

ALEXION PHARMACEUTICALS INC
Form DEF 14A
April 25, 2006

SCHEDULE 14A

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Confidential, for Use of the Commission Only
(as permitted by Rule 14a-6(e)(2))

ALEXION PHARMACEUTICALS, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11

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1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

ALEXION PHARMACEUTICALS, INC.

352 Knotter Drive

Cheshire, Connecticut 06410

(203) 272-2596

April 26, 2006

Dear Fellow Stockholder:

You are cordially invited to attend the Company's Annual Meeting of Stockholders to be held at 10:00 a.m. on Wednesday, June 7, 2006, in the College Room at the Omni Hotel, 155 Temple Street, New Haven, Connecticut 06510.

This year, you are being asked:

- (1) To elect eight directors to the Company's Board of Directors, constituting the entire Board, to serve for the ensuing year;
- (2) To approve the amendment to the Company's 2004 Incentive Plan, as described in the accompanying proxy statement, including to increase the number of shares of common stock available for issuance by 775,000 shares (subject to adjustment in the event of stock splits and other similar events), and
- (3) To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm.

In addition, I will be pleased to report on the affairs of the Company and a discussion period will be provided for questions and comments of general interest to stockholders.

We look forward to greeting those stockholders who are present at the meeting; however, whether or not you plan to be with us at the meeting, it is important that your shares be represented. Accordingly, you are requested to sign and date the enclosed form of proxy and mail it in the envelope provided at your earliest convenience. Thank you for your cooperation.

Very truly yours,

Leonard Bell, M.D.

Chief Executive Officer,

Secretary and Treasurer

ALEXION PHARMACEUTICALS, INC.

Cheshire, Connecticut

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To Be Held On June 7, 2006

April 26, 2006

Notice is hereby given that the Annual Meeting of Stockholders of Alexion Pharmaceuticals, Inc. will be held on Wednesday, June 7, 2006, at 10:00 a.m. in the College Room at the Omni Hotel, 155 Temple Street, New Haven, Connecticut 06510:

- (1) To elect eight directors to the Company's Board of Directors, constituting the entire Board, to serve for the ensuing year;
- (2) To approve the amendment to the Company's 2004 Incentive Plan, as described in the accompanying proxy statement, including to increase the number of shares of common stock available for issuance by 775,000 shares (subject to adjustment in the event of stock splits and other similar events), and
- (3) To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm; and
- (4) To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

Stockholders of record at the close of business on April 21, 2006 will be entitled to notice of and to vote at the Annual Meeting or any adjournment thereof.

All stockholders are cordially invited to attend the Annual Meeting in person. However, whether or not you plan to be with us at the Annual Meeting, please complete, sign and date the enclosed proxy card and mail it in the envelope provided at your earliest convenience so that your shares may be represented at the meeting and to ensure a quorum. No postage is required if mailed in the United States. When completing your form of proxy, please sign your name, as it appears printed. If signing as an attorney, executor, administrator, trustee or guardian, please give your full title. A proxy executed by a corporation must be signed by an authorized officer.

As we previously announced, on December 9, 2005, our Board of Directors has unanimously approved a change to our fiscal year end from July 31 to December 31. Accordingly, a copy of the Company's Transition Report on Form 10-K/T for the five month period ended December 31, 2005, (transition report) containing financial data for the five-month period ended December 31, 2005, is being mailed to the stockholders with this proxy statement.

Leonard Bell, M.D.

Secretary

ALEXION PHARMACEUTICALS, INC.

352 Knotter Drive

Cheshire, Connecticut 06410

PROXY STATEMENT

GENERAL INFORMATION

Proxy Solicitation

This Proxy Statement and form of proxy are furnished to the holders of common stock, par value \$.0001 per share (the "Common Stock"), of Alexion Pharmaceuticals, Inc. (the "Company") in connection with the solicitation by the Board of Directors of the Company of proxies for use at the Annual Meeting of Stockholders to be held on Wednesday, June 7, 2006, at 10:00 a.m. in the College Room at the Omni Hotel, 155 Temple Street, New Haven, Connecticut 06510, or at any adjournment thereof, pursuant to the accompanying Notice of Annual Meeting of Stockholders. The purposes of the meeting and the matters to be acted upon are set forth in the accompanying Notice of Annual Meeting of Stockholders. The Board of Directors is not currently aware of any other matters that will come before the meeting.

