SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

MEDIMMUNE INC /DE

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SIC: **2836** Biological products, (no disgnostic substances)

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-Q

{X} QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2001

Commission File No. 0-19131

MedImmune, Inc.
(Exact name of registrant as specified in its charter)

Delaware	52-1555759
(State or other jurisdiction of incorporation or organization)	(I. R. S. Employer Identification No.)

35 West Watkins Mill Road, Gaithersburg, MD 20878
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (301) 417-0770

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

As of June 30, 2001, 213,733,442 shares of Common Stock, par value $0.01 per share, were outstanding.

MEDIMMUNE, INC.
Index to Form 10-Q

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Synagis, CytoGam, Ethyol, RespiGam, and NeuTrexin are registered trademarks of the Company.

ITEM 1. FINANCIAL STATEMENTS

MEDIMMUNE, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	June 30, 2001	December 31, 2000
ASSETS:	(Unaudited)	
Cash and cash equivalents	$ 67,868	$ 84,974
Marketable securities	424,986	406,455
Trade receivables, net	--	115,635
Inventory, net	52,927	46,633
Deferred tax assets	19,938	22,319
Other current assets	8,057	11,796
Total Current Assets	573,776	687,812
Property and equipment, net	84,858	86,383
Deferred tax assets	180,175	194,761
Marketable securities	213,436	34,825
Other assets	3,037	2,794
Total Assets	$1,055,282	$1,006,575
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Accounts payable, trade	$ 2,477	$ 3,090
Accrued expenses	48,530	72,159
Product royalties payable	22,779	40,553
Deferred revenue	25,311	33,966
Other current liabilities	2,051	1,697
Total Current Liabilities	101,148	151,465
Long-term debt	9,177	9,595
Other liabilities	1,859	1,933
Total Liabilities	112,184	162,993
Commitments and Contingencies		
SHAREHOLDERS' EQUITY:		
Preferred stock, $.01 par value; authorized 5,524,525 shares; none issued or outstanding	--	--
Common stock, $.01 par value; authorized 320,000,000 shares; issued and outstanding 213,733,442 at June 30, 2001 and 211,347,825 at December 31, 2000	2,137	2,113
Paid-in capital	876,679	842,815
Accumulated earnings (deficit)	62,343	(7,085)
Accumulated other comprehensive income	1,939	5,739
Total Shareholders' Equity	943,098	843,582
Total Liabilities and Shareholders' Equity	$1,055,282	$1,006,575

The accompanying notes are an integral part of these financial statements.

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MEDIMMUNE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

(in thousands except per share data)

	For the Three months ended June 30,		For the Six months ended June 30,	
	2001	2000	2001	2000
Revenues:				
Product sales	$ 28,315	$ 25,387	$ 263,517	$221,163
Other revenue	5,055	9,869	15,049	19,618
Total revenues	33,370	35,256	278,566	240,781
Costs and Expenses:				
Cost of sales	7,127	12,014	59,930	57,042
Research and development	21,693	18,371	40,392	33,864
Selling, administrative and general	24,202	23,338	83,942	74,011
Other operating expenses	3,487	692	5,595	2,984
Total expenses	56,509	54,415	189,859	167,901
Operating (loss) income	(23,139)	(19,159)	88,707	72,880
Interest income	8,989	7,935	19,232	13,117
Interest expense	(149)	(120)	(299)	(243)
(Loss) earnings before income taxes and cumulative effect of change in accounting principle	(14,299)	(11,344)	107,640	85,754
(Benefit) provision for income taxes	(5,076)	(6,041)	38,212	28,659
(Loss) earnings before cumulative effect of change in accounting principle	(9,223)	(5,303)	69,428	57,095
Cumulative effect of change in accounting principle, net of tax benefit of $21,262	--	--	--	(33,821)
Net (loss) earnings	($9,223)	($5,303)	$69,428	$23,274
Basic (loss) earnings per share:				
(Loss) earnings before cumulative effect of change in accounting principle	($0.04)	($0.03)	$0.33	$ 0.27
Cumulative effect of change in accounting principle, net of tax	--	--	--	($0.16)
Net (loss) earnings	($0.04)	($0.03)	$0.33	$0.11
Shares used in calculation of basic (loss) earnings per share	213,131	209,139	212,656	207,529
Diluted earnings per share:				
(Loss) earnings before cumulative effect of change in accounting principle	($0.04)	($0.03)	$0.32	$0.26
Cumulative effect of a change in accounting principle, net of tax	--	--	--	($0.15)
Net (loss) earnings	($0.04)	($0.03)	$0.32	$0.11
Shares used in calculation of diluted earnings per share	213,131	209,139	219,878	219,666

The accompanying notes are an integral part of these financial statements.

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MEDIMMUNE, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)

	For the Six months ended June 30, 2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 69,428	$ 23,274
Noncash items:		
Cumulative effect of change in accounting principle	--	33,821
Deferred taxes	34,349	28,599
Deferred revenue	(8,654)	(12,937)
Depreciation and amortization	4,572	3,632
Amortization of discount on marketable securities	(3,361)	(538)
Change in reserve for inventory	4,251	(301)
Change in allowance for trade accounts receivable	(8,052)	(8,706)
Other	29	(12)
Other changes in assets and liabilities	76,626	57,877
Net cash provided by operating activities	169,188	124,709
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in marketable securities, net	(197,098)	(94,321)
Capital expenditures	(3,546)	(5,462)
Investment in strategic alliance	(1,500)	--
Net cash used in investing activities	(202,144)	(99,783)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of common stock and exercise of stock options	16,444	58,241
Decrease in long-term debt	(439)	(1,082)
Net cash provided by financing activities	16,005	57,159
Effect of exchange rate changes on cash	(155)	(496)
Net (decrease) increase in cash and cash equivalents	(17,106)	81,589
Cash and cash equivalents at beginning of period	84,974	36,570
Cash and cash equivalents at end of period	$ 67,868	$118,159

The accompanying notes are an integral part of these financial statements.

MEDIMMUNE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

General The financial information presented as of June 30, 2001, and for the periods ended June 30, 2001 and 2000, is unaudited. In the opinion of the Company's management, the financial information contains all adjustments (which consist only of normal recurring adjustments) necessary for a fair presentation of results for the interim periods presented. Interim results are not necessarily indicative of results for an entire year or for any subsequent interim period. These consolidated financial statements should be read in conjunction with the Company's annual report on Form 10-K for the year ended December 31, 2000.

Derivative Instruments and Hedging Activities
The Company adopted Financial Accounting Standard No. 133 (FAS 133), "Accounting for Derivative Instruments and Hedging Activities", on January 1, 2001. In accordance with the transition provisions of FAS 133, the Company recorded a net-of-tax cumulative-effect-type adjustment of $0.3 million in accumulated other comprehensive income to recognize at fair value all derivatives that are designated as foreign currency cash-flow hedging instruments. Net gains or losses on derivatives that had been previously deferred were immaterial.

The Company purchases inventory from a foreign vendor and pays the vendor in a foreign currency. This exposes the Company to foreign currency exchange rate risk, which is monitored by the Company as part of its overall risk-management program. There are no other

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significant sources of foreign currency exchange risk. The Company maintains a foreign currency risk-management strategy that uses derivative instruments to protect its interests from unanticipated fluctuations in earnings and cash flows caused by volatility in currency exchange rates. The Company uses foreign currency forward-exchange contracts to hedge these risks.

