer, New York and Raheen, Ireland facilities, and successful completion of all regulatory audits in 2017.

## PERQUISITES AND PERSONAL BENEFITS

All employees who participate in our 401(k) Savings Plan, including the NEOs, are eligible to receive certain matching contributions. In each plan year, we contribute to each participant's account a matching contribution (in the form of shares of our common stock) equal to 50% of a specified percentage of the participant's compensation that the participant has contributed to the plan (which was 8% with respect to 2015, 2016, and 2017), up to a maximum level established under the Internal Revenue Code. Each of our NEOs participated in our 401(k) Savings Plan during 2017 and received a matching contribution in the aggregate amount of \$10,800 (\$9,000 in the case of Mr. Van Plew) in the form of shares of our common stock. The contribution was paid in February 2018 and is included in the compensation amounts reported for each of our NEOs in the Summary Compensation Table included in this proxy statement. As with all employees, the number of shares of common stock that each NEO received was determined using the average market price per share of our common stock during the 401(k) Savings Plan year, which for 2017 was \$422.46.





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In order to ensure increased efficiencies and to provide a more secure traveling environment, the Company provides air transportation for certain executive and director travel in accordance with guidelines approved by our board of directors. Based on the recommendation of an independent, third-party security study, the guidelines and our security policy require Drs. Schleifer and Yancopoulos (as well as their spouses and children when they accompany them) to use, as much as practicable, Company-provided aircraft for all business and personal air travel. Regeneron covers the cost of any such personal air travel for up to \$250,000 in incremental cost (as defined below) annually for each of Drs. Schleifer and Yancopoulos. Family members or other guests may accompany our NEOs and directors during Company-provided air business travel, space permitting, so long as they cover any incremental cost related to such guests (other than with respect to the family members of Drs. Schleifer and Yancopoulos as described above). In addition, in limited circumstances personal use of Company-provided air travel by our other NEOs or directors may be permitted if authorized by the Chairman and any incremental cost is paid by the lead passenger. Any required reimbursement or other payment of the incremental cost is made to the extent permitted by applicable Federal Aviation Administration rules.

We determine the incremental cost of any Company-provided personal or guest air travel based on the direct variable operating cost. Items included in the calculation include (as applicable) fuel costs; landing, hangar or aircraft parking, and ground handling fees; in-flight catering; travel, lodging, and other expenses for flight crew; and other trip-related variable cost, including per hour accruals for maintenance service plans and the use of our fractional jet interests. Because Company-provided air transportation is used primarily for business travel, incremental costs exclude fixed costs that generally do not change based on usage, such as (as applicable) flight crew salaries; aircraft purchase or lease costs; depreciation; insurance costs; certain maintenance fees; and home-base hangar costs. When the aircraft is already flying to a destination for business purposes, only the direct variable costs associated with the guest (for example, catering), if any, are included in determining the aggregate incremental cost to Regeneron. If any aircraft flies empty before picking up or after dropping off a passenger for personal reasons, this "deadhead" segment would be included in the aggregate incremental cost based on the methodology described above. The amount of disallowed corporate tax deductions attributable to Company-provided personal and guest air travel is not included in the incremental cost calculation.

We calculate the incremental costs of the secure car transportation provided by Regeneron as the average fuel cost per mile times total personal use miles plus the contractor rate (if any), salary, taxes, and benefits of drivers attributed to personal use based on the number of personal hours driven. Fixed lease costs and routine maintenance that would have been incurred in any event are not included.

Amounts associated with personal or guest Company-provided air and secure car transportation are imputed as income to the NEOs to the extent required by applicable tax regulations. The NEOs do not receive a tax gross-up from us to cover their personal income tax obligations in respect of any such imputed income.

The amounts disclosed in the "All other compensation" column of the Summary Compensation Table relating to personal and guest use of Company-provided air and secure car transportation in accordance with our security policy attributable to Drs. Schleifer and Yancopoulos are based on the incremental cost resulting from such transportation as described above.