Proxies will be mailed to stockholders on or about May 2, 2006 and will be solicited by mail. The Company will make arrangements with brokerage houses and other custodians, nominees and fiduciaries to send proxies and proxy materials to the beneficial owners of the shares and will reimburse them for their expenses in so doing. Proxies may be solicited, without extra compensation, by officers, agents and employees of the Company who may communicate with stockholders, banks, brokerage houses and others by telephone, facsimile, email or in person to request that proxies be furnished. All expenses incurred in connection with this solicitation will be borne by the Company. The Company has no present plans to hire special employees or paid solicitors to assist in obtaining proxies, but reserves the option of doing so. If any special employees or solicitors are retained, the Company will bear the expense of such retention.

Revocability and Voting of Proxy

A form of proxy for use at the Annual Meeting of Stockholders and a return envelope for the proxy are enclosed. Stockholders may revoke the authority granted by their execution of proxies at any time before such proxies are voted at the Annual Meeting by filing with the Secretary of the Company a written notice of revocation, or by mailing a duly executed proxy bearing a later date, or by voting in person at the Annual Meeting. Shares of the Company's Common Stock represented by executed and unrevoked proxies will be voted in accordance with the choice or instructions specified thereon. If a proxy card is signed and returned without any specifications, your shares will be voted in a manner recommended by the Board of Directors.

Record Date and Voting Rights

Only stockholders of record at the close of business on April 21, 2006 are entitled to notice of and to vote at the Annual Meeting or any and all adjournments thereof. On April 21, 2006, there were 31,536,116 shares of Common Stock outstanding; each such share is entitled to one vote on each of the matters to be presented at the Annual Meeting. The holders of a majority of the outstanding shares of Common Stock entitled to vote, present

in person or represented by proxy, will constitute a quorum at the Annual Meeting. Abstentions and broker non-votes will be counted for purposes of determining the presence or absence of a quorum. Broker non-votes are shares held by brokers or nominees that are present in person or represented by proxy, but not voted on a particular matter because (1) instructions have not been received from the beneficial owner and (2) the brokers do not have discretionary voting authority to vote on such matter. Abstentions and broker non-votes are not treated as a vote for or a vote against any of the proposals to which such abstentions or broker non-votes apply.

New Fiscal Year End

As the Company previously announced, on December 9, 2005 the Board of Directors, pursuant to the Company's Amended and Restated Bylaws, has unanimously approved a change in the Company's fiscal year end from July 31 to December 31. The Company filed a transition report on Form 10-K/T covering the five months period from August 1, 2005 to December 31, 2005 (the Five Month Transition Period) on March 7, 2006.

BENEFICIAL OWNERSHIP OF COMMON STOCK

The following table sets forth certain information as of March 1, 2006 (except as otherwise noted) regarding the beneficial ownership (as defined by the Securities and Exchange Commission (the SEC)) of the Company's Common Stock of: (i) each person known by the Company to own beneficially more than five percent of the Company's outstanding Common Stock; (ii) each director; (iii) each executive officer named in the Summary Compensation Table (see our Proxy Statement Proposal No.1 Election of Directors); and (iv) all directors and Section 16 officers of the Company as a group.

