ALEXION®

Third Quarter 2018

Earnings Call

October 24, 2018

Q3 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
CEO Closing Remarks	Ludwig Hantson, ALEXION® 2
Q&A	All

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 financial and operating results and 2018 financial guidance (and assumptions and drivers related to the guidance); anticipated initiation, completion and timing for the release of information from on-going and future studies and clinical trials (including for ALXN1210 and ALXN1810); plans for future regulatory submissions (and the timing of such filings)(and Soliris as the first approved therapy for NMOSD and a treatment turning point for such indication); gMG will be a growth driver; plans for future product launches; anticipated increases in R&D and SG&A expenses; future plans for building development-stage portfolio and other product candidates; plans to be first to market with subcutaneous C5 inhibitor (and improving dosing schedules); the potential benefits of SYNT001 (including potential to treat numerous IgG mediated diseases); expected closing of acquisitions; expected benefits of Dicerna collaboration (including broad therapeutic applicability across multiple targets); expansion of Soliris patients; potential growth for Soliris in aHUS; future regulatory approval of Ultomiris for PNH; expected rapid conversion from Soliris to Ultomiris; future Strensiq revenue; expansion of Kanuma sales to additional countries; future plans for, and benefits of, Ultomiris product launch (in US, Europe and Japan); expected market receptivity for Ultomiris at launch and will achieve and maintain significant market share; expected expansion of neurology sales and commercial footprint (and leverage gMG footprint and planned NMOSD filing, regulatory approval and product launch); potential benefits of our products and product candidates; existing product portfolio is durable and sustainable; neurology is a growth opportunity; plans to build pipeline (for long-term sustainability and value creation) in disciplined manner; potential room for expansion in PNH and aHUS businesses; and extending our rare disease (and PNH) leadership. 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: our dependence on sales of Soliris; future competition from biosimilars and other competitive products; decisions of regulatory authorities regarding the adequacy of research, marketing approval or material limitations on the marketing of our products; delays or failure of product candidates (including ALXN12010) to obtain regulatory approval; delays or the inability to launch product candidates due to regulatory restrictions, unexpected expense or other matters; interruptions or failures in the manufacture and supply of our products and our product candidates; failure to address matters raised by the FDA and other regulatory agencies; results in early stage clinical trials may not be indicative of full results or results from later stage or larger clinical trials (or in broader patient populations) and do not ensure regulatory approval; the possibility that results of clinical trials are not predictive of safety and efficacy of our products (or failure to adequately operate or manage our clinical trials) which could cause us to halt trials, delay or prevent us from making regulatory approval filings or result in denial of regulatory approval of our products; unexpected delays in clinical trials; unexpected concerns that arise from additional data or analysis obtained during clinical trials or after approval; product improvements may not be realized; uncertainty of long-term success in developing, licensing or acquiring other product candidates or additional indications for existing products; inability to complete acquisitions due to failure of regulatory approval or material changes in target; inability to complete acquisitions and investments due to competition for technology; the possibility that current rates of adoption of Soliris® in PNH, aHUS, gMG or other indications are not sustained or increased; the adequacy of our pharmacovigilance and drug safety reporting processes; failure to protect and enforce our data, intellectual property and proprietary rights and the uncertainties relating to intellectual property claims and challenges against us; 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; failure to realize the benefits of investments, collaborations, licenses and acquisitions; the possibility that expected tax benefits will not be realized; assessment of impact of 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 by the SEC and DOJ; the risk that estimates regarding the number of patients with PNH, aHUS, gMG, HPP and LAL-D and other future indications are inaccurate; the risks of changing foreign exchange rates; risks relating to the effects of the Company's restructuring; risks related to the acquisition of Syntimmune and other companies and co-development efforts; 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 the Quarterly Report on Form 10-Q for the period ended June 30, 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 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, 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, gain or loss on sale of a business or asset 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 nine month periods ended September 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.

CEO Opening Remarks

Ludwig Hantson, Ph.D.
Chief Executive Officer

Significant Achievements in Q3

- gMG is best Soliris® launch to date
- Reported Positive Phase 3 NMOSD Top-line data with plans to file by early 2019
- Announced Syntimmune acquisition agreement
- +20% Top-line Growth vs 3Q17

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Continued Progress on our 5 Key Objectives

1	**Grow In-Line Business**	▪ Strong top-line execution in complement and metabolic portfolios ▪ Q3 Total Revenues: $1.027B; +20% Revenue Growth, +26% Volume Growth vs Q3 2017
2	**Drive Soliris® Launch in gMG**	▪ In first year on market, gMG the best Soliris® launch ▪ 560 patients on therapy in US at end of September
3	**Extend Complement Leadership with Ultomiris™ (ALXN1210)**	▪ US PDUFA Feb 18th; Filings accepted for PNH in US, EU, and Japan ▪ Phase 3 top-line aHUS results expected early 2019 ▪ Plans to initiate Phase 3 once-weekly subcutaneous bridging study
4	**Advance and Rebuild the Pipeline**	▪ Positive Phase 3 results for Soliris® in NMOSD strengthens rare neurology portfolio ▪ Announced Syntimmune acquisition agreement* and collaborations with Dicerna and Complement Pharma ▪ Completed Wilson Therapeutics acquisition and now powering Phase 3 program for superiority ▪ Initiated Phase 1 study for ALXN1810** with potential for Q2W or Q4W subcutaneous dosing
5	**Deliver on Financial Ambitions**	▪ Non-GAAP guidance increased to reflect strength of top and bottom-line performance ▪ R&D spend to increase with expansion of pipeline, SG&A spend to increase with launch execution

*Pending anticipated closure in Q4 2018
**Phase 1 trial of ALXN1210 and PH20 co-administered; go-forward development expected with ALXN1810 co-formulation

Financial Update

Paul Clancy
Chief Financial Officer

Third Quarter 2018 Key Performance Metrics

Total Revenues	**$1.027B**	↑	**20%**	**vs 3Q17**	▪ Soliris® sales grew 18% driven by 24% increase in volume ▪ Metabolic sales grew 34% driven by 43% increase in volume ▪ Unfavorably impacted by order timing related to the July 4th holiday and tender orders primarily in rest of world markets compared to 2Q18
GAAP[(1)] Operating Margin	**35%**	↑	**+2,561 bps**	**vs 3Q17**	▪ Delivered 916 bps non-GAAP operating margin improvement
Non-GAAP[(1)] Operating Margin	**54%**	↑	**+916 bps**	**vs 3Q17**	
GAAP[(1)] EPS	**$1.47**	↑	**320%**	**vs 3Q17**	▪ GAAP EPS includes $18M in restructuring and related expenses in 3Q18 compared to $165M in 3Q17
Non-GAAP[(1)] EPS	**$2.02**	↑	**40%**	**vs 3Q17**	▪ Non-GAAP EPS growth of 40% 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 third quarter 2018 financial results issued October 24, 2018 and is available at www.alexion.com.

