ALEXION®

Second Quarter 2018

Earnings Call

July 26, 2018

Q2 2018 Earnings Call Agenda

Introduction	Susan Altschuller, Ph.D., Vice President, Investor Relations
CEO Opening Remarks	Ludwig Hantson, Ph.D., Chief Executive Officer
Financial Update	Paul Clancy, Chief Financial Officer
R&D Highlights	John Orloff, M.D., Head of R&D
Commercial Highlights	Brian Goff, Chief Commercial Officer
ALXN1210 Update	John Orloff, M.D., Head of R&D & Brian Goff, Chief Commercial Officer
CEO Closing Remarks	Ludwig Hantson, Ph.D., Chief Executive Officer
Q&A	All

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Forward-Looking Statements

This presentation contains forward-looking statements for purposes of the Private Securities Litigation Reform Act of 1995, including statements related to future expectations for the on-going launch of Soliris for gMG (and future increased sales), updated guidance regarding anticipated GAAP and non-GAAP financial results for 2018 and operating margin for 2019 (including the assumptions and specific drivers related to such guidance and future operating margin results and R&D expenses), Alexion's development plans for ALXN1210 (including the goal of improving the standard of care and providing subcutaneous formulations), regulatory approval for ALXN1210 for PNH, the potential medical benefits of ALXN1210 for the treatment of PNH and other indications, Alexion's future clinical, regulatory filings, and commercial launch plans for ALXN1210 (including the plan to launch as a treatment for PNH next year), continuing expansion of the Company's complement leadership with ALXN1210, future ALXN1210 product pipeline candidates and indications (and the anticipated timing of regulatory filings and product launches for each) for 2018 through 2022, intention to work with regulators on the review of regulatory filings for ALXN1210, confidence in converting patients to ALXN1210, goal of building out the clinical pipeline and future business development activity, the enrollment, completion and timing for the release of information from on-going and future planned studies and clinical trials, expected benefits of product candidates, plans and timing for regulatory filings and clinical programs for our other product candidates, future growth opportunities and expectations for Soliris and Strensiq, potential benefits of ALXN1810, CP010 and other product candidates, future potential expenses related to restructuring efforts; and the potential benefits of WTX101 (including as a new standard of care) and the acquisition of Wilson Therapeutics. Forward-looking statements are subject to factors that may cause Alexion's results and plans to differ materially from those forward-looking statements, including for example, decisions of regulatory authorities regarding the adequacy of our research, marketing approval or material limitations on the marketing of our products; delays or the failure of product candidates to obtain regulatory approval; delays or the inability to launch product candidates due to regulatory restrictions, anticipated expense or other matters; interruptions or failures in the manufacture and supply of our products and our product candidates; failure to satisfactorily address matters raised by the FDA and other regulatory agencies; the possibility that results of clinical trials are not predictive of safety and efficacy results of our products in broader patient populations; the possibility that current rates of adoption of Soliris® in PNH, aHUS, gMG or other diseases and Strensiq® and Kanuma® are not sustained; the possibility that clinical trials of our product candidates could be delayed or terminated prior to completion; the adequacy of our pharmacovigilance and drug safety reporting processes; the risk that third party payors (including governmental agencies) will not reimburse or continue to reimburse for the use of our products at acceptable rates or at all; the possibility that expected tax benefits will not be realized; assessment of impact of recent accounting pronouncements; potential declines in sovereign credit ratings or sovereign defaults in countries where we sell our products; delay of collection or reduction in reimbursement due to adverse economic conditions or changes in government and private insurer regulations and approaches to reimbursement; uncertainties surrounding legal proceedings, company investigations and government investigations, including investigations of Alexion by the U.S. Securities and Exchange Commission (SEC) and U.S. Department of Justice; the risk that anticipated regulatory filings are delayed; the risk that estimates regarding the number of patients with PNH, aHUS, gMG, HPP and LAL-D are inaccurate; the risks of changing foreign exchange rates, risks relating to the potential effects of the Company's restructuring and relocation of its corporate headquarters; risks related to the acquisition of Wilson Therapeutics and the co-development with Complement Pharma; and a variety of other risks set forth from time to time in Alexion's filings with the SEC, including but not limited to the risks discussed in Alexion's Quarterly Report on Form 10-Q for the period ended March 31, 2018 and in our other filings with the SEC. Alexion disclaims any obligation to update any of these forward-looking statements to reflect events or circumstances after the date hereof, except when a duty arises under law.

In addition to financial information prepared in accordance with GAAP, this presentation also contains non-GAAP financial measures that Alexion believes, when considered together with the GAAP information, provide investors and management with supplemental information relating to performance, trends and prospects that promote a more complete understanding of our operating results and financial position during different periods. The non-GAAP results exclude the impact of the following GAAP items: share-based compensation expense, fair value adjustment of inventory acquired, amortization of purchased intangible assets, changes in fair value of contingent consideration, acquisition-related costs, restructuring and related expenses, upfront payments related to licenses and collaborations, acquired in-process research and development assets, impairment of intangible assets, change in value of equity securities without readily determinable fair values, litigation charges and certain adjustments to income tax expense. These non-GAAP financial measures are not intended to be considered in isolation or as a substitute for, or superior to, the financial measures prepared and presented in accordance with GAAP, and should be reviewed in conjunction with the relevant GAAP financial measures. Please refer to the attached Reconciliations of GAAP to non-GAAP Financial Results and GAAP to non-GAAP 2018 Financial Guidance for explanations of the amounts adjusted to arrive at non-GAAP net income and non-GAAP earnings per share amounts for the three and six month periods ended June 30, 2018 and 2017 and projected twelve months ending December 31, 2018.

Prior year amounts may have been adjusted to conform to current year rounding presentation. Amounts may not foot due to rounding.

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CEO Opening Remarks

Ludwig Hantson, Ph.D.
Chief Executive Officer

Executing on 2018 Key Objectives

Strong First Half 2018

1	**Grow In-Line Business**	▪ Strong momentum for complement and metabolic franchises ▪ Q2 Total Revenues: $1.045B; +14% Revenue Growth, +16% Volume Growth vs 2Q17 ▪ First quarter with >$1B in revenue
2	**Drive Soliris® Launch in gMG**	▪ On track to meet ambition of being the best launch of any Soliris® indication ▪ 375 patients on therapy in US at end of June
3	**Extend Complement Leadership with ALXN1210**	▪ Positive ALXN1210 Phase 3 read-outs in largest clinical program in PNH ▪ Submitted filings for ALXN1210 approval for PNH in US and EU ▪ On track to file for approval in Japan 2H2018 ▪ Phase 3 enrollment for ALXN1210 in aHUS completed late May
4	**Advance and Rebuild the Pipeline**	▪ Completed Wilson Therapeutics acquisition (Phase 3 program in Wilson Disease) ▪ Began Complement Pharma collaboration (Preclinical program targeting C6)
5	**Deliver on Financial Ambitions**	▪ Guidance updated to reflect strength of top and bottom-line performance

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Financial Update

Paul Clancy
Chief Financial Officer

Second Quarter 2018 Key Performance Metrics

Total Revenues	**$1.045B**	↑	**14%**	**vs 2Q17**	▪ Soliris® sales grew 10% driven by 11% increase in volume ▪ Metabolic sales grew 48% driven by 54% increase in volume ▪ Favorably impacted by tender orders primarily in rest of world markets compared to 1Q18 ▪ Includes ~$18M due to order timing related to the July 4th holiday
GAAP[(1)] Operating Margin	**(38.3%)**	↓	**-6,313bps**	**vs 2Q17**	▪ GAAP operating margin includes expense of $804M for IPR&D asset acquired in connection with Wilson Therapeutics
Non-GAAP[(1)] Operating Margin	**54.3%**	↑	**+719bps**	**vs 2Q17**	▪ Delivered 719bps non-GAAP operating margin improvement
GAAP[(1)] EPS	**($2.05)**	↓	**(381%)**	**vs 2Q17**	▪ GAAP EPS includes expense of $804M for IPR&D asset acquired in connection with Wilson Therapeutics as well as $18M in restructuring and related expenses
Non-GAAP[(1)] EPS	**$2.07**	↑	**33%**	**vs 2Q17**	▪ Non-GAAP EPS growth of 33% driven by topline growth and strong operating expense control

[(1)] A reconciliation of our GAAP to non-GAAP financial results is set forth in our second quarter 2018 financial results issued July 26, 2018.

