

BIOMARIN PHARMACEUTICAL INC
Form 10-K/A
April 29, 2005

United States
Securities and Exchange Commission

Washington, D.C. 20549

Form 10-K/A

(Amendment No. 2)

(Mark One)

Annual Report Under Section 13 or 15 (d) of the Securities Exchange Act of 1934 For the fiscal year ended December 31, 2004

Or

Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934 For the transition period from _____ to _____.

Commission File Number: 000-26727

BioMarin Pharmaceutical Inc.

(Exact name of small business issuer as specified in its charter)

Delaware
(State of other jurisdiction of

68-0397820
(I.R.S. Employer

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Incorporation or organization)	Identification No.)
105 Digital Drive, Novato, California (Address of principal executive offices)	94949 (Zip Code)

Registrant's telephone number: (415) 506-6700

Securities registered pursuant to Section 12 (b) of the Act: None

Securities registered under Section 12 (g) of the Act:

Common Stock, \$.001 par value

(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers in response to Item 405 of Regulation S-K is not contained in this form, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of June 30, 2004, was \$350.6 million. The number of shares of common stock, \$0.001 par value, outstanding on February 22, 2005 was 64,511,159.

Explanatory Notes

BioMarin Pharmaceutical Inc. (BioMarin or the Company) is filing this Amendment No. 2 (this Amendment) to its Annual Report on Form 10-K for the fiscal year ended December 31, 2004, as filed with the Securities and Exchange Commission on March 16, 2005 (the Annual Report), as amended by Amendment No. 1 thereto as filed with the Securities and Exchange Commission on March 29, 2005, solely for the purpose of including information that was to be incorporated by reference from its definitive proxy statement pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended. The Company will not file its definitive proxy statement within 120 days of its fiscal year ended December 31, 2004 and, therefore, it is amending and restating in their entirety Items 10, 11, 12, 13 and 14 of Part III of the Annual Report.

No other amendments are being made to the Annual Report. Except as otherwise expressly stated below, this Amendment does not reflect events occurring after the date of the Annual Report nor does it modify or update the disclosure contained in the Annual Report in any way other than as required to reflect the amendments discussed above and reflected below.

Part III.
Item 10. Directors and Executive Officers of the Registrant**Directors**

Set forth below is certain information regarding our board of directors as of April 4, 2005:

<u>Name</u>	<u>Age</u>	<u>Position with BioMarin</u>	<u>Director Since</u>
Franz L. Cristiani (2)(3)	63	Director	June 2002
Elaine J. Heron, Ph.D. (2)(4)	57	Director	July 2002
Pierre Lapalme (1) (3)	64	Director, Chairman of the Board	January 2004
Erich Sager (1)	47	Director	November 1997
John Urquhart, M.D. (1)(4)	71	Director	July 2003
Gwynn R. Williams (2)(3)	71	Director	October 1996

- (1) Member of BioMarin's Compensation Committee
(2) Member of BioMarin's Audit Committee
(3) Member of BioMarin's Corporate Governance and Nominating Committee
(4) Member of BioMarin's Science Committee

There is no family relationship between any Director and any executive officer of BioMarin.

Franz L. Cristiani joined the BioMarin Board in June 2002 and serves as chairman of its Audit Committee. From 1964 to 1999, he was with Arthur Andersen, LLP as partner since 1976, with clients in high technology, life sciences, manufacturing, mining, forest products, distribution, publishing and food products industries. Since 1999, he has provided consulting services to various companies, served as a director of various companies and served as an adjunct professor at the University of San Francisco. Mr. Cristiani serves as a director of MTI Technology, Inc., Vitasoy USA, Accuray Incorporated and Nature's Sunshine Products. He holds a B.A. from San Francisco State University and is a C.P.A.

Elaine J. Heron, Ph.D. joined the BioMarin Board in July 2002. Dr. Heron has served as chairman and chief executive officer of Labcyte Inc. since July 2001. Prior to that time, she spent six years in increasingly responsible positions at the Applied Biosystems Group of Applera Corporation, including stints as general manager and vice president of sales and marketing. She was vice president, marketing, at Affymetrix, Inc., from 1995 to 1996. Dr. Heron has a B.S. in chemistry with Highest Distinction and a Ph.D. in analytical biochemistry, both from Purdue University, and an M.B.A. from Pepperdine University.