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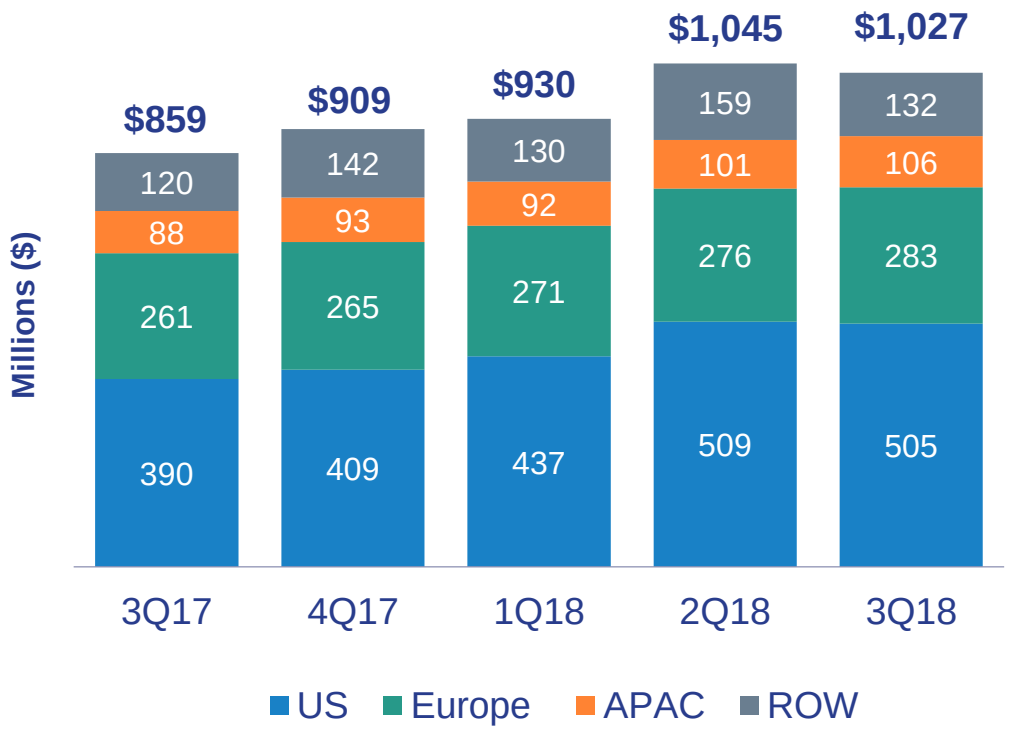
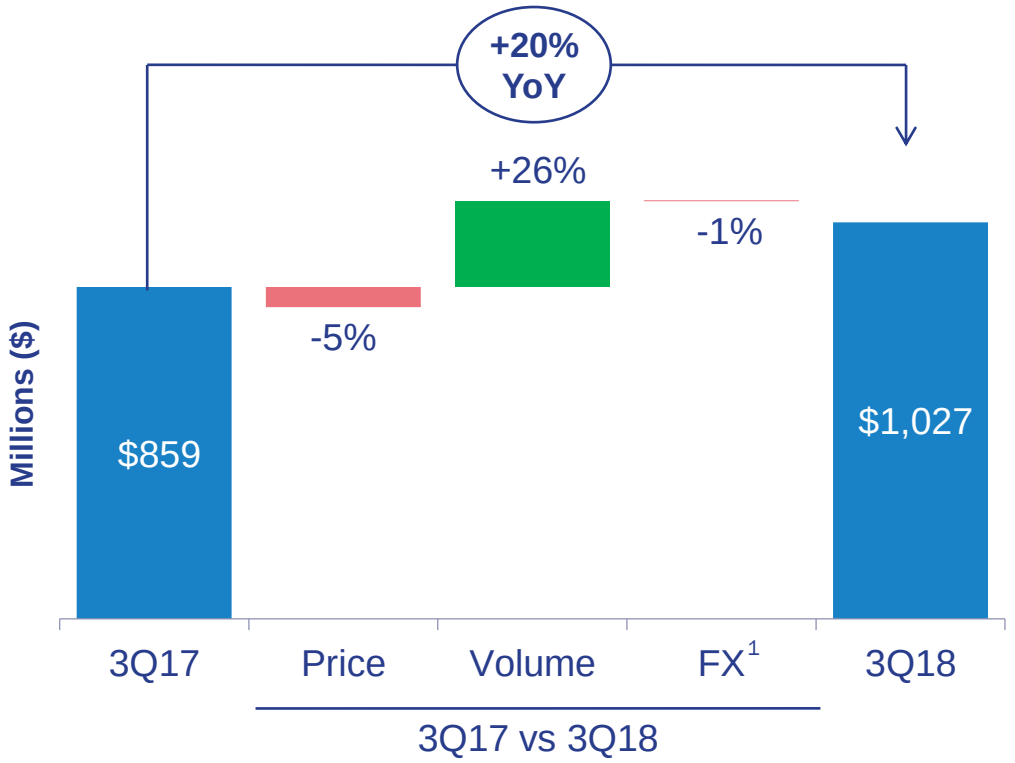
3Q18 Net Product Sales

Net Product Sales by Geography



3Q18 Net Product Sales Analysis



[1] Net of hedging activities

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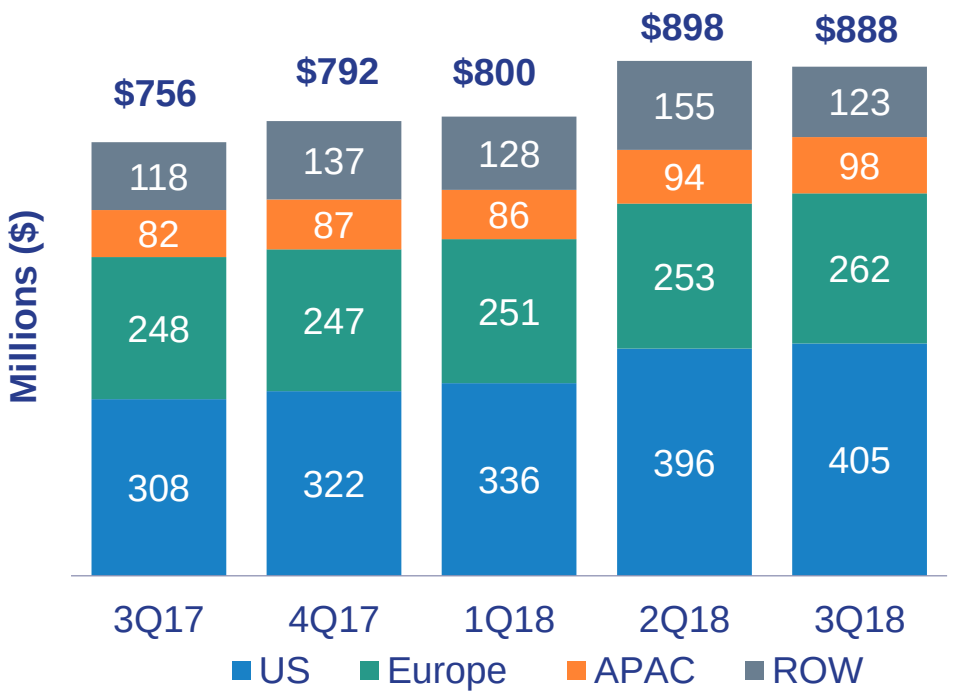
Soliris® Net Product Sales

