2006 Annual Report

BREAKTHROUGH SCIENCE. INNOVATIVE CARE.

Mission Statement

Alexion Pharmaceuticals is a biopharmaceutical company working to develop and deliver life-changing drug therapies for patients with serious and life-threatening medical conditions, including hematologic diseases, cancer, and autoimmune disorders.

Dear Fellow Shareholders

Shortly after this 2006 Annual Report went to press, Alexion received marketing approval from the U.S. Food and Drug Administration (FDA) for Soliris™. Soliris™ is indicated for the treatment of patients with Paroxysmal Nocturnal Hemoglobinuria (PNH) to reduce hemolysis — a broad label encompassing all patients with PNH.

This approval reflects the hard work and dedication of so many and is truly a monumental event for Alexion, as well as for patients suffering from this disabling and life-threatening disease. We look forward to sharing additional exciting news with you as we proceed with the launch of Soliris™.

Leonard Bell, MD
Chief Executive Officer

David W. Keiser
President & Chief Operating Officer

2006 Accomplishments

January

- Positive Phase III Results from TRIUMPH Paroxysmal Nocturnal Hemoglobinuria (PNH) Study

February

- Key Patent for Soliris™ (eculizumab) in Japan

June

- Positive Phase III Interim Results from SHEPHERD PNH Trial
- Initiation of EXPLORE Study

July

- RI manufacturing facility purchase

August

- European Medicines Agency (EMEA) Grants Accelerated Assessment for Alexion's Planned Marketing Authorization Application for Soliris™ (eculizumab) in PNH

September

- *The New England Journal of Medicine* Publication of Positive TRIUMPH Study Results
- Alexion Submits Biologics License Application (BLA) to the U.S. Food and Drug Administration (FDA) for Soliris™ (eculizumab) in PNH
- Alexion Submits Market Authorization Application (MAA) to EMEA for Soliris™ in PNH

November

- FDA Grants Priority Review for Soliris™ (eculizumab) BLA for Treatment of PNH
- Follow-on public stock offering of $140 million
- EMEA Validates MAA for Soliris™ for PNH

December

- Positive Results in Phase III SHEPHERD Study in PNH Patients Presented at American Society of Hematology Annual Meeting
- EMBRACE Early Access Treatment Protocol for PNH Patients Announced in U.S.

2006 was a watershed year for Alexion, Soliris™ and the PNH community. The successful completion of the Phase III TRIUMPH and SHEPHERD clinical trials now gives way to our preparation for a successful global launch of Soliris™, beginning in 2007, if and when approved by the FDA and EMEA. Our focus remains on meeting the needs of PNH patients and on educating the healthcare community about this disabling and life-threatening disease.

Leonard Bell, MD, CEO
and David W. Keiser,
President & COO

Dear Fellow Shareholders

2006 was a momentous year for Alexion Pharmaceuticals, a year in which we took significant steps toward bringing our leading drug candidate, Soliris™ (eculizumab), to market. In the U.S., the Food and Drug Administration (FDA) designated the Soliris™ Biologics License Application (BLA) for Priority Review, setting the target date for FDA action at six months from submission. In Europe, the European Medicines Agency (EMEA) granted Soliris™ Accelerated Assessment status, which accelerates the agency's review process.

If approved Soliris™ would represent the first drug from a new class of anti-inflammatory therapeutics: terminal complement inhibitors. Soliris™ would also be the first drug available specifically for patients suffering from paroxysmal nocturnal hemoglobinuria (PNH).

Our focus on bringing Soliris™ to market included every level of the organization. During 2006, we expanded our leadership team, formed our European headquarters in Paris, France, created an innovative patient access program, and prepared to launch not only a new product, but also the next stage of our company, as a full commercial entity able to help improve the quality of life for patients around the world.

Breakthrough Science

As world leaders in the area of complement inhibition, Alexion is proud to have created the technology platform that produced Soliris™. From research to development to commercialization, Alexion scientists and development teams have performed at every stage of the process. They have exhibited a determined focus on bringing forth innovative products for patients with serious and life-threatening conditions. As creators of Soliris™, Alexion retains full rights to development and commercialization.

Alexion's sustained, effective investigation of the C5 complement inhibition process dates back to our founding. After years of hard work by Alexion physicians and scientists — working alongside clinical investigators, physicians, patients, caregivers, healthcare advocates, and regulatory agencies — we stand on the threshold of a far-reaching response to the severe unmet medical needs of patients with PNH: the innovative Alexion therapy, Soliris™.

