

# **ALEXION PHARMACEUTICALS, INC.**

## **CORPORATE GOVERNANCE GUIDELINES**

The business of Alexion Pharmaceuticals, Inc. (the "Company" or "Alexion") is managed under the direction of its Board of Directors (the "Board"), which is elected by the Company's stockholders. The Board believes that sound governance practices and policies provide an important framework to assist it in fulfilling its duty to stockholders. The Board relies on the following guidelines to provide that framework. These guidelines are not absolute rules; they can be modified to reflect changes in the Company's organization or business environment. They should be interpreted in the context of applicable law, the Company's Certificate of Incorporation and By-laws, and other governance documents such as committee charters.

### **1. Role of the Board**

The primary responsibility of the Board is to exercise its business judgment to act in a manner that it believes to be in the best interests of the Company and its stockholders. The Chief Executive Officer and senior management are responsible for day-to-day management. The Board advises management, monitors performance, and seeks to represent the interests of shareholders in creating shareholder value.

### **2. Functions of the Board**

In addition to general oversight of management, the Board focuses on:

- Selecting, evaluating, compensating, and terminating (as necessary) the CEO and senior management;
- Overseeing the creation and retention of a talented employee base and planning for senior management succession and development;
- Assessing and approving financial and business strategies, including significant corporate actions;
- Monitoring operating results and financial condition;
- Assessing risk management; and
- Ensuring that processes and controls are in place to maintain the integrity of Alexion, its financial statements and reporting, compliance with law and ethics, relationships with employees, customers and suppliers, and relationships with other stakeholders.

### 3. **Board Composition**

#### (i) **Size of the Board**

The Board and the Nominating and Corporate Governance annually review the size of the Board and assess its ability to work effectively with appropriate expertise and diversity. The Board determines the number of directors, provided that there are at least two.

#### (ii) **Independence of Board and Committee Members**

A majority of the Board as a whole, and all members of the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee, will be independent directors. An independent director is one who meets all applicable "independence" requirements under the NASDAQ Stock Market Listing Standards and the SEC rules and regulations and is free of any relationship that in the opinion of the Board would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board periodically, at least annually, reviews the independence of the directors and determines which directors are independent.

#### (iii) **Management Involvement with the Board**

From time to time members of senior management also serve on the Board and attend Board and/or committee meetings. In addition, certain other members of Alexion's senior management attend Board and/or committee meetings on a regular basis at the invitation of the Board, except during Executive Session.

#### (iv) **Board Membership Criteria**

The Nominating and Corporate Governance Committee works with the Board, at least annually, to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members. The Committee develops criteria to select nominees whose attributes it believes would be most beneficial to Alexion considering the composition of the Board, the degree to which such nominee will enhance its effectiveness, and the long term interests of the stockholders. The Board is committed to a diversified membership and will strive to obtain diverse candidates for consideration. In any particular situation, the Nominating and Corporate Governance Committee may focus on persons possessing a particular background, experience or qualifications which the Committee believes would be important to enhance the effectiveness of the Board.

(v) **Selection of New Director Candidates**

The Nominating and Corporate Governance considers candidates for Board membership who are recommended by Nominating and Corporate Governance members and other Board members, management, our stockholders, third-party search firms and any other appropriate sources. Stockholders may recommend a person for consideration as a nominee for director in accordance with the procedures set out in our most recent proxy statement.

The Board recommends to the stockholders the nominees for election and the stockholders elect directors each year at the annual meeting of stockholders. Between annual stockholder meetings, the Board may elect directors to fill vacancies on the Board who serve for a term expiring at the next annual meeting of stockholders.

(vi) **Directors who Change their Present Job Responsibility**

Each non-employee director who changes his or her primary employment responsibility during Board service is expected to submit his or her resignation from the Board. While a director whose job changes should not necessarily leave the Board, the Board should evaluate the appropriateness of continued membership under these circumstances and evaluate whether such director should leave the Board.

(vii) **Director Time Commitment and Service on other Boards**

Directors are expected to devote sufficient time to carrying out their duties and responsibilities effectively and to ensuring that other commitments do not materially interfere with their service to Alexion. Directors are expected to limit membership on boards of other public companies to the extent necessary to prevent interference with fulfilling responsibilities and duties to Alexion. In selecting a director nominee, the Board considers other demands on the time of a candidate. With respect to current members of the Board, the Board considers the other demands on their time to the extent they affect attendance and participation at Board and Committee meetings. Directors are required to notify the Secretary of the Company if he or she intends to accept an invitation to serve on another public company board of directors.

(viii) **Term Limits and Mandatory Retirement Age**

The Board does not believe it should establish term limits or require directors to retire at a certain age. While term limits and a mandatory retirement age facilitate the introduction of fresh ideas and viewpoints available to the Board, they also ensure the loss of contributions from directors with long standing insight and understanding of Alexion and its business.

As an alternative to term limits and mandatory retirement, the Nominating and Corporate Governance, in consultation with the Chairman of the Board, will review each director's continuation on the Board annually. The Board should consider both the director's interest in continuing as a member of the Board and the desire of the Board to maximize its effectiveness and talent.

**(ix) Former CEO's Board Membership**

It is expected that when the CEO or other officer serving on the Board resigns from that position, he or she should offer his or her resignation from the Board. The Board should review the continued appropriateness of Board membership under these circumstances and evaluate whether such director should leave the Board.

4. **Conduct of Board Meetings**

**(i) Selection of Agenda Items for Board Meetings**

The Chairman of the Board, in consultation with the Board members, will determine the frequency and length of meetings. The Chairman, in consultation with the Chief Executive Officer, the President and other members of management, will establish the agenda for each Board meeting. Each Board member is invited to suggest the inclusion of items on the agenda.