Pierre Lapalme joined the BioMarin Board in January 2004 and was named as Chairman in August 2004, upon the resignation of Fredric D. Price, BioMarin's former Chief Executive Officer and Chairman of the Board. Throughout his career, Mr. Lapalme has held numerous senior management positions in the pharmaceutical industry, including chief executive officer and chairman of the board of Rhône-Poulenc Pharmaceuticals, Inc. in Canada, and senior vice president and general manager of North America Ethicals, a division of Rhône-Poulenc Rorer, Inc., where he oversaw the development of the ethical pharmaceutical business in the United States, Canada, Mexico, and Central America. Mr. Lapalme served on the board of the National Pharmaceutical Council and was a board member of the Pharmaceutical Manufacturers Association

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of Canada, where he played a leading role in reinstating patent protection for pharmaceuticals. Mr. Lapalme currently serves as director of First Horizon Pharmaceuticals, Bioxel Pharma Inc. and International Wex Technologies. Mr. Lapalme studied at the University of Western Ontario and INSEAD France. Mr. Lapalme also served as non-executive chairman of the board of Diagnocure, a biotechnology company from 1995 to 2005.

Erich Sager joined the BioMarin Board in November 1997. Since 2004, Mr. Sager has acted as Chairman of Calltrade Carrier Services AG, a European wholesale phone operator. From September 1996 until August 2004, Mr. Sager served as the chairman of LaMont Asset Management SA, a private

investment management firm. From April 1994 to August 1996, Mr. Sager served as senior vice president, head of Private Banking for Dresdner Bank (Switzerland) Ltd. From September 1991 to March 1994, Mr. Sager served as vice president, Private Banking-Head German Desk for Deutsche Bank (Switzerland) Ltd. From 1981 to 1989, Mr. Sager held various positions at a number of banks in Switzerland. Mr. Sager serves as a director of Calltrade Carrier Services AG and Zecotek Medical Systems Inc. Mr. Sager received a business degree from the School of Economics and Business Administration in Zurich, Switzerland.

John Urquhart, M.D., joined the BioMarin Board in July 2003 and serves as chairman of its Compensation Committee and Science Committee and has been a member of the BioMarin Science Advisory Board since 2002. Since September 1995, Dr. Urquhart has been the chief scientist of AARDEX Ltd., acting as the chief technical officer of this pharmaceutical packaging company, and the chief executive officer of APREX, also a pharmaceutical packaging company and subsidiary of AARDEX. Since 1991, he has been a member of the board of directors of the Cayman subsidiary of HBM Bioventures, as Swiss-based venture capital firm. Dr. Urquhart also served, as director and non-executive vice chairman of the board of directors of Inveresk Research Group, Inc. of Cary, North Carolina, formerly Inveresk Research Group Ltd. of Edinburgh, Scotland until its acquisition in November 2004 by Charles River Laboratories, Inc. Since November 2004, he has served as a director of Charles River Laboratories, Inc. In April 2004, Dr. Urquhart retired from his position as Extraordinary Professor of Pharmacoepidemiology at Maastricht University in the Netherlands where he served since 1986 with a concentration on graduate education and research. He has been Adjunct Professor of Biopharmaceutical Sciences at University of California, San Francisco Medical Center since 1986. In addition, he occasionally serves as a paid consultant to the pharmaceutical industry. Dr. Urquhart received his M.D. from Harvard Medical School and his B.A. from Rice University.

Gwynn R. Williams joined the BioMarin Board upon its incorporation in 1996 and serves as Chairman of its Corporate Governance and Nominating Committee. Mr. Williams is also a trustee of the United Kingdom Transplant Trust. Previously, Mr. Williams was a partner at Andersen Consulting where he specialized in the design and installation of financial control systems. Additionally, he served as a mathematician with General Motors Research, an internal consultant with Canadian International Paper Company, and a statistician with British Steel. He was a founder of numerous companies including, Xoma Inc., Murex Inc., AstroMed Ltd. and Astroscan Ltd. Mr. Williams was a major stockholder of Glyko Biomedical Ltd. (which was acquired by BioMarin in 2002) and its predecessor Glyko, Inc. Mr. Williams received a B.Sc. in theoretical physics from the University of Wales and is a Chartered Physicist and Fellow of the Institute of Physics in the United Kingdom.