In 2006, Soliris™ steadily progressed through its late stage trials. The Phase III trials, TRIUMPH and SHEPHERD, met all pre-specified primary and secondary endpoints with high levels of statistical significance.

Alexion also reached significant milestones in the U.S. and European regulatory processes during 2006. In the United States, Alexion submitted a Biologics License Application (BLA) for Soliris™ with the FDA for patients diagnosed with PNH. The FDA has granted Priority Review designation for this BLA, and has up to six months from the submission date to take action. The FDA grants Priority Review to drug products that would provide significant improvement over existing therapies.

The EMEA determined that Soliris™ is qualified for the Accelerated Assessment Procedure. The EMEA gives Accelerated Assessment to pharmaceutical products of major therapeutic interest and accelerates

Product Pipeline

the agency's review process. Alexion subsequently submitted a Marketing Authorization Application (MAA) for Soliris™ with the EMEA, and the MAA was validated by the EMEA.

Innovative Therapies

To complement our innovative Soliris™ drug therapy, Alexion is establishing world-class patient access to support PNH patients and their caregivers. Our leadership role within the global PNH community gives us a clear understanding of their needs. As a founding member of the PNH Registry — a multi-center, multi-national, observational study and information resource — Alexion helps the PNH community develop and access information and provides a conduit through which patients, physicians, caregivers, advocates and researchers can share insights and experiences.

Alexion's goal is to help build a world-class network for patient access as we prepare for commercialization of Soliris™. In December 2006, we announced the start of EMBRACE, an Early Access Treatment Protocol authorized by the FDA. EMBRACE makes Soliris™ available, before general marketing begins, for patients living with PNH for whom there are no comparable or satisfactory alternative therapies.

By combining Alexion's breakthrough science with innovative therapies, we intend to address a broad spectrum of severe unmet medical needs of PNH patients. By focusing on patients' access to Soliris™, Alexion plans to be available for patients and caregivers as they navigate the path toward improved health.

Clinical and Research Update

In other developments in 2006, clinical trials for pexelizumab did not meet primary endpoints. Alexion does not currently expect any significant pexelizumab expenses to recur after fiscal year 2006.

At the end of 2006, we closed our research center in San Diego and consolidated its operations within our Cheshire, Connecticut headquarters. This allocation of resources sharpens our focus on research and speeds development of a portfolio of antibody therapeutics targeting severe unmet medical needs.

An Emerging Biopharmaceutical Leader

In 2006, Alexion Pharmaceuticals emerged as a biopharmaceutical leader, with our PNH drug candidate, Soliris™, in the final stages of the FDA and EMEA approval processes. We continue to develop our C5 complement inhibition technology, which serves as a springboard for the creation of additional drug therapies. We intend to draw on our proven experience of delivering on our promises as we execute our plan and build a geographically broad, sustainable business with an expanding product portfolio.

Building Our Global Infrastructure

In 2006, we accelerated development of our global infrastructure as we prepared for market approval and launch of Soliris™. In addition to further developing our commercial organization, we continued to build our scientific communications and medical information capabilities. This effort included expansion of our medical scientific liaison team — a professional

Product Pipeline (continued)

field force whose mission is to conduct peer-to-peer scientific information exchange with physicians, pharmacists and other key healthcare providers.

In keeping with our objective to directly manage the global commercialization of Soliris™, we recently formed a wholly owned subsidiary, Alexion Europe SAS, our European headquarters in Paris, France. We are positioning offices and team members around the world, with sales and marketing organizations initially in Switzerland, Germany, France, the United Kingdom, Italy, and Spain.

In 2006, Alexion continued to build a world-class commercial organization. David L. Hallal, Vice President, U.S. Commercial Operations, came on board to lead the expected launch of Soliris™ in the U.S., with responsibility for all U.S. marketing, sales, reimbursement and access, and national account management. With proven leadership and pharmaceutical launch experience, Mr. Hallal has demonstrated extensive operational capabilities for a variety of biopharmaceutical companies in the U.S.

As we prepare for commercialization we also continue to strengthen our financial position, raising $140 million in November 2006 in a follow-on equity offering. At the end of fiscal year 2006 (December 31), Alexion enjoyed a strong cash position of $250 million.