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The Corporate Governance and Compliance Committee monitors business and any personal or guest Company-provided air travel on a periodic basis.

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In 2017, we paid a \$280,000 filing fee relating to the Hart-Scott-Rodino ("HSR") filing for Dr. Schleifer, as well as a tax "gross-up" payment of \$243,618 to Dr. Schleifer to cover Dr. Schleifer's imputed income associated with the filing fee payment. The filing and the associated filing fee were triggered under the HSR regulations as a result of Dr. Schleifer's then-current and anticipated future total holdings of Regeneron stock exceeding a specified threshold. The Compensation Committee determined it appropriate to pay these amounts because the HSR filing obligation resulted from equity awards granted to Dr. Schleifer under the Company's compensation program and the price appreciation in Regeneron stock acquired by Dr. Schleifer over a period of time during which he made substantial contributions toward such appreciation. The Compensation Committee also recognized that Regeneron had required Dr. Schleifer (as well as other senior executives) to hold Regeneron stock under the Company's stock ownership guidelines and encouraged alignment of his interests with those of Regeneron's shareholders through share ownership.

Additional information regarding perquisites and other personal benefits provided to our NEOs in, or with respect to, 2017 is given in the applicable footnotes to the Summary Compensation Table included in this proxy statement.

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## POTENTIAL SEVERANCE PAYMENTS

Except for Dr. Vagelos, outstanding stock option award agreements for all employees, as well as outstanding restricted stock award agreements, include a "double trigger" provision for the acceleration of vesting of unvested stock options or restricted stock upon a termination by the Company without cause or by the employee for good reason within two years following a change in control. Dr. Vagelos's stock option awards contain change-of-control provisions consistent with those of non-employee director stock option awards, as described under "Corporate Governance Compensation of Directors" above.

Our CEO has an employment agreement that provides for certain severance benefits following termination, including following death or disability, resignation following defined "good reason" events, or termination in connection with a change in control. The other NEOs are covered by a change in control severance plan, which provides certain benefits to them and other designated officers if they are terminated in connection with a change in control. In addition, in the case of our CSO, stock option and restricted stock award agreements applicable to his awards granted since December 2015 provide that he would have a "good reason" for terminating his employment with Regeneron upon or within two years after the occurrence of a change in control if the employment of our CEO has ended due to our CEO's involuntary termination (as defined in the CEO's employment agreement). Information regarding applicable payments under this employment agreement and change in control severance plan is provided in the subsection "2017 Compensation Tables Post-Employment Compensation."

Except as provided in our employment agreement with our CEO and in our change in control severance plan, our NEOs will forfeit any unvested time-based stock options or restricted stock upon the termination of their employment for any reason (including disability or retirement) other than death. In the event of the death of an employee, any unvested stock options held by such employee become immediately exercisable, and any shares of restricted stock will become fully vested. For information regarding the value of accelerated stock options and shares of restricted stock held by our CEO and other NEOs as of December 31, 2017, see the subsection "2017 Compensation Tables Post-Employment Compensation" under "Value of Accelerated Stock Options" in the table entitled "Potential Severance Payments under Dr. Schleifer's Employment Agreement" (for our CEO) and under "Value of Accelerated Stock Options/Restricted Stock" in the table entitled "Potential Payments under Change in Control Severance Plan" (for other NEOs).

When employees (other than our CEO) retire, they forfeit all unvested time-based stock options and restricted stock. For all stock options granted prior to 2007, an employee (other than our CEO) who retires has up to two years to exercise stock options that are vested as of the date of his or her retirement. Commencing in 2007, we amended our forms of stock option agreement to allow an employee considered "retirement eligible" upon separation under our employee policies as in effect from time to time the remaining life of the 10-year stock option term to exercise stock options that are vested as of the date of his or her retirement.