The Company accounts for its derivatives as foreign-currency cash-flow hedges. The Company is required to recognize any ineffectiveness on hedging transactions as interest income or expense in the statement of operations. For the quarter ended June 30, 2001, gains or losses for ineffective hedges were insignificant. In addition, if the Company had entered into hedges relating to certain forecasted transactions that subsequently become probable of not occurring, it would be required to reclassify gains or losses relating to those hedges from other comprehensive income to interest income in the statement of operations. For the three and six month periods ended June 30, 2001, the company did not reclassify any material gains or losses to interest income in the statement of operations relating to forecasted transactions that are now probable of not occurring. As of June 30, 2001, $0.2 million, net of tax, of deferred losses on derivative instruments included in accumulated other comprehensive income are expected to be reclassified to earnings in the next twelve months in conjunction with the sale of the related inventory. The maximum term over which the Company is hedging exposures to the variability of cash flows is twelve months.

Accounts Receivable
Due to the seasonal nature of the Company's primary product, Synagis, a significant decrease in product sales and trade accounts receivable occurred in the second quarter of 2001. In addition, reserve balances which exist at June 30, 2001 for government rebate allowances relating to Synagis sales that occurred during the 2000/2001 season are higher than the offsetting trade receivables balances, due to the later processing cycle by certain states for these rebates. As a result of these factors, trade accounts receivable at June 30, 2001 carries an immaterial net credit balance. This net credit balance has been reclassified for financial statement presentation.

Inventory
Inventory, net of reserves, is comprised of the following (in thousands):

	June 30, 2001	December 31, 2000
Raw Materials	$15,135	$14,715
Work in Process	32,392	21,091
Finished Goods	6,439	13,159
	53,966	48,965
Less noncurrent	(1,039)	(2,332)
	$52,927	$46,633

In December 2000, the Company received approval from the FDA to perform a portion of the CytoGam production process at the Company's Frederick manufacturing facility (the "FMC"). As a result, all work in process inventory of CytoGam is classified as a current asset as of June 30, 2001 and December 31, 2000. Noncurrent inventory is comprised of some of the Company's raw plasma, and is net of a reserve of $1.7 million at June 30, 2001.

Inventory balances are net of reserves for RespiGam. As RespiGam has been largely replaced in the market place by Synagis, future RespiGam product sales are expected to be minimal. RespiGam reserve balances at June 30, 2001 and December 31, 2000 were $4.7 million.

Earnings per Share
The Company computes earnings per share in accordance with Statement of Financial Accounting Standards ("SFAS") No. 128, "Earnings Per Share." Basic earnings per share is computed based on the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed based on the weighted average shares outstanding and the dilutive impact of common stock equivalents outstanding during the period. The dilutive effect of stock options is measured using the treasury stock method. Common stock equivalents are not included in periods where there is a loss, as they are anti-dilutive. The following is a reconciliation of the denominator of the diluted EPS computation for the three and six-month periods ended June 30, 2001 and 2000. There are no reconciling items to the numerator for the EPS computation for the periods reported.

	Three months ended June 30,		Six months ended June 30,	
	2001	2000	2001	2000
Denominator:				
Weighted average shares outstanding	213,131	209,139	212,656	207,529
Effect of dilutive securities:				
Stock options	- -	- -	7,222	12,137
Denominator for diluted EPS	213,131	209,139	219,878	219,666

The following table shows the number of shares and related price ranges of those shares that were excluded from the EPS computation described above. These options to purchase shares of common stock were outstanding in the periods reported, but were not included in the computation of diluted earnings per share, as the exercise prices of the options were in excess of the average stock price during the periods reported and thus would be anti-dilutive.

	Three months ended June 30, 2001	Six months ended June 30, 2001	Six months ended June 30, 2000
Price range of stock options:			
$39.74 to $83.25	6,784,061		
$40.25 to $83.25		6,775,861	
$57.50 to $77.31			4,663,075

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Income Tax Provision
Income tax benefit as a percentage of pre-tax income for the six months ended June 30, 2001 was 35.5%. During the six months ended June 30, 2001, the Company recognized increased credits for research and development expenditures and credits earned for Orphan Drug status of certain research and development expenses, resulting in a reduction from the statutory rate of 38.6%.

Comprehensive Income
Comprehensive income (loss) is comprised of net earnings (loss) and other comprehensive income. Other comprehensive income includes certain changes in equity that are excluded from net earnings (loss), such as translation adjustments and unrealized holding gains and losses on available-for-sale marketable securities, and gains and losses on hedging instruments.

Comprehensive loss for the three months ended June 30, 2001 was $9.2 million versus $3.9 million for the comparable period in 2000. Comprehensive income for the six months ended June 30, 2001 and 2000 was $73.2 million and $23.6 million, respectively. A significant portion of other comprehensive income (loss) for the six months ended June 30, 2001 relates to unrealized holding losses on available-for-sale marketable securities. The Company maintains an investment in a company with which it had previously formed a strategic alliance. Due to market volatility associated with the per share price of this investment, the value of the Company's investment fluctuated significantly during the quarter and may continue to do so in the future.

ITEM 2.

MEDIMMUNE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS
THREE MONTHS ENDED JUNE 30, 2001 AND 2000

Product Sales (In Millions)	2001	2000
Synagis	$15.0	$7.3
CytoGam	7.6	9.5
Ethyol	3.1	6.4
Other Products	2.6	2.2
TOTAL	$28.3	$25.4

Product sales increased 12% to $28.3 million in second quarter 2001, versus $25.4 million in second quarter 2000, driven by increased sales of Synagis. Sales of Synagis grew 105% over sales in the comparable quarter of 2000, comprised of a 63% increase in domestic sales and a 182% increase in international sales. The domestic sales increase results from a 68% increase in units sold to wholesalers and distributors, reflecting increased demand for the product, and a 3.1% price increase, partially offset by increased Medicaid rebates. Our international sales of Synagis increased primarily due to a 169% increase in units sold to Abbott International, our exclusive distributor of Synagis outside of the United States, and totaled $7.4 million in the 2001 quarter versus $2.6 million in the 2000 quarter. We believe this increase is due to additional regulatory, pricing and reimbursement approvals in overseas countries. The terms of the Company's agreement with Abbott provide for the Company to receive 40 to 50 percent of end-user sales. The Company initially recognizes sales to Abbott when Synagis is shipped to Abbott based on a contractual, guaranteed transfer price. Following the end of each quarter, Abbott remits to the Company a report detailing end-user sales for the quarter and the Company recognizes revenue for the additional amount due in excess of the transfer price and up to 40 to 50 percent of the end-user selling price.

Our worldwide sales of CytoGam decreased 21% for the second quarter of 2001 as compared to the second quarter of 2000. This sales decrease was driven primarily by decreases in domestic and international unit sales of 30% and 19%, respectively, partially offset by an 8% domestic price increase which took effect in the second quarter of 2001. We believe that a portion of the CytoGam sales that occurred in the prior year quarter were the result of product substitution occurring because of the worldwide shortage of standard IVIG products. During 2000, the supply of standard IVIG products increased, and certain Medicaid agencies began to limit or discontinue reimbursement of CytoGam as a substitute for IVIG. Thus, CytoGam sales for the three-month period ended June 30, 2001 relating to product substitution have decreased significantly. We expect that the future use of CytoGam as a substitute for standard IVIG products will be limited.