Belief in Our Future

As we drive toward fullfilling our near-term mission — to bring Soliris™ to market for the treatment of patients with the rare blood disorder PNH — we are well positioned to deliver value to our key stakeholders: patients, physicians, caregivers, shareholders and the employees of Alexion. Our focus on antibody therapeutics and our world leadership in complement inhibition place Alexion on a path to potentially discover and develop a portfolio of innovative drugs to help people around the world who suffer with severe unmet medical needs. We remain focused on patients as we build a premier biopharmaceutical company with increasing shareholder value and further opportunities for patients and our employees.

We would like to thank you, our shareholders, for your continued support. We also thank our healthcare providers, their patients, and clinical investigators for their vital participation and our employees for their dedication and effort. We look forward to the opportunities and challenges this year will bring as we strive to give birth to a life-changing product and to the next stage of Alexion's growth — as an emerging biopharmaceutical leader making a difference in the lives of people around the world.

Leonard Bell, MD
Chief Executive Officer

David W. Keiser
President & Chief Operating Officer

Focused on the Need

"Often I'd just sit in a chair or in bed for three or four days," remembers one patient who suffered from chronic PNH. "I couldn't work. Because my doctors did not understand the disorder's cause, they told me that the fatigue sometimes happens and just to put up with it. I would get blood transfusions every four to six weeks to replace my red blood cells. But between sessions, I'd have episodes during which my red blood cells were destroyed [known as hemolysis] and I'd suffer from debilitating fatigue. These episodes would last for three or four days – and more often if I had a cold or other infection."

Timeline

1980s

Drs. Sims and Rollins first to publish characterization of terminal complement inhibitory function of CD59

1992

Drs. Bell, Squinto, Madri, and Rollins start UDEC – Universal Donor Endothelial Cells – in Science Park, New Haven, CT

UDEC changes its corporate identity to Alexion Pharmaceuticals, Inc.

1993-96

Basic science studies initiated in PNH

Preclinical studies of anti-C5 antibodies initiated in RA, AMI, and CABG

IPO: Alexion Pharmaceuticals, Inc. (ALXN) listed on NASDAQ

Start normal volunteers/ Phase I studies in CABG with pexelizumab

Soliris™: Road Map to Market

Foundation for Growth

Discovery of a terminal complement inhibitor occurred in the late 1980's, following research into isolating and characterizing the complement inhibitory protein, CD59, thought to be lacking on paroxysmal nocturnal hemoglobinuria (PNH) blood cell surfaces. Alexion was founded in 1992 and commenced operations to focus research on complement inhibition.

From 1993 to 1994, Alexion focused on developing a monoclonal antibody that targets the inhibition of terminal complement (C5 inhibitor). This led to initial clinical development and pilot studies of eculizumab between 1997 and 2001. In 2002, Alexion performed the proof-in-principle pilot PNH study in the United Kingdom. In 2004 and 2005, Alexion began two Phase III eculizumab trials: the TRIUMPH pivotal efficacy trial and the SHEPHERD supportive trial. Alexion completed enrollment for TRIUMPH in 2004, and completed enrollment for SHEPHERD in 2005.

2006: The Drive to Deliver Soliris™ to Market

In 2006, Alexion selected the trade name Soliris™ for its innovative eculizumab drug candidate for PNH. This first-in-class drug is the only therapy designed and created specifically for PNH. If approved, Soliris™ will also become the first terminal complement inhibitor ever approved in the world.

From the beginning, Alexion Pharmaceuticals has been on a passionate quest to understand complement inhibition and its role in the treatment of disease.

Timeline (continued)