Soliris® Net Product Sales

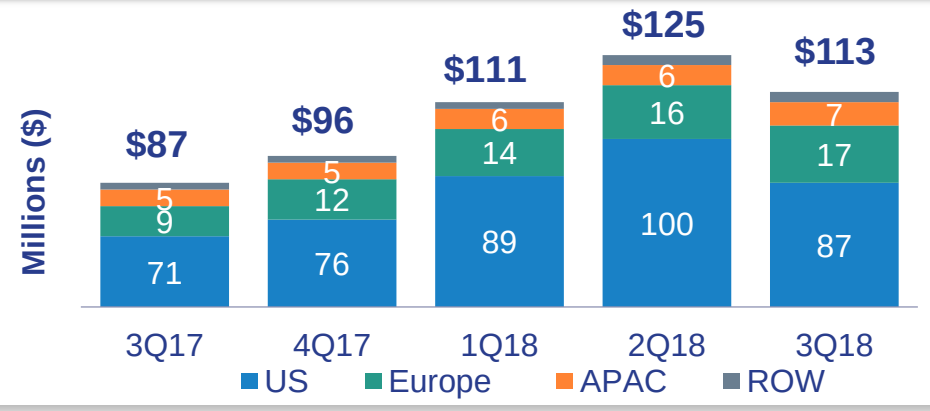


3Q18 Highlights

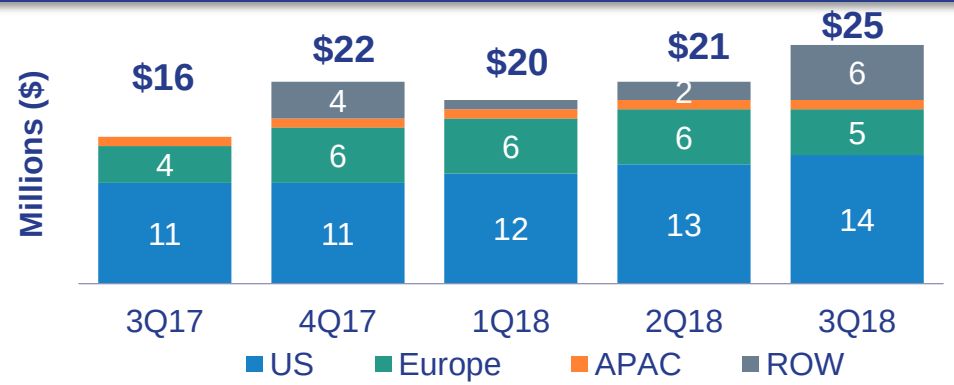
- +18% YoY revenue growth; +24% YoY volume growth
- 3Q18 unfavorably impacted by order timing related to the July 4th holiday and tender orders primarily in rest of world markets compared to 2Q18
- Contribution from gMG continued to grow
- Strong growth in the US and Japan

Metabolic Franchise Net Product Sales

Strensiq® Net Product Sales



Kanuma® Net Product Sales



3Q18 Highlights

Strensiq®

- +30% YoY revenue growth
  - +37% YoY volume growth
- Continued growth in US and Germany
- 3Q18 unfavorably impacted by ~$8M due to order timing related to the July 4th holiday

Kanuma®

- +54% YoY revenue growth
  - +74% YoY volume growth

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3Q18 Financial Performance

$ Millions, Except EPS	3Q18 GAAP (1)	3Q18 Non-GAAP (1)	3Q17 GAAP (1)	3Q17 Non-GAAP (1)	YoY Change Non-GAAP (1)
Total Revenue	$1,027	$1,027	$859	$859	+20%
Soliris® Revenue	$888	$888	$755	$755	+18%
Strensiq® Revenue	$113	$113	$87	$87	+30%
Kanuma® Revenue	$25	$25	$16	$16	+54%
COGS *% of Total Revenue*	$91 9%	$87 9%	$157 18%	$71 8%	+26 bps
R&D *% of Total Revenue*	$175 17%	$162 16%	$196 23%	$176 20%	-464 bps
SG&A *% of Total Revenue*	$259 25%	$225 22%	$271 32%	$229 27%	-479 bps
Restructuring and Related Expenses	$18	-	$164	-	-
Operating Income	$359	$552	$80	$384	+44%
Operating Margin	35%	54%	9%	45%	+916 bps
Effective Tax Rate	3%	14%	(34%)	10%	+433 bps
Earnings Per Share	$1.47	$2.02	$0.35	$1.44	+40%

(1) A reconciliation of GAAP to non-GAAP financial results is set forth in our third quarter 2018 financial results issued October 24, 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	$3,980 to $4,010	$4,020 to $4,050	+14%
Soliris® Revenue	$3,420 to $3,440	$3,460 to $3,480	+10%
Metabolic Revenue	$560 to $570	$560 to $570	+40%
R&D (*% of Total Revenue*)			
GAAP	20% to 21%	18% to 19%	-624 bps
Non-GAAP	18% to 19%	16% to 17%	-423 bps
SG&A (*% of Total Revenue*)			
GAAP	26% to 27%	26% to 27%	-432 bps
Non-GAAP	22% to 23%	22% to 23%	-363 bps
Operating Margin			
GAAP	11% to 14%	0% to 5%	-1,517 bps
Non-GAAP	49% to 50%	51% to 52%	+641 bps
Earnings (Loss) Per Share			
GAAP	$1.25 to $1.50	($0.08) to $0.26	-95%
Non-GAAP	$7.00 to $7.15	$7.45 to $7.60	+29%

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:** Headwind of approximately $10M
- **R&D/SG&A:**
  - R&D spend to increase with expansion of pipeline
  - SG&A spend to increase with launch execution

Mid-point of Guidance: Revenue +14%, Non-GAAP Operating Profit +30%, Non-GAAP EPS +29%