Name and Address of Beneficial Owner(1)	Number of Shares of Common Stock Beneficially Owned(2)	Percentage of Outstanding Shares of Common Stock
Fidelity Management & Research Company 82 Devonshire Street Boston, MA 02109(3)	3,282,290	10.5%
Janus Capital Management LLC 100 Fillmore Street Suite 400 Denver, CO 80206-4928(3)	3,014,663	9.6%
Sectoral Asset Management, Inc. 1000 Sherbrooke St Montréal, Canada(3)	2,624,552	8.4%
Westfield Capital Management Co. LLC 1 Financial Center 23rd floor Boston, MA 02111-2621(3)	1,868,550	6.0%
T. Rowe Price Associates, Inc. 100 E. Pratt St. Baltimore, MD 21202(3)	1,824,150	5.8%

Name and Address of Beneficial Owner(1)	Number of Shares of Common Stock Beneficially Owned(2)	Percentage of Outstanding Shares of Common Stock
Ziff Brothers Investments, LLC 55 Railroad Ave. Greenwich, CT(4)	1,677,773	5.4%
Pictet & Cie. Europe SA 1, Boulevard Royal Luxembourg 2016 LU(5)	1,634,919	5.2%
Leonard Bell, M.D.(6)(20)	843,280	2.7%
David W. Keiser(7)(20)	277,064	*
Stephen P. Squinto, Ph.D.(8)(20)	151,625	*
Thomas I.H. Dubin, J.D.(9)(20)	124,250	*
Christopher F. Mojcik, M.D., Ph.D.(10)(20)	119,500	*
Joseph Madri, Ph.D., M.D.(11)	113,875	*
Max Link, Ph.D.(12)	109,221	*
R. Douglas Norby(13)	62,375	*
Alvin S. Parven(14)	62,324	*
Vikas Sinha, M.B.A., C.A.(15)	24,625	*
Larry L. Mathis(16)	22,375	*
Patrice Coissac(17)	13,500	*
Ruedi E. Waeger, Ph. D.(18)	7,875	*
All directors and Section 16 officers as a group (13 persons)(19)	1,931,889	6.2%

* Less than one percent.

(1) Unless otherwise indicated, the address of all persons is 352 Knotter Drive, Cheshire, Connecticut 06410.

(2) To our knowledge, except as set forth below, the persons named in the table have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them, subject to community property laws where applicable and the information contained in the footnotes in this table.

(3) These figures are based upon information set forth in Schedule 13F dated December 31, 2005.

(4) This figure is based upon information set forth in Form 10-K dated October 1, 2005.

(5) This figure is based upon information set forth in Schedule 13G dated November 23, 2005.

(6) Includes 531,469 shares of common stock that may be acquired upon the exercise of options within 60 days of March 1, 2006 and 300 shares, in aggregate, held in the names of Dr. Bell's three children. Excludes 96,293 shares obtainable through the exercise of options, granted to Dr. Bell, which are not exercisable within 60 days of March 1, 2006 and 90,000 shares held in trust for Dr. Bell's children. Dr. Bell disclaims beneficial ownership of the 90,300 shares held in the names of his children.

(7) Includes 185,755 shares of common stock which may be acquired upon the exercise of options within 60 days of March 1, 2006 and 300 shares, in aggregate, held in the names of Mr. Keiser's three children. Excludes 52,250 shares obtainable through the exercise of options, granted to Mr. Keiser, which are not exercisable within 60 days of March 1, 2006. Mr. Keiser disclaims beneficial ownership of the shares held in the names of his minor children.