Executive Officers and Other Significant Employees of BioMarin

The following table sets forth certain information concerning BioMarin's executive officers and other significant employees as of April 4, 2005.

<u>Name</u>	<u>Age</u>	<u>Position with BioMarin</u>
Louis Drapeau	61	Acting Chief Executive Officer, Senior Vice President, Finance and Secretary
Robert A. Baffi, Ph.D.	50	Senior Vice President, Technical Operations
Emil D. Kakkis, M.D., Ph.D.	44	Senior Vice President, Business Operations
Christopher M. Starr, Ph.D.	52	Co-founder, Senior Vice President and Chief Scientific Officer
Stuart J. Swiedler, M.D., Ph.D.	49	Senior Vice President, Clinical Affairs
Jeffrey H. Cooper, C.P.A.	49	Acting Chief Financial Officer, Vice President and Controller
G. Eric Davis	34	Vice President, Corporate Counsel and Assistant Secretary
Daniel P. Maher	49	Vice President, Program Management
Kim R. Tsuchimoto, C.P.A.	42	Vice President, Treasurer

There is no family relationship between any Director and any executive officer of BioMarin.

Louis Drapeau, Acting Chief Executive Officer, Senior Vice President, Finance and Secretary

Mr. Drapeau serves as BioMarin's Acting Chief Executive Officer, a position to which he was appointed upon the resignation of Fredric D. Price, BioMarin's former Chief Executive Officer, in August 2004. Mr. Drapeau joined BioMarin as Vice President, Finance, Chief Financial Officer, and Secretary in August 2002. Prior to joining BioMarin, Mr. Drapeau spent 31 years at Arthur Andersen LLP, including fourteen years as managing partner of Assurance and Consulting for Northern California, supervising more than 400 professionals. He has a strong international focus and he also has in-depth capital market experience as well as an extensive knowledge of best practices in the areas of financial controls and administration. From 1966 to 1969, he was a Naval Officer serving with U.S. Naval Civil Engineering Corps principally in Seabee units in the Republic of Vietnam. Mr. Drapeau is a California certified public accountant and holds an M.B.A. and a B.S. in Mechanical Engineering from Stanford University.

Robert A. Baffi, Ph.D., Senior Vice President, Technical Operations

Dr. Baffi joined BioMarin in May 2000, and serves as Senior Vice President, Technical Operations, responsible for overseeing the Company's manufacturing, process development, and quality and analytical chemistry departments. From 1986 to 2000, Dr. Baffi served in a number of progressively more responsible positions at Genentech, primarily in the functional area of quality control. Prior to Genentech, Dr. Baffi worked for Cooper BioMedical as a research scientist and at Becton Dickinson Research Center as a post-doctoral fellow. Dr. Baffi has contributed to more than 20 major regulatory submissions for product approval in the United States and Europe and to more than 50 regulatory submissions for investigational new drug testing. Dr. Baffi received a Ph.D. in biochemistry, an M.B.A. from Regis University, as well as an M.Phil. and a B.S. in biochemistry from the City University of New York.

Emil D. Kakkis, M.D., Ph.D., Senior Vice President, Business Operations

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Dr. Kakkis serves as BioMarin's Senior Vice President, Business Operations and has been a Vice President at BioMarin since joining the Company in September 1998. Together with his colleague, Elizabeth F. Neufeld, Ph.D., of the University of California at Los Angeles (UCLA), Dr. Kakkis developed Aldurazyme, a recombinant form of alpha-L-iduronidase, the enzyme deficient in MPS I patients. Before joining BioMarin, Dr. Kakkis held the position of assistant professor at the Harbor-UCLA Medical Center, Division of Genetics, Department of Pediatrics. From 1991 to 1994, he completed a fellowship in genetics

at the UCLA Intercampus Medical Genetics training program and, prior to that, conducted his pediatric residency at the Harbor-UCLA Medical Center. Dr. Kakkis is the author of numerous published articles and abstracts on MPS I and alpha-L-iduronidase. He holds an M.D. and a Ph.D. in biological chemistry from the Medical Scientist training program at the UCLA School of Medicine. He is board-certified in pediatrics and medical genetics.