The severance benefits provided to our NEOs are designed to promote stability and continuity of our senior management and are intended to preserve employee morale and productivity and encourage retention in the face of the disruptive impact of an actual, threatened, or rumored change in control of the Company. The severance benefits were established following a review of comparable practices at the Company's peer

companies and with the advice of the Compensation Committee's consultant.

We have no pension, deferred compensation, or retirement plans, other than our 401(k) Savings Plan described above.

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## PAY RATIO

As required by Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 402(u) of Regulation S-K, we are required to disclose the median of the annual total compensation of our employees (excluding our principal executive officer), the annual total compensation of our principal executive officer, Dr. Schleifer, and the ratio of these two amounts.

We have determined the total compensation of our median employee (based on the 2017 annual total compensation of our employees, excluding Dr. Schleifer) to be \$123,418. The total 2017 compensation of Dr. Schleifer, as reported in the Summary Compensation Table above, was \$26,508,058. Accordingly, the ratio of the 2017 annual total compensation of Dr. Schleifer to the median of the 2017 annual total compensation of our employees was approximately 215 to 1.

We identified the median employee as of December 31, 2017 by (i) aggregating for each applicable employee (a) annual base salary for salaried employees (or wages plus overtime, based on annual work schedule, for permanent hourly employees), (b) the annual cash incentive, and (c) the grant date fair value of any equity awards granted during 2017, and (ii) ranking this compensation measure from lowest to highest. This calculation was performed for all employees, excluding Dr. Schleifer, whether employed on a full-time, part-time, or seasonal basis. For purposes of identifying the median employee, we converted amounts paid in foreign currencies to U.S. dollars based on the applicable 2017 average exchange rate.

We believe that the pay ratio reported above is a reasonable estimate calculated in a manner consistent with SEC rules based on our internal records and the methodology described above. Because the SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their employee populations and compensation practices, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies have different employee populations and compensation practices and may utilize different methodologies, exclusions, estimates, and assumptions in calculating their own pay ratios.

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**EQUITY  
COMPENSATION  
INFORMATION**

**Corporate Governance Aspects of the Amended & Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan**

The Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan (referred to in this subsection as the "Plan") is the only plan currently used by the Company to grant equity awards. The Plan was designed to promote best practices by reinforcing the alignment between equity compensation arrangements for employees and non-employee directors and the interests of shareholders. The provisions that promote such best practices include:

<b>Provision</b>	<b>Description</b>
No Discounted Stock Options or Stock Appreciation Rights	Stock options and stock appreciation rights are not granted with an exercise or base price less than the fair market value of common stock (as defined in the Plan) on the date of grant.
No Stock Option or Stock Appreciation Right Re-pricing or Exchange	Except for equitable adjustments in connection with specific corporate transactions (such as stock splits, recapitalizations, reorganizations, mergers, consolidations, and similar transactions), the Plan does not permit a decrease in the exercise price or base price of a stock option or stock appreciation right granted under the Plan through settlement, cancellation, forfeiture, exchange, surrender, or otherwise below the fair market value of common stock (as defined in the Plan) on the date of grant.

Recoupment (Clawback) Policy	Awards granted to our officers and other employees under the Plan are subject to recoupment or reduction in accordance with the terms of our policy regarding recoupment or reduction of incentive compensation (sometime referred to as our "clawback policy").
Independent Administration	The Plan is administered by the Compensation Committee, which is intended to be comprised solely of non-employee directors each of whom meets the additional independence criteria applicable to compensation committee members under the listing standards of The NASDAQ Stock Market LLC, qualifies as a "Non-Employee Director" pursuant to Rule 16b-3 under the Exchange Act, and meets the requirements for an "outside director" within the meaning of Section 162(m) of the Internal Revenue Code.
No "Evergreen" Provision	The Plan does not contain an "evergreen" feature pursuant to which the shares authorized for issuance thereunder can be automatically replenished.
No Tax Gross-ups	The Plan does not provide for any tax gross-ups.