- (8) Includes 143,625 shares of common stock which may be acquired upon the exercise of options within 60 days of March 1, 2006. Excludes 50,375 shares obtainable through the exercise of options, granted to Dr. Squinto, which are not exercisable within 60 days of March 1, 2006.
- (9) Includes 106,250 shares of common stock which may be acquired on the exercise of options that are exercisable within 60 days of March 1, 2006. Excludes 50,750 shares obtainable through the exercise of options granted to Mr. Dubin, which are not exercisable within 60 days of March 1, 2006.
- (10) Includes 111,500 shares of common stock, which may be acquired upon the exercise of options within 60 days of March 1, 2006. Excludes 44,500 shares obtainable through the exercise of options granted to Dr. Mojcik, which are not exercisable within 60 days of March 1, 2006.
- (11) Includes 56,875 shares of common stock which may be acquired on the exercise of options that are exercisable within 60 days of March 1, 2006. Excludes 10,125 obtainable through the exercise of options granted to Dr. Madri, which are not exercisable within 60 days of March 1, 2006.
- (12) Includes 36,541 shares of common stock which may be acquired upon the exercise of options within 60 days of March 1, 2006. Excludes 10,125 shares obtainable through the exercise of options granted to Dr. Link, which are not exercisable within 60 days of March 1, 2006.
- (13) Includes 60,375 shares of common stock which may be acquired on the exercise of options that are exercisable within 60 days of March 1, 2006. Excludes 10,125 shares obtainable through the exercise of options granted to Mr. Norby, which are not exercisable within 60 days of March 1, 2006.
- (14) Includes 59,275 shares of common stock which may be acquired on the exercise of options that are exercisable within 60 days of March 1, 2006. Excludes 10,125 shares obtainable through the exercise of options granted to Mr. Parven, which are not exercisable within 60 days of March 1, 2006.
- (15) Includes 625 shares of common stock which may be acquired on the exercise of options that are exercisable within 60 days of March 1, 2006. Excludes 94,375 shares obtainable through the exercise of options granted to Mr. Sinha, which are not exercisable within 60 days of March 1, 2006.
- (16) Includes 17,375 shares of common stock which may be acquired on the exercise of options that are exercisable within 60 days of March 1, 2006. Excludes 11,625 shares obtainable through the exercise of options granted to Mr. Mathis, which are not exercisable within 60 days of March 1, 2006.
- (17) Includes 500 shares of common stock which may be acquired on the exercise of options that are exercisable within 60 days of March 1, 2006. Excludes 40,500 shares obtainable through the exercise of options granted to Mr. Coissac, which are not exercisable within 60 days of March 1, 2006.
- (18) Includes 5,875 shares of common stock which may be acquired on the exercise of options that are exercisable within 60 days of March 1, 2006. Excludes 15,625 shares obtainable through the exercise of options granted to Dr. Waeger, which are not exercisable within 60 days of March 1, 2006.
- (19) Consists of shares beneficially owned by Drs. Bell, Link, Madri, Mojcik, Squinto, and Waeger and Messrs. Keiser, Dubin, Norby, Parven, Sinha, Mathis and Coissac. Includes 1,316,040 shares of common stock, which may be acquired upon the exercise of options within 60 days of March 1, 2006.
- (20) Named executive officer under Item 402 of Regulation S-K.

PROPOSAL NO. 1 ELECTION OF DIRECTORS

Eight directors, constituting the Company's entire Board of Directors, have been nominated for re-election at the Annual Meeting to serve until the next annual meeting of stockholders and until their successors shall have been duly elected and qualified. In the event any of these nominees shall be unable to serve as a director, the shares represented by the proxy will be voted for such other candidate, if any, who is nominated by the Board of Directors to replace the nominee. All nominees have consented to be named in the Proxy Statement and have indicated their intent to serve if elected. The Board of Directors has no reason to believe that any of the nominees will be unable to serve.

Directors will be elected by a plurality of the votes cast by the stockholders entitled to vote on the election of directors at the Annual Meeting.

THE BOARD OF DIRECTORS DEEMS PROPOSAL NO. 1 ELECTION OF DIRECTORS TO BE IN THE BEST INTERESTS OF THE COMPANY AND ITS STOCKHOLDERS AND RECOMMENDS A VOTE FOR EACH NOMINEE.

Below please find information about the nominees for directors:

Director	Age	Year First Became Director	Principal Occupation During The Past Five Years and Directorships in Public Reporting and Other Companies
Leonard Bell, M.D.	47	1992	Chief Executive Officer, Secretary and Treasurer since January 1992, and director of the Company since February 1992; President of the Company from January 1992 to April 2002; Adjunct Assistant Professor of Medicine and Pathology at Yale University School of Medicine.
David W. Keiser	54	2002	President and director of the Company since April 2002; Chief Operating Officer of the Company since July 1992; Executive Vice President of the Company from July 1992 to April 2002.
Max Link, Ph.D.(1)(4)	65	1992	Chairman of the Company's board of directors since December 2002; Chairman and Chief Executive Officer of CenterPulse, AG, a medical implant company from March 2001 to September 2003; Retired from 1994 to 2001; Chief Executive Officer of Corange (Bermuda) from May 1993 to June 1994; Chairman of the Board of Sandoz Pharma, Ltd. from 1992 to 1993 and Chief Executive Officer of Sandoz Pharma, Ltd. from 1987 to 1992; Chairman of the Board of Directors of Protein Design Labs, Inc., CytRx Corporation, as well as Celsion Corporation, and is also a director of Access Pharmaceuticals, Inc., Discovery Labs, Inc. and Human Genome Sciences, Inc., each a publicly held pharmaceutical and/or life-science company.
Joseph A. Madri, Ph.D., M.D.(2)(4)	59	1992	Faculty Member of the Yale University School of Medicine since 1980.
Larry L. Mathis(1)(3)	62	2004	Executive consultant since 1998 with D. Petersen & Associates a provider of counsel to select clients on leadership strategies, integrated systems and governance; Served in various capacities within The Methodist Hospital System for the 27 years prior to joining D. Petersen & Associates; Consultant to the Chairman of the Board of The Methodist Hospital System from 1997 to 1998; President and Chief Executive Officer, as well as a member of the Board of Directors of the Methodist Hospital System, from 1983 to 1997.

Director	Age	Year First Became Director	Principal Occupation During The Past Five Years and Directorships in Public Reporting and Other Companies
R. Douglas Norby(1)(3)	70	1999	Senior Vice President and Chief Financial Officer of Tessera, Inc., a provider of intellectual property for advanced semiconductor packaging, from July 2003 to January 2006; Senior Vice President and Chief Financial Officer of Zambeel, Inc., a data storage systems company, from March 2002 to February 2003; Senior Vice President and Chief Financial Officer of Novalux, Inc., a manufacturer of lasers for optical networks, from December 2000 to March 2002; Executive Vice President and Chief Financial Officer of LSI Logic Corporation from 1996 to 2000; serves as a director of LSI Logic Corporation, STATS ChipPAC, Ltd., Jazz Semiconductor, Inc. each a semiconductor company, and Neterion, Inc., a communications device company.
Alvin S. Parven(2)(3)	65	1999	President of ASP Associates, a management and strategic consulting firm, since 1997; Vice President at various operating subsidiaries of Aetna Insurance Corporation from 1987 to 1997.
Ruedi E. Waeger, Ph.D.(2)(4)	62	2005	President, Chief Executive Officer, and a director of Aventis Behring L.L.C., a global plasma therapeutics product business, from April 1998 to March 2004; director of Guidant Corporation, a medical device manufacturer, since 1995; a director of Talecris Biotherapeutics, a therapeutic proteins company, and Eximias Pharmaceutical Corporation, since March 2005. Dr. Waeger was nominated to our board of directors by an independent director.

- (1) Member of the Audit Committee of the Board of Directors.
- (2) Member of the Compensation Committee of the Board of Directors.
- (3) Member of the Nominating and Governance Committee of the Board of Directors.
- (4) Member of the Compliance and Quality Committee of the Board of Directors.

GENERAL INFORMATION ABOUT THE BOARD OF DIRECTORS

During the five-month transition period ended December 31, 2005, the Board of Directors held two meetings. During the five-month transition period, each incumbent director attended at least 75% of the meetings of the Board of Directors and all committees of the Board of Directors on which he served. It is the Company's policy that members of the Board of Directors should attend and be present at the Annual Meeting of Stockholders. Eight members of the Board of Directors then constituting the entire Board attended the 2005 Annual Meeting of Stockholders in respect of the prior fiscal year ending July 31, 2005.

The Board of Directors has determined that six of its eight members (Drs. Link, Madri and Waeger, and Messrs. Mathis, Norby, and Parven) are independent directors as that term is defined under the National

Association of Securities Dealers (NASD) Listing Standards. During each of the regularly scheduled meetings this five-month transition period, the Board of Directors met in executive session where only the independent directors were present without any members of the Company s management.