Christopher M. Starr, Ph.D., Co-founder, Senior Vice President and Chief Scientific Officer

Dr. Starr co-founded BioMarin in 1996 and serves as Senior Vice President and Chief Scientific Officer. Before BioMarin, Dr. Starr directed the research programs of Glyko, Inc., a subsidiary of BioMarin, the operations of which have been discontinued. He joined Glyko as director of research and development in 1991 and served as vice president of research and development from 1992 to 1998. Dr. Starr was a National Research Council Associate at the National Institutes of Health (NIH). He has published numerous peer-reviewed articles, including research papers on Fluorophore-Assisted Carbohydrate Electrophoresis (FACE) in the diagnosis of lysosomal storage diseases and in the identification of patients with MPS I. His work in the development of diagnostic tests for lysosomal storage diseases has been funded by several grants from the NIH and other institutions. Dr. Starr holds a Ph.D. in biochemistry and molecular biology from the State University of New York Health Science Center and a B.S. from Syracuse University.

Stuart J. Swiedler, M.D., Ph.D., Senior Vice President, Clinical Affairs

Dr. Swiedler joined BioMarin in June 1998 and serves as Senior Vice President, Clinical Affairs. Before joining BioMarin, Dr. Swiedler served as vice president, research programs at Glycomed. He is board-certified in anatomic pathology and has conducted extensive research in the molecular biology of carbohydrate enzymes. Dr. Swiedler holds five patents and is the author of 20 peer-reviewed journal articles. Dr. Swiedler holds a Ph.D. from the Johns Hopkins University School of Medicine, Biochemistry, Cellular, and Molecular Biology training program, an M.D. from the Johns Hopkins University School of Medicine, and a B.S. from the State University of New York at Albany.

Jeffrey H. Cooper, C. P. A., Acting Chief Financial Officer, Vice President and Controller

Mr. Cooper serves as BioMarin's Acting Chief Financial Officer since the appointment of Mr. Drapeau (BioMarin's Chief Financial Officer until August 2004) to Acting Chief Executive Officer in August 2004. Mr. Cooper joined BioMarin as Vice President, Controller, in October 2003. Prior to joining BioMarin, Mr. Cooper worked at Matrix Pharmaceutical for six years, serving most recently as vice president, finance. Earlier in his career, Mr. Cooper served in numerous finance-related roles within the health care and pharmaceutical industries, including corporate controller at Foundation Health Systems, and director of business analysis at Syntex Corporation, a company he worked for from 1983 to 1995. Mr. Cooper is a California certified public accountant and earned a B.A. in economics from the University of California, Los Angeles, and an M.B.A. from Santa Clara University.

G. Eric Davis, Vice President, Corporate Counsel and Assistant Secretary

Mr. Davis joined BioMarin in March 2004, and serves as Vice President, Corporate Counsel and Assistant Secretary. From 2000 to 2004, Mr. Davis worked in the San Francisco office of Paul Hastings, Janofsky & Walker LLP, an international law firm, where he was an associate in the Corporate Department and served on the firm's national securities practice committee. Mr. Davis received a B.A. from the University of California, Berkeley, and a J.D. from the University of San Francisco.

Daniel P. Maher, Vice President, Program Management

Mr. Maher joined BioMarin as Vice President, Program Management in August 2003, bringing with him over 20 years of biotechnology industry experience. From 1998 to 2003, Mr. Maher worked at Aradigm Corporation serving most recently as vice president, program management, overseeing the pulmonary insulin project. Prior to this time, he served as director of clinical operations at Covance, Inc., and as vice president of operations at Spectra BioMedical, Inc. From 1993 to 1995, Mr. Maher acted as

director, therapeutics project management, at Chiron Corporation. Mr. Maher started his career at Genentech, Inc. in 1981, serving in several capacities in operations and project management. Mr. Maher received an M.B.A. in health services management from Golden Gate University and a B.A. in biology from San Francisco State University.