Sales of Ethyol to our domestic and international distribution partners decreased by 51% in the 2001 quarter versus the 2000 quarter. We believe this decrease is primarily reflective of reductions in inventory stocking levels at our distribution partners. Additionally, we believe the domestic marketing focus on Ethyol was impacted by the recent acquisition of ALZA, our domestic distribution partner, by Johnson & Johnson. In April of 2000, ALZA exercised a one-time option under the distribution agreement to extend its rights to distribute Ethyol in the United States until April 2002. In April 2002, the rights to distribute Ethyol will return to us and we will pay ALZA a royalty for nine years thereafter based on sales of Ethyol in the United States. Sales of other products in second quarter 2001 decreased $0.4 million, or 18% from the prior year quarter. Sales of other products include primarily sales of NeuTrexin, RespiGam, and by-products that result from the CytoGam manufacturing process. Also included in 2000 other product sales are sales of Hexalen. In November 2000, we sold our Hexalen business to MGI Pharma.

Other revenues for second quarter 2001 were $5.1 million compared to $9.9 million for second quarter 2000. Included in other revenue

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are revenues recognized in accordance with the adoption of Securities and Exchange Commission Staff Accounting Bulletin No. 101 (SAB 101) effective January 1, 2000. The SAB requires that the revenue received in conjunction with up-front or milestone payments be recognized over the remaining performance period under the contract as those contractual obligations are fulfilled. Accordingly, other revenues in both the 2001 and 2000 periods include revenues related to up-front fees and milestone payments received prior to 2000. We recognized revenue of $3.3 million for the second quarter of 2001 versus $5.8 million for the second quarter of 2000 under the requirements of SAB 101. Other revenue for the 2001 quarter also includes amounts relating to the sale of Hexalen, and funding earned under a collaborative agreement with GlaxoSmithKline (GSK) for HPV vaccine development. Other revenue in the 2000 quarter also includes funding earned under the collaborative HPV agreement with GSK and royalty income due from ALZA in accordance with the terms of the Ethyol distribution agreement.

Cost of sales decreased 41% for the second quarter of 2001 to $7.1 million versus $12.0 million in 2000. Gross margins were 75% in second quarter 2001, as compared to 53% for the second quarter of 2000. The 2001 quarter benefited from increased sales of Synagis, which has more favorable margins, as well as favorable manufacturing variances, while the 2000 quarter included a $3.0 million charge for the write-off of certain Synagis inventory, as a result of a contamination in the manufacturing process at the FMC. We expect gross margins to vary from quarter to quarter based on the product mix. In addition, we expect that on an annual basis for 2001, gross margins will modestly improve from 2000 levels.

Research, development and clinical spending for the June 2001 quarter increased 18% over the prior year quarter from $18.4 million in 2000 to $21.7 million in 2001, primarily due to higher expenditures on clinical trials. We are currently administering multiple trials for our products, including a Phase IV trial for Synagis in infants with congenital heart disease, two Phase II human papillomavirus vaccine trials, one Phase I trial and two Phase II trials for use of MEDI-507 in psoriasis patients, and two Phase II trials for our urinary tract infection (UTI) vaccine. We expect clinical spending levels to continue to increase in the coming quarters as we continue to move our product candidates into the clinic and expand the number of trials for certain products already in the clinic.

Selling, general and administrative (SG&A) expense was $24.2 million in 2001 versus $23.3 million in 2000, an increase of 4%. The increase in SG&A expense in the 2001 second quarter is primarily attributable to the establishment of our pediatric sales force during mid-year 2000. This increase was mitigated by a reduction in our legal expenses during the 2001 quarter, as several legal matters outstanding in the second quarter of 2000 were resolved during 2000. In addition, 2000 SG&A expense includes $1.0 million for the write off of preliminary engineering and design costs relating to a proposed expansion of the FMC, which was cancelled.

Other operating expenses, which include manufacturing start-up and other manufacturing related costs, increased in second quarter 2001 to $3.5 million from $0.7 million in second quarter 2000. A portion of this increase is due to a $1.3 million charge during the second quarter of 2001 to record certain plasma inventories at their net realizable value. This material was intended for the start-up operations of our manufacturing plant and was never approved for use in the current production process. In December 2000, the FDA granted approval for an amendment to the Biologic License Application for CytoGam to allow for a portion of the production of CytoGam at the Company's Frederick facility. Currently, the plasma production section of the Frederick facility has excess capacity, which results in charges to other operating expense. These charges are expected to continue for the foreseeable future until the plasma production section of the facility is fully utilized for its intended purpose.

Interest income increased 13% to $9.0 million from $7.9 million in the 2000 quarter as a result of higher cash balances available for investment, partially offset by a decrease in interest rates, which lowered the yield on our 2001 investment portfolio.

We recorded an income tax benefit of $5.1 million in second quarter 2001, resulting in an effective tax rate of 35.5% for the six months ended June 30, 2001. This compares to a $6.0 million benefit recorded in the prior year quarter, which resulted in an effective tax rate of 32.5% for the six months ended June 30, 2000. The variation in both quarters from the statutory rate of 38.6% is principally due to credits for research and development expenditures and credits earned for orphan drug status of certain research and development activities. We expect that our effective tax rate in future periods will be slightly below or approximate to the applicable statutory rates.

We incurred a net loss for the second quarter of 2001 of $9.2 million, or $0.04 per share, versus a net loss for the second quarter of 2000 of $5.3 million, or $0.03 per share. Shares used in computing net loss per share for the quarters ended June 30, 2001 and 2000 were 213.1 million and 209.1 million shares, respectively.

Our quarterly financial results may vary significantly due to seasonality of Synagis product sales, fluctuations in sales of other products, milestone payments, research funding and expenditures for research, development, clinical and marketing programs. Synagis sales are expected to occur primarily during, and in proximity to, the RSV season, which typically occurs between October and April in the United States. No assurances can be given that adequate product supply will be available to meet demand.

SIX MONTHS ENDED JUNE 30, 2001 AND 2000

Product sales (in millions)	2001	2000
Synagis	$236.5	$183.6
CytoGam	15.5	19.6
Ethyol	6.4	11.4
Other products	5.1	6.6
Total	$263.5	$221.2

Product sales grew 19% to $263.5 million in the six months ended June 30, 2001 from $221.2 million in the comparable 2000 period, primarily driven by higher sales of Synagis. Synagis sales increased 29% from $183.6 million in the six months ended June 30, 2000 to $236.5 million in the six months ended June 30, 2001, reflecting growth in both domestic and international unit sales and a 3.1% domestic price increase. Domestic unit sales increased 22% for the six months ended June 30, 2001 over the 2000 period due to increased demand for the product. Our international sales of Synagis increased 136% primarily due to a 102% increase in units sold to Abbott International, our exclusive distributor of Synagis outside of the United States, and totaled $16.7 million in the 2001 six months versus $7.1 million in the 2000 six months. We believe this increase is due to additional regulatory, pricing and reimbursement approvals in overseas countries. The terms of the Company's agreement with Abbott provide for the Company to receive 40 to 50 percent of end-user sales. The Company initially recognizes sales to Abbott when Synagis is shipped to Abbott based on a contractual, guaranteed transfer price. Following the end of each quarter, Abbott remits to the Company a report detailing end-user sales for the quarter and the Company recognizes revenue for the additional amount due in excess of the transfer price and up to 40

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to 50 percent of the end-user selling price.