1997-98

Start Phase II studies in CABG with pexelizumab

Start Phase I/II studies in RA

Start Phase I/II studies in Lupus

1999

Start Phase II studies in RA with eculizumab

Start Phase II studies in AMI with pexelizumab

2000-02

Alexion relocates to Cheshire, CT

Start pilot study in Paroxysmal Nocturnal Hemoglobinuria (PNH) with eculizumab

2003-05

FDA grants Orphan Drug Status with eculizumab in PNH

EMEA grants eculizumab Orphan Drug Designation for PNH

Start Phase III studies in PNH with eculizumab

Start Phase III studies in AMI with pexelizumab

NEJM publication of PNH pilot study

Alexion forms Alexion Europe SAS

Some Soliris™ Milestones for 2006

Intellectual Property: In February 2006, Alexion announced that the Japanese Patent Office had issued a patent relating to Soliris™. This Japanese patent is key to enhancing our proprietary position in C5 complement inhibition, supporting commercialization of Soliris™ for PNH in Asia. The patent both supports and protects the exclusive market position we expect to develop globally for Soliris™. Alexion issued corresponding patent claims in the U.S. and issued or are pending in Europe, Canada, Australia and other key markets. Alexion is keenly focused on moving ahead with regulatory applications for Soliris™ for PNH, and on preparing for global commercialization, starting in the U.S., Europe, and Japan. Following regulatory approvals, we plan to launch Soliris™ for PNH in at least 40 countries within three years of our first commercial launch.

EXPLORE Study: Research suggests that many patients with PNH go undiagnosed for years, and many patients have PNH in association with bone marrow failure disorders. Therefore, in June 2006, Alexion announced the initiation of the EXPLORE study to examine the frequency and clinical characteristics of PNH in patients with aplastic anemia (AA), myelodysplastic syndrome (MDS) and other bone marrow failure disorders. We hope to further clinical understanding of PNH, a debilitating and often life-threatening disease, and its association with bone marrow failure disorders and other diseases.

Manufacturing: In July 2006, Alexion announced the purchase of a manufacturing facility in Smithfield, Rhode Island. Upon completion of expansion, renovation and necessary regulatory approvals, the biopharmaceutical facility will be used to produce Soliris™ and will also be used for development of drug pipeline candidates. Securing a manufacturing facility is an important element of our commercial planning for the post-launch growth of Soliris™ and will help us meet worldwide demand for the product.

TRIUMPH Pivotal Phase III Trial: The TRIUMPH study, which concluded in 2005, further defined the efficacy and safety profile of eculizumab in patients diagnosed with PNH. These results indicated that Soliris™ significantly alleviated symptoms of PNH, and suggested that there may be great potential for Soliris™ to provide an effective therapy for patients diagnosed with this disorder. In September 2006, *The New England Journal of Medicine* (NEJM) published Alexion's TRIUMPH results.

BLA in the United States: Also in September 2006, Alexion announced that it had submitted a Biologics License Application (BLA) with the FDA for Soliris™ treatment for patients diagnosed with PNH. The BLA submission is based on data from the pivotal Phase III TRIUMPH trial, which met all pre-specified primary and secondary endpoints with high levels of statistical significance, and the supporting SHEPHERD study.

2006

Alexion acquires manufacturing plant for eculizumab

NEJM publishes Phase III results from pivotal TRIUMPH efficacy trial

Alexion submits Marketing Authorization Application and obtains Accelerated Assessment review status in EU for eculizumab in PNH

Eculizumab Biologics License Application (BLA) for PNH submitted to FDA

FDA accepts BLA for eculizumab and grants priority review status

2007

Alexion researchers investigate new medical frontiers to provide hope for breakthrough therapies for patients around the globe who suffer from serious, life-threatening medical conditions

Anticipated commercial launch of Soliris™

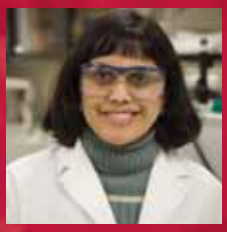
Alexion requested and was granted Priority Review designation for this BLA from the FDA in November 2006. The FDA has up to six months from the BLA submission date to take action on the Soliris™ license application. The FDA gives Priority Review status to drug products that provide significant improvement over existing therapies. There currently is no therapy available specifically for PNH. Eculizumab has also been granted Orphan Drug status in both the U.S. and Europe.

Accelerated Assessment by MAA in Europe: In August, the EMEA granted Accelerated Assessment Procedure for Alexion's planned Marketing Authorization Application (MAA) for Soliris™. The EMEA grants Accelerated Assessment for medicinal products of major therapeutic interest, which shortens the timeframe for review by the agency. Alexion submitted the MAA to EMEA in September 2006. The EMEA validated the MAA for Soliris™ for PNH in November 2006. Evaluation of the MAA submission will begin under the centralized licensing procedure, which, if approval is granted, provides a marketing license valid in 27 European countries.