**(ii) Board Materials Distributed in Advance**

Materials to be discussed at each meeting, including presentations or other information that is important to the Board's understanding of the business, should be distributed in writing to the Board in advance of each meeting to ensure that directors have sufficient time to review. The materials should be concise and presented in a manner that facilitates review while also providing a sufficient level of detail. Advance delivery of concise and informative materials will allow directors to use valuable meeting time for discussion and questions.

**(iii) Attendance at Board Meetings**

The Board holds at least four scheduled meetings each year. Board members are expected to attend each Board and applicable committee meeting and actively participate in the discussion of the matters presented at the meeting. All directors are expected to attend the Annual Meeting of Stockholders in person. The Board believes that directors should attend all meetings, in person or by phone and at a minimum should not attend fewer than 75% of Board and applicable committee meetings.

(iv) **Executive Session**

The independent, non-employee directors of the Board will meet in executive session without management present at the time of each regularly scheduled in-person Board meeting.

5. **Board Committees**

(i) **Number of Committees**

The current standing committees of the Board are:

- Audit Committee
- Compensation Committee
- Nominating and Corporate Governance Committee, and
- Pharmaceutical Compliance and Quality Committee.

Each of the committees listed above have a written charter, approved by the Board, describing the committee's responsibilities and authority. Each committee reviews its charter annually and discusses proposed changes with the Board. The charters of the Audit Committee and the Nominating and Corporate Governance are on the Company's website.

The Board may also appoint from time to time ad hoc committees to address specific matters.

(ii) **Assignment of Committee Members**

Committee assignments and chairmanships are reviewed on an annual basis by the Nominating and Corporate Governance in consultation with the Chairman. The Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance should consist entirely of independent directors. The benefits of rotating committee members on a periodic basis is diminished because all directors generally attend the meetings of all committees. However, to the extent practicable and in consideration of the Board's practice described in the previous sentence, each committee will consider rotating a member each year, but rotation is not required.

(iii) **Committee Meetings**

The chairman of each committee, in consultation with committee members, determines the frequency and length of the meetings of the committee. The committee chairman sets the committee agenda for each meeting. Whenever possible, all directors should attend the meetings of each committee, whether or not the director is a member of the committee. The Board believes that attendance by all directors at all committee meetings enhances communication

among directors, as well as between management and directors, thus improving the effectiveness of the Board.

6. **Assessing the Board's Performance**

During the year the Board and the committees monitor progress and conduct a review to assess whether its objectives have been successfully achieved. The Nominating and Corporate Governance oversees this self-evaluation process and assesses the full Board's performance. Each committee's evaluation should include a review of its compliance with its committee charter and its annual goals.

7. **Access to Management**

Directors have complete access to management. Directors are encouraged to talk directly with members of management regarding any questions or concerns the director may have.

8. **Chief Executive Officer Performance Evaluation**

An evaluation of the Chief Executive Officer's performance is made annually by the Compensation Committee, based on objective and subjective criteria such as performance of the business, accomplishment of long-term strategic objectives, and management development.

9. **Management Development and Succession Planning**

The Nominating and Corporate Governance Committee will adopt and annually review a development and succession plan for the CEO and other senior executives and report on these plans to the full Board.

10. **Outside Advisors**

The Board and each of its committees may retain outside financial, legal or other advisors from a source independent of Alexion or its management at Alexion's expense.

11. **Chairman of the Board**

The Board appoints a Chairman of the Board. The Chairman presides at the meetings of the Board of Directors, sets the agenda for the meeting in consultation with the Chief Executive Officer, the President and other members of management, is the leader of the non-employee directors, is available to Alexion management on an as needed basis to discuss significant matters and performs other duties as determined by the Board.

12. **Strategic Planning**

The Board views involvement in strategic planning and approval of the Company's strategic plan as important responsibilities and conducts a strategic planning meeting at least annually.

13. **Board Compensation and Stock Ownership**

Directors who are also employees of Alexion do not receive additional compensation for Board service. Non-employee directors receive compensation for their Board and committee service. The Compensation Committee reviews, in consultation with outside consultants, and recommends to the Board, appropriate compensation for the non-employee directors serving on the Board and its committees based in part on director compensation in relation to peer companies. Proposed changes to director compensation should come upon the recommendation of the Compensation Committee but with full discussion and agreement of the entire Board. Compensation for non-employee directors consists of both cash and equity and directors are encouraged to own Alexion stock.

14. **Conflicts of Interest**

Directors must promptly inform the Chairman if any actual or potential conflict of interest arises between the director and Alexion. If a significant conflict exists and cannot be resolved, the director should resign. All directors will recuse themselves from any discussion or decision affecting their personal, business or professional interests.

15. **Related Party Transactions**

The Board reviews and approves transactions between Alexion on the one hand and a related party, such as our directors, officers, holders of more than five percent of our voting securities and their affiliates, the immediate family members of any of the foregoing persons and any other persons whom the Board determines may be considered a related party, on the other hand. Prior to Board consideration of a transaction with a related party, the material facts as to the related party's relationship or interest in the transaction are disclosed to the Board, and the transaction is not considered approved by the Board unless a majority of the directors who are not interested in the transaction approve the transaction. In determining whether to approve or ratify a related party transaction, the non interested directors take into account such factors as they deem appropriate, which include whether the interested transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person's interest in the transaction. Directors and executive officers are required to complete a Director and Officer Questionnaire annually identifying any transaction with the Company in which the director, executive officer or their family members have an interest.