CytoGam sales for the six months ended June 30, 2001 fell 21% from the comparable 2000 period, principally due to a decrease in domestic unit sales of 35%. The decrease in domestic unit sales was partially offset by an 8% domestic price increase which took effect in the second quarter of 2001, and an increase in international sales of $1.0 million. We believe that a portion of the CytoGam sales that occurred in the prior year quarter were the result of product substitution occurring because of the worldwide shortage of standard IVIG products. During 2000, the supply of standard IVIG products increased, and certain Medicaid agencies began to limit or discontinue reimbursement of CytoGam as a substitute for IVIG. Thus, CytoGam sales for the six month period ended June 30, 2001 relating to product substitution have decreased significantly. We expect that the future use of CytoGam as a substitute for standard IVIG products will be limited.

Sales of Ethyol to our domestic and international distribution partners decreased $5.0 million or 44% in the six months ended June 30, 2001. The decrease results mainly from a 36% decrease in vials sold to our domestic and international distribution partners. Also contributing to the decrease is a larger proportion of international sales to total Ethyol sales; international units are sold at a lower price than domestic units. Partially offsetting these decreases was a domestic price increase which occurred in April 2001. We believe the decrease in our net sales is primarily reflective of reductions in inventory stocking levels at our distribution partners. Additionally, we believe the domestic marketing focus on Ethyol was impacted by the recent acquisition of ALZA, our domestic distribution partner, by Johnson & Johnson. In April of 2000, ALZA exercised a one-time option under the distribution agreement to extend its rights to distribute Ethyol in the United States until April 2002. In April 2002, the rights to distribute Ethyol will return to us and we will pay ALZA a royalty for nine years thereafter based on sales of Ethyol in the United States. Sales of other products, which include sales of NeuTrexin, RespiGam, and by-products that result from the CytoGam manufacturing process, decreased in second quarter 2001 by $1.5 million, or 23% from the prior year quarter. Also included in 2000 other product sales are sales of Hexalen. We sold our Hexalen business to MGI Pharma in November 2000.

Other revenues in the six months ended June 30, 2001 of $15.0 million consist primarily of revenues recognized in accordance with the adoption of SAB 101. We recognized revenue of $8.8 million in the 2001 six months versus $12.9 million in the 2000 six months, under the requirements of SAB 101. Other revenue for the 2001 six months also includes amounts for research funding from GSK for development of an HPV vaccine, amounts relating to the sale of Hexalen, and royalty income due from ALZA in accordance with the terms of the Ethyol distribution agreement. Other revenues in the six month period ended June 30, 2000 also include research funding from GSK for HPV, and royalty income due from ALZA in accordance with the terms of the Ethyol distribution agreement.

Cost of sales for the 2001 six months increased 5% to $59.9 million from $57.0 million in the 2000 six months, due to increases in sales volumes. Gross margins for the six month period ended June 30, 2001 were 77% versus 74% for the six month period ended June 30, 2000. Gross margins in 2001 were improved as a result of increased sales of Synagis, which has more favorable margins, as well as favorable manufacturing variances following implementation of an improved manufacturing process which increases Synagis yields. Margins in the 2000 six months were adversely affected by the write-off of certain Synagis inventory, as a result of a contamination in the manufacturing process at the FMC.

Research and development expenses of $40.4 million in the 2001 six months increased 19% from $33.9 million in the 2000 six months, primarily due to higher expenditures on the Company's clinical trials. We are currently administering multiple trials for our products, including a Phase IV trial for Synagis in infants with congenital heart disease, two Phase II human papillomavirus vaccine trials, one Phase I trial and two Phase II trials for use of MEDI-507 in psoriasis patients, and two Phase II trials for its urinary tract infection (UTI) vaccine. We expect clinical spending to increase in the coming quarters as we continue to move more of our product candidates into the clinic and expand trials on products already in the clinic.

Selling, general and administrative expenses were $83.9 million and $74.0 million for the 2001 and 2000 periods, respectively, an increase of 13%. As a percentage of product sales, SG&A expense decreased to 32% in the 2001 period from 33% in the 2000 period. Expenses in the 2001 period include increased wage and related expenses to establish our pediatric sales force in mid-year 2000, as well as increased co-promotion expense to the Ross Products Division of Abbott Labs for the promotion of Synagis in the United States. Co-promotion expenses increase as net domestic Synagis sales increase. Offsetting this increase was a decrease in legal expenses from the 2000 period, as several legal matters outstanding in 2000 have since been resolved.

Other operating expenses, which reflect manufacturing start-up costs and other manufacturing related costs, increased in the six months ended June 30, 2001 to $5.6 million from $3.0 million in the six months ended June 30, 2000. Charges in the 2001 period include a $1.3 million charge to record certain plasma inventories at their net realizable value. This material was intended for the start-up operations of our manufacturing plant and was never approved for use in the current production process. In December 2000, the FDA granted approval for an amendment to the Biologic License Application for CytoGam to allow for a portion of the production of CytoGam at our Frederick facility. Currently, the plasma production section of the Frederick facility has excess capacity, which results in charges to other operating expenses. These charges are expected to continue for the foreseeable future until the plasma production section of the facility is fully utilized for its intended purpose.

We earned interest income of $19.2 million to date in the 2001 period, versus $13.1 million in the comparable 2000 period, reflecting higher cash balances available for investment, partially offset by a decrease in interest rates which lowered the overall portfolio yield.

We recorded income tax expense of $38.2 million for the six months ended June 30, 2001, resulting in an effective rate of 35.5%. This compares to tax expense for the six months ended June 30, 2000 of $28.7 million, resulting in an effective rate of 32.5%. The variation from the statutory rate in both periods is principally due to increased credits taken for research and development expenditures and credits earned for Orphan Drug status of certain research and development expenses.

We recorded a non-cash charge to 2000 earnings of $33.8 million, net of tax, or $0.15 on a diluted per share basis, as the cumulative effect of a change in accounting principle for the implementation of SAB 101. The adjustment was applied to the first quarter of 2000 as required by the SAB and includes amounts recognized as revenue prior to 2000. These amounts related to up-front payments or milestone payments which we received in prior years under arrangements for which performance obligations related to the up-front or milestone payments had been met, but for which we were contractually obligated to perform additional research and development activities or other activities in future periods. Generally accepted accounting principles previously required us to record the revenue from the up-front and milestone payments as received, when the performance obligations associated with those payments had been fully met. However, following the adoption of the SAB, generally accepted accounting principles now require that we recognize the revenue received in conjunction with up-front or milestone payments over the remaining performance period under the contract as those obligations are fulfilled.

Earnings for the first half of 2001 were $69.4 million and increased 22% when compared to earnings for the first half of 2000 of $57.1 million, before the cumulative effect of a change in accounting principle of $33.8 million. Net earnings for the six months ended June 30, 2001 were $69.4 million, or $0.33 basic and $0.32 diluted net earnings per share. Shares used in computing basic and diluted earnings per share were 212.7 million and 219.9 million, respectively. Net earnings for the six months ended June 30, 2000, which include the cumulative effect of a change in accounting principle, were $23.3 million, or $0.11 basic and diluted net earnings per share. Shares used in computing basic and diluted earnings per share were 207.5 million and 219.7 million, respectively.