[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 issuance of this presentation.
[2] A reconciliation of GAAP to non-GAAP financial guidance is set forth in our third quarter 2018 financial results issued October 24, 2018 and is available at www.alexion.com. YoY growth uses the mid point of the guidance range.
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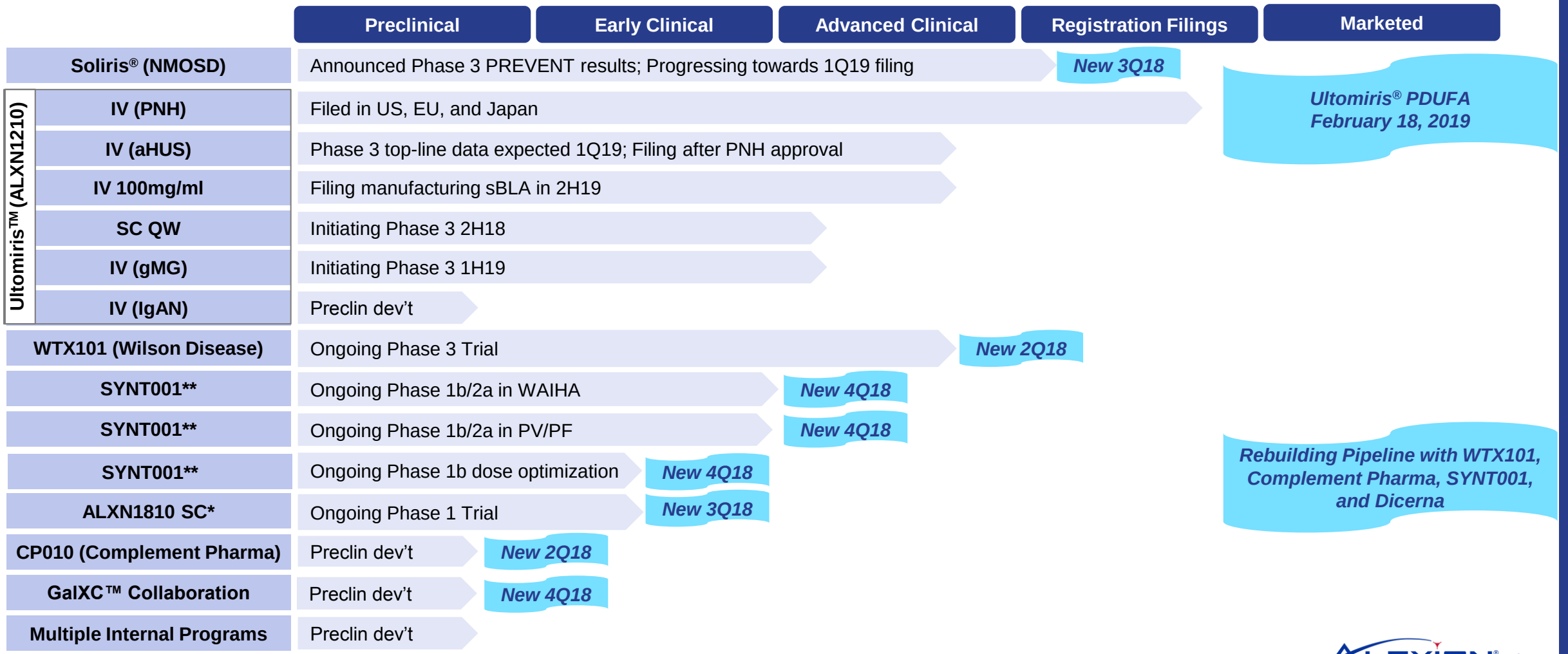
R&D Highlights

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

Building Breadth in Our Development-Stage Portfolio



*Phase 1 trial of ALXN1210 and PH20 co-administered; go-forward development expected with ALXN1810 co-formulation
**Pending closure of Syntimmune acquisition
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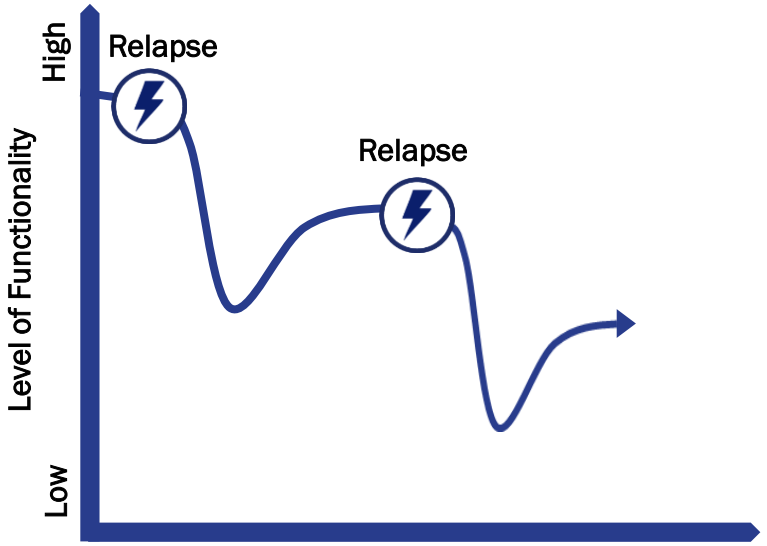
NMOSD: Relapse Prevention is Critical

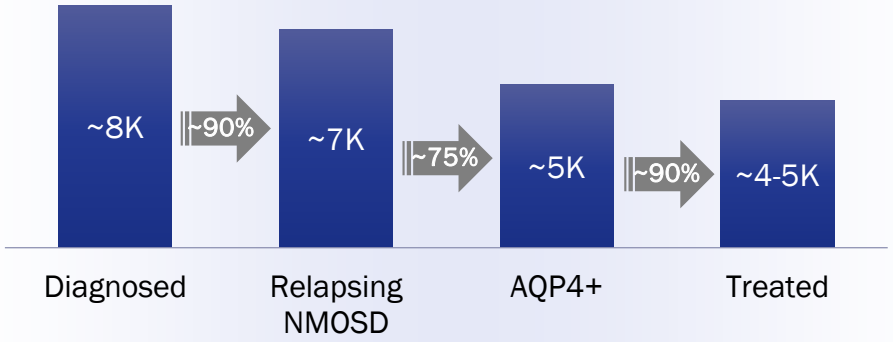
Stepwise disease progression following each relapse



Relapses associated with cognitive worsening, encephalopathy, seizures, pain, paralysis, and vision loss or blindness

- Relapse prevention is the primary goal of treatment
- No approved therapies for the treatment of NMOSD
- Current treatment options limited and patients at risk of permanent disability or death
- AQP4 autoantibody assay has improved diagnosis rate
- Majority of patients continue to have high disease activity despite use of off-label therapies