Audit Committee

In February 1993, the Board established a separately designated standing Audit Committee to review the internal accounting procedures of the Company, consult with the Company s independent registered public accounting firm and review the services provided by the independent registered public accounting firm. The Audit Committee operates pursuant to a charter which has been approved and adopted by the Board of Directors and is reviewed and reassessed annually by the Audit Committee. The Audit Committee Charter is attached to this proxy statement as Appendix A. Dr. Link, Mr. Mathis and Mr. Norby are the current members of the Audit Committee, each of whom the Company s Board of Directors has determined to be an independent director as that term is defined under the NASD Listing Standards and the SEC rules and regulations. Our Board of Directors has also determined that Mr. Norby is an audit committee financial expert as that term is defined under the NASD Listing Standards and the SEC rules and regulations. During the five month transition period the Audit Committee held four meetings.

Compensation Committee

In February 1993, the Board of Directors established a Compensation Committee. The Compensation Committee reviews compensation practices, determines or recommends compensation of the chief executive officer and all other executive officers, and administers the Company s non-formula based equity compensation and incentive plans. During the Company s five-month transition period, Dr. Madri, Mr. Parven and Dr. Waeger served as the members of the Compensation Committee. The Company s Board of Directors has determined that each of the members of the Compensation Committee is an independent director as that term is defined under the NASD Listing Standards and the SEC rules and regulations. During the five-month transition period, the Compensation Committee held two meetings.

Compliance and Quality Committee

In December 2004, the Board established a Compliance and Quality Committee. The Compliance and Quality Committee provides leadership and guidance to the Company on all aspects of regulatory and product compliance matters, except where those matters involve financial controls or the internal financial audit function. Dr. Link, Dr. Madri and Dr. Waeger are the current members of the Compliance and Quality Committee, each of whom is an independent director as that term is defined under the NASD Listing Standards. During the five-month transition period, the Compliance and Quality Committee held two meetings.

Nominating and Governance Committee

In June 2003, the Board of Directors established the Nominating and Governance Committee to provide leadership and guidance to the Company, review and recommend new directors to the Board of Directors, establish the necessary Board committees to provide oversight to the Company, and make recommendations regarding committee membership. During the Company s five month transition period, Messrs. Mathis, Norby and Parven served as the members of the Nominating and Governance Committee, each of whom the Company s Board of Directors has determined to be an independent director as that term is defined under the NASD

Listing Standards. During the five-month transition period, the Nominating and Governance Committee held two meetings. The Nominating and Governance Committee Charter is posted on the Company's website at www.alexionpharm.com.

Process for Selecting Nominees and Stockholder Nominations

It is the policy of the Nominating and Governance Committee to consider candidates for the Board membership recommended by Nominating and Governance Committee members and other Board members, management, the Company's stockholders, third-party search firms and any other appropriate sources. If a consulting firm is retained to assist in the search process for a director, a fee is typically paid to such a firm only if the candidate is elected to the Board or is recommended to the Board by the Nominating and Governance Committee for inclusion in the slate of nominees to be elected at the Annual Meeting of Stockholders. As a stockholder, you may recommend a person for consideration as a nominee for director by writing to the Nominating and Governance Committee of the Board of Directors, c/o Alexion Pharmaceuticals, Inc., 352 Knotter Drive, Cheshire, Connecticut 06410, Attention: General Counsel. Recommendations must be received by December 15, 2006 to be considered for the 2007 Annual Meeting of Stockholders. Recommendations must include the name and address of the stockholder making the recommendation, a representation setting forth the number of shares of the Company's Common Stock beneficially owned by the recommending stockholder, a statement from the recommended nominee that expresses his or her intent to serve on the Board if elected, biographical information about the recommended nominee, any other information the stockholder believes would be helpful to the Nominating and Governance Committee in evaluating the recommended nominee and a description of all arrangements or understandings between the recommending stockholder and each nominee and any other person concerning the nomination.