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LIQUIDITY AND CAPITAL RESOURCES

Our cash and marketable securities at June 30, 2001 amounted to $706.3 million compared to $526.3 million at December 31, 2000. Working capital was $472.6 million at June 30, 2001 versus $536.3 million at December 31, 2000. The decrease in our working capital reflects our decision to invest a portion of our cash in longer term investments (which are not included in working capital) during 2001. Net cash provided by operating activities in the six months ended June 30, 2001 was $169.2 million, reflecting net income for the period and decreases in accounts receivable, offset by decreases in accrued expenses, primarily as a result of payments of amounts due to Abbott for co-promotion of Synagis, and decreases in royalties payable. Outflows for investing activities for the six months ended June 2001 included capital expenditures of $3.5 million, increases in investments of $197.1 million, and $1.5 million for an investment in a collaborative partner. During the six months ended June 30, 2001, stock option exercises provided $16.4 million of cash, as compared to $58.2 million in the 2000 period.

The Company believes that its existing funds at June 30, 2001, together with funds expected to be generated from product sales and investment income, will provide sufficient liquidity to meet the anticipated needs of our business for the foreseeable future, absent the occurrence of any unforeseen events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For information regarding the Company's market risk exposure, please refer to Part II, Item 7A., "Quantitative and Qualitative Disclosures About Market Risk" of the Company's Annual Report on Form 10-K for the year ended December 31, 2000. As of June 30, 2001, these risks have not changed significantly.

The statements in this quarterly report that are not descriptions of historical facts may be forward-looking statements. Those statements involve substantial risks and uncertainties. You can identify those statements by the fact that they contain words such as "anticipate," "believe," "estimate," "expect," "intend," "project" or other terms of similar meaning. Those statements reflect management's current beliefs, but are based on numerous assumptions which MedImmune cannot control and which may not develop as MedImmune expects. Consequently, actual results may differ materially from those projected in the forward-looking statements. Among the factors that could cause actual results to differ materially are: Seasonal demand for and continued supply of our principal product; availability of competitive products in the market; availability of third-party reimbursement for the cost of our products; effectiveness and safety of our products; exposure to product liability, intellectual property or other types of litigation; foreign currency exchange rate fluctuations; changes in generally accepted accounting principles; growth in costs and expenses; the impact of acquisitions, divestitures and other unusual items; and the risks, uncertainties and other matters discussed elsewhere in this quarterly report and in our periodic reports filed with the U.S. Securities and Exchange Commission. MedImmune cautions that RSV disease occurs primarily during the winter months; MedImmune believes its operating results will reflect that seasonality for the foreseeable future. MedImmune is also developing several products for potential future marketing. There can be no assurance that such development efforts will succeed, that such products will receive required regulatory clearance or that, even if such regulatory clearance were received, such products would ultimately achieve commercial success. Unless otherwise indicated, the information in this quarterly report is as of June 30, 2001. This quarterly report will not be updated as a result of new information or future events.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings -

In 1998, MediGene AG initiated a legal action against Loyola University of Chicago and the Company in the U.S. District Court for the Northern District of Illinois alleging, among other things, breach of contract and tortious interference by the Company with an alleged prospective business relationship between MediGene and Loyola. The claims related to human papillomavirus vaccine technology allegedly covered by contracts between MediGene and the Company and by a license agreement from Loyola to the Company, under which the Company granted a sublicense to GlaxoSmithKline. MediGene claimed monetary damages from the Company and ownership of the patents in question, as well as rescission of the Company's license agreement from Loyola or rights as a third-party beneficiary thereof. On March 15, 2001, the District Court granted summary judgment in favor of MedImmune on all remaining claims. MediGene has indicated an intention to appeal.

In October 2000, Celltech Chiroscience Limited ("Celltech") commenced a legal proceeding against the Company in the U.K. High Court of Justice, Chancery Division, Patents Court. Celltech alleges that the Company failed to pay royalties with respect to its sales of Synagis as required by a license agreement dated January 19, 1998. Under the agreement, the Company obtained from Celltech a worldwide license to make, use and/or sell product under a patent (and related applications) pertaining to humanized antibodies. In the proceeding, Celltech seeks payment of royalties, with interest, and certain costs, including attorney's expenses. The Company has filed answering papers denying that any royalties are due on the basis that Celltech's patent does not cover Synagis and has sought dismissal of the case on the grounds that the legal doctrine of prosecution history estoppel prevents Celltech from claiming that its patent covers Synagis. On July 20, 2001, the High Court of Justice ordered a hearing, which is expected to take place in mid-to-late 2002, on whether it will dismiss Celltech's case on this basis.

On February 28, 1996, Ichthyol Gesellschaft Cordes, Hermanni & Co. ("Ichthyol Gesellschaft") filed a complaint for refrain, information and damages with the Regional Court of Hamburg against U.S. Bioscience, Inc. (acquired in November 1999) on the grounds of trademark infringement in respect of the use of the trademark "Ethyol" in Germany. The suit was dismissed on January 29, 1997 by the Regional Court of Hamburg at which time Ichthyol Gesellschaft was given leave to appeal against the judgment rendered in favor of U. S. Bioscience. Ichthyol Gesellschaft filed an appeal, and a judgment was rendered in favor of U.S. Bioscience in the appellate proceedings. In January 1999, Ichthyol Gesellschaft filed an appeal on points of law with the Federal Court of Justice, and in June 1999, Ichthyol Gesellschaft filed the grounds for the appeal on points of law. In October 1999, the Federal Court of Justice accepted Ichthyol Gesellschaft's appeal and a hearing was conducted in May, 2001. As a result of the hearing, the Federal Court of Justice remanded the case back to the Regional Court of Hamburg for further consideration of its decision. A trial date has not yet been scheduled.

After consultation with its counsel, the Company believes that it has meritorious defenses to the claims referred to above and it is determined to defend its position vigorously. While it is impossible to predict with certainty the eventual outcome of these proceedings, the Company believes they are unlikely to have a material adverse effect on its financial position but might have a material adverse effect on its results of operations for a particular period.

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Item 2. Changes in Securities - None

Item 3. Defaults upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders -

On May 3, 2001 the Company held its Annual Meeting of Stockholders. By vote of the Company's stockholders at such meeting, all of the director nominees were re-elected to one year terms. A proposal to increase the number of shares authorized under the Company's 1999 Stock Option Plan, a new employee stock purchase program and the appointment of PricewaterhouseCoopers LLP as the Company's independent auditors were also approved. The results of the voting were as follows:

Election of Directors

	For	Against	Withheld	Abstain/ Non-vote
Wayne T. Hockmeyer	167,805,036	--	1,781,236	--
David M. Mott	167,804,994	--	1,781,278	--
Melvin D. Booth	167,804,766	--	1,781,506	--
Franklin H. Top, Jr.	167,805,060	--	1,781,212	--
M. James Barrett	168,453,971	--	1,132,301	--
James H. Cavanaugh	168,455,961	--	1,130,311	--
Barbara Hackman Franklin	168,455,856	--	1,130,416	--
Lawrence C. Hoff	168,455,575	--	1,130,697	--
Gordon S. Macklin	168,455,710	--	1,130,562	--
To approve an amendment to the 1999 Stock Option Plan	153,314,725	15,578,905	--	689,272
To approve a new Employee Stock Purchase Program	166,268,604	2,698,423	--	619,245
Appointment of PricewaterhouseCoopers LLP as independent auditors	165,224,814	2,168,159	--	2,193,299

Item 5. Other Information - None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits:

10.128 Supply Transfer Agreement between Immunex Corporation and MedImmune, Inc.

(b) Reports on Form 8-K:

Report Date	Event Reported
5/22/01	Letter to MedImmune Stockholders

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MEDIMMUNE, INC.
(Registrant)

/s/ Gregory S. Patrick
Date: August 3, 2001 Gregory S. Patrick
Senior Vice President and Chief Financial Officer

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Exhibit 10.128

SUPPLY TRANSFER AGREEMENT

THIS SUPPLY TRANSFER AGREEMENT ("Agreement") is made effective as of March 21, 2001, by and between IMMUNEX CORPORATION, a Washington corporation having its principal place of business at 51 University Street, Seattle, Washington 98101 ("Immunex"), and MEDIMMUNE, INC., a Delaware corporation, having its principal place of business at 35 West Watkins Mill Road, Gaithersburg, Maryland 20878 ("MedImmune").

