

MEDIMMUNE INC /DE
Form DEF 14A
April 21, 2006

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

MedImmune, Inc.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:

 - (2) Aggregate number of securities to which transaction applies:

 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

 - (4) Proposed maximum aggregate value of transaction:

 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
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 - (1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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**Notice of
Annual Meeting
and Proxy
Statement**

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April 21, 2006

Dear MedImmune Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders to be held at our headquarters at One MedImmune Way, Gaithersburg, Maryland 20878, on May 25, 2006, at 10:00 a.m. local time. Information about the meeting, the nominees for directors and the proposals to be considered is presented in the Notice of Annual Meeting of Stockholders and the Proxy Statement on the following pages.

In addition to the formal items of business to be brought before the meeting, I will report on our operations during 2005. This will be followed by a question and answer period.

Your participation in MedImmune's affairs is important, regardless of the number of shares you hold. To ensure your representation, even if you cannot attend the meeting, please sign, date and return the enclosed proxy promptly.

We look forward to seeing you on May 25.

Sincerely,

David M. Mott
*Chief Executive Officer,
President and Vice Chairman*

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 25, 2006

The Annual Meeting of Stockholders of MedImmune, Inc. will be held at our headquarters at One MedImmune Way, Gaithersburg, Maryland on May 25, 2006 at 10:00 a.m. local time, for the following purposes:

1. To elect nine directors;
2. To approve an amendment to the 2003 Non-Employee Directors Stock Option Plan to increase the number of shares authorized for issuance under the plan from 800,000 shares to 1,350,000 shares;
3. To approve and ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2006; and
4. To transact such other business as may properly come before the meeting and any adjournment thereof. Stockholders of record at the close of business on March 31, 2006 are entitled to receive notice of, and to vote at, the Annual Meeting.

By Order of the Board of Directors,

William C. Bertrand, Jr.
Corporate Secretary

One MedImmune Way
Gaithersburg, Maryland 20878
April 21, 2006

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**PROXY STATEMENT
GENERAL INFORMATION**

The Board of Directors of MedImmune, Inc. (MedImmune, the company, we, us or our) furnishes this Proxy Statement to stockholders along with the solicitation of proxies to be voted at the Annual Meeting of Stockholders on May 25, 2006. We are mailing this Proxy Statement, the accompanying proxy card and Annual Report to Stockholders on or about April 21, 2006. The presiding officer will decide the procedures we will use in conducting our business and we generally limit the scope to matters properly brought before the meeting at the suggestion of the Board of Directors or by a stockholder pursuant to provisions requiring advance notice and disclosure of relevant information. On March 31, 2006, the record date for the meeting, there were 248,712,020 outstanding shares of our common stock, \$0.01 par value per share. Each share is entitled to one vote. Stockholders do not have cumulative voting rights.

Voting of Proxies

Since many of our stockholders are unable to attend our Annual Meeting, the Board of Directors solicits proxies to provide each stockholder with an opportunity to vote on all matters scheduled to come before the meeting and set forth in this Proxy Statement. You should read the material in this Proxy Statement carefully, and specify your choice on each matter by marking the appropriate boxes on the enclosed proxy card. Please sign, date and return the card in the enclosed, stamped envelope. If you wish to vote by telephone or via the internet, please follow the instructions included with the proxy card. The American Stock Transfer & Trust Company, our independent proxy-processing agent, receives stockholder proxies and the vote is certified by the Inspectors of Election at the Annual Meeting. If you do not specify a choice on the proxy card, but the card is properly signed and returned, your shares will be voted by the proxy committee as we recommend. A stockholder who signs a proxy may revoke or revise that proxy at any time before the Annual Meeting. Even if you return a proxy, you may cancel it by voting a ballot at the Annual Meeting.

Our proxy committee consists of David M. Mott, Chief Executive Officer, President and Vice Chairman, and William C. Bertrand, Jr., Senior Vice President, General Counsel, Secretary and Corporate Compliance Officer. Returned proxy cards also give the proxy committee discretionary authority to vote all represented shares of stock, including any matter presented after March 31, 2006, subject to federal securities laws. If any of the nominees for director named in Proposal 1 Election of Directors should be unavailable for election, the proxies will be voted for the election of such other person as we may recommend in place of such nominee.

Stockholders Entitled to Vote

If you are a stockholder of record at the close of business on March 31, 2006, you are entitled to receive notice of the Annual Meeting and to vote the shares you hold as of that date. In order for the Annual Meeting to be held, the holders of a majority of the issued and outstanding shares of our stock entitled to vote at the meeting must be represented in person or by proxy. The election of directors requires a plurality of the votes of the stockholders represented at the meeting and all other matters to be submitted to the stockholders require the affirmative vote of the holders of a majority of the shares represented at the meeting. Abstentions have the same effect as a vote against any such matter. Broker non-votes are deemed not entitled to vote and are not counted as votes for or against any such matter. Under the rules of the National Association of Securities Dealers (the NASD), brokers holding stock for the accounts of their clients who have not been given specific voting instructions may vote client proxies in their discretion with respect to Proposal 1 Election of Directors and Proposal 3 Appointment of PricewaterhouseCoopers LLP as Independent Registered Public Accounting Firm for 2006.