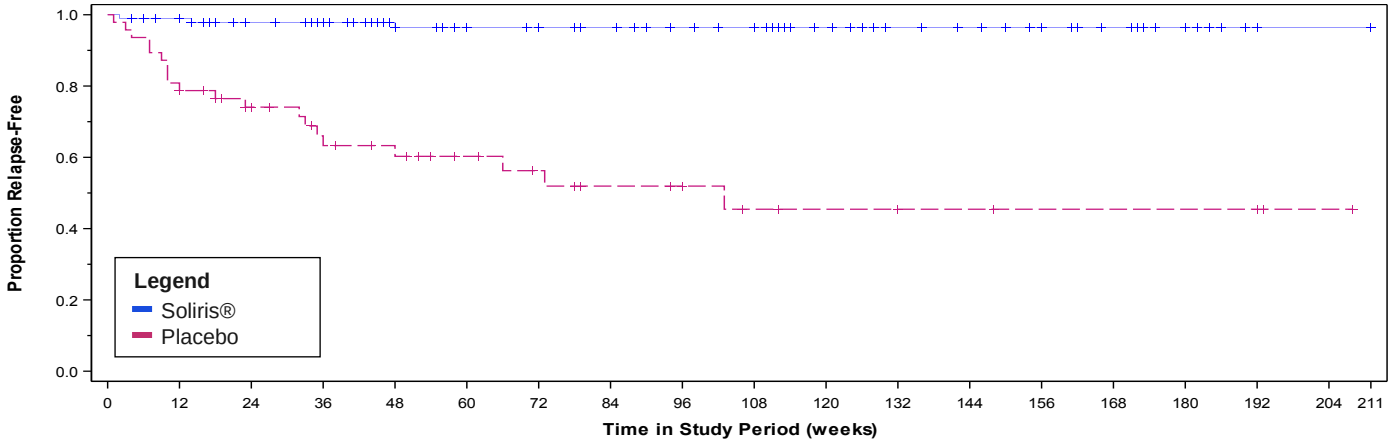
US Epidemiology



Sources: (1) August 2018 Alexion Epidemiology Assessment (2) IQVIA September 2018 Claims Data (3) 2014 Primary Market Research (Neurologists/KOLs, n=45; Patient Charts, n=95; Patient Interviews, n=9)

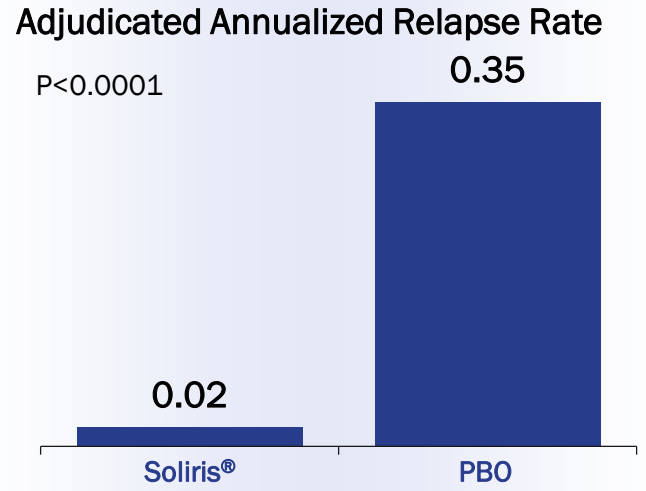
Soliris® in NMOSD: Positive Top-line Phase 3 Results

94.2% Reduction in Risk for Relapse (Hazard Ratio of 0.058); p < 0.0001



- **Phase 3 PREVENT trial enrollment:**
  - ≥ 2 relapses in past 12 months or ≥ 3 relapses in past 24 months, with 1 occurring in prior year
  - ~75% of patients were on stable dose of IST maintenance therapy during the trial*
  - ~32% of patients enrolled had previously tried Rituximab

Soliris® on top of SOC † showed significant reduction in adjudicated annualized relapse rate



Represents a 95.5% reduction in the number of relapses per patient per year

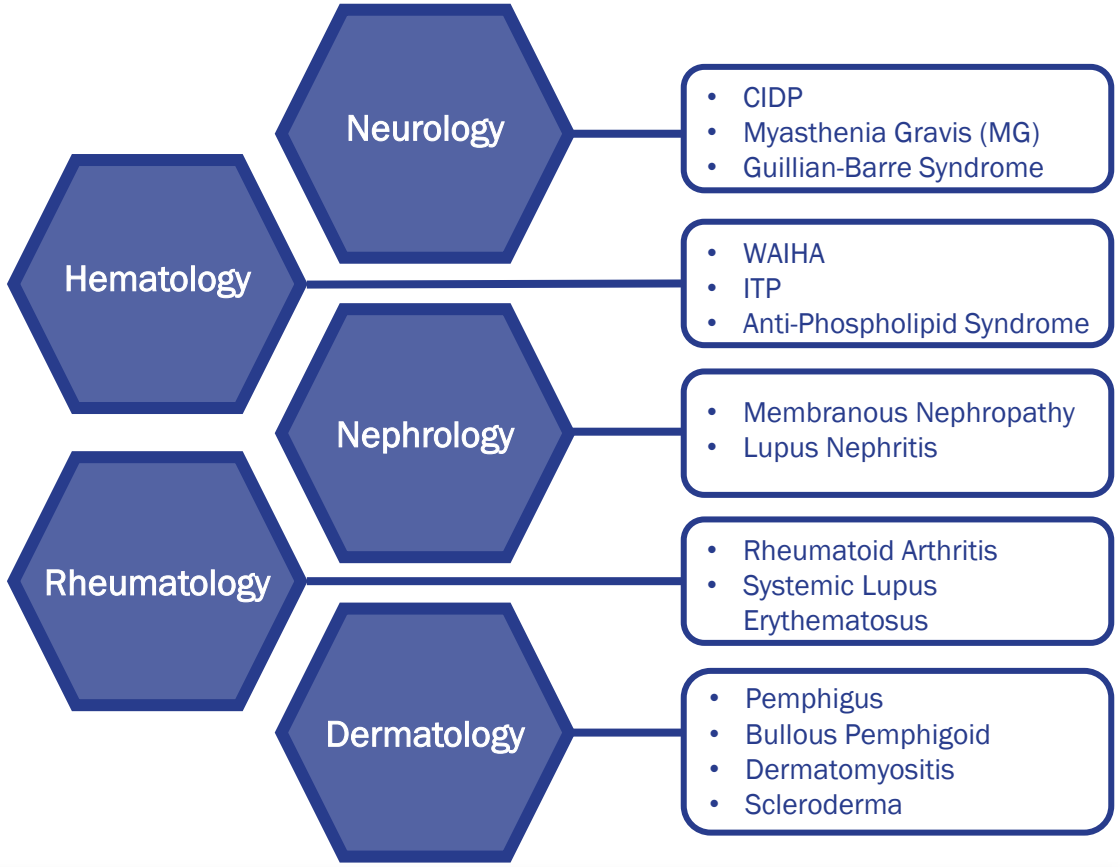
**Per protocol patients who received Rituximab in 3 months prior to screening were excluded from trial participation*

† *SOC: Standard of Care*

Syntimmune Acquisition: SYNT001 has Potential to Treat Numerous IgG Mediated Diseases