SHEPHERD Phase III Trial Findings Presented at ASH: In December 2006, at the Annual Meeting and Exposition of the American Society of Hematology (ASH), Alexion presented results from the Phase III SHEPHERD open-label clinical trial, suggesting that eculizumab appeared to be safe and well tolerated. These results also suggested that eculizumab provided clinically and statistically significant improvements in intravascular hemolysis, anemia, fatigue and quality of life in patients with PNH during 52 weeks of treatment. The SHEPHERD results supported the findings from the Phase III TRIUMPH study, further defining the efficacy and safety profile of eculizumab in a broader population of patients diagnosed with PNH.

EMBRACE Early Access Treatment Protocol: Alexion also announced in December of 2006 the initiation of EMBRACE, an Early or Expanded Access Program for Soliris™ (eculizumab) in the United States for patients with PNH, in accordance with a clinical treatment protocol authorized by the FDA. Early or Expanded Access Programs are designed to make promising investigational agents available for patients with serious or life-threatening diseases for which there are no comparable or satisfactory alternative therapies, before general marketing commences.

Alexion has been the only company in the world to focus on a solution specific to patients with the rare and life-threatening blood disease PNH. Alexion is committed to bringing Soliris™ to market to address this severe unmet medical need.



PNH: Did you know?

Many patients dependent on frequent blood transfusions were eager to participate in the Soliris™ trials. “I thought I had nothing to lose, I was so ill,” one participant recalls. On the day of his first infusion, he was in the midst of a hemolytic episode (a period during which red blood cells are destroyed). “When I woke up the next morning, it had cleared up.”

The Scientific Facts

Paroxysmal nocturnal hemoglobinuria (PNH) is a chronic, severely debilitating and life-threatening disease with approximately 50% mortality at 10 to 15 years after initial diagnosis. It is a rare form of hemolytic anemia and is an acquired genetic blood disorder characterized by destruction of PNH red blood cells (chronic hemolysis) by the body's complement system (a component of the immune system). Patients with PNH lack naturally occurring complement inhibitors on their red blood cells' surface, which normally act to prevent red blood cell destruction.

Treatment options are extremely limited for PNH and at present there is no drug therapy approved specifically for its treatment. Current treatment options include blood transfusion, steroids and anti-coagulants. Soliris™ would be the first drug therapy with the potential to directly impact chronic hemolysis and the associated morbidities in PNH.

Patients with PNH often have a poor quality of life and may suffer from anemia, chronic debilitating fatigue, abdominal pain and intermittent episodes of dark-colored urine, known as hemoglobinuria. Importantly, PNH patients are at increased risk of forming dangerous blood clots, or thromboses, which are the leading cause of death from this disease.

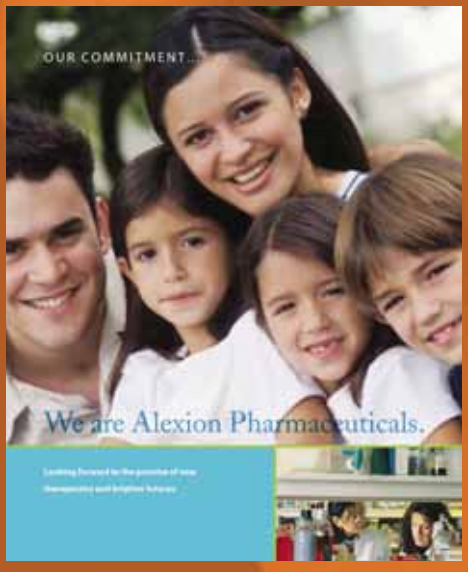
Based upon scientific investigations and presentations of the prevalence of patients diagnosed with abnormal PNH cells in their blood, it is currently estimated that approximately 8,000 to 10,000 people in North America and Western Europe suffer from PNH. Reports suggest that the prevalence may be even higher in Asian populations.

Soliris™, a long-acting C5 terminal complement inhibitor, is a monoclonal antibody drug that selectively blocks terminal complement activation. It is the first and only therapy designed specifically for PNH patients. Trial data from four clinical studies indicate striking reduction in the disorder's clinical symptoms and life-threatening risks. Clinical trial data also suggest immediate and sustained reduction in chronic hemolysis, together with robust improvement in anemia.

Clinical trial data also indicate marked improvement in patients' fatigue, physical functioning, overall health status, pain and shortness of breath, and suggest a marked improvement in the quality of life of treated patients. Most strikingly, clinical trial data show that Soliris™ treatment is associated with a marked reduction in the risk of thrombosis, the most common cause of death in patients with PNH. Our goal is to help PNH patients regain control of all aspects of their lives, including family, work and overall productivity, and to lessen the risk of fatal complications.