Attendance at Annual Meeting

To ensure the availability of adequate space for our stockholders wishing to attend the Annual Meeting, priority seating will be given to stockholders of record, beneficial owners of our stock having evidence of such ownership, or their authorized representatives, and invited guests of management. In addition, a stockholder may bring one guest. In order that seating may be equitably allocated, if you wish to bring more than one guest you must write to our Corporate Secretary in advance of the meeting and receive written concurrence. If you are unable to attend, you may request a copy of the report of the proceedings of the meeting from the Corporate Secretary.

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We will elect nine directors at the Annual Meeting and each director will hold office until their successors are duly elected and qualified. Our By-Laws authorize the Board of Directors from time to time to determine the number of directors. The Board of Directors fills vacancies in unexpired terms and any additional positions created by board action.

The Board of Directors recommends a vote FOR the following nominees:

The table below shows the name and age (as of the date of the Annual Meeting) of each of the directors, any positions and offices held by each with MedImmune, and the period during which each has served as a director.

Name	Age	Position Held	Served as Director Since
Wayne T. Hockmeyer, Ph.D.	61	Founder and Chairman ^{1*} ; President, MedImmune Ventures, Inc.	1988
David M. Mott	40	Chief Executive Officer, President and Vice Chairman ¹	1995
David Baltimore, Ph.D.	68	Director ^{2,3}	2003
M. James Barrett, Ph.D.	63	Director ^{1,3*,4,5}	1988
James H. Cavanaugh, Ph.D.	69	Director ^{1,5*,6*}	1990
Barbara Hackman Franklin	66	Director ^{1,4*,5,6}	1995
Gordon S. Macklin	77	Director ^{2*,4,5}	1994
George M. Milne, Jr., Ph.D.	62	Director ^{5,6}	2005
Elizabeth H.S. Wyatt	58	Director ^{2,3,4}	2002

- (1) Member of the Executive Committee
- (2) Member of the Investment Committee
- (3) Member of the Compliance Committee
- (4) Member of the Audit Committee
- (5) Member of the Compensation and Stock Committee
- (6) Member of the Corporate Governance and Nominating Committee
- * Chairperson of indicated committee

Dr. Hockmeyer founded MedImmune, Inc. in April 1988 as President and Chief Executive Officer and was elected to serve on the Board of Directors in May 1988. Dr. Hockmeyer became Chairman of the Board of Directors in May 1993. He relinquished his position as Chief Executive Officer in October 2000 and now serves as the Chairman of the Board of Directors and President of MedImmune Ventures, Inc. Dr. Hockmeyer earned his bachelor's degree from Purdue University and his Ph.D. from the University of Florida in 1972. Dr. Hockmeyer was recognized in 1998 by the University of Florida as a Distinguished Alumnus and in 2002, he was awarded a Doctor of Science

honoris causa from Purdue University. Dr. Hockmeyer is a member of the Maryland Economic Development Commission and the Maryland Governor's Workforce Investment Board (GWIB). He is also a member of the Maryland Governor's Scientific Advisory Board. He is a member of the Board of Directors of the publicly traded biotechnology companies Advancis Pharmaceutical Corp., GenVec, Inc., Idenix Pharmaceuticals, Inc. and Vanda Pharmaceuticals, Inc., and serves on the boards of several educational and philanthropic organizations.

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Mr. Mott was appointed Chief Executive Officer and Vice Chairman in October 2000 and was also appointed President in February 2004. He joined MedImmune in April 1992 as Vice President with responsibility for business development, strategic planning and investor relations. In 1994, Mr. Mott assumed additional responsibility for the medical and regulatory groups, and in March 1995 was appointed Executive Vice President and Chief Financial Officer. In November 1995, Mr. Mott was appointed to the position of President and Chief Operating Officer and was elected to the Board of Directors. In October 1998, Mr. Mott was appointed Vice Chairman. Mr. Mott is a member of the board of the Biotechnology Industry Organization (BIO), MdBIO, Inc. and the Maryland High Tech Council, and also serves on the Board of Trustees of St. James School and on the Board of Governors of Beauvoir, the National Cathedral Elementary School. He holds a bachelor of arts degree from Dartmouth College.