WHEREAS, Immunex sells and distributes commercially the biopharmaceutical product Enbrel(R)(etanercept) in the United States, pursuant to its approved Biologics License Application ("BLA") for the product;

WHEREAS, MedImmune sells and distributes commercially the biopharmaceutical product Synagis(R)(palivizumab) throughout the world, pursuant to its approved product registrations therefor;

WHEREAS, Enbrel and Synagis are both currently manufactured by Boehringer Ingelheim Pharma KG, a German corporation with a manufacturing operation located in Biberach an der Riss, Federal Republic of Germany ("BIP"), pursuant to separate supply agreements that BIP has entered into with Immunex and MedImmune, respectively;

WHEREAS, Immunex is seeking to obtain additional manufacturing capacity for Enbrel from BIP beyond the manufacturing capacity currently reserved for Enbrel in the supply agreement between Immunex and BIP;

WHEREAS, MedImmune may, as a result of additional manufacturing capacity obtained for Synagis elsewhere, be in a position to relinquish some of the manufacturing capacity that it has reserved for Synagis at BIP (CONFIDENTIAL TREATMENT REQUESTED); and

WHEREAS, Immunex desires to obtain, and MedImmune desires to transfer to Immunex, any such manufacturing capacity at BIP that MedImmune is able to relinquish, all on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties (as defined herein) hereto, intending to be legally bound, do hereby agree as follows:

Article 1. Definitions

1.1 "Affiliate" shall mean any corporation or business entity of which a Party owns directly or indirectly, fifty percent(50%) or more of the assets or outstanding stock, or any corporation which a Party directly or indirectly controls, or any parent corporation that owns, directly or indirectly, fifty percent (50%) or more of the assets or outstanding stock of a Party or directly or indirectly controls a Party. For purposes of this Agreement, American Home Products Corporation shall be deemed an of Affiliate Immunex.

1.2 "BIP Facility" shall mean BIP's manufacturing campus located at Birkendorfer Stra(beta)e 65, 88397 Biberach an der Riss, Federal Republic of Germany, at which Enbrel (as defined herein) and Synagis (as defined herein) are manufactured.

1.3 "Enbrel" shall mean the pharmaceutical product etanercept, in any form.

1.4 "Enbrel Bulk Drug Substance" shall mean etanercept in bulk drug substance form.

1.5 "Enbrel Bulk Drug Substance Lot" shall mean a single (CONFIDENTIAL TREATMENT REQUESTED) L fermentation scale lot of purified etanercept, processed to result in bulk drug substance.

1.6 "Enbrel Finished Product" shall mean Enbrel Bulk Drug Substance that has been formulated, compounded, filled into vials and lyophilized by BIP, and then labeled by a third party for commercial distribution, in accordance with the terms of the Enbrel Supply Agreement (as defined herein) and a third party supply agreement for the labeling and packaging operations for Enbrel.

1.7 "Enbrel Four-Pack" shall mean a unit that includes four (4) vials of Enbrel Finished Product and that has been labeled, packaged, and is commercially saleable as a unit.

1.8 "Enbrel Run" shall mean a single (CONFIDENTIAL TREATMENT REQUESTED)fermentation scale run of the process for manufacturing Enbrel in bulk form.

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1.9 "Enbrel Supply Agreement" shall mean the November 5, 1998 agreement among Immunex, BIP, and American Home Products Corporation for the manufacture of Enbrel at the BIP Facility, as amended by the parties thereto.

1.10 "Enhanced Yield Process" or "EYP" shall mean certain process steps and materials that MedImmune anticipates using at its Frederick, Maryland facility to manufacture Synagis, upon receiving approval from the U.S. Food and Drug Administration ("FDA") therefor.

1.11 "Party" or "Parties" shall mean Immunex and/or MedImmune, as the context requires.

1.12 "Successful Enbrel Run" shall mean an Enbrel Run that has resulted in any quantity of Enbrel Four-Packs that have been released for commercial sale according to the terms in the Enbrel Supply Agreement.

1.13 "Synagis" shall mean the pharmaceutical product palivizumab, in any form.

1.14 "Synagis Contract Runs" shall mean the production runs scheduled for the manufacture of Synagis at the BIP Facility under the Synagis Supply Agreement (as defined herein), (CONFIDENTIAL TREATMENT REQUESTED).

1.15 "Synagis Supply Agreement" shall mean the agreement dated November 21, 1997 between MedImmune and BIP for the manufacture of Synagis at the BIP Facility.

1.16 "Transferred Run(s)" means the Unused Synagis Run(s) as to which MedImmune provides written notice to Immunex under Section 2.1.

1.17 "Unused Synagis Runs" shall mean, (CONFIDENTIAL TREATMENT REQUESTED), that number of Synagis Contract Runs remaining in the particular calendar year that MedImmune releases to BIP.

Article 2. Transfer of Synagis Runs

2.1 Production Runs

(a) Immunex and MedImmune understand and agree that, within the sole discretion of MedImmune, MedImmune may release Synagis Contract Runs to BIP but that MedImmune is under no obligation to release any Synagis Contract Runs to BIP unless MedImmune has obtained approval from the FDA to implement the EYP at MedImmune's Frederick, Maryland manufacturing facility, and MedImmune, within its sole discretion, has determined that certain Synagis Contract Runs are not needed for MedImmune's commercial needs for Synagis. In such event, the obligation to release Synagis Contract Runs to Immunex shall only extend to those Synagis Contract Runs as to which MedImmune within its sole discretion has determined are not needed by MedImmune for MedImmune's commercial needs for Synagis.

(b) MedImmune and Immunex agree that it is an important aspect of this Agreement that Immunex and BIP be made aware of potential Unused Synagis Runs as soon as possible. MedImmune agrees to notify Immunex of the scheduling of Synagis Contract Runs and to promptly notify Immunex when MedImmune decides to release or is obligated to release Synagis Contract Runs. Immunex and MedImmune each agree to use reasonable efforts to communicate with and work with each other and BIP in order to avoid any unnecessary delay in allowing Immunex to start an Enbrel Run as a result of the transfer of any Unused Synagis Run hereunder.

(c) The parties understand and agree that MedImmune is under no obligation to ensure that BIP will allot Transferred Synagis Runs to Immunex and MedImmune has no liability to Immunex in the event that Transferred Synagis Runs are not alloted to Immunex.

2.2 Transfer. Immunex shall become legally and financially responsible to BIP for any Transferred Run that is allotted to Immunex by BIP under the terms of the Enbrel Supply Agreement.

Article 3. Compensation

3.1 Payment for Enbrel Run Starts. Immunex shall pay MedImmune (CONFIDENTIAL TREATMENT REQUESTED) for each Enbrel Run made available to Immunex by BIP as a result of a Transferred Run, which amount shall become due and payable within sixty (60) days after production (CONFIDENTIAL TREATMENT REQUESTED) for each such Enbrel Run (CONFIDENTIAL TREATMENT REQUESTED). Immunex shall notify MedImmune when an Enbrel Run satisfies the criteria in this Section 3.1 within (CONFIDENTIAL TREATMENT REQUESTED) after such criteria are satisfied, and if so requested by MedImmune, Immunex shall instruct BIP to confirm same.