Kim R. Tsuchimoto, C.P.A., Vice President, Treasurer

Ms. Tsuchimoto joined BioMarin in 1997 and currently serves as Vice President, Treasurer, a position she was appointed to in July 2003 after serving as Vice President, Controller. Prior to BioMarin, she worked as controller for three years at Dodd Smith Dann Inc., a fundraising and marketing consultant firm for non-profit organizations, and before that, as controller at Partech International, a venture capital firm affiliated with Banque Paribas (currently known as BNP Paribas). Ms. Tsuchimoto is a licensed California certified public accountant and received a B.S. in business administration from San Francisco State University.

Audit Committee

The Company has established a standing audit committee. The Audit Committee provides oversight of (i) the financial reporting process, the system of internal financial controls and the audit process of BioMarin and (ii) BioMarin's independent registered public accounting firm. The Audit Committee also recommends to the Board the appointment of the independent registered public accounting firm for BioMarin. The members of the Audit Committee are Mr. Cristiani, Chairman, Dr. Heron, and Mr. Williams. Each of the members of the Audit Committee is an audit committee financial expert as defined by Nasdaq and Securities and Exchange Commission rules and, as required by the Audit Charter, is an independent Director. The committee charter is available in the investors section of the Company's website at www.bmrn.com. Information on the Company's website is not incorporated by reference in this report.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires the Company's Directors and officers and persons who own more than that 10% of a registered class of the Company's equity securities (the Reporting Persons) to file reports of ownership and reports of changes in the ownership with the Securities and Exchange Commission. Reporting Persons are required by the Securities and Exchange Commission to furnish the Company with copies of all Section 16(a) forms they file.

Except for the following transaction, to the best of the Company's knowledge, based solely on a review of the copies of such reports furnished to the Company or written representation that no other reports were required, during the fiscal year ended December 31, 2004, all Reporting Persons complied with all Section 16(a) filing requirements. On February 11, 2005, Dr. Urquhart filed a Form 5, which reported a sale that should have been reported in July 2004 on a Form 4.

Standards of Business Conduct and Ethics

The Board has adopted Standards of Business Conduct and Ethics which are applicable to all employees and Directors, including the Company's Chief Executive Officer, Chief Financial Officer, other executive officers and senior financial personnel. A copy of the Company's Standards of Business Conduct and Ethics is available on the Company's website at www.bmrn.com. Information on our website is not incorporated by reference in this report. The Company intends to post any waiver of or material changes, to these Standards, if any, to its website within five

business days of such event.

Item 11. Executive and Director Compensation

Executive Compensation

Summary Compensation Table

The following table discloses compensation paid by the Company during the last three fiscal years to (a) Fredric D. Price, the Company's former Chairman and Chief Executive Officer and Louis Drapeau, the Company's Acting Chief Executive Officer; (b) Robert A. Baffi, Ph.D., Emil D. Kakkis, M.D., Ph.D., Christopher M. Starr, Ph.D. and Stuart J. Swiedler, M.D., Ph.D., the four most highly-compensated officers other than the Chief Executive Officer who were serving as officers at the end of fiscal year 2004 and whose salary and bonus exceeded \$100,000; and (c) Jeffrey I. Landau, who would have been one of the four most highly compensated officers, but for the fact that he resigned on December 31, 2004. These individuals are referred to as the Named Executive Officers.