Dr. Baltimore has been a director of MedImmune since August 2003. Since 1997, Dr. Baltimore has been the President of the California Institute of Technology. In 2006 he will step down as President and be Professor. From 1996 to 2002, he was the Chairman of the National Institutes of Health AIDS Vaccine Research Committee. From 1995 to 1997, Dr. Baltimore was an Institute Professor at the Massachusetts Institute of Technology (MIT), and from 1994 to 1997, the Ivan R. Cottrell Professor of Molecular Biology and Immunology at MIT. Previously, Dr. Baltimore was a professor at Rockefeller University from 1990 to 1994, and was Rockefeller's President from 1990 through 1991. He also served as founding director of the Whitehead Institute for Biomedical Research at MIT from 1982 to 1990. Dr. Baltimore's honors include a 1975 Nobel Prize for his work in virology, the 1970 Gustave Stern Award in Virology, the 1971 Eli Lilly and Co. Award in Microbiology and Immunology, the 1999 National Medal of Science, and the 2000 Warren Alpert Foundation Prize. He was elected to the National Academy of Sciences in 1974, and is also a fellow of the American Academy of Arts and Sciences, the American Association for the Advancement of Science, and the American Academy of Microbiology. He is President-elect of the American Association for the Advancement of Science and will be President in 2007. Dr. Baltimore currently serves on the Board of Directors of BB Biotech, AG, a Swiss investment company, and Amgen, Inc. Dr. Baltimore holds a bachelor's degree from Swarthmore College, and a doctorate from Rockefeller University.

Dr. Barrett has been a director of MedImmune since 1988. He is the Chairman of the Board of Sensors for Medicine and Science, Inc., which he founded, and is a General Partner of New Enterprise Associates. From January 1997 to September 2001 he served as Chairman of the Board and Chief Executive Officer of Sensors for Medicine and Science, Inc. From July 1987 to September 1996, he was Chief Executive Officer and a director of Genetic Therapy, Inc. From 1982 to July 1987, Dr. Barrett served as President of Life Technologies, Inc. and its predecessor, Bethesda Research Laboratories, Inc. Prior to 1982, he was employed at SmithKline Beecham Corporation for 13 years, where he held a variety of positions, including President of its In

Vitro Diagnostic Division and President of SmithKline Clinical Laboratories. He also serves on the Boards of Pharmion, Inc., Inhibitex, Inc., Iomai Corporation, GlycoMimetics, Inc., Peptimmune, Inc. and Targacept, Inc. Dr. Barrett holds a doctorate in biochemistry from the University of Tennessee and a master's degree in business administration from the University of Santa Clara.

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Dr. Cavanaugh has been a director of MedImmune since September 1990 and has been a General Partner of HealthCare Ventures LLC since 1989. Prior thereto, Dr. Cavanaugh served as President of SmithKline and French Laboratories U.S., Inc., from March 1985 to February 1989 and as President of SmithKline Clinical Laboratories from 1981 to 1985. Prior thereto, Dr. Cavanaugh was the President of Allergan International, a specialty eye care company. Dr. Cavanaugh also serves as a member of the Board of Directors of Shire Pharmaceuticals Group PLC, Diversa Corp. and Vicuron, Inc. Prior to his industry experience, Dr. Cavanaugh was Deputy Assistant to the President for Domestic Affairs and Deputy Chief of the White House Staff. Before his White House tour, he served as Deputy Assistant Secretary for Health and Scientific Affairs in the U.S. Department of Health, Education and Welfare and as Special Assistant to the Surgeon General of the U.S. Public Health Service. In addition to serving on the boards of directors of several health care and biotechnology companies, Dr. Cavanaugh currently serves on the Board of Directors of the National Venture Capital Association and as Trustee Emeritus of the California College of Medicine. He has served on the Board of Directors of the Pharmaceutical Research and Manufacturers Association, Unihealth America, the Proprietary Association and on the Board of Trustees of the National Center for Genome Resources. He was a Founding Director of the Marine National Bank in Santa Ana, California. Dr. Cavanaugh holds a doctorate and a master's degree from the University of Iowa and a bachelor of science degree from Fairleigh Dickinson University.

Ms. Franklin has been a director of MedImmune since November 1995. She is President and Chief Executive Officer of Barbara Franklin Enterprises, a private investment and management consulting firm in Washington, D.C. which she founded in January 1995. Between January 1993 and January 1995, she was a lecturer and served as a director of various corporations and organizations. Ms. Franklin served as the 29th U.S. Secretary of Commerce from 1992-1993. Prior to that appointment, she was President and Chief Executive Officer of Franklin Associates, a management consulting firm which she founded in 1984. Ms. Franklin was a Senior Fellow of the Wharton School of Business (1979-1988), an original Commissioner and Vice Chair of the U.S. Consumer Product Safety Commission (1973-1979), and a staff assistant to the President of the U.S. (1971-1973). Prior to that, she held executive positions at Citibank and the Singer Company. Ms. Franklin currently serves on the board of directors of Aetna Inc., The Dow Chemical Company, GenVec, Inc., and Washington Mutual Investors Fund. She is Chairman of the Economic Club of New York, Vice Chair of the US-China Business Council, a director of the National Association of Corporate Directors, and a member of the Public Company Accounting Oversight Board Advisory Council. She is a past director of the Nasdaq Stock Market, Inc. and the American Institute of CPAs. She was named one of Board Alert's Outstanding Directors (2003), Director of the Year by the National Association of Corporate Directors (2000), and was awarded the John J. McCloy award for her contributions to audit excellence (1992). She graduated from the Pennsylvania State University with distinction and earned an MBA from the Harvard Business School.