Table of Contents**Key Equity Metrics**

The following table summarizes some key metrics relating to the equity component of our compensation program:

	<b>2017</b>	<b>2016</b>	<b>2015</b>
	(%)	(%)	(%)
Burn Rate <sup>1</sup>	4.08	4.02	4.39
Overhang <sup>2</sup>	31.44	24.47	26.15
Dilution <sup>3</sup>	19.66	19.58	18.55

- 1 Calculated by dividing the number of shares subject to equity awards (time-based vesting and performance-based vesting stock options and restricted stock) granted during the year by the weighted-average number of shares of common stock (including unvested restricted stock) and Class A stock outstanding during the year. A multiplier of 2 is applied to restricted stock awards.
- 2 Calculated by dividing (a) the sum of (i) the number of shares subject to equity awards (time-based vesting and performance-based vesting stock options and unvested restricted stock) outstanding at the end of the year and (ii) the number of shares available for future grants at the end of the year, by (b) the sum of (i) the number of shares of common stock and Class A stock outstanding at the end of the year and (ii) the shares subject to equity awards outstanding at the end of the year.
- 3 Calculated by dividing the number of shares subject to equity awards (time-based vesting and performance-based vesting stock options and unvested restricted stock) outstanding at the end of the year by the sum of (i) the number of shares of common stock and Class A stock outstanding at the end of the year and (ii) the shares subject to equity awards outstanding at the end of the year.

**Equity Compensation Plan Information**

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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, 2017.

Plan Category	A	B	C
	Number of securities to be issued upon exercise of outstanding options, warrants, and rights	Weighted-average exercise price of outstanding options, warrants, and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column A)
Equity compensation plans approved by security holders <sup>1</sup>	26,205,373 shares of common stock	\$ 295.98	15,768,378 shares of common stock <sup>3</sup>
Equity compensation plans not approved by security holders <sup>2</sup>		\$	44,246 shares of Class A stock
Total	26,205,373 shares of common stock	\$ 295.98	15,812,624 shares of common stock and Class A stock

- 1 The equity compensation plans approved by the security holders are the Regeneron Pharmaceuticals, Inc. Second Amended and Restated 2000 Long-Term Incentive Plan; the Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan; and the Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan. The Amended and Restated Regeneron Pharmaceuticals, Inc. 2014 Long-Term Incentive Plan is the only plan currently used by the Company to grant equity awards.
- 2 The equity compensation plan not approved by the security holders is the Executive Stock Purchase Plan. It was adopted in 1989 and provides for the Compensation Committee of the board of directors to award employees, directors, consultants, and other individuals who render service to the Company the right to purchase Class A stock at a price set by the Compensation Committee. The Plan provides for the vesting of shares as determined by the Compensation Committee; should the Company's relationship with a Plan participant terminate before all shares are vested, unvested shares will be repurchased by the Company at a price per share equal to the original amount paid by the Plan participant. As of December 31, 2017, there were no unvested shares and 44,246 shares of Class A stock available for future grants under the Plan.
- 3 This amount is net of 106,260 outstanding shares of restricted stock. As these shares are considered issued and outstanding upon grant, they are not included in the amounts reported in column (a).

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**When are  
shareholder  
proposals due  
for the 2019  
Annual Meeting of  
Shareholders?**

A shareholder wishing to present a proposal at the 2019 Annual Meeting of Shareholders must submit the proposal in writing and it must be received by the Company at its principal executive offices at 777 Old Saw Mill River Road, Tarrytown, New York 10591-6707 by December 24, 2018, and must satisfy the other conditions established by the SEC, 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 2019 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 2019 Annual Meeting is given or made to shareholders, notice by the shareholder in order to be timely must be received no 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 2019 Annual Meeting is held on June 14, 2019 in accordance with the Company's past practice, and at least 70 days' notice or prior public disclosure of the date of the 2019 Annual Meeting is given or made to shareholders, notice of such proposals would need to be given no earlier than March 16, 2019 and no later than April 15, 2019. 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 Notice of Internet Availability of Proxy Materials (or one annual report, proxy statement, and Notice of Internet Availability of Proxy Materials in the case of shareholders who have elected to receive paper copies of our proxy materials) 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 copy of the applicable proxy materials to multiple shareholders sharing the same address. If you wish to receive separate copies of the proxy statement for the 2018 Annual Meeting, the 2017 Annual Report, or the Notice of Internet Availability of Proxy Materials, 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 10591-6707, or by calling us at 914-847-7000, 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.