3.2 Payment for Successful Enbrel Runs. In addition to the amount set forth in Section 3.1 above, Immunex shall pay MedImmune, for each Successful Enbrel Run, an amount based on the following formula:

(a) A fraction shall be calculated as follows:

(i) the numerator shall be the number of Enbrel Four-Packs obtained from the Successful Enbrel Run; and

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(ii) the denominator shall be the average number of Enbrel Four-Packs obtained from a Successful Enbrel Run during the year 2000.

(b) The fraction calculated in Section 3.2(a) above shall be multiplied by (CONFIDENTIAL TREATMENT REQUESTED) to determine the additional payment owed by Immunex for such Successful Enbrel Run.

Notwithstanding the foregoing, Immunex shall not be obligated to pay MedImmune more than (CONFIDENTIAL TREATMENT REQUESTED), pursuant to this Section 3.2, for each Successful Enbrel Run.

3.3 Additional MedImmune Costs and Expenses. For (CONFIDENTIAL TREATMENT REQUESTED). Within (CONFIDENTIAL TREATMENT REQUESTED) days after incurring any such costs, MedImmune shall provide Immunex with a written statement of such costs, along with reasonable documentation therefor. (CONFIDENTIAL TREATMENT REQUESTED) days after receiving such properly prepared statement and documentation, Immunex shall pay to MedImmune any such amounts as provided in Section 3.4.

3.4 Payment Method. Within (CONFIDENTIAL TREATMENT REQUESTED) after the last day of each calendar quarter during the term hereof during which Immunex incurs amounts that it owes MedImmune under Section 3.2, Immunex shall deliver to MedImmune a report setting forth the amounts owed hereunder incurred during such calendar quarter, along with payment of such amount. Such reports shall be considered Confidential Information of Immunex subject to the terms of Article 5 hereof.

3.5 Inspection of Books and Records. Immunex shall maintain accurate books and records, which enable the calculation of amounts payable hereunder to be verified, and shall retain such books and records for each quarterly period for two (2) years after submission of the payment and corresponding report under Section 3.4 above. Upon at least thirty (30) days' prior written notice to Immunex, independent public accountants selected by MedImmune and reasonably acceptable to Immunex may have access to the books and records of Immunex during normal business hours to conduct a review or audit of such books and records, solely and to the extent necessary to confirm the accuracy of Immunex's calculation and payment of amounts due in accordance with the terms hereof. All information obtained during any such review or audit shall be Confidential Information of Immunex subject to the terms of Article 5 hereof, including information related to the number of Enbrel Four-Packs obtained during any Successful Enbrel Run and the average number of Enbrel Four Packs obtained from a Successful Enbrel Run during the year 2000. Any such review or audit shall be at the expense of MedImmune; provided, however, that if such accountants reasonably determine that such amounts have been, for any calendar quarter, understated by an amount equal to or greater than (CONFIDENTIAL TREATMENT REQUESTED), Immunex shall, in addition, to remitting the additional amount determined to be due, pay all reasonable fees and expenses incurred by such accountants in making such determination.

Article 4. Term; Termination

4.1 Term. This Agreement shall take effect as of the date set forth above and, unless earlier terminated as set forth in Section 4.2 below, shall expire on (CONFIDENTIAL TREATMENT REQUESTED).

4.2 Termination for Breach. Either Party may terminate this Agreement for material breach of the other terms hereof by the other Party, after providing at least (CONFIDENTIAL TREATMENT REQUESTED) days' prior written notice to the other Party specifying the precise nature of the breach. In the event that the Party receiving such notice has not cured the breach within such (CONFIDENTIAL TREATMENT REQUESTED) day period (or within a longer reasonable period of time if the breaching Party delivers a written certification that such material breach is not reasonably capable of being cured within (CONFIDENTIAL TREATMENT REQUESTED) days and that such Party is working diligently to cure such breach), this Agreement shall be terminable immediately upon written notice by the non-breaching Party.

4.3 Amounts Due. Expiration or termination of this Agreement for any reason shall not exempt either Party from paying to the other Party any amounts due to such Party and outstanding at the time of such expiration or termination.

Article 5. Confidentiality

5.1 Definition of Confidential Information. For the purposes of this Agreement, "Confidential Information" shall mean any information disclosed by one Party ("Disclosing Party") to the other Party ("Receiving Party") and designated as "CONFIDENTIAL" in writing at the time of any written disclosure, or, in the event of oral disclosure or disclosure by demonstration, identified in writing as "CONFIDENTIAL" no later than thirty (30) days after such oral disclosure or disclosure by demonstration. Confidential Information shall also include such information or materials that would reasonably be identified or understood by the Receiving Party as the confidential or proprietary information of the Disclosing Party, even if they are not so identified as described in the previous sentence. Confidential Information shall not, however, include:

(a) information which was already known by the Receiving Party at the time of its disclosure hereunder, as evidenced by the Receiving Party's written records;

(b) information disclosed to the Receiving Party by a third party lawfully in possession of such information and not under an obligation of nondisclosure to the Disclosing Party in respect thereof;

(c) information which at the time of disclosure is or subsequently becomes patented, published or otherwise part of the public domain, except by breach of this Agreement by the Receiving Party;

(d) information developed by the Receiving Party independently of information obtained from the Disclosing Party; or

(e) information which is required to be disclosed by law, regulation or the order of a judicial or administrative authority; provided, however, that the Receiving Party (1) gives the Disclosing Party sufficient advance written

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notice to permit it to seek a protective order or other similar order with respect to such Confidential Information and (2) thereafter discloses only the minimum Confidential Information required to be disclosed in order to comply, whether or not a protective order or other similar order is obtained by such Disclosing Party.

5.2 Disclosure and Use of Confidential Information.

(a) Obligations. The Receiving Party, its employees, and its agents shall not disclose Confidential Information of the Disclosing Party to any third party without the prior written consent of the Disclosing Party. In addition, the Receiving Party, its employees, and its agents shall not use Confidential Information of the Disclosing Party for any purpose other than for purposes consistent with this Agreement.

(b) Exceptions. Notwithstanding the foregoing, the Receiving Party may disclose Confidential Information (i) to its employees, Affiliates, consultants, agents or contractors who have a need to know such information for the Receiving Party to perform its obligations hereunder or for other purposes consistent with this Agreement, and (ii) to BIP for purposes consistent with this Agreement.

(c) Maintenance of Confidentiality. Each Party shall use reasonable and customary precautions to safeguard the other Party's Confidential Information, including ensuring that all employees, Affiliates, consultants, agents, or contractors who are provided access to such Confidential Information are informed of the confidential and proprietary nature of such Confidential Information and are under obligations of confidentiality with respect to such Confidential Information similar to those set forth herein.

5.3 Return of Confidential Information. Upon expiration or termination of this Agreement, and upon written request by the Disclosing Party, the Receiving Party shall promptly return to the Disclosing Party all Confidential Information that the Receiving Party has received from the Disclosing Party hereunder. The Receiving Party may retain one copy of each item of Confidential Information disclosed to it hereunder, provided that such copy shall be retained and used solely for compliance purposes and shall be held in the Receiving Party's confidential files.