Mr. Macklin has been a director of MedImmune since July 1994. Mr. Macklin has been an independent financial advisor since 1992. He served as Chairman of the White River Corporation from 1994 to 1998. Formerly Deputy Chairman and Director of White Mountains Insurance Group, Inc., from 1987 through 1992 he was Chairman and Co-CEO for Hambrecht and Quist Group, an investment banking and venture capital firm. Previously, Mr. Macklin was President of the National Association of Securities Dealers, Inc., from 1970 through 1987. He also served as Chairman of National Clearing Corporation (1970 to 1975) and as a partner and member of the Executive Committee of McDonald & Company Securities, Inc., where he was employed from 1950 through 1970. Mr. Macklin serves on the Board of Overstock.com, and is director, trustee or managing general partner, as the case may be, of 48 of the investment companies in the Franklin Templeton Group of Funds.

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Dr. Milne has been a director of MedImmune since April 2005, and previously served on our Scientific Advisory Board from January 2004 until March 2005. From 1970 to July 2002, Dr. Milne held various management positions with Pfizer Corporation, including most recently Executive Vice President, Pfizer Global Research and Development and President, Worldwide Strategic and Operations Management. Dr. Milne was also a Senior Vice President of Pfizer Inc. and a member of the Pfizer Management Council. He was President of Central Research from 1993 to July 2002 with global responsibility for Pfizer's Human and Veterinary Medicine Research and Development. Dr. Milne is currently a Venture Partner with Radius Ventures and also a director of the publicly traded companies, Aspreva Pharmaceuticals, Inc., Charles River Laboratories, Inc. and Mettler-Toledo International, Inc.

Ms. Wyatt has been a director of MedImmune since February 2002. Ms. Wyatt retired in December 2000 from Merck & Co., Inc. where she had headed Merck's worldwide product and technology acquisition activities as Vice President of Corporate Licensing. Ms. Wyatt joined Merck in 1980 and was responsible for many of its major agreements. Previously she had been a consultant and an academic administrator responsible, for example, for the Harvard Business School's first formal marketing of its executive education programs. She currently serves on the Board of Directors of Neose Technologies, Ariad Pharmaceuticals, The Medicines Company and on the Board of Directors of Sweet Briar College and on the Investment Committee of Randolph-Macon College. Ms. Wyatt graduated with a bachelor of arts magna cum laude and Phi Beta Kappa from Sweet Briar College, earned a master's degree in education from Boston University and a master's degree in business administration with honors from the Harvard Business School.

The Board has determined that all members of the Board other than Dr. Hockmeyer and Mr. Mott qualify as independent directors within the meaning of the rules of the NASD. Accordingly, each Director who serves on the Compensation and Stock Committee, the Audit Committee, the Corporate Governance and Nominating Committee and the Compliance Committee is an independent director within the meaning of the rules of the NASD. In addition, the Board has determined that each Director who serves on the Audit Committee is independent within the meaning of the rules of the U.S. Securities and Exchange Commission (the "SEC").

Committees and Meetings

Committees of the Board of Directors consist of the Audit Committee, the Compensation and Stock Committee, the Corporate Governance and Nominating Committee, the Investment Committee, the Compliance Committee and the Executive Committee. All of these committees operate under a written charter which sets the functions and responsibilities of that committee. A copy of the charter for each committee can be found on our website at www.medimmune.com. More information concerning each of the committees is set forth below.

The Audit Committee oversees matters relating to the adequacy of our controls and financial reporting process and the integrity of our financial statements, our compliance with legal requirements relating to financial disclosure, the qualifications and independence of our independent registered public accountants and the effectiveness of our internal audit function and independent registered public accountants. The Audit Committee also reviews audit plans and procedures, changes in accounting policies and the use of the independent registered public accountants for any non-audit services. In addition, the Audit Committee reviews any related party transactions in which we are involved. The Audit Committee is also responsible for establishing procedures for the receipt, retention and treatment of any complaints we receive regarding accounting, internal accounting controls or auditing matters and any confidential,

anonymous submissions by our employees regarding concerns of questionable accounting or auditing matters. The Board has determined that Ms. Franklin, Dr. Barrett and Mr. Macklin qualify as audit committee financial experts as defined by the rules of the SEC. The members of the Audit Committee are Ms. Franklin (Chair), Dr. Barrett, Mr. Macklin and Ms. Wyatt. During 2005, the Audit Committee met eight times.