Except as noted for Mr. Price and Mr. Landau, the entries under the column "All Other Compensation" in the table represent the premiums paid for life insurance benefits, financial planning consultation, fitness benefits and vested 401(k) matching for each Named Executive Officer.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation	All Other Compensation(\$)
		Salary(\$)	Bonus(\$)	Other Annual Compensation(\$)	Awards Securities Underlying Options/ SARs(1)	
Louis Drapeau						
Acting Chief Executive Officer(2)	2004	258,320	40,000(3)		25,000	5,318
	2003	250,025	10,000		40,000	5,600
	2002	102,885			150,000	290
Robert A. Baffi, Ph.D.						
Senior Vice President, Technical Operations	2004	249,871	80,000(3)			6,345
	2003	242,266	30,000		50,000	8,543
	2002	231,000				3,522
Emil D. Kakkis, M.D., Ph.D.						
Senior Vice President,	2004	270,402	160,000(3)(4)			4,913
	2003	270,027	110,000		125,000	4,974

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Business Operations	2002	257,250			4,522
Christopher M. Starr, Ph.D.					
Senior Vice President,	2004	275,830	110,000(3)		6,417
	2003	275,454	60,000	125,000	4,992
Chief Scientific Officer	2002	262,500			4,522
Stuart J. Swiedler, M.D., Ph.D.					
Senior Vice President,	2004	256,652	80,000(3)		6,226
	2003	256,223	42,500	80,000	4,923
Clinical Affairs	2002	241,500			4,522
Fredric D. Price					
Former Chairman and	2004	422,746	400,700		3,094,606
	2003	507,082	225,000	625,000	6,400
Chief Executive Officer(5)	2002	458,129			2,496
Jeffrey I. Landau					
Former Senior Vice President,	2004	240,435	110,000(3)	4,000	220,661
	2003	249,355	42,500	115,000	6,100
Administration(6)	2002	168,750		125,000	5,174

- (1) For 2004 performance, on January 5, 2005, the Company granted the Named Executive Officers options for the purchase of the following number of shares of BioMarin common stock: Mr. Drapeau 100,000 shares; Dr. Baffi 140,000 shares; Dr. Kakkis, 100,000 shares; Dr. Starr, 60,000 shares and Dr. Swiedler, 80,000 shares. These grants are not reflected in the table.
- (2) On August 19, 2004, in connection with his appointment as Acting Chief Executive Officer, Mr. Drapeau, previously the Company's Chief Financial Officer, received options for the purchase of 25,000 shares of common stock.
- (3) The bonus represents amounts paid in February 2004 in recognition of performance in 2003. No officer received a cash bonus for performance in 2004.
- (4) Dr. Kakkis' bonus includes a \$110,000 general merit bonus and a \$50,000 bonus related to the filing of the Investigational New Drug Application for the Company's product candidate Phenoptin, as required by Dr. Kakkis' employment agreement.
- (5) In December 2003, the Board awarded a bonus of \$400,000 to Mr. Price for his performance in 2003, which was paid in January 2004. In connection with Mr. Price's termination of employment, on August 19, 2004, Mr. Price received a severance package of approximately \$2.9 million. This amount is included with All Other Compensation. Mr. Price resigned effective August 12, 2004.
- (6) Mr. Landau retired from the Company on December 31, 2004. Upon his resignation, Mr. Landau's loan plus accrued interest totaling \$116,092 was forgiven and the Company paid the tax on such loan forgiveness in the amount of \$99,093. This amount is included with All Other Compensation.

Stock Option Grants

Option Grants in Last Fiscal Year

Name	Individual Grants		Option Term(\$)(3)		Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for		First Exercisable
	Options Granted(#)	Fiscal Year(1)	(2)	Date	5%	10%	
Louis Drapeau(4)	25,000	1%	5.15	8/19/14	80,970	205,194	2/19/05

- (1) Based on an aggregate of 1,795,800 shares subject to options granted during fiscal year 2004 to employees.
- (2) Options were granted at an exercise price equal to the closing price of the common stock on Nasdaq on the date of the grant.
- (3) The 5% and 10% assumed annual rates of compounded stock price appreciation are mandated by rules of the Securities and Exchange Commission. The actual stock price over the option term could be substantially more or less than the assumed 5% and 10% levels included in the table. Unless the market price of the Company's common stock appreciates over the option term, no value will be realized from the option grants made to the Named Executive Officers. The potential realizable value is calculated by assuming that the closing price per share on the date of grant appreciates at the indicated rate for the entire term of the option and that the option is exercised at the exercise price and sold on the last day of its term at the appreciated price. The potential realizable value computation is net of the applicable exercise price, but does not take into account applicable federal or state income tax consequences and other expenses of option exercises. The values shown do not consider non-transferability or termination of the options upon termination of such employee's employment.