5.4 Remedies. Either Party shall be entitled to seek injunctive relief to enforce the terms of this Article 5.

5.5 Survival. The terms of this Article 5 shall survive expiration or termination of this Agreement and continue for a period of (CONFIDENTIAL TREATMENT REQUESTED) thereafter.

5.6 Nonuse Obligations. Except as expressly provided in this Agreement, no right or license, either express or implied, under any patent, trademark or proprietary right is granted hereunder by virtue of the execution of this Agreement or the disclosure by either Party of its Confidential Information to the other Party hereunder.

Article 6. Consequential Damages

6.1 Disclaimer of Consequential Damages. In no event shall either Party be liable to the other Party hereunder for incidental or consequential damages.

Article 7. Press Releases; Use of Names, Disclosure of Agreement.

7.1 Press Releases. No press release, publicity or other form of public written disclosure related to this Agreement shall be permitted by either Party to be published or otherwise disclosed unless the other Party has indicated its consent to the form of the release in writing. Notwithstanding the foregoing, if a Party is required by law, in the reasonable judgment of its counsel, to make a public disclosure regarding this Agreement to fulfill its applicable regulatory reporting or other legal disclosure obligations, such Party shall provide as much notice as reasonably possible to the other Party, shall permit the other Party an opportunity to review and comment on the disclosure to the extent reasonably practicable, and shall give due consideration to any such comments provided by the other Party.

7.2 Use of Names. MedImmune shall not make use of the name of Immunex or any of its Affiliates in any advertising or promotional material, or otherwise, without the prior written consent of the entity named. Immunex shall not make use of the name of MedImmune or any of its Affiliates in any advertising or promotional material, or otherwise, without the prior written consent of the entity named.

7.3 Disclosure of Agreement. Notwithstanding anything else herein to the contrary and except for public disclosures as provided in Section 7.1, both parties agree not to disclose any of the terms of this Agreement or the existence of this Agreement to any third person or entity except to the extent that a Party receives a written opinion of counsel that disclosure of this Agreement is required by applicable law, and in such case, such Party shall take all reasonable steps to ensure that such disclosure is subject to confidentiality obligations. Notwithstanding any other provision to the contrary in this Section 7.3, Immunex and MedImmune may disclose the existence but not the terms of this Agreement to BIP, and Immunex may disclose the terms of this Agreement to American Home Products Corporation and/or its Affiliates ("AHP"), provided AHP has agreed to be bound by obligations of non-disclosure at least as restrictive as those contained in this Agreement.

Article 8. Assignment.

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8.1 Assignment. This Agreement shall be binding upon the successors and assigns of the Parties and the name of a Party appearing herein shall be deemed to include the names of its successors and assigns. Neither Party may assign its interest under this Agreement without the prior written consent of the other Party; provided, however, either Party may assign its interest under this Agreement, without the prior written consent of the other Party, (a) to an Affiliate, so long as the assigning Party unconditionally guarantees the obligations of such Affiliate or (b) to a successor of the assigning Party's business by reason of merger, sale of all or substantially all of its assets or other form of acquisition, provided that such successor agrees in writing to assume all of the obligations of the assigning Party under this Agreement. Such consent shall not be unreasonably withheld. Any purported assignment without a required consent shall be void. No assignment shall relieve either Party of responsibility for the performance of any obligation which accrued prior to the effective date of such assignment.

Article 9. Dispute Resolution.

9.1 Exclusions. Section 9.2 below shall not apply to any disputes arising under Article 5 (Confidentiality).

9.2 Dispute Resolution. The Parties recognize that a bona fide dispute as to certain matters may from time to time arise during the term of this Agreement which relates to a Party's rights and/or obligations hereunder. In the event of the occurrence of such a dispute, either Party may, by notice to the other Party, have such dispute referred to their respective officers designated herein, or their successors or designees, for attempted resolution by good faith negotiations within thirty (30) days after such notice is received. Such designated officers are as follows:

For Immunex - Mark Booth, Senior Vice President and General Manager, Enbrel Franchise

For MedImmune - Michael Richmann, Senior Vice President, Corporate Development and Administration

In the event the designated officers are not able to resolve such dispute within such thirty (30)-day period, or such other period of time as the Parties may mutually agree in writing, each Party shall have the right to pursue any and all remedies available at law or in equity.

Article 10. Miscellaneous.

10.1 Notices. Any notice required or permitted to be given hereunder by either Party shall be in writing and shall be (a) delivered personally, (b) sent by registered mail, return receipt requested, postage prepaid, (c) sent by a nationally-recognized courier service guaranteeing next-day delivery, charges prepaid, or (d) delivered by facsimile (with the original promptly sent by any of the foregoing manners), to the addresses or facsimile numbers of the other Party set forth herein, or at such other addresses as may from time to time be furnished by similar notice by either Party. The effective date of any notice hereunder shall be the date of receipt by the receiving Party.

If to MedImmune:
MedImmune, Inc.
35 West Watkins Mill Road
Gaithersburg, MD 20878
Attention: Senior Vice President, Business Development
Fax: 301-527-4214
Phone: 301-527-4454

If to Immunex:
Immunex Corporation
51 University Street
Seattle, Washington 98101
Attention: Senior Vice President and General Manager Enbrel Franchise
Fax: (206) 839-0806
Phone: (206) 587-0430

with a copy to:
Immunex Corporation
51 University Street
Seattle, Washington 98101
Attention: General Counsel
Fax: (206) 292-9271
Phone: (206) 587-0430

10.2 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland, exclusive of choice-of-law rules.

10.3 Headings. All headings in this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

10.4 Severance. If any provision of this Agreement is held to be invalid or unenforceable by a court of competent

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jurisdiction, all other provisions shall continue in full force and effect.

10.5 Independent Contractors. Each of the Parties is an independent contractor and nothing herein contained shall be deemed to constitute the relationship of partners, joint venturers, nor of principal and agent between the Parties. Neither Party shall hold itself out to third parties as purporting to act on behalf of, or serving as the agent of, the other Party.

10.6 Waiver. No waiver of any term, provision or condition of this Agreement, whether by conduct or otherwise in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, provision or condition or of any other term, provision or condition of this Agreement.

10.7 Counterparts. This Agreement and any amendment hereto may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same instrument.

10.8 Survival. The provisions of Articles 3, 5, 6, 7, 9 and 10 and Sections 2.2, 4.3, 7.3 and 10.8 shall survive expiration or termination of this Agreement for the period of time stated therein, or if no period of time is stated therein, then indefinitely.

10.9 Entirety; Amendments. This Agreement constitutes the full understanding of the Parties and a complete and exclusive statement of the terms of their agreement with respect to the subject matter hereof, and no terms, conditions, understandings or agreements purporting to modify or vary the terms thereof shall be binding unless it is hereafter made in writing and signed by both Parties. No modification to this Agreement shall be effected by the acknowledgment or acceptance of any purchase order or shipping instruction forms or similar documents containing terms or conditions at variance with or in addition to those set forth herein. In the event of a conflict between this Agreement and the exhibits hereto, the terms of this Agreement shall control. This Agreement may be amended and supplemented only by a written instrument signed by both Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the Effective Date.

IMMUNEX CORPORATION	MEDIMMUNE, INC.
By: /s/ Mark D. Booth	By: /s/ Melvin D. Booth
Name: Mark D. Booth	Name: Melvin D. Booth
Title: General Manager- Enbrel	Title: President and Chief Operating Officer
Date: March 26, 2001	Date: March 21, 2001

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