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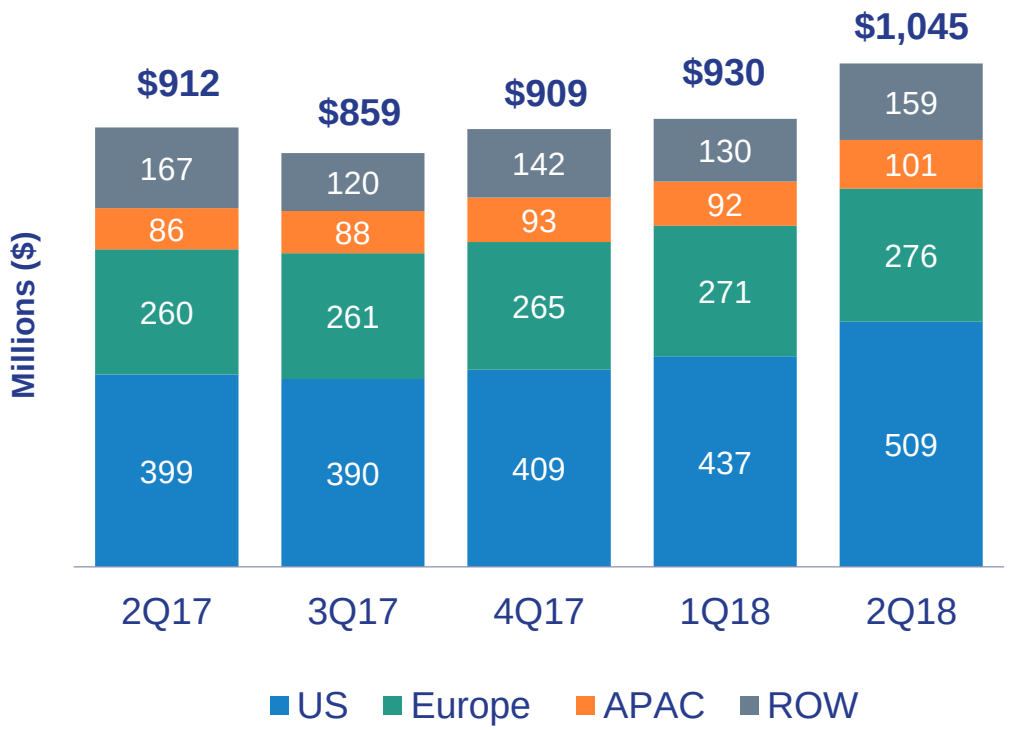
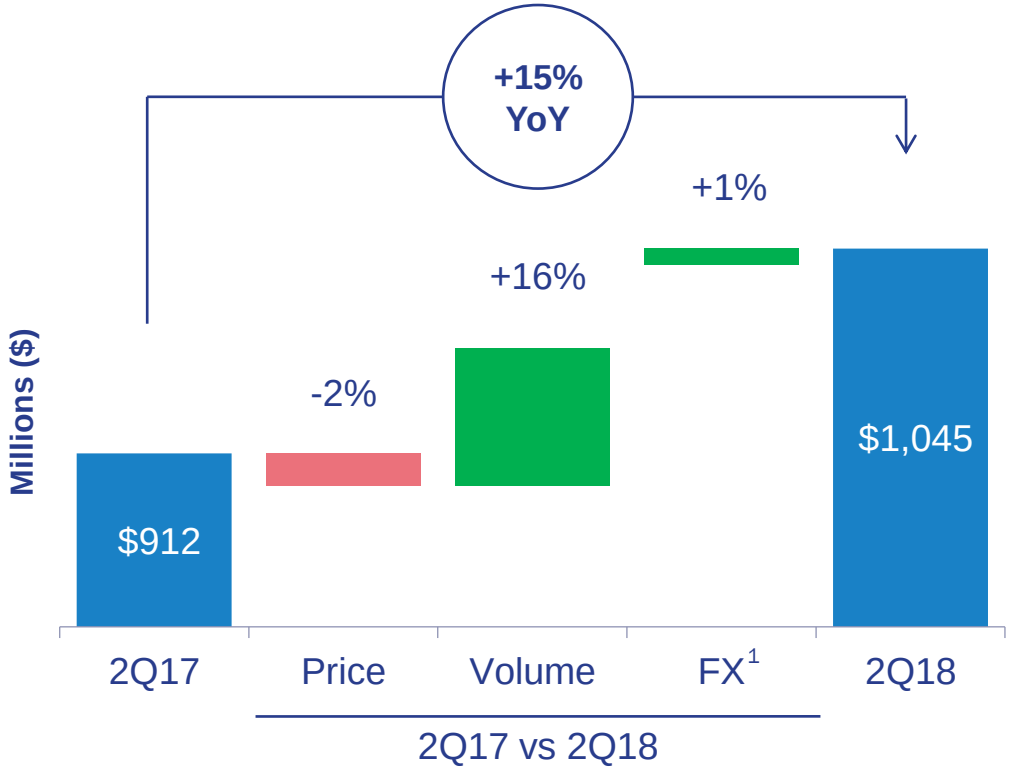
2Q18 Net Product Sales

Net Product Sales by Geography



2Q18 Net Product Sales Analysis



[1] Net of hedging activities

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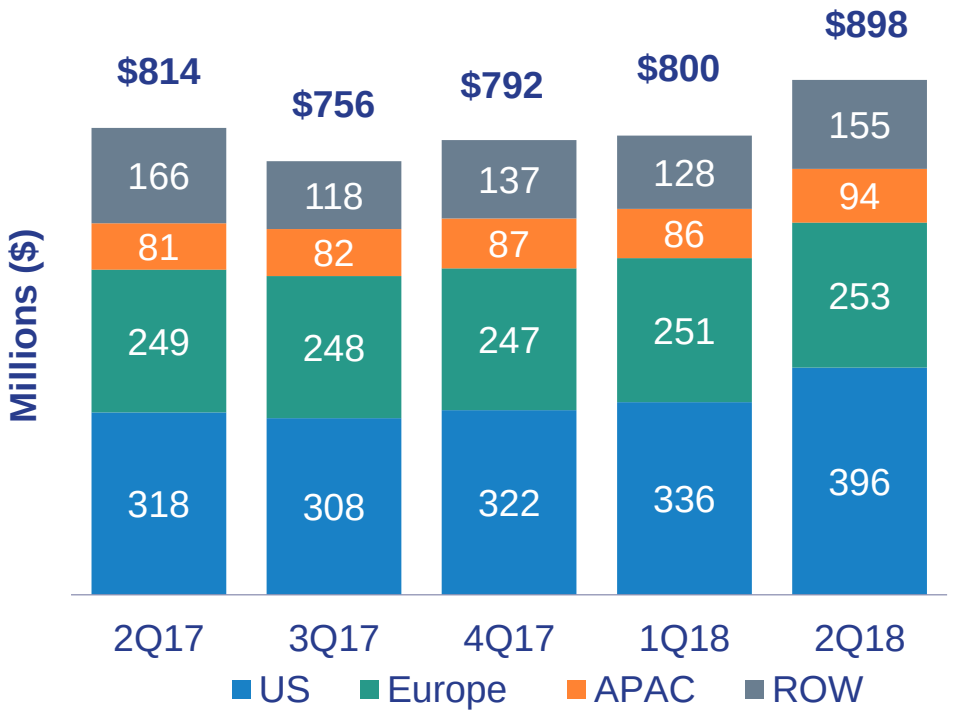
Soliris® Net Product Sales

Soliris® Net Product Sales



2Q18 Highlights

- +10% YoY revenue growth; +11% YoY volume growth
- 2Q18 favorably impacted by tender orders primarily in rest of world markets compared to 1Q18 and included ~$9M due to order timing ahead of the July 4th holiday
- Contribution from gMG continues to grow
- Strong growth in the US and Japan