(4) Options were granted to Mr. Drapeau on August 19, 2004 in connection with his appointment as Acting Chief Executive Officer.

Fiscal 2004 Option Exercises and Option Value Table

The following table sets forth the number of shares covered by both exercisable and unexercisable stock options held by each of the Named Executive Officers and certain information with respect to options exercised by the Named Executive Officers during the Company's fiscal year 2004.

Options Exercised During Fiscal Year 2004

Name	Shares Acquired on Exercise	Value Realized (\$)	Number of Securities		Value of Unexercised	
			Underlying Unexercised		In-the-Money Options at	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Louis Drapeau		\$	99,790	115,210	\$ 31,350	\$ 53,400
Robert A. Baffi, Ph.D.			301,506	51,737		
Emil D. Kakkis, M.D., Ph.D.			304,895	90,105	466,050	
Christopher M. Starr, Ph.D.	5,570	21,828	239,520	90,104	249,588	
Stuart J. Swiedler, M.D., Ph.D.			190,910	59,323	250,950	
Fredric D. Price			842,970			
Jeffrey I. Landau			121,249	118,751		

(1) Based on closing price on December 31, 2004 of \$6.39 per share less exercise price per share.

Employment Agreements

The Company is party to employment agreements with the Named Executive Officers, other than Mr. Price and Mr. Landau, on the terms set forth in the chart below. Each of these employment agreements is terminable without cause by the Company upon six months' prior written notice to the officer, or by the officer upon three months' prior written notice to the Company. The Company is obligated to pay the officer's salary and benefits until termination. In addition, with respect to Messrs. Baffi, Kakkis, Starr and Swiedler, if any of them is involuntarily terminated within one year of a change of control, he is entitled to receive from the Company a severance payment equal to six months of his then-current annual salary and fifty percent of the annual bonus that he would otherwise be entitled to receive for the calendar year in which he was involuntarily terminated, and fifty percent of the then-unvested portion of all of his options in the Company shall immediately vest. The Company is a party to a Severance Agreement with Mr. Price as described below.

Name of Executive Officer	2004 Annual Salary Rate(1)	Annual Bonus	Initial Grant of Right to Purchase Equity	Agreement Termination
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			Securities(2)	Date
Louis Drapeau	\$ 275,000	Annual bonus, payable in cash and/or stock.	Options to purchase up to 125,000 and 25,000 shares of the Company's common stock at a purchase price of \$9.25 and \$4.24, respectively.	None
Robert A. Baffi, Ph.D.	\$ 250,000	Annual bonus, payable in cash and/or stock.	Options to purchase up to 210,000 shares of the Company's common stock at a purchase price of \$22.00 per share.	None
Emil D. Kakkis, M.D., Ph.D.	\$ 270,250	Eligible to receive a cash bonus based on achievement of milestones and an annual bonus, payable in cash and/or stock.	Options to purchase up to 200,000 shares of the Company's common stock at a purchase price of \$4.00 per share.	None
Christopher M. Starr, Ph.D.	\$ 275,500	Annual bonus, payable in cash and/or stock.	400,000 shares of the Company's common stock at a purchase price of \$1.00 per share.	None
Stuart J. Swiedler, M.D., Ph.D.	\$ 256,500	Annual bonus, payable in cash and/or stock.	Options to purchase up to 150,000 shares of the Company's common stock at a purchase price of \$4.00 per share.	None

- (1) 2004 Annual Salary Rate reflected in the above table reflects 2004 annual salary rate as of December 31, 2004. The table entitled *Summary Compensation Table* reflects actual salaries paid in 2004 and includes mid-year salary adjustments.
- (2) Options in this table were granted on commencement of employment for each individual.