The Compensation and Stock Committee determines the compensation and benefits of our officers and establishes general policies relating to compensation and benefits of our employees. The Compensation and Stock Committee is also responsible for administering our stock incentive plans in accordance with the terms and conditions set forth therein. The members of the Compensation and Stock Committee are Dr. Cavanaugh (Chair), Dr. Barrett, Ms. Franklin, Mr. Macklin and Dr. Milne. During 2005, the Compensation and Stock Committee met seven times.

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The Corporate Governance and Nominating Committee oversees matters regarding our corporate governance and the composition and effectiveness of the Board of Directors. The Corporate Governance and Nominating Committee's responsibilities include identifying, reviewing qualifications of and making recommendations with respect to potential nominees to fill open positions on the Board of Directors. The Corporate Governance and Nominating Committee also considers qualifications of nominees recommended by MedImmune stockholders. If you wish to recommend a nominee, you may do so by writing to the Board of Directors, care of the Corporate Secretary, following the procedure described in the Report of the Corporate Governance and Nominating Committee below. The members of the Corporate Governance and Nominating Committee are Dr. Cavanaugh (Chair), Ms. Franklin and Dr. Milne.

During 2005, the Corporate Governance and Nominating Committee met five times.

The Investment Committee is responsible for overseeing our investment portfolio. The Investment Committee reviews our investment policy, oversees the performance of MedImmune Ventures, Inc., our wholly owned venture capital subsidiary, and evaluates the performance of our investment portfolio. The members of the Investment Committee are Mr. Macklin (Chair), Dr. Baltimore and Ms. Wyatt. During 2005, the Investment Committee met one time.

The Compliance Committee oversees our compliance with laws and regulations relating to the research, development, manufacture and marketing of our products. The members of the Compliance Committee are Dr. Barrett (Chair), Dr. Baltimore and Ms. Wyatt. During 2005, the Compliance Committee met five times.

The Executive Committee is responsible for matters that may arise from time to time between regular meetings of the Board of Directors. The members of the Executive Committee are Dr. Hockmeyer (Chair), Dr. Barrett, Dr. Cavanaugh, Ms. Franklin and Mr. Mott. During 2005, the Executive Committee met one time.

During 2005, the Board of Directors met eight times. All directors attended more than 75% of the 2005 meetings of the Board and the Committees on which they serve, except for Mr. Macklin who attended 74% of the 2005 meetings of the Board and the Committees on which he serves.

Report of the Corporate Governance and Nominating Committee

The Board of Directors appoints the Corporate Governance and Nominating Committee (the Governance Committee) each year. The primary function of the Governance Committee is to assist the Board of Directors in fulfilling its oversight responsibilities with respect to matters of corporate governance and the composition and effectiveness of the Board of Directors. To that end, the Governance Committee has adopted a written set of Corporate Governance Guidelines for MedImmune to follow. A copy of the Corporate Governance Guidelines can be found on the company's website at www.medimmune.com.

The Governance Committee utilizes a variety of methods for identifying and evaluating potential nominees to the Board of Directors. Recommendations may come from current Board members, professional search firms, members of management, stockholders or other persons. In assessing the qualifications of potential nominees, the Governance Committee may rely on personal interviews or discussions with the candidate and others familiar with the candidate's professional background, on third-party background and reference checks and on such other due diligence information as is reasonably available. The Governance Committee must be satisfied that the candidate possess the highest professional and personal ethics and values and has broad experience at the policy-making level in business, government, education or public interest before the Governance Committee recommends a candidate as a nominee to the Board of Directors.

If you wish to have a candidate considered by the Governance Committee, you should submit the following written information to MedImmune's Corporate Secretary:

the name and the contact information of, and the number of shares of MedImmune common stock held by, the person submitting the candidate;

the name and contact information of the candidate;

a resume of the candidate's educational and professional experience and list of references;

a statement setting forth any relationship between the candidate and any customer, supplier, competitor, employee or director of MedImmune or between the candidate and the stockholder proposing the candidate; and

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a signed consent of the candidate to background and reference checks as part of the evaluation process, to being named in a proxy statement (if determined advisable by the Governance Committee) and to serving on the Board of Directors if nominated and elected.