In evaluating candidates, the Nominating and Governance Committee will consider the following criteria: personal integrity, sound business judgment, business and professional skills and experience, independence (as that term is defined under the rules of the Securities and Exchange Commission and the NASD Listing Standards) and the requirement to maintain a Board that is composed of a majority of independent directors, potential conflicts of interest, the extent to which a candidate would fill a present need, and concern for the long term interests of stockholders. In any particular situation, the Nominating and Governance Committee may focus on persons possessing a particular background, experience or qualifications which the Committee believes would be important to enhance the effectiveness of the Board. The evaluation process for stockholder recommendations is the same as for candidates recommended by any other source.

Stockholder Communications with the Board of Directors

The Board of Directors has provided a process for stockholders to send communications to the Board. Stockholders who wish to send communications to the Board, or any particular director, should address such communications to the Board of Directors, c/o Alexion Pharmaceuticals, Inc., 352 Knotter Drive, Cheshire, Connecticut 06410, Attention: Thomas I.H. Dubin, Esq., Senior Vice President and General Counsel. All such communications should include a representation from the submitting stockholder setting forth the stockholder's address and the number of shares of the Company's Common Stock beneficially owned by the stockholder.

The General Counsel of the Company will (i) be primarily responsible for monitoring communications from stockholders and (ii) provide copies or summaries of such communications to the Board, or the director to whom such communication is addressed, as the General Counsel considers appropriate. Each stockholder

communication will be forwarded if it relates to a substantive matter and includes suggestions or comments that the General Counsel considers to be important for the directors, or director, to know. In general, stockholder communications relating to corporate governance and long-term corporate strategy are more likely to be forwarded than stockholder communications relating to personal grievances and matters as to which the Company tends to receive repetitive or duplicative communications. The Board will give appropriate attention to written communications on such issues and will respond as appropriate.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act of 1934, as amended, requires the Company's directors, executive officers and persons who beneficially own more than ten percent of the Company's Common Stock, to file initial reports of beneficial ownership of the Company's stock and reports of changes in beneficial ownership of the Company's stock with the SEC. Executive officers, directors and greater than ten percent beneficial owners are required by the SEC to furnish the Company with copies of all Section 16(a) forms they file.

Based solely upon a review of the copies of such forms furnished to the Company and written representations from the Company's executive officers and directors, the Company believes that during the five month transition period ended December 31, 2005 all Section 16(a) filing requirements applicable to its executive officers, directors and greater than ten percent beneficial owners were complied with on a timely basis.

EXECUTIVE COMPENSATION

The following table shows all the cash compensation paid and certain other compensation paid by the Company during the periods indicated to the Chief Executive Officer of the Company and each of the four other most highly compensated executive officers of the Company for such periods in all capacities in which they served.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Period Ended	Annual Compensation			Long Term Compensation	
		Base Salary	Bonus Compensation	Other Compensation	Restricted Stock Awards (\$)	Options (number of shares)
Leonard Bell, M.D. Chief Executive Officer, Secretary and Treasurer	12/31/2005(1)	\$ 206,827	\$	\$ 2,315(4)	\$	22,500
	12/31/2005(2)	467,942	275,000	6,484(4)	229,275(5)	45,000
	7/31/2005(3)	429,245	275,000	6,667(4)	229,275(5)	42,500
	7/31/2004(3)	363,751	112,000	4,667(4)		37,000
	7/31/2003(3)	355,638	90,000	5,696(4)		20,000
David W. Keiser President and Chief Operating Officer	12/31/2005(1)	\$ 141,200	\$	\$ 2,315(4)	\$	8,000
	12/31/2005(2)	320,893	140,000	7,159(4)	81,520(5)	16,000
	7/31/2005(3)	303,271	140,000	6,530(4)	81,520(5)	20,000
	7/31/2004(3)	276,892	85,000	5,516(4)		22,000
	7/31/2003(3)	271,462	60,000	5,516(4)		27,000
Stephen P. Squinto, Ph.D. Executive Vice President and Head of Research	12/31/2005(1)	\$ 122,667	\$	\$ 2,315(4)	\$	8,000
	12/31/2005(2)	278,776	107,000	6,854(4)	81,520(5)	16,000
	7/31/2005(3)	259,980	107,000	6,296(4)	81,520(5)	20,000
	7/31/2004(3)	233,928	35,000	5,011(4)		22,000
	7/31/2003(3)	227,115	35,000	5,010(4)		12,000
Christopher Mojcik, M.D., Ph.D. Senior Vice President, Clinical Development	12/31/2005(1)	\$ 118,696	\$	\$ 2,572(4)	\$	6,000
	12/31/2005(2)	269,751	92,000	5,720(4)	61,140(5)	12,000
	7/31/2005(3)	252,639	92,000	5,475(4)	61,140(5)	18,000
	7/31/2004(3)	224,013	40,000	5,825(4)		25,000
	7/31/2003(3)	208,142	35,000	5,770(4)		10,000
Thomas I.H. Dubin, J.D. Senior Vice President and General Counsel	12/31/2005(1)	\$ 111,934	\$	\$ 2,426(4)	\$	6,000
	12/31/2005(2)	251,196	89,000	5,396(4)	264,940(5)	22,000
	7/31/2005(3)	235,090	89,000	5,165(4)	264,940(5)	26,000
	7/31/2004(3)	218,214	33,000	5,010(4)		20,000
	7/31/2003(3)	209,475	30,000	5,010(4)		10,000