In January 2004, the Company instituted a Severance Plan and Summary Plan Description that is applicable to each of the officers listed in the table below. This policy was amended and restated in March 2005. Under the plan, on a change of control, vesting of all employee options under the 1997 Option Plan is accelerated in full, which is unchanged from the plan adopted in January 2004. Further, upon an involuntary termination on or within one year of a change of control, employees are entitled to receive certain specified benefits consisting of cash severance and a continuation of employee benefits. Under the plan, the Named Executive Officers are entitled to receive one year of benefit continuation and a severance payment equal to one year of base salary and the greater of the actual bonus paid for the prior year or the target bonus payable for the current year. Benefits payable under this policy may be reduced for employees who are entitled to severance benefits under separate arrangements with the Company to avoid the payment of duplicate benefits.

Effective August 12, 2004, Mr. Price terminated his employment with the Company. Mr. Price was paid a severance package that included: a cash payment of approximately \$2.9 million, acceleration of the full unvested portion of his 39,285 share restricted stock grant (and a registration right with respect to such shares) and the extension of the exercise period for all his vested stock options to one year following termination. The cash payment was netted against the amount of principal and interest due under the Company's loan to Mr. Price.

The Company has adopted a form of indemnification agreement to be entered into between BioMarin and each of its executive officers and Directors. This indemnification agreement requires the Company, among other things, to indemnify executive officers and Directors against liabilities that may arise by reason of their status or performance of their duties as executive officers or Directors and to advance their expenses incurred as a result of any proceeding against them as to which they could be indemnified. For a description of other transactions between BioMarin and its affiliates, see *Certain Relationships and Related Transactions*.

Section 162(m)

The Company has considered the potential future effects of Section 162(m) of the Internal Revenue Code on the compensation paid to its executive officers. Section 162(m) disallows a tax deduction for any publicly held corporation for individual compensation exceeding \$1.0 million in any taxable year for any of the Named Executive Officers, unless compensation is performance-based. The Company has adopted a policy that, where reasonably practicable, it will seek to qualify the variable compensation paid to its executive officers for an exemption from the deductibility limitations of Section 162(m).

2004 Director Compensation

The following table is a summary of the compensation paid to the Directors of BioMarin during fiscal year 2004. Each applicable line item under Annual Compensation below is an additional element of compensation.

<u>Director Position</u>	<u>Annual Compensation</u>
All Independent Members	\$25,000 Options to purchase 30,000 shares of the Company's common stock
Chairman of the Board	\$30,000
Audit Committee Chair	\$15,000
Audit Committee (Non-Chair)	\$7,500
Compensation Committee Chair	\$10,000
Compensation Committee (Non-Chair)	\$5,000
Corporate Governance and Nominating Committee Chair	\$10,000
Corporate Governance and Nominating Committee (Non-Chair)	\$5,000
Science Committee Chair	\$10,000
Science Committee (Non-Chair)	\$5,000

From January 1, 2004 through August 19, 2004, Mr. Cristiani served as lead Director. In August 2004, the Board amended the Company's Corporate Governance Principles to eliminate the position of lead Director in connection with the adoption of the requirement to have the role of Chief Executive Officer and Chairman of the Board held by different persons. In addition to amounts described in the table above, Mr. Cristiani received \$3,750 for serving as lead Director in 2004. Directors are also reimbursed for their reasonable expenses in attending meetings of the Board and while performing services for the Company.

2004 Director Compensation

The following table lists actual compensation paid to each of the Directors during fiscal year 2004.

<u>Director Name</u>	<u>Director Fees</u>	<u>Option Grant</u>	<u>Number of</u> <u>Options</u>	<u>Exercise Price</u>	<u>Option Expiry</u>
		<u>Date</u>	<u>Granted</u>	<u>Per Share</u>	
Franz L. Cristiani	\$ 37,500	6/14/04	30,000	\$ 5.97	6/14/14
Elaine J. Heron, Ph.D.	\$ 29,375	7/12/04	30,000	\$ 5.12	7/12/14
Pierre Lapalme	\$ 31,250	1/27/04	30,000	\$ 8.47	1/27/14
Erich Sager	\$ 25,000	11/30/04	30,000	\$ 5.33	11/30/14
John Urquhart, M.D.	\$ 32,500	7/28/04	30,000	\$	