WAIHA Presents Unique Market Opportunity

- SYNT001 is the first and only anti-FcRn asset in development for WAIHA, a rare autoimmune hemolytic anemia with no approved treatment options
- Significant unmet need for fast onset of action, effective disease control, improved safety profile and reduction in steroids
- ~65K patients in the US and EU5
- ~1/3 of patients do not respond to treatment with corticosteroids
- Less than 20% of patients are well managed over the long term with corticosteroid treatment
- Later-line treatments (splenectomy, Rituximab) lack definitive efficacy data and pose significant safety risks



Plan to initiate pivotal studies in WAIHA and a second undisclosed indication in 2019

Source: Syntimmune Corporate Website

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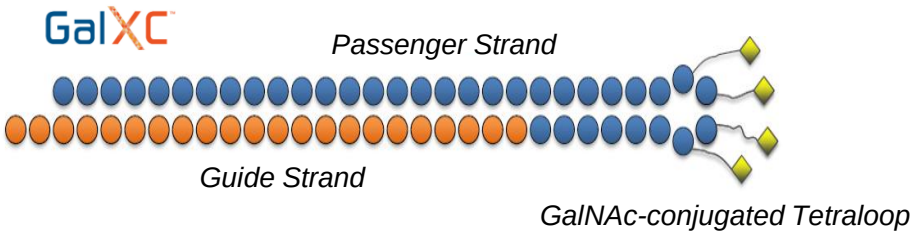
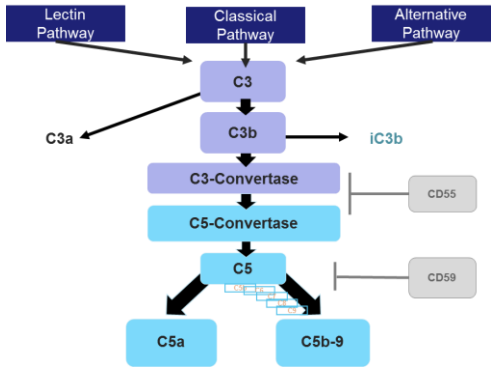
In September 2018 we entered into a definitive agreement to acquire Syntimmune. The acquisition is expected to close in the fourth quarter of 2018.

Dicerna Collaboration: Pursuing Complement Targets With an Innovative RNAi Technology Platform



Complement Cascade



- Adds preclinical assets to complement pipeline
- Innovative technology platform, potential for multiple targets
- Clinical proof-of-concept in Primary Hyperoxaluria
- Subcutaneous administration
- Infrequent dosing with long duration effect
- Broad therapeutic applicability in complement-mediated diseases

Commercial Highlights

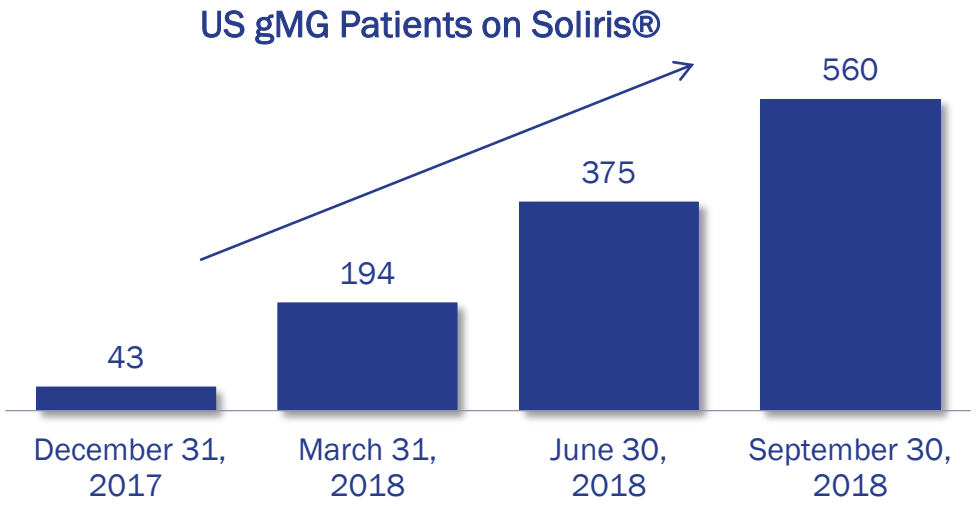
Brian Goff
Chief Commercial Officer

Expanding the Soliris® Portfolio

PNH

aHUS

gMG



- We continue to expand our family of Soliris® patients in our 11th year of launch
- Achieved ambition of gMG being best Soliris® launch in its first year
- Broadened our outreach for Soliris® in gMG
  - 1,000 patients enrolled in OneSource™ at the end of 3Q18
- Sustained PNH and aHUS underlying volume growth in low double digits
- Underlying momentum builds strong platform for Ultomiris™ conversion following regulatory approvals

Strensiq®: Significant Growth Driver

- Strensiq® FY2018 revenue approaching $500M
- Extending HPP disease education and diagnostic initiatives
- Launched and reimbursed in 7 countries
- Work ongoing to secure additional agreements

Kanuma®: Continue to Educate and Drive Testing

- Continuing to identify new patients with LAL-D
- Further growth in the US, Germany and Japan
- Launched and reimbursed in 8 countries
- Improving funding agreements and increasing access; expect expansion to additional countries

Advancing Ultomiris™ Launch Readiness for PNH

Internal Launch Preparedness

Customer-facing Expertise
Training and launch excellence planning across commercial and medical teams

Outreach Preparation
Preparing case management team to help facilitate outreach at launch

Value Proposition
Robust clinical data and payer dossier development to support facilitated conversion

External Launch Preparedness

Segmentation
Leverage extensive footprint for HCP segmentation at launch

Market Insights
Deep understanding of HCP and PNH patient dynamics

Payer Engagement
Engage with payers to communicate Ultomiris™ value proposition and robust clinical data

HCPs and Patients Prefer Ultomiris™ Q8W IV Dosing Profile[1]