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**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.

**How can you receive a printed copy of the Company's 2017 Annual Report?**

**Interested shareholders may obtain without charge a copy of our 2017 Annual Report (without exhibits), which includes our audited financial statements for the fiscal year ended December 31, 2017, required to be filed with the SEC, 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) 847-7000.**

**How do you elect to receive future proxy materials electronically?**

If you previously requested to receive proxy materials through the mail, or by means of an e-mail with links to the proxy materials and the proxy voting website, your election will remain in effect until you revoke it. Shareholders currently receiving paper copies of our proxy materials, and shareholders who received a paper copy of the Notice of Internet Availability of Proxy Materials, may instead elect to receive all future proxy materials electronically through an e-mail with a link to these documents on the Internet. Receiving these documents online conserves resources, 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.

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**Note Regarding Forward-Looking Statements and Non-GAAP Financial Measures**

This proxy statement includes forward-looking statements that involve risks and uncertainties relating to future events and the future performance of Regeneron Pharmaceuticals, Inc. (where applicable, together with its subsidiaries, "Regeneron" or the "Company"), and actual events or results may differ materially from these forward-looking statements. Words such as "anticipate," "expect," "intend," "plan," "believe," "seek," "estimate," variations of such words, and similar expressions are intended to identify such forward-looking statements, although not all forward-looking statements contain these identifying words. These statements concern, and these risks and uncertainties include, among others, the nature, timing, and possible success and therapeutic applications of Regeneron's products, product candidates, and research and clinical programs now underway or planned, including without limitation EYLEA® (afibercept) Injection, DUPIXENT® (dupilumab) Injection, PRALUENT® (alirocumab) Injection, KEVZARA® (sarilumab) Injection, cemiplimab, fasinumab, and evinacumab; the likelihood and timing of achieving any of Regeneron's anticipated clinical development milestones; unforeseen safety issues resulting from the administration of products and product candidates in patients, including serious complications or side effects in connection with the use of Regeneron's product candidates in clinical trials; the likelihood and timing of possible regulatory approval and commercial launch of Regeneron's late-stage product candidates and new indications for marketed products, including without limitation EYLEA, DUPIXENT, PRALUENT, KEVZARA, cemiplimab, fasinumab, and evinacumab; the extent to which the results from the research and development programs conducted by Regeneron or its collaborators may be replicated in other studies and lead to therapeutic applications; ongoing regulatory obligations and oversight impacting Regeneron's marketed products (such as EYLEA, DUPIXENT, PRALUENT, and KEVZARA), research and clinical programs, and business, including those relating to patient privacy; determinations by regulatory and administrative governmental authorities which may delay or restrict Regeneron's ability to continue to develop or commercialize Regeneron's products and product candidates; competing drugs and product candidates that may be superior to Regeneron's products and product candidates; uncertainty of market acceptance and commercial success of Regeneron's products and product candidates; the ability of Regeneron to manufacture and manage supply chains for multiple products and product candidates; the ability of Regeneron's collaborators, suppliers, or other third parties to perform filling, finishing, packaging, labeling, distribution, and other steps related to Regeneron's products and product candidates; coverage and reimbursement determinations by third-party payers, including Medicare and Medicaid; unanticipated expenses; the costs of developing, producing, and selling products; the ability of Regeneron to meet any of its financial projections or guidance, and changes to the assumptions underlying those projections or guidance; the potential for any license or collaboration agreement, including Regeneron's agreements with Sanofi, Bayer, and Teva Pharmaceutical Industries Ltd. (or their respective affiliated companies, as applicable), to be cancelled or terminated without any further product success; and risks associated with intellectual property of others and pending or future litigation relating thereto, including without limitation the patent litigation proceedings relating to PRALUENT, the ultimate outcome of any such litigation proceedings, and the impact any of the foregoing may have on Regeneron's business, prospects, operating results, and financial condition. A more complete description of these and other material risks can be found in Regeneron's filings with the U.S. Securities and Exchange Commission, including its Form 10-K for the fiscal year ended December 31, 2017, including in the section thereof captioned "Item 1A. Risk Factors." Any forward-looking statements are made based on management's current beliefs and judgment, and the reader is cautioned not to rely on any forward-looking statements made by Regeneron. Regeneron does not undertake any obligation to update publicly any forward-looking statement, whether as a result of new information, future events, or otherwise.