Innovative Access

We want patients and their families to know that they can call us at any time and get answers and support from caring professionals. We have a live, online care website just for them.



Soliris™ OneSource™

Alexion established Soliris™ OneSource™ to support patients and their healthcare providers. Alexion Case Managers are registered nurses that have extensive experience in the insurance and healthcare industries and are the foundation of Soliris™ OneSource™. Each patient enrolled in Soliris™ OneSource™ is aligned with and supported by an Alexion Case Manager. Case Managers provide education about PNH and Soliris™ and facilitate solutions for PNH patients to obtain Soliris™. Alexion's goal is that all patients who can benefit from Soliris™ will have access to Soliris™.

EMBRACE

In December 2006, Alexion announced the start of EMBRACE, an Early Access Program developed in accordance with a treatment protocol authorized by the FDA. Early or Expanded Access programs make available — before general marketing begins, and at no charge to physicians or patients — promising investigational agents for patients with serious or life-threatening diseases for which there are no comparable or satisfactory alternative therapies. The FDA authorized the Early Access Program for Soliris™ in the treatment of PNH patients who meet EMBRACE protocol criteria. Alexion is also working with clinicians and appropriate authorities outside the United States in order to evaluate mechanisms for access to Soliris™ in countries where such programs are available.

EXPLORE

Although the hemolytic blood disorder PNH is associated with bone marrow disorders, it is often misdiagnosed or undetected in patients with bone marrow failure disorders and may go undiagnosed for years. Alexion Pharmaceuticals created the multi-center EXPLORE study to examine the frequency and clinical characteristics of PNH in patients with aplastic anemia, myelodysplastic syndrome and other bone marrow failure disorders.

Enrollment began in the U.S. in 2006 and is expected to expand to Europe and Asia. The EXPLORE study coincides with the launch of an Alexion-sponsored Web site, PNHSource.com, which serves as a PNH-specific online informational resource for physicians, patients and caregivers to receive and share information and strengthen the PNH community. With these initiatives, Alexion hopes to further clinical understanding of PNH and its association with bone marrow failure disorders. Alexion also looks forward to providing a valuable resource and an opportunity for collaboration and communication through the Web site.

Building Our Global Infrastructure

Alexion continues to prepare for global commercialization of Soliris™ as we develop our team of seasoned professionals and establish facilities and systems to support them around the world.

Experienced Professionals and Global Locations

As Alexion prepares for global commercialization of Soliris™, we have continued to build our network of experienced professionals and the facilities and support systems they require to meet the needs of PNH patients and their caregivers throughout the world.

In 2006, Alexion completed staffing of its U.S. launch leadership team, and sales team staffing was in the recruitment phase.

We are currently positioning offices and team members in Switzerland, Germany, the United Kingdom, Italy, Spain and France. Alexion's newly formed, wholly owned European headquarters subsidiary is established and operations are underway in Paris, France.

Alexion recently strengthened its organization and management team through the addition of David L. Hallal as Vice President, U.S. Commercial Operations. Since coming on board, Mr. Hallal has directed preparations for the launch of Soliris™ in the U.S., with responsibility for all U.S. marketing, sales, reimbursement and access, and national account management. He has proven leadership and pharmaceutical product launch experience with five different biopharmaceutical products, including first-in-class drugs and hematology/oncology blockbuster products. Mr. Hallal has demonstrated extensive operational and strategic capabilities in all areas of commercial launches for a variety of novel biopharmaceuticals in the U.S. With the addition of Mr. Hallal in the U.S., Alexion has strengthened its position to take full advantage of the opportunity Soliris™ represents for PNH patients.

Manufacturing

In 2006, Alexion began construction of a manufacturing facility in Smithfield, Rhode Island, designed to meet both FDA and EMEA standards. The 57,000-square-foot facility is expected to begin manufacturing in 2008.

The facility will contain commercial-size bioreactors and their associated purification suites, along with a pilot plant. The pilot plant and manufacturing plant will operate simultaneously. Both are designed to provide enhanced capacity and flexibility for eculizumab production to accommodate the expected growth phase of Soliris™ with global commercial launches. The pilot plant will support development of our product pipeline.

Knowledge Drives Growth

As a world leader in complement inhibition, Alexion maintains its focus on creating an emerging pipeline dedicated to developing new innovative therapies to treat a wide range of severe unmet medical needs.