- (1) The period ended December 31, 2005 reflects the five-month period ended on such date.
- (2) The period ended December 31, 2005 reflects the twelve-month period ended on such date. Please note that there are two overlaps in the compensation reported. Specifically, (i) the seven month period figures beginning January 1, 2005 and ended July 31, 2005 are reflected both in these figures and the figures for the twelve month period ended July 31, 2005, and (ii) the five month period figures beginning on August 1, 2005 and ended on December 31, 2005 are reflected both in these figures and in the figures for the five month period ended on December 31, 2005.
- (3) The period ended July 31 of any year reflects the twelve-month period ended on such date.
- (4) Represents the Company's matching contribution pursuant to its 401(k) defined contribution plan.
- (5) The value of restricted stock awards is based on the closing price of the Company's common stock of \$20.38 per share quoted on the NASDAQ National Market System on March 9, 2005, the date of grant of restricted stock awards. The total number of shares of restricted stock held by the named executive officers as of December 31, 2005, and the total value of these restricted shares (based on the \$20.25 per share closing price of the Company's common stock on the NASDAQ National Market System on December 30, 2005, the last trading day of the fiscal year ended December 31, 2005) are as follows: Dr. Bell held 11,250 shares of restricted stock

(\$227,813); Mr. Keiser held 4,000 shares of restricted stock (\$81,000); Dr. Squinto held 4,000 shares of restricted stock (\$81,000); Dr. Mojcik held 3,000 shares of restricted stock (\$60,750); and Mr. Dubin held 13,000 shares of restricted stock (\$263,250). Restricted stock granted to the named executive officers vests over a four-year period, with 50% vesting on the second anniversary of the date of grant and 12.5% vesting every six months for two years thereafter.

OPTION GRANTS DURING THE FIVE-MONTH TRANSITION PERIOD

The following table sets forth information with respect to option grants to the persons named in the Summary Compensation Table during the five-month transition period between August 1, 2005 and December 31, 2005.

Name	Number of Securities Underlying Options Granted	% of Total Options Granted to Employees in Transition period(3)	Exercise or Base Price (\$/sh)(4)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(5)	
					5%(\$)	10%(\$)
Leonard Bell, M.D.	22,500(1)	3.47%	\$ 27.58	9/21/2015	\$ 390,261	\$ 988,997
David W. Keiser	8,000(2)	1.23%	27.58	9/21/2015	359,399	572,283
Stephen P. Squinto, Ph.D.	8,000(2)	1.23%	27.58	9/21/2015	359,399	572,283
Christopher F. Mojcik, M.D., Ph.D.	6,000(2)	0.92%	27.58	9/21/2015	104,069	263,733
Thomas I.H. Dubin, J.D.	6,000(2)	0.92				