As part of its corporate governance oversight, the Governance Committee has established a mechanism by which stockholders may communicate with the Board of Directors. You may do so by writing to the Board of Directors c/o the Corporate Secretary at MedImmune's corporate headquarters. In addition, the Governance Committee has adopted a policy stating that members of the Board of Directors are expected to attend annual meetings of our stockholders. At our 2005 annual meeting of stockholders, all members of the Board of Directors were in attendance. In 2005, the Audit Committee, Compensation and Stock Committee, Compliance Committee and Governance Committee each conducted a self evaluation to assess the effectiveness of its procedures and compliance with its charter. In addition, the Board of Directors conducted a self evaluation. The Governance Committee reviewed the evaluations and determined that the Board was operating effectively and each committee was operating effectively and in compliance with its charter.

Corporate Governance and Nominating Committee

James H. Cavanaugh, Ph.D. (Chair)
Barbara Hackman Franklin
George M. Milne, Jr., Ph.D.

Global Standards of Business Conduct and Ethics

We have adopted Global Standards of Business Conduct and Ethics that are applicable to all of our directors and employees, including the Principal Executive Officer, the Principal Financial Officer and the Principal Accounting Officer. The Global Standards meet the criteria for a code of ethics under the rules of the SEC and a code of conduct under the rules of the NASD. The Global Standards are available on our website at www.medimmune.com.

Report of the Compensation and Stock Committee

The Compensation and Stock Committee

The Compensation and Stock Committee (the Compensation Committee) is composed of five members that are appointed each year by the Board of Directors. The primary function of the Compensation Committee is to review and determine the compensation program for the Chief Executive Officer and the other executive officers listed on the Summary Compensation Table (the named executives), as well as other members of senior management who are identified as Section 16 officers. The Compensation Committee is also responsible for the review and approval of the MedImmune's compensation and retirement benefit plans and policies, and the administration of all executive compensation programs, incentive compensation plans and equity-based incentive plans. During 2005, the Compensation Committee met seven times.

The Compensation Committee has retained an independent consultant to assist in fulfilling its responsibilities. The independent consultant is engaged by, and reports directly to, the Committee. In 2005, the independent consultant was engaged for the purpose of conducting a review of the competitiveness of the executive compensation program for MedImmune's executive officers, presenting data on industry compensation trends, specific data relative to each executive officer and compiling Tally Sheets that provided the Compensation Committee with detailed information on the total compensation and benefits provided to MedImmune's three most senior executive officers.

Overview of Executive Compensation Philosophy

The Compensation Committee's philosophy is to provide a compensation package that attracts, motivates and retains executive talent by delivering rewards for superior performance while aligning the goals of executives with those of MedImmune's stockholders. Specifically, the objectives of MedImmune's compensation practices are to:

- Attract and retain executives with significant industry experience;
- Emphasize long-term equity awards to link executive rewards to shareholder returns;
- Deliver a substantial portion of senior executives' compensation through performance-based pay, consistent with our philosophy of not providing any substantial supplemental perquisites and executive benefits;

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Reward for developing and executing MedImmune's long-term strategic objectives and the attainment of annual goals; and

Maintain a program that supports MedImmune's core values and that is easily understandable to participants.

The Compensation Committee believes that to attract and retain a highly skilled executive team, MedImmune's compensation practices must remain competitive with those of other employers with which MedImmune competes for talent. In evaluating compensation levels at MedImmune, the Compensation Committee compares MedImmune's executive officers' compensation levels with those of a select group of large biotechnology companies, in terms of sales and market capitalization, and a broader sample of biotechnology/pharmaceutical companies. These groups include both companies similar in size and scope to MedImmune's operations, as well as companies that MedImmune believes it competes against for executive talent. The Compensation Committee uses the median pay levels of these groups as a guideline when setting base salary, performance-based annual incentives, and equity-based long-term incentives. Actual pay levels are adjusted above or below the median based on a variety of factors, including past performance of the executive and supply and demand for the executive's position in light of the skills required to carry out the job function.

Elements of Executive Compensation

Base Salary

The Compensation Committee annually reviews and sets the base salaries of the Chief Executive Officer and other executive officers. Base salaries are designed to be appropriately competitive versus the marketplace as described above. The Compensation Committee utilizes both published survey data and publicly available data for MedImmune's biotechnology and pharmaceutical peers in determining base salaries. In addition to competitive data, the Committee also considers the results achieved by the executive, his or her future potential, scope of responsibilities and experience, and other factors in setting each executive officer's base salary. The base salaries of executive officers are subject to certain minimums set forth in individual employment agreements that have been approved by the Compensation Committee and include provisions for severance, accelerated option vesting in certain circumstances and extended health care benefits. These benefits are described in greater detail in MedImmune's public securities filings.

Performance-Based Annual Incentive Awards

The Compensation Committee uses performance-based annual incentive awards to motivate and reward executive officers for the achievement of MedImmune's strategic and financial goals. MedImmune establishes bonus targets, expressed as a percentage of salary, that range from 40% to 100% for executive officers. Actual awards can be above or below the target bonus opportunity, based on the extent to which MedImmune achieves its performance objectives and the individual executive achieves his or her personal goals. In establishing the targets, MedImmune considers several factors including, in particular, the compensation practices at peer companies in the biotechnology and pharmaceutical industries.