Alexion is one of the few biopharmaceutical companies in the world to have developed its lead drug candidate completely on its own, from research to commercialization. We also demonstrate the strength of our innovation by the patents we have secured for Soliris™ in the United States and elsewhere in the world to support development of our global infrastructure.

Innovators in Complement Inhibition

The Alexion in-house technology platform that pioneered and developed Soliris™ is based on our world leadership in complement inhibition. This expertise serves as a springboard for developing a wide-ranging portfolio of innovative therapies to address the severe unmet medical needs of people around the world.

Emerging Product Pipeline

Alexion's technology platform is creating an emerging product pipeline. Our researchers are currently exploring a broad array of technologies and therapeutic opportunities, including possibilities for expanded indications for novel formulations of eculizumab and new anti-cancer antibodies derived from our antibody engineering platforms.

Asthma

One formulation currently in development is nebulized eculizumab for the possible treatment of asthma. In May 2005, Alexion announced research findings indicating that anti-C5 monoclonal antibody treatment can be effectively delivered to the lungs and substantially block airway inflammation and hyper-responsiveness in preclinical models of acute severe allergic asthma. In these studies, Alexion aerosolized single doses of anti-C5 antibody with a standard nebulizer, a device commonly used to deliver asthma medication. We found that a single dose was highly effective in blocking the bronchial inflammation and hyper-responsiveness that provoke airway constriction. These conditions can result in shortness of breath, wheezing, chest tightness and other asthma symptoms in asthmatic patients. Alexion is encouraged by data suggesting that eculizumab may eventually offer a novel therapeutic approach for treatment of the most severe forms of allergic asthma and chronic obstructive pulmonary disease (COPD) that often do not respond to standard corticosteroid therapy.

Age-Related Macular Degeneration

Alexion researchers are investigating the possibility of intravitreal applications of eculizumab to help treat age-related macular degeneration (AMD). AMD is a condition that gradually destroys sharp, central vision and is the leading cause of irreversible vision loss in people beyond age 65 in the United States. Some sources estimate that as many as 13 million people in the United States age 40 and older have signs of macular degeneration, and more than 1.2 million have the later, vision-threatening stages of the disease.

Cancer

Alexion is researching new antibody products for hematology/oncology, including an anti-CD200 monoclonal antibody for cancer. In June 2006, Alexion announced the results of a new study in a pre-clinical model of one of the most common types of leukemia. Results showed that tumors can potentially be suppressed by inhibiting a cell surface protein molecule — CD200 — with a novel humanized anti-CD200 antibody, which blocks the binding of CD200 to its receptor.

Presentation of this work marks an important milestone in Alexion's ongoing effort to discover and develop innovative therapies for cancer patients. Immune evasion in cancer is increasingly recognized as a critical feature of cancer progression. Therapies that block the ability of the tumor to evade the patient's immune system, such as an anti-CD200 antibody, may become important in the treatment of chronic lymphocytic leukemia (CLL), multiple myeloma and certain solid tumors. Alexion is encouraged by our pre-clinical findings and is moving forward with development of our anti-CD200 antibody. It is our hope that it may eventually offer a new therapeutic approach to treatment of these serious diseases for which there are currently very limited options. We are currently finishing up our preclinical toxicology studies in anticipation of initiating clinical development.

Our Future

We believe we are on the path to becoming one of the leading biopharmaceutical companies in the world, building opportunities for sustainable growth for years to come.

2006 was a pivotal year for Alexion. As we move toward commercialization of our lead product, Soliris™, our focus remains on serving the severe unmet medical needs of patients — extending our global reach, expertise and determination to make a difference for patients and their caregivers around the world. As a result, Alexion has become a world-leading biopharmaceutical entity, concentrating on our expertise in both breakthrough science and innovative therapies.

Alexion has arrived at this moment through a long and careful process. We have worked hard and have invested substantial capital from our shareholders in development of our drug candidates. As a result, we believe we are on the path to becoming one of the leading biopharmaceutical companies in the world, building opportunities for sustainable growth for years to come.

From this vantage point, Alexion's future is bright and hopeful. It is filled with the promise of breakthrough science and innovative therapies as we prepare to launch an exciting new product, as well as the next stage of our company, focused on the goal of improving the quality of life for patients all over the world.