This proxy statement uses non-GAAP net income, non-GAAP net income per share, and free cash flow, which are financial measures that are not calculated in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). These non-GAAP financial measures are

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computed by excluding certain non-cash and other items from the related GAAP financial measure. Non-GAAP adjustments also include the estimated income tax effect of reconciling items. Free cash flow is calculated as cash flows from operating activities as presented in the statement of cash flows under GAAP, less capital expenditures.

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The Company makes such adjustments for items the Company does not view as useful in evaluating its operating performance. For example, adjustments may be made for items that fluctuate from period to period based on factors that are not within the Company's control (such as the Company's stock price on the dates share-based grants are issued) or items that are not associated with normal, recurring operations (such as changes in applicable laws and regulations). Management uses these non-GAAP measures for planning, budgeting, forecasting, assessing historical performance, and making financial and operational decisions, and also provides forecasts to investors on this basis. Additionally, such non-GAAP measures provide investors with an enhanced understanding of the financial performance of the Company's core business operations. However, there are limitations in the use of these and other non-GAAP financial measures as they exclude certain expenses that are recurring in nature. Furthermore, the Company's non-GAAP financial measures may not be comparable with non-GAAP information provided by other companies. Any non-GAAP financial measure presented by Regeneron should be considered supplemental to, and not a substitute for, measures of financial performance prepared in accordance with GAAP. A reconciliation of the Company's historical GAAP to non-GAAP results is included below.

**Reconciliation of GAAP Net Income to Non-GAAP Net Income**  
**(Unaudited)**  
**(In thousands, except per share data)**

	<b>Year Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
GAAP net income	\$ 1,198,511	\$ 895,522
<i>Adjustments:</i>		
R&D: Non-cash share-based compensation expense	271,878	313,048
R&D: Up-front payments related to license and collaboration agreements	25,000	100,000
SG&A: Non-cash share-based compensation expense	208,395	231,183
COGS and COCM: Non-cash share-based compensation expense	27,004	15,647
Other expense: Loss on extinguishment of debt	30,100	467
Income tax effect of reconciling items above	(186,039)	(236,663)
Income tax expense: Charge related to enactment of U.S. Tax Reform Act	326,202	
Non-GAAP net income	\$ 1,901,051	\$ 1,319,204

Non-GAAP net income per share basic



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	\$ 17.88	\$ 12.60
Non-GAAP net income per share diluted	\$ 16.32	\$ 11.32

*Shares used in calculating:*

Non-GAAP net income per share basic	106,338	104,719
Non-GAAP net income per share diluted	116,518	116,548

**Reconciliation of Free Cash Flows**  
**(Unaudited)**  
**(In thousands)**

**Year Ended**  
**December 31,**  
**2017**

Net cash provided by operating activities	\$1,307,112
Capital expenditures	(272,626)
Free cash flows	\$1,034,486

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