At the beginning of the year, management develops target performance objectives that are reviewed and approved by the Committee. The performance objectives include both long-term strategic goals and financial measures such as sales growth and earnings performance. MedImmune's key strategic goals for its long-range plan initiated in 2004 are to:

- Support the growth of Synagis® and Ethyol®
- Develop FluMist® as a better influenza vaccine
- Develop Numax™ as a differentiated successor to Synagis
- Bring two additional products to market by 2010
- Elevate science and evolve R&D governance
- Continue to develop its people, processes and culture

The following annual objectives were set for 2005 to support the company's ability to stay on track to deliver on its long-term objectives:

Commercial objectives include increasing product sales, improving margins, increasing strategic alliances, and improving manufacturing, distribution and supply chains for marketed products.

Research and development objectives include achieving regulatory and development milestones for critical late-stage clinical programs, initiating new preclinical and clinical studies, and expanding and securing MedImmune's intellectual property protection.

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Infrastructure and organizational objectives include streamlining business processes and managing capital investments, operational budgets and corporate expansion, including human resource and capital asset growth. The Compensation Committee determines bonus awards for the previous year based in part on an evaluation of the degree to which MedImmune achieves the annual objectives specified at the beginning of the year. Consideration is also given to responses to unanticipated developments during the course of the year.

After a subjective and objective evaluation of (a) MedImmune's achievements against strategic and financial objectives for 2005, (b) each executive officer's contribution to MedImmune's overall results and (c) each executive officer's achievement of his or her own goals, the Compensation Committee allocated annual bonuses ranging from 40% to 130% of the executive officers' annual salaries.

Long-term Incentives

We believe that equity-based incentives create a strong alignment of interests between our executive officers and shareholders by motivating and rewarding our executive officers for maximizing shareholder value over the long term. All of MedImmune's equity compensation plans have been approved by shareholders except for certain plans acquired through acquisitions under which no new incentives are granted.

The Compensation Committee has evaluated a variety of long-term incentive vehicles available to MedImmune and has determined that stock options continue to be the equity vehicle that best aligns executive officers' interests with long-term shareholder value creation. Stock options provide value only if MedImmune's stock price appreciates. We also believe stock options provide a retention incentive as the executive officer will only fully realize option gains if he or she remains employed by MedImmune through the four-year vesting period. The Compensation Committee will continue to monitor the appropriateness of stock options as the sole long-term incentive vehicle in light of the cost to the company, changing practices among industry peers, dilution levels, and MedImmune's overall compensation philosophy.

Individual stock option grants for executive officers are determined each year by the Compensation Committee. In determining the number of options to grant to each executive officer, the Committee examines competitive data provided by the independent consultant and the individual contribution made by the executive in the prior year. Consistent with the targeted competitive positioning on other elements of compensation, the Compensation Committee intends to set grants based on the market median of MedImmune's peer groups. MedImmune also monitors stockholder dilution levels relative to peers when making long-term incentive grants. Based on data provided by the independent consultant, the Compensation Committee believes that MedImmune's current total potential dilution and aggregate annual grant practices are appropriate in comparison to MedImmune's biotechnology peers and other employers with which the company competes for talent.

Other Benefits and Perquisites

MedImmune provides executives with benefits and perquisites similar to the general employee population. It is MedImmune's current philosophy not to provide executive officers with any perquisites and benefits other than those that they receive under the general terms and conditions of perquisite and benefit plans in which all MedImmune employees participate.

Chief Executive Officer Compensation

The Compensation Committee meets outside of Mr. Mott's presence to evaluate his performance. The results of this evaluation are considered in determining his compensation, consistent with the compensation policies described above. Mr. Mott participates in the same performance-based annual incentive and long-term incentive plans as other executive officers of MedImmune. Mr. Mott has an employment agreement with the company that has been approved by the Compensation Committee and includes provisions for severance, accelerated option vesting in certain circumstances and extended health care benefits. These benefits are described in greater detail in MedImmune's public securities filings. Other than as set forth above, Mr. Mott receives no substantial additional perquisites or retirement benefits beyond those provided to the general employee population.

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In February 2006, the Compensation Committee determined Mr. Mott's salary increase, actual annual incentive payout for 2005 performance and the number of stock options to be granted to Mr. Mott in 2006. The base salary increase, annual incentive payout, and long-term incentive award were determined based upon the Compensation Committee's review of the market data provided by the independent consultant, MedImmune's overall achievement of its annual objectives in 2005, and Mr. Mott's leadership and individual contributions in 2005, including his performance in connection with MedImmune's 2005 objectives. Based on the Compensation Committee's review, Mr. Mott's annual salary was increased from \$1,000,000 to \$1,050,000. The Committee awarded Mr. Mott an incentive payment of \$1,300,000 with respect to fiscal year 2005, representing 130% of Mr. Mott's target award. In addition, Mr. Mott received 500,000 stock options in February 2006.