1) ALXN market research
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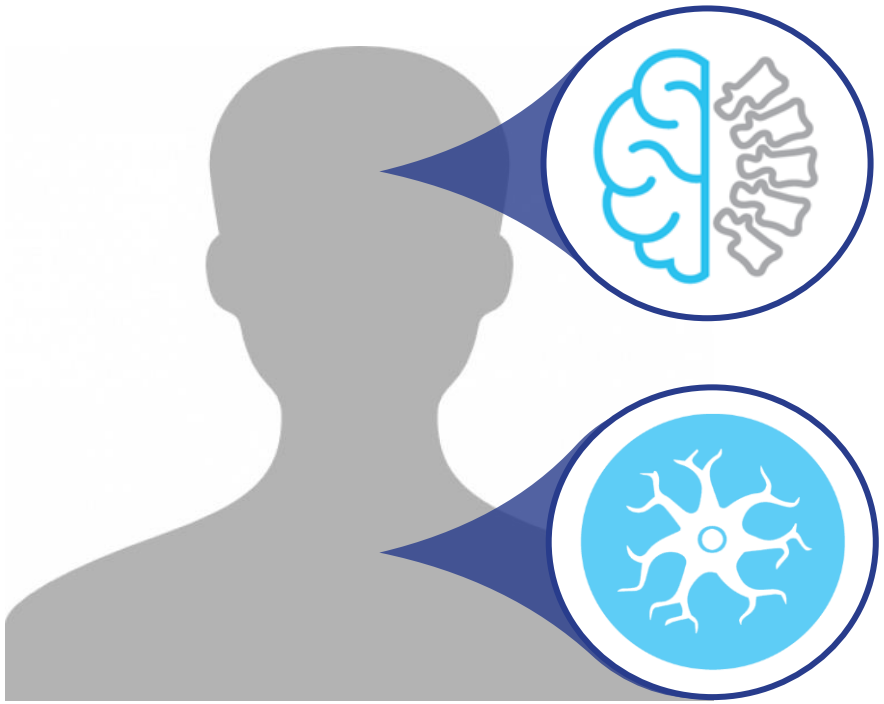
Expanding our Rare Neurology Commercial Footprint

Complement plays key role in rare neurologic disease



Soliris® in gMG and NMOSD*

- Expand existing Neurology sales force footprint to maximize continued gMG success
- Upon NMOSD approval, clear call point synergies
- Beyond gMG footprint, identifying NMOSD centers of excellence
- Strong sense of urgency with NMOSD pre-launch planning given significant patient need

*At risk pre-launch planning. Soliris® has not been approved by any regulatory authorities as a treatment for NMOSD.

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CEO Closing Remarks

Ludwig Hantson, Ph.D.
Chief Executive Officer

Executing on our Objectives

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Evolving to Drive Long-term Value Creation

- Durable and sustainable PNH, aHUS, and metabolics portfolios
- Confidence in rapid conversion to Ultomiris™, given strong value proposition
- Rare neurology including MG and potentially NMOSD presents significant growth opportunity
- Continuing to build the pipeline with internal assets and disciplined business development
- Complement leadership and emerging research portfolio

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Soliris® has not been approved by any regulatory authorities as a treatment for NMOSD.

Q&A

3Q18 Earnings
October 24, 2018

Appendix

3Q18 Earnings
October 24, 2018

ALEXION PHARMACEUTICALS, INC.

TABLE 1: CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in millions, except per share amounts)

(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2018	**2017[1]**	**2018**	**2017[1]**
Net product sales	$ 1,026.5	$ 858.8	$ 3,001.6	$ 2,640.1
Other revenue	-	0.3	0.8	1.3
Total revenues	1,026.5	859.1	3,002.4	2,641.4
Cost of sales	90.6	157.0	277.5	309.6
Operating expenses:				
Research and development	174.8	195.7	524.8	613.4
Selling, general and administrative	258.7	270.6	793.1	798.0
Acquired in-process research and development	-	-	803.7	-
Amortization of purchased intangible assets	80.0	80.0	240.1	240.1
Change in fair value of contingent consideration	53.5	3.7	110.9	31.8
Restructuring expenses	10.3	72.0	26.4	98.7
Impairment of intangible assets	-	-	-	31.0
Total operating expenses	577.3	622.0	2,499.0	1,813.0
Operating income	358.6	80.1	225.9	518.8
Other income and expense:				
Investment income	5.9	4.5	119.4	12.9
Interest expense	(24.6)	(25.0)	(73.7)	(73.3)
Other income (expense)	2.2	(1.4)	3.5	0.1
Income before income taxes	342.1	58.2	275.1	458.5
Income tax expense (benefit)	11.2	(19.8)	152.5	45.2
Net income	$ 330.9	$ 78.0	$ 122.6	$ 413.3
Earnings per common share				
Basic	$1.48	$0.35	$0.55	$1.84
Diluted	$1.47	$0.35	$0.55	$1.83
Shares used in computing earnings per common share				
Basic	222.9	223.3	222.5	224.1
Diluted	224.6	225.0	224.2	225.5

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

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

	Three months ended September 30		Nine months ended September 30	
	2018	2017[8]	2018	2017[8]
GAAP net income	$ 330.9	$ 78.0	$ 122.6	$ 413.3
Before tax adjustments:				
Cost of sales:				
Share-based compensation	3.3	3.2	12.2	8.1
Fair value adjustment in inventory acquired	-	-	-	5.2
Restructuring related expenses [1]	-	83.0	5.8	83.0
Research and development expense:				
Share-based compensation	12.5	19.0	42.5	55.3
Upfront payments related to licenses and collaborations	-	-	-	9.4
Restructuring related expenses [1]	-	1.0	0.1	1.0
Selling, general and administrative expense:				
Share-based compensation	29.8	35.2	96.2	109.0
Restructuring related expenses [1]	7.9	6.4	18.0	6.4
Litigation charges [2]	-	-	7.1	-
Gain on sale of asset [3]	(3.5)	-	(3.5)	-
Acquired in-process research and development [4]	-	-	803.7	-
Amortization of purchased intangible assets	80.0	80.0	240.1	240.1
Change in fair value of contingent consideration [5]	53.5	3.7	110.9	31.8
Restructuring expenses [1]	10.3	72.0	26.4	98.7
Impairment of intangible assets	-	-	-	31.0
Investment income:				
Change in value of equity securities without readily determinable fair values [6]	-	-	(100.8)	-
Other income:				
Restructuring related expenses [1]	-	2.3	(0.1)	2.3
Adjustments to income tax expense [7]	(64.6)	(55.5)	(68.9)	(94.7)
Non-GAAP net income	$ 460.1	$ 328.3	$ 1,312.3	$ 999.9
GAAP earnings per common share - diluted	$1.47	$0.35	$0.55	$1.83
Non-GAAP earnings per common share - diluted	$2.02	$1.44	$5.78	$4.38
Shares used in computing diluted earnings per common share (GAAP)	224.6	225.0	224.2	225.5
Shares used in computing diluted earnings per common share (non-GAAP)	227.4	227.5	227.0	228.2

(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 September 30, 2018				Nine months ended September 30, 2018			
	Employee Separation Costs	Asset-Related Charges	Other	Total	Employee Separation Costs	Asset-Related Charges	Other	Total
Cost of Sales	$ -	$ -	$ -	$ -	$ -	$ 5.8	$ -	$ 5.8
Research and Development	-	-	-	-	-	0.1	-	0.1
Selling, General and Administrative	-	7.9	-	7.9	-	18.0	-	18.0
Restructuring Expense	2.8	-	7.5	10.3	6.9	-	19.5	26.4
Other (Income) Expense	-	-	-	-	-	-	(0.1)	(0.1)
	$ 2.8	$ 7.9	$ 7.5	$ 18.2	$ 6.9	$ 23.9	$ 19.4	$ 50.2

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

(3) In September 2018, we sold all assets, rights, and obligations of the ALXN1101 program to a third party and, as a result, we recognized a gain on the sale of ALXN1101 during the three and nine months ended September 30, 2018.