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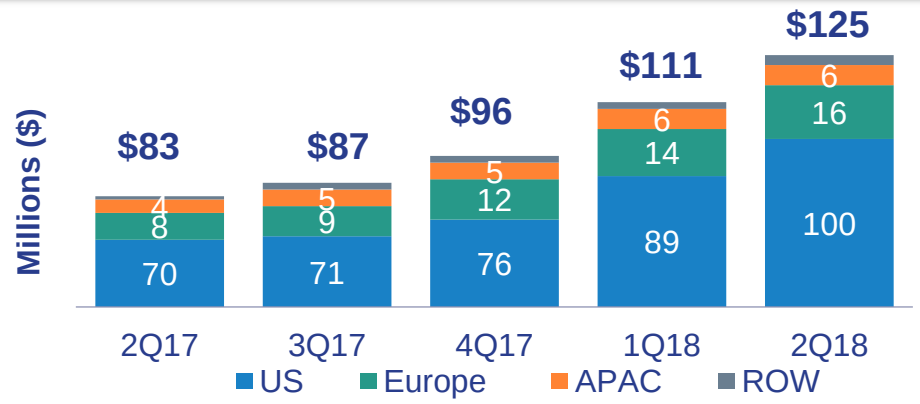
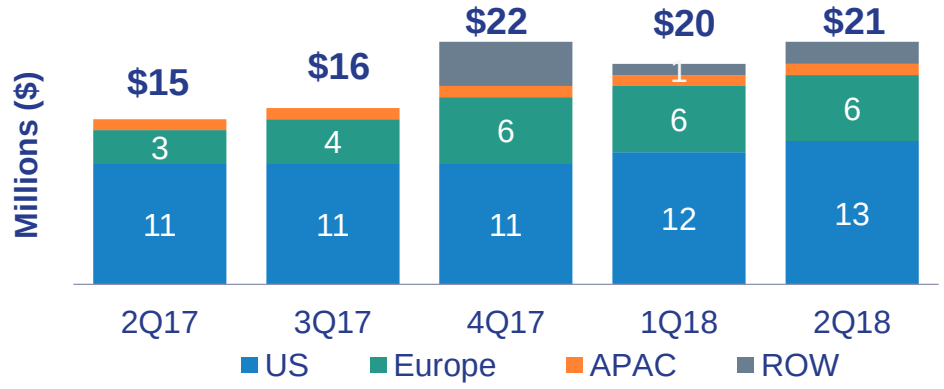
Metabolic Franchise Net Product Sales

Strensiq® Net Product Sales



Kanuma® Net Product Sales



2Q18 Highlights

Strensiq®

- +50% YoY revenue growth
  - +55% YoY volume growth
- Continued growth in US and Germany
- 2Q18 included ~$8M due to order timing ahead of the July 4th holiday

Kanuma®

- +40% YoY revenue growth
  - +51% YoY volume growth
- 2Q18 included ~$1M due to order timing ahead of the July 4th holiday

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2Q18 Financial Performance

$ Millions, Except EPS	2Q18 GAAP [2]	2Q18 Non-GAAP [2]	2Q17 GAAP [2]	2Q17 Non-GAAP [2]	YoY Change Non-GAAP [2]
Total Revenue	$1,045	$1,045	$913	$913	+14%
Soliris® Revenue	$898	$898	$813	$813	+10%
Strensiq® Revenue	$125	$125	$84	$84	+50%
Kanuma® Revenue	$21	$21	$15	$15	+40%
COGS *% of Total Revenue*	$95 9%	$89 9%	$84 9%	$78 9%	0 bps
R&D *% of Total Revenue*	$173 17%	$158 15%	$198 22%	$178 20%	-431 bps
SG&A *% of Total Revenue*	$277 27%	$230 22%	$266 29%	$228 25%	-288 bps
Acquired In-process R&D [1]	$804	-	-	-	-
Restructuring and Related Expenses	$18	-	$3	-	-
Operating (Loss) Income	($400)	$567	$227	$430	+32%
Operating Margin	(38%)	54%	25%	47%	+719 bps
Effective Tax Rate	(9%)	14%	20%	13%	+101 bps
Earnings (Loss) Per Share	($2.05)	$2.07	$0.73	$1.56	+33%

[1] Acquired in-process R&D relates to the value of the in-process research and development asset acquired in connection with the Wilson Therapeutics AB acquisition completed in the second quarter of 2018.
[2] A reconciliation of GAAP to non-GAAP financial results is set forth in our second quarter 2018 financial results issued July 26, 2018
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Updated FY2018 Guidance

Increasing Non-GAAP FY Outlook

$ Millions, Except EPS	Previous Guidance	Updated Guidance[1][2]	YoY Growth[1][2]
Total Revenue	$3,925 to $3,985	$3,980 to $4,010	+13%
Soliris® Revenue	$3,380 to $3,420	$3,420 to $3,440	+9%
Metabolic Revenue	$545 to $565	$560 to $570	+39%
R&D (*% of Total Revenue*)			
GAAP[3]	41% to 44%	20% to 21%	-424 bps
Non-GAAP	18% to 20%	18% to 19%	-223 bps
SG&A (*% of Total Revenue*)			
GAAP	26% to 28%	26% to 27%	-432 bps
Non-GAAP	23% to 24%	22% to 23%	-363 bps
Operating Margin			
GAAP	8% to 11%	11% to 14%	-517 bps
Non-GAAP	48% to 49%	49% to 50%	+441 bps
Earnings Per Share			
GAAP	$1.35 to $1.75	$1.25 to $1.50	-30%
Non-GAAP	$6.75 to $6.90	$7.00 to $7.15	+21%

Key Assumptions

- **Soliris® :** $90M to $110M headwind over prior year due to ALXN1210 and other trial enrollment
- **Metabolics:** Strong Strensiq® growth
- **Pricing:** Headwind of ~3%
- **FX:** Tailwind of approximately $25M
- **R&D/SG&A:**
  - Ongoing expenses for WTX101 and additional 1210 programs
  - Earmarked funds for business development

Mid-point of Guidance: Revenue +13%, Non-GAAP Operating Profit +24%, Non-GAAP EPS +21%

[1] Alexion's financial guidance is based on current foreign exchange rates net of hedging activities and does not include the effect of acquisitions, license and collaboration agreements, intangible asset impairments, changes in fair value of contingent consideration or restructuring and related activity outside the previously announced activities that may occur after the day prior to the date of this presentation.
[2] A reconciliation of GAAP to non-GAAP financial guidance is set forth in our second quarter 2018 financial results issued July 26, 2018. YoY growth uses the mid point of the guidance range.
[3] GAAP R&D (% of total revenues) previously included our preliminary financial impact for Wilson Therapeutics AB. The actual impact is now reflected in "Acquired in-process research and development" within the Statement of Operations and therefore excluded from updated GAAP R&D (% of total revenues) guidance.
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R&D Highlights

John Orloff, M.D.
Head of R&D

Building Breadth in Our Portfolio

	Preclinical	Early Clinical	Advanced Clinical	Registration Filings	Marketed
Soliris®	Approved for PNH, aHUS and gMG				
Strensiq®	Approved for HPP				
Kanuma®	Approved for LAL-D				
Soliris® (NMO)	Phase 3 top-line data expected YE2018				
ALXN1210 **ALXN1210 IV (PNH)**	Filed in US and EU; on track to file in Japan 2H18				
ALXN1210 IV (aHUS)	Phase 3 top-line data expected 1Q19; Filing after PNH approval				
ALXN1210 IV 100mg/ml	Filing manufacturing sBLA in 2H19				
ALXN1210 SC QW	Initiating Phase 3 2H18				
ALXN1210 IV (gMG)	Initiating Phase 3 2H18				
ALXN1210 IV (IgAN)	Preclin dev't				
ALXN1810 SC (1210+PH20)*	Initiate Phase 1 2H18				
WTX101 (Wilson Disease)	Ongoing Phase 3 Trial				
CP010 (Complement Pharma)	Preclin dev't				
Multiple Internal Programs	Preclin dev't				

Progressing ALXN1210

Rebuilding Pipeline with Wilson, Complement Pharma & Internal Programs

*Phase 1 trial of ALXN1210 and PH20 co-administered; go-forward development expected with ALXN1810 co-formulation

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ALXN1210 Phase 3 aHUS Study: Trial Design

Phase 3 Trial Enrollment Complete

- **Primary Objective**: To assess the efficacy of ALXN1210 to control disease activity in adolescent and adult patients with aHUS who have not previously used a complement inhibitor
- **Primary Endpoint**: Complete TMA Response at 26 weeks

Screening up to 7 days	Randomized treatment period 26 weeks	Extension period 2 years

Key Secondary Endpoint Measures:

- Time to Complete TMA Response
- Complete TMA Response over time
- Dialysis requirement status
- Change from baseline in CKD stage
- Quality of life measures
- Hematologic parameters

Expect top-line results 1Q2019

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Wilson Therapeutics: WTX101 Phase 3 Trial

Powering for Superiority

Proven unmet need in rare disease

Addressable Population

Prevalence 1 in 30,000
~10K in EU5 and ~10K in US

~50% Diagnosed and Treated
~5K in EU5 and ~5K in US

Differentiated asset (WTX101) with strong clinical data

- 10,000x higher affinity for Cu than chelators
- Specifically binds to Cu which may lead to improved safety
- Cu transport in blood, lowers risk of drug-induced neurological deficits
- Natural Cu excretion may limit potential nephrotoxicity
- Oral, once-daily dosing with rapid onset of action

Enhance clinical value with updated Phase 3 design

- **Increasing sample size to power for superiority**
- **Planning for supplemental data generation (e.g., liver biopsy study)**
- **Potential to file 1H21 given one year data requirement**

Differentiated profile of WTX101 has potential to address significant unmet need

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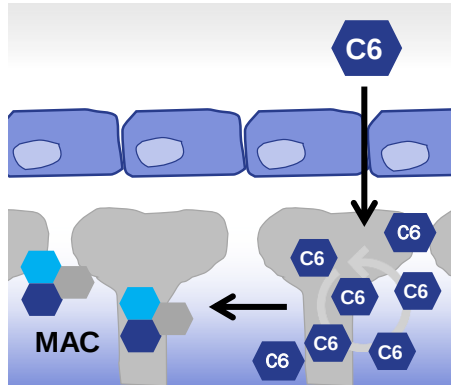
Complement Pharma: Strong Strategic Fit, Adds Preclinical Stage Asset to Complement Pipeline

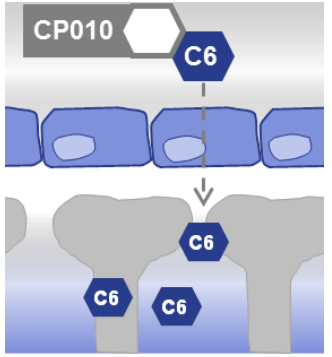
- Collaboration presents opportunity to expand our complement franchise with a novel asset (CP010) addressing neurological disorders
- Membrane attack complex (MAC) formation in central nervous system is dependent upon peripheral C6 as it is believed C6 is not produced in the CNS
- CP010 binds to peripheral C6 to decrease the level of C6 in the CNS to achieve effective inhibition of MAC formation
- We know of no other C6 modulating agent in active development

Peripheral C6 crosses the blood brain barrier to enter the CNS

Circulating C6 in CNS leads to formation of MAC which can cause neurodegeneration



CP010 binds to peripheral C6 to reduce the levels of C6 in the CNS and decrease MAC formation



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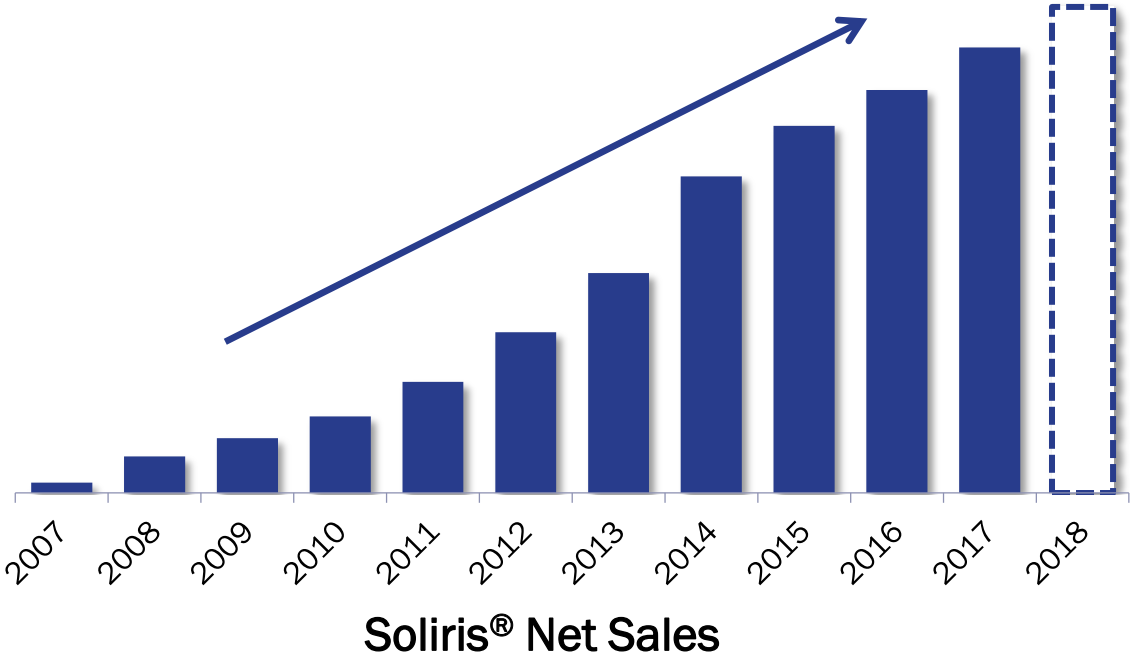
Commercial Highlights

Brian Goff
Chief Commercial Officer

Expanding the Soliris® Franchise



Soliris® Net Sales

- We continue to expand our family of Soliris® patients in our 11th year of launch
- We have widened our patient outreach with our recent Soliris® gMG approval and launch
- Majority of patients with PNH have yet to initiate treatment
- Continue to believe that the opportunity with aHUS is even greater than that of PNH
- Soliris® revenue growth excluding FX has been consistent over time
- Underlying momentum builds strong platform for ALXN1210 conversion following regulatory approvals

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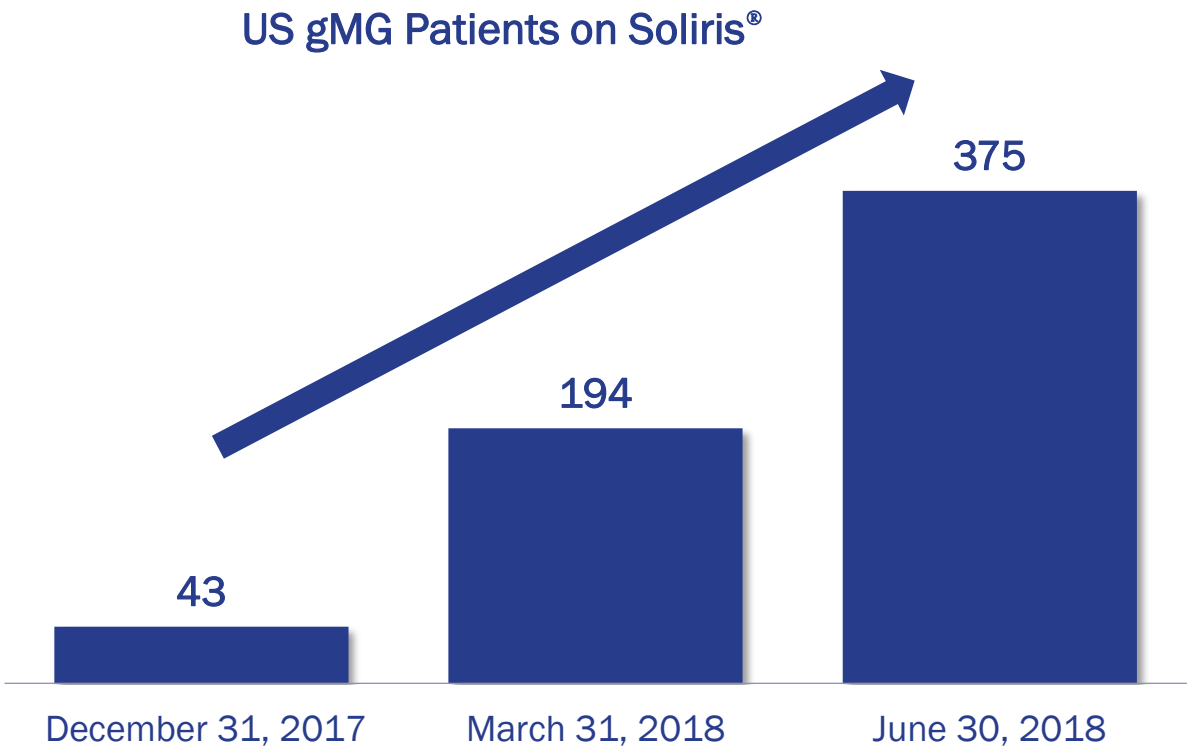
gMG on Track to be Best Launch of Any Soliris® Indication



- Excellent patient growth in second quarter in US
- Growing number of patients enrolled in OneSource™
- Field teams educating neurologists on the role of complement in gMG and the benefits of Soliris®

Note: Patient data is as of month end.
OneSource™ is a program offered by Alexion Pharmaceuticals that provides education, assistance with access to Soliris®, and treatment support for people living with PNH, aHUS, gMG and their caregivers.
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gMG on Track to be Best Launch of Any Soliris® Indication

Physician Feedback

"After seeing the improvement in my first patient treated with SOLIRIS®, I will continue to look for patients in my practice who would benefit from this new therapy."

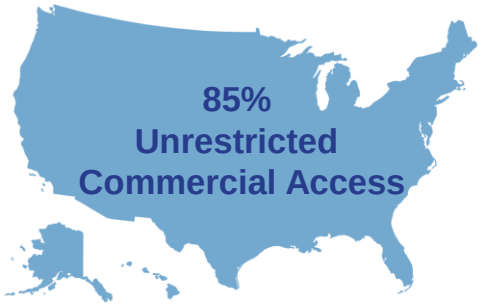
"SOLIRIS® has changed my approach to treating patients with gMG."

Patient Feedback

"Because of SOLIRIS®, I am making plans again for the future for things I never thought possible."

"I am able to participate in my life instead of watch because of SOLIRIS®."

Expanding Access



- We continue to identify opportunities to expand access

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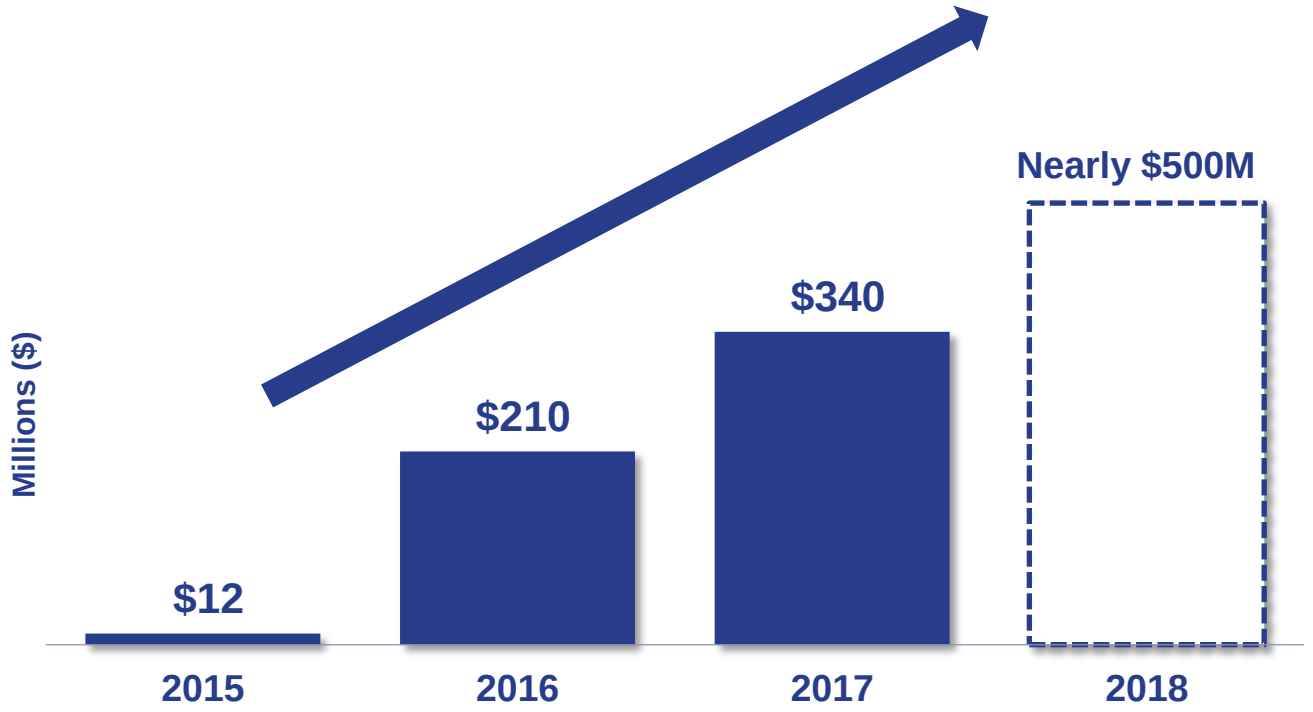
Strensiq® – Significant Growth Driver

- Strensiq® 2Q18 revenue $125M
- Extending HPP disease education and diagnostic initiatives
- Serving patients in additional countries following funding agreements
- Believe significant growth opportunities ahead



Impressive launch with meaningful growth ahead

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Kanuma®: Continue to Educate and Drive Testing

- Continuing to identify new patients with LAL-D
- Further growth in the US, Germany and Japan
- Expand lab testing and establishing additional lab partnerships to drive testing and target enriched populations
- Improving funding agreements and increasing access; expect geographic expansion to additional countries

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ALXN1210 Update

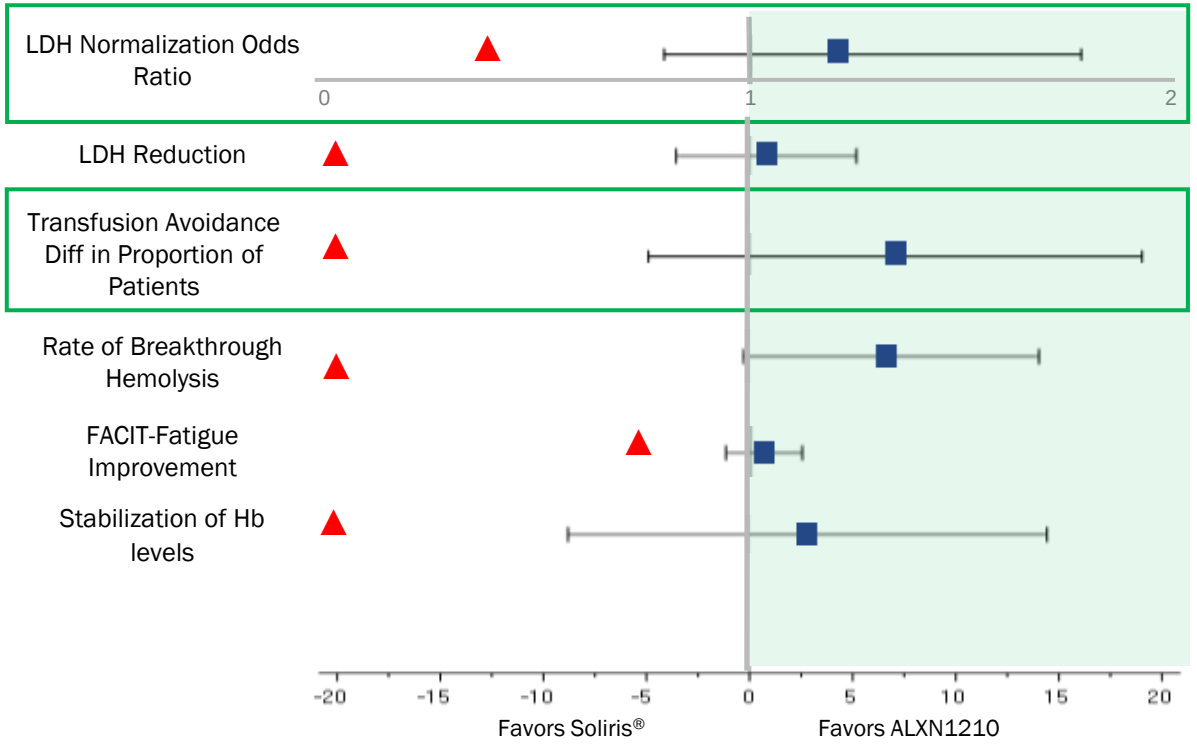
John Orloff, M.D.
Head of R&D

Brian Goff
Chief Commercial Officer

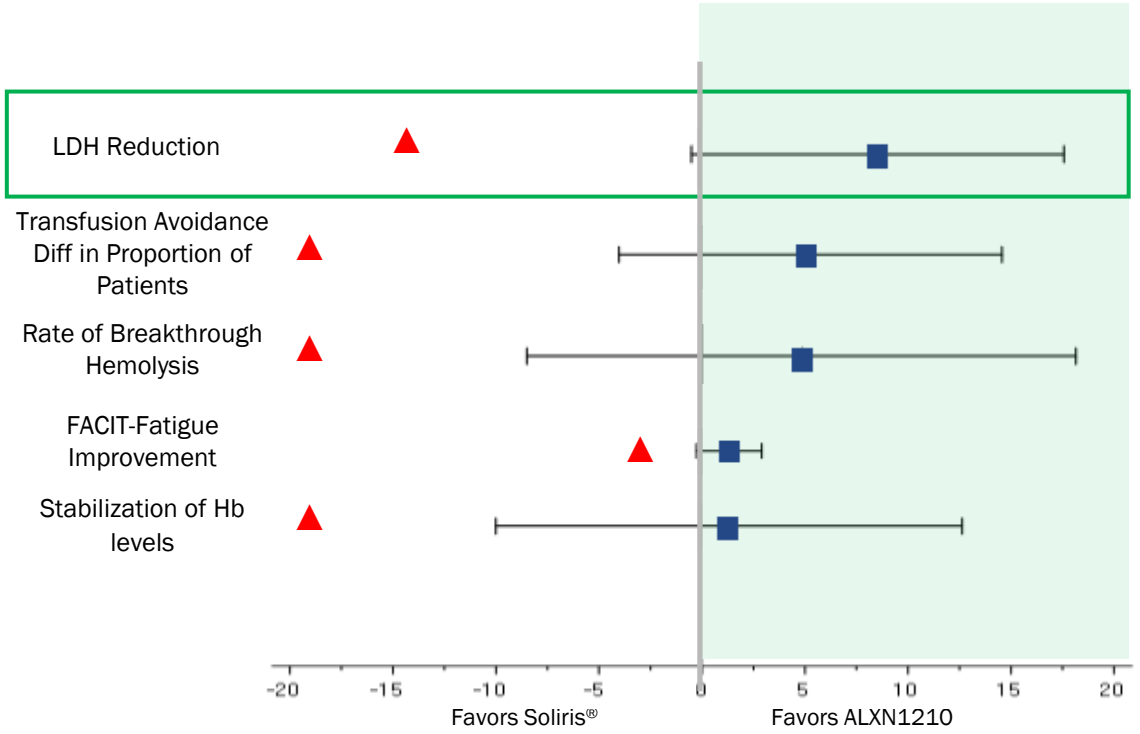
ALXN1210: Strong Data Across Largest PNH Phase 3 Program

More than 440 patients treated in Phase 3 and more than 400 patient years of exposure across the program

ALXN1210 PNH Naïve Study



ALXN1210 PNH Switch Study



▲ = Non-inferiority Margin for the Given Endpoint ■ = Observed Value ⊢⊣ = 95% Confidence Interval = Primary Endpoint

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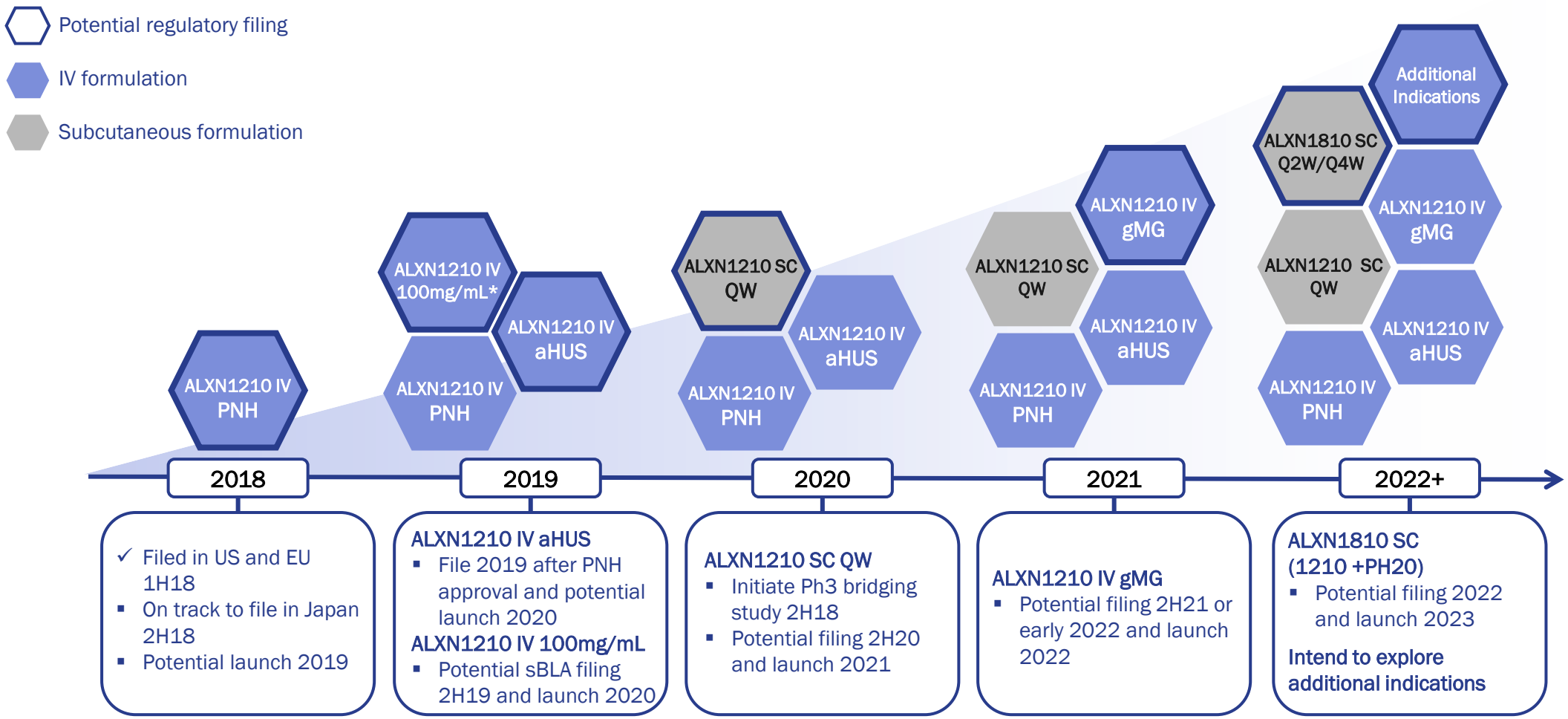
ALXN1210: Advancing the Standard of Care



*ALXN1210 IV 100mg/mL formulation to reduce infusion times for patients. With approval to be used for ALXN1210 IV dosing.

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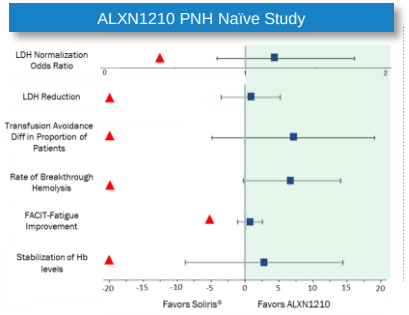
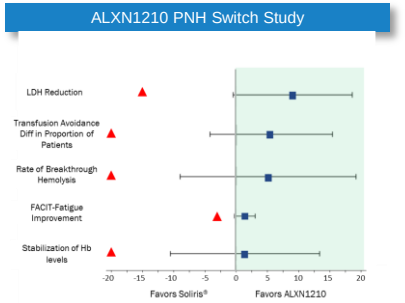
ALXN1210: Differentiated Product Profile

Strong clinical profile in largest PNH Phase 3 program ever





Efficacy over 8 weeks allowed for less frequent dosing

Weight-based dosing ensured complete complement inhibition

3,000mg

3,300mg

3,600mg

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ALXN1210: Value Proposition Directly Maps to PNH Stakeholder Needs

Physician Needs
- Totality of Phase 3 data
- Phase 3 results on three clinically meaningful measures in PNH:
  - Reduction in **LDH** values
  - Increased rates of **transfusion avoidance**
  - Reduced incidence of **breakthrough hemolysis** events

Initial Market Research Feedback
- ~27% of physicians surveyed saw a spontaneous patient opportunity for switch (2)
- ~2/3 of target physicians (treating ~50% of PNH patients) indicated they would switch all or some of their existing patients to 1210(3)

Patient Needs
- Minimizing burden of treating the disease
- Extended duration of therapy and complete complement inhibition

Initial Market Research Feedback
- 93% of patients prefer Q8W IV infusion (1)
- ~2/3 of PNH patients expressed interest in trying a new 8W IV treatment within 1 to 2 months of its availability (1)

Partnering with Payers
- Totality of Phase 3 data
- Potential value proposition given differentiated profile

Build on existing partnerships developed over our 11+ years on market with Soliris

PNH Market Map , US Data:
(1) Alexion Primary Research 2016 Patient Conjoint Qualitative Study
(2) Corresponding slide in July 13th V3 preliminary findings deck – Slide 8
(3) Alexion Primary Research: PNH MD Segmentation Research

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ALXN1210: Our First Step Towards Advancing the Standard of Care

Continue to demonstrate launch excellence and deliver value for our growing patient family

Build on our experience to advance the standard of care

New delivery modalities

- Advancing our subcutaneous programs towards regulatory filing

Advance into new indications

- Plan to report top-line aHUS early 2019
- Filing after PNH approval
- Entering Phase 3 trial in gMG in 2H18
- Continue to evaluate other indications

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CEO Closing Remarks

Ludwig Hantson, Ph.D.
Chief Executive Officer

Delivering on Our Commitments

Strong Foundation Established

- **Strengthened our leadership team**
- **Refocused our corporate strategy**
- **Restructured to optimize organization and resource allocation**
- **Reinforced our culture of compliance**
- **Refreshed our Board of Directors**

Executing on our 2018 Commitments

- Continuing to grow complement and metabolic franchises
- Demonstrated excellence in launch of Soliris® in gMG
- Expanding our pipeline through disciplined business development efforts
  - Closed Wilson Therapeutics acquisition in Q2
  - Began Complement Pharma collaboration
- Reported positive Phase 3 ALXN1210 IV PNH in naïve and PNH switch patient population
- Filed ALXN1210 IV PNH in US and EU mid-year
  - On track to file ALXN1210 IV PNH in Japan 2H2018
- Delivering on financial ambitions

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Q&A

2Q18 Earnings
July 26, 2018

Appendix

2Q18 Earnings
July 26, 2018

ALEXION PHARMACEUTICALS, INC.
TABLE 1: CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2018	**2017[1]**	**2018**	**2017[1]**
Net product sales	$1,044.7	$ 912.2	$1,975.1	$1,781.3
Other revenue	0.3	0.5	0.8	1.0
Total revenues	1,045.0	912.7	1,975.9	1,782.3
Cost of sales	95.3	83.6	186.9	152.6
Operating expenses:				
Research and development	173.4	198.2	350.0	417.7
Selling, general and administrative	277.3	265.6	534.4	527.4
Acquired in-process research and development	803.7	-	803.7	-
Amortization of purchased intangible assets	80.1	80.1	160.1	160.1
Change in fair value of contingent consideration	4.7	24.6	57.4	28.1
Restructuring expenses	10.6	2.9	16.1	26.7
Impairment of intangible assets	-	31.0	-	31.0
Total operating expenses	1,349.8	602.4	1,921.7	1,191.0
Operating (loss) income	(400.1)	226.7	(132.7)	438.7
Other income and expense:				
Investment income	7.7	4.5	113.5	8.4
Interest expense	(25.0)	(24.8)	(49.1)	(48.3)
Other income (expense)	(1.2)	(0.1)	1.3	1.5
(Loss) income before income taxes	(418.6)	206.3	(67.0)	400.3
Income tax expense	38.8	41.1	141.3	65.0
Net (loss) income	$ (457.4)	$ 165.2	$ (208.3)	$ 335.3
Earnings (loss) per common share				
Basic	($2.05)	$0.74	($0.94)	$1.49
Diluted	($2.05)	$0.73	($0.94)	$1.49
Shares used in computing earnings (loss) per common share				
Basic	222.6	224.4	222.3	224.5
Diluted	222.6	225.5	222.3	225.7

[1] Prior year amounts may have been adjusted to conform to current year rounding presentation.

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ALEXION PHARMACEUTICALS, INC.
TABLE 2: RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL RESULTS
(in millions, except per share amounts)
(unaudited)

	Three months ended June 30		Six months ended June 30	
	2018	2017[7]	2018	2017[7]
GAAP net (loss) income	$ (457.4)	$ 165.2	$ (208.3)	$ 335.3
Before tax adjustments:				
Cost of sales:				
Share-based compensation	5.5	3.1	8.8	4.9
Fair value adjustment in inventory acquired	-	2.5	-	5.2
Restructuring related expenses [1]	0.5	-	5.8	-
Research and development expense:				
Share-based compensation	15.1	20.1	30.0	36.3
Upfront payments related to licenses and collaborations	-	0.5	-	9.4
Restructuring related expenses [1]	-	-	0.1	-
Selling, general and administrative expense:				
Share-based compensation	33.3	38.1	66.4	73.8
Restructuring related expenses [1]	6.5	-	10.1	-
Litigation charges [2]	7.1	-	7.1	-
Acquired in-process research and development [3]	803.7	-	803.7	-
Amortization of purchased intangible assets	80.1	80.1	160.1	160.1
Change in fair value of contingent consideration [4]	4.7	24.6	57.4	28.1
Restructuring expenses [1]	10.6	2.9	16.1	26.7
Impairment of intangible assets	-	31.0	-	31.0
Investment income:				
Change in value of equity securities without readily determinable fair values [5]	-	-	(100.8)	-
Other income:				
Restructuring related expenses [1]	-	-	(0.1)	-
Adjustments to income tax expense [6]	(38.3)	(12.3)	(4.4)	(39.2)
Non-GAAP net income	$ 471.4	$ 355.8	$ 852.0	$ 671.6
GAAP earnings (loss) per common share - diluted	($2.05)	$0.73	($0.94)	$1.49
Non-GAAP earnings per common share - diluted	$2.07	$1.56	$3.76	$2.94
Shares used in computing diluted earnings (loss) per common share (GAAP)	222.6	225.5	222.3	225.7
Shares used in computing diluted earnings per common share (non-GAAP)	227.2	228.4	226.8	228.4

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(1) The following table summarizes the total restructuring and related expenses recorded by type of activity and the classification within the Reconciliation of GAAP to non-GAAP Financial Results:

	Three months ended June 30, 2018				Three months ended June 30, 2018			
	Employee Separation Costs	Asset-Related Charges	Other	Total	Employee Separation Costs	Asset-Related Charges	Other	Total
Cost of Sales	$ -	$ 0.5	$ -	$ 0.5	$ -	$ 5.8	$ -	$ 5.8
Research and Development	-	-	-	$ -	-	0.1	-	$ 0.1
Selling, General and Administrative	-	6.5	-	$ 6.5	-	10.1	-	$ 10.1
Restructuring Expense	3.1	-	7.5	$ 10.6	4.1	-	12.0	$ 16.1
Other (Income) Expense	-	-	-	$ -	-	-	(0.1)	$ (0.1)
	$ 3.1	$ 7.0	$ 7.5	$ 17.6	$ 4.1	$ 16.0	$ 11.9	$ 32.0

(2) During the second quarter of 2018, we recorded $7.1 million in litigation charges in connection with ongoing investigations.

(3) During the second quarter of 2018, we completed the acquisition of Wilson Therapeutics AB. The acquisition was accounted for as an asset acquisition, as substantially all of the fair value of the gross assets acquired is concentrated in a single asset, WTX101, an early Phase III development asset. The value of the acquired in-process research and development asset related to WTX101 was expensed during the three and six months ended June 30, 2018 due to the stage of development of this asset.

(4) The change in the expense associated with the fair value of contingent consideration for the three and six months ended June 30, 2018, as compared to the same periods in 2017 was primarily due to the timing of increases in the likelihood and anticipated timing of payments for contingent consideration.

(5) On January 1, 2018, we adopted a new standard that changes the accounting for equity investments and, as a result, we recognized an unrealized gain of $100.8 million in investment income during the first quarter and six months ended June 30, 2018, respectively, to adjust our investment in Moderna Therapeutics, Inc. to fair value.

(6) Alexion's non-GAAP income tax expense excludes the tax effect of pre-tax adjustments to GAAP profit and adjustments to provisional estimates of the impact of Tax Cuts and Jobs Act we recorded in Q4 2017.

(7) Prior year amounts may have been adjusted to conform to current year rounding presentation.

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ALEXION PHARMACEUTICALS, INC.
TABLE 3: RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL GUIDANCE
(in millions, except per share amounts and percentages)
(unaudited)

	Twelve months ending December 31, 2018	
	Low	**High**
GAAP net income	$ 283	$ 340
Before tax adjustments:		
Share-based compensation	228	210
Upfront payments related to licenses and collaborations	-	-
Acquired in-process research and development	804	804
Amortization of purchased intangible assets	320	320
Change in fair value of contingent consideration	67	67
Restructuring and related expenses	92	42
Change in value of equity securities without readily determinable fair values	(101)	(101)
Litigation charges	7	7
Adjustments to income tax expense	(104)	(59)
Non-GAAP net income	$ 1,596	$ 1,630
Diluted GAAP earnings per common share	$1.25	$1.50
Diluted non-GAAP earnings per common share	$7.00	$7.15
Operating expense and margin (% total revenues)		
GAAP research and development expense	21%	20%
Share-based compensation	2%	2%
Upfront payments related to licenses and collaborations	-	-
Restructuring related expenses	-	-
Non-GAAP research and development expense	19%	18%
GAAP selling, general and administrative expense	27%	26%
Share-based compensation	3%	3%
Restructuring related expenses	-	-
Litigation charges	-	-
Non-GAAP selling, general and administrative expense	23%	22%
GAAP operating margin	11%	14%
Share-based compensation	6%	5%
Upfront payments related to license and collaborations	-	-
Acquired in-process research and development	20%	20%
Litigation charges	-	-
Amortization of purchased intangible assets	8%	8%
Change in fair value of contingent consideration	2%	2%
Restructuring and related expenses	2%	1%
Non-GAAP operating margin	49%	50%
Income tax expense (% of income before income taxes)		
GAAP income tax expense	40.0%	39.0%
Tax effect of pre-tax adjustments to GAAP net income and adjustments to Q4 2017 tax reform provisional accounting	(24.5)%	(24.5)%
Non-GAAP income tax expense	15.5%	14.5%

Amounts may not foot due to rounding.

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ALEXION PHARMACEUTICALS, INC.

TABLE 4: NET PRODUCT SALES BY GEOGRAPHY

(in millions)

(unaudited)

	Three months ended June 30		Six months ended June 30	
	2018	2017[1]	2018	2017[1]
Soliris				
United States	$ 395.8	$ 317.8	$ 731.8	$ 605.9
Europe	253.4	248.5	504.2	489.9
Asia Pacific	93.6	80.8	179.1	159.6
Rest of World	155.4	166.2	283.2	341.4
Total Soliris	$ 898.2	$ 813.3	$ 1,698.3	$ 1,596.8
Strensiq				
United States	$ 99.9	$ 70.0	$ 189.1	$ 133.3
Europe	16.4	8.6	30.4	13.7
Asia Pacific	6.3	4.4	12.0	8.1
Rest of World	2.5	0.6	4.3	2.1
Total Strensiq	$ 125.1	$ 83.6	$ 235.8	$ 157.2
Kanuma				
United States	$ 13.0	$ 11.1	$ 24.9	$ 19.8
Europe	5.8	3.3	11.7	5.1
Asia Pacific	1.1	0.6	2.1	1.1
Rest of World	1.5	0.3	2.3	1.3
Total Kanuma	$ 21.4	$ 15.3	$ 41.0	$ 27.3
Net Product Sales				
United States	$ 508.7	$ 398.9	$ 945.8	$ 759.0
Europe	275.6	260.4	546.3	508.7
Asia Pacific	101.0	85.8	193.2	168.8
Rest of World	159.4	167.1	289.8	344.8
Total Net Product Sales	$ 1,044.7	$ 912.2	$ 1,975.1	$ 1,781.3

(1) Prior year amounts may have been adjusted to conform to current year rounding presentation.

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ALEXION PHARMACEUTICALS, INC.
TABLE 5: CONDENSED CONSOLIDATED BALANCE SHEETS
(in millions)
(unaudited)

	June 30 2018	December 31 2017[2]
Cash and cash equivalents	$ 727.5	$ 584.4
Marketable securities	449.5	889.7
Trade accounts receivable, net	853.7	726.5
Inventories	463.2	460.4
Prepaid expenses and other current assets	342.2	292.9
Property, plant and equipment, net	1,422.6	1,325.4
Intangible assets, net	3,793.8	3,954.4
Goodwill	5,037.4	5,037.4
Other assets	400.5	312.2
Total assets	$ 13,490.4	$ 13,583.3
Accounts payable and accrued expenses	$ 664.0	$ 710.2
Revolving credit facility	250.0	—
Current portion of long-term debt	28.5	167.4
Current portion of contingent consideration	70.3	—
Other current liabilities [1]	31.6	74.9
Long-term debt, less current portion	2,564.9	2,720.7
Contingent consideration	156.0	168.9
Facility lease obligation	361.4	342.9
Deferred tax liabilities	464.0	365.0
Other liabilities	132.3	140.2
Total liabilities	4,723.0	4,690.2
Total stockholders' equity [1]	8,767.4	8,893.1
Total liabilities and stockholders' equity	$ 13,490.4	$ 13,583.3

(1) In May 2014, the Financial Accounting Standards Board issued a comprehensive new standard which amends revenue recognition principles. We adopted this standard in the first quarter 2018. Upon adoption of the new standard, we reduced our deferred revenue balance reported in Other current liabilities by $10.4 million, with an offsetting increase of $6.0 million in retained earnings due to the cumulative impact of adopting this new standard. The adjusted deferred revenue balance, as of January 1, 2018, was $5.5 million. We recognized this amount in revenue in the first quarter of 2018.

(2) Prior year amounts may have been adjusted to conform to current year rounding presentation.

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ALEXION PHARMACEUTICALS, INC.
RECONCILIATION GAAP TO NON-GAAP 2019 OPERATING MARGIN

	Twelve months ending December 31, 2019
Operating margin (% total revenues)	
GAAP operating margin	37%
Share-based compensation	6%
Amortization of purchased intangible assets	7%
Change in fair value of contingent consideration	0%
Non-GAAP operating margin	50%

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