Compensation and Stock Committee

James H. Cavanaugh, Ph.D. (Chair)
M. James Barrett, Ph.D.
Barbara Hackman Franklin
Gordon S. Macklin
George M. Milne, Jr., Ph.D.

Executive Compensation*Summary Compensation Table*

The following table summarizes the salary paid and option awards we granted to David M. Mott and our five other most highly compensated executive officers for 2005 (collectively, the Named Executive Officers) during each of the last three years, as well as the bonus paid in respect of the Named Executive Officer's performance for each such year.

Name and Position	Year	Annual Compensation		Long-Term Compensation Option Awards (#)
		Salary (\$)	Bonus (\$)	
David M. Mott Chief Executive Officer, President and Vice Chairman of the Board	2005	991,667	1,300,000	600,000
	2004	941,667	1,000,000	750,000
	2003	891,667	600,000	750,000
James F. Young, Ph.D. President, Research and Development	2005	570,833	480,000	175,000
	2004	545,833	400,000	200,000
	2003	520,833	325,000	250,000
Wayne T. Hockmeyer, Ph.D. Founder and Chairman of the Board; President, MedImmune Ventures, Inc.	2005	545,833	300,000	175,000
	2004	520,833	300,000	200,000
	2003	875,000	75,000	125,000
Edward M. Connor, M.D. Executive Vice President and Chief Medical Officer	2005	393,333	275,000	100,000
	2004	335,000	210,000	100,000
	2003	298,333	140,000	90,000
Lota S. Zoth, C.P.A. Senior Vice President and Chief Financial Officer	2005	310,833	175,000	75,000
	2004	273,975	160,000	60,000
	2003	202,568	70,000	15,000
Armando Anido, R.Ph. ⁽¹⁾ Executive Vice President, Sales and Marketing	2005	393,333		115,000
	2004	358,333	190,000	70,000
	2003	346,667	125,000	160,000

⁽¹⁾ Mr. Anido's employment with MedImmune terminated effective as of February 4, 2006.

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The following table sets forth information relating to our grant of stock options during 2005 to the Named Executive Officers.

Name	Individual Grants				
	Number of Securities Underlying Options (#) ⁽¹⁾	% of Total Options Granted to Employees in Fiscal 2005	Exercise or Base Price (\$/sh)	Expiration Date	Grant Date Fair Value (\$)
David M. Mott	600,000	12%	24.17	02/16/2015	5,058,000 ⁽²⁾
James F. Young, Ph.D.	175,000	3%	24.17	02/16/2015	1,475,250 ⁽²⁾
Wayne T. Hockmeyer, Ph.D.	175,000	3%	24.17	02/16/2015	1,475,250 ⁽²⁾
Edward M. Connor, M.D.	100,000	2%	24.17	02/16/2015	843,000 ⁽²⁾
Lota S. Zoth, C.P.A.	75,000	1%	24.17	02/16/2015	632,250 ⁽²⁾
Armando Anido, R.Ph.	115,000	2%	24.17	02/16/2015 ⁽³⁾	969,450 ⁽²⁾

- (1) Granted options become exercisable in equal quarterly installments over a four-year period following the date of grant.
- (2) The fair value of each option grant was estimated as of the date of grant using a binomial option pricing model with the following assumptions: risk-free interest rate 4.3%; expected life of options 5 years; expected stock price volatility 32%; and expected dividend yield 0%.
- (3) Mr. Anido's stock options expire 90 days after February 4, 2006, the effective date of his termination of employment with MedImmune.

Aggregated Option Exercises in 2005 and Fiscal Year-End Values

The following table sets forth information relating to the exercise of stock options by the Named Executive Officers in 2005, the number of shares covered by stock options held by them at December 31, 2005 and the value of their in-the-money options (market price of our stock less the exercise price) at that date.

Name	Shares Acquired on Exercise	Value Realized	Number of Securities Underlying Unexercised Options Held at December 31, 2005 (#)		Value of Unexercised In-the-Money Options at December 31, 2005 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
David M. Mott			3,921,323	1,190,625	\$ 27,191,489	\$ 11,501,719
James F. Young, Ph.D.	59,481		1,613,221	348,438	\$ 11,784,151	\$ 3,288,115
Wayne T. Hockmeyer, Ph.D.			1,639,999	325,001	\$ 13,859,188	\$ 3,241,868
Edward M. Connor, M.D.	140,000	\$ 2,314,620	502,748	176,252		