Selected Financial Highlights

In thousands, except per-share data	Year Ended December 31, 2006	5 Month Period Ended December 31, 2005	Fiscal year ended July 31, 2005	2004	2003
Statement of Operations Data					
Contract research revenues	$ 1,558	$ 664	$ 1,064	$ 4,609	$ 877
Operating expenses					
Research and development	83,225	48,238	91,388	59,840	71,042
General and administrative	54,879	12,763	18,951	14,459	10,869
Impairment of fixed assets	539	—	—	760	2,560
Total operating expenses	138,643	61,001	110,339	75,059	84,471
Operating loss	(137,085)	(60,337)	(109,275)	(70,450)	(83,594)
Other income (expense), net	5.198	1,931	(240)	(4,336)	(1,885)
State tax benefit, net	373	450	765	691	1,012
Net Loss	$ (131,514)	$ (57,956)	$ (108,750)	$ (74,095)	$ (84,467)
Basic and diluted net loss per common share	$ (4.15)	$ (1.90)	$ (3.90)	$ (3.43)	$ (4.64)
Shares used in computing net loss per common share	31,701	30,523	27,852	21,622	18,209
Balance Sheet Data					
Cash, cash equivalents, and marketable securities	$ 250,148	$ 212,456	$ 195,404	$ 266,501	$ 215,410
Total assets	333,537	262,711	248,122	319,575	267,227
Mortgage Loan	26,000	—	—	—	—
Convertible notes	150,000	150,000	150,000	120,000	120,000
Total stockholders' equity	124,677	81,890	67,671	172,522	120,286

Directors

Max Link, Ph.D.[1, 4]
Chairman of the Board;

Former Chairman of the Board and CEO, Centerpulse AG;

Former CEO, Corange;

Former Chairman of the Board, Sandoz Pharma, Ltd.

Leonard Bell, M.D.
Chief Executive Officer

David W. Keiser
President and Chief Operating Officer

Joseph A. Madri, Ph.D., M.D.[2, 4]
Professor of Pathology, Yale University School of Medicine

Larry L. Mathis [1,3]
Executive Consultant, D. Peterson Associates;

Former President and CEO of The Methodist Hospital System

R. Douglas Norby [1,3]
Former Senior Vice President, Chief Financial Officer, Tessera, Inc.

Alvin S. Parven [2,3]
President, ASP Associates;

Former Vice President, Aetna Health Plans

Ruedi E. Waeger, Ph.D. [2,4]
Former President and CEO, Aventis Behring L.L.C.;

Former President and CEO, ZLB Central Laboratories

Senior Management

Leonard Bell, M.D.
Chief Executive Officer

David W. Keiser
President and Chief Operating Officer

Stephen P. Squinto, Ph.D.
Executive Vice President and Head of Research

Patrice Coissac
Senior Vice President, General Manager;

President, Alexion Europe SAS

Thomas I. H. Dubin, J.D.
Senior Vice President and General Counsel

Christopher F. Mojcik, M.D., Ph.D.
Senior Vice President, Clinical Development

Nancy C. Motola, Ph.D.
Senior Vice President, Regulatory Affairs and Quality

Scott A. Rollins, Ph.D.
Senior Vice President, Drug Development and Project Management

Russell P. Rother, Ph.D.
Senior Vice President, Research

Vikas Sinha, M.B.A., C.A.
Senior Vice President and Chief Financial Officer

Paul W. Finnegan, M.D., M.B.A.
Vice President, Global Strategic Marketing and Development

David Hallal
Vice President, U.S. Commercial Operations

M. Stacy Hooks, Ph.D.
Vice President, Manufacturing and Technical Services

Barry P. Luke
Vice President, Finance

Daniel N. Caron
Executive Director, Operations and Engineering

Annual Shareholders Meeting

To be held on May 3, 2007 10 a.m.
at the Hartford Marriott Farmington
15 Farm Springs Road
Farmington, CT 06032

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Other Information

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Legal Counsel
Ropes & Gray LLP
Boston, MA

Independent Auditors
PricewaterhouseCoopers LLP
Hartford, CT

Trading Symbol
Listing for Alexion Pharmaceuticals is found on the Nasdaq stock market under the symbol ALXN.

Visit our Web site at
www.alexionpharm.com

[1] Member of Audit Committee | [2] Member of Compensation Committee,
[3] Member of Nominating and Governance Committee, | [4] Member of Compliance and Quality Committee

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