(4) 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 second quarter and nine months ended September 30, 2018 due to the stage of development of this asset.

(5) The change in the expense associated with the fair value of contingent consideration for the three and nine months ended September 30, 2018, as compared to the same periods in 2017 was primarily due to amending certain contingent milestone payments due under our prior merger agreement with Enobia Pharma Corp. in September 2018 as well as due to increases in the likelihood and anticipated timing of payments for contingent consideration.

(6) 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 nine months ended September 30, 2018, respectively, to adjust our investment in Moderna Therapeutics, Inc. to fair value.

(7) 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.

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

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 (loss) income	$ (17)	$ 58
Before tax adjustments:		
Share-based compensation	215	200
Fair value adjustment of inventory acquired	-	-
Upfront payments related to licenses and collaborations	27	25
Acquired in-process research and development	1,204	1,204
Amortization of purchased intangible assets	320	320
Change in fair value of contingent consideration	111	111
Restructuring and related expenses	175	50
Change in value of equity securities without readily determinable fair values	(101)	(101)
Litigation charges	7	7
Gain on sale of asset	(4)	(4)
Adjustments to income tax expense	(247)	(146)
Non-GAAP net income	$ 1,691	$ 1,725
Diluted GAAP earnings (loss) per common share	($0.08)	$0.26
Diluted non-GAAP earnings per common share	$7.45	$7.60
Operating expense and margin (% total revenues)		
GAAP research and development expense	19%	18%
Share-based compensation	1%	1%
Upfront payments related to licenses and collaborations	1%	1%
Restructuring related expenses	0%	0%
Non-GAAP research and development expense	17%	16%
GAAP selling, general and administrative expense	27%	26%
Share-based compensation	3%	3%
Restructuring related expenses	0%	0%
Litigation charges	0%	0%
Gain on sale of asset	0%	0%
Non-GAAP selling, general and administrative expense	23%	22%
GAAP operating margin	0%	5%
Share-based compensation	5%	5%
Upfront payments related to license and collaborations	1%	1%
Acquired in-process research and development	30%	30%
Litigation charges	0%	0%
Gain on sale of asset	0%	0%
Amortization of purchased intangible assets	8%	8%
Change in fair value of contingent consideration	3%	3%
Restructuring and related expenses	4%	1%
Non-GAAP operating margin	51%	52%
Income tax expense (% of income before income taxes)		
GAAP income tax expense	150%	70%
Tax effect of pre-tax adjustments to GAAP net income and adjustments to Q4 2017 tax reform provisional accounting	(135)%	(56)%
Non-GAAP income tax expense	15%	14%

ALEXION PHARMACEUTICALS, INC.
2018 FINANCIAL GUIDANCE

	Previous	Updated
Total revenues	$3,980 to $4,010 million	$4,020 to $4,050 million
Soliris revenues	$3,420 to $3,440 million	$3,460 to $3,480 million
Metabolic revenues	$560 to $570 million	$560 to $570 million
R&D (% total revenues)		
GAAP	20% to 21%	18% to 19%
Non-GAAP	18% to 19%	16% to 17%
SG&A (% total revenues)		
GAAP	26% to 27%	26% to 27%
Non-GAAP	22% to 23%	22% to 23%
Operating Margin		
GAAP	11% to 14%	0% to 5%
Non-GAAP	49% to 50%	51% to 52%
Earnings (loss) per share		
GAAP	$1.25 to $1.50	($0.08) to $0.26
Non-GAAP	$7.00 to $7.15	$7.45 to $7.60

ALEXION PHARMACEUTICALS, INC.

TABLE 4: NET PRODUCT SALES BY GEOGRAPHY

(in millions)

(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2018	2017[1]	2018	2017[1]
Soliris				
United States	$ 404.5	$ 307.6	$ 1,136.3	$ 913.5
Europe	262.1	248.4	766.3	738.3
Asia Pacific	98.2	81.8	277.3	241.4
Rest of World	123.2	117.6	406.4	459.0
Total Soliris	$ 888.0	$ 755.4	$ 2,586.3	$ 2,352.2
Strensiq				
United States	$ 86.6	$ 70.6	$ 275.7	$ 203.9
Europe	16.6	9.6	47.0	23.3
Asia Pacific	7.2	5.2	19.2	13.3
Rest of World	2.8	1.6	7.1	3.7
Total Strensiq	$ 113.2	$ 87.0	$ 349.0	$ 244.2
Kanuma				
United States	$ 13.7	$ 11.4	$ 38.6	$ 31.2
Europe	4.7	3.6	16.4	8.7
Asia Pacific	0.8	0.7	2.9	1.8
Rest of World	6.1	0.7	8.4	2.0
Total Kanuma	$ 25.3	$ 16.4	$ 66.3	$ 43.7
Net Product Sales				
United States	$ 504.8	$ 389.6	$ 1,450.6	$ 1,148.6
Europe	283.4	261.6	829.7	770.3
Asia Pacific	106.2	87.7	299.4	256.5
Rest of World	132.1	119.9	421.9	464.7
Total Net Product Sales	$ 1,026.5	$ 858.8	$ 3,001.6	$ 2,640.1

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

ALEXION PHARMACEUTICALS, INC.

TABLE 5: CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions)

(unaudited)

	September 30 2018	December 31 2017[2]
Cash and cash equivalents	$ 1,228.9	$ 584.4
Marketable securities	306.2	889.7
Trade accounts receivable, net	910.2	726.5
Inventories	432.7	460.4
Prepaid expenses and other current assets	370.4	292.9
Property, plant and equipment, net	1,443.4	1,325.4
Intangible assets, net	3,713.6	3,954.4
Goodwill	5,037.4	5,037.4
Other assets	400.8	312.2
Total assets	$ 13,843.6	$ 13,583.3
Accounts payable and accrued expenses	$ 592.0	$ 710.2
Revolving credit facility	250.0	-
Current portion of long-term debt	61.2	167.4
Current portion of contingent consideration	95.8	-
Other current liabilities [1]	28.4	74.9
Long-term debt, less current portion	2,533.3	2,720.7
Contingent consideration	179.4	168.9
Facility lease obligation	361.2	342.9
Deferred tax liabilities	442.8	365.0
Other liabilities	129.8	140.2
Total liabilities	4,673.9	4,690.2
Total stockholders' equity [1]	9,169.7	8,893.1
Total liabilities and stockholders' equity	$ 13,843